800 ISSUES+
Issue 836 | February 6, 2025

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Sustainable debt securities at $7.3 trillion at end-2024

Figures released by the Institute of International Finance indicate that the global outstanding sustainable debt, or the environmental, social and governance (ESG)-related debt, reached $7.28 trillion (tn) at the end of 2024, constituting an increase of 23% from $5.9tn at the end of 2023. The outstanding ESG debt securities issued by developed markets amounted to $5.1tn at the end of 2024 and accounted for 69.5% of the total, followed by emerging markets & frontier markets with $1.13tn (15.5%), sustainable debt securities issued by supranational institutions with $870bn (12%), and offshore financial centers with $223bn (3.1%). In addition, the aggregate amount of outstanding sustainable or ESG bonds was $5.2tn at end-2024, or 71.7% of global sustainable debt securities, while loans extended to green and sustainability-linked projects reached $2.1tn or 28.3% of the total. The distribution of sustainable bonds shows that green bonds amounted to $2.72tn at the end of 2024 and represented 37.4% of total ESG bonds, followed by sustainability bonds with $1.03tn (14.2%), social bonds with $756bn (10.4%), green asset-backed securities with $280bn (3.8%), sustainability-linked bonds with $272bn (3.7%), and green municipal bonds with $157bn (2.2%). Further, sustainability-linked loans reached $1.23tn, or 17% of the total sustainable debt, while green loans amounted to $828bn (11.4% of the total).

Source: Institute of International Finance

Bond issuance up 20% to $9.3 trillion in 2024

S&P Global Ratings indicated that the global issuance of corporate bonds, U.S. public finance bonds, other international public finance bonds and structured finance products totaled $9.3 trillion (tn) in 2024, constituting an increase of 20.3% from $7.7tn in 2023. It attributed the rise in bond output to a surge of 32.3% in the issuance of U.S. public finance bonds, an increase of 25.5% in the output of non-financial corporate bonds, a rise of 25.2% in new structured finance products, a growth of 16.6% in the issuance of financial corporate bonds, and an uptick of 11.2% in new international public finance bonds. It noted that financial institutions issued $3.2tn in new bonds, which accounted for 35% of bond issuance in 2024, followed by non-financial institutions with $2.8tn in new bonds (30.4%), while the issuance of investor-placed structured finance bonds reached $1.36tn (14.7%), international public finance bonds stood at $1.35tn (14.6%), and U.S. public finance bonds totaled $507.2bn (5.5%). Further, it forecast global bond issuance at $9.5tn in 2025, which would constitute an increase of 3% from the previous year. It forecast financial institutions to issue $3.4tn or 35.3% of bond output in 2025, followed by non-financial institutions with $2.9tn in new bonds (30.6%), international public finance bonds with $1.4tn (15%), investor-placed structured finance bonds with $1.36tn (14.2%), and U.S. public finance bonds with $481.8bn (5%).

Source: S&P Global Ratings

MENA

Investment banking fees up 24% to $1.5bn in 2024

Figures compiled by data provider Refinitiv show that investment banking fees in the Middle East & North Africa (MENA) totaled $1.5bn in 2024, constituting an increase of 24% from $1.21bn in 2023. It indicated, the distribution of investment banking fees shows that fees from syndicated lending reached $449m and accounted for 29.2% of the total, followed by equity capital markets (ECMs) fees with $403.8m (26.3%), debt capital market (DCMs) fees with $389.5m (25.3%), and merger & acquisition (M&A) fees with $296m (19.2%). Also, fees from debt capital markets rose by 59%, those from equity capital markets surged by 54%, merger & acquisition advisory fees grew by 3% in 2024, while syndicated lending fees remained unchanged year-on-year. In addition, it indicated that the value of announced M&A in the MENA region totaled $30.3bn in 2024 compared to $33bn in 2023. The industrial sector accounted for $8.1bn or 26.6% of M&A activity in 2024, followed by the materials segment with $6.5bn (21.4%), the financial sector with $3.2bn (10.5%), the energy & power industry with $2.5bn (8.2%), the media and entertainment sector with $2.4bn (7.9%), and the high technology sector with $2.2bn (7.2%). On a country basis, M&A activity in the UAE totaled $12.5bn, or 41% of aggregate M&A activity in the MENA region in 2024, followed by Saudi Arabia with $8.8bn (29%), Egypt with $2.8bn (9.2%), Kuwait with $1.7bn (5.6%), and Morocco with $1.6bn (5.3%). In parallel, it said that the MENA region issued $89bn in corporate bonds and $28bn in sovereign bonds in 2024.

Source: Refinitiv

Arab stock markets capitalization at $4.7 trillion at end-2024

Figures released by the Arab Federation of Capital Markets show that the market capitalization of the Saudi Exchange stood at $2,720bn, at the end of 2024, followed by the Abu Dhabi Securities Exchange with $816.5bn, the Dubai Financial Market with $547bn, the Qatar Stock Exchange with $170.6bn and Boursa Kuwait with $141.5bn. Also, it indicated that the market capitalization of the Casablanca Stock Exchange reached $74.3bn, followed by the Muscat Stock Exchange with $71.7bn, the Egyptian Exchange with $42.7bn, the Beirut Stock Exchange with $27bn, the Amman Stock Exchange with $24.9bn, the Bahrain Bourse with $20.4bn, the Iraq Stock Exchange with $16.9bn, and the Tunis Stock Exchange with $8.3bn at end-2024. In parallel, the market capitalization of the Saudi Exchange was equivalent to 247% of the country's GDP at the end of 2024, followed by the market capitalization of the Abu Dhabi Securities Exchange (149.8% of GDP), the Beirut Stock Exchange (96.3% of GDP), Boursa Kuwait (87.4% of GDP), the Qatar Stock Exchange (77% of GDP), and the Muscat Stock Exchange (65.2% of GDP). Also, the market capitalization of the Casablanca Stock Exchange represented 47.3% of the country's GDP at end-2024, followed by the Amman Stock Exchange (46.7% of GDP), the Dubai Financial Market (45.3% of GDP), the Bahrain Bourse (42.7% of GDP), the Tunis Stock Exchange (15.8% of GDP), the Egyptian Exchange (11.2% of GDP), and the Iraq Stock Exchange (6.4% of GDP).

Source: Arab Federation of Capital Markets, International Monetary Fund, Institute of Internatinal Finance, Byblos Research

OUTLOOK

GCC

Fiscal and external performance contingent on oil prices trajectory

Citi Research projected the real GDP growth rate of the Gulf Cooperation Council (GCC) countries to accelerate from 1.7% in 2024 to 3.1% in 2025. It forecast the region's hydrocarbon GDP to grow by 1.8% this year compared to a contraction of 2.7% in 2024, and for non-hydrocarbon activity to increase by 3.8% relative to an expansion of 4% last year, driven by strong domestic demand and the implementation of reforms. Also, it anticipated the real GDP of Saudi Arabia to grow by 2.9% in 2025 and for economic activity in the UAE to expand by 4.1% this year. Also, it projected Qatar's real GDP growth rate at 3.4% in 2025, while it forecast real GDP growth in Oman at 2.2% in 2025. Further, it expected economic activity in Bahrain to grow by 2.7% this year and for real GDP in Kuwait to expand by 1.5% in 2025. In addition, it anticipated the OPEC+ coalition to continue to extend its oil production cuts through 2025. As such, it revised upward its oil price projections from an average of $62 per barrel (p/b) to an average of $67 p/b for 2025.

Further, it noted that the GCC's high exposure to oil prices remains an important source of vulnerability, and is affecting the performance of their fiscal and external sectors. It revised downward Qatar's fiscal balance from a surplus of nearly 4% of GDP to a deficit of about 1% of GDP in 2025. Also, it revised downward Saudi Arabia's fiscal deficit from 6.3% of GDP to 4.7% of GDP, Kuwait's fiscal deficit from 13.1% of GDP to 9.8% of GDP, Oman's deficit from nearly 3% of GDP to less than 2% of GDP, and Bahrain's fiscal deficit from 6% of GDP to nearly 5.5% of GDP in 2025. However, it pointed out that the paths for crude oil prices and production continue to imply wider deficits for the majority of the GCC countries in 2025 compared to the consensus view. In parallel, it revised upward the aggregate current account surplus for GCC from 2.2% of GDP to 4% of GDP in 2025, driven by expectations of modest global growth that will affect the trade balance.

Source: Citi Research

SYRIA

Economic growth contingent on recovery scenarios

The United Nations Economic and Social Commission for Western Asia (ESCWA) projected Syria's real GDP growth rate under its "stabilized transition" scenario at 30% in 2025 and 21% in 2026, driven by post-war reconstruction efforts, the increase in domestic consumption, as well as the implementation of reforms and positive developments, such as the return of refugees, the lifting of economic sanctions, increased international aid, and rising export revenues. It considered that rebuilding the country will require significant investments that would gradually increase from the equivalent of 5% of GDP this year to 9% of GDP in 2030, reflecting the country's growing need for capital. Second, under its "prolonged instability" scenario, it projected Syria's economic growth rate at less than 3% in the 2025-26 period, in case of persisiting stagnation and limited progress in addressing the root causes of economic and social challenges. Also, it forecast investments at 3% of GDP and for import and export volumes to improve marginally in the 2025-30 period. Third, under its "war and fragmentation" scenario, it projected Syria's real GDP to contract by 19% in 2025 and by 7% in 2026 if violence resumes, which will weigh on the country's economic prospects.

In parallel, under its "stabilized transition" scenario, it expected government revenues to increase from $0.8bn in 2025 to $1.8bn in 2030 due to higher receipts from improved tax efficiency and income from other sources. Also, it forecast public expenditures to exceed $2.7bn in 2030, and expected the government to be able to borrow to cover a budget deficit of 2% of GDP in the near-term. However, it forecast public revenues at $400m under its "prolonged instability" scenario and at $200m under its "war and fragmentation" scenario in 2025. Also, it forecast expenditures to be around 3% of GDP under the "prolonged instability" scenario and at 1.3% of GDP under the "war and fragmentation" scenario. It noted that the government will be barely able to cover the maintenance cost to maintain of the country's assets and infrastructure, which would not leave fiscal space for reconstruction efforts under both scenarios.

Source: ESCWA

NIGERIA

Economic outlook contingent on reforms

S&P Global Ratings projected Nigeria's real GDP growth rates at 3.5% in 2025 and at an annual average of 4.1% in the 2026-28 period, supported by the liberalization of the exchange rate, the lifting of fuel subsidies, higher domestic consumption, and a sharp reduction in the monetary financing of the government's deficit. But it pointed out that a still tight monetary policy and additional revenue-raising measures will likely contain the economic expansion in the near term. Further, it forecast the inflation rate to decrease from 33.5% in 2024 to 25% at 2025 and to average 17.7% in the 2026-28 period, as the impact of the depreciation of the naira on inflation begins to fade away.

Further, it expected the authorities to step up efforts to implement fiscal consolidation measures in the 2025-28 period, which will be supported by savings from the lifting of petroleum subsidies and by the increase in the collection of non-oil taxes and other revenues. As such, it projected the fiscal deficit to narrow from 5.2% of GDP in 2024 to 5% of GDP in 2025 and to an average of 4.3% of GDP in the 2026-28 period. However, it noted that high debt-servicing costs and security-related spending will continue to weigh on fiscal dynamics, which would limit the funds available for capital investment, infrastructure development, or social safety nets. Also, it expected the public debt level to decrease from 58.2% of GDP in 2024 to 56.3% of GDP in 2025 and to 53.7% of GDP in the 2026-28 period, driven by the impact of forthcoming rebased GDP data.

In parallel, it forecast the current account surplus to decrease from 9.7% of GDP in 2024 to 6.1% of GDP in 2025 and to 1.8% of GDP in the 2026-28 period driven by increases in the import bill, as the decline in inflation rates will encourage consumption. Further, it expected foreign currency reserves to reach $32.5bn at end-2025 and $33bn at end-2026, which will benefit Nigeria's net external position. In addition, it said that Nigeria's internal security remains a key risk to its macroeconomic outlook.

Source: S&P Global Ratings

GCC

Projects awarded up 9.5% to $273.2bn in 2024

The aggregate amount of projects awarded in Gulf Cooperation Council (GCC) countries reached $273.2bn in 2024, constituting an increase of 9.5% from $249.4bn in 2023 and relative to $125bn in 2022. Also, the amount of projects awarded in GCC countries stood at $74.8bn in the fourth quarter of the year, the highest quarterly mark in more than six years. The amount of awarded projects in Saudi Arabia stood at $146.8bn in 2024 and accounted for 53.7% of the total, followed by the UAE with $84.1bn (30.8%), Qatar with $18.9bn (7%), Oman with $11.15bn (4.1%), Kuwait with $9.5bn (3.5%), and Bahrain with $2.84bn (1%). Further, the value of projects awarded in Kuwait jumped by 50.3% in 2024 from 2023, followed by a surge of 47.4% in new projects in Bahrain, a rise of 23.7% in the amount of projects in Saudi Arabia, and an increase of 4.3% in new projects in Qatar. In contrast, the value of projects awarded in the UAE declined by 9.5% in the covered period, followed by a decrease of 1.7% in new projects in Oman. In parallel, projects in the construction sector reached $75.4bn and accounted for 27.6% of the awarded projects in 2024, followed by projects in the power sector with $67bn (24.5%), the gas sector with $36.7 (13.4%), the transportation sector with $32.8bn (12%), the oil industry with $29.7bn (10.9%), the water sector with $21.1bn (7.7%), manufacturing with $8.2bn (3%), and the chemicals sector with $2bn (0.7%).

Source: KAMCO, Byblos Research

SAUDI ARABIA

Sovereign rating affirmed on strong fiscal and external buffers

Fitch Ratings affirmed the long-term foreign and local currency Issuer Default Ratings of Saudi Arabia at 'A+', and maintained the 'stable' outlook on the long-term ratings. It said that the ratings reflect the country's robust fiscal and external balance sheets, with the public debt level and the sovereign's net foreign assets higher than the medians of 'A' and 'AA'-rated sovereigns. It stated that the ratings are supported by the Kingdom's elevated liquid foreign currency reserves amid a small current account surplus and strong net inflows through the financial account. It expected economic growth to rebound this year after being held back by the OPEC+ coalition's cuts to oil production, and anticipated the non-oil sector's share of the economy to increase in the near- to medium term, supported by the strong reform momentum. But it noted that the ratings are constrained by persistent fiscal deficits, the economy's dependence on the hydrocarbon sector, and low scores on governance indicators relative to similarly-rated peers. It forecast the public debt level to increase from 29.8% of GDP at end-2024 to 35.3% of GDP at end-2026, but to remain well below the projected median of 55.1% of GDP of similarly-rated peers. Also, it anticipated the current account deficit to average 2.4% of GDP in the 2025-26 period amid lower oil revenues and a higher import bill. Further, it said that it could downgrade the ratings if Saudi Arabia's public finances deteriorates, if the government debt level increases, and/or if regional geopolitical tensions escalate. In contrast, it said that it could upgrade the ratings if fiscal reforms continue to significantly increase the budget's resilience to oil price volatility, and/or if economic reform supports the expansion of the non-hydrocarbon economy.

Source: Fitch Ratings

EGYPT

External funding needs at $76.4bn in 2025-27 period

Goldman Sachs projected Egypt's external financing requirements at $28.9bn in the fiscal year that ends in June 2025, and at $24.4bn in FY2025/26 and $23.2bn in FY/2026/27, compared to $30.3bn in FY2023/24. It also noted that Egypt needs to cover medium- and long-term external debt payments of $9.8bn in FY2024/25, $9.6bn in FY2025/26 and $7.9bn in FY2026/27. Further, it projected the funding gap at $3.8bn in FY2024/25 and $2.1bn in FY2025/26, and to revert to a surplus of $1.5bn in FY2026/27. It expected that the authorities will source their external funding needs in the FY2024/25-FY2026/27 period from $48.8bn in foreign direct investments, $22bn in portfolio inflows, and $10.8bn in medium and long-term borrowing. It estimated that the country will cover its funding gap during the covered period with $11.7bn from the International Monetary Fund and third parties, as well as from $2bn in proceeds from the sale of state assets. Also, it forecast the residual funding gap at $10.4bn in the covered period. As such, it projected the current account deficit at 5.1% of GDP in FY2024/25, at 3.6% of GDP in FY2025/26 and at 3.4% of GDP in FY2026/27. Further, it forecast foreign currency reserves at $47.1bn at end-June 2025, $50.4bn at end-June 2026 and $55.3bn at end-June 2027. In parallel, it considered that downside risks to the outlook consist of delays to the recovery of Suez Canal receipts, a widening in the energy deficit, a slower rise in remittance inflows, and weaker portfolio inflows.

Source: Goldman Sachs

CÔTE D'IVOIRE

Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Côte d'Ivoire's long-term foreign and local currency Issuer Default Ratings (IDRs) at 'BB-', which is three notches below investment grade, and maintained the 'stable' outlook on the long-term ratings. It also affirmed the Country Ceiling at 'BB', and maintained the short-term local and foreign currency IDRs at 'B'. It said that the ratings reflect the economy's strong growth prospects and sound fiscal management indicators, as well as solid macroeconomic policies as reflected by a track record of low inflation rates and strong engagement with the International Monetary Fund (IMF). But it noted that the ratings are constrained by low income per capita relative to 'BB'-rated peers, the modest international liquidity of the Central Bank of West African States, low government revenues, and the high public debt level. It added that regional insecurity remains a material risk to the country's economic, social and political stability. Further, it expected the fiscal deficit to narrow in 2024 and 2025, supported by higher public revenues and rising cocoa-related export receipts. Also, it said that international foreign currency reserves increased from $15.9bn at end-2023 to $21.4bn at end-2024, supported by IMF disbursements, as well as by the earlier surge in cocoa prices and the recent recovery of cocoa production. In parallel, it said that it could downgrade the ratings if security conditions and political stability deteriorate, and/or if the government's debt level increases. But it noted that it could upgrade the ratings if the government manages to increase its revenues-to-GDP ratio and to place the public debt level on a firm downward trajectory, and/or if the authorities maintain prudent fiscal policies.

Source: Fitch Ratings

BANKING

IRAQ

Central Bank measures to trigger banking sector consolidation

Fitch Ratings expected the Iraqi banking sector to become more robust and transparent due to the measures that the Central Bank of Iraq (CBI) has required, such as the increase in capital requirements and the need for banks to establish correspondent banking relationships for foreign currency transactions. It indicated that the CBI increased the banks' minimum issued and paid-up capital requirement from IQD250bn at end-June 2023 to IQD400bn or $307.7m at end-2024, and recently extended the deadline for several banks to meet the IQD400bn requirement until the end of March 2025. It noted that the banks that do not meet the requirements face the prospect of having to merge, be acquired, or face liquidation. In parallel, it pointed out that the CBI's suspension of its foreign currency auction window will weaken the banks' income if they cannot establish correspondent banking relationships, as they will face pressure on their business and financial profiles unless they can adapt their business models to other foreign currencies to offset the loss of their businesses in US dollar, such as the Indian rupee, the Chinese yuan, the euro, the UAE dirham, the Turkish lira and the Jordanian dinar. It considered that banks could also face funding pressures, as depositors, mainly corporates, will seek banks with established US dollar correspondent banking relationships. In parallel, it noted that these new regulations, in addition to other regulatory decisions, have led to shortages in US dollar supply and widened the gap between the official US dollar market exchange rate and the parallel market rate to between 15% and 20%.

Source: Fitch Ratings

TUNISIA

Liquid banking sector to support financing needs

Fitch Ratings indicated that the Tunisian banking sector has sufficient liquidity to help meet the sovereign's financing needs in 2025, due to healthy deposit inflows and sluggish private-sector lending growth. It expected the banks' claims on the sovereign, excluding deposits at the Banque Centrale de Tunisie (BCT), to increase further this year, following a rise of 9% in the first eight months of 2024, driven by loans to the Ministry of Finance. Also, it estimated the domestic financing of the government at about TND15bn, or 9.4% of GDP in 2025, to be met by the local financial sector through loans, bonds and Treasury bills compared to 10.3% of GDP in 2024. It projected the financial sector's domestic financing to increase to 11.8% of GDP in 2026, on the assumption that BCT financing ceases. Further, it pointed out that the 2025 budget included TND5.6bn in borrowing from domestic banks that consist of TND4.8bn in the national currency and of syndicated borrowing in foreign-currency equivalent to TND0.8bn. Also, it said that the BCT recently removed restrictions on collateral for repo financing, indicating that it now be entirely in the form of government bonds, which would encourage banks to continue to invest in government bonds. Further, it noted that the exposure of the banking sector to the sovereign and to the BCT was 21% of the sector's assets at end-August 2024. It added that local banks held 37% and the BCT held 2% of Tunisia’s domestic public debt at end-September 2024. Also, it said that Tunisia's foreign currency reserves reached $8bn at end-2024.

Source: Fitch Ratings

ARMENIA

Agencies take rating actions on banks

Fitch Ratings affirmed the long-term Issuer Default Ratings (IDRs) of ACBA Bank (ACBA) at 'BB-', and the IDRs of Ameconombank (AEB) and of Evocabank (Evoca) at 'B+' each. It also maintained the 'stable' outlook on the long-term ratings of the three banks. In addition, it affirmed the Viability Ratings (VRs) of ACBA at 'bb-', and the VRs of AEB and Evoca at 'b+'. It attributed the affirmation of the banks’ IDRs to their solid VRs and strong standalone credit strength amid robust economic growth in Armenia, and by their strong capital buffers. It said that the VRs of the three banks reflect the significant growth in their business activity, which provides a reasonable buffer against asset-quality risks. Further, it indicated that ACBA’s VR takes into account its strong profitability, while the moderate profitability of AEB and Evoca is weighing on their ratings. It considered that the VRs of ACBA and Evoca demonstrate their stable liquidity and funding, while tight liquidity conditions are weighing on the ratings of AEB. In parallel, Moody's Ratings assigned a long-term deposit rating of 'Ba3' to Inecobank, with a 'stable' outlook om the rating. It said the rating reflects the bank’s solid capital buffer and the moderate probability of government support, which can offset risks from weakening credit quality. In addition, it indicated that the 'B1' long-term local- and foreign currency deposit ratings of AEB and the 'stable' outlook take into account the bank’s low level of non-performing loans and its stable profitability, despite its exposure to small- and medium-sized enterprises and to consumer lending.

Source: Fitch Ratings, Moody's Ratings

ETHIOPIA

Capital adequacy ratio at 17.9%, NPLs ratio at 5.5% at end-September 2024

The International Monetary Fund indicated that the capital adequacy ratio of the Ethiopian banking sector reached 17.9% at the end of September 2024 compared to 15.4% at end-June 2024 and to 15.7% at end-2023. It noted that the banks' liquid assets were equivalent to 18.7% of the sector's total assets at end-September 2024, relative to 17.8% at end-June 2024 and to 16.5% at end-2023, while they were equivalent to 23.8% of the sector's aggregate deposits at the end of September 2024 compared to 22.4% at end-June 2024 and to 20.7% at end-2023. It noted that the ceiling on lending activity, seasonal demand for credit and bank dividend payments are constraining the banks’ liquidity metrics. Also, it said that the sector's non-performing loans ratio (NPLs) stood at 5.5% at end-September 2024 relative to 3.9% at end-June 2024 and to 4.3% at end-2023, excluding the elevated non-performing debt of state-owned enterprises; while NPLs net of provisions stood at 6.1% of capital at end-September 2024 compared to -0.9% at end-June 2024 and to -2.6% at end-2023. In parallel, it pointed out that the National bank of Ethiopia will work with the banks to adopt a foreign exchange trading platform to enable the settlement of interbank foreign currency transactions domestically, in order to support foreign currency market liquidity. It added that the authorities’ decision to open the banking sector to foreign participation constitutes a decisive measure to help address longstanding weaknesses in the scope, depth and accessibility of modern financial services in the country.

Source: International Monetary Fund

ENERGY / COMMODITIES

Oil prices to average $78 p/b in 2025

ICE Brent crude oil front-month prices reached $74.6 per barrel (p/b) on February 5, 2025, constituting a decrease of 2.8% from $76.8 p/b a week earlier, driven by a large increase in U.S. crude and gasoline oil inventories. In parallel, Goldman Sachs expected oil exports from Russia to increase in the first half of 2025, while it anticipated a moderate decrease of 0.4 million barrels per day (b/d) in Iranian oil production this year. It considered that the imposition of additional sanctions on Iran could lead to a steeper drop in output of 1 million b/d, which would push Brent oil prices to $80 p/b by May 2025. It also expected the OPEC+ coalition to continue to extend its oil production cuts to July 2025, in addition to significant declines in global inventories in the third quarter of the year and elevated U.S. policy uncertainties about sanctions and tariffs, which could lead to higher oil prices in 2025. As such, it anticipated the risks to oil prices to be skewed to the upside in the short term, but to be tilted to the downside in the medium term. It estimated that Brent oil prices could temporarily rise to $93 p/b if the tightening of U.S. sanctions on Iran and Russia leads to a persistent decline in Iranian oil supply and a temporary decrease in Russian oil output. However, it considered that if the U.S. imposes a universal tariff rate of 10%, this would push prices down to $60 p/b by 2026. Also, it said that if the U.S. imposes tariffs of 25% on Canada and Mexico, it would likely result in an increase in gasoline prices in the U.S. Midwest, which would negatively affect global demand amid higher prices and would affect Canadian oil producers due to their limited export capacities. In parallel, it projected oil prices to average $78 p/b in 2025.

Source: Goldman Sachs, Refinitiv, Byblos Research

Middle East demand for gold jewelry down 8.4% in 2024

Demand for gold jewelry in the Middle East totaled 157 tons in 2024, constituting a decline of 8.4% from 171.5 tons in 2023, and accounted for 9.4% of global demand for gold jewelry. Demand for gold jewelry in Saudi Arabia reached 35 tons, or 22.3% of the region's consumption in the covered period, followed by the UAE with 34.7 tons (22%), Iran with 26.7 tons (17%), Egypt with 26.1 tons (16.6%), and Kuwait with 12.3 tons (7.8%).

Source: World Gold Council, Byblos Research

Algeria's crude oil production down 5.4% in November 2024

Crude oil production in Algeria totaled 908,000 barrels per day (b/d) in November 2024, nearly unchanged from 909,000 b/d in October 2024, and constituting a decrease of 5.4% from 960,000 b/d in November 2023. Further, aggregate crude oil exports stood at 330,000 b/d in November 2024, down by 23% from 428,000 b/d in October 2024 and by 15.6% from 391,000 b/d in November 2023.

Source: JODI, Byblos Research

Middle East demand for gold bars and coins down 4% in 2024

Net demand for gold bars and coins in the Middle East totaled 109.5 tons in 2024, constituting a decrease of 4% from 114.1 tons in 2023. Demand for gold bars and coins in Iran reached 42.3 tons and accounted for 38.7% of the region's aggregate demand in 2024. Egypt followed with 24 tons (22%), Saudi Arabia with 15.4 tons (14%), the UAE with 13.3 tons (12%), and Kuwait with 6.1 tons (5.6%).

Source: World Gold Council, Byblos Research

Base Metals: Copper prices to average $8,500 per ton in first quarter of 2025

LME copper cash prices averaged $8,983.9 per ton in the year-to-February 5, 2025 period, constituting an increase of 7.6% from an average of $8,351 a ton in the same period of 2024. The increase in prices was due to improving copper demand from China's copper-intensive construction industry, fears of supply disruptions of the metal, as well as to elevated demand from the manufacturers of power lines, appliances, wind turbines, and electric vehicles. Further, the metal's price dropped from a peak of $10,800.8 a ton on May 20, 2024 to $9,114.5 per ton on February 5, 2025, driven by a slowdown in China's industrial activity that reduced demand for industrial metals, including copper, and by global economic uncertainty. In parallel, the latest available figures from the International Copper Study Group (ICSG) show that global demand for refined copper was 24.94 million tons in the first 11 months of 2024, constituting an increase of 2.6% from 24.3 million tons in the same period of 2023 due to an increase of 3% in Chinese demand for the metal. Also, it noted that the global production of refined copper reached 25.1 million tons in the first 11 months of 2024, up by 3.7% from 24.2 million tons in the same period of 2023, as higher output from China, the Democratic Republic of the Congo, Japan, and the U.S. was partially offset by lower production in Chile. Further, Citi Research forecast copper prices at $8,500 per ton in the first quarter of 2025 and at $8,750 per ton in full year 2025.

Source: ICSG, Citi Research, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $2,700 per ounce in first quarter of 2025

Gold prices averaged $2,723 per ounce in the year-to-February 5, 2025 period, constituting an increase of 33.8% from an average of $2,034.5 a ton in the same period of 2024, due to the concerns about the global economic uncertainties and trade tensions mainly between China and the U.S., which reinforced the appeal of the metal as a safe haven for investors. Also, gold prices reached an all-time high of $2,869.3 per ounce on February 5, 2025, driven by China's imposition of tariffs on the U.S. in response to President Donald Trump's announcement of tariffs on Chinese imports. In parallel, the World Gold Council indicated that global demand for gold totaled 4,553.7 tons in 2024 and increased by 1.4% from 4,492.5 tons in 2023. It attributed the increase to a rise of 24.7% of the jewelry investment, an uptick of 6.9% in demand from the technology sector, and a drop of 97.2% in outflows from gold-backed exchange-traded funds (ETFs), which were partly offset by a decrease of 11% in jewelry consumption, by a contraction of 0.6% in net purchases by central banks, and a downturn of 0.3% in demand for bars and coins. Also, it said that the global supply of gold reached 4,974.5 tons in 2024, constituting an increase of 0.6% from 4,945.9 tons in 2023, with mine output representing 73.6% of the total. Further, Citi Research projected gold prices to average $2,700 per ounce in the first quarter of 2025, and $2,800 per ounce in full year 2025.

Source: World Gold Council, Citi Research, Refinitiv, Byblos Research

COUNTRY RISK METRICS

Countries	LT Foreign currency rating: S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa												
Algeria	- -	- -	- -	- -	-3.7	56.9	-	-	-	-	-3.2	0.4
Angola	B- Stable	B3 Stable	B- Stable	- -	-1.0	62.06	4.7	52.2	25.9	105.8	2.7	-2.7
Egypt	B- Positive	Caa1 Positive	B Stable	B Stable	-4.6	73.3	2.7	97.3	14.6	179.1	-18.5	16.4
Ethiopia	SD -	Caa3 Stable	CCC- -	-	-2.5	22.0	0.5	32.1	5.9	158.7	-3.1	1.8
Ghana	SD -	Ca positive	RD -	- -	-3.2	66.1	0.7	54.3	22.7	139.7	3.0	2.0
Côte d'Ivoire	BB Stable	Ba2 Stable	BB- Stable	- -	-4.2	57.0	3.6	45.0	14.6	119.9	-4.6	2.3
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-0.5	14.5	1.2	5.9	2.2	103.8	-5.4	4.2
Morocco	BB+ Positive	Ba1 Stable	BB+ Stable	- -	-4.1	65.8	4.9	30.4	7.3	94.0	-1.4	0.5
Nigeria	B- Stable	Caa1 Positive	B- Positive	- -	-5.6	41.2	4.1	71.2	28.9	126.8	0.6	0.1
Sudan	- -	- -	- -	- -	-5.0	91.0	-	-	-	-	-5.0	0.2
Tunisia	- -	Caa2 Negative	CCC+ -	- -	-5.6	88.7	-	-	26.1	-	-2.7	-1.1
Burkina Faso	CCC+ Stable	- -	- -	- -	-5.8	58.0	1.2	59.0	11.4	156.8	-5.4	0.5
Rwanda	B+ Stable	B2 Stable	B+ Stable	- -	-4.6	69.5	3.5	19.8	9.5	111.5	-11.7	3.7
Middle East												
Bahrain	B+ Stable	B2 Stable	B+ Stable	B+ Stable	-4.9	133.7	-3.5	138.2	29.7	331.1	2.1	1.0
Iran	- -	- -	- -	- -	-4.2	26.1	-	-	-	-	3.5	-
Iraq	B- Stable	Caa1 Stable	B- Stable	- -	-4.5	45.6	15.3	3.2	3.1	42.6	5.6	-1.4
Jordan	BB- Stable	Ba3 Stable	BB- Stable	BB- Stable	-1.8	92.6	1.9	68.5	12	150.3	-4.4	1.6
Kuwait	A+ Stable	A1 Stable	AA- Stable	AA- Stable	-3.9	5.2	2.2	45.3	0.4	107.9	15.4	-4.8
Lebanon	SD -	C -	RD** -	- -	0.0	213.0	8.8	181.1	9.0	160.6	-20.1	2.8
Oman	BBB- Stable	Ba1 Positive	BB+ Stable	BB+ Stable	-7.3	51.7	4.4	26.0	6.5	101.2	-8.3	2.1
Qatar	AA Stable	Aa2 Stable	AA- Positive	AA Stable	4.0	47.7	2.2	115.4	5.0	168.0	16.7	-0.2
Saudi Arabia	A Positive	A1 Positive	A+ Stable	AA- Stable	-2.8	24.6	10.3	25.3	3.5	67.7	-0.2	0.5
Syria	- -	- -	- -	- -	-	49.0	-	-	-	-	-15.5	-
UAE	- -	Aa2 Stable	AA- Stable	AA- Stable	5.5	29.9	-	-	4.3	-	6.8	-2.0
Yemen	- -	- -	- -	- -	-2.7	50.7	-	-	-	-	-19.2	-2.3

COUNTRY RISK METRICS

Countries	S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	LT Foreign currency rating											
Asia												
Armenia	BB- Stable	Ba3 Stable	BB- Stable	B+ Positive	-4.6	49.8	2.0	29.6	11.5	114.7	-3.1	2.2
China	A+ Stable	A1 Negative	A+ Stable	- -	-3.0	65.2	10.9	20.6	5.8	60.9	2.3	0.7
India	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-7.8	84.0	7.3	29.8	25.2	82.2	-1.3	1.0
Kazakhstan	BBB- Stable	Baa2 Positive	BBB Stable	- -	-3.1	26.4	4.1	29.4	8.1	100.4	-2.8	2.2
Pakistan	CCC+ Stable	Caa2 Positive	CCC+ -	- -	-7.5	71.3	0.7	34.9	55.9	133.4	-1.3	0.4
Bangladesh	B+ Stable	B2 Negative	B+ Stable	- -	-4.8	32.1	3.8	29.0	29.0	102.8	-1.5	0.4
Central & Eastern Europe												
Bulgaria	BBB Positive	Baa1 Stable	BBB Positive	- -	-2.5	24.5	2.0	19.5	1.5	102.8	-0.5	2.0
Romania	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-7.3	51.7	4.4	25.9	6.5	101.2	-8.3	2.1
Russia	- -	- -	- -	- -	-	18.2	18.0	23.6	4.4	45.0	12.1	-0.7
Türkiye	BB- Stable	B1 Positive	BB- Stable	BB- Stable	-5.1	27.0	1.4	63.6	10.8	149.0	-1.2	0.4
Ukraine	CC Negative	Ca Stable	CC -	- -	-17.0	91.6	4.6	40.7	10.1	108.	-6.6	1.4

** Current account payments*

***Fitch withdrew the ratings of Lebanon on July 23, 2024*

Source: S&P Global Ratings, Fitch Ratings, Moody's Ratings, CI Ratings, Byblos Research - The above figures are projections for 2025

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	4.50	29-Jan-25	No change	19-Feb-25
Eurozone	Refi Rate	2.90	30-Jan-25	Cut 25bps	06-Mar-25
UK	Bank Rate	4.75	19-Dec-24	Cut 25bps	06-Feb-25
Japan	O/N Call Rate	0.50	24-Jan-25	Raised 25bps	19-Feb-25
Australia	Cash Rate	4.35	10-Dec-24	No change	18-Feb-25
New Zealand	Cash Rate	4.25	27-Nov-24	Cut 50bps	19-Feb-25
Switzerland	SNB Policy Rate	0.50	12-Dec-24	Cut 50bps	20-Mar-25
Canada	Overnight rate	3.00	29-Jan-25	Cut 25bps	12-Mar-25
Emerging Markets					
China	One-year Loan Prime Rate	3.1	20-Jan-24	No change	20-Feb-25
Hong Kong	Base Rate	4.75	19-Dec-24	Cut 25pbs	N/A
Taiwan	Discount Rate	2.00	19-Dec-24	No change	20-Mar-25
South Korea	Base Rate	3.00	16-Jan-25	No change	25-Feb-25
Malaysia	O/N Policy Rate	3.00	22-Jan-25	No change	06-Mar-25
Thailand	1D Repo	2.25	18-Dec-24	No change	26-Feb-25
India	Repo Rate	6.50	06-Dec-24	No change	07-Feb-25
UAE	Base Rate	4.40	18-Dec-24	Cut 25bps	N/A
Saudi Arabia	Repo Rate	5.00	18-Dec-24	Cut 25bps	N/A
Egypt	Overnight Deposit	27.25	26-Dec-24	No change	N/A
Jordan	CBJ Main Rate	6.75	10-Nov-24	Cut 25bps	N/A
Türkiye	Repo Rate	45.00	23-Jan-25	Cut 250bps	06-Mar-25
South Africa	Repo Rate	7.50	30-Jan-25	Cut 50bps	20-Mar-25
Kenya	Central Bank Rate	11.25	05-Dec-24	Cut 75bps	N/A
Nigeria	Monetary Policy Rate	27.50	26-Nov-24	Raised 25bps	N/A
Ghana	Prime Rate	27.00	27-Jan-25	No change	31-Mar-25
Angola	Base Rate	19.50	21-Jan-25	No change	N/A
Mexico	Target Rate	10.00	19-Dec-24	Cut 25bps	06-Feb-25
Brazil	Selic Rate	13.25	29-Jan-25	Raised 100bps	N/A
Armenia	Refi Rate	6.75	04-Feb-25	Cut 25bps	18-Mar-25
Romania	Policy Rate	6.50	15-Jan-25	No change	14-Feb-25
Bulgaria	Base Interest	2.82	03-Feb-25	Cut 13bps	03-Mar-25
Kazakhstan	Repo Rate	15.25	17-Jan-25	No change	N/A
Ukraine	Discount Rate	14.50	23-Jan-25	Raised 150bps	14-Feb-25
Russia	Refi Rate	21.00	20-Dec-24	Raised 200bps	14-Feb-25

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (+961) 1 338 100
Fax: (+961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

BYBLOS BANK GROUP

LEBANON
Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

IRAQ
Erbil Branch, Kurdistan, Iraq
Street 60, Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Sulaymaniyah Branch, Kurdistan, Iraq
Salem street, Kurdistan Mall - Sulaymaniyah
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14, Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

ARMENIA
Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362 Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

BELGIUM
Byblos Bank Europe S.A.
Brussels Head Office
Boulevard Bischoffsheim 1-8
1000 Brussels
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM
Byblos Bank Europe S.A., London Branch
Berkeley Square House
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 7518 8100
Fax: (+ 44) 20 7518 8129
E-mail: byblos.london@byblosbankeur.com

FRANCE
Byblos Bank Europe S.A., Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

NIGERIA
Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

ADIR INSURANCE
Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293