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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Insurers' losses from natural catastrophes and man-made disasters up 8.3% to $328bn in 2024

Global reinsurer Swiss Re estimated the global economic losses from natural catastrophes and man-made disasters at $328bn in 2024, constituting an increase of 8.3% from $303bn in 2023, and compared to annual average losses of $254bn in the 2014-24 period. Losses from natural catastrophes totaled $318bn and represented 97% of overall losses in 2024, while those from man-made disasters reached $10bn and accounted for 3% of the total last year. Economic losses in North America amounted to $212bn and were equivalent to 0.69% of the region's GDP, followed by Asia with $67bn (0.17% of GDP), Europe with $33bn (0.12% of GDP), Latin America & the Caribbean (LAC) with $12bn (0.17% of GDP), Oceania & Australia with $2bn (0.11% of GDP), and Africa with $2bn (0.07% of GDP). In parallel, the losses of insurers from natural catastrophes and man-made disasters reached $146bn in 2024, down by 16.8% from $125bn in 2023, and accounted for 44.5% of total economic losses last year. The losses of insurers in North America reached $117.1bn in 2024, or 80% of the total, followed by losses in Europe with $14.7bn (10%), Asia with $11.1bn (7.6%), Oceania & Australia with $1.7bn (1.2%), LAC with $1.5bn (1%), and Africa with $0.3bn (0.2%).

Source: Swiss Re

Assets under management in private capital to reach $24 trillion at end-2029

Information provider PitchBook Data projected global assets under management (AUM) held by private capital firms to increase from $18.7 trillion (tn) at the end of 2024 to $24.1 at the end of 2029, which would constitute a compound annual growth rate (CAGR) of 5.2% during the covered period, under a "base-case" scenario of long-term capital formation trends, returns, and evolving investor demand. It forecast private equity funds to hold $7.7tn in AUM, which would account for 32.2% of global private capital under management at end-2029, followed by private debt at $4.9tn (20.3%), venture capital at $3.8tn (15.6%), real estate at $2.8tn (11.7%), real assets at $2.4tn (10%), secondaries at $1tn (4%), funds of funds at $0.8tn (3.5%), and co-investments at $0.7tn (2.7%). Further, it expected co-investments of private capital AUM to increase by a CAGR of 11.8% in the 2024-29 period, followed by secondaries (+10.8%), private debt (+8.2%), private equity (+5.1%), real estate (+4.9%), real assets (+4.8%), and venture capital (+2.2%). In contrast, it anticipated the AUM of funds of funds to decrease by a CAGR of 4.4% in the covered period. In addition, under its "good case" scenario, it projected the AUM of private equity funds at $9.2tn, which would account for 31.2% of global private capital at end-2029, followed by private debt with $5.9tn (20%), venture capital with $4.5tn (15.3%), real estate with $3.5tn (11.9%), real assets with $3tn (10.2%), secondaries with $1.5tn (5.1%), funds of funds with $1tn (3.4%), and co-investments with $0.9tn (3.1%). Also, under its "bad case" scenario, it forecast the AUM of private equity funds at $6.5tn at end-2029, followed by private debt with $4.1tn, venture capital with $3.2tn, real estate with $2.3tn, real assets with $2tn, funds of funds with $0.7tn, secondaries with $0.6tn, and co-investments with $0.5tn.

Source: PitchBook Data, Byblos Research

MENA

Stock markets up 1.7% in first four months of 2025

Arab stock markets increased by 1.7%, while Gulf Cooperation Council equity markets remained nearly unchanged in the first four months of 2025, relative to decreases of 2.3% and 0.8%, respectively, in the same period of 2024. In comparison, global equity markets contracted by 1% and emerging market equities grew by 1.2% in the first four months of 2025. Activity on the Casablanca Stock Exchange surged by 17.7% in the first four months of 2025, the Tunis Bourse appreciated by 13.3%, the Egyptian Exchange advanced by 8%, and the Boursa Kuwait yielded 4.2%. Also, the Dubai Financial Market increased by 3%, the Abu Dhabi Securities Exchange improved by 1.2%, and the Amman Stock Exchange gained 0.2%. In contrast, the Beirut Stock Exchange dropped by 18% in the first four months of 2025, the Muscat Securities Market declined by 5.7%, the Bahrain Bourse contracted by 3.7%, and the Saudi Stock Exchange decreased by 3%. Also, the Iraq Stock Exchange shrank by 2.7%, the Palestine Exchange retreated by 2.1%, and the Qatar Stock Exchange regressed by 1.1% in the covered period. In parallel, the Tehran Stock Exchange surged by 15.7% in the first four months of 2025.

Source: Local stock markets, Dow Jones Indices, Refinitiv, Byblos Research

GCC

Fixed income issuance down 31% to $57bn in first four months of 2025

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $61.7bn in the first four months of 2025, constituting a decline of 31.3% from $89.8bn in the same period of 2024. Fixed income output in the first four months of 2025 consisted of $25.5bn in sovereign bonds, or 41.3% of the total, followed by $17.5bn in corporate sukuk (28.4%), $17bn in corporate bonds (27.6%), and $1.7bn in sovereign sukuk (2.8%). Further, aggregate bonds and sukuk issued by corporates in the GCC stood at $34.5bn in the first four months of 2025, or 56% of fixed income output in the region; while issuance by GCC sovereigns reached $27.2bn, or 44% of the total. GCC sovereigns issued $16bn in bonds and sukuk in January, $4.9bn in February, $5.1bn in March and $1.2bn in April 2025, while GCC companies issued $10.6bn in bonds and sukuk in January, $12.2bn in February, $7.9bn in March and $3.8bn in April 2025. In parallel, corporate output in April 2025 consisted of $1bn in sukuk and $125.7m in bonds that UAE-based firms issued, $400m in sukuk that Bahrain-based firms issued, $300m in bonds and $70m in sukuk that Saudi Arabia-based companies issued, and $71.2m in bonds from companies in Qatar. In addition, sovereign proceeds in the covered month consisted of $530.5m in bonds that Bahrain issued, $510m in sukuk issued by the UAE, and $200.2m in bonds that Saudi Arabia issued.

Source: KAMCO, Byblos Research

POLITICAL RISKS OVERVIEW - April 2025

ARMENIA

Armenian Prime Minister Nikol Pashinyan proposed that Armenia and Azerbaijan sign a peace treaty and jointly request the dissolution of the OSCE Minsk Group. He also called on Azerbaijan to create a joint mechanism to investigate alleged border incidents. However, the Armenia-Azerbaijan peace process stalled after signs of progress in March, given the increase in the number of reported ceasefire violations along their shared border. PM Pashinyan suggested that Armenia's new constitution omits any mention of the Nagorno-Karabakh province, in an attempt to accommodate Azerbaijan's conditions and advance the peace process between the two countries. Further, Karabakh Armenians protested in Yerevan against reductions in aid, but the government announced that it would introduce a new assistance program for vulnerable refugees. Armenian President Vahagn Khachaturyan signed into law on April 4 a bill that initiates the country's process of joining the European Union.

EGYPT

President Abdel Fattah el-Sisi secured on April 14 a $7.5bn investment pledge from Qatar. The European Union approved a new $4bn tranche of aid and loan package to Egypt as part of its Macro-Financial Assistance program, in order to support the country's economic stability and reform efforts, particularly amid ongoing financial challenges.

ETHIOPIA

Political tensions in the Tigray region remained elevated despite a change in the interim administration's leadership. Prime Minister Abiy Ahmed appointed Lieutenant General Tadesse Werede Tesfay as the interim president of Tigray, following escalating tensions between the interim authorities and the Tigray People's Liberation Front (TPLF). The easing of the political stalemate in the country raised hopes for a de-escalation of tensions between Addis Ababa and Eritrea, particularly in light of the latter's involvement in Tigray's political conflict. However, tensions in Tigray rose again when the TPLF warned of serious threats to the 2022 Pretoria Agreement, which ended the war in region, if electoral authorities revoke the party's legal status. Also, military forces stepped up operations against Fano militias in the Amhara region and violence persisted in the Oromia region.

IRAN

Following U.S. President Donald Trump's announcement on April 7 that the U.S. and Iran were set to begin direct nuclear talks, Iranian and U.S. delegations met in Oman and later in Italy for direct discussions, marking the highest-level dialogue between the two sides in eight years. The two countries described talks as "constructive", although major disagreements remained, particularly related to uranium enrichment. The negotiations between Iran and the U.S. are set to continue in May. The U.S. sanctioned six individuals and entities linked to Iran’s nuclear program and imposed a sixth round of sanctions targeting Iran’s oil exports to China. Also, the U.S. sanctioned a network of entities and vessels involved in the shipment of Iranian liquefied petroleum gas, including shadow fleet tankers that are supplying Chinese refineries. Saudi Arabia's Minister of Defense met on April 17 with Iran’s Supreme Leader Ayatollah Ali Khamenei and President Masoud Pezeshkian in Tehran in order to strengthen diplomatic ties and cooperation between the two countries.

IRAQ

Iraqi and Turkish officials met on April 13 for high-level discussions, and stressed the need for cooperation against the Kurdistan Workers' Party (PKK) and the importance of implementing PKK leader Abdullah Öcalan's call for disarmament. Tensions intensified in April between the Iraqi government and the PKK-linked Sinjar Resistance Units (YBS), as the latter issued an ultimatum to the Iraqi security forces to release five detained members. The group has warned that failure to respond to its demand could lead to further escalation, including attacks on Iraqi federal police and army positions. Prime Minister Mohammed Shia' Al-Sudani met Syrian President Ahmed al-Sharaa in Qatar to discuss the reopening of border crossings between Iraq and Syria, the revival of trade relations between the two countries, and Syria's potential return to the Arab League.

LIBYA

Fighting erupted between the local militia group Al-Qasab and forces led by the deputy chief of staff of the Tripoli-aligned armed forces Lieutenant General Salah al-Namroush over control of the Zawiya refinery in the northwest of the country. As such, the National Oil Corporation declared *force majeure*, citing the destruction of infrastructure. The Central Bank of Libya (CBL) confirmed that the Field Marshal Khalifa Haftar-backed government has been conducting parallel financing through covert financial operations involving the eastern branch of the CBL. Also, former CBL governor Siddiq al-Kabir said that the Tripoli-based government had approved all disbursements and transactions, and rejected claims of enabling fiscal mismanagement. The United Kingdom, France, Germany, Australia, and the European Union convened diplomats from Western, Arab, and African nations in London to coordinate efforts towards a unified resolution to Libya's conflict, in order to address security concerns, support ongoing peace negotiations, and foster the economic recovery.

SUDAN

The paramilitary Rapid Support Forces (RSF) launched a new military campaign to capture North Darfur’s embattled state capital El Fasher. The Joint Darfur Force, a military force formed on April 27, 2023 by four former rebel groups that were signatories of the Juba Peace Agreement, retained control of most of El Fasher, while the RSF remained largely confined to the city's southeast. The RSF and allied rebel group the Sudan People's Liberation Army-North intensified hostilities in South Kordofan. The Sudanese Armed Forces consolidated its control in Khartoum and advanced through the city of Omdurman, clashing with RSF.

SYRIA

Damascus and the Syrian Democratic Forces (SDF) reached a temporary arrangement allowing government troops to enter parts of the city of Aleppo to operate alongside the SDF. The two sides reached an agreement on the Tishreen Dam, and a longstanding point of contention between the SDF and the Türkiye-backed Syrian National Army. Under the deal, the SDF will continue to manage the dam, while government forces will create a buffer zone, representing progress toward reducing hostilities in the region. Also, clashes erupted between Druze and Sunni fighters in the Jaramana town of the Rif Dimashq governorate, resulting in the deaths of approximately 12 individuals. Interim President Ahmed al-Sharaa and the Minister of Foreign Affairs and Expatriates held talks with UAE officials on investment prospects and banking cooperation to strengthen economic ties and explore financial partnerships that could support Syria's reconstruction and stability efforts. Turkish President Recep El Tayep Erdoğan held talks with President al-Sharaa to negotiate 12 economic agreements that aim to enhance bilateral trade and economic cooperation.

YEMEN

The U.S. escalated its military campaign against the Huthi rebels, as it struck the Ras Isa oil port in the Hodeida governorate and a prison in Saada city. The Huthis targeted the USS Harry S. Truman aircraft carrier in the Red Sea and shot down multiple U.S. drones. The Huthis have intensified their frontline attacks, despite speculation about a potential U.S.-backed ground offensive by Yemeni government forces in the country.

Source: International Crisis Group, Newswires

OUTLOOK

AFRICA

Economic activity to average 3.9% in 2025-26 period, outlook subject to downside risks

The World Bank projected the real GDP growth rate of Sub-Saharan Africa (SSA) to accelerate from 3.3% in 2024 to 3.5% in 2025 and 4.2% in 2026, relative to its January forecast of 4.1% for 2025 and 4.3% for 2026, driven by receding inflationary pressures in the region, higher private consumption, increasing investments, and easing financial conditions.

Further, it projected the real GDP growth rate of Eastern and Southern Africa at 3% in 2025 and at 4.2% in the 2026-27 period, and for economic activity in Western and Central Africa to expand by 4.1% in 2025 and by 4.3% in the 2026-27 period. Also, it projected the real GDP growth rate of non-resource-rich countries at 5.2% in 2025 and at 5.6% in the 2026-27 period, driven by high investments, while it expected the real GDP growth rate of resource-rich economies to average 3.4% in the 2026-27 period, supported by high commodity prices.

In addition, it forecast economic activity in Angola, Nigeria and South Africa, the region's largest economies, to accelerate from 2.5% in 2024 to 2.9% in 2025 and to average 3.1% in the 2026-27 period. It projected economic growth in Nigeria at 3.6% in 2025 and 3.8% in the 2026-27 period due to a rebound in the services sector and in oil production, while it expected Angola's economic activity to grow by 2.7% in 2025 and to average 2.9% in the 2026-27 period amid still high but decelerating inflation rates. In parallel, it considered that risks to the SSA region's economic outlook are tilted to the downside and include a rise in global geopolitical tensions, slowing growth in major economies, restrictive trade policies, uncertainties about foreign assistance, and political instability in the region.

Source: World Bank

MENA

Economic activity to grow by 2.6% in 2025, risks to the outlook tilted to the downside

The International Monetary Fund projected the real GDP growth rate of the Middle East & North Africa (MENA) region at 2.6% in 2025 compared to its January forecast of 3.5% and to its October forecast of 4%. It attributed its downward revision to spillovers from escalating global trade tensions and heightened uncertainties, along with a more gradual recovery in oil production, lingering effects of regional conflicts, and slower-than-expected progress in implementing structural reforms in some economies. It expected growth to improve to 3.4% in 2026, down from its October forecast of 4.2%. Further, it forecast the real GDP growth rate of the region's oil-exporting countries at 2.3% in 2025 and 3.1% in 2026 due to robust non-oil sector activity in Gulf Cooperation Council economies (GCC). As such, it expected the real GDP growth rate of GCC countries at 3% in 2025 and 4.1% in 2026, with their real non-oil GDP growing by 1.4% and 1.8% in 2025 and 2026, respectively. Further, it projected the real GDP growth rate of MENA oil-importing economies at 3.4% in 2025 and 4.1% in 2026, relative to 3.9% and 4.9% in 2025 and 2026, respectively, in October, given the adverse impact of the regional conflict and due to country-specific challenges.

In parallel, it projected the fiscal deficit of the region’s oil-importing economies to narrow from 7.6% of GDP in 2025 to 6.7% of GDP in 2026 due to fiscal consolidation; and forecast the fiscal deficit of the region's oil-exporters at 2.4% of GDP in each of 2025 and 2026. In addition, it expected the current account deficit of the region’s oil exporters to widen from 0.6% of GDP in 2025 to 1.6% of GDP in 2026, driven by robust domestic demand and lower oil prices, and for the deficit of oil importers to reach 4.8% of GDP in each of 2025 and 2026.

It considered that the balance of risks for the region's outlook is tilted to the downside, due to potential spillovers from elevated global economic policy and trade uncertainties related to changes in U.S. tariffs, retaliatory actions of trading partners, and potential trade dislocations, along with adverse regional risks. However, it said that upside risks include an early and durable resolution of conflicts in the region and a more effective implementation of structural reforms that could increase foreign direct investments and international financial support for reconstruction efforts in countries affected by conflicts.

Source: International Monetary Fund

EGYPT

Outlook contingent on external sector dynamics

The National Bank of Kuwait projected Egypt's real GDP growth rate at 3.6% in the fiscal year that ends in June 2025 and at 4.6% in FY2025/26, supported by the efficient utilization of resources, increased production activity, and improving prospects for consumer purchasing power. It expected the manufacturing, tourism, retail and wholesale trade, banking and financial services, and information technology services sectors, to be the main sources of economic growth in the near term. Also, it anticipated the U.S. tariff hikes to have a medium-term impact on the outlook in case of slower global economic growth and lower oil prices. Further, it projected the inflation rate to decrease from 20.5% in FY2024/25 to 14% in FY2025/26, driven by the easing of monetary policy. It expected that the new monetary cycle, which began in April 2025 and is driven by sharply lower inflation and interest rate cuts, will support investments and reduce debt servicing costs. Further, it said that lower oil prices would reduce the energy imports bill. It stressed the importance of a strong commitment to a flexible foreign exchange policy, especially as the program with the International Monetary Fund nears its conclusion in late 2026.

In addition, it forecast the fiscal deficit to narrow from 8.2% of GDP in FY2024/25 to 7.2% of GDP in FY2025/26. It noted that the government has continued its fiscal consolidation measures despite fiscal pressures amid lower global oil prices. Further, it projected the current account deficit to narrow from 4.8% of GDP in FY2024/25 to 3.9% of GDP in FY2025/26. Also, it estimated the country's net cumulative financing gap at between $10bn and $12bn in the next two years, and expected Gulf Cooperation Council countries, excluding the UAE, to contribute to the funding needs. In parallel, it indicated that Egypt is expecting $7.5bn in new foreign direct investments (FDI) from Qatar, and cautioned that U.S. tariffs might cause a slowdown in FDI flows to the country. It said that slower global trade could also impact revenues from the Suez Canal, which is still recovering from earlier disruptions to maritime activity in the Red Sea.

Source: National Bank of Kuwait

ECONOMY & TRADE

MENA

Impact of U.S. tariffs varies across Arab countries

The United Nations Economic and Social Commission for Western Asia (ESCWA) indicated that the new U.S. tariffs will affect $22bn in non-oil Arab goods exports to the U.S. market, given that oil and petroleum products are exempted from the tariffs. It said that Arab exports to the U.S. totaled $48bn in 2024 compared to $91bn in 2023, due to reduced U.S. imports of crude oil and petroleum products from the region. Also, the distribution of Arab exports to the U.S. shows that petroleum and crude oil reached $26.5bn and accounted for 55.2% of total Arab exports to the U.S. in 2024, followed by textiles and clothes with $3.9bn (8.1%), base metals with $3.8bn (7.9%), chemical products with $3.7bn (7.7%), jewelry and diamonds with $1.7bn (3.5%), machinery & electrical and food & vegetables products with $1.6bn each (3.3% each), plastics with $0.8bn (1.7%), while other products totaled $4.4bn (9.2%). It added that the non-oil exports from the region to the U.S. reached $22bn in 2024, constituting a rise of 57% from $14bn in 2013, and that the U.S. has maintained a trade surplus with the Arab region since 2015 that reached about $20bn in 2024. Further, it expected Bahrain, Egypt, Jordan, Lebanon, Morocco and Tunisia to face a significant impact from the new tariffs, as their exports to the U.S. are elevated compared to other Arab economies. It anticipated Algeria, Oman, Qatar, Saudi Arabia and the UAE to face a small impact, as less than 5% of their total exports to the U.S. will be affected; while it expected Iraq, Kuwait and Libya to face an insignificant impact due to their minimal share of total exports to the U.S.

Source: ESCWA

SAUDI ARABIA

Lower oil prices to impact fiscal and external balances

Goldman Sachs projected Saudi Arabia's real GDP growth rate at 4.5% in 2025 and 3.7% in 2026, driven by a rebound in oil activity that will offset slower non-oil growth. It said that it lowered its baseline assumptions for oil prices from $63 per barrels (p/b) in 2025 and $58 p/b in 2026 to $60 p/b in 2025 and $56 p/b in 2026. As such, it forecast the fiscal deficit at 4.4% of GDP in 2025 and 4.5% of GDP in 2026 compared to its earlier projection of deficits of 4.4% of GDP in 2025 and 3.8% of GDP in 2026. It expected high oil production in the Kingdom this year to offset the decline in forward oil prices. Further, it anticipated the current account deficit at 4.4% of GDP in 2025 and 5.3% of GDP in 2026 relative to an earlier forecast of deficits of 4.1% of GDP in 2025 and 4.4% of GDP in 2026. It anticipated the government's gross borrowing needs to rise from SAR200.4bn in 2024 to SAR243bn in 2025 and SAR290bn in 2026, and noted that they will be nearly fully funded from domestic and international sources. Further, it said that a significant decline in oil prices amid the complete lifting of the voluntary oil production cuts by the OPEC+ coalition, along with a global economic slowdown, could push oil prices to less than $40 p/b and increase the Kingdom's fiscal and external financing risks. But it considered that the authorities can manage the financing risks originating from lower oil prices through the drawdown of foreign currency reserves, increased borrowing, the divestment of some domestic assets, tapping foreign assets, and a consolidation of public finances.

Source: Goldman Sachs

SYRIA

Economy to contract by 1.3% in 2024-25 period

The World Bank projected Syria's real GDP to shrink by 1% in 2025 compared to a contraction of 1.5% in 2024, due to persistent security concerns, potential prolonged disruptions to oil supply, and tight liquidity conditions amid cash shortages. It said that the conflict and sanctions have significantly transformed Syria's economic landscape, which had a severe impact on the tourism, energy, and manufacturing sectors. It noted that security concerns remain a major issue as armed groups retain significant influence, while the widespread availability of weapons undermines the central authorities. It pointed out that Syria's nominal GDP contracted by 53% between 2010 and 2022, which led the World Bank to reclassify Syria from a lower-middle-income economy to a low-income economy in 2018. Also, it forecast the inflation rate to decrease from 58.1% in 2024 to 19.7% in 2025, as food prices have stabilized due to the increase in the imports of lower cost Turkish products and the removal of military checkpoints. It added that the new caretaker government has opted to reduce subsidies to narrow the budget deficit. Also, it expected the new government to face the key challenge of securing oil supply, as the disruption of imports from Iran could increase fuel prices and the inflation rate in the country. In parallel, it projected the fiscal deficit to narrow from 3.1% of GDP in 2024 to 2.2% of GDP in 2025. It said that Syria's liquidity crisis persists as tight restrictions, including weekly withdrawal limits, suspended e-payments, and delayed government salaries, continue to strain the availability of cash and increase the shortages of the Syrian pound.

Source: World Bank

SUDAN

Economic outlook contingent on end of conflict

The International Monetary Fund (IMF) estimated Sudan's real GDP to have contracted by 23.4% in 2024 and projected it to shrink by 0.4% in 2025 before shifting to a growth rate of 8.8% in 2026 in case the prevailing war ends. It noted that the ongoing conflict displaced about 9 million persons and has had deep economic scars in the country. Also, it anticipated the inflation rate to decelerate from 176.8% in 2024 to 100% in 2025 and 63.2% in 2026 due to lower food inflation. Further, it projected the fiscal deficit to widen from 2.5% of GDP in 2024 to 2.7% of GDP in 2025 and 4.5% of GDP in 2026, driven by deep losses in fiscal revenues. Also, it expected the public debt level to decrease from 272% of GDP at end-2024 to 252% of GDP at the end of 2025 and to 207.4% of GDP at the end of 2026. In parallel, the IMF forecast Sudan's exports of goods & services at $3.9bn in 2025 and $3.9bn in 2026, and projected the country's imports of goods & services at $6bn in 2025 and $9bn in 2026. As such, it projected the current account deficit to widen from 3.5% of GDP in 2024 to 3.6% of GDP in 2025 and 8.6% of GDP in 2026, but it noted that strict funding constraints and resilient gold exports have limited the deterioration of the current account balance. Also, it anticipated the country's gross external debt to decline from 273.2% of GDP at end-2024 to 254.4% of GDP at end-2025 and 206.4% of GDP at end-2026. Further, it estimated Sudan's gross foreign currency reserves at $1.4bn, or 2.8 months of import coverage at end-2024, and forecast them at $1.6bn or 2.2 months of imports at end-2025 and at $1.6bn or 1.6 months of imports at end-2026.

Source: International Monetary Fund

WORLD

Traditional banks facing increasing competition from digital counterparts

Moody's Ratings considered that financial technology startups with a banking license, or digital challenger banks, have become more robust, more profitable and more selective, as they progress through the financial services value chain. It added that digital banks are competing directly with traditional banks for retail customers and for small- and medium-sized business clients. As such, it expected digital banks to further increase their profitability, as they broaden their lending activities, extend their product range, and increase the number of products per client. But it noted that 5% of the 450 challenger banks operating globally were profitable between 2021 and 2023, and that 9% across the globe shut down or were acquired between early 2022 and mid-2023 amid elevated interest rates and a slowdown in economic activity, which reduced their access to equity funding. Further, it noted that the aggregate customer base of the 20 largest challenger banks grew by 29% between 2021 and 2023 to around 2 billion customers, compared to a rise of 83% in the 2019-21 period. Also, it said that emerging economies with low banking penetration rates have offered high growth potential for digital banks. But it considered that customer trust and government regulations continue to be key challenges for digital challenger banks. It added that strict regulatory requirements and substantial investments in compliance pose a significant financial burden to the banks.

Source: Moody's Ratings

EMERGING MARKETS

Most emerging markets slow in adopting bank resolution regimes

S&P Global Ratings expected most countries in the Emerging Europe, the Middle East, and Africa (EEMEA) region to continue to take a cautious approach in the adoption of resolution regimes for banks, even though some of these countries were among the first adopters of international regulations such as Basel II and Basel III. It expected the adoption of resolution regimes in many EEMEA countries to take a long time, even though the development and adoption of such regimes were primarily driven by a desire to end government bailouts and reinforce the regulatory tools to manage the failure of systemic banks and avoid contagion, and attributed the delays to several reasons. First, it said that financial stability concerns could arise if central banks adopt resolution regimes, as banks may lose government support. Also, it considered that any change in expectations of government support might negatively affect the risk perception of depositors and investors who consider this support to be a stabilizing factor for the banks' creditworthiness, given the robust balance sheets of some governments and the strong track record of their support to banks in case of need. Second, it said that many banking systems in emerging markets have limited access to international capital markets, which makes it challenging to build or maintain substantial buffers that could help absorb losses or recapitalize banks beyond capital requirements. Third, it considered that the low sophistication of the institutional frameworks in many emerging markets is delaying the adoption of resolution frameworks, given that banking systems and business models in the EEMEA region are typically simple.

Source: S&P Global Ratings

IRAQ

Central Bank of Iraq issues preliminary standards for banking sector reforms

The Central Bank of Iraq submitted to banks for comments the first draft of the standards that banks must meet as part of the project to reform the Iraqi banking sector. It classified the standards into four categories that consist of shareholding structure and governance, the sustainability of the banks' business model and its financial viability, risks and regulatory compliance, and technology and operational flexibility. First, it urged banks to ensure ownership diversification through suitable investors and to attract the proper investors to enhance oversight and transparency. Second, it stressed the importance to guaranteeing the banks' ability to fulfill their financial obligations and maintain sustainable business models that are focused on providing essential banking products and services. It urged banks to develop business plans with a clear path to profitability by relying on audited forecasts from an independent entity for a three-year period, and added that banks must provide online banking services in accordance with the requirements. Third, it asked banks to establish a solid and reliable framework for risk management, and to comply with the oversight, transparency, and regulatory standards by updating current processes and policies, as well as by verifying their implementation through independent audits. Fourth, it stressed the need to standardize and upgrade information technology systems in the banking sector in order to reduce operational risks and enhance compliance across all banks.

Source: Central Bank of Iraq

ARMENIA

Banking sector country risk assessment maintained

S&P Global Ratings maintained Armenia's banking sector in 'Group 8' under its Banking Industry Country Risk Assessment (BICRA), and kept the economic and industry scores at '7' and '8', respectively. The BICRA framework evaluates banking systems based on economic and industry risks facing the sector, with 'Group 10' including the riskiest banking sectors. Other countries in BICRA's 'Group 8' include Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Costa Rica, Honduras, Jamaica, and Uzbekistan. It indicated that the economic risk score reflects "high risks" in Armenia’s economic resilience and economic imbalances, and "very high" credit risks in the economy. Further, it maintained the country's economic risk trend at 'stable'. It said that the banking sector benefitted from the improved credit risk in the local economy due to the decline of the dollarization rate of the banks' loan portfolio, as well as to the decrease of the share of Stage 3 loans from 7.1% of total loans at the end of 2018 to 3.3% of total loans at end-2024. It indicated that the share of foreign currency loans declined from 50% at end-2019 to 32% of the loan book by end-February 2025, and expected the ratio to stay at 30% to 33% in the next few years. In parallel, it said that the banking sector's industry score reflects the country's "high risk" in its competitive dynamics, as well as "very high risks" in its institutional framework and system-wide funding, and maintained the country's industry risk trend at 'stable'. It said that banking regulations and supervision in Armenia generally comply with international standards. Also, it noted that the five largest banks in Armenia accounted for 61% of the sector's assets at end-2024.

Source: S&P Global Ratings

Oil prices to average $62 p/b in second quarter of 2025

The prices of ICE Brent crude oil front-month future contracts stood at $60.2 per barrel (p/b) on May 5, 2025, constituting a decrease of 4.6% from $63.1 p/b at the end of April, and reaching their lowest level since February 5, 2021 when they stood at $59.3 p/b. The decrease in oil prices is mainly due to growing economic uncertainties, as well as to the decision of the OPEC+ coalition on May 3 to boost its oil production by 411,000 barrels per day starting in June 2025. In parallel, Goldman Sachs expected the OPEC+ members to implement a final production increase in July 2025. It anticipated the risks to the OPEC+ supply outlook to remain tilted to the upside, which indicates downside risks to oil prices. It expected that the OPEC+ coalition will not raise oil production after August 2025. It considered that stricter adherence to OPEC+ production targets, a potential slowdown in global economic activity, lower oil demand, and high spare capacity will weigh on oil prices in the near term. Further, it projected oil prices to average $62 p/b in the second quarter and $64 p/b in full year 2025.

Source: Goldman Sachs, Refinitiv, Byblos Research

Middle East demand for gold bars and coins up 3% in first quarter of 2025

Net demand for gold bars and coins in the Middle East totaled 28.4 tons in the first quarter of 2025, constituting an increase of 3.1% from 27.5 tons in the same period of 2024. Demand for gold bars and coins in Iran reached 12.7 tons and accounted for 44.7% of the region's aggregate demand in the first quarter of 2025. Egypt followed with 4.7 tons (16.5%), then Saudi Arabia with 4.4 tons (15.5%), the UAE with 3.1 tons (11.1%), and Kuwait with 1.4 tons (5%).

Source: World Gold Council, Byblos Research

MENA's oil production to increase by 0.8% in 2025

The International Monetary Fund projected oil production in the MENA region to average 25.5 million barrels per day (b/d) in 2025, which would constitute an increase of 0.8% from 25.3 million b/d in 2024. Oil production in the Gulf Cooperation Council (GCC) countries would account for 64.3% of the region's oil output this year. On a country basis, Saudi Arabia's oil production is projected at 9.2 million b/d in 2025, equivalent to 36% of the region's oil output, followed by Iraq at 4 million b/d (15.7%), the UAE at 3 million b/d (11.8%), Iran at 2.7 million b/d (10.6%), Kuwait at 2.4 million b/d (9.4%), Libya at 1.4 million b/d (5.5%), Oman at 1 million b/d (4%), Algeria at 900,000 b/d (3.5%), Qatar at 600,000 b/d (2.4%), and Bahrain at 200,000 b/d (0.8%).

Source: International Monetary Fund, Byblos Research

Algeria's crude oil production up 0.6% in February 2025

Crude oil production in Algeria totaled 912,000 barrels per day (b/d) in February 2025, constituting an uptick of 0.6% from 907,000 b/d in January 2025 and an increase of 0.7% from 906,000 b/d in February 2024. Further, aggregate crude oil exports stood at 401,000 b/d in February 2025, up by 23% from 326,000 b/d in January 2025 and by 20% from 334,000 b/d in February 2024.

Source: JODI, Byblos Research

Base Metals: Copper prices to average $9,188 per ton in second quarter of 2025

LME copper cash prices averaged $9,300.5 per ton in the year-to-May 7, 2025 period, constituting an increase of 6% from an average of $8,759.6 a ton in the same period of 2024. The increase in prices was due to fears of supply disruptions of the metal, as well as to elevated demand from green technologies. Further, the metal's price dropped from a peak of $10,800.8 a ton on May 20, 2024 to $9,559.8 per ton on May 6, 2025, as a result of a decline in China's industrial activity, which has lowered demand for industrial metals such as copper, along with global economic uncertainties. In parallel, the International Copper Study Group projected the global production of refined copper at 28.3 million tons in 2025, which would constitute an increase of 3% from 27.5 million tons in 2024. It expected the output of refined copper to increase, supported by the continued expansion of Chinese capacity and the start-up of new production facilities in several other countries, particularly Indonesia, India and the Democratic Republic of the Congo. In addition, it forecast global demand for refined copper at 28 million tons in 2025, which would represent an increase of 2.4% from 27.35 million tons in 2024. It anticipated copper demand from China to grow by 2% in 2025 and by 0.8% in 2026. In parallel, S&P Global Market Intelligence. It projected copper prices to average $9,188 per ton in the second quarter of 2025 and $9,212 a ton in full year 2025.

Source: ICSG, S&P Global Market Intelligence, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $3,016 per ounce in second quarter of 2025

Gold prices averaged $2,970.7 per ounce in the first 18 weeks of 2025, constituting a rise of 38.3% from an average of $2,147.6 an ounce in the same period of 2024, due to concerns about 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, as well as to strong demand for the metal from central banks around the world. Also, gold prices reached an all-time high of $3,426 per ounce on April 22, 2025, driven by the new U.S. tariffs and increased demand for the metal. In parallel, figures released by the World Gold Council show that global inflows to gold-backed exchange-traded funds (ETFs) reached 226.6 tons in the first quarter of 2025, compared to inflows of 18.6 tons in the preceding quarter and to outflows of 113 tons in the first quarter of 2024. It added that global economic growth concerns increased investor demand for safe-haven assets. It indicated that global inflows into gold-backed ETFs in North America stood at 133.8 tons, or 59% of the total in the first quarter of 2025, followed by Europe with 54.8 tons (24.2%), Asia with 34.4 tons (15.2%), and other regions with 3.6 tons (1.6%), amid heightened geopolitical tensions. It expected near-term stagflation risks, medium-term recession risk, elevated correlations between equities and bonds, and continued geopolitical tensions to lead to higher investments in gold, which will support the metal’s price in the near- to medium-term. Further, S&P Global Market Intelligence forecast gold prices to average to $3,016 per ounce in the second quarter of 2025, with a low of $2,850 an ounce and a high of $3,129 per ounce in the covered quarter.

Source: World Gold Council, S&P Global Market Intelligence, Refinitiv, Byblos Research

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											
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- Stable	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	- -	Caa1 Stable	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+ Negative	B2 Stable	B+ Stable	B+ Negative	-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	BBB- Positive	-7.3	51.7	4.4	26.0	6.5	101.2	-8.3	2.1
Qatar	AA Stable	Aa2 Stable	AA Stable	AA Stable	4.0	47.7	2.2	115.4	5.0	168.0	16.7	-0.2
Saudi Arabia	A+ Stable	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	LT Foreign currency rating				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 (%)
	S&P	Moody's	Fitch	CI								
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	B- Stable	- -	-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	Action	Next meeting
USA	Fed Funds Target Rate	4.50	07-May-25	No change	18-Jun-25
Eurozone	Refi Rate	2.40	17-Apr-25	Cut 25bps	05-Jun-25
UK	Bank Rate	4.50	20-Mar-25	No change	N/A
Japan	O/N Call Rate	0.50	01-May-25	No change	17-Jun-25
Australia	Cash Rate	4.10	01-Apr-25	No change	20-May-25
New Zealand	Cash Rate	3.75	19-Feb-25	Cut 50bps	28-May-25
Switzerland	SNB Policy Rate	0.25	20-Mar-25	Cut 25bps	19-Jun-25
Canada	Overnight rate	2.75	16-Apr-25	No change	04-Jun-25
Emerging Markets					
China	One-year Loan Prime Rate	3.10	21-Apr-25	No change	20-May-25
Hong Kong	Base Rate	4.75	19-Dec-24	Cut 25bps	N/A
Taiwan	Discount Rate	2.00	20-Mar-24	No change	19-Jun-25
South Korea	Base Rate	2.75	17-Apr-25	No change	29-May-25
Malaysia	O/N Policy Rate	3.00	08-May-25	No change	09-Jul-25
Thailand	1D Repo	1.75	30-Apr-25	Cut 25bps	25-May-25
India	Repo Rate	6.00	09-Apr-25	Cut 25pbs	N/A
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	25.50	17-Apr-25	Cut 175bps	22-May-25
Jordan	CBJ Main Rate	6.50	22-Dec-24	Cut 25bps	N/A
Türkiye	Repo Rate	46.00	17-Apr-25	Raied 350bps	19-Jun-25
South Africa	Repo Rate	7.50	30-Jan-25	No change	29-May-25
Kenya	Central Bank Rate	10.75	05-Feb-24	Cut 50bps	N/A
Nigeria	Monetary Policy Rate	27.50	20-Feb-25	No change	20-May-25
Ghana	Prime Rate	28.00	28-Mar-25	Raised 100bps	26-May-25
Angola	Base Rate	19.50	18-Mar-25	No change	21-May-25
Mexico	Target Rate	9.00	27-Mar-25	Cut 50bps	15-May-25
Brazil	Selic Rate	14.75	7-May-25	Raised 50bps	N/A
Armenia	Refi Rate	6.75	06-May-25	No change	17-Jun-25
Romania	Policy Rate	6.50	07-Apr-25	No change	16-May-25
Bulgaria	Base Interest	2.24	30-Apr-25	Cut 15bps	02-Jun-25
Kazakhstan	Repo Rate	15.25	17-Jan-25	No change	N/A
Ukraine	Discount Rate	15.50	17-Apr-25	No change	05-Jun-25
Russia	Refi Rate	21.00	25-Apr-25	No change	06-Jun-25

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