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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global debt equivalent to 323.7% of GDP at end-June 2025

The Institute of International Finance indicated that global debt, which includes the debt of governments, corporates and households, reached $337.8 trillion (tn) at the end of June 2025, constituting an increase of $24.1tn, or of 7.7%, from $313.6tn at end-June 2024. The debt of advanced economies accounted for 67.6% of the total, while the debt of emerging markets (EM) represented the balance of 32.4%. It noted that the total debt reached 323.7% of the weighted average global GDP at end-June 2025 compared to 326% of global GDP at end-June 2024. It added that the debt of advanced economies amounted to $228.2tn or 372.3% of GDP, while the debt level of EMs totaled $109.5tn or 242.4% of GDP at end-June 2025. It pointed out that the aggregate government debt totaled $101.3tn, or 97.6% of global GDP, at end-June 2025, followed by corporates excluding financial institutions debt with $97.4tn (90.8% of GDP), financial sector indebtedness with $76tn (76.2% of GDP), and household debt with $63tn (59.1% of GDP). In parallel, it said that EM corporate debt excluding financial institutions totaled $42.1tn or 92.2% of GDP at end-June 2025, followed by EM government borrowing at $32.9tn (72.7% of GDP), EM household debt at $20.3tn (45.5% of GDP), and the financial sector's indebtedness at $14.1tn (32% of GDP). Also, it noted that the borrowing of governments in advanced economies amounted to $68.4tn or 112.5% of GDP, followed by the financial sector's indebtedness at $61.9tn (102.6% of GDP), corporate debt ex-financial institutions at $55.3tn (90% of GDP), and household debt at $42.7tn (67.2% of GDP).

Source: Institute of International Finance

EMERGING MARKETS

M&A activity up 63% to $788.4bn in first nine months of 2025

Figures compiled by data provider Refinitiv show that merger and acquisition (M&A) activity in emerging markets (EMs) totaled $788.4bn in the first nine months of 2025, constituting an increase of 63% from nearly $483.3bn in the same period of 2024. Also, there were 11,616 deals in the covered period, up by 2% from 11,388 transactions in the first nine months of the previous year. Further, M&A activity in the financial sector amounted to $140bn in the first nine months of 2025 and accounted for 17.74% of the total, followed by the high technology sector with $139.8bn (17.7%), the energy & power sector with $133.5bn (17%), materials sector with $122.3bn (15.5%), and the industrial sector with $90bn (11.4%), while M&A activity in other sectors totaled $163.1bn (20.7%). Also, there were 2,172 deals in the high technology sector, or 18.7% of the aggregate number of transactions in the first nine months of 2025, followed by the industrial sector with 1,826 deals (15.7%), the financial sector with 1,279 transactions (11%), the materials sector with 1,109 deals (9.5%), and the energy & power sector with 968 transactions (8.3%), while there were 4,262 deals in other sectors that accounted for 36.7% of the aggregate number of M&A transactions. In parallel, M&A activity in China and India accounted for 51% of overall M&A activity in EMs during the first nine months of 2025.

Source: Refinitiv

MENA

Stock markets up 5.3% in first nine months of 2025

Arab stock markets grew by 5.3%, while Gulf Cooperation Council equity markets improved by 4% in the first nine months of 2025 relative to increases of 1.4% and 1.8%, respectively, in the same period of 2024. In comparison, global equity markets expanded by 17% and emerging market equities surged by 20% in the first nine months of 2025. Activity on the Damascus Securities Exchange, based on the official stock market index, jumped by 58% in the first nine months of 2025, the Casablanca Stock Exchange advanced by 28.8%, the Boursa Kuwait appreciated by 25%, the Tunis Bourse improved by 24.6%, the Egyptian Exchange yielded 23.3%, and the Amman Stock Exchange gained 22%. Also, the Dubai Financial Market and the Muscat Securities Market increased by 13.2% each, the Palestine Exchange grew by 13%, the Abu Dhabi Securities Exchange advanced by 6.3%, and the Qatar Stock Exchange appreciated by 4.6% in the covered period. In contrast, the Beirut Stock Exchange dropped by 19% in the first nine months of 2025, the Iraq Stock Exchange declined by 10.3%, the Saudi Stock Exchange shrank by 4.4%, and the Bahrain Bourse contracted by 2%. In parallel, the Tehran Stock Exchange decreased by 7.4% in the first nine months of 2025.

Source: Local stock markets, S&P Dow Jones Indices, STOXX Ltd., LSEG Workspace, Byblos Research

GCC

Corporate earnings down 8.7% to $56.7bn in first half of 2025

The net income of listed companies in Gulf Cooperation Council (GCC) countries reached $56.7bn in the first half of 2025, constituting a decrease of 8.7% from $62.1bn in the same period of 2024. The firms' net earnings totaled $58.7bn in the first quarter and $56.7bn in the second quarter of 2025. Listed companies in Saudi Arabia generated $33bn in profits or 58.2% of total corporate earnings in the GCC in the first half of 2025, followed by listed firms in Abu Dhabi with $10.3bn (18.2%), in Dubai with $6.5bn (11.5%), in Qatar with $3.6bn (6.3%), in Kuwait with $1.7bn (3%), in Oman with $1bn (1.8%), and in Bahrain with $0.6bn (1.1%). Further, the earnings of listed companies in Oman grew by 25% in the first half of 2025 from the same period in 2024, followed by the profits of listed firms in Abu Dhabi (+18.4%), and companies in Qatar (+2.9%). In contrast, the earnings of listed firms in Kuwait dropped by 26% in the first half of 2025, followed by the profits of companies in Saudi Arabia (-16.2%), and listed firms in Dubai (-5.8%); while the profits of companies in Bahrain were unchanged year on year in the first half of 2025. In addition, the profits of listed energy firms in the GCC reached $25.5bn and accounted for 45% of total corporate earnings in the first half of 2025, followed by the profits of listed banks with $16.6bn (29.3%), telecommunication firms with $3.2bn (5.6%), real estate companies with $2.6bn (4.6%), and utilities firms with $2bn (3.5%). Also, the profits of listed real estate companies increased by 30% annually in the first half of 2025, followed by utilities firms (+25%), telecommunications companies (+14.3%), and banks (+10%); while the earnings of listed energy firms decreased by 18.3% in the first half of 2025.

Source: KAMCO

POLITICAL RISKS OVERVIEW - September 2025

ARMENIA

Delegations from Armenia and Azerbaijan conducted reciprocal visits to the border regions of Syunik in Armenia and Zangilan in Azerbaijan regarding border delimitation, demining operations, and infrastructure and transport links. All 57-member states of the Organization for Security and Co-operation in Europe (OSCE) agreed on September 1 to dissolve the Minsk Group by December 1, 2025. Also, the U.S. announced $145m in assistance for Yerevan to build transport links connecting Azerbaijan with its exclave Nakhchivan through Armenia. The authorities granted Armenian citizenship to more than 16,000 forcibly displaced persons from the Nagorno-Karabakh province, marking a significant acceleration in the naturalization process. Türkiye's special envoy to Armenia crossed the closed land border into Armenia for talks with his Armenian counterpart, during which they reaffirmed their commitment to progress without preconditions and discussed the partial reopening of border crossings, enhancing transport links, and increasing flights by the summer of 2026.

EGYPT

Egypt's Minister of Foreign Affairs sent a letter to the UN Security Council condemning Ethiopia's inauguration of the Grand Ethiopian Renaissance Dam as a "unilateral" act that "violates international law" and poses an "existential threat" to Egypt and Sudan. He emphasized Egypt's right to defend its Nile water interests through all legal measures under the UN Charter. Further, the IMF threatened to suspend the disbursement of the next tranche of its loan to Egypt if the authorities fail to advance the privatization agenda and to reduce fuel subsidies.

ETHIOPIA

The Ethiopian Prime Minister Abiy Ahmed officially inaugurated on September 9 the Grand Ethiopian Renaissance Dam, marking a major milestone in the country's decade-long hydroelectric project on the Blue Nile. Tensions between the federal government, the Tigray Interim Regional Administration and the Tigray People's Liberation Front intensified during September. Also, Fano militias escalated their offensive against federal forces in the Amhara region, while irregular clashes persisted in Oromia.

IRAN

The Director General of the International Atomic Energy Agency (IAEA) and the Iranian Minister of Foreign Affairs agreed on "practical modalities" to resume cooperation between Iran and the IAEA, with the aim to restart inspections of Iran's nuclear facilities that had been suspended following the U.S. military strikes in June. The minister clarified that the agreement does not authorize yet the access of inspectors to nuclear facilities. Also, the United Nations Security Council failed to pass a resolution that would have extended the suspension of sanctions on Iran. The snapback deadline expired on September 27, prompting the UN to officially reactivate six Security Council resolutions that it suspended following the Joint Comprehensive Plan of Action of 2015 and to reimpose a range of sanctions on Iran, including a comprehensive arms embargo, strict bans on uranium enrichment activities, limitations on missile development and testing, as well as asset freezes and travel bans on specific Iranian individuals and entities. As such, the United Kingdom designated 71 individuals and entities linked to Iran's nuclear program and the European Union restored restrictive measures that were in place prior to the 2015 nuclear agreement. The U.S. confirmed the termination of sanctions waiver for Iran's Chabahar Port on September 29. The Secretary of Iran's Supreme National Security Council held high-level meetings in Riyadh with Saudi Crown Prince Mohammed bin Salman that focused on expanding bilateral cooperation in the security and economic fields.

IRAQ

The U.S.-led Global Coalition to defeat the Islamic State of Iraq and Syria began to withdraw its forces from Iraq. The U.S. and Iraq reaffirmed their agreement to completely withdraw troops from the Iraqi territory by the end of 2025, and agreed to keep a smaller contingent at the Harir base in the Kurdistan region throughout 2026. Baghdad and Erbil reached a pivotal oil agreement on September 22 that included restarting exports through the Iraq-Türkiye pipeline, which has been inactive for two years due to legal and political disputes. Under the agreement, the two sides committed to a joint framework for managing oil flows and revenues, with Erbil agreeing to coordinate exports through Iraq's State Organization for the Marketing of Oil (SOMO).

LIBYA

The Director of Libya's Reconstruction and Development Fund visited Athens to meet with Greek officials. The talks focused on potential infrastructure partnerships, signaling the eastern leadership's intent to deepen economic ties with European countries and attract foreign investments for post-conflict reconstruction efforts. The Minister of Foreign Affairs of the Tripoli-based government met his Greek counterpart to resume talks on maritime borders and exclusive economic zones in the Mediterranean Sea amid a long-running dispute.

SUDAN

The battle for El Fasher, the capital of Sudan's North Darfur region and the last major stronghold of the Sudanese Armed Forces (SAF) in Darfur escalated, as the Rapid Support Forces (RSF) gained momentum in their push to capture the city. Fighting between the RSF and the SAF's allies surged in the North Kordofan state, as the SAF's seizure of North Kordofan from the RSF would give it and its allies control over a road leading to El Fasher, which would help them to reinforce the city's defenses. In addition, the U.S., Saudi Arabia, the UAE, and Egypt announced an agreement to push for a three-month humanitarian truce in Sudan, which would lead to a permanent ceasefire followed by a nine-month transition to a civilian-led government.

TÜRKIYE

The Kurdistan Workers' Party's (PKK) peace initiative advanced, as the "National Solidarity, Brotherhood and Democracy Commission" continued consultations among stakeholders. The meetings aim to establish a legal framework to support the PKK's planned disarmament, amnesty provisions, and broader political reconciliation, with formal legislative work expected to begin in October. U.S. President Donald Trump met with Turkish President Recep El Tayep Erdoğan and agreed on future civil nuclear energy cooperation, a long-term deal on liquefied natural gas, and the large-scale purchase of Boeing aircraft.

YEMEN

The Huthi rebels escalated their maritime campaign and claimed responsibility for an attack on the container ship MSC Aby in the Gulf of Aden. They targeted two vessels in the area, marking a significant expansion of their operations beyond the Red Sea. Also, the Huthis raided the UN facilities in Sanaa and Hodeida, and detained dozens of staff members from the UNICEF and the World Food Program, which prompted the UN to relocate its Yemen operations from the Huthi-controlled Sanaa to government-held Aden. Further, the head of the Southern Transitional Council issued a decree appointing more than 12 officials to senior government positions, which triggered tensions with the president of the Presidential Leadership Council (PLC) and other council members, deepened internal divisions, and weakened the PLC's cohesion amid ongoing political uncertainty.

Source: International Crisis Group, Newswires

OUTLOOK

WORLD

Non-bank institutions to play increasing role in global finance

The International Monetary Fund indicated that the share of non-bank financial institutions in global credit and finance increased from 43% during the 2008 crisis to nearly 50% in 2023, which means that 50% of all financial assets worldwide are held and intermediated by companies that are not classified and regulated as bank. As such, it identified five megatrends that are shaping the rise of non-bank finance.

First, it noted that governments have new sources of funds, as non-bank buyers of sovereign bonds provide additional liquidity that helps markets operate efficiently. Second, it pointed out that medium-sized businesses have gained more access to funding from non-banks. It noted that private credit funds can extend financing for businesses that banks consider to be too large or risky to lend and that are too small to issue their own bonds. It stated that non-bank institutions, such as insurers, pension funds, sovereign wealth funds, and endowments, which provide funding to private credit funds, are less reliant on short-term borrowing and are more anchored in long-term commitments compared to banks. As such, it noted that non-banks do not have to pull funds back from private credit funds as quickly as banks during times of stress, which increase the resilience of the broader financial system. Third, it indicated that credit from non-banks is available to consumers and small businesses in a wider variety of amounts and durations than from traditional banks. It said that fintech lenders have supported this trend by pioneering new sources of data for underwriting and by reducing servicing costs through automation, which allows private credit firms to extend smaller loans to more individuals.

Fourth, it pointed out that non-banks made new asset classes available to a larger number of retail investors, including commercial real estate and precious metals. Fifth, it indicated that the substantial growth of certain types of credit funds has amplified their stabilizing influence on the market due to their consistent and foreseeable trading patterns. In parallel, it recommended that financial regulators and policymakers collect additional and high-quality data on non-banks, and use the data to improve risk analysis and strengthen supervision.

Source: International Monetary Fund

MENA

Real GDP growth rate revised upwards to 2.8% in 2025 on robust non-oil sector activity

The World Bank revised upward its projections for real GDP growth in the Middle East & North Africa (MENA) region to 2.8% in 2025 from an earlier of 2.6% in April, reflecting stronger trade activity, milder-than-expected tariff increases, and more accommodating financial conditions; while it revised downward its forecast for real GDP growth in the MENA region to 3.3% in 2026 from last April. It attributed the improved economic outlook to stronger oil production, resilient non-hydrocarbon sectors, and a rebound in agriculture and tourism. But it considered that shifting global economic conditions, persistent regional uncertainties, and profound demographic transformation are weighing on the region's macroeconomic outlook. In addition, it projected the real GDP growth rate of the region's oil-exporting economies at 0.5% in 2025 and 0.8% in 2026, down from its April forecast of 0.8% in 2025 and 2.4% in 2026. Further, it anticipated economic activity in Gulf Cooperation Council (GCC) countries to grow by 3.5% this year relative to a forecast of 3.2% last April, and at 4.4% next year compared to 4.5% earlier, and said that the region's developing oil exporters face a more subdued outlook due to regional uncertainties and oil production adjustments. Moreover, it projected the real GDP growth rate of the region's oil-importing economies at 3.7% in 2025, up from 3.2% from its April forecast, and at 3.6% in 2026 relative 3.5% earlier, reflecting stronger private consumption, investment activity, and a rebound in agriculture and tourism, as well as macroeconomic reforms and external assistance.

In parallel, it projected the fiscal deficits of the region's oil exporters at 6.5% of GDP in 2025 and 7.2% of GDP in 2026, and expected their current account balance to shift from a surplus of 0.8% of GDP in 2024 to deficits of 1.9% of GDP in 2025 and 2.6% 2026. Further, it projected the fiscal deficit of the region's oil-importing economies at 5.8% of GDP in 2025 and 5.6% of GDP in 2026, while it forecast their aggregate current account deficits to narrow from 3% of GDP in 2024 to 2.2% of GDP in each of 2025 and 2026.

Source: World Bank

UAE

Growth to pick up in 2025-26 period on diversification efforts

The International Monetary Fund projected the UAE's real GDP growth rate to pick up from 4% in 2024 to 4.8% in 2025 and 5% in 2026, driven by robust non-hydrocarbon growth and a rebound in oil output as OPEC+ production increases. It said the UAE has shown strong resilience to global uncertainties, regional conflicts, and oil market volatility. It added that economic growth is supported by sustained diversification and expanding exports, as well as by the expansion of activity in the tourism, construction, real estate and financial services sectors, which is underpinned by major infrastructure projects. Further, it expected the fiscal stance to remains prudent, and added that fiscal policy is anchored in medium-term diversification and developmental objectives.

In parallel, it considered that risks to the macroeconomic outlook are broadly balanced, supported by strong sovereign buffers and diversification efforts. It said that the government's reforms agenda is prioritizing diversification and medium-term growth through investments in technology, infrastructure and services, supported by the modernization of public services and the business environment. As such, it expected the UAE to remain resilient to global policy uncertainties, and added that ongoing efforts to expand economic partnership agreements will further strengthen economic stability and support the diversification of the economy, while financial markets and capital flows reflect resilience to global shocks. In addition, it called on the authorities to continue their strong coordination among regulators to monitor risks and safeguard financial stability, given the UAE's growing role as a global hub for virtual assets. It added that the UAE's rapid emergence as a global hub for Artificial Intelligence offers significant opportunities, and welcomed the efforts to address the related challenges.

Source: International Monetary Fund

ECONOMY & TRADE

QATAR

Economic growth to average 4% in near term

The International Monetary Fund indicated that Qatar's economy continues to demonstrate resilience, and that forward-looking policies, sound macroeconomic management and financial stability, along with significant financial resources, continue to provide important buffers against shocks. It estimated non-hydrocarbon growth at 3.4% of GDP in 2024 and projected it to exceed 4% of GDP in 2025. Further, it forecast the real GDP growth rate to average to 4% in the near term, supported by the increase of liquefied natural gas production, as well as by the implementation of reforms under the Third National Development Strategy that aims to accelerate diversification, enhance competitiveness, boost productivity, and promote climate sustainability. Further, it expected the fiscal and current account balances to post surpluses in the medium term. It said that the current account surplus exceeded 17% of GDP in 2024 and stood at 15.6% of GDP in the first quarter of 2025, reflecting the robust performance of the services sector and current transfers, which offset a worsening trade balance; while official foreign reserves reached $55bn, or 8.1 months of imports, in August. But it noted that fluctuations in global energy prices, heightened global uncertainties, and possible disruptions to trade routes pose challenges to Qatar's export earnings, fiscal revenues, and economic activity. As such, it called on the authorities to maintain sound policies, proactive risk management and buffers, in order to mitigate risks.

Source: International Monetary Fund

IRAQ

Country risk level assessment maintained

In its annual assessment of country risk level in Iraq, insurance Rating Agency A.M. Best maintained Iraq in the Country Risk Tier 5 (CRT-5) category, the lowest segment on its scale of country risk classification. It said that the Country Risk Tiers (CRTs) reflect its assessment of economic, political, and financial system risks in a country, and range from CRT-1, or a Very Low Level of Country Risk, to CRT-5 or a Very High Level of Country Risk. It considered that the country has a "Very high" Political Risk level, as governance remains fragile under a fragmented power-sharing arrangement, which has contributed to policy stagnation and weak institutional performance, and has limited progress on Further, it assessed the level of Economic Risk as "Very high". It stated that the economy is highly dependent on the oil sector, with fluctuations in global oil demand posing significant risks to economic stability. It added that the non-oil sector accounts for about 40% of GDP and contributes minimally to exports and government revenues, which reflects the need for broader economic diversification. It noted that the Iraqi economy is heavily dominated by state-owned enterprises, many of which operate inefficiently and rely on continuous government support. Also, it said that the public wage bill is among the highest in the region, driven by mandatory hiring policies and limited private-sector job creation. In addition, it considered that Iraq has a "Very high" level of Financial System Risk. It noted that the International Monetary Fund has recommended comprehensive financial sector reforms in Iraq in order to improve corporate governance, enhance operational efficiency, mitigate fiscal risks, and promote a more competitive banking landscape.

Source: A.M. Best

MOROCCO

Sovereign ratings upgraded on supportive policy mix

S&P Global Ratings upgraded Morocco's long- and short-term local and foreign currency ratings from 'BB+/B' to 'BBB-/A-3', which moves the ratings to investment grade status, and revised the outlook on the long-term ratings from 'positive' to 'stable'. It attributed the upgrade to the country's supportive macroeconomic policy mix, gradual budgetary consolidation, and contained current account deficit, as well as to the low inflationary environment and the adequate level of foreign currency reserves. It said that the 'stable' outlook balances Morocco's strong structural reform momentum supporting economic growth, diversification and budgetary consolidation, with low GDP per capita, still high unemployment, vulnerability to climate-related events, and global geopolitical tensions. In parallel, it forecast the country's gross external financing needs at 92.9% of current account receipts and usable reserves in 2025, as well as at 93.7% in 2026, 93.4% in 2027 and 93.4% in 2028 of such receipts and reserves. Further, it said that it could upgrade the ratings if economic growth and the budgetary position improve beyond the agency's forecasts; while it could downgrade the ratings if the government's budget performance deviates from the agency's current forecasts, and/or if Morocco's external position deteriorates substantially.

Source: S&P Global Ratings

CÔTE D'IVOIRE

Real GDP growth to average 6.7% in medium term amid balanced risks

The International Monetary Fund projected Côte d'Ivoire's real GDP to grow by 6.3% in 2025, driven primarily by the expansion of activity in the services, hydrocarbon, and mining sectors. It said that the authorities have made significant progress toward key economic objectives, such as eliminating macroeconomic imbalances, rebuilding regional reserves, promoting economic transformation for upper-middle income status, and strengthening climate resilience through adaptation and mitigation reforms. It added that Côte d'Ivoire's strong trade performance, along with fiscal consolidation and successful efforts to broaden access to international financial markets, is reinforcing its role as a regional anchor of stability. Also, it noted that the fiscal deficit is on track to meet the West African Economic and Monetary Union deficit ceiling of 3% of GDP for the first time this year since the program's launch in 2023; and projected the current account deficit to narrow to 1.5% of GDP in 2025 due to favorable terms of trade, including higher international cocoa prices and lower prices for key imported food supplies such as rice and wheat. In parallel, it considered that the medium-term outlook is favorable, as it estimated that risks to the economic outlook are broadly balanced despite elevated global policy uncertainties, geopolitical tensions, and the country's vulnerability to weather-related shocks. As such, it projected the real GDP growth rate to average 6.7% and for the inflation rate to remain below 3% in the medium term. In addition, it said that the completion of the program reviews by the IMF Executive Board will lead to two disbursements totaling about $844m and that it has reached with the government a staff-level agreement on the fifth review under the Extended Fund Facility and Extended Credit Facility arrangements.

Source: International Monetary Fund

WORLD

Foreign reserves at $12,945bn at end-June 2025

Figures released by the International Monetary Fund (IMF) indicate that global foreign exchange reserves reached $12,944.8bn at the end of June 2025, constituting increases of 4.7% from $12,364.6bn at end-2024 and of 4.8% from $12,384.3bn at end-June 2024. Allocated reserves, or data reported under the IMF's Currency Composition of Official Foreign Exchange Reserves (COFER), totaled $12,025.5bn at the end of June 2025 and accounted for 93% of global reserves; while unallocated reserves, or the figures that do not fall under COFER, stood at $919.3bn at the end of June 2025 and represented the remaining 7% of the total. Foreign currency reserves in US dollars reached $6,773.3bn at end-June 2025 and accounted for 56.3% of total allocated reserves, followed by reserves in the euro with $2,540.4bn (21%), in the Japanese yen with $670.1bn (5.6%), in the British pound with $580.2bn (4.8%), in the Canadian dollar with $313.8bn (2.6%), in the Chinese renminbi with $255.4bn (2.12%), in the Australian dollar with $250.9bn (2.1%), and in the Swiss franc with $19.5bn (0.2%), while reserves in other currencies amounted to $621.7bn or 5.2% of the total. Further, foreign exchange reserves in the euro increased by 11.6% in the first half of 2025, followed by reserves in the British pound (+7%), in the Australian dollar (+6.6%), in the US dollar and in the Chinese renminbi (+2.2% each), and in the Japanese yen (+0.5%); while reserves in other currencies grew by 16.7% from end-2024. In contrast, foreign exchange reserves in the Swiss franc dropped by 4.6% and those in the Canadian dollar by 1.3%.

Source: International Monetary Fund

MENA

Tier One capital of top 100 Arab banks at $464.3bn at end-2024

The Banker magazine's survey of the Top 100 Arab Banks in terms of Tier One capital included 21 banks from the UAE, 11 banks from Saudi Arabia, 10 banks from Egypt, nine banks from each of Jordan, Qatar, and Morocco, eight banks from each of Bahrain and Kuwait, seven banks from Oman, five banks from Tunisia, two banks from Lebanon, and one bank from Palestine. The survey indicated that the aggregate Tier One capital of the Top 100 Arab banks reached $464.3bn at the end of 2024 and accounted for 4.3% of the aggregate Tier One capital of the world's Top 1000 banks at end-2024. The aggregate Tier One capital of banks in Saudi Arabia amounted to $156.1bn and accounted for 33.6% of the aggregate Tier One capital of the Top 100 Arab banks at end-2024. Banks in the UAE followed with $125.9bn (27% of the total), then banks in Qatar with $61.7bn (13.3%), Kuwait with $39bn (8.4%), Morocco with $19.6bn (4.2%), Bahrain with $16.8bn (3.6%), Oman with $15bn (3.2%), Jordan with $14.2bn (3.1%), Egypt with $10.7bn (2.3%), Tunisia with $2.7bn (0.6%), Lebanon with $2.1bn (0.4%), and Palestine with $532m (0.1%). The Saudi National Bank had the highest Tier One capital at $40.8bn at end-2024 and accounted for 8.8% of the Top 100 banks' aggregate Tier One capital, followed by Al Rajhi Bank with $31.5bn (6.8%), Emirates NBD with $30.1bn (6.5%), Qatar National Bank with $28.8bn (6.2%), and First Abu Dhabi Bank with $26.8bn (5.8%) as top ranked Arab banks.

Source: The Banker

ALGERIA

Capital adequacy ratio at 22.8%, NPLs at 20.7% in 2024

The International Monetary Fund considered that the Algerian banking sector is liquid, solvent and profitable, but that non-performing loans (NPL) are weighing on the banks' balance sheets. It said that the sector's capital adequacy ratio (CAR) was 22.8% at the end of 2024 relative to 22.9% a year earlier, with the public banks' CAR at 24% and the private banks' CAR at 18.3% at end-2024 relative to the public banks' CAR of 23.9% and the private banks' CAR of 18.9% at end-2023. Further, it pointed out that the liquid assets of public banks represented 40% of their assets at end-2024 compared to 41% at end-2023, while the private banks' liquid assets accounted for 36.1% of assets at end-2024 compared to 34.9% a year earlier. It said that Banque d'Algérie (BdA) injected liquidity in the banking sector through three-month open market operations in February, April and May 2025 to address the banks' tight liquidity conditions. It added that the sector's non-performing loans (NPLs) ratio increased from 19.9% in 2022 to 20.9% in 2023 and 20.7% in 2024, with the NPLs ratio of public banks at 22.5% and the ratio of private banks at 9.3% in 2024. It urged BdA to continue to closely monitor liquidity position of individual banks and to addresses imbalances, especially given the uneven liquidity distribution across the sector and the shallow interbank market, and called for vigilance to solvency risks to prevent a further increase in NPLs. Further, it pointed out that lending to the private sector grew by 8.3% in 2024 relative to 8.6% in 2023. Also, it noted that the return on assets of private banks was 2.6% in 2024 relative to 2.9% in 2023 and their return on equity was18.8% in last year relative to 20.9% a year earlier.

Source: International Monetary Fund

EGYPT

Banks' ratings affirmed, outlook 'stable'

Capital Intelligence Ratings affirmed the long-term foreign currency ratings of Arab African International Bank (AAIB), Arab International Bank (AIB), Bank of Alexandria (Alexbank), Banque du Caire (BdC), and the Export Development Bank of Egypt (EBank) at 'B'. It also affirmed the short-term foreign currency ratings of the five banks at 'B' and the Bank Standalone Ratings (BSRs) of the banks at 'b', and maintained the 'stable' outlook on the banks' long-term ratings and BSRs. It upgraded the Core Financial Strength (CFS) rating of Alexbank from 'bb' to 'bb+', due to an improvement in asset quality and good profitability metrics. Also, it affirmed the CFS of AAIB at 'bb', and the ratings of AIB, EBank and BdC at 'bb-'. Further, it said that the BSRs of the banks are supported by their good capitalization, sound liquidity buffers and adequate funding, but added that they are constrained by the challenging operating environment in Egypt. It noted that the ratings of Alexbank, EBank and BdC are underpinned by their sound profitability metrics, while the ratings of AAIB and AIB reflect their improving profitability. Also, it pointed out that the BSRs of BdC and EBank are supported by their satisfactory asset quality, while the BSRs of Alexbank and AAIB take into account the bank's improving asset quality. In addition, it noted that AIB, BdC, and EBank benefit from moderate government support in case of need, while AAIB and AlexBank benefit from a high probability of support from their parent companies.

Source: Capital Intelligence Ratings

ENERGY / COMMODITIES

Oil prices to average $62.1 p/b in fourth quarter of 2025

The prices of ICE Brent Crude oil front-month future contracts reached $65.5 per barrel (p/b) on October 7, 2025, constituting a decrease of 2.3% from $67 p/b at the end of September, due expectations of higher oil output from the OPEC+ coalition. Also, oil prices increased to $66.3 p/b on October 8 amid a rise in U.S. oil consumption and expectations of a lack of progress on an Ukraine peace deal. In parallel, the U.S. Energy Information Administration anticipated that growing global oil supply and lower demand from peak summer seasonal demand will lead to a significant increase in global oil inventories, which would cause crude oil prices to decline in the coming months. It projected global oil inventory to average 2.6 million barrels per day (b/d) in the fourth quarter of 2025 and 2.1 million b/d in 2026, despite expectations that the output of the OPEC+ coalition will be below its target in the coming months. It said that a slowdown in China's purchases of oil intended for stockpiling would likely put downward pressure on oil prices in the near term. In addition, it indicated that the ongoing tensions and negotiations related to the Russia-Ukraine conflict could affect oil supply, as Ukraine's attacks on Russia's oil ports have raised market concerns that oil production or exports could be disrupted. Also, it considered that ongoing trade negotiations and legal challenges related to tariffs between the U.S. and its trading partners could affect oil demand growth and prices. Further, it said that the OPEC+ coalition could reconsider its plans to increase output, which would ease downward pressure on oil prices. In parallel, it projected oil prices to average $62.1 p/b in the fourth quarter of this year and $65 p/b in full year 2025.

Source: U.S. Energy Information Administration, LSEG Workspace, Byblos Research

ME&A's oil demand to increase by 2.3% in 2025

The Organization of Petroleum Exporting Countries projected the consumption of crude oil in the Middle East & Africa to average 13.81 million barrels per day (b/d) in 2025, which would constitute an increase of 2.3% from 13.5 million b/d in 2024. The region's demand for oil would represent 23.3% of consumption in non-OECD countries and 13% of global consumption in 2025.

Source: OPEC

Iraq's oil exports at 104.8 million barrels in August 2025

Figures issued by the Iraqi Ministry of Oil show that crude oil exports from Iraq totaled 104.8 million barrels in August 2025, constituting a decrease of 1% from 105.8 million barrels in August 2024. Exports from the central and southern fields stood at 103.9 million barrels in August 2025 compared to 105.6million barrels in August 2024.

Source: Iraq Ministry of Oil, Byblos Research

Global steel output down 3.2% in August 2025

Global steel production reached 145.3 million tons in August 2025, constituting decreases of 3.2% from 150.1 million tons in July 2025 and an increase of 0.3% from 144.8 million tons August 2024. Production in China totaled 77.4 million tons and accounted for 53.3% of global steel output in July 2025, followed by output in India with 14.1 million tons (9.7%), the U.S. with 7.2 million tons (5%), Japan with 6.6 million tons (4.5%), and Russia with 5.5 million tons (3.8%).

Source: World Steel Association, Byblos Research

Base Metals: Zinc prices to average $2,800 per ton in fourth quarter of 2025

The LME cash prices of zinc averaged $2,776.8 per ton in in the year-to-October 8, 2025 period, constituting an increase of 2.8% from an average of $2,700.6 a ton in the same period of 2024, due to supply constraints from limited mining output and increased spending on infrastructure in China. Also, zinc prices reached $3,113.6 per ton on October 7, 2025 relative to $3,016 a week earlier due to tightened supply of refined zinc and disruptions to smelters. In parallel, Citi Research projected the global supply of zinc at 13.94 million tons in 2025 relative to 13.53 million tons last year. Further, it forecast demand for the metal at 13.8 million tons in 2025 compared to 13.7 million tons in 2024. In its base case scenario, it expected the price of the metal to average $2,800 in the fourth quarter of 2025 due to tepid demand growth and strong mine supply. But it raised its near-term price expectations due to the high fees that mining companies will pay to smelters, which will reduce the production of refined zinc. In its bear case scenario, it forecast the price of zinc to average $2,500 per ton in the remainder of 2025, close to the marginal mining costs, if the U.S. inflation rate increases and slows growth, and if China's economy weakens due to low exports, limited policy support, and reduced steel production. Also, in its bull case scenario, it projected zinc prices to average $3,100 per ton in the fourth quarter of 2025 and $3,000 a ton through 2026, driven by a soft landing of the U.S. economy, stronger demand for base metals, a weaker exchange rate of the US dollar against major currencies, and ongoing supply shortages outside China. It noted that potential U.S. tariffs on the import of zinc could raise domestic premiums and lead to early import activity, which would tighten global supply. Also, it forecast zinc prices to average $2,800 per ton in the fourth quarter in 2025.

Source: Citi Research, LSEG Workspace, Byblos Research

Precious Metals: Gold prices to average $4,160 per ounce in fourth quarter of 2025

Gold prices averaged $3,225.3 per ounce in the year-to-October 8, 2025 period, constituting an increase of nearly 40% from an average of $2,306.2 a ton in the same period of 2024, due mainly to strong demand from central banks around the world, as well as to concerns about global economic uncertainties. Further, gold prices reached an all-time high of $4,039.5 per ounce on October 8, 2025, driven by expectations of additional U.S. interest rate cuts, which enhance the metal's strong appeal as a safe haven for investors. In parallel, the World Gold Council indicated that the U.S. government's shutdown in early October, persistent trade tensions, weak employment figures as inflation concerns linger, and sustained dollar-hedging activity are supporting gold prices. In addition, Goldman Sachs revised its forecast for gold prices from $4,300 per ounce to $4,900 an ounce by December 2026 amid persistent inflows into gold-backed exchange-traded funds and elevated demand for gold from central banks. It projected gold purchases by emerging market (EM) central banks to average 75 tons in the 2025-26 period, as EM central banks are likely to continue the structural diversification of their reserves into gold. Also, it expected the holdings of Western gold-backed ETF to increase on market expectations that the U.S. Federal Reserve wil cut its policy rate by 100 basis points by mid-2026. Further, Goldman Sachs projected gold prices to average $4,160 per ounce in the fourth quarter of 2025, up from an earlier forecast of $3,740 an ounce.

Source: World Gold Council, Goldman Sachs, LSEG Workspace, 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- 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	CCC+ Stable	Ca Positive	B- Stable	- -	-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	BBB- Stable	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	B- Stable	- -	-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	A+ 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	Baa3 Stable	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	AA Stable	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 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 (%)
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	B- Stable	Caa1 Stable	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	B03 Stable	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		Next meeting
		(%)	Date	Action	
USA	Fed Funds Target Rate	4.25	17-Sep-25	Cut 25bps	29-Oct-25
Eurozone	Refi Rate	2.15	11-Sep-25	No change	30-Oct-25
UK	Bank Rate	4.00	18-Sep-25	No change	06-Nov-25
Japan	O/N Call Rate	0.50	19-Sep-25	No change	30-Oct-25
Australia	Cash Rate	3.60	30-Sep-25	No change	04-Nov-25
New Zealand	Cash Rate	2.50	08-Oct-25	Cut 50bps	26-Nov-25
Switzerland	SNB Policy Rate	0.00	19-Jun-25	No change	11-Dec-25
Canada	Overnight rate	2.50	17-Sep-25	Cut 25bps	29-Oct-25
Emerging Markets					
China	One-year Loan Prime Rate	3.00	20-Sep-25	No change	20-Oct-25
Hong Kong	Base Rate	4.50	18-Sep-25	Cut 25bps	N/A
Taiwan	Discount Rate	2.00	18-Sep-25	No change	18-Dec-25
South Korea	Base Rate	2.50	28-Aug-25	No change	23-Oct-25
Malaysia	O/N Policy Rate	2.75	04-Sep-25	No change	06-Nov-25
Thailand	1D Repo	1.50	08-Oct-25	No change	17-Dec-25
India	Repo Rate	5.50	01-Oct-25	No change	05-Dec-25
UAE	Base Rate	4.15	17-Sep-25	Cut 25bps	N/A
Saudi Arabia	Repo Rate	4.75	17-Sep-25	Cut 25bps	N/A
Egypt	Overnight Deposit	21.00	02-Oct-25	Cut 100bps	20-Nov-25
Jordan	CBJ Main Rate	6.50	22-Dec-24	Cut 25bps	N/A
Türkiye	Repo Rate	40.5	11-Sep-25	Cut 250bps	23-Oct-25
South Africa	Repo Rate	7.00	18-Sep-25	No change	20-Nov-25
Kenya	Central Bank Rate	9.25	07-Oct-25	Cut 25bps	09-Dec-25
Nigeria	Monetary Policy Rate	27.00	23-Sep-25	Cut 50bps	25-Nov-25
Ghana	Prime Rate	21.50	17-Sep-25	Cut 350bps	19-Nov-25
Angola	Base Rate	19.00	19-Sep-25	Cut 50bps	18-Nov-25
Mexico	Target Rate	7.75	25-Sep-25	Cut 25bps	06-Nov-25
Brazil	Selic Rate	15.00	17-Sep-25	No change	N/A
Armenia	Refi Rate	6.75	16-Sep-25	No change	04-Nov-25
Romania	Policy Rate	6.50	08-Oct-25	No change	12-Nov-25
Bulgaria	Base Interest	1.81	01-Oct-25	Cut 1bp	03-Nov-25
Kazakhstan	Repo Rate	16.50	29-Aug-25	No change	10-Oct-25
Ukraine	Discount Rate	15.50	11-Sep-25	No change	23-Oct-25
Russia	Refi Rate	17.00	12-Sep-25	Cut 100bps	24-Oct-25

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