750 ISSUES+
Issue 770 | August 10, 2023

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Trade-facilitating measures cover $704bn of trade merchandise

The World Trade Organization indicated that WTO members have put in place 292 new trade-related measures between mid-October 2022 and mid-May 2023, compared to 225 measures between mid-October 2021 and mid-May 2022. It added that 182 of these measures were trade-facilitating measures, while 110 were trade-restrictive measures on goods that are unrelated to the COVID-19 pandemic. Countries imposed on average of 16 trade-restrictive measures per month between mid-October 2022 and mid-May 2023, down from 18 measures per month between mid-October 2021 and mid-October 2022. The distribution of new trade-restrictive measures shows that export-related restrictions represented 53% of total measures, while import-related restrictions accounted for 47% of the total during the covered period. In addition, WTO members introduced on average 26 new trade-facilitating measures per month between mid-October 2022 and mid-May 2023, down from 32 monthly measures between mid-October 2021 and mid-October 2022. Import-related measures accounted for 80.8% of trade-facilitating procedures, while export-related measures represented the remaining 19.2%. It pointed out that trade-facilitating measures covered an estimated $703.7bn of global trade, while trade-restrictive measures covered an estimated $110.5bn of trade merchandise in the covered period. Also, WTO members initiated on average 10.3 trade-remedy measures per month, while they terminated an average of 8.1 trade-remedy measures per month during the covered period. It added that trade remedy actions accounted for 30.6% of all non-COVID-19-related trade measures on goods recorded in the covered period. Moreover, WTO members have put in place 121 trade-facilitating and 33 trade-restrictive measures that are related to the COVID-19 virus between mid-October 2022 and mid-May 2023.

Source: World Trade Organization

MENA

Stock markets up 5% in first seven months of 2023

Arab stock markets increased by 5.3% and Gulf Cooperation Council equity markets grew by 6.7% in the first seven months of 2023, relative to expansions of 4.6% and of 7.7%, respectively, in the same period of 2022. In comparison, global stock markets increased by 16% and emerging market equities grew by 8.4% in the first seven months of 2023. Activity on the Beirut Stock Exchange, based on the official stock market index, surged by 73.6% in the first seven months of 2023; the Damascus Securities Exchange rose by 38.7%, the Iraq Stock Exchange advanced by 22.4%, the Dubai Financial Market improved by 21.7%, and the Egyptian Exchange appreciated by 20.5%. Also, the Casablanca Stock Exchange increased by 12.7%, the Saudi Stock Exchange yielded 11.6%, the Tunis Bourse gained 11.3%, the Bahrain Bourse grew by 4.7%, the Qatar Stock Exchange expanded by 2.6%, and the Palestine Exchange improved by 0.6% in the covered period. In contrast, activity on the Abu Dhabi Securities Exchange declined by 4.2%, the Boursa Kuwait decreased by 2.5%, the Amman Stock Exchange contracted by 2.2%, and the Muscat Securities Market regressed by 1.7% in the covered period.

Source: Local stock markets, Dow Jones Indices, Refinitiv

GCC

Travel and tourism to contribute 9.3% of GDP in 2023

The World Travel & Tourism Council estimated that the travel and tourism sector in the Gulf Cooperation Council (GCC) countries contributed 8.3% of the region's GDP in 2022 compared to 10% of GDP in 2019. It estimated that the broad travel & tourism (T&T) sector generated $171.4bn in revenues in 2022, constituting a decrease of 3.3% from $177.2bn in 2019. It noted that the T&T sector's contribution to GDP in the GCC accounted for 2.2% of the contribution of the worldwide T&T industry to global GDP last year, relative to 1.8% in 2019. It pointed out that the T&T industry in the GCC employed 3.39 million persons in 2022, down by 2% from 3.46 million jobs in 2019. As such, the industry accounted for 12.6% of the region's total employment in 2022 compared to a share of 13% in 2019. In parallel, it estimated the aggregate international spending by visitors in the GCC at $85.9bn in 2022 relative to $98.6bn in 2019, which accounted for 10.3% of the region's exports of goods and services in 2019. Also, spending by local visitors on T&T reached $51.5bn in 2022, up by 8.6% from $49bn in domestic spending in 2019. Leisure spending by visitors in the GCC totaled $114bn in 2022 compared to $118.1bn in 2019, while business spending reached $23.4bn relative to $29.5bn in 2019. In parallel, it projected the contribution of the T&T sector to the region's GDP at $185.9bn in 2023 and at $305.1bn in 2033, which would be equivalent to 9.3% of this year's GDP and 12.6% of GDP in 2033. It forecast that employment in the T&T sector at 3.66 million jobs in 2023, or 13.3% of total employment in the region this year, and at 5.11 million jobs or 16.4% of the region's total employment in 2033.

Source: World Travel & Tourism Council

Fixed income issuance up 10% to $62bn in first seven months of 2023

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $62.1bn in the first seven months of 2023, constituting an increase of 9.9% from $56.5bn in the same period of 2022. Fixed income issuance in the covered period consisted of $24bn in corporate bonds, or 38.6% of the total, followed by $14.8bn in corporate sukuk (23.8%), $14.2bn in sovereign bonds (23%), and $9.1bn in sovereign sukuk (14.7%). Further, aggregate bonds and sukuk issued by corporates in the GCC amounted to $38.8bn in the first seven months of 2023, or 62.5% of fixed income output in the region; while issuance by GCC sovereign reached $23.3bn, or 37.5% of the total. GCC sovereigns issued $10bn in bonds and sukuk in January, $1.5bn in February, $0.1bn in March, $2.3bn in April, $7bn in May, $2.2bn in June, and $0.2bn in July 2023. Also, companies in the GCC issued $2.4bn in bonds and sukuk in January, $13.8bn in February, $2.1bn in March, $5.6bn in April, $4.7bn in May, $5.2bn in June, and $5bn in July 2023. In parallel, corporate output in July included $1.45bn in sukuk issued by companies based in Saudi Arabia, $1.4bn in sukuk and $1.25bn in bonds issued by firms in the UAE, and $42.24m in bonds issued by firms in Qatar. Further, sovereign proceeds in the covered month consisted of $6.3bn in sukuk and $0.2bn in bonds issued by the UAE.

Source: KAMCO

OUTLOOK

WORLD

Generative artifical intelligence could add $7 trillion annually to global GDP

Goldman Sachs considered that the potential of generative artificial intelligence (AI) could have large macroeconomic effects. It estimated that, if generative AI delivers on its promised capabilities, it could expose 300 million full-time jobs worldwide to automation. But it expected that, despite the significant impact of AI on the global labor market, most jobs and industries will be only partially exposed to automation and that AI will more likely complement the labor force rather than replace it. It also anticipated the displacement of workers to be offset by the creation of new jobs and the emergence of new occupations following technological innovations. As such, it considered that the combination of significant labor cost savings, new job creation, and higher productivity for non-displaced workers would raise the possibility of a labor productivity boom, which would in turn boost economic growth substantially. It added that there are two main channels through which AI-driven automation could raise global GDP. First, it expected that most workers that are employed in occupations that are partially-exposed to AI automation will likely apply at least some of their freed-up capacity towards productive activities that increase output. Second, it anticipated that many workers that are displaced by AI automation will eventually become reemployed in new occupations that emerge either directly from AI adoption, or in response to the higher level of aggregate and labor demand generated by the productivity boost from non-displaced workers, and lead to a rise of total output.

Further, it estimated that generative AI could raise global annual productivity growth by a foreign-currency weighted average of 1.4 percentage points over a 10-year period, and expected the impact in emerging economies to take more time than in advanced countries. Also, it anticipated that the boost to global labor productivity could be economically significant, and estimated that AI could result in a 7% or nearly $7 trillion increase in annual global GDP over a 10-year period.
Source: Goldman Sachs

SAUDI ARABIA

Non-oil sector growth projected to average 5% in 2023-24 period

Jadwa Investment projected Saudi Arabia's real GDP growth rate to decelerate from 8.7% in 2022 to 0.5% in 2023, mainly due to lower-than-expected activity in the hydrocarbon sector. It anticipated real hydrocarbon GDP to contract by 7.5% this year following an expansion of 15.4% in 2022, as a result of steeper oil production cuts under the OPEC+ agreement. It also forecast activity in the non-oil sector to expand by 5.9% in 2023 relative to a growth rate of 5.4% last year. In addition, it forecast real GDP to grow by 4.2% in 2024, as it projected activity in the oil sector to expand by 2.8% and for real non-hydrocarbon GDP growth to reach 4.6% next year. It attributed the improvement in growth prospects next year to a recovery in global oil prices and in the Kingdom's oil output, as well as to expectations of higher transfers of dividends from Saudi Aramco to the government.

In parallel, it expected the Kingdom's fiscal balance to shift from a surplus of 2.5% of GDP in 2022 to a deficit of 1.1% of GDP in 2023, due to lower oil receipts and despite higher non-oil revenues from the value-added tax and customs. It expected the deficit to shift to a marginal surplus of 0.3% of GDP in 2024, in case oil prices and production rebound. Also, it anticipated the authorities to finance the fiscal deficit this year through debt issuance, and forecast the public debt level at 24.6% of GDP by end-2023 and 23.5% of GDP by end-2024. In addition, it projected the current account surplus to decline from 13.6% of GDP in 2022 to 5.5% of GDP in 2023, due mainly to lower oil receipts despite strong activity in the tourism sector, and expected it to increase to 5.7% of GDP in 2024. Also, it forecast foreign currency reserves to rise from $460bn at end-2022 to $479bn at end-2024.

Further, it considered that the main risk to the economic outlook is the uncertainties about the oil market. It anticipated that higher-than-expected oil output from the U.S. or Russia could ease pressure on tight oil supply, while a worse-than-anticipated downturn in U.S. economic activity could weigh on the price of oil, which could lead the government to limit capital expenditures and, in turn, affect non-oil growth prospects. It added that capacity constraints for giga-projects are another main risk to the outlook.
Source: Jadwa Investment

EGYPT

Financing outlook points to further external adjustment

Goldman Sachs considered that Egypt's external financing outlook is still under pressure, as it expected capital inflows to continue to be below the baseline projections of the International Monetary Fund (IMF), despite some recent progress on the sale of state assets. As such, it anticipated that Egypt will face a funding shortfall in the absence of additional external adjustments.

It indicated that the IMF projected Egypt's external financing needs to average about $20bn annually over the next five years. But it estimated financing inflows at just under $18bn a year, which would lead to a cumulative funding gap of about $11bn by the end of the fiscal year that ends in June 2028, relative to the IMF's baseline projection of cumulative capital inflows of nearly $43bn. It attributed its estimate of the gap to its forecast for foreign direct investments of $10bn annually in the next five years compared to the IMF's estimate of $16bn per year in the same timeframe, as well as to its projection for portfolio inflows of $1.5bn annually in the next five years compared to the IMF's estimate of $7.8bn per year in the same period of time. It also noted that its financing assumptions imply a decline in foreign currency reserves to about $22bn by the end of June 2028, relative to reserves in excess of $70bn in the IMF's baseline scenario.

Further, it expected the authorities to cover the external financing shortfall in the near term through additional adjustments to the current account, given their concerns about the impact of a weaker currency on the inflation rate. As such, it expected the authorities to compress domestic demand through sustained informal foreign currency controls and a slowdown in investments, in order to reduce the imports related to the state-led mega-projects. Still, it anticipated the exchange rate to depreciate on the parallel market, and for the low foreign currency buffers to leave the balance of payments vulnerable to external shocks.
Source: Goldman Sachs

ARMENIA

Ratings upgraded on improved growth prospects and stabilizing public debt level

Fitch Ratings upgraded Armenia's long-term local and foreign currency issuer default ratings (IDRs) from 'B+' to 'BB-', and revised the outlook on the ratings from 'positive' to 'stable'. It also upgraded the Country Ceiling from 'BB-' to 'BB', while it affirmed the country's short-term local and foreign currency IDRs at 'B'. It attributed the ratings' upgrade to stronger-than-expected economic growth prospects, to the stabilization of the public debt level at low levels, as well as to stable fiscal metrics and the country's improving external balance. In parallel, it indicated that the ratings balance Armenia's strong macroeconomic and fiscal policy framework, the authorities' credible commitment to structural reforms and favorable per capita GDP, against an elevated share of foreign-currency-denominated public debt and the relatively high dollarization rate in the financial sector. It added that the country's governance scores are slightly below the median of 'BB'-rated peers, and capture geopolitical risks that originate from tensions with Azerbaijan. It noted that it could downgrade the ratings in case geopolitical risks undermine growth and financial stability, if external shocks widen the current account deficit or result in a sizeable decline in foreign currency reserves, and/or in case of a substantial rise in the public debt level from a slowdown in growth or a sharp fiscal loosening.

Source: Fitch Ratings

GHANA

Sovereign ratings affirmed on progress on external debt restructuring

Fitch Ratings affirmed Ghana's long-term foreign and local currency Issuer Default Ratings (IDRs) at 'Restricted Default' (RD). It also affirmed the short-term local and foreign currency IDRs at 'C', and maintained the Country Ceiling at 'B-'. It indicated that the ratings reflect the expiration of the grace period for a missed Eurobond coupon payment in February 2023. Further, it pointed out that the authorities are looking to restructure $20bn in external debt, including official bilateral debt, export credit agencies-backed commercial loans, Eurobonds, and non-insured commercial loans. It expected the official creditors committee to reach an agreement with the authorities by the end of 2023 and anticipated a treatment of private creditors' claims on comparable terms by mid-2024. It added that the authorities are seeking the debt restructuring of local-currency bonds held by pension funds, which will extend their maturities in exchange for higher coupon payments. It noted that interest payments would still represent 45% of public revenues and grants, despite the domestic debt exchange that the authorities completed in February 2023 and that reduced debt servicing by an estimated GHS12.1bn. It also expected a further reduction of interest payments from the restructuring of foreign-currency bonds. In addition, it projected the public debt level to increase from 88% of GDP at end-2022 to 99% of GDP at end-2023, driven by the depreciation of the Ghanaian cedi against the US dollar. In parallel, it said that it could upgrade the ratings if the government reaches an agreement with its private creditors on the restructuring of its foreign currency debt, based on the authorities' willingness and capacity to service the debt.

Source: Fitch Ratings

PAKISTAN

Medium-term outlook contingent on debt sustainability

Standard Chartered Bank indicated that Pakistan's program with the International Monetary Fund (IMF) expired at the end of June 2023 without the completion of the last three reviews, but it noted that the authorities agreed to a new $3bn nine-month Stand-By Arrangement (SBA) with the IMF. It expected the new SBA to allow for near-term external stability, given that foreign currency reserves at the State Bank of Pakistan declined to $3.5bn, or the equivalent to less than three weeks of import cover, on June 22, 2023. It also anticipated the Executive Board of the IMF to approve the new facility, which would pave the way for the first disbursement of about $1bn by the end of July 2023. Further, it forecast the external financing needs at about $30bn for FY2023/24, which consist of $23bn in debt servicing and an expected current account deficit of about $7bn. Also, it pointed out that Pakistan is in critical need of an estimated $10bn to service its external debt and to finance the current account deficit in the second half of 2023. But it considered that there is a higher likelihood of support from multilateral and commercial sources in the next few months, given the country's new deal with the IMF. As such, it expected foreign currency liquidity to improve in the near term, but for debt sustainability to remain the main challenge for the medium-term outlook.

Source: Standard Chartered Bank

TÜRKIYE

Rising inflation challenging central bank's gradual approach

Citi Research considered that the difficult macroeconomic conditions and elevated external financing needs in Türkiye are weighing on the effectiveness of the initial monetary and fiscal policy response. It also considered that the Central Bank of the Republic of Türkiye's (CBRT) gradual approach to normalize policy would not revive capital inflows, but would promote a shift of investors towards assets denominated in Turkish lira and a re-anchoring of inflation expectations amid growing fiscal pressures and the challenging outlook for the replenishment of foreign currency reserves. It pointed out that the Turkish authorities are attempting to attract funding from Gulf Cooperation Council countries, which could have important implications for the country's challenging balance-of-payments dynamics. Further, it indicated that inflation in the country reached a higher-than-expected rate of 47.8% in July 2023, due to elevated food prices. It noted that the depreciation of the lira's exchange rate, the decision of the authorities to raise the minimum wage by 34%, as well as the tax hikes included in the supplementary budget, are likely to exacerbate inflationary pressures. In addition, it anticipated that the outcome of the Monetary Policy Committee meeting held in July and the recent inflation report reinforced expectations that the CBRT will gradually tighten its monetary policy. Also, it consideres that price developments imply that the deterioration in inflation dynamics is a secular rather than a cyclical phenomenon. It noted that the unwinding of various regulatory measures and schemes would be difficult without bringing the policy rate to a level consistent with price stability.

Source: Citi Research

BANKING

IRAQ

Central Bank updates progress on implementation of strategic plan

The Central Bank of Iraq (CBI) indicated that the objectives of its strategic plans for the 2021-23 period are to support and achieve monetary and financial stability, to reinforce the banking sector and financial institutions, to promote digital transformation at the CBI and in the banking sector, to develop the organizational structure and human resources of the CBI, and to coordinate with governmental institutions and strengthen cooperation with international financial institutions. Further, the CBI declared that it implemented 26 out of 81 objectives by the end of 2022 under its strategic plan for the covered period. It indicated that it succeeded in preparing the national strategy for financial inclusion, enhancing the control of cross-border risks, and ensuring a macroeconomic environment that contributes to sustainable growth. It added that it allocated IQD1 trillion to finance small, medium, and large-sized projects, as well as to support bank lending, such as mortgages. Also, it said that it developed regulations for financial leasing and enhanced the monitoring of the debt level of individuals. It added that it made progress in developing the technical infrastructure and adopting new technologies for the main data centers of the CBI. It noted that it developed a centralized electronic platform to monitor the implementation of its strategic plan, and adopted new systems and applications in the areas of governance and risk management. In parallel, the CBI said that it has prepared policies and procedures for combating money laundering and terrorism financing, as well as for complying with international sanctions.

Source: Central Bank of Iraq

QATAR

Agency affirms ratings on four banks

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of Qatar National Bank at 'A', and the IDRs of Qatar Islamic Bank (QIB), the Commercial Bank of Qatar (CBQ), and Doha Bank at 'A-'. Also, it maintained the 'positive' outlook on the IDRs of the banks. Further, the agency affirmed the viability rating (VR) of QNB at 'bbb+', the rating of QIB at 'bbb', the VR of CBQ at 'bb+', and the rating of Doha Bank at 'bb'. It noted that the IDRs reflect the government's high probability and capacity to support the banks in case of need, irrespective of their size or ownership. Further, it pointed out that the VRs of QNB and QIB are supported by their sound asset quality, solid profitability, and adequate capitalization. It said that the VR of QNB is constrained by the bank's presence in challenging markets and its high reliance on external funding. It noted that the VR of QIB reflects the bank's high exposure to Qatar's operating environment, as well as its stable funding and liquidity profiles. Also, it indicated that the elevated reliance on wholesale funding is weighing on the ratings of CBQ and Doha Bank. It said that the VR of CBQ takes into account its exposure to volatile regional markets, which weigh on its risk profile, asset quality, capitalization and leverage. But it said that the rating of CBQ is supported by its local corporate banking franchise and sound strategy execution, which improve its earnings. Also, it indicated that the VR of Doha Bank balances its high reliance on external funding, its reasonable liquidity and capitalization metrics, against its high-risk profile.

Source: Fitch Ratings

ANGOLA

Foreign currency shortages to impact banks

Moody's Investors Service indicated that the foreign currency liquidity in the Angolan banking sector has tightened amid elevated interest and inflation rates, which forced the Banco Nacional de Angola (BNA) to inject foreign currency in the sector. But it said that banks significantly increased their foreign currency borrowings by issuing Eurobonds in the past 18 months, in order to benefit from the high-risk appetite among investors. Further, it noted that the Angolan kwanza depreciated by 35% in the first half of 2023, but pointed out that most banks in Angola are well capitalized despite the significant depreciation of the currency. As a result, it said that the banks are unlikely to breach their minimum regulatory capital thresholds, even in the event of further currency depreciation in the short term, due to the anticipated revaluation gains on assets in foreign currency. It indicated that the attempts of the authorities to ration foreign currency may contribute to uncertainties and speculation, which would exacerbate an already challenging environment amid a substantial decline in oil prices, given that Angola relies on foreign currency revenues from commodity exports. Also, it said that the BNA has reduced its sales of foreign currency in the market, as it is accruing foreign currency to service the country's external debt. In addition, it pointed out that the rise in prices of critical imports has increased demand for foreign currency, which has put pressure on foreign reserves. It added that Angola's import coverage ratio declined from 12 months of imports at end-2020 to six months of import coverage at end-2022.

Source: Moody's Investors Service

UAE

Agencies take rating actions on banks

Capital Intelligence Ratings affirmed the long-term foreign currency ratings of First Abu Dhabi Bank (FAB) at 'AA-', the ratings of Commercial Bank of Dubai (CBD) and Sharjah Islamic Bank (SIB) at 'A-', and the rating of United Arab Bank (UAB) at 'BBB'. It also upgraded the rating of National Bank of Ras Al Khaimah (Rakbank) from 'A-' to 'A'. Further, it revised the Bank Standalone Rating (BSR) of RakBank from 'bbb' to 'bbb+', and affirmed the BSR of FAB at 'a-', the rating of CBD at 'bbb', the BSR of SIB at 'bbb-', and the rating of UAB at 'bb+'. Also, it maintained the 'stable' outlook on the long-term foreign currency ratings and BSRs of FAB, CBD and SIB, revised the outlook from 'positive' to 'stable' on the ratings of RakBank, and from 'stable' to 'positive' on the long-term foreign currency ratings and BSR of UAB. It noted that the banks benefit from the government's extraordinary support, in case of need. It pointed out that the ratings of the banks are supported by their adequate liquidity, strong capital ratios, and good profitability metrics, but added that high customer deposits concentrations are weighing on their ratings. In parallel, S&P Global Ratings affirmed the long-term issuer credit rating of FAB at 'AA-' and the rating of SIB at 'A-', while it upgraded the rating of the National Bank of Fujairah (NBF) from 'BBB' to 'BBB+'. It maintained the 'stable' outlook on the ratings of the banks. It noted that the outlook of NBF and SIB reflects their strong capitalization, while the outlook on FAB points to the bank's ability to contain potential risks associated with its lending book.

Source: Capital Intelligence Ratings, S&P Global Ratings

Oil prices to average $83.8 p/b in third quarter of 2023

ICE Brent crude oil front-month prices averaged $80 per barrel (p/b) in the first seven months of 2023, constituting a drop of 23.8% from $105 p/b in the same period of 2022, as concerns about slowing demand outweighed the prospect of tighter supply from global producers. In parallel, the U.S. Energy Information Administration (EIA) forecast global liquid fuels production to increase by 1.4 million barrels per day (b/d) in 2023, driven by strong production from non-OPEC countries and despite decreases in production from OPEC+ members. It expected that oil production from non-OPEC producers will increase by 2.1 million b/d in 2023, with the United States contributing 1.3 million b/d of the growth in supply this year. Further, it indicated that global oil inventories increased by an average of 0.6 million b/d in the first half of 2023, and anticipated that they will decrease by an average of 0.4 million b/d in the second half of the year. In addition, it projected Brent oil prices to increase in the coming months, due to expectations of tightening balances in global oil markets amid Saudi Arabia's extension of voluntary cuts of crude oil production and higher global demand for oil. It projected Brent prices to average $86 p/b in the second half of 2023 and to remain near that level in the first quarter of 2024, while it expected crude oil prices to ease in the second quarter of 2024, as it anticipated higher oil supply to lead to some rebuilding of global oil inventories next year. Moreover, it forecast oil prices to average $83.8 p/b in the third quarter and $87.7 p/b in the fourth quarter of 2023.
Source: U.S. EIA, Byblos Research

Saudi Arabia's oil export receipts at $22.4bn in April 2023

Total oil exports from Saudi Arabia amounted to 8.86 million barrels per day (b/d) in April 2023, constituting a decrease of 1.5% from 9 million b/d in March 2023 and nearly unchanged from 8.85 million b/d in April 2022. Further, oil export receipts reached $22.35bn in April 2023, representing an increase of 0.4% from $22.26bn in March 2023 and a decrease of 23.6% from $29.3bn in April 2022.
Source: JODI, General Authority for Statistics, Byblos Research

ME&A's oil demand to expand by 4.4% in 2023

The Organization of Petroleum Exporting Countries (OPEC) projected the consumption of crude oil in the Middle East & Africa to average 13.25 million barrels per day (b/d) in 2023, which would constitute an increase of 4.4% from 12.69 million b/d in 2022. The region's demand for oil would represent 23.7% of demand in non-OECD countries and 13% of global consumption in 2023.
Source: OPEC

Middle East demand for gold bars and coins up 63% in first half of 2023

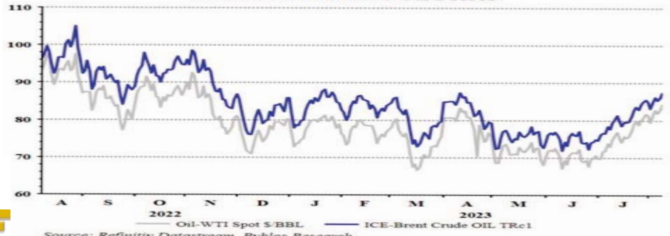
Net demand for gold bars and coins in the Middle East totaled 62.1 tons in the first half of 2023, constituting a rise of 62.9% from 38.1 tons in the first half of 2022. Demand for gold bars and coins in Iran reached 25.2 tons and accounted for 40.5% of the region’s total demand in the first half of 2023. Egypt followed with 18.6 tons (30%), then Saudi Arabia with 7 tons (11.2%), the UAE with 5 tons (8.1%), and Kuwait with 2.4 tons (3.8%).
Source: World Gold Council, Byblos Research

Base Metals: Lithium carbonate prices to average $41,000 per ton in third quarter of 2023

Lithium carbonate prices averaged $46,724.6 per ton in the first seven months of the year, constituting a drop of 33.8% from an average of $68,933.8 a ton in the same period last year. Also, lithium hydroxide prices averaged $50,665.2 per ton in the first seven months in 2023, representing a decrease of 27.6% from an average of $65,830.8 a ton in the same period last year. The decline in the metal's prices is due to higher production of lithium, given the increase in demand for electric vehicles worldwide. In parallel, S&P Global Market Intelligence expected the global demand for lithium to reach 911,113 tons in 2023 and to grow by 28.6% from 708,471 tons in 2022, while it forecast the global supply of lithium to rise by 33.3% from 702,526 tons in 2022 to 936,507 tons in 2023. It expected passenger plug-in electrical vehicles to drive nearly 90% of the growth in demand for lithium during the 2022-27 period, and anticipated higher production from Africa, Australia, and North America in the covered period. Moreover, it projected lithium carbonate prices to average $41,000 per ton in the third quarter of 2023 and $37,333 a ton in the fourth quarter of the year.
Source: S&P Global Market Intelligence, Refinitiv, Byblos Research

Precious Metals: Silver prices to average $24 per ounce in third quarter of 2023

Silver prices averaged $23.5 per troy ounce in the first seven months of 2023, constituting an increase of 3.2% from an average of $22.8 an ounce in the same period of 2022. The increase in prices was due mainly to elevated demand for the metal in the usage of electric vehicle batteries and from the renewable energy sector. In parallel, Citi Research projected the global supply of silver at 1,046 million ounces in 2023 relative to 1,023 million ounces last year, with mine output representing 80.2% of the total. Further, it forecast demand for the metal at 1,130 million ounces in 2023 compared to 1,085 million ounces in 2022. It expected the price of the metal to increase in the next six to nine months, due to the gradual recovery of economic activity in China and the strong industrial demand for the production of electric vehicles, in addition to higher physical investment demand and the improvement in inflows to silver-backed exchange traded funds. Further, in its bear case scenario, it forecast silver prices to average between $19 per ounce and $21 an ounce in next six to 12 months, due to higher U.S. real interest rates and the substantial weakening in demand from China and India. In its bull case scenario, it expected silver prices to rise to $34 per ounce by the end of June 2024, driven by higher global inflation rates, declining U.S. real interest rates, and a deeper-than-expected economic slowdown in the U.S. and the European Union. Also, it projected silver prices to average $24 per ounce in the third quarter and $27 an ounce in the fourth quarter of 2023.
Source: Citi Research, Refinitiv, Byblos Research



Source: Refinitiv Datastream, 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 (%)
Africa												
Algeria	- -	- -	- -	- -	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B- Stable	B3 Positive	B- Stable	- -	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B Negative	B3 RfD**	B Negative	B+ Negative	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC Negative	Caa1 RfD	CCC- -	-	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	SD -	Ca Stable	RD -	- -	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	- -	Ba3 Positive	BB- Stable	- -	-4.1	43.2			14.3		-3.5	1.4
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BB+ Stable	Ba1 Stable	BB+ Stable	- -	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B- Negative	Caa1 Stable	B- Stable	- -	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Tunisia	- -	Caa2 Negative	CCC- -	- -	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B Stable	- -	- -	- -	-5.4	51.3	0.4	22.3	7.1	134.0	-5.5	1.5
Rwanda	B+ Negative	B2 Negative	B+ Stable	- -	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East												
Bahrain	B+ Positive	B2 Negative	B+ Stable	B+ Stable	-6.8	115.4	-1.2	198.8	26.7	345.2	-6.6	2.2
Iran	- -	- -	- -	B Stable	-3.7	-	-	-	-	-	-2.0	1.2
Iraq	B- Stable	Caa1 Stable	B- Stable	- -	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+ Stable	B1 Positive	BB- Stable	B+ Positive	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+ Stable	A1 Stable	AA- Stable	A+ Stable	5.7	20.2	1.7	77.9	0.6	157.3	-0.8	0.0
Lebanon	SD -	C -	C -	- -	-10.0	190.7	2.3	168.0	68.5	236.7	-11.2	2.0
Oman	BB- Positive	Ba2 Positive	BB Positive	BB Positive	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA Stable	Aa3 Positive	AA- Positive	AA Stable	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A Stable	A1 Positive	A+ Stable	A+ Positive	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	- -	- -	- -	- -	-	-	-	-	-	-	-	-
UAE	- -	Aa2 Stable	AA- Stable	AA- Stable	-1.6	40.5	-	-	2.5	-	3.1	-0.9
Yemen	- -	- -	- -	- -	-	-	-	-	-	-	-	-

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	B+ Positive	Ba3 Stable	BB- Stable	B+ Positive	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+ Stable	A1 Stable	A+ Stable	- -	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB- Stable	Baa3 Negative	BBB- Negative	- -	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB- Stable	Baa3 Positive	BBB Stable	- -	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	CCC+ Stable	Caa3 Stable	CCC -	- -	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe												
Bulgaria	BBB Stable	Baa1 Stable	BBB Stable	- -	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB- Negative	Baa3 Negative	BBB- Negative	- -	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	C CWN***	Ca Negative	C -	- -	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Türkiye	B Negative	B2 Negative	B Negative	B+ Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B- CWN	B3 RfD	CCC -	- -	-5.3	67.3	4.5	56.5	7.9	115.7	-2.1	2.5

** Current account payments*

***Review for Downgrade*

**** CreditWatch with negative implications*

Source: S&P Global Ratings, Fitch Ratings, Moody's Investors Service, CI Ratings, Byblos Research - The above figures are projections for 2020

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	5.50	26-Jul-23	Raised 25bps	20-Sep-23
Eurozone	Refi Rate	4.25	27-Jul-23	Raised 25bps	14-Sep-23
UK	Bank Rate	5.25	03-Aug-23	Raised 25bps	21-Sep-23
Japan	O/N Call Rate	-0.10	28-Jul-23	No change	22-Sep-23
Australia	Cash Rate	4.10	01-Aug-23	No change	05-Sep-23
New Zealand	Cash Rate	5.50	12-Jul-23	No change	16-Aug-23
Switzerland	SNB Policy Rate	1.75	22-Jun-23	Raised 25bps	21-Sep-23
Canada	Overnight rate	5.00	12-Jul-23	Raised 25bps	06-Sep-23
Emerging Markets					
China	One-year Loan Prime Rate	3.55	20-Jul-23	No change	21-Aug-23
Hong Kong	Base Rate	5.50	26-Jul-23	No change	20-Sep-23
Taiwan	Discount Rate	1.875	15-Jun-23	Raised 12.5bps	21-Sep-23
South Korea	Base Rate	3.50	13-Jul-23	No change	24-Aug-23
Malaysia	O/N Policy Rate	3.00	06-Jul-23	No change	07-Sep-23
Thailand	1D Repo	2.25	02-Aug-23	Raised 25bps	27-Sep-23
India	Reverse Repo Rate	3.35	10-Feb-23	No change	N/A
UAE	Base Rate	5.50	26-Jul-23	Raised 25bps	20-Sep-23
Saudi Arabia	Repo Rate	6.00	26-Jul-23	Raised 25bps	20-Sep-23
Egypt	Overnight Deposit	19.25	03-Aug-23	Raised 100bps	21-Sep-23
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	17.50	20-Jul-23	Raised 250bps	24-Aug-23
South Africa	Repo Rate	8.25	20-Jul-23	No change	21-Sep-23
Kenya	Central Bank Rate	10.50	26-Jun-23	Raised 100bps	28-Aug-23
Nigeria	Monetary Policy Rate	18.75	25-Jul-23	Raised 25bps	26-Aug-23
Ghana	Prime Rate	30.00	24-Jul-23	Raised 50bps	25-Aug-23
Angola	Base Rate	17.00	14-Jul-23	No change	15-Sep-23
Mexico	Target Rate	11.25	22-Jun-23	No change	10-Aug-23
Brazil	Selic Rate	13.25	02-Aug-23	Cut 50bps	N/A
Armenia	Refi Rate	10.25	01-Aug-23	Cut 25bps	12-Sep-23
Romania	Policy Rate	7.00	07-Aug-23	No change	05-Oct-23
Bulgaria	Base Interest	2.96	26-Jul-23	Raised 19bps	30-Aug-23
Kazakhstan	Repo Rate	16.75	05-Jun-23	No change	25-Aug-23
Ukraine	Discount Rate	22.00	27-Jul-23	Cut 300bps	14-Sep-23
Russia	Refi Rate	8.50	21-Jul-23	Raised 100bps	15-Sep-23

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

BYBLOS BANK GROUP

LEBANON

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

IRAQ

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

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

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

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

ARMENIA

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

BELGIUM

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

UNITED KINGDOM

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

FRANCE

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

NIGERIA

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

ADIR INSURANCE

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