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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Private capital dry powder at $2.7 trillion as at August 2023

Research provider Preqin estimated that global private capital dry powder, or the amount of capital available for fund managers to deploy, will reach $2.7 trillion end of August 2023, representing a rise of 15.5% from $2.34 trillion at the end of 2022. In comparison, private capital dry powder worldwide stood at $2.28 trillion at the end of 2021 and $2.25 trillion at end-2020. It projected dry powder held by buyout funds at $1.1 trillion, which would account for 41.4% of the total at end-August 2023, followed by growth funds with $378.2bn (14%), funds of funds with $323.1bn and venture capital funds with $321.7bn (12% each), secondaries with $175.1bn (6.5%), early stage funds with $143.2bn (5.3%), co-investment funds with $51.8bn (1.9%), expansion or late stage funds with $47.2bn and seed funds with $47.1bn (1.7% each), balanced funds with $35.7bn (1.3%), startup funds with $31.3bn (1.2%), co-investment multi-manager funds with $17.3bn (0.6%), as well as turnaround funds with $7.6bn and direct secondaries with $7.1bn (0.3% each). Further, it forecast dry powder held by early stage funds to increase by 22.3% in the first eight months of 2023, followed by secondaries (+22.2%), buyout funds (+20.3%), seed funds (+15%), funds of funds and growth funds (+12.6% each), startup funds (+11.8%), venture capital funds (+9.6%), co-investment funds (+4.9%), direct secondaries (+4.4%), and expansion or late stage funds (+0.2%). In contrast it anticipated dry powder held by co-investment multi-manager funds to decline by 8.1%, followed by turnaround funds (-7.1%) and balanced funds (-2.8%) in the year to August 2023.

Source: Preqin, S&P Global Market Intelligence

Games industry to generate $188bn in revenues in 2023

Newzoo, a global leader in video games and gaming data, projected the global games market to generate $187.7bn in revenues in 2023, constituting an increase of 2.6% from about $183bn in 2022, despite challenging macroeconomic factors worldwide. It expected games on mobile phones to generate $92.6bn, or 49% of the total this year, followed by console games with $56.1bn (30%), computer games downloaded from websites or purchased as a boxed product with $37.1bn (20%), and games played on casual game websites or social networks with $1.9bn (1%). Also, it forecast revenues from the console gaming segment to grow by 7.4% in 2023, followed by the downloaded/boxed PC games segment (+1.6%) and the mobile gaming segment (+0.8%), while it projected revenues from the browser PC gaming segment to decline by 17% this year. On a regional basis, it expected the Asia-Pacific region to generate $85.5bn in global gaming revenues, or 46% of the total, followed by North America with $51.6bn (27%), Europe with $34.4bn (18%), Latin America with $8.8bn (5%) and the Middle East & Africa region with $7.2bn (4% of the total). Further, it forecast the global games market to generate revenues of $212.4bn in 2026, supported mainly by the console games and mobile gaming segments.

Source: Newzoo

MENA

Nearly 45% of young Arabs want to emigrate to another country

The ASDA'A BCW 2023 Arab Youth Survey showed that 44% of young Arab males and females indicated that they are "actively trying to emigrate" or "have considered emigrating" from their country, with a share of 53% of youth in the Levant region, 48% in North Africa and 27% in the Gulf Cooperation Council (GCC) countries considering emigration. Also, 49% of surveyed young Arabs cited looking for job opportunities as the main driver that is pushing them to emigrate, followed by seeking citizenship in the destination country (24%), seeking refugee status (14%), and pursuing higher education (12%). Further, the survey revealed that 37% of young Arabs struggle to meet their basic expenses, with a share of 48% in the Levant region, 44% in North Africa and 15% in GCC countries having this concern. In parallel, the survey showed that 21% of young Arabs have personal debt, with a share of 27% in the Levant region, 19% in North Africa and 16% in GCC countries. It added that 26% of youth in each of the Levant and North Africa, as well as 25% of youngsters in GCC countries, cited student loans as the main reason for their personal debt. In addition, the survey indicated that 33% of Arab youth want to work in the private sector relative to a share of 20% in the 2022 survey, while 30% are still inclined to work for their government and 25% prefer to work for their families or open a personal business. Further, it noted that 16% of young Arabs considered tax breaks and/or reduced fees for startups as the government's main tool to encourage entrepreneurship in the region, followed by improving available training and education as well as extending government loans (15% each), encouraging affordable lending (14%), reducing regulations and red tape (13%), and developing innovation hubs (12%). The survey was conducted between March 27 and April 12, 2023 on a sample of 3,600 respondents in the 18 to 24-year-old bracket in 18 Arab countries.

Source: ASDA'A BCW

OMAN

Profits of Oman firms up 18% in first quarter of 2023

The cumulative net profits of 88 companies listed on the Muscat Securities Market totaled OMR179.6m, or $466.9m, in the first quarter of 2023, constituting an increase of 18% from OMR152.18m, or $395.7m in the same quarter of 2022. Listed financial companies generated net profits of $346.6m and accounted for 74.2% of aggregate net earnings in the covered quarter. Services firms followed with $91m (19.5%), and industrial companies with $29.4m (6.3%). Further, the net earnings of industrial firms rose by 126% in the first quarter of 2023 from the same quarter last year, followed by the net profits of financial companies (+17.2%), and the net earnings of services sector (+4.6%).

Source: KAMCO

OUTLOOK

WORLD

Global growth to average 2% in 2023-24 period, risks tilted to the downside

Citi Research projected global real GDP growth to moderate from 3% in 2022 to 2.4% in 2023, and anticipated the global economy to continue to face multiple headwinds, including elevated inflation rates, tight monetary policies, and ongoing geopolitical tensions. It forecast real GDP growth to further decelerate to 1.8% in 2024 as it expected the United Kingdom and the United States to fall into recession early next year, and for economic activity in China to further slowdown in 2024. It also projected global real GDP growth, excluding China, to fall to near zero percent during the first quarter of 2024. It forecast the real GDP growth rate of advanced economies (AEs) at 1.6% in 2023 and 0.4% in 2024 and of emerging markets (EMs) at 3.3% in 2023 and 3.7% in 2024, and considered that growth prospects will vary across regions. As such, it projected real GDP in Emerging Asia to grow by 4.5% in 2023 and by 4.4% in 2024, supported mainly by elevated growth rates in China and India. Also, it expected economic activity in the Middle East & Africa region to expand by 2.2% this year and by 4.1% next year, while it anticipated the real GDP growth rate of Latin America at 1.5% in 2023 and 1.8% in 2024. It also forecast economic activity in Emerging Europe to grow by 0% this year and 1.9% next year.

In parallel, it anticipated that tight monetary policies worldwide will continue to contribute to the global economic slowdown. It expected central banks in AEs to further raise their policy rates this year as it considered that they have not reached their monetary cycle peaks. In addition, it forecast the global headline inflation rate to decline from 7% in 2022 to 5.6% in 2023 and 4.2% in 2024, with the decline of global food and commodity prices.

Further, it considered that risks to the global outlook are tilted to the downside, but that they vary significantly across major economies and regions. It expected risks to be balanced in the U.S. and in EMs ex-China, but anticipated that downside risks will dominate the growth prospects of China and the Euro Area.

Source: Citi Research

GCC

Non-resident capital inflows projected at $102bn in 2023

The Institute of International Finance (IIF) projected non-resident capital inflows to Gulf Cooperation Council (GCC) countries to increase from $44bn in 2022 to $102bn in 2023, or the equivalent of 5% of GDP this year, due mainly to portfolio flows to Saudi Arabia as the Kingdom issues more debt to finance its fiscal deficits. It anticipated non-resident capital inflows to Saudi Arabia at $51.4bn, or 50.4% of the region's total inflows this year, followed by the UAE at $39.3bn (38.5%), Oman at $5.9bn (5.8%), Kuwait at $4.6bn (4.5%) and Bahrain at $3.6bn (3.5%), and for Qatar to register non-resident capital outflows of $2.8bn in 2023. Also, it forecast portfolio inflows to the region at $54.6bn in 2023, representing a surge of 155% from $21.4bn in 2022; while it projected foreign direct investments (FDI) at $38.8bn this year relative to $36.2bn last year. It expected FDI inflows to the UAE at $23.6bn, or 61% of the region's total this year, followed by Saudi Arabia at $10.6bn (27.5%), Oman at $4.5bn (11.7%), Bahrain at $0.6bn (1.6%) and Qatar at $0.4bn (1%), and for Kuwait to register FDI outflows of $1.1bn in 2023. It also anticipated portfolio inflows to Saudi Arabia at $40bn, or 73.3% of the region's total inflows this year, followed by the UAE at $12.5bn (23%), Bahrain at $2.5bn (4.6%), Kuwait at $1.5bn (2.7%) and Oman at $1.1bn (2%), and for Qatar to register portfolio outflows of $3bn in 2023.

In parallel, the IIF expected foreign investments by GCC sovereign wealth funds to continue to drive resident capital outflows, which it project at $232bn in 2023 relative to $387.6bn in 2022. Also, it estimated the GCC countries' aggregate stock of gross foreign assets at about $3.2 trillion, or the equivalent of 145% of GDP, with about 70% of such assets managed by sovereign wealth funds. It projected the combined current account surplus of GCC countries to decline from $365bn in 2022 to $172bn in 2023 if global oil prices average $83 per barrel this year.

Source: Institute of International Finance

IRAQ

Fiscal and external outlook contingent on oil prices and production

S&P Global Ratings projected Iraq's real GDP growth to moderate from 7% in 2022 to 2.8% in 2023 and 2024, due mainly to lower oil production, and considered that efforts to strengthen governance, accountability and transparency could help unlock Iraq's economic potential. In addition, it forecast the inflation rate at 4% in 2023 and 3% in 2024 as the revalued peg to the US dollar helps contain import inflation on domestic prices.

In parallel, the agency said that the Iraqi government's fiscal position remains heavily dependent on global oil prices and production. It added that revenues from the non-oil economy are unable to provide significant additional support to the country's fiscal position, since the weak tax and customs collection limits the government's ability to raise revenues from outside the oil sector. Also, it anticipated that political and social demands will continue to weigh on the public-sector wage bill, which represents the state's largest spending item at about 50% of public expenditures. In addition, it pointed out that Parliament approved a record $153bn budget for 2023, and also passed a three-year medium term budget plan to cover the 2023-2025 period. It forecast the fiscal deficit to average 4.2% of GDP annually in the 2023-26 period, and anticipated the authorities to finance the deficits in part through the issuance of Treasury bills and bonds on the domestic market, and from drawing down foreign currency assets that the government accumulated through fiscal surpluses in 2021 and 2022. Further, it projected the public debt net of liquid assets at about 30% of GDP annually in the 2023-26 period, while it forecast principal and interest payments on the government's external debt at $5.9bn in 2023, $4.8bn in 2024 and $4.5bn in 2025.

Further, S&P expected Iraq's sizeable oil export capacity to support the country's external balance, while an increase in oil production will help boost the already robust foreign currency reserves and support Iraq's external debt-servicing capacity. It expected the current account to remain in surplus through 2026, and for foreign currency reserves to rise from $82.4bn at the end of 2022 to nearly $120bn by end-2026.

Source: S&P Global Ratings

ECONOMY & TRADE

EGYPT

Target for privatization proceeds facing challenges

The Institute of International Finance (IIF) indicated that the Egyptian government announced proceeds of $1.9bn from the sale of state-owned assets, which is just below the International Monetary Fund's (IMF) $2bn target in privatization revenues for the fiscal year that ended in June 2023. Also, it pointed out that the majority of the privatization proceeds originated from the partial sale of three firms in the oil sector for $800m, and from selling part of the rights to a portfolio of seven state-owned hotels for $700m. Still, it expressed caution about the target of $4.6bn in privatization proceeds for FY2023/24, given reports of disagreements between foreign investors and the local authorities on the valuation of big-ticket items, as investors may still be waiting for a further depreciation of the Egyptian pound before settling on a price for these assets. It noted that firms in the petrochemicals and hotels sectors are a source of revenues in foreign currency, which may have facilitated their sale over the past few months, but anticipated that the sale of additional state assets could be more difficult, given valuation concerns from investors. As such, it expected that reaching the target for privatization proceeds in FY2023/24 will be contingent on the sale of the United Bank of Egypt and the Beni Suef Power Plant, which could generate an estimated $4bn in privatization proceeds. Further, it stressed the importance of sustained progress on the privatization of state-owned assets as a key source of financing for the IMF program. It added that such efforts would enable the authorities to reach their target of increasing the share of the private sector in the economy from 40% currently to about 60% by 2026.

Source: Institute of International Finance

TÜRKIYE

Economy facing significant headwinds

The International Monetary Fund projected Türkiye's real GDP growth to decelerate from 5.5% in 2022 to 3% in 2023 and 2024, due to weaker external demand, especially in Europe; tight external financing constraints; as well as weaker domestic consumption as a result of lower real income. Also, it expected the inflation rate to reach 36% at end-2023 and 21.3% at end-2024, driven by the receding exchange rate pass through effect, favorable base effects, and lower commodity prices. Still, it anticipated the inflation rate to remain much higher than the authorities' target, given loose policies and unanchored inflation expectations. As such, it stressed the need for prompt and sizable interest rate hikes to eliminate inflationary pressures, as well as the importance of carefully phasing out regulatory measures, which would allow the policy rate to act as the primary instrument of monetary policy. In parallel, it cautioned against rising fiscal risks from increasing spending pressures and contingent liabilities, and called on the authorities to maintain a tight fiscal stance. Further, it forecast the gross external debt at 48.6% of GDP in 2023 and 47.7% of GDP in 2024, and the gross financing needs at 24.7% of GDP and 23.4% of GDP in 2024. Also, the IMF considered that risks to the outlook are tilted to the downside, and anticipated that sustained pro-growth policies without sufficient external financing could weigh on investor confidence and fuel pressure on the Turkish lira, as well as weigh on bank and corporate balance sheets, with spillovers to the public sector.

Source: International Monetary Fund

KUWAIT

Non-hydrocarbon growth to average 3.2% in 2023-24 period

The International Monetary Fund (IMF) projected Kuwait's real GDP growth to decelerate from 8.2% in 2022 to 0.1% in 2023, due mainly to the oil production cuts under the OPEC+ agreement, and to rebound to 2.6% in 2024. It anticipated activity in the oil sector to decline by 2.7% this year and to recover to 2% in 2024, and for real non-oil GDP to remain robust at 2.8% in 2023 and 3.5% in 2024, driven by strong domestic demand. It considered that risks to the economic outlook are elevated and tilted to the downside. It expected the volatility of oil prices and production, as well as a deeper slowdown in global growth, to adversely impact economic activity. It added that domestic risks could originate from delays in the implementation of needed fiscal and structural reforms, which would amplify the risk of procyclical fiscal policy and undermine investor confidence. In parallel, the IMF noted that the planned fiscal consolidation starting in FY2024/25 aims to increase non-oil revenues by introducing excise and value-added taxes and expanding the income tax base; address current spending rigidities by reducing the public-sector wage bill and gradually phasing out energy subsidies; as well as increase capital outlays to raise potential growth. Further, it considered that the Kuwaiti authorities can implement the needed reforms from a position of strength, given the country's large fiscal and external buffers. But it anticipated that the political gridlock between the government and Parliament will continue to delay reforms. Also, it projected the current account surplus at 25.7% of GDP in 2023 and 22% of GDP in 2024, and forecast international reserve assets to reach $53.9bn by the end of 2024.

Source: International Monetary Fund

ANGOLA

Sovereign ratings affirmed, outlook 'stable'

S&P Global Ratings affirmed Angola's short- and long-term sovereign credit ratings at 'B' and 'B-', respectively, and maintained the 'stable' outlook on the long-term ratings. It attributed the affirmation of the ratings to the ongoing reforms and to the improvement in non-oil sector activity. However, it noted that the ratings are constrained by the economy's heavy dependence on oil production, the government's large external debt, and elevated debt-servicing costs. It estimated Angola's debt level to rise from 66% of GDP in 2022 to 93% of GDP by the end of 2023, and projected principal and interest service payments at $7bn in 2023 and at an average of $7.8bn in the 2024-26 period. Also, it forecast the country's gross external financing needs at 110% of current account receipts plus usable reserves in 2023 and at 114.2% of such receipts and reserves in 2024. Further, the agency indicated that the 'stable' outlook on the long-term ratings balances the country's high external funding needs and financing risks in the next 12 months, against expectations of supportive oil prices and stable oil reserves. In parallel, it noted that it would upgrade the ratings if the authorities' economic and fiscal reforms result in a sustained recovery in the non-oil economy, reduce debt-serving costs, and increase foreign currency reserves. In contrast, it said that it could downgrade the ratings in case the authorities face difficulties in accessing external funding, which could limit the country's ability to service its external commercial debt.

Source: S&P Global Ratings

JORDAN

Private sector lending up 2% in first half of 2023

The consolidated balance sheet of commercial banks in Jordan indicates that total assets reached JD64.65bn, or $90.6bn, at the end of June 2023, constituting increases of 0.8% from JD64.14bn in the first half of 2023 and of 3.4% from end-June 2022. Claims on the resident private sector grew by 1.7% from the end of 2022 to JD30.2bn and credit to the non-resident private sector rose by 6% to JD704m, leading to an expansion of 1.8% in overall private sector credit facilities in the first half of 2023. Lending to the resident private sector accounted for 46.8% of total assets at end-June 2023 relative to 46.6% a year earlier. In parallel, resident private sector deposits reached JD33.08bn at end-June 2023, constituting decreases of 0.4% from the end of 2022 and from the end of June 2022; while non-resident private sector deposits stood at JD5.5bn, up by 5.5% in the first half of the year and by 5.5% from end-June 2022. Also, the government's deposits totaled JD1.2bn and those of public non-financial institutions reached JD342m at end-June 2023, while claims on the public sector accounted for 24% of total assets, nearly unchanged from a year earlier. Further, the banks' reserves at the Central Bank of Jordan totaled JD6.8bn, or $9.7bn, at the end of June 2023 and declined by 3.8% from end-2022; while capital accounts and allowances stood at JD9.5bn, or $13.4bn, and grew by 1.3% in the first half of 2023. Also, deposits at foreign banks reached JD4.08bn, or $5.8bn, at end-June 2023 and increased by 4.2% in the first half of 2023; while the sector's foreign liabilities stood at $15.2bn at end-June 2023.

Source: Central Bank of Jordan

NIGERIA

Newly reported foreign currency liabilities to weaken foreign reserves adequacy

Moody's Investors Service indicated that the Central Bank of Nigeria's (CBN) audited financial statements for the 2016-22 period disclosed foreign currency liabilities of about NGN6.6 trillion, or the equivalent of $14.2bn, at the end of 2022. It noted that the CBN used some of its loans to bolster its foreign currency reserves, even though the details of the extended credit facilities are insufficient to determine the extent that they constitute liabilities to the CBN's foreign currency reserves. As such, it anticipated the country's foreign reserve adequacy to weaken, given the short maturities of the liabilities on the CBN's balance sheet. In addition, the agency pointed out that loans that have securities as collateral and that are not classified as external reserves will be netted off from gross foreign currency reserves, excluding gold and Special Drawing Rights. Also, it indicated that the CBN's financial statements for 2022 show $7.3bn in loans from Goldman Sachs and JPMorgan Chase & Co, as well as $6.9bn in foreign currency forward contracts that are payable most likely to Nigerian commercial banks. It added that the two sources of proceeds are part of the CBN's reported foreign currency reserves and have short-term maturities, and that government debt instruments could have served as collateral for currency forward contracts with banks. Further, it considered that the audited statements' impact on the credit assessment of Nigeria reflect weak governance and limited data transparency compared to peers, which hampers policymaking and raises the risk of policy missteps.

Source: Moody's Investors Service

TÜRKIYE

Outlook on banking sector revised to 'stable' on improving operating conditions

Moody's Investors Service revised the outlook on the Turkish banking sector from 'negative' to 'stable', due mainly to the government's initial steps to return to orthodox policymaking following the May 2023 elections, which is supportive of operating conditions for Turkish banks. Still, it anticipated the operating environment to remain challenging and volatile, due to the anticipated slowdown in economic activity and persistently elevated inflation rates. It expected asset quality at Turkish banks to deteriorate in 2023 as slowing economic growth, still elevated inflation rates and a weaker currency will weigh on the repayment capacity of borrowers. In addition, it anticipated the depreciation of the exchange rate and the growth of the banks' loan book will weigh on capital adequacy ratios in the banking sector, but for internal capital generation and profit retention to mitigate for the pressure on the banks' capitalization. It also considered that capital levels at state-owned banks are weaker compared to privately-owned lenders, but noted that cash injections from the government have supported the capitalization of state-owned banks. In parallel, the agency expected the profitability of Turkish banks to normalize in 2023 from their 2022 peak levels, but for income from inflation-indexed Turkish government securities to continue to support the banks' profitability amid elevated inflation rates. It also expected operating costs to rise and for the deterioration in asset quality to result in higher provisioning expenses. It considered that the bank's external funding position and dollarization levels have improved, and anticipated foreign currency liquidity to remain adequate in 2023. Further, it indicated that the government is willing to support banks in case of financial stress, but considered that the authorities' support capacity is lower in foreign currency than it is in the local currency given the deterioration in Türkiye's net reserves position.

Source: Moody's Investors Service

DEM REP CONGO

Kinshasa to continue implementation of AML/CFT action plan

The Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that, in October 2022, the Democratic Republic of the Congo (DRC) made a high-level political commitment to work with the FATF and the Governor of the Banks of the States of Central Africa, in order to improve the effectiveness of the country's AML/CFT regime, by strengthening its legal framework on the criminalization of money laundering. It noted that the DRC should finalize the national risk assessment on money laundering and terrorist financing (ML/TF) and adopt an AML/CFT national strategy, designate supervisory authorities for all Designated Non-Financial Businesses and Professions sectors, and develop and implement a risk-based supervision plan. It indicated that the DRC authorities are stepping up efforts to build the country's capacity to conduct operational and strategic analysis of ML and TF cases, strengthen the capabilities of authorities involved in the investigation and prosecution of ML/TF, and demonstrate effective implementation of TF and funds-related Targeted Financial Sanctions.

Source: Financial Action Task Force

ENERGY / COMMODITIES

Oil prices to average $83 p/b in third quarter of 2023

ICE Brent crude oil front-month prices averaged $80.5 per barrel (p/b) in the first 31 weeks of 2023, constituting a drop of 22.7% from $104.2 p/b in the same period of 2022, as concerns about slowing demand for oil outweighed the prospect of tighter supply from global producers amid the recently announced oil production cuts under the OPEC+ agreement. Further, prices reached $83.2 p/b on August 16, 2023, constituting decreases of 1% from $84 p/b on the previous day and of 5% from a recent high of $87.6 p/b on August 9, 2023. The decline in oil prices is attributed to recent manufacturing data that points to an economic slowdown in several economies worldwide and raises concerns about the global demand for oil. Also, expectations of possible interest rate hikes by the U.S. Federal reserves and easing supply conditions in the oil market have supported the recent downward trend in oil prices. In parallel, Citi Research considered the global supply of oil in 2023 to be more robust-than-anticipated, as it expected higher outputs from OPEC and non-OPEC producers. It also anticipated global demand for oil to be weaker-than-expected this year, amid concerns of an economic slowdown in the United States and a recession in the Euro Area. It also considered that real GDP growth projections for the Chinese economy are exaggerated, given evidence of lower exports and imports for three months in a row. As such, it projected oil prices to average $83 p/b in the third quarter and $78 p/b in the fourth quarter of 2023, and to average $81 p/b in full year 2023.

Source: Citi Research, Refinitiv, Byblos Research

OPEC oil output down 3% in July 2023

Member countries of OPEC, based on secondary sources, produced an average of 27.3 million barrels of oil per day (b/d) in July 2023, constituting a decrease of 3% from 28.15 million b/d in June 2023. On a country basis, Saudi Arabia produced 9 million b/d, or 33% of OPEC's total output, followed by Iraq with 4.2 million b/d (15.4%), the UAE with 2.9 million b/d (10.6%), Iran with 2.8 million b/d (10.4%), and Kuwait with 2.56 million b/d (9.4%).

Source: OPEC

Gold demand in Middle East up 13.4% in first half of 2023

Gold demand in Middle East up 13.4% in first half of 2023

Consumer demand for gold in the Middle East, which includes demand for jewelry and for bars and coins, totaled 151.4 tons in the first half of 2023, constituting a rise of 13.4% from 133.5 tons in the same period of 2022. Gold demand in the region accounted for 10% of the global consumption of the precious metal in the first half of 2023. Consumer demand for gold in Iran reached 38.9 tons and represented 25.7% of the region's aggregate demand in the first half of 2023, followed by Egypt with 33.5 tons (22%), Saudi Arabia with 26.2 tons (17.3%), the UAE with 25.3 tons (16.7%), and Kuwait with 9.6 tons (6.3%).

Source: World Gold Council, Byblos Research

ME&A's oil demand to expand by 4.3% 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 a rise of 4.3% from 12.7 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

Base Metals: Copper prices to average $8,000 per ton in third quarter of 2023

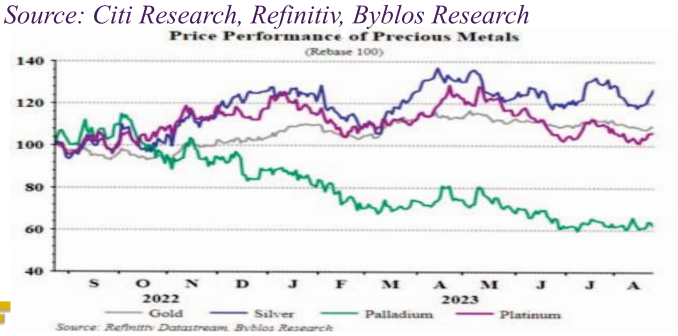
LME copper cash prices averaged $8,636 per ton in the year-to-August 23, 2023 period, constituting a decline of 7.1% from an average of $9,301 a ton in the same period last year. The decrease in prices was due mainly to the tightening of global monetary policy and reflects a slowdown in economic activity, which has resulted in lower demand for the metal. In parallel, the latest available figures from the International Copper Study Group show that global demand for refined copper was 13.3 million tons in the first half of 2023, constituting an increase of 4% from 12.8 million tons in the same period of 2022 due to a growth of 9% in Chinese demand for the metal, given that China is the world's largest consumer of the metal, which offset the 2.5% decline in demand for refined copper from the European Union, Japan, and the United States. Also, it noted that the global production of refined copper reached 13.5 million tons in the first half of 2023, representing a rise of 7.3% from 12.6 million tons in the same period of 2022, as higher output from China, the Democratic Republic of the Congo, and Japan was partially offset by lower production in Chile, Finland, India, Indonesia, Sweden and the U.S. It added that mine production accounted for 80% of the aggregate output of refined copper in the covered period relative to 84% in the first five months of 2022. In parallel, Citi Research projected LME copper prices at $8,000 per ton in the third and fourth quarters of 2023, and to average $8,350 per ton in full year 2023.

Source: ICSG, Citi Research, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $1,935 per ounce in third quarter of 2023

Gold prices averaged $1,933.8 per troy ounce in the year-to August 23, 2023 period, constituting an increase of 4.7% from an average of $1,847.7 an ounce in the same period of 2022. The increase in prices was due mainly to higher demand for gold, as well as to the acceleration of inflows into gold-backed exchange traded funds in recent months. Also, the price of the metal declined from a recent high of $2,047 per ton on May 4, 2023 to $1,897 a ton on August 22, due mainly to a stronger US dollar that has been driven by expectations of further interest rate hikes by the U.S. Federal Reserve. In parallel, Citi Research projected global demand for gold to increase by a marginal 0.1% from 4,604 tons in 2022 to 4,610 tons in 2023, as lower jewelry consumption, weaker demand for gold bars and coins, as well as a decline in gold purchases by central banks worldwide will offset the expected rise in demand for gold from investments in gold-backed exchange-traded funds in 2023 that will shift from outflows to inflows this year. Further, it projected global gold supply to reach 4,850 tons in 2023 relative to 4,754 tons in 2022, with mine output representing 76.3% of the total. Moreover, it forecast gold prices at $1,935 per ounce in the third quarter and $2,000 in the fourth quarter of 2023.

Source: Citi Research, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa												
Algeria	-	-	-	-								
	-	-	-	-	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B-	B3	B-	-								
	Stable	Positive	Stable	-	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B	B3	B	B+								
	Negative	RfD**	Negative	Negative	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC	Caa1	CCC-									
	Negative	RfD	-	-	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	SD	Ca	RD	-								
	-	Stable	-	-	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	-	Ba3	BB-	-								
	-	Positive	Stable	-	-4.1	43.2			14.3		-3.5	1.4
Libya	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Dem Rep	B-	B3	-	-								
Congo	Stable	Stable	-	-	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BB+	Ba1	BB+	-								
	Stable	Stable	Stable	-	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B-	Caa1	B-	-								
	Stable	Stable	Stable	-	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Tunisia	-	Caa2	CCC-	-								
	-	Negative	-	-	-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+	B2	B+	-								
	Negative	Negative	Stable	-	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East												
Bahrain	B+	B2	B+	B+								
	Positive	Negative	Stable	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-	Caa1	B-	-								
	Stable	Stable	Stable	-	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+	B1	BB-	B+								
	Stable	Positive	Stable	Positive	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+	A1	AA-	A+								
	Stable	Stable	Stable	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-	Ba2	BB	BB								
	Positive	Positive	Positive	Positive	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA	Aa3	AA-	AA								
	Stable	Positive	Positive	Stable	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A	A1	A+	A+								
	Stable	Positive	Stable	Positive	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
UAE	-	Aa2	AA-	AA-								
	-	Stable	Stable	Stable	-1.6	40.5	-	-	2.5	-	3.1	-0.9
Yemen	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-

COUNTRY RISK METRICS

Countries	S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	LT Foreign currency rating											
Asia												
Armenia	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 Date	Last meeting Action	Next meeting
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	16-Aug-23	No change	04-Oct-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	3.45	21-Aug-23	Cut 10bps	20-Sep-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	24-Aug-23	No change	19-Oct-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	Repo Rate	6.50	10-Aug-23	No change	06-Oct-23
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	24.00	24-Aug-23	Raised 650bps	21-Sep-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-Sep-23
Angola	Base Rate	17.00	14-Jul-23	No change	15-Sep-23
Mexico	Target Rate	11.25	10-Aug-23	No change	28-Sept-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	16.50	25-Aug-23	Cut 25bps	06-Oct-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

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