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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Players in global gaming industry to reach 3.79 billion by 2026

Newzoo, a global provider of video games and gaming data, projected the number of individuals who play electronic and computer games to reach 3.38 billion players globally in 2023, constituting an increase of 6.3% from 3.18 billion players in 2022 and compared to 3.08 billion players in 2021. It attributed the expected growth in the number of players this year to better mobile internet infrastructure, accessible and affordable mobile internet, the rise of the middle class globally, as well as to the availability of gaming as an affordable recreational activity amid the "free-to-play" model and the increasing number of smartphone users worldwide. It expected that players on mobile phones will reach 65.2% of the total number of players in the global gaming industry in 2023, followed by players on personal computers (20.4%) and console game players (14.4% of the total). On a regional basis, it expected the Asia-Pacific region to have 1.79 billion players, or 53% of the total driven by markets for gaming in China, India, Japan and South Korea; followed by the Middle East & Africa region with 574 million players (17%); Europe with 447 million players (13%); Latin America with 335 million players (10%); and North America with 237 million players (7% of the total). Further, it forecast the number of gaming players worldwide to grow by a CAGR of 4.3% in the 2021-26 period and to reach 3.79 billion players by 2026.

Source: Newzoo

Fraud attacks up 66% in 2022

LexisNexis Risk Solutions indicated that automated bot and human-initiated fraud attacks during electronic transactions totaled 1.141 billion attacks in the Europe, the Middle East & Africa (EMEA) region in 2022, constituting a surge of 65.8% from 688 million attacks in 2021. It added that automated bot attacks reached 1 billion attacks in 2022, representing a jump of 75% from 571.4 million attacks in 2021, while human-initiated attacks stood at 141 million and rose by 21% from 116.5 million attacks in 2021. Further, it pointed out that 57% of human-initiated attacks in the EMEA region came from mobile devices, while 43% of those attacks originated from desktop computers. It said that the overall fraud attack rate was 0.7% in the EMEA region in 2022 compared to 1.3% globally. It added that the desktop attack rate stood at 1.6% in the EMEA region last year relative to 1.7% across the world, while the mobile browser attack rate was 2.1% compared to 2.7% globally and the mobile applications attack rate stood at 0.1% in the region relative to 0.8% worldwide in 2022. Also, it indicated that scams dominated fraud types in the EMEA region, followed by first party fraud, then third party chargeback fraud. In parallel, it noted that human-initiated attacks increased by 56% globally, automated bot attacks grew by 27% worldwide, and electronic fraud increased by 20% globally in 2022. The firm said that it analyzed 23.7 billion electronic transactions in 2022 to detect fraud attacks in the EMEA region, up by 22% from 19.4 billion transactions in 2021.

Source: LexisNexis Risk Solutions

AFRICA

Travel and tourism to contribute 5.6% of Sub-Saharan Africa's GDP in 2023

The World Travel & Tourism Council estimated that the travel and tourism sector in Sub-Saharan Africa (SSA) contributed 5.2% of the region's GDP in 2022 compared to 6.5% of GDP in 2019. It estimated that the broad travel & tourism (T&T) sector generated $105.5bn in revenues in 2022, constituting a decrease of 14% from $122.7bn in 2019. It noted that the T&T sector's contribution to GDP in SSA accounted for 1.4% of the contribution of the worldwide T&T industry to global GDP last year relative to 1.2% in 2019. It pointed out that the T&T industry in SSA employed 17.3 million persons in 2022, down by 14.8% from 20.3 million jobs in 2019. As such, the industry accounted for 4.2% of the region's total employment in 2022 compared to a share of 5.1% in 2019. In parallel, it estimated the aggregate international spending by visitors in SSA at $26.2bn in 2022 relative to $36.1bn in 2019. Also, spending by local visitors on T&T reached $56.7bn in 2022, down by 3.3% from $58.6bn in domestic spending in 2019. Leisure spending by visitors in SSA totaled $52.6bn in 2022 compared to $58.7bn in 2019, while business spending reached $30.3bn relative to $36bn in 2019. In parallel, it projected the contribution of the T&T sector to the region's GDP at $114.7bn in 2023 and at $189.1bn in 2033, which would be equivalent to 5.6% of this year's GDP and 6.8% of GDP in 2033.

Source: World Travel & Tourism Council

GCC

Corporate earnings down 19% to $120bn in first half of 2023

The net income of listed companies in Gulf Cooperation Council (GCC) countries reached $119.4bn in the first half of 2023, constituting a decrease of 18.7% from $146.8bn in the same period of 2022. The firms' net earnings totaled $61.5bn in the first quarter and $57.9bn in the second quarter of 2023. Listed companies in Saudi Arabia generated $77.5bn in profits, or 65% of total corporate earnings in the GCC in the first half of 2023, followed by listed firms in Abu Dhabi with $19.1bn (16%), Dubai with $9.8bn (8.2%), Qatar with $6.6bn (5.5%), Kuwait with $4.5bn (3.8%), and Bahrain with $1bn and Oman with $0.9bn (0.8% each). Further, the earnings of listed companies in Dubai increased by 38% in the first half of 2023 from the same period last year, followed by the earnings of listed firms in Abu Dhabi (+23.2%), Kuwait (+18.4%) and Oman (+11%), while the profits of listed firms in Bahrain declined by 52.6%, followed by the earnings of listed firms in Saudi Arabia (-29.4%) and Qatar (-15.4%). Also, the earnings of listed firms in the GCC energy sector reached $64bn and accounted for 53.6% of total corporate earnings in the first half of 2023, followed by the profits of listed banks with $26.8bn (22.4%), utilities companies with $5.3bn (4.4%), telecommunication firms with $5bn (4.2%), and capital goods firms with $3.8bn (3.2%). In addition, the income of the banking sector increased by $4.8bn in the first half of 2023 from the same period last year, followed by the profits of utilities companies (+$1.3bn), and the earnings of telecom firms (+$0.6bn); while the profits of firms in the energy sector declined by $24.9bn in the covered period.

Source: KAMCO, Byblos Research

EMERGING MARKETS

Monetary policy outlook contingent on labor markets and inflation rates

S&P Global Ratings expected that the risks of supply chain disruptions for emerging markets (EMs) have receded in 2023 from their 2022 level. It indicated that exports of wheat and corn from Ukraine have dropped by about one third since the start of the Russian war, mostly on the back of Black Sea exports, while export destinations of grains from Ukraine have partially shifted from the Middle East & Africa to the European Union, China, and Türkiye. However, it pointed out that several Middle Eastern and African economies still source a significant share of grains from Ukraine, despite the smaller volume of imports. It also expected that the record-high production in Ukraine last season to support the wheat and corn markets. But it considered that upside risks to the price outlook still prevail, mainly due to adverse weather conditions. As such, it did not expect authorities in EM economies to change their stance on policy rate cuts, despite a recent pick up in global commodity prices, as it anticipated food and energy prices to continue to decelerate in 2023.

On a regional basis, it expected tighter monetary policy and higher global interest rates to reduce credit growth in Emerging Asia and, in turn, weigh on the region's demand and investment activity in the coming quarters. Also, it considered that the post-2023 inflation outlook in the Emerging Europe, Middle East and Africa (EEMEA) region will remain subject to risks due to tight labor markets and persistently high core inflation rates. Further, it anticipated Turkish authorities to continue to hike the policy rate amid the agency's expectations of significantly higher inflation rates in the remainder of 2023. In parallel, it anticipated that several central banks in Latin American economies, such as Brazil and Chile, will continue to cut their policy rates this year; while the faster-than-expected disinflation process in Colombia, Mexico and Peru, driven by lower food and energy prices as well as weaker domestic demand, could prompt central banks in these countries to start normalizing monetary policy prior than the first quarter of 2024.
Source: S&P Global Ratings

BRICS+ to face diverging economic interests

Danske Bank indicated that the BRICS group of developing countries, which includes Brazil, Russia, India, China and South Africa, will welcome six new members in 2024, which are Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates. It considered that the new BRICS+ group has the parameters to become an economic superpower, as it would represent one third of global GDP and nearly 50% of the world population. However, it anticipated that BRICS+ members to face diverging economic prospects in the near to medium terms.

It expected that the average annual real GDP growth rate of all BRICS+ countries, except for Egypt, to slow down in the 2023-28 period compared to the 2000-10 period. It anticipated economic activity in China, which was the fastest-growing BRICS+ economy for a long time, to significantly decelerate in the 2023-28 period. It expected China to remain the largest economy in the new bloc, but for Ethiopia and India, with average expected real GDP growth rates of above 6%, to catch up with the growth rates of the Chinese economy. But it forecast the average annual real GDP growth rate in five out of the 11 countries at 3% or lower in the coming five years, which it considered very modest in the context of emerging markets.

In parallel, it anticipated that BRICS+ countries will have diverging economic interests, especially as the new group will include several oil-producing economies. It expected the latter to object to investments in the green transition, which should be in the interest of all non-oil-producing emerging markets. It also considered that BRICS+ countries will have diverging geo-economic interests, given that Russia is an international outsider state, Iran and China are already facing sanctions, while other economies are expected to continue their engagement with the West in order to avoid sanctions.
Source: Danske Bank

SAUDI ARABIA

Non-resident capital inflows to rise by 367% to $51.4bn in 2023

The Institute of International Finance (IIF) projected Saudi Arabia's current account surplus to decline from $150.8bn, or 13.6% of GDP in 2022, to $34.7bn or 3.2% of GDP in 2023, due to a significant cut in oil production, lower global oil prices, and strong import spending. It expected the external balance this year to be supported by the surge in tourism revenues from religious and non-religious tourists, and in case oil prices of $83 per barrel in 2023. It also anticipated the Kingdom's fiscal balance to post a small deficit this year, and for authorities to finance the deficit through the issuance of external debt, as well as the promotion of green finance and investments in sustainable projects as part of efforts to diversify the economy away from the oil sector. As a result, it forecast the external debt level to rise from 16.6% of GDP at the end of 2022 to 19.2% of GDP at end-2023, and to reach 21.3% of GDP by the end of 2024.

As such, it expected non-resident capital inflows to Saudi Arabia at $51.4bn in 2023, constituting a surge of 367.3% from $11bn in 2022, due mainly to large portfolio investments. In addition, it forecast foreign direct investments (FDI) in the Kingdom at $10.6bn this year, representing a rise of 34.2% from $7.9bn in 2022 amid the authorities stepped up efforts to significantly improve the business environment, while it projected portfolio investments to grow by 212.5% from $12.8bn last year to $40bn in 2023 as authorities issue addition external debt to finance the fiscal deficit. Further, it projected resident capital outflows from Saudi Arabia to regress from $148.2bn to $88.1bn in 2023, due to a 61.3% decline in other investments, mainly banking-related flows, and a decrease of 31.6% in outward portfolio investments, which would more than offset a 20.2% rise in FDI outflows from the Kingdom. As such, it forecast net capital outflows at $36.7bn in 2023 relative to $137.2bn in 2022.

In parallel, the IIF forecast non-resident capital inflows to the Kingdom to rise by 15.2% to $59.2bn in 2024, due mainly to a 20.8% rise in FDI and a 12% increase in portfolio investments. Further, it projected resident capital outflows from Saudi Arabia to decline to $65.6bn next year, driven mainly by an 83.3% decrease in other investments. As such, it forecast net capital outflows from the Kingdom at $6.4bn in 2024.
Source: Institute of International Finance

ECONOMY & TRADE

ARMENIA

Sovereign ratings upgraded on improved fiscal and economic metrics

S&P Global Ratings upgraded Armenia's long-term foreign and local currency sovereign credit ratings from 'B+' to 'BB-', which are three notches below investment grade, and affirmed its short-term foreign and local currency sovereign credit ratings at 'B'. It also upgraded the transfer and convertibility assessment from 'BB-' to 'BB', and revised the outlook on the long-term ratings from 'positive' to 'stable'. It attributed the upgrade to the improvement of Armenia's real GDP growth and GDP per capita, as well as to the strengthening of its fiscal and external position due to positive spillovers from Russia's war on Ukraine. Also, it noted that financial inflows resulted in a 22% appreciation of the Armenian dram against the U.S. dollar in 2022, which has helped reduce the government debt stock in US dollar terms. But it noted that the ratings are constrained by an evolving institutional framework, low income levels, weak balance-of-payments and fiscal positions, and the country's exposure to geopolitical and external security risks. In parallel, it pointed out that the 'stable' outlook balances Armenia's strong economic growth prospects and improved fiscal balance sheet against its moderately weak external position and elevated geopolitical risks. Further, it forecast the country's gross external financing needs at 107.9% and 108.3% of current account receipts and usable reserves in 2023 and 2024, respectively. It said that it may upgrade the ratings if Armenia's real GDP growth remains strong and if its fiscal, balance of payments, and financial stability risks are contained. In contrast, it noted that it could lower the ratings in case of weaker fiscal and external balance sheets, a deeper depreciation of the exchange rate, and a rise of government and external debt.

Source: S&P Global Ratings

ANGOLA

Uncertain outlook on exchange rate

Citi Research indicated that the International Monetary Fund (IMF), in its March 2023 Article IV country report on Angola, considered that the macroeconomic risks that the country is facing are "tilted to the downside" and that "the primary risk is a larger-than-expected decline in oil prices, which could bring with it a depreciating currency, worsening fiscal and external accounts, an increased debt ratio, given the large foreign exchange share of debt, and inflationary pressures". However, Citi noted that the IMF did not expect these risks to materialize so early in 2023. It said that the exchange rate of the Angolan kwanza stood at AOA800 per US dollar in July, and projected it to average AOA675 per dollar in 2023 compared to the authorities' June forecast of AQA524 for the year. But, unlike the IMF, it said that it did not attribute the depreciation of the kwanza to lower global oil prices, and pointed out that the current and financial account balances were still in surplus in the first quarter of 2023 when the kwanza started to depreciate. As such, it considered that the appreciation of the currency in 2022 was not sustainable, as there was no major increase in the availability of foreign currency in the domestic market and the Banco Nacional de Angola did not significantly build foreign currency reserves. It considered that the appreciation of the kwanza last year had a political dimension, given the national elections of August 2022.

Source: Citi Research

IRAQ

Ratings trend contingent on fiscal and external account dynamics

S&P Global Ratings indicated that Iraq's short- and long-term foreign and local currency sovereign credit ratings of 'B' and 'B-', respectively, reflect the formation of a government in October 2022 following more than a year of political deadlock, the enactment of a record multi-year budget for the 2023-25 period that focuses on public spending and development, as well as the country's sizeable oil export capacity that supports the external balance. It added that the 'stable' outlook on the long-term ratings balances the agency's expectations that Iraq's foreign currency reserves will continue to comfortably exceed the government's debt-servicing obligations in the next 12 months, against significant risks from the political uncertainties in the country, the weak institutional framework, and the lack of economic diversification. In parallel, the agency indicated that it could downgrade the ratings in case of weaknesses in the sovereign's institutional framework, amid Iraq's unpredictable political landscape and external security backdrop, which would reduce the government's ability or willingness to service its debt; and/or if pressure on the fiscal or external balances increased as a result of a sharp and sustained decline in oil production or in global oil prices. In contrast, it said that it would upgrade the sovereign ratings in case higher-than-expected real GDP growth supports the country's fiscal and external balances, and/or if institutional reforms and a more stable security environment improve the government's debt-servicing capacity. Further, it forecast Nigeria's gross external financing needs at 46.7% of current account receipts plus useable reserves in 2023, as well as at 44.2% in 2024, 43% in 2025, and 42% in 2026.

Source: S&P Global Ratings

MOROCCO

Outlook dependent on fiscal consolidation and execution of development plan

Standard Chartered Bank projected Morocco's real GDP growth rate at 3.5% in 2023 and 3.6% in 2024, driven mainly by the recovery in the tourism sector and the resilient exports of automobiles. It indicated that the country's economic outlook is supported by a strong track record of reforms that has led to significant progress on economic diversification, despite a volatile growth historically due to Morocco's dependence on rain-fed agriculture. Also, it expected the inflation rate to decelerate from 5.7% in 2023 to 2.9% in 2024, due to a gradual improvement in domestic agricultural output. Further, it anticipated the fiscal deficit at 4.9% of GDP in 2023 and 4.3% of GDP in 2024 amid higher revenue collection, despite robust public investments. It noted that the authorities' ongoing implementation of tax reforms, along with reforms of state-owned enterprises, should ease fiscal pressures in the medium-term. It pointed out that the government's plan to gradually lift subsidies on some energy and food products and to replace them with more targeted social spending in 2024, along with the support of the International Monetary Fund, should help anchor fiscal consolidation. It considered that Morocco's key policy challenge consists of sustaining fiscal consolidation while executing the country's ambitious development plan, which is crucial to its economic transformation.

Source: Standard Chartered Bank

GCC

Banks' profits up 23% to $27bn in first half of 2023

Figures released by financial services firm KAMCO indicate that listed banks in the six Gulf Cooperation Council (GCC) countries posted aggregate net profits of $26.9bn in the first half of 2023, constituting increases of 23.2% from $22bn in the same period of 2022 and of 19% from $22.8bn in the second half of 2022. The banks' net earnings totaled $13.4bn in the first quarter and $13.7bn in the second quarter of the year. It attributed the rise in income in the first half 2023 mainly to the increase in non-interest income by $2.3bn to $18.2bn in the first half of 2023 and a decline of $0.2bn in loan-loss provisions in the covered period. It added that the aggregate revenues of banks reached $58bn in the first half of 2023, representing increases of 19% from $48.8bn in the first half of 2022 and of 8% from $53.7bn in the second half of last year due to higher non-interest income. Further, it indicated that the aggregate assets of GCC banks stood at $3.05 trillion (tn) at end-June 2023 and increased by 4% from $2.85tn at end-2022 and by 7.3% from $2.75tn a year earlier. In addition, it said that the banks' aggregate net loans reached $1.8tn at the end of June 2023 and grew by 1.7% from $1.77tn at end-2022 and by 6.4% from $1.7tn at end-June 2022, while customer deposits amounted to $2.3tn, and rose by 2.3% from end-2022 and by 6.1% from the end of June 2022. As such, it pointed out that the aggregate loans-to-deposits ratio of GCC listed banks was 79% at the end of June 2022 compared to 78.9% a year earlier.

Source: KAMCO

NIGERIA

Exchange rate to stay under pressure in near term

Citi Research considered that the lack of foreign currency liquidity in Nigeria, following the recent devaluation of the Nigerian naira, is a surprising development, as the devaluation has moved the exchange rate to a level below the rate on the parallel market. It also expressed concerns about the lack of foreign currency liquidity in the formal exchange market, given that oil constitutes the dominant source of foreign currency in the country and that Nigeria's oil output is currently higher-than-anticipated. It considered that the exchange rate on the parallel market reflects the fact that liquidity is not being properly channeled through the formal foreign exchange market, and expected the differential between the official and parallel market rates to narrow once liquidity returns to the formal market. In parallel, it said that the CBN will have to raise its policy rate amid the recent naira devaluation, and pointed out that such a move would provide leeway for the government as the devaluation of the naira should provide a major boost to public revenues. It also anticipated that higher interest rates will attract portfolio inflows to the domestic debt market, which would increase the current levels of liquidity. Further, it pointed out that one of the concerns for investors is whether the CBN has sufficient foreign currency reserves to actively intervene in the exchange market in case of need. It pointed out that the long-awaited publication of seven years of the CBN's financial statements has revealed $14.5bn in financial commitments in foreign currency, which implies an effective level of foreign currency reserves of $19bn at the end of July 2023. As such, it did not expect pressure on the naira to ease significantly in the short run and anticipated the exchange rate to weaken further.

Source: Citi Research

JORDAN

Construction and general trade account for 39% of lending at end-June 2023

Figures released by the Central Bank of Jordan indicate that credit facilities extended by commercial banks in Jordan totaled JD33.5bn, or $47.2bn at the end of June 2023, constituting increases of 2.8% from JD32.6bn ($46bn) at end-2022 and of 5.2% from JD31.8bn ($44.9bn) at end-June 2022. Loans in foreign currency represented 12.2% of the total at end-June 2023 relative to 13.3% a year earlier. The resident private sector accounted for 87.8% of total credit at the end of June 2023 relative to 88.9% at end-June 2022, followed by the central government with 6.8% compared to 6.3% a year earlier; public entities with 3.1%, and the non-resident private sector with 2.1%. Also, the distribution of credit by main sectors shows that construction represented JD8.1bn or 24.3% of the total at end-June 2023 relative to 26% a year earlier, followed by public services & utilities with JD5.6bn (16.8%), general trade with JD4.8bn (14.5%), industry with JD3.9bn (11.7%), financial services with JD912.1m (2.7%), tourism, hotels & restaurants with JD679m (2%), agriculture with JD574.3m (1.7%), transportation with JD399m (1.2%), and mining with JD142m (0.4%). In parallel, loans & advances reached JD21bn at end-June 2023, followed by receivables of Islamic banks with JD9bn, overdrafts with JD2.8bn, credit cards with JD313.6m, and discounted bills with JD151m.

Source: Central Bank of Jordan

CÔTE D'IVOIRE

Abidjan makes progress in AML/CFT

The International Monetary Fund indicated that Côte d'Ivoire has made progress in countering money laundering and terrorist financing (ML/TF) since the 2012 Mutual Evaluation by the Inter-Governmental Action Group against Money Laundering in West Africa, mainly with the adoption of the anti-money laundering and combating the financing of terrorism (AML/CFT) law in 2016, the drafting of a national risk assessment, and awareness-raising among various actors regarding AML/CFT issues. But it said that the real estate sector, the agricultural industry, the mining sector, and the banking sector are subject to ML/TF risks, given that the authorities have not demonstrated an understanding of the relative importance of ML methods used, which constitutes an obstacle to the adoption of a risk-based approach in the sectors. Further, it noted that the banking sector has a moderately high ML/TF risk, although it is one of the most regulated sectors in the country. It said that the implementation of the suspicious activity-reporting requirement varies greatly among banks and does not reflect the ML/TF risks in Côte d'Ivoire. It considered that ML/TF risks are exacerbated by the free movement of persons and goods across the West African Economic and Monetary Union, as the risk assessment identified several major predicate offenses in the country. Also, it indicated that graft, the prevalence of cash in the country, and the large size of the informal sector, continue to challenge the effectiveness of ML/TF prevention. Moreover, it urged the authorities to boost recent efforts related to the collection of statistics about ML/TF, to improve their understanding of ML/TF risks, and to integrate the analysis of financial flows and AML objectives into the strategies that aim to combat predicate offenses identified as ML threats.

Source: International Monetary Fund

Oil prices to average $81.2 p/b in third quarter of 2023

ICE Brent crude oil front-month prices averaged $80.7 per barrel (p/b) in the first eight months of 2023, constituting a drop of 22.5% from $104 p/b in the same period of 2022, as concerns about slowing demand outweighed the prospect of tighter supply from major oil-producing countries. Further, oil prices increased to $85.9 p/b on August 30 from $83.2 p/b a week earlier, due to a large draw in U.S. crude inventories. In parallel, the International Energy Agency expected global oil demand to rise by 2.2 million barrels per day (b/d) to 102.2 million b/d in 2023, due to strong air travel, increased oil use in power generation, and surging activity in China's petrochemicals industry. Also, it forecast global oil output to expand by 1.5 million b/d to 101.5 million b/d in 2023, with the U.S. driving non-OPEC+ gains of 1.9 million b/d. It considered that the substantial spare capacity of 5.7 million b/d from OPEC+ coalition indicates that there is significant scope for the alliance to ramp up production later in 2023. It added that the additional supply of heavy sour crude would allow refiners to boost activity and help ease tensions in the global oil market. But it said that oil inventories could decline by 2.2 million b/d in the third quarter and by 1.2 million b/d in the fourth quarter of this year if the current targets of OPEC+ members are maintained, which would put upside risks on oil prices. In addition, it forecast global oil demand to slow down by 1 million b/d in 2024, due to the increase in the usage of electric vehicles. Further, Refinitiv projected oil prices, through its latest crude oil price poll of 37 industry analysts, to average $81.2 p/b in the third quarter and $84 p/b in the fourth quarter of 2023.

Source: International Energy Agency, Refinitiv, Byblos Research

Global steel output up 6.2% in July 2023

Global steel production reached 158.5 million tons in July 2023, nearly unchanged from 158.8 million tons in June 2023 and constituting an increase of 6.2% from 149.3 million tons in July 2022. Production in China totaled 90.8 million tons and accounted for 57.3% of global steel output in July 2023, followed by output in India with 11.5 million tons (7.3% of the total), in Japan with 7.4 million tons (4.7%), the U.S. with 6.9 million tons (4.4%), Russia with 6.3 million tons (4%), and South Korea with 5.7 million tons (3.6%).

Source: World Steel Association, Byblos Research

Iraq's oil exports receipts at $8.3bn in July 2023

Preliminary figures from the Iraq Ministry of Oil show that crude oil exports from Iraq totaled 106.75 million barrels in July 2023, up by 6.1% from 100.6 million barrels in June 2023. Oil exports from the central and southern fields amounted to 105.5 million barrels in July 2023. Further, oil export receipts stood at $8.3bn in July compared to $7.2bn in June 2023 and to $10.3bn in July 2022.

Source: Iraq Ministry of Oil, Byblos Research

Saudi Arabia's oil export receipts at $19bn in June 2023

Total oil exports from Saudi Arabia amounted to 8.15 million barrels per day (b/d) in June 2023, constituting declines of 1.8% from 8.3 million b/d in May 2023 and of 7.3% from 8.8 million b/d in June 2022. Further, oil export receipts reached $19.16bn in June 2023, representing decreases of 0.2% from $19.2bn in May 2023 and of 38.3% from $31.04bn in June 2022.

Source: JODI, General Authority for Statistics, Byblos Research

Base Metals: Zinc prices to average $2,200 per ton in third quarter of 2023

The LME cash prices of zinc averaged $2,726.5 per ton in the first eight weeks of 2023, constituting a drop of 26.5% from an average of $3,711.9 a ton in the same period of 2022, driven by monetary tightening in advanced economies and a decrease in energy prices that led to the reopening of zinc smelters, which raised concerns of a market surplus. In parallel, Citi Research projected the global supply of zinc at 13.73 million tons in 2023, representing an increase of 2.8% relative to 13.35 million tons last year, with mine output representing 93% of the total. Further, it forecast demand for the metal at 13.6 million tons in 2023 constituting a marginal increase of 0.3% from 13.56 million tons in 2022. Also, it expected the market deficit of 211,000 tons in 2022 to shift to a surplus of 129,000 in 2023. In addition, in its bear case scenario, it projected the price of the metal to average $2,100 per ton in the next three months and $2,200 in the first quarter of 2024, in case smelter output growth outpaces sustained low demand. Also, in its bull case scenario, it projected the price of the metal to increase to $2,700 a ton by the end of 2024 due to stronger global cyclical demand growth for the metal. Moreover, it projected zinc prices to average $2,200 a ton in the third and fourth quarters of 2023. As such, it anticipated zinc prices to average $2,515 per ton in 2023.

Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Gold prices projected at $1,922 per ounce in third quarter of 2023

Gold prices averaged $1,933.5 per troy ounce in the first eight months of 2023, constituting an increase of 5% from an average of $1,844 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 between March and May 2023. Also, the price of the metal declined from a recent high of $2,047 per ton on May 4, 2023 to $1,945.6 a ton on August 30, 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, the World Gold Council said that July marked the second consecutive month of net outflows across physically-backed gold exchange traded funds (ETFs). It noted that outflows from gold-backed ETFs reached 18.5 tons in Europe in July 2023, followed by outflows of 16.3 tons in North America, and outflows of 1.7 tons in other regions, which offset inflows into gold-backed ETFs of 1.9 tons in Asia. As such, it pointed out that global net outflows from gold ETFs totaled 34.4 tons in July 2023. In addition, S&P Global Market Intelligence noted that investment demand for gold remains flat, as investors are waiting for the U.S. Federal Reserve to end its tightening cycle. However, it said that the U.S. Federal Reserve could tighten its monetary policy further in September after raising interest rates by 25 basis points in July. Moreover, it forecast gold prices to fluctuate between a low of $1,750 per ounce and a high of $1,950 an ounce in the third quarter, for a mean of $1,922 per ounce in the covered quarter, while ot projected the metal prices to range between a low of $1,750 per ounce and a high of $2,000 an ounce for a mean of $1,911 per ounce in the fourth quarter of 2023.

Source: World Gold Council, S&P Global Market Intelligence 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	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-	Ba3	BB-	B+								
	Stable	Stable	Stable	Positive	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+	A1	A+	-								
	Stable	Stable	Stable	-	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB-	Baa3	BBB-	-								
	Stable	Negative	Negative	-	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB-	Baa3	BBB	-								
	Stable	Positive	Stable	-	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	CCC+	Caa3	CCC	-								
	Stable	Stable	-	-	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe												
Bulgaria	BBB	Baa1	BBB	-								
	Stable	Stable	Stable	-	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB-	Baa3	BBB-	-								
	Negative	Negative	Negative	-	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	C	Ca	C	-								
	CWN***	Negative	-	-	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Türkiye	B	B2	B	B+								
	Negative	Negative	Negative	Stable	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
Ukraine	B-	B3	CCC	-								
	CWN	RfD	-	-	-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	09-Aug-23	No change	N/A
Nigeria	Monetary Policy Rate	18.75	25-Jul-23	Raised 25bps	26-Sep-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	3.12	30-Aug-23	Raised 16bps	27-Sep-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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