

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Private markets fundraising down by 11% to \$1.2 trillion in 2022

Consulting firm McKinsey & Company indicated that global private markets fundraising reached \$1.2 trillion (tn) in 2022, constituting a decrease of \$152bn, or of 11.4%, from \$1.36tn in 2021. In comparison, global private markets fundraising stood at \$1.04tn in 2017, \$1.13tn in 2018, \$1.2tn in 2019, and \$1.07tn in 2020, and posted a compound annual growth rate of 2.9% in the 2017-22 period. Private equity funds raised \$655bn in 2022 and accounted for 54.4% of the aggregate private markets fundraising, followed by private debt funds with \$224bn (18.6%), real estate investment funds with \$166bn (13.8%), and infrastructure & natural resources funds with \$158bn (13%). Also, the funds' investments in real estate dropped by 23% last year, followed by placements in private equity (-15.2%), while investments in infrastructure and natural resources increased by 6.5% in 2022, and placements in private debt grew by 2%. In addition, private investment funds in North America raised \$799bn in capital in 2022, or 66.4% of total capital raised, followed by fundraising in Europe with \$230bn (19%), and Asia with \$118bn (9.8%), while the rest of the world raised \$57bn (4.7%). Also, fundraising in North America increased by 2.4% in 2022, while it declined by 39% in Asia, by 28.2% in Europe decreased, and by 9.3% in the rest of the world.

Source: McKinsey & Company

EMERGING MARKETS

More than 27% of rated sovereigns have investment-grade rating at end-June 2023

S&P Global Ratings indicated that 27.3% of the sovereigns that it rates in the Emerging Europe, the Middle East and Africa (EEMEA) region had an investment grade rating as at the end of June 2023, the second lowest such ratio since the end of June 2017 when it stood at 27%. It noted that 22 of the sovereigns that it rates in the EEMEA region were in the 'B' category at end-June 2023 and accounted for 40% of total rated sovereigns, followed by nine non-investment-grade sovereigns in the 'BB' range, another nine in the 'CCC' category or lower (16.4% each), eight sovereigns in the 'BBB' range (14.5%), four sovereigns in the 'A' category (7.3%), and three sovereigns in the 'AA' bracket (5.5%). It said that the average sovereign credit rating declined from about 'BB+' at the end of 2010 to 'BB-' at end-June 2023, while the average sovereign rating, weighted by GDP, declined from about 'BBB' to 'BB+' over the same period of time. In addition, it pointed out that the ratings of 40 sovereigns carried a 'stable' outlook at end-June 2023, seven countries had a 'negative' outlook, and four economies carried a 'positive' outlook, while four countries had a 'non meaningful' outlook as a result of defaulting on their financial obligations. Also, it said that 15 sovereigns in Sub-Saharan Africa (SSA), 10 countries in Emerging Europe, 10 sovereigns in the Middle East and North Africa (MENA), four economies in the Commonwealth of Independent States (CIS), and one sovereign in Emerging Asia carried a 'stable' outlook on their ratings at end-June 2023. It added that four countries in SSA, two economies in the MENA region, and one country in Emerging Europe had a 'negative' outlook on their ratings at end-June 2023.

Source: S&P Global Ratings

MENA

Travel and tourism to contribute to 7% of GDP in 2023

The World Travel & Tourism Council estimated that the travel and tourism sector in the Middle East contributed 6% of the region's GDP in 2022 compared to 8.4% of GDP in 2019. It estimated that the broad travel & tourism (T&T) sector generated \$335.6bn in revenues in 2022, constituting a decline of 25.3% from \$449.4bn in 2019. It noted that the T&T sector's contribution to GDP in the Middle East accounted for 4.4% of the contribution of the worldwide T&T industry to global GDP last year, nearly unchanged from 2019. It pointed out that the T&T industry in the Middle East employed 6.83 million persons in 2022, down by 8.7% from 7.48 million jobs in 2019. As such, the industry accounted for 8.8% of the region's total employment in 2022 compared to a share of 9.9% in 2019. In parallel, it estimated the aggregate international spending by visitors in the Middle East at \$112.4bn in 2022 relative to \$226.3bn in 2019, which accounted for 10.3% of the region's exports of goods and services in 2019. Further, spending by local visitors on T&T reached \$148.6bn in 2022, up by 0.7% from \$147.5bn in domestic spending in 2019. Leisure spending by visitors in the Middle East totaled \$225.5bn in 2022 compared to \$306.1bn in 2019, while business spending reached \$35.5bn relative to \$67.7bn in 2019. In parallel, it projected the contribution of the T&T sector to the region's GDP at \$413.2bn in 2023 and at \$667.5bn in 2033, and to be equivalent to 7% of this year's GDP and 8.8% of GDP in 2033. It forecast that employment in the T&T sector at 7.32 million jobs in 2023, or 9.3% of total employment in the Middle East this year, and at 9.83 million jobs or 10.8% of the region's total employment in 2033.

Source: World Travel & Tourism Council

QATAR

Profits of listed firms down 11.3% to \$3.4bn in first quarter of 2023

The net income of 50 companies listed on the Qatar Stock Exchange totaled QAR12.5bn, or \$3.4bn in the first quarter of 2023, constituting a decrease of 11.3% from QAR14.1bn (\$3.87bn) in the first quarter of 2022. Banking & financial services firms generated net profits of \$1.9bn in the first quarter of 2023 and accounted for 56.6% of the earnings of publicly-listed firms. Industrial companies followed with \$649.8m, or 19% of the total, then telecommunications firms with \$299.5m (8.7%), transportation firms with \$224.6m (6.5%), real estate companies with \$116.3m (3.4%), insurers with \$102.4m (3%), and consumer goods & services providers with \$98.7m (3%). Further, the net earnings of listed telecommunications firms surged by 40.4% in the first quarter of 2023 from the same period last year, followed by transportation companies (+2.4%), and banking & financial services providers (+1.3%). In contrast, the net income of providers of industrial companies decreased by 44.3% in the first quarter of 2023 from the same period of 2022, followed by consumer goods & services (-18.3%), real estate firms (-10.5%), and insurance providers (-7%).

Source: KAMCO

OUTLOOK

EMERGING MARKETS

Fiscal and external breakeven oil prices to increase in 2023

The Institute of International Finance (IIF) expected the breakeven oil prices of major hydrocarbon exporters to be higher in 2023 than they were last year, due to the anticipated lower hydrocarbon export volume of several major oil producers such as Kuwait, Russia and Saudi Arabia, as well as to the significant increase in public spending in some of these economies.

It expected Saudi Arabia's external breakeven oil price to increase from \$54 per barrel in 2022 to \$67 p/b this year, and for its fiscal breakeven oil price to increase from \$86 p/b last year to \$89 p/b in 2023, due mainly to the decline in crude oil production from 10.53 million barrels per day (b/d) in 2022 to 9.97 million b/d in 2023. Also, it projected Kuwait's fiscal breakeven oil price to increase from \$72 p/b to \$75 p/b due to the decline in the volume of oil exports and the sustained increase in public spending. In contrast, it expected Qatar's fiscal and external breakeven oil prices to regress from \$51 p/b and \$46 p/b, respectively, in 2022 to \$46 p/b and \$44 p/b, respectively, in 2023, due to higher liquefied natural gas production as well as to lower imports and public spending, following the end of the 2022 FIFA World Cup.

In parallel, the IIF anticipated Nigeria's fiscal and external breakeven oil prices to regress from \$212 p/b and \$98 p/b, respectively, in 2022 to \$160 p/b and \$76 p/b, respectively, in 2023 due to the impact of the recent sharp devaluation of the naira, which will lead to a sizeable contraction of imports and a significant increase in hydrocarbon receipts in local currency. Further, it estimated that Russia's fiscal breakeven oil price will rise from \$108/b in 2022 to \$118/b in 2023, due to in part to Western sanctions that will result in a 13% decline in Russia's natural gas production and to a 3% decrease in crude oil production this year. Also, it expected Russia's external breakeven oil price to increase from \$31 p/b in 2022 to \$42 p/b in 2023, but to remain one of the lowest among hydrocarbon exporters.

Source: Institute of International Finance

ANGOLA

Outlook dependent on oil production and foreign currency liquidity

Standard Chartered Bank (SCB) projected Angola's real GDP growth at 2.3% in 2023 compared to a previous forecast of 3.1% for this year, due to the country's expected lower oil production and tighter foreign currency liquidity in the domestic market. Also, it revised upwards its forecast for the average inflation rate from 12.3% to 14.2% in 2023, due mainly to the impact of the partial lifting of fuel subsidies and the depreciation of the Angolan kwanza. It indicated that the Banco Nacional de Angola had previously signaled that it will further ease its monetary policy in 2023, but expected the authorities to maintain policy rates at their current level due to inflationary pressures.

In parallel, it indicated that the government has partially lifted fuel subsidies, except for public transportation, agriculture and fishing in order to limit inflationary pressures, and is planning to gradually remove diesel subsidies starting in 2024. It projected the fiscal surplus at 0.2% of GDP in 2023 compared to a previous

forecast of 4.7% of GDP for this year, due to lower global oil prices and a decline in oil production, and as cash transfers to vulnerable households will partly offset the 35% decrease in subsidies. It considered that the authorities' budgeted oil price of \$75 per barrel leaves little fiscal space, given that oil production is below targets. It forecast the public debt level to exceed 80% of GDP given the elevated share of foreign currency-denominated debt in the debt stock.

Further, SCB revised downwards its forecast for the current account surplus from 8.9% of GDP to 5.9% of GDP in 2023, due to lower oil export receipts. It anticipated the external debt servicing of \$9.93bn in 2023 to weigh on foreign currency reserves and liquidity in the domestic market. Also, it indicated that the exchange rate of the kwanza depreciated at a faster-than-expected pace so far this year, and forecast it to reach AOA850 per US dollar by the end of 2023 relative to a previous projection of AOA586 per dollar. As a result, it expected the Angolan authorities to seek a new funded program with the International Monetary Fund.

Source: Standard Chartered Bank

EGYPT

Outlook contingent on proceeds from privatization plan

Bank of America (BofA) considered that Egypt could generate up to \$4bn in foreign currency proceeds following the authorities' announced near-term divestment plans, which is close to the International Monetary Fund's (IMF) target of \$4.6bn for the fiscal year that ends in June 2024. It indicated that the Egyptian authorities concluded five divestment deals that generated \$1.9bn in proceeds so far, including \$1.65bn in foreign currency. It added that they could soon announce an additional \$1bn in transactions, in line with the country's IMF-supported program. But it considered that this outcome depends critically on the sale of a number of large ticket items in the telecommunications and banking sectors, as the proceeds from such sales would constitute more than half of the authorities' near-term proceeds. It said that the outcome is also contingent on the valuations of the assets for sale, on the flexibility of the exchange rate, and on the timely execution of the transactions. It also stressed that authorities need to maintain the reforms momentum, as the IMF-supported program targets an additional \$1.8bn in state asset sales in FY2024/25.

In parallel, BofA anticipated the emergence of an external funding, even with the effective and full implementation of the authorities' ambitious agenda. It expected external funding from external sources of about \$2bn in FY2023/24, and noted that authorities intend to raise an additional \$2bn from capital markets in the second half of 2023. As such, it considered that a successful return to international capital markets would be key for Egypt to bridge its external funding gap. It expected that the completion of the delayed IMF's first review of the country's Extended Fund Facility, along with additional financing from Gulf Council Cooperation countries, will provide the authorities with some leeway. But it noted that there are significant risks of further delays of the IMF review, given the upcoming presidential elections in early 2024, among other factors. It added that a restructuring of Egypt's debt could prove inevitable, in case sufficient private and official financing is not forthcoming.

Source: Bank of America

ECONOMY & TRADE

WORLD

Insurance premiums to grow by 1.1% in real terms in 2023

Global reinsurer Swiss Re estimated that insurance premiums worldwide reached \$6,782.2bn in 2022, constituting an increase of 0.3% in nominal terms and a decrease of 1.1% in real terms from \$6,764.7bn in 2021. Further, it expected global insurance premiums to grow by 1.1% in 2023 and by 1.7% in 2024 in real terms. Also, it estimated that insurance premiums in North America stood at \$3,130.8bn in 2022 and accounted for 46.2% of global premiums, followed by insurance premiums in advanced Europe, the Middle East, & Africa (EMEA) with \$1,561.7bn (23%), Emerging Asia with \$920.6bn (13.6%), advanced Asia-Pacific with \$804.4bn (11.9%), emerging EMEA with \$194.8bn (2.9%), and Latin America & the Caribbean with \$170bn (2.5%). In addition, it estimated that global non-life premiums totaled \$3,969.2bn in 2022, and grew by 3.8% in nominal terms and by 0.5% in real terms from \$3,824.4bn in 2021. It forecast global non-life premiums to expand by 1.4% in real terms this year, supported by recovering economic activity and by the ongoing "hardening" of prices in the commercial market. In parallel, it estimated that global life premiums reached \$2,813bn in 2022, and decline by 4.3% in nominal terms and by 3.1% in real terms from \$2,940.3bn in 2021. It expected global life premiums to expand by 0.7% in real terms in 2023. Moreover, it estimated that the insurance sector's penetration rate, or premiums relative to the size of the economy, stood at 6.8% of global GDP in 2022. It added that the penetration rates of the non-life and life premiums were 4% of GDP and 2.8% of GDP, respectively, in 2022. Also, it estimated that the insurance density, or premiums per capita, reached \$853 last year with the density of non-life and life premiums at \$499 and \$354, respectively.

Source: Swiss Re

EMERGING MARKETS

Growth outlook facing headwinds

S&P Global Ratings indicated that domestic demand in emerging market (EM) economies has been resilient in 2023, as inflationary pressures are broadly receding and labor market dynamics remain supportive. But it noted that external demand for the region's exports continues to decrease as growth in developed economies weakens, and considered that this would weigh on growth prospects across EMs, mainly in commodity exporters. It added that the lagged effects of tight monetary policy on economic activity have started to materialize. It also expected below-potential real GDP growth in 2024 for most EM countries, as it anticipated external demand for the region's exports to remain sluggish next year. In parallel, it indicated that banks and domestic capital markets have provided critical financing for EM sovereigns in order to mitigate for the tight financing conditions globally. Also, it considered that the risk of another uptick in global food prices has increased sharply, given the uncertainties about the outcome of the Black Sea grain deal. Further, the agency considered that the main risks to the outlook for EM economies originate from lingering tight financing conditions amid higher interest rates worldwide, a sharper-than-expected slowdown of economic activity in advanced economies, a weaker recovery of the Chinese economy, and geopolitical tensions.

Source: S&P Global Ratings

UAE

Agencies affirm sovereign ratings, outlook 'stable'

Fitch Ratings affirmed the United Arab Emirates' short- and long-term local and foreign currency Issuer Default Rating at 'F1+' and 'AA-', respectively, and maintained the 'stable' outlook on the long-term ratings. It also affirmed the country ceiling at 'AA+'. It attributed the affirmation of the ratings to the country's moderate public debt level, strong net external asset position, and high GDP per capita. But it said that the ratings are constrained by the country's high dependence on hydrocarbon revenues, the significant indebtedness of some government-related entities (GREs), and weak governance indicators. It projected the UAE fiscal breakeven oil price to average \$62 per barrel (p/b) in the 2023-25 period, and forecast the consolidated budget surplus at 4.6% of GDP in 2023, 3.7% of GDP in 2024 and 3.4% in 2025. It also forecast the government debt level at 31.4% of GDP in 2023, and expected it to remain stable in the next two years. Further, it estimated contingent liabilities from GREs at 64% of the UAE's GDP, gross non-bank external debt at 50% of GDP, and the banking sector's debt at 38% of GDP in 2022. In parallel, Capital Intelligence Ratings affirmed the short- and long-term foreign and local currency ratings of the United Arab Emirates at 'A1+' and 'AA-', respectively, and maintained the 'stable' outlook on the long-term ratings. It indicated that the ratings reflect the strength of the UAE's consolidated fiscal and external positions. It noted that the ratings are supported by a stable political environment, the government's continuous efforts to diversify the economy and to improve the consolidated budget structure, and an elevated GDP per capita. It stated that the 'stable' outlook balances the country's solid external position against elevated financing risks of the GREs of the Emirate of Dubai and high reliance on hydrocarbon exports.

Source: Fitch Ratings, Capital Intelligence Ratings

GHANA

Outlook contingent of external debt restructuring

Standard Chartered Bank indicated that Ghana has secured a \$3bn program with the International Monetary Fund, with an initial disbursement of \$600m that took place in May 2023. It noted that further disbursements will be conditional on the restructuring of the country's external debt that targets a \$10.5bn reduction in external debt servicing in the next three years. It added that about two thirds of Ghana's external debt stock are subject to the restructuring, and that private external creditors hold about \$13.3bn and official bilateral creditors own \$5.4bn of the country's external debt. In addition, it said that government aims to finalize negotiations on the restructuring of its external debt by the first IMF review in November of this year. It added that the authorities will try to conclude a second phase of the domestic debt exchange (DDE) with domestic pension funds, after having partially concluded a DDE with the local holders of domestic bonds. But it pointed out that labor unions have rejected the authorities' efforts to exchange existing local currency-denominated debt held by pension funds for longer-dated bonds, while the government's renegotiations of \$1.58bn in arrears it owes to independent power producers have been more challenging, which it expected will constitute downside risks to growth prospects. In parallel, it considered that the impact on Ghana's financial sector from the DDE constitutes the biggest medium-term risk to growth prospects.

Source: Standard Chartered Bank

BANKING

SAUDI ARABIA

Banks' profitability to improve in 2023 despite tighter liquidity

Fitch Ratings expected the performance of banks in Saudi Arabia to remain healthy in 2023, despite tighter liquidity, as their profitability metrics will continue to benefit from the favorable operating environment. It indicated that the average operating profit-to-risk-weighted assets ratio of Fitch-rated Saudi banks was 2.7% in 2022, and anticipated non-oil economic activity, supported by public capital expenditures, private-sector credit growth, lower unemployment and the government's ongoing Vision 2030 strategy, to boost profitability metrics in 2023. It projected lending growth in the banking sector to decelerate from 14% in 2022 to about 12% in 2023, due in part to lower demand for mortgage financing as a result of the recent reduction in government subsidies for mortgages. Further, it noted that liquidity conditions tightened moderately in 2022, as lending growth outpaced deposit growth of 9% last year, and as rising interest rates led some customers to shift their funds from low-cost current account and savings account (CASA) deposits to term deposits. It pointed out that the banking sector's CASA deposits accounted for 56% of total deposits at end-March 2023 relative to 65% at end-2020. It added that the tighter liquidity increased the average cost of funding for rated Saudi banks from 40 basis points (bps) in 2021 to 110bps in 2022. But the agency expected the Saudi authorities to continue to deploy liquidity in the banking system to support lending growth, in case of need, as the supply of credit is key to the execution of the Kingdom's Vision 2030.

Source: Fitch Ratings

JORDAN

NPLs ratio to increase to 5.5% at end-2023

S&P Global Ratings maintained Jordan's banking sector assessment in 'Group 8' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '8' and an industry risk score of '7'. The BICRA framework evaluates banking systems based on the economic and industry risks that they face, with 'Group 10' consisting of the riskiest banking sectors. The other countries in BICRA's Group '8' are Armenia, Costa Rica, Cyprus, Honduras, Jamaica, Kazakhstan, Paraguay, and Uzbekistan. It indicated that the economic risk score reflects "extremely high risks" in Jordan's economic resilience, "very high" credit risks in the economy, and "intermediate risks" in the country's economic imbalances. It expected the sector's non-performing loans ratio to increase from 4.8% at the end of 2022 to between 5.3% and 5.5% at end-2023, due to inflationary pressures and the tightening of global financing conditions. Also, it considered that Jordanian banks are highly exposed to sovereign risk and sectorial concentration, which limits their creditworthiness. It considered that the elevated indebtedness of households is leading to high credit risk in the economy, which leaves the banking sector with limited room to absorb economic shocks. In parallel, S&P said that the industry risk score reflects the country's "high risks" in its institutional framework, competitive dynamics and system-wide funding. It noted that the banks' capitalization is adequate, and said that the ample and stable deposit base supports their funding structure. Further, it indicated that the trend for the industry and economic risks is 'stable'.

Source: S&P Global Ratings

ARMENIA

Banking sector benefiting from labor and capital inflows

Moody's Investors Service indicated that the 'weak' macro profile of the Armenian banking system balances the economy's robust growth potential and increasingly diverse economic drivers, against political and external vulnerabilities risks as well as the economy's small size and middle-income level. It noted that Armenian banks benefitted from an improvement in the operating environment in 2022, which enabled them to significantly enhance their profitability, asset quality and loss absorption capacity. It noted that bank lending shifted from a contraction of 5% in 2021 to a rise of 6% in 2022 amid the banks' tightened underwriting policies and the restructuring of problem loans. It pointed out that the non-performing loan ratio of the banking sector declined from 3.5% at end-2021 to 2.8% at end-2022. Also, it anticipated the banks' credit risks to decrease in the near-term amid the favorable operating environment, despite the banks' high exposure to the construction sector and mortgage lending. In addition, it indicated that the Armenian banking sector's large exposure to foreign-currency loans poses risks to the banks' asset quality. But it said that the share of foreign-currency loans declined from 44% of gross loans at end-2021 to 36% at end-2022. In parallel, it noted that Armenian banks are primarily funded by customer deposits, which accounted for 72% of total liabilities at end-2022. It pointed out that customer deposits at banks increased by 27% in 2022, and were mainly in foreign currency due to a surge in capital and labor inflows from Russia. It added that foreign currency deposits accounted for 55% of total deposits at end-2022, which is generating currency-induced credit risks and is weakening the banks' funding profiles.

Source: Moody's Investors Service

EGYPT

Ratings on four banks affirmed, outlook 'negative'

Fitch Ratings affirmed the long-term foreign-currency Issuer Default Ratings (IDRs) of the National Bank of Egypt (NBE), Banque Misr (BM), Commercial International Bank (CIB), and Banque du Caire (BdC) at 'B+'. Further, it maintained the 'negative' outlook on the long-term IDRs, in line with the outlook on the Egyptian sovereign and due to the banks' unfavorable operating environment. Also, it maintained the national long-term ratings of the four banks at 'AA(egy)', with a 'stable' outlook on the ratings, and affirmed the Viability Ratings of the four banks at 'b'. It said that the ratings of the banks are supported by their standalone credit profiles, their strong franchise, and their good funding profile. But it noted that tight liquidity in foreign currency and the banks' elevated exposure to the sovereign are weighing on their ratings. It noted that high market risks and large concentrations of loans to single borrowers are weighing on the ratings of CIB and BdC, and added that the ratings of NBE, BM and CIB are underpinned by their healthy asset quality metrics, while the rating of BdC takes into account the bank's moderate asset quality. In addition, it said that the ratings of NBE and BM are constrained by their volatile profitability and weak core capitalization. Also, it noted that the rating of CIB reflects its strong profit ratios and its adequate capitalization, while the rating of BdC takes into account the bank's moderate capital ratios.

Source: Fitch Ratings

ENERGY / COMMODITIES

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

ICE Brent crude oil front-month prices have been volatile in the first three weeks of July 2023, trading at between \$74.7 per barrel (p/b) and \$81.4 p/b. Crude oil prices increased from \$78.5 p/b on July 17 to \$79.6 p/b on July 18, as Russian seaborne crude exports dropped to a six-month low and as U.S. crude stockpiles fell by 797,000 barrels. In parallel, the International Energy Agency (IEA) projected global oil demand to increase by 2.2 million barrels per day (b/d) in 2023 to an average of 102.1 million b/d, as a result of higher demand from China that will more than offset low demand from OECD from the slowdown in industrial activity, and added that China would account for 70% of oil global consumption this year. Also, it expected global oil supply to increase by 1.6 million b/d to 101.5 million b/d and for non-OPEC+ countries to expand by 1.9 million b/d in 2023. It said that lower production from Saudi Arabia and core OPEC+ members has so far been offset by higher output from other producers. Further, it forecast the growth in oil demand to slow down to 1.1 million b/d in 2024 due to the challenging economic environment and the increase in demand for electric vehicles. Also, it expected global oil supply to rise by 1.2 million b/d to 102.8 million b/d in 2024, with non-OPEC+ accounting for all of the increase. Also, Goldman Sachs noted that the decarbonization efforts by corporations and consumers imply greater uncertainty about oil demand in the future. Further, Citi research forecast oil prices to average \$83 p/b in the third quarter and \$78 p/b in the fourth quarter of 2023. *Source: IEA, Goldman Sachs, Citi Research, Refinitiv, Byblos Research*

Angola's oil export receipts up 2.6% to \$931m in June 2023

Oil exports from Angola reached 35.59 million barrels in June 2023, constituting an increase of 4.8 million barrels (+15.6%) from 30.78 million barrels in May 2023 and a decrease of 1.58 million barrels (-4.2%) from 37.16 million barrels in the same month in 2022. The country's oil export receipts totaled KZ660.1bn, or \$931m, in June 2023 and surged by 248% from KZ189.7bn (\$356.5m) in May 2023 and increased by 2.6% from KZ643.25bn (\$1.5bn) in June 2022.

Source: Ministry of Finance of Angola

Global demand for natural gas nearly unchanged in 2023

The International Energy Agency projected global natural gas demand to reach 4,041 billion cubic meters (bcm) in 2023, nearly unchanged from 4,046 bcm in 2022. It anticipated demand for natural gas in North America at 1,122 bcm and to represent 27.8% of the world's aggregate demand in 2023, followed by Asia Pacific with 905 bcm (22.4%), Eurasia 610 bcm (15.1%), the Middle East with 588 bcm (14.6%), Europe with 498 bcm (11.6%), and Africa with 168 bcm (4.2%).

Source: International Energy Agency, Byblos Research

OPEC's oil basket price down 0.8% in June 2023

The price of the reference oil basket of the Organization of Petroleum Exporting Countries (OPEC) averaged \$75.19 per barrel (p/b) in June 2023, constituting a decrease of 0.8% from \$75.82 p/b in May 2023. The price of Saudi Arabia's Arab Light was \$77.18 p/b, followed by Kuwait Export at \$76.44 p/b, and Angola's Girassol at \$76.3 p/b. All prices in the OPEC basket posted monthly decreases of between \$0.14 p/b and \$1.54 p/b in June 2023, except Venezuela Merey Blend posted a rise of \$1.15 p/b. *Source: OPEC*

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

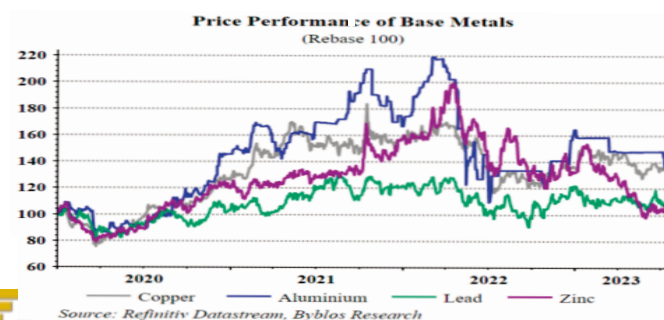
The LME cash prices of zinc averaged \$2,791.4 per ton in the year-to-July 19, 2023 period, constituting a drop of 25.8% from an average of \$3,762.2 a ton in the same period of 2022, driven by monetary tightening in advanced economies and a decrease in energy prices that led to the reopening of zinc smelters, which raised concerns of a market surplus. In parallel, S&P Global Market Intelligence projected global refined zinc production at 13.87 million tons in 2023 relative to 13.55 million tons in 2022, with mine output representing 92.4% of global output this year. Also, it expected global refined zinc consumption at 14.01 million tons this year compared to 13.8 million tons in 2022. Further, it revised downward the increase in demand for zinc from 1.7% to 1.2% in 2023, due to high global interest rates, elevated inflation rates in the European Union and in the United Kingdom, as well as to the slow recovery in economic activity in China. In addition, it downgraded its price forecast to an average of \$2,818 per ton in 2023 and \$2,774 a ton in 2024 due to the persistent weak demand for the metal in the near term. Moreover, Citi Research projected zinc prices to average \$2,200 per ton in the third and fourth quarters of 2023. As such, it expected zinc prices to average \$2,515 a ton in 2023.

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

Precious Metals: Palladium prices to average \$1,250 per ounce in third quarter of 2023

The prices of palladium averaged \$1,483.3 per troy ounce in the year-to-July 19, 2023 period, constituting a decline of 32.3% from an average of \$2,190 an ounce in the same period last year. The decrease in palladium prices has been mainly driven by global chip shortages and to the substitution of palladium with platinum in catalytic converters. In parallel, Citi Research anticipated the global supply of palladium at 9.3 2million ounces in 2023, nearly unchanged from 9.3 million ounces in 2022, with mine output representing 69.3% of global output in 2023. Also, it forecast demand for the metal at 9.74 million ounces in 2023, which would represent a decrease of 1.1% from 9.85 million ounces in 2022. It anticipated demand for the metal at 9.85 million ounces, and production at 9.96 million ounces in 2024, which would constitute a surplus of 116,000 tons next year. As such, it anticipated the palladium market to shift from a deficit in late 2023 to a surplus in 2024 amid strong growth in demand for batteries for electric vehicles and the continued substitution of palladium with platinum. Moreover, it forecast palladium prices to average \$1,250 per ounce in the third quarter and \$1,225 an ounce in the fourth quarter of 2023. As such, it anticipated palladium prices to average \$1,375 per ounce in 2023.

Source: Citi Research, Refinitiv, Byblos Research



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								
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	SD	-								
	-	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 Congo	B-	B3	-	-								
	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-	-								
	Negative	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				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	B+ Positive	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	Baa1	BBB	-	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
	Stable	Stable	Stable	-								
Romania	BBB-	Baa3	BBB-	-	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
	Negative	Negative	Negative	-								
Russia	C	Ca	C	-	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
	CWN***	Negative	-	-								
Türkiye	B	B2	B	B+	-4.0	38.5	-0.9	74.0	9.9	205.7	-4.2	1.0
	Negative	Negative	Negative	Stable								
Ukraine	B-	B3	CCC	-	-5.3	67.3	4.5	56.5	7.9	115.7	-2.1	2.5
	CWN	RfD	-	-								

* 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	5.25	14-Jun-23	No change	26-Jul-23
Eurozone	Refi Rate	4.00	15-Jun-23	Raised 25bps	27-Jul-23
UK	Bank Rate	5.00	22-Jun-23	Raised 50bps	03-Aug-23
Japan	O/N Call Rate	-0.10	16-Jun-23	No change	28-Jul-23
Australia	Cash Rate	4.10	04-Jul-23	No change	01-Aug-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	15-Jun-23	No change	27-Jul-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	2.00	31-May-23	Raised 25bps	02-Aug-23
India	Reverse Repo Rate	3.35	10-Feb-23	No change	N/A
UAE	Base Rate	5.15	14-Jun-23	No change	26-Jul-23
Saudi Arabia	Repo Rate	5.75	14-Jun-23	No change	26-Jul-23
Egypt	Overnight Deposit	18.25	22-Jun-23	No change	03-Aug-23
Jordan	CBJ Main Rate	7.25	05-May-23	Raised 25bps	N/A
Türkiye	Repo Rate	17.50	20-Jul-23	Raised 250bps	24-Aug-23
South Africa	Repo Rate	8.25	25-May-23	Raised 50bps	20-Jul-23
Kenya	Central Bank Rate	9.50	29-May-23	No change	N/A
Nigeria	Monetary Policy Rate	18.50	24-May-23	Raised 50bps	25-Jul-23
Ghana	Prime Rate	29.50	22-May-23	No change	24-Jul-23
Angola	Base Rate	17.00	19-May-23	No change	14-Jul-23
Mexico	Target Rate	11.25	22-Jun-23	No change	10-Aug-23
Brazil	Selic Rate	13.75	21-Jun-23	No change	N/A
Armenia	Refi Rate	10.50	13-Jun-23	Cut 25bps	01-Aug-23
Romania	Policy Rate	7.00	05-Jul-23	No change	07-Aug-23
Bulgaria	Base Interest	2.77	27-Jun-23	Raised 30bps	26-Jul-23
Kazakhstan	Repo Rate	16.75	05-Jun-23	No change	25-Aug-23
Ukraine	Discount Rate	25.00	15-Jun-23	No change	27-Jul-23
Russia	Refi Rate	7.50	09-Jun-23	No change	21-Jul-23

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