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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

More than 50% of rated sovereigns have investment grade rating at end-June 2023

S&P Global Ratings indicated that 52% of the 137 sovereigns that it rates globally had an investment grade (IG) rating at the end of June 2023, compared to a share of 54% at end-June 2020. It said that 25% of rated sovereigns were in the 'B' rated category at the end of June 2023, 18.4% stood in the 'BBB' segment, 12.5% of sovereigns were each in the 'AA' category, in the 'A' segment, and in the 'BB' category, 10.3% came in the 'CCC' category or lower, and 8.8% stood in the 'AAA' segment. In parallel, S&P noted that there were 107 'stable' outlooks, 16 'negative' outlooks and eight 'positive' outlooks on the ratings of sovereigns at end-June 2023, relative to 108 'stable' outlooks, 18 'negative' outlooks and five 'positive' outlooks on the ratings of sovereigns at end-2022. It pointed out that seven sovereigns in Europe, the Middle East and Africa (EMEA) region and one country in the Americas carried a 'positive' outlook on their ratings at the end of June 2023; while 11 sovereigns in the EMEA region and five countries in the Americas had a 'negative' outlook on their ratings; while 63 economies in the EMEA region, 24 countries in the Americas, and 20 economies in the Asia-Pacific region carried a 'stable' outlook on their ratings at end-June 2023. In addition, it noted that it upgraded four sovereigns and downgraded three countries in the Americas, while it upgraded two sovereigns and downgraded three countries in the EMEA region in the first half of 2023.

Source: S&P Global Ratings

UAE

Earnings of Abu Dhabi firms up 51%, profits of Dubai firms up 46% in first quarter of 2023

The net income of 71 companies listed on the Abu Dhabi Securities Exchange that published their financials totaled AED41.8bn, or $11.4bn, in the first quarter of 2023, constituting a surge of 51% from AED27.7bn, or $7.55bn, in the same quarter of 2022. Listed utilities firms generated net profits of $3.15bn and accounted for 27.7% of the total earnings of publicly-listed firms in the covered quarter. Banks followed with $2.9bn (26%), then industrial firms with $1.96bn (17.3%), energy companies with $1.7bn (15.5%), telecommunication firms with $886m (7.8%), basic materials companies with $333.7m (3%), real estate companies with $186m (1.6%), consumer discretionary firms with $91.7m (0.8%), healthcare providers with $35.2m (0.3%), and consumer staples companies with $28.5m (0.25%). In parallel, the cumulative net income of 57 companies listed on the Dubai Financial Market that published their financials totaled AED18.4bn, or $5bn, in the first quarter of 2023, constituting an increase of 45.7% from AED12.6bn or $3.4bn in the same quarter of 2022. Listed banks generated profits of $3.1bn, or 61% of net earnings in the covered quarter. Real estate & construction firms followed with $1.2bn or 24.3% of the total, then industrial companies with $280.3m (5.6%), utilities firms with $267.1m (5.3%), telecommunications companies with $101m (2%), consumer staples firms with $53.6m (1.1%), materials providers with $13.8m (0.3%), and consumer discretionary firms with $13.8m (0.3%).

Source: KAMCO

MENA

Travel and tourism to contribute 8% of North Africa's GDP in 2023

The World Travel & Tourism Council estimated that the travel and tourism sector in North Africa contributed 7.5% of the region's GDP in 2022 compared to 8% of GDP in 2019. It estimated that the broad travel & tourism (T&T) sector generated $62.5bn in revenues in 2022, constituting a decrease of 1.5% from $63.4bn in 2019. It noted that the T&T sector's contribution to GDP in North Africa accounted for 0.8% of the contribution of the worldwide T&T industry to global GDP last year relative to 0.6% in 2019. It pointed out that the T&T industry in North Africa employed 4.64 million persons in 2022, down by 4% from 4.83 million jobs in 2019. As such, the industry accounted for 8.4% of the region's total employment in 2022 compared to a share of 9% in 2019. In parallel, it estimated the aggregate international spending by visitors in North Africa at $6.1bn in 2022 relative to $28.5bn in 2019, which accounted for 14.5% of the region's exports of goods and services in 2019. Also, spending by local visitors on T&T reached $29.1bn in 2022, up by 5.7% from $27.6bn in domestic spending in 2019. Leisure spending by visitors in North Africa totaled $47.4bn in 2022 compared to $47.2bn in 2019, while business spending reached $7.8bn relative to $8.9bn in 2019. In parallel, it projected the contribution of the T&T sector to the region's GDP at $67.9bn in 2023 and at $111.2bn in 2033, and to be equivalent to 7.9% of this year's GDP and 10.1% of GDP in 2033. It forecast that employment in the T&T sector at 4.96 million jobs in 2023, or 8.8% of total employment in the region this year, and at 7 million jobs or 10.6% of the region's total employment in 2033.

Source: World Travel & Tourism Council

Venture capital funding down 64% to $1.9bn in first half of 2023

Figures released by online platform Magnitt shows that venture capital (VC) funds invested $1.9bn in the Middle East & North Africa (MENA) region in the first half of 2023, constituting a drop of 64% from $5.26bn in the same period of 2022; while the number of VC deals totaled 530 in the first half of 2023 and decreased by 40% from 878 transactions in the same period last year. Also, VC investments in MENA-based startups totaled $1.26bn in the first quarter and $619m in the second quarter of 2023. There were 301 deals in the first quarter and 229 transactions in the second quarter of 2023. Further, it noted that VC investments in Saudi Arabia-based startups stood at $446m, or 23.7% of placements in the region's startups in the first half of 2023, followed by startups in Egypt with $305m (16.2%), the UAE with $239m (12.7%), Bahrain with $44m (2.3%), and Jordan with $13m (0.7%). The UAE attracted 60 deals in the first half of 2023, or 11.3% of the total, followed by Saudi Arabia with 54 transactions (10.2%), Egypt with 23 deals (4.3%), Jordan and Morocco with 15 transactions (2.8% each). In parallel, fintech firms were the recipient of 22.2% of VC funding in the MENA region, followed by e-commerce companies with 21.2%, fashion & lifestyle companies (2.3%), healthcare firms (1.5%), and media & entertainment firms (1.3%). In parallel, there were 56 exits from VC investments in the first half of 2023 compared to 147 exits in full year 2022.

Source: Magnitt

OUTLOOK

WORLD

Emerging markets to lift global growth to 3% annually in 2023-24 period

The International Monetary Fund (IMF) projected global real GDP growth at 3% in each of 2023 and 2024, relative to previous forecasts of 2.8% and 3% for this year and next year, respectively, and anticipated that higher policy rates worldwide will continue to weigh on global economic activity. It added that the projections for the 2023-24 period are below the historical annual average of 3.8% in the 2000-19 period. It forecast the real GDP growth rate of advanced economies (AEs) at 1.5% in 2023 and 1.4% in 2024, as weaker manufacturing activity and region specific factors offset stronger services activity, while it anticipated economic activity to contract in about 93% of AEs this year. Also, it projected the real GDP growth rate in emerging market and developing economies at 4% in 2023 and 4.1% in 2024, and considered that prospects for these economies vary across regions.

Further, it projected real GDP in Emerging & Developing Asia to grow by 5.3% in 2023 and by 5% in 2024, supported mainly by elevated growth rates in China and India. Also, it expected economic activity in Sub-Saharan Africa to expand by 3.5% this year and by 4.1% next year, while it anticipated the real GDP growth rate of the Middle East & North Africa region at 2.6% in 2023 and 3.1% in 2024, down by 0.5 and 0.3 percentage points from its April forecast. It also projected economic activity in Latin America & the Caribbean to expand by 1.9% this year and by 2.2% in 2024, and anticipated the growth rates of Emerging & Developing Europe at 1.8% in 2023 and 2.2% next year.

The IMF considered that risks to the global economic outlook are tilted to the downside. It anticipated that more persistent-than-expected inflation rates could result in tighter monetary policies worldwide. It added that the weaker recovery in China could have negative implications for its trading partners. Also, it anticipated that tighter global financial conditions would lead to higher debt servicing costs and could induce debt distress and recession in some emerging and developing economies.

Source: International Monetary Fund

Banks' credit losses to exceed $1.5 trillion in 2023-24 period

S&P Global Ratings anticipated that credit losses across the 83 banking systems that it covers will exceed $1.5 trillion during the 2023-24 period, and will increase by $105bn in 2023 and $42bn in 2024. It expected that China's banking system will generate about $847bn, or 56.5% of aggregate losses in the covered two years. It anticipated credit losses at banks Western Europe at about $178bn (12% of total losses), $172bn at banks in North America (11.5%), and $167bn at banks in in the Asia-Pacific region ex-China (11%) in the 2023-24 period. It attributed the deterioration in the banks' credit earnings to the weaker economic outlook worldwide, as well as to the potential impact on borrowers of higher-for-longer interest rates in the 2023-24 period.

In parallel, the agency forecast the median credit losses of the banks that it rates globally at about 17% of pre-provision earnings in 2023 and 2024. As such, it projected that credit losses would need to exceed five times its estimate of $1.5 trillion before such losses deplete the banks' capital rather than their earnings. It anticipated that median credit losses in the 2023-24 period will range between 13% and 20% of the banks' earnings in the Asia-Pacific, North America, and Western Europe; at about 34% of earnings in Latin America; and at 25% in the rest of the world.

Further, it considered that downside risks to the outlook are significant and include worse-than-expected economic and financing conditions that could result in higher corporate insolvencies and elevated credit losses. Also, it anticipated that higher- or faster-than-expected increases in interest rates would lead to pressures on household and corporate borrowers.

Source: S&P Global Ratings

PAKISTAN

Outlook contingent on acceleration of structural reforms

The Institute of International Finance (IIF) indicated that the Executive Board of the International Monetary Fund (IMF) approved on July 12, 2023 a $3bn nine-month Stand-By Arrangement for Pakistan, which provided much-needed external financial support and will allow for the repayment of the country's external obligations in 2023. It noted that the IMF disbursed immediately $1.2bn, while the program catalyzed additional bilateral lines of credit, such as $1bn from the UAE and $2bn from Saudi Arabia in deposits at the State Bank of Pakistan. Also, it said that authorities secured the deal with the IMF because they stepped up efforts to revoke the ban on certain imports, raised interest rates to control inflation, increased tax receipts, and are gradually eliminating energy subsidies.

But it pointed out that the IMF has highlighted the need for further adjustment, including the move towards a market-determined exchange rate, improving the collection of tax revenues, tightening monetary policy, and targeting subsidies more effectively. It expressed skepticism about the authorities' capacity or their political willingness to implement further reforms ahead of the upcoming elections this year, and did not expect the caretaker government to step up efforts towards any meaningful measures in the coming five months.

Further, the IIF considered that the elevated risk of an inadequate external and fiscal adjustment during the first half of FY2023/24 could complicate future IMF and multilateral disbursements. It estimated the government's financing needs at nearly $32bn in FY2023/24, and forecast a financing gap of $6.9bn if authorities roll over 85% of the external debt and foreign currency reserves increase by $4.5bn, along with the IMF commitments of $3bn and the deposits from Saudi Arabia and the UAE. It pointed out that the authorities plan to raise an additional $1bn from commercial banks and to issue $1.5bn in Eurobonds. But it did not expect Pakistan to access international capital markets this fiscal year, given the recent sovereign downgrades and the significantly elevated funding costs. It noted that if authorities manage to secure $1bn in new commercial loans, they will have to cover the remaining financing gap of $5.9bn through additional official borrowing. It also anticipated debt re-profiling to be an alternative for Pakistan, as it would help extend the maturity profile of the country's external debt.

Source: Institute of International Finance

GCC

Projects awarded up 72% to $79.4bn in first half of 2023

Figures released by KAMCO indicate that the aggregate value of projects awarded in Gulf Cooperation Council (GCC) countries reached $79.4bn in the first half of 2023, constituting an increase of 72.3% from $46.1bn in the first half of 2022. Also, the total value of projects awarded in GCC economies stood at $29.6bn in the first quarter and $49.7bn in the second quarter of 2023. The value of awarded projects in Saudi Arabia stood at $24.4bn in the second quarter of 2023 and accounted for 49.1% of the total, followed by the UAE with $12.2bn (24.5%), Qatar with $10.4bn (20.8%), Oman with $1.5bn (3%), Kuwait with $1.3bn (2.5%), and Bahrain with $30m (0.1%). Further, the value of projects awarded in Qatar jumped by 826% in the second quarter of 2023 from the same quarter of the previous year, followed by a surge of 127% in new projects in the UAE, an increase of 69.7% in projects in Oman, an expansion of 37.2% in projects in Kuwait, and a rise of 33.7% in projects in Saudi Arabia. In contrast, the value of projects in Bahrain dropped by 83% in the covered period. In parallel, projects awards in the gas industry reached $11.9bn and accounted for 23.8% of the total value of projects awarded in GCC economies in the second quarter of 2023, followed by the construction sector with $11.4bn (23%), the oil sector with $6.4bn (13%), the chemicals industry with $6bn (12%), the transport sector with $5.95bn (12%), the power industry with $4.9bn (10%), the water industry with $2.8bn (5.7%), and the industrial sector with $442m (1%).

Source: KAMCO, Byblos Research

QATAR

Sovereign ratings affirmed, outlook 'stable'

Capital Intelligence Ratings affirmed Qatar's short- and long-term foreign and local currency sovereign ratings at 'A1+' and 'AA', respectively. It also maintained the 'stable' outlook on the long-term ratings. It indicated that the ratings reflect the sovereign's very strong fiscal and external balances, which are supported by favorable global liquefied natural gas (LNG) prices. Also, it said that Qatar's ratings take into account the economy's capacity to absorb future external or financial shocks, given the Qatar Investment Authority’s large portfolio of foreign assets and the country's comfortable net external creditor position. It added that the ratings are also supported by the country's substantial low-cost hydrocarbon reserves, increasing LNG production and export capacity, high GDP per capita, adequate official foreign currency reserves, as well as the recent pickup in the pace of structural reforms. But it pointed out that the ratings are constrained by the economy's reliance on hydrocarbons, low fiscal transparency, and limited monetary policy flexibility. Further, the agency said that it could revise the outlook to 'positive' in case the central government's and external debt levels decline more rapidly-than-expected, and/or if the government implements further reforms that would reduce its reliance on the hydrocarbon sector and improve fiscal transparency. In contrast, it said that it could revise the outlook to 'negative' or downgrade the ratings if contingent liabilities materialize on the sovereign's balance sheet and/or if geopolitical tensions escalate.

Source: Capital Intelligence Ratings

TÜRKIYE

Policy uncertainties prevail despite gradual shift

Fitch Ratings indicated that Turkish policymakers could struggle to rebuild investor confidence, reduce macro-financial stability risks and ease external vulnerabilities, due to the country's track record of policy reversals and premature policy easing, as well as to repeated changes in the leadership of the Central Bank of the Republic of Türkiye (CBRT). Further, it noted that the government submitted a supplementary budget that contains tax increases to fund the rise in expenditures, after the central government's cumulative deficit widened to 2.3% of projected 2023 GDP. It said that the continued political constraints, including President Erdogan's views on interest rates and the March 2024 local elections, could also limit the scope for a more decisive policy shift. Further, it pointed out that the depreciation of the Turkish lira, strong core inflationary pressures, tax hikes, and wage increases will hinder the aim of the CBRT to anchor inflation expectations. In parallel, it noted that the depreciation of the lira, the easing of policy stimulus, and seasonal improvements from tourism receipts should help contain the deterioration of the current account deficit, which widened to $38bn in the first five months of 2023. But it considered that insufficient policy rebalancing or policy reversals could undermine investor confidence, maintain high pressure on the balance of payments, and pose risks to macroeconomic and financial stability.

Source: Fitch Ratings

ETHIOPIA

Outlook contingent on agreement with IMF

Standard Chartered Bank considered that securing a funded program with the International Monetary Fund (IMF) is key for Ethiopia, but pointed out that there have been very few updates since the IMF visited Addis Ababa in the second quarter of 2023. It anticipated that the size of a potential IMF facility should be at least $2bn, and will depend on financing pledges from official creditors under the Group of 20 Common Framework debt relief initiative. Also, it noted that Ethiopia's Creditor Committee has not met since late 2022, and expected that China will play a pivotal role in the restructuring negotiations, as it holds 22% of the country's external debt. Further, it considered that authorities need to urgently restructure the external debt, given Ethiopia's low external buffers. It said that foreign currency reserves fell to $1.1bn in January 2023, while it projected external debt servicing to rise from $2.1bn in the fiscal year that ended in June 2023 to $2.2bn in FY2023/24 and $3.4bn in FY2024/25. It anticipated the authorities to include Ethiopia's $1bn 2024 Eurobond in the debt restructuring; and pointed out that the debt of state-owned enterprises, which accounts for 21.2% of total external debt, will be the key challenge for authorities, as it represents 75% of external debt servicing. In parallel, it expected the chronic foreign currency shortages to persist in the domestic market, and considered that an exchange rate adjustment is necessary given the critically low level of foreign currency reserves and to be a condition for an IMF-supported program. As a result, it expected the authorities to devalue the currency in the second half of 2023, and projected the exchange rate to depreciate from ETB54.8 per US dollar currently to ETB66 per dollar at the end of 2023 and ETB72 per US dollar by end-2024.

Source: Standard Chartered Bank

NIGERIA

Banking sector facing near-term risks

Fitch Ratings indicated that the banking sector in Nigeria is facing weaker capital ratios and higher impaired loans, following reforms to liberalize the exchange rate and to remove the longstanding subsidy on fuel. It noted that the official exchange rate depreciated sharply in June after the decision of the Central Bank of Nigeria to allow the naira to trade at a market-determined exchange rate, as part of the reforms of the new government, and added that the official rate has depreciated by 40% since the end of 2022. Further, it pointed out that the depreciation of the local currency will inflate the banks' foreign-currency-denominated risk-weighted assets, which will put pressure on capital ratios. It expected the banks' capital ratios to decline as at end-June 2023. It added that the currency depreciation will also increase problem loans denominated in foreign currency, which will raise the prudential provisions that banks must hold against them. But it said that the banks' generally low foreign currency-denominated risk-weighted assets and net long foreign currency positions will mitigate the impact of the naira's depreciation on banks and would lead to gains from the revaluation of assets. In addition, it noted that the depreciation of the naira, along with the removal of fuel subsidies, will lead to higher near-term inflation rates and tighter monetary policy, which would put pressure on the borrowers' ability to pay their debt and cause impaired loans to rise faster than expected. But it considered that the deterioration in loan quality should be less severe than during the most recent major depreciation of the naira in 2016, partly due to the tightening of lending standards in foreign currency in recent years.

Source: Fitch Ratings

PAKISTAN

Capital adequacy ratio at 16.3%, NPLs ratio at 7.8% at end-March 2023

The International Monetary Fund indicated that the Pakistani banking sector is well capitalized, with a capital adequacy ratio (CAR) of 16.3% at the end of March 2023, well above the minimum regulatory requirement of 11.5%. It said that the CAR of two privately-owned banks and two state-owned bank are currently below the minimum of 11.5%. In parallel, it pointed out that the banking system provides significant credit to the government, with the sector's sovereign exposure increasing from 48% of assets at the end of June 2021 to 51.6% at end-March 2023. It added that the non-performing loans ratio (NPLs) ratio rose from 7.3% at end-2022 to 7.8% at end-March 2023 and that 11 out of 32 banks reported NPLs ratios in excess of 10% at end-March 2023, while it noted that provisioned NPLs stood at 90.7% of total NPLs. Further, it said that the banking sector is highly liquid, as liquid assets were equivalent to 56.6% of total assets and to 86.4% of deposits at end-2022, and that the banks' loans-to-deposits ratio stood at 50.4% at end-2022 relative to 46.6% at the end of 2021. In addition, the IMF encouraged the authorities to closely monitor the financial sector, given that the economic downturn and external financing challenges may affect the sector. It noted that the strict adherence to the regulatory limits for the banks' foreign currency exposure is critical, and that the return to a floating exchange rate would help absorb external shocks, and help rebuild international reserves.

Source: International Monetary Fund

ALGERIA

Effectiveness of AML/CFT framework improves

The Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated in its MENAFATF Mutual Evaluation Report on Algeria that the authorities have taken preliminary and positive steps to enhance their response to money laundering and terrorist financing (ML/TF) risks. It noted that the national risk assessment (NRA) framework is still in its initial stages, and called on the authorities to complete the NRA process in order to produce clear results for ML/TF risks and to publish the assessment's results. Also, it highlighted the need to solidify the AML/CFT legislative framework by amending the AML/CFT law, addressing deficiencies in the framework, and enforcing preventive measures and supervision. It added that authorities should consider amending the mechanism for the implementation of the CFT-related UN Security Council resolutions, to make them legally enforceable in the country, and to drop any procedures that would affect the effectiveness of the application of targeted financial sanctions. In addition, it encouraged the financial intelligence unit to develop the procedures for handling and preparing suspicious transaction reports. In parallel, the FATF considered that law enforcement agencies should conduct parallel financial investigations and identify any ML offence, while enhancing awareness and training in order to ensure that a "follow-the-money approach" is pursued, especially for serious and cross-border crimes. Also, it called on the investigative and judicial authorities to resort to formal international cooperation to trace, freeze, confiscate and recover the proceeds from transnational crimes, as well as to increase formal and informal international cooperation for the exchange of CFT-related information.

Source: Financial Action Task Force

MOROCCO

Banks resilient despite macroeconomic challenges

Fitch Ratings indicated that the credit profiles of Moroccan banks are resilient, despite challenging global and domestic macroeconomic conditions. It said that banks managed to overcome the impact of the COVID-19 pandemic with reasonable credit fundamentals, which helped them deliver sound performance in 2023 in a rising interest rates environment. But it expected modest business prospects for Moroccan banks in 2023 due to moderate economic activity in the country. Further, it pointed out that the banks' lending contracted by 1% in May 2023, as higher interest rates reduced demand for loans from corporates and households, while banks became more selective in their lending to reduce their credit risk. It noted that the impaired loans ratio increased from 8.4% at the end of 2023 to 8.7% at end-March 2023, and anticipated asset quality to continue to deteriorate, but expected the banks' cautious approach to lending to help them manage this trend. Also, it pointed out that the capitalization metrics of banks is stable, and anticipated their capital ratios to slightly improve at end-2023, supported by healthy internal capital generation and modest growth. In parallel, it said that the banks' funding and liquidity profiles are adequate, given that banks are mainly funded by stable customer deposits. Moreover, it stated that legislation that allows the banks to issue covered bonds will contribute to the further diversification of funding sources.

Source: Fitch Ratings

ENERGY / COMMODITIES

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

ICE Brent crude oil front-month prices stood at $83.6 per barrel (p/b) on July 25, 2023, constituting an increase of 5% from $79.6 p/b a week earlier and reached a three-month high, driven mainly by tighter oil supply worldwide. In contrast, oil prices decreased to $82.9 p/b on July 26, after the U.S. Federal Reserve's Federal Open Market Committee raised its policy rate by 25 basis points. In parallel, Citi Research revised its global oil demand growth from 1.6 million barrels per day (b/d) to 1.8 million b/d in 2023 and from 1.3 million b/d to 1.4 million b/d in 2024, mainly due to higher demand from the U.S., China, and India. Also, it expected total oil supply from non-OPEC producers to increase by 1.8 million b/d in 2023 and by 1 million b/d in 2024, with most of the growth in oil supply originating from the Atlantic Ocean. But it anticipated the decrease in inventory stockpiles to widen from 0.5 million b/d to 1.5 million b/d in the third quarter of 2023, and from 0.8 million b/d to 1.1 million b/d in the fourth quarter of the year. As such, it projected the global oil market to post a deficit of 0.1 million b/d in 2023. Further, it expected oil prices to average $83 p/b in the third quarter of 2023, as commercial oil inventories are set to drop by more than 130 million barrels in the current quarter and to decline to less than their 2022 level, before increasing again in the fourth quarter of 2023. Also, it forecast Brent oil prices to decline to between $60 p/b and $70 p/b in the second half of 2024 on lower demand, due to economic headwinds and the energy transition worldwide. Further, it projected oil prices to average $83 p/b in the third quarter and $78 p/b in the fourth quarter of 2023.
Source: Citi Research, Refinitiv, Byblos Research

Iraq's oil exports receipts at $7.2bn in June 2023

Preliminary figures from the Iraq Ministry of Oil show that crude oil exports from Iraq totaled 100.6 million barrels in June 2023, down by 1.9% from 102.5 million barrels in May 2023. Oil exports from the central and southern fields amounted to 98.7 million barrels in June. Further, oil export receipts stood at $7.2bn in June compared to $7.3bn in May 2023 and to $11.5bn in June 2022.
Source: Iraq Ministry of Oil, Byblos Research

OPEC oil output up 0.3% in June 2023

Member countries of OPEC, based on secondary sources, produced an average of 28.2 million barrels of oil per day (b/d) in June 2023, constituting a marginal increase of 0.3% from 28.1 million b/d in May 2023. On a country basis, Saudi Arabia produced 9.9 million b/d, or 35.5% of OPEC's total output, followed by Iraq with 4.1 million b/d (14.8%), the UAE with 2.9 million b/d (10.3%), Iran with 2.7 million b/d (9.8%), and Kuwait with 2.6 million b/d (9 %).
Source: OPEC

Global steel output down 1.7% in June 2023

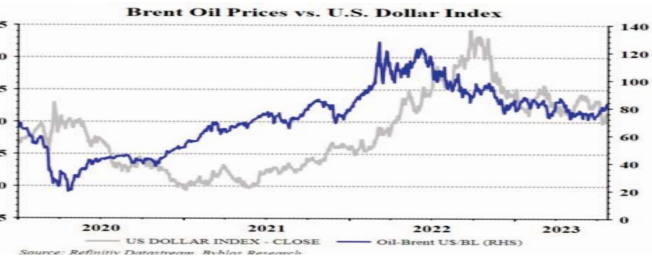
Global steel production reached 158.8 million tons in June 2023, constituting a decrease of 1.7% from 161.6 million tons in May 2023 and nearly unchanged from 158.1 million tons in June 2022. Production in China totaled 91.1 million tons and accounted for 57.4% of global steel output in May 2023, followed by output in India with 11.2 million tons (7.1% of the total), in Japan with 7.3 million tons (4.6%), the U.S. with 6.8 million tons (4.3%), Russia with 5.8 million tons (3.7%), and South Korea with 5.5 million tons (3.5%).
Source: World Steel Association, Byblos Research

Base Metals: Copper prices to average $8,467 per ton in third quarter of 2023

LME copper cash prices averaged $8,670 per ton in the year-to-July 26, 2023 period, constituting a decline of 8.6% from an average of $9,486.5 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 10.9 million tons in the first five months of 2023, constituting an increase of 4.3% from 10.5 million tons in the same period of 2022 due to a growth of 9% in Chinese demand, given that China is the world's largest consumer of the metal, which offset the 2% decline in demand for refined copper from the European Union, Japan, and the United States. Also, it noted that global refined copper production reached 11.27 million tons in the first five months of 2023, representing a rise of 7.8% from 10.45 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 and the U.S. It added that mine production accounted for 83% of the aggregate output of refined copper in the covered period, relative to 83.5% in the first five months of 2022. In parallel, S&P Global Market Intelligence expected the global mine supply to struggle to meet global demand before 2025, following a higher copper market surplus in the 2023-24 period. Also, it projected copper prices to average $8,467 per ton in the third quarter and $8,833 a ton in the fourth quarter of 2023.
Source: ICSG, S&P Global Market Intelligence, Refinitiv, Byblos Research

Precious Metals: Platinum prices to average $940 per ounce in third quarter of 2023

Platinum prices averaged $1,014.2 per troy ounce in the year-to-July 26, 2023 period, constituting an increase 3.7% from an average of $978.03 an ounce in the same period last year, due to the increase in demand for the metal. In parallel, Citi Research projected global demand for platinum to reach nearly 7.9 million ounces in 2023 and to increase by 12% from 7.1 million ounces in 2022. Also, it forecast the global supply of platinum to be nearly unchanged at 7.04 million ounces in 2023 with mine output representing 77.7% of global refined platinum production this year. It expected the platinum market to shift from a surplus for several years to a deficit in 2023, driven by the recovery in autocatalyst demand due to the substitution of palladium to platinum in the production of electrical vehicles batteries, and by strong demand for the metal. Also, it expected net inflows to platinum exchange-traded funds to shift to outflows in 2023 which would result in a wider deficit. Further, it forecast platinum prices to average $940 per ounce in the third quarter and $990 an ounce in the fourth quarter of 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- Stable	B3 Positive	B- Stable	- -	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B Negative	B3 RfD**	B Negative	B+ Negative	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC Negative	Caa1 RfD	CCC- -	 -	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	SD -	Ca Stable	SD -	- -	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	- -	Ba3 Positive	BB- Stable	- -	-4.1	43.2			14.3		-3.5	1.4
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BB+ Stable	Ba1 Stable	BB+ Stable	- -	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B- Negative	Caa1 Stable	B- Stable	- -	-4.5	46.0	4.1	56.7	27.7	119.9	-1.7	0.2
Sudan	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Tunisia	- -	Caa2 Negative	CCC- -	- -	-4.7	81.0	4.2	-	11.9	-	-8.3	0.5
Burkina Faso	B Stable	- -	- -	- -	-5.4	51.3	0.4	22.3	7.1	134.0	-5.5	1.5
Rwanda	B+ Negative	B2 Negative	B+ Stable	- -	-9.0	71.4	4.1	24.2	8.0	112.6	-10.7	2.0
Middle East												
Bahrain	B+ Positive	B2 Negative	B+ Stable	B+ Stable	-6.8	115.4	-1.2	198.8	26.7	345.2	-6.6	2.2
Iran	- -	- -	- -	B Stable	-3.7	-	-	-	-	-	-2.0	1.2
Iraq	B- Stable	Caa1 Stable	B- Stable	- -	-8.0	78.1	-4.4	6.0	6.6	185.9	-2.4	-1.0
Jordan	B+ Stable	B1 Positive	BB- Stable	B+ Positive	-3.0	93.9	1.0	86.0	11.9	182.9	-6.4	2.2
Kuwait	A+ Stable	A1 Stable	AA- Stable	A+ Stable	5.7	20.2	1.7	77.9	0.6	157.3	-0.8	0.0
Lebanon	SD -	C -	C -	- -	-10.0	190.7	2.3	168.0	68.5	236.7	-11.2	2.0
Oman	BB- Positive	Ba2 Positive	BB Positive	BB Positive	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA Stable	Aa3 Positive	AA- Positive	AA Stable	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A Stable	A1 Positive	A+ Stable	A+ Positive	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	- -	- -	- -	- -	-	-	-	-	-	-	-	-
UAE	- -	Aa2 Stable	AA- Stable	AA- Stable	-1.6	40.5	-	-	2.5	-	3.1	-0.9
Yemen	- -	- -	- -	- -	-	-	-	-	-	-	-	-

COUNTRY RISK METRICS

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

** Current account payments*
***Review for Downgrade*
**** CreditWatch with negative implications*
Source: S&P Global Ratings, Fitch Ratings, Moody's Investors Service, CI Ratings, Byblos Research - The above figures are projections for 2020

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	5.50	26-Jul-23	Raised 25bps	20-Sep-23
Eurozone	Refi Rate	4.00	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	26-Jul-23	No change	20-Sep-23
Taiwan	Discount Rate	1.875	15-Jun-23	Raised 12.5bps	21-Sep-23
South Korea	Base Rate	3.50	13-Jul-23	No change	24-Aug-23
Malaysia	O/N Policy Rate	3.00	06-Jul-23	No change	07-Sep-23
Thailand	1D Repo	2.00	31-May-23	Raised 25bps	02-Aug-23
India	Reverse Repo Rate	3.35	10-Feb-23	No change	N/A
UAE	Base Rate	5.50	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	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	20-Jul-23	No change	21-Sep-23
Kenya	Central Bank Rate	10.50	26-Jun-23	Raised 100bps	28-Jul-23
Nigeria	Monetary Policy Rate	18.75	25-Jul-23	Raised 25bps	26-Aug-23
Ghana	Prime Rate	30.00	24-Jul-23	Raised 50bps	25-Aug-23
Angola	Base Rate	17.00	14-Jul-23	No change	15-Sep-23
Mexico	Target Rate	11.25	22-Jun-23	No change	10-Aug-23
Brazil	Selic Rate	13.75	21-Jun-23	No change	02-Aug-23
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	2.96	26-Jul-23	Raised 19bps	30-Aug-23
Kazakhstan	Repo Rate	16.75	05-Jun-23	No change	25-Aug-23
Ukraine	Discount Rate	25.00	15-Jun-23	No change	27-Jul-23
Russia	Refi Rate	8.50	21-Jul-23	Raised 100bps	15-Sep-23

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