

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Investment banking fees down 12% to \$78bn in first nine months of 2023

Global investment banking fees totaled \$77.8bn in the first nine months of 2023, constituting a decrease of 12% from \$88.1bn in the same period last year, and relative to \$122.6bn in the first nine months of 2021. The financial sector accounted for \$24.4bn or 31.4% of investment banking fees in the first nine months of 2023, followed by the industrial sector with \$8.1bn (11%), government & government agencies with \$8.1bn (10.4%), the energy & power sector with \$8bn (10.3%), and the healthcare sector with \$5.8bn (7.5%). On a regional basis, the Americas represented \$36bn, or 46.2% of total fees generated in the covered period, followed by the Asia-Pacific region (30.7%), and Europe, the Middle East & Africa region (23%). In parallel, fees from equity capital markets totaled \$11.4bn in the first nine months of the year, up by 6% from \$10.8bn in the same period of 2022, with follow-on issuance reaching \$5.5bn in the covered period and representing 48.7% of total fees from equity capital markets, followed by fees from initial public offerings with \$4.5bn (39.2%), and fees from convertible securities with \$1.4bn (12.1%). In parallel, merger & acquisition advisory fees declined by 32% to \$20.3bn in the covered period and syndicated lending fees decreased by 16% to \$17.9bn, while fees from debt capital markets increased by 7% to \$28.1bn.

Source: *Refinitiv*

GCC

Earnings of Bahraini firms down 3%, profits of Omani firms up 6% in first half of 2023

The cumulative net profits of 39 companies listed on the Bahrain Stock Exchange totaled BHD862.7m, or \$2.3bn, in the first half of 2023, constituting a decrease of 3.1% from BHD890.4m, or \$2.36bn, in the same period of 2022. Listed financial firms generated net profits of \$1.9bn in the first half of 2023 and accounted for 83.6% of the total earnings of publicly-listed firms. Materials companies followed with \$205.2m, or 9% of the total, then communication firms \$110m (4.8%), consumer staples firms with \$19.4m and companies in the discretionary consumers goods segment with \$17.7m (0.8% each), industrial companies with \$11.9m (0.5%), and real estate firms with \$10.3m (0.4%). Further, the net earnings of companies in the discretionary consumers goods segment rose by 164.7% in the first half of 2023, followed by the profits of financial companies (+43.6%), consumer staples firms (+18.2%), real estate companies (+16.6%), and communication firms (+1.2%). In parallel, the cumulative net profits of 87 companies listed on the Muscat Securities Market totaled OMR368m, or \$955.6m, in the first half of 2023, constituting an increase of 6.3% from OMR346.2m (\$899m) in the same period of 2022. Listed financial companies generated net profits of \$632.5m and accounted for 66.2% of aggregate net earnings in the covered period. Services firms followed with \$275m (28.8%), and industrial companies with \$48m (5%). Further, the net earnings of industrial firms rose by 43.4% in the first half of 2023 from the same period last year, followed by the net profits of financial companies (+5.7%), and the earnings of firms in the services sector (+3%).

Source: *KAMCO*

MENA

Venture capital funding down 44% to \$1.4bn in first nine months of 2023

Figures released by online platform Magnitt show that venture capital (VC) funding in the Middle East and North Africa (MENA) region reached \$1.4bn in the first nine months of 2023, constituting a decrease of 44% from \$2.4bn in the same period of 2022; while the number of VC deals totaled 286 in the first nine months of 2023 and decreased by 46% from 530 transactions in the same period last year. Also, VC investments in MENA-based startups totaled \$922m in the first quarter, \$189m in the second quarter, and \$250m in the third quarter of 2023. There were 127 deals in the first quarter, 81 transactions in the second quarter, and 78 deals in the third quarter of 2023. Further, it noted that VC investments in Saudi Arabia-based startups stood at \$536m, or 39.4% of placements in the region's startups in the first nine months of 2023, followed by startups in the UAE with \$371m (27.3%), Egypt with \$334m (24.6%), Bahrain with \$45m (3.3%), and Jordan with \$23m (1.7%). The UAE attracted 93 deals in the first nine months of 2023, or 32.5% of the total, followed by Saudi Arabia with 80 transactions (28%), Egypt with 40 deals (14%), and Jordan and Morocco with 19 transactions each (6.6% each). In parallel, fintech firms were the recipient of 35.4% of VC funding in the MENA region, followed by e-commerce companies with 33.2%, healthcare firms (4.5%), fashion & lifestyle companies (3.2%), and travel & tourism firms (2.5%). In parallel, there were 33 exits from VC investments in the first nine months of 2023 compared to 72 exits in full year 2022.

Source: *Magnitt, Byblos Research*

Public governance level varies across countries in the region

The World Bank's World Governance Indicators for 2022 show that the average score of 20 Arab countries improved on the Voice & Accountability, Political Stability, Government Effectiveness, Rule of Law, and the Control of Corruption indicators, while it regressed on the Regulatory Quality indicator relative to 2021. The indicators cover 214 countries and territories worldwide that are rated on a scale of -2.5 to +2.5, with higher values corresponding to better governance outcomes. The UAE ranked in first place among 20 Arab countries on the Government Effectiveness indicator in 2022, followed by Qatar, Bahrain, Saudi Arabia and Jordan; as these countries had better government effectiveness than at least 60% of countries worldwide. This category evaluates the condition of public services and the degree of their independence from political pressure, as well as the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Further, Qatar came first among Arab countries on the Rule of Law indicator, followed by the UAE, Oman, Bahrain, and Saudi Arabia; as these countries applied the rule of law better than at least 57% of countries around the world. This category measures the extent that citizens have confidence in the rules of society and abide by them.

Source: *World Bank, Byblos Research*

OUTLOOK

MENA

Economic activity to grow by 3% in 2023, risks to the outlook tilted to the downside

The International Monetary Fund (IMF) projected real GDP growth in the Middle East & North Africa (MENA) region to decelerate from 5.6% in 2022 to 3% in 2023, as it considered that lower oil production in oil exporters, tight policy settings in emerging market and middle-income economies, and country-specific headwinds will weigh on the region's economic outlook. Further, it projected real GDP growth in the region's oil-exporting countries at 2% in 2023, amid steeper-than-expected oil production cuts this year and the impact of foreign currency rationing on import-dependent sectors in Iraq. Also, it projected the real GDP growth rate of MENA oil-importing economies at 2.1% in 2023, amid tight macroeconomic policies and structural challenges. Further, it anticipated the inflation rate in the region to rise from an average of 14.4% in 2022 to an average of 17.5% in 2023, amid elevated inflationary pressures in several countries.

In parallel, it estimated the fiscal deficit of the MENA oil-importing countries at 4.6% of GDP in 2023 and projected it to widen in 2024 due in part to elevated government debt-servicing costs; and forecast the fiscal surplus of the region's oil-exporting economies at 0.6% of GDP in 2023 and anticipated it to decline in 2024 despite the authorities' fiscal consolidation efforts. In addition, it forecast the current account surplus of MENA oil-exporting countries at 7.5% of GDP this year and anticipated it to regress in 2024 due to lower export receipts. Also, it projected the current account deficit of the region's oil importers at 4.2% of GDP in 2023 and forecast it to widen in 2024.

It considered that the balance of risks to the outlook for the MENA region is tilted to the downside. It anticipated that steeper-than-expected slowdown in China or in advanced economies would worsen the region's economic prospects through weaker trade and tourism receipts. It added that tighter-for-longer global financial conditions could prompt investors to reassess lending to highly indebted sovereigns in the region, which could weigh on their debt dynamics and heighten debt distress.

Source: International Monetary Fund

IRAQ

Economic outlook vulnerable to oil price shocks

Moody's Investors Service projected Iraq's real GDP growth rate to decelerate from 8.1% in 2022 to 3.3% in 2023 and 3.1% in 2024, due mainly to lower oil output and given that the country's underlying socioeconomic fragilities and the weak business environment constrain the growth potential of the non-oil sector. It anticipated that the current uptick in global oil prices and the country's fractured political system will limit the authorities' efforts to reduce the vulnerability of public finances to future oil price shocks. Still, it expected that upside risks to the outlook stem from the government's plan to increase oil production capacity, which would support Iraq's growth prospects, as well as its fiscal and export oil receipts in the medium term. However, it anticipated that mitigating factors could originate from uncertainties about the outlook for global oil demand, and from the country's commitment to oil production cuts under the OPEC+ agreement. It added that Iraq's persistent challenges in terms of

governance and political stability will continue to hinder investments and participation by international oil companies in the expansion of the oil and gas sector, which could be an obstacle to achieving higher production at existing mature oil fields.

In parallel, the agency indicated that the government's expansionary budget for the 2023-25 period and the partial reversal of the 2020 exchange-rate devaluation that took place last February point to a return to Iraq's traditional pro-cyclical policy mix. It projected the fiscal deficit at 2.2% of GDP in 2023 and 5.4% of GDP in 2024, in case oil prices average \$85 per barrel (p/b) this year and \$83 p/b in 2024, and forecast the public debt level to increase from 45% of GDP at the end of 2023 to 50% of GDP by end-2024. It also expected the authorities to cover the government's financing needs almost entirely from domestic sources, through central bank financing and funding from state-owned commercial banks. Further, it projected the current account surplus at 7.5% of GDP in 2023 and 4% of GDP in 2024.

Source: Moody's Investors Service

ANGOLA

Currency weakening, foreign currency shortages and low oil output affecting outlook

Standard Chartered Bank (SCB) revised its projection for Angola's real GDP growth rate from 2.3% to 0.5% in 2023, as it considered that this year's economic backdrop is significantly weaker than previously expected. It attributed its downward revision to the contraction in real oil GDP in the first half of the year, to the shortages of foreign currency in the domestic market, and to the impact of the depreciation of the exchange rate on activity in the non-oil sector. It also lowered its forecast for real GDP growth in 2024 from 3% to 2%, due to the challenging domestic environment from elevated inflation rates and tighter monetary policy. In addition, it anticipated that the lagged impact of the depreciation of the exchange rate and the partial lifting of fuel subsidies in June 2023 will raise inflationary pressures in the near term. It forecast the inflation rate to exceed 20% at the end of 2023, and projected it to average 20.1% in 2024 and 11.7% in 2025. Further, it expected the authorities to delay until 2025 the next stage of fuel subsidy reforms, which they initially planned for 2024, in response to elevated inflation rates.

In parallel, it revised its projection for the fiscal balance from a surplus of 0.2% of GDP to a deficit of 1.4% of GDP in 2023, due to lower-than-expected oil revenues in the first half of the year. It also forecast the deficit to shift to a smaller-than-expected surplus of 0.1% of GDP in 2024, given still-elevated subsidy costs and the lack of further reforms next year. It forecast the public debt level to exceed 90% of GDP by the end of 2023, which is significantly higher than the authorities' target of 60% of GDP.

Further, it projected the current account surplus at 1.8% of GDP in 2023 relative to a previous forecast of 6% of GDP for this year, due mainly to lower oil export receipts. It considered that the terms of Angola's debt from China will continue to limit the accumulation of foreign currency reserves, as gains from higher global oil prices are channeled to a Chinese escrow account. As such, it expected that a sustained drop in oil prices could lead to a new debt restructuring agreement with China, given that the latter accounts for 38% of the country's external debt.

Source: Standard Chartered Bank

ECONOMY & TRADE

GCC

Agencies take rating actions on sovereigns

Capital Intelligence Ratings affirmed Bahrain's short- and long-term foreign and local currency sovereign ratings at 'B' and 'B+', respectively, and maintained the 'stable' outlook on the long-term ratings. It indicated that the ratings reflect the improvements in the public finances and external balances in the past two years, supported by high hydrocarbon prices and the implementation of moderate fiscal consolidation measures, including the government's efforts to rationalize public expenditures. It added that the ongoing financial assistance from Saudi Arabia, Kuwait and the UAE, as well as the country's high GDP per capita and reasonable level of economic diversification support the ratings. But, it noted that the ratings are constrained by the very high level of government debt, limited fiscal flexibility, and the sovereign's vulnerability to volatile hydrocarbon prices. In parallel, S&P Global Ratings affirmed the long-term foreign and local currency sovereign credit ratings of the Emirate of Ras Al Khaimah (RAK) at 'A-', and revised the outlook on the ratings from 'stable' to 'positive' due to RAK's improving economic growth momentum and strong fiscal performance. But it considered that limited monetary flexibility, given the UAE dirham's peg to the U.S. dollar, as well as the underdeveloped local currency domestic bond markets, are weighing on the ratings of the emirate. Also, it noted that the relatively small size of the RAK economy and its exposure to the cyclicity of global and regional demand weakens its economic resilience despite its diversification.

Source: Capital Intelligence Ratings, S&P Global Ratings

UAE

Non-hydrocarbon growth rate to exceed 4% in 2023-24 period

The International Monetary Fund (IMF) projected the real GDP growth rate in the United Arab Emirates at 3.5% in 2023 due to strong domestic activity. Also, it forecast non-hydrocarbon GDP growth to exceed 4% in 2023 and in 2024, driven by developments in the tourism, construction and real estate sectors, as well as the increase in the foreign inflows of capital and labor. Further, it expected the fiscal balance to post a surplus of 5% of GDP in 2023, supported by elevated oil receipts and strong economic activity. It noted that the introduction of the corporate income tax will increase non-oil revenues in the medium term. It projected the public debt level to decline to less than 30% of GDP in 2023, as the Emirate of Dubai reduced its public debt level by AED29bn, in line with its Public Debt Sustainability Strategy. In addition, it called on the authorities to develop a medium-term fiscal framework in order to promote long-term sustainability and help meet climate policy challenges. It pointed out that the authorities' ongoing efforts to boost private sector employment, further develop the domestic capital markets, and leverage trade and investments in digital and green initiatives, will support economic diversification and boost medium-term growth. However, it indicated that the near-term economic outlook is subject to elevated global risks and uncertainties. It said that a decline in oil demand and a decrease in trade and tourism from slower global growth, higher-for-longer interest rates, tighter financial conditions, or geopolitical developments, would weigh on the UAE's growth and put pressure on the fiscal and external balances.

Source: International Monetary Fund

ARMENIA

Sovereign ratings unaffected by Nagorno-Karabakh conflict

Fitch Ratings expected that the conflict between Armenia and Azerbaijan over the Nagorno-Karabakh province will have limited macroeconomic spillovers on Armenia. It considered that the immediate impact on Armenia's sovereign credit metrics is likely to be through higher public spending on displaced citizens from the province. It indicated that the authorities had budgeted for only moderate levels of spending to support the existing refugees from the province prior to the escalation of the conflict last September. It noted that the government has since announced a moderate increase in expenditures to cope with the influx of refugees, including a one-time financial support for displaced citizens. As such, it expected refugee-related costs to increase, given higher capital expenditures and social spending, as the refugees account for 3% of Armenia's population. But it did not anticipate the government to implement new revenue-raising measures in the 2023-24 period to support the displaced Armenians, as the country has already received financial aid pledges of at least AMD27.7bn, or the equivalent to 0.7% of GDP, from the U.S., the European Union and other sources for the integration of the refugees, and expected it to receive further assistance in 2024. In parallel, it projected the fiscal deficit to widen from 2.2% of GDP in 2022 to 2.5% of GDP in 2023 and 3% of GDP in the 2024-25 period, due to additional spending on refugees. It said that a limited widening of the fiscal deficit could make it harder to achieve the medium-term deficit target of 2.5% of GDP.

Source: Fitch Ratings

ETHIOPIA

Sovereign ratings reflect significant external debt vulnerabilities

S&P Global Ratings indicated that Ethiopia's short- and long-term local and foreign currency sovereign credit ratings of 'C' and 'CCC', respectively, reflect the country's fragile political situation despite progress on peace efforts in the Tigray region, as well as Ethiopia's significant public and external debt vulnerabilities. It considered that the progress on implementing the truce between the federal government and the Tigray People's Liberation Front could pave the way for the resumption of external financing and a new program supported by the International Monetary Fund. It also noted Ethiopia's weak external funding position amid elevated foreign debt service repayments, low foreign currency reserves, and structurally wide trade deficits. In parallel, it indicated that the 'negative' outlook on the long-term ratings reflects the risk that it could downgrade the ratings in the next 12 months to 'Selected Default' in case of increasing uncertainties about the availability of external funding for the government and the potential inclusion of commercial creditors in the government's debt restructuring plans, and/or in case a re-escalation of political tensions leads to a significant and sustained reduction of multilateral and bilateral financial support, and weighs on Ethiopia's external debt repayment capacity and its foreign currency reserves. In contrast, it said that it could revise the outlook to 'stable' if the political situation continues to stabilize, which would allow donor funding to resume, and if the authorities exclude Ethiopia's commercial obligations from the upcoming debt restructuring agreement.

Source: S&P Global Ratings

BANKING

WORLD

FSB develops roadmap to facilitate cross-border payments

The Financial Stability Board indicated that it has developed a roadmap in coordination with the Bank for International Settlement, and other relevant international organizations and standard-setting bodies, in order to make cross-border payments faster, cheaper, more accessible, and transparent. It also developed key performance indicators that measure quantitative global targets to address the challenges of cross-border payments across the wholesale, retail, and remittances segments. It expects the global average cost of cross-border payments to have a ceiling of 1% by end-2027 for the retail sector, and to be less than 3% by 2030 for remittances. Also, it anticipates that 75% of cross-border retail and remittances payments will be available for the recipient within one hour from the time the payment is initiated, and for 75% of cross-border wholesale payments to be credited within one hour of payment initiation. Further, it expects all financial institutions and all end users to have at least one option for sending or receiving cross-border wholesale or electronic payments by end-2027. It believes that more than 90% of individuals who wish to send or receive a remittance payment will have access to a means of cross-border electronic payment by end-2027. Also, it expects all payment service providers to provide information about cross-border payments to payers and recipients by end-2027, such as the total transaction cost, the expected time of delivery, the tracking of payment status, and the terms of service.

Source: *Financial Stability Board*

IRAQ

Agencies take rating actions on banks

Moody's Investors service downgraded the long-term foreign-currency deposit ratings of Mosul Bank for Development & Investment, Elaf Islamic Bank, and Trust International Islamic Bank from 'Caa2' to 'Caa3'. It also revised the outlook on the ratings from 'review for downgrade' to 'negative'. Further, it downgraded the Baseline Credit Assessments of the three banks from 'caa2' to 'ca', while it affirmed the banks' local currency long-term deposit ratings at 'Caa2'. It attributed the downgrades to the Central Bank of Iraq's (CBI) recent ban on these banks' access to its US dollar sales window, which restricts their ability to conduct transactions in US dollars. It noted that the ratings reflect the increased risk for these banks to fully meet their foreign currency obligations as a result of the ban, but added that they remain well capitalized and have ample liquid resources. It pointed out that the 'negative' outlook is driven by the elevated uncertainty about the impact of the ban on the banks' solvency and liquidity in the next 12 to 18 months. In parallel, Fitch Ratings placed the 'CCC+' long-term issuer default rating (IDR) and the 'ccc+' Viability Rating of Sumer Commercial Bank on Rating Watch Negative (RWN). It noted that the RWN reflects the ban that the CBI imposed on the bank that prohibits it from dealing in US dollars due to compliance issues related to international dollar transfers that it made in 2022. It considered that the ban could weaken the business, risk, and financial profiles of the bank. Also, it affirmed the long-term IDR of the Iraqi Islamic Bank at 'CCC+' and its VR at 'ccc+', given the bank's weak operating environment, limited franchise, high concentration risks, and depleting capitalization.

Source: *Moody's Investors Service, Fitch Ratings*

UAE

Banking sector risk assessment maintained

S&P Global Ratings maintained the banking sector of the United Arab Emirates in 'Group 5' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '6' and an industry risk score of '5'. The BICRA framework evaluates banking systems based on economic and industry risks facing a banking sector, with 'Group 10' including the riskiest sectors. Other countries in the BICRA 'Group 5' consist of Bermuda, Hungary, Iceland, India, Italy, Malta, Mexico, Panama, Peru, the Philippines, Portugal, Qatar, and Uruguay. S&P indicated that the UAE's economic risk score reflects "low risks" in economic resilience, as well as "high risks" in economic imbalances and "very high" credit risks in the economy. It said that the aggregate loan portfolios of the 10 largest banks increased by 9% in the first half of 2023 from the same period of 2022 and expected credit growth to decelerate in the second half of 2023. It forecast the 10 largest banks' weighted-average non-performing loans ratio (NPL) at between 5% and 6% in 2023 and in 2024, and considered that a still supportive domestic economic environment will help contain a potential increase in NPLs. Further, it noted that tighter monetary policy and lower global growth could require additional provisioning needs in the next 12 months. In parallel, it said that the industry score reflects the country's "intermediate risks" in its institutional framework and in its system-wide funding, as well as "high risks" in its competitive dynamics amid a fragmented sector. It noted that the performance of UAE banks improved in the first half of 2023, driven by lower credit losses, higher interest rates, and stronger lending growth. It said that the trend for economic and industry risks is "stable".

Source: *S&P Global Ratings*

EGYPT

Exchange rate to be overvalued by 10% to 20% by end-2023

Citi Research anticipated that the real exchange rate of the Egyptian pound will be overvalued by about 10% to 20% by the end of 2023, as it indicated that, despite the authorities' sustained devaluations since 2022, the elevated inflation rates in 2023 have rapidly eroded the competitiveness gains from the devaluations. As such, it expected the Central Bank of Egypt to significantly devalue the Egyptian pound following the presidential elections that are scheduled for December 2023, in order to restore the competitiveness of the economy. In addition, it anticipated that, alongside the devaluation, the authorities need to secure supplementary external funding from bilateral and multilateral sources, as well as additional proceeds from the privatization of state assets, in order to improve foreign currency liquidity and help cushion the impact of a potential devaluation of the pound in the short term. It added that a recovery of portfolio investments in local government debt could rapidly improve foreign currency liquidity in the domestic market. Further, Citi expected that these sources of funding will only provide short-term liquidity to the foreign exchange market, and anticipated that the long-term dynamics of the exchange rate will depend on the trajectory of the country's fiscal and current account balances, as well as on external financing dynamics.

Source: *Citi Research*



ENERGY / COMMODITIES

Oil prices to average \$90 p/b in fourth quarter of 2023

ICE Brent crude oil front-month prices reached \$91.5 per barrel (p/b) on October 18, 2023, constituting a rise of 3.8% from \$88.2 p/b on October 9, 2023, as escalating tensions in the Middle East raised concerns about oil supply disruptions from the region, and by positive oil consumption data out of the U.S. and China, while weekly figures from the Energy Information Administration showed a decline in U.S. crude oil and gasoline stocks in the week ending October 13. In parallel, the International Energy Agency expected global oil demand to rise by 2.3 million barrels per day (b/d) to 101.9 million b/d in 2023 due to higher demand from China, India, and Brazil. It forecast global oil output to increase by 1.5 million b/d in 2023, supported by higher production from non-OPEC+ producers. It expected the global oil market to remain in deficit in the near term, driven by extended voluntary supply cuts from Saudi Arabia and Russia. But it noted that the oil market balance could shift to a surplus, if extra output cuts are unwound in January, which would help replenish depleted inventories. Further, it said that 'higher for longer' interest rates could slow down global economic activity and oil demand growth, which would put downward pressure on oil prices. In contrast, it noted that a sharp escalation in geopolitical risks in the Middle East, a region that accounts for more than one-third of the world's seaborne oil trade, has markets on edge, although there has been no direct impact on physical supply so far. Further, Refinitiv projected oil prices, through its latest crude oil price poll of industry analysts, to average \$89.9 p/b in the fourth quarter of 2023.

Source: International Energy Agency, Refinitiv, Byblos Research

OPEC's oil basket price up 8% in September 2023

The price of the reference oil basket of the Organization of Petroleum Exporting Countries (OPEC) averaged \$94.6 per barrel (p/b) in September 2023, and increased by 8.3% from \$87.3 p/b in August 2023. The price of Angola's Girassol was \$97.46 p/b, followed by Saudi Arabia's Arab Light at \$96.51 p/b, and Kuwait Export at \$95.7 p/b. All prices in the OPEC basket posted monthly increases of between \$6.62 p/b and \$9.01 p/b in September 2023.

Source: OPEC

Middle East accounts for 14% of world's natural gas consumption in 2022

BP indicated that global natural gas consumption reached 3,941.3 billion cubic meters (bcm) in 2022, constituting a decrease of 3.1% from 4,067.1 bcm in 2021. The consumption of natural gas in North America totaled 1,099.4 bcm and accounted for 28% of the world's global consumption. The Asia Pacific region followed with 907.1 bcm (23%), the Middle East with 560.6 bcm (14.2%), the Commonwealth of Independent States with 551.2 bcm (14%), Europe with 498.8 bcm (12.7%), and Africa with 162.5 bcm and South & Central America with 161.7 bcm (4.1% each).

Source: BP, Byblos Research

MENA's oil production to decrease by 4% in 2023

The International Monetary Fund projected oil production in the MENA region to average 26 million barrels per day (b/d) in 2023, which would constitute a decrease of 4.1% from 27.1 million b/d in 2022. Oil production in the Gulf Cooperation Council countries would account for 65% of the region's oil output this year. On a country basis, Saudi Arabia's oil production is projected at 9.6 million b/d in 2023, equivalent to 37% of the region's oil output, followed by Iraq at 4.1 million b/d (15.8%), and the UAE at 2.9 million b/d (11.2%).

Source: International Monetary Fund, Byblos Research

Base Metals: Zinc prices to average \$2,653 per ton in fourth quarter of 2023

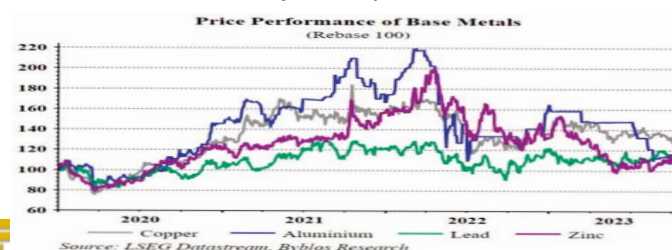
The LME 3-month future prices of zinc averaged \$2,684.7 per ton in the year-to October 18, 2023 period, constituting a drop of 25.6% from an average of \$3,606.8 a ton in the same period of 2022. The decline in prices is attributed to monetary tightening in advanced economies and a decrease in energy prices that led to the reopening of zinc smelters, which raised concerns of a market surplus. Also, the price of the metal rose from a recent low of \$2,248.5 per ton on May 31, 2023 to \$2,421 a ton on October 17, despite the strengthening of the US dollar. In parallel, S&P Global Market Intelligence projected global refined zinc production to increase from 13.54 million tons in 2022 to 13.9 million tons in 2023, with mine output representing 90.7% of global output this year. Also, it forecast the global consumption of refined zinc at 13.85 million tons this year, constituting an increase of 1.1% from 13.7 million tons in 2022 amid soft economic growth in the United States, a contraction of economic activity in the Euro Area, and weaker-than-expected growth prospects in China. As such, it expected the balance in the zinc market to shift from a deficit of 154,000 tons last year to a surplus of 48,000 tons in 2023. Further, it projected zinc prices to average \$2,653 per ton in the fourth quarter of 2023 and \$2,689 a ton in full year 2023, amid evolving economic sentiment and mixed consumption patterns. It also forecast the zinc market to post an average surplus of 73,000 tons in the 2024-27 period and for the price of the metal to average \$2,632 per ton in the same timeframe.

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

Precious Metals: Platinum prices to average \$975 per ounce in fourth quarter of 2023

Platinum prices averaged \$977.6 per troy ounce in the year-to-October 18, 2023 period, constituting an increase 2.4% from an average of \$954.5 an ounce in the same period last year due to the increase in demand for the metal in recent months. Also, platinum prices regressed from a recent high of \$984 per ounce on August 30, 2023 to \$895 an ounce on October 17, 2023, driven by expectations of further interest rate hikes by the U.S. Federal Reserve. In parallel, Citi Research projected global demand for platinum to reach nearly 7.78 million ounces in 2023 and to increase by 9.6% from 7.1 million ounces in 2022. Also, it forecast the global supply of platinum to grow by 1.2% from 7.04 million ounces in 2022 to 7.13 million ounces in 2023, with mine output representing 78.2% of global refined platinum production this year. It expected the platinum market to shift from a surplus in 2022 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 from the glass and chemical sectors. 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 \$975 per ounce in the fourth quarter 2023 and \$985 an ounce in full year 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	Caa1 Stable	B Negative	B Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	CCC Negative	Caa3 Stable	CCC- -	- -	-3.4	34.3	2.0	60.4	5.0	169.5	-6.5	2.6
Ghana	SD -	Ca Stable	RD -	- -	-7.5	71.7	2.6	42.3	53.2	121.4	-3.1	3.8
Côte d'Ivoire	- -	Ba3 Positive	BB- Stable	- -	-4.1	43.2	-	-	14.3	-	-3.5	1.4
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-0.8	13.17	0.49	7.88	2.16	116.35	-4.3	3
Morocco	BB+ Stable	Ba1 Stable	BB+ Stable	- -	-5.0	68.2	5.3	35.1	8.6	99.0	-5.3	1.5
Nigeria	B- Stable	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+ Stable	Ba2 Positive	BB+ Stable	BB Positive	-11.3	84.3	1.4	47.1	12.4	146.6	-10.9	2.7
Qatar	AA Stable	Aa3 Positive	AA- Positive	AA Stable	5.3	63.3	2.9	179.1	7.2	225.3	-1.2	-1.5
Saudi Arabia	A Stable	A1 Positive	A+ Stable	A+ Positive	-6.2	38.2	16.3	18.4	3.6	50.4	-0.6	-1.0
Syria	- -	- -	- -	- -	-	-	-	-	-	-	-	-
UAE	- -	Aa2 Stable	AA- Stable	AA- Stable	-1.6	40.5	-	-	2.5	-	3.1	-0.9
Yemen	- -	- -	- -	- -	-	-	-	-	-	-	-	-



COUNTRY RISK METRICS

Countries	LT Foreign currency rating				General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI								
Asia												
Armenia	BB- Stable	Ba3 Stable	BB- Stable	B+ Positive	-4.9	65.5	-	-	11.3	-	-6.7	1.6
China	A+ Stable	A1 Stable	A+ Stable	-	-3.0	72.6	12.1	40.6	2.5	68.7	1.7	0.4
India	BBB- Stable	Baa3 Negative	BBB- Negative	-	-10.0	89.6	9.5	41.7	31.6	79.5	-0.6	1.5
Kazakhstan	BBB- Stable	Baa3 Positive	BBB Stable	-	-1.7	32.0	5.1	30.8	7.3	95.6	-3.2	3.0
Pakistan	CCC+ Stable	Caa3 Stable	CCC -	-	-8.0	89.4	1.9	41.5	45.9	127.7	-1.6	0.6
Central & Eastern Europe												
Bulgaria	BBB Stable	Baa1 Stable	BBB Stable	-	-5.0	30.4	2.7	28.3	1.9	104.2	0.4	1.0
Romania	BBB- Negative	Baa3 Negative	BBB- Negative	-	-7.2	52.4	3.5	25.5	4.5	102.9	-5.1	2.0
Russia	C CWN**	Ca Negative	C -	-	-2.2	23.4	11.4	18.6	2.9	59.3	1.9	-0.8
Türkiye	B Stable	B2 Negative	B Stable	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

** CreditWatch with negative implications

*** Review for Downgrade

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	Action	Next meeting
USA	Fed Funds Target Rate	5.50	20-Sep-23	No change	01-Nov-23
Eurozone	Refi Rate	4.50	14-Sep-23	Raised 25bps	26-Oct-23
UK	Bank Rate	5.25	21-Sep-23	No change	14-Dec-23
Japan	O/N Call Rate	-0.10	22-Sep-23	No change	31-Oct-23
Australia	Cash Rate	4.10	03-Oct-23	No change	07-Nov-23
New Zealand	Cash Rate	5.50	04-Oct-23	No change	29-Nov-23
Switzerland	SNB Policy Rate	1.75	21-Sep-23	No change	14-Dec-23
Canada	Overnight rate	5.00	06-Sep-23	No change	24-Oct-23
Emerging Markets					
China	One-year Loan Prime Rate	3.45	20-Sep-23	No change	20-Oct-23
Hong Kong	Base Rate	5.75	21-Sep-23	Raised 25bps	02-Nov-23
Taiwan	Discount Rate	1.875	21-Sep-23	No change	14-Dec-23
South Korea	Base Rate	3.50	19-Oct-23	No change	30-Nov-23
Malaysia	O/N Policy Rate	3.00	07-Sep-23	No change	02-Nov-23
Thailand	1D Repo	2.50	27-Sep-23	Raised 25bps	29-Nov-23
India	Repo Rate	6.50	06-Oct-23	No change	N/A
UAE	Base Rate	5.40	20-Sep-23	No change	01-Nov-23
Saudi Arabia	Repo Rate	6.00	21-Sep-23	No change	01-Nov-23
Egypt	Overnight Deposit	19.25	21-Sep-23	No change	02-Nov-23
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	30.00	21-Sep-23	Raised 500bps	26-Oct-23
South Africa	Repo Rate	8.25	21-Sep-23	No change	23-Nov-23
Kenya	Central Bank Rate	10.50	03-Oct-23	No change	N/A
Nigeria	Monetary Policy Rate	18.75	25-Jul-23	Raised 25bps	20-Oct-23
Ghana	Prime Rate	30.00	25-Sep-23	No change	27-Nov-23
Angola	Base Rate	17.00	15-Sep-23	No change	21-Nov-23
Mexico	Target Rate	11.25	28-Sep-23	No change	09-Nov-23
Brazil	Selic Rate	12.75	20-Sep-23	Cut 50bps	N/A
Armenia	Refi Rate	9.75	12-Sept-23	Cut 50bps	31-Oct-23
Romania	Policy Rate	7.00	05-Oct-23	No change	08-Nov-23
Bulgaria	Base Interest	3.29	27-Sep-23	Raised 17bps	25-Oct-23
Kazakhstan	Repo Rate	16.00	06-Oct-23	Cut 50bps	24-Nov-23
Ukraine	Discount Rate	20.00	14-Sep-23	Cut 200bps	26-Oct-23
Russia	Refi Rate	13.00	15-Sep-23	Raised 100bps	27-Oct-23



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

The Country Risk Weekly Bulletin is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from the Country Risk Weekly Bulletin may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.



BYBLOS BANK GROUP

LEBANON

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

IRAQ

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

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

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

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

ARMENIA

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

BELGIUM

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

UNITED KINGDOM

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

FRANCE

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

NIGERIA

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

ADIR INSURANCE

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

