750 ISSUES+
Issue 788 | January 18, 2024

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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Unemployment rate projected at 5.2% in 2024

The International Labor Organization expected global unemployment to reach 190.8 million individuals in 2024, which would constitute an increase of 1.2% from 188.6 million unemployed people in 2023. As such, it forecast the global unemployment rate to rise from 5.1% in 2023 to 5.2% in 2024. It projected upper-middle income economies (UMICs) to have 80.3 million unemployed persons in 2024 and to account for 42.1% of the global unemployed population, followed by 64.4 million individuals in lower-middle income countries (LMICs) (33.8% of the total), 30 million persons in high income economies (15.7%), and 16.1 million unemployed persons in low income countries (8.4%). As a result, it projected the unemployment rate at 5.7% in low-income economies, at 5.5% in UMICs, 4.9% in LMICs, and at 4.7% in high-income economies this year. Also, it forecast the unemployment rate at 16% in Arab countries excluding Gulf Cooperation Council (GCC) economies, at 11.3% in North Africa, at 7.2% in Central & Western Asia, at 6.3% in Northern, Southern & Western Europe, at 6.1% in Latin America & the Caribbean, at 5.8% in Sub-Saharan Africa, at 5.1% in South Asia, at 4.7% in East Asia, at 4.2% in North America, at 4% in Eastern Europe, at 3.7% in the Pacific, at 3.5% in GCC economies, and at 2.5% in South-East Asia this year. In parallel, it expected the labor market participation rate among females to regress from 48.7% in 2023 to 48.2%, and to decline from 73% to 72.9% among males in 2024.

Source: International Labor Organization

MENA

Digital quality of life varies among Arab countries

Surfshark, a cybersecurity company, ranked the UAE in 38th place among 121 countries globally and in first place among 12 Arab countries on its Digital Quality of Life Index for 2023. Saudi Arabia followed in 45th place, then Qatar (48th), Bahrain (57th), Oman (61st), and Kuwait (63rd) as the six Arab countries with the highest digital wellbeing; while Morocco (75th), Tunisia (83rd), Jordan (85th), Egypt (87th), Algeria (92nd), and Yemen (121st) provide less accessible and affordable Internet and digital services. The index provides insights into factors that impact a country's digital wellbeing and areas to improve access to Internet and digital services. The index is composed of 14 sub-indicators that are aggregated in six pillars that are Internet Affordability, Internet Quality, Electronic Infrastructure, Electronic Security, and Electronic Government. The rankings on the index are based on scores that range from zero to one point, with higher scores reflecting a better digital quality of life. The score of a country is the equally-weighted average of the five scores on each pillar. The Arab countries' average score stood at 0.44 points in 2023, and came lower than the global average score of 0.49 points. Also, the average score of Gulf Cooperation Council (GCC) countries was 0.52 points, while the average of non-GCC Arab countries stood at 0.35 points. In parallel, Kuwait was the top ranked Arab country on the Internet Affordability pillar, while Tunisia came in first place among Arab economies on the Electronic Security pillar. Also, the UAE ranked in first place in the region on the Internet Quality, Electronic Infrastructure, and Electronic Government pillars.

Source: Surfshark, Byblos Research

GCC

Fixed income issuance up 25% to $108bn in 2023

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $108.2bn in 2023, constituting an increase of 25.4% from $86.3bn in the previous year. Fixed income issuance in 2023 consisted of $40bn in corporate bonds, or 37% of the total, followed by $26.5bn in corporate sukuk (24.5%), $23.4bn in sovereign sukuk (21.6%), and $18.3bn in sovereign bonds (17%). Further, aggregate bonds and sukuk issued by corporates in the GCC amounted to $66.5bn in 2023, or 61.5% of fixed income output in the region; while issuance by GCC sovereigns stood at $41.7bn, or 38.4% of the total. GCC sovereigns issued $10bn in bonds and sukuk in January, $1.5bn in February, $0.1bn in March, $2.3bn in April, $7.9bn in May, $2.2bn in June, $0.2bn in July, $13.2bn in August, $3.3bn in September, $0.5bn in October 2023, $0.2bn in November, and $0.3bn in December 2023. Also, companies in the GCC issued $2.4bn in bonds and sukuk in January, $13.6bn in February, $2.1bn in March, $5.6bn in April, $5.6bn in May, $5.2bn in June, $5bn in July, $0.8bn in August, $5.7bn in September, $11bn in October, $7.1bn in November, and $2.4bn in December 2023. In parallel, corporate output in December included $429m and $160.3m in bonds issued by companies based in the UAE and Qatar, respectively, and $400m in corporate sukuk issued by Omani firms. Further, sovereign proceeds in the covered month consisted of $198.2m and $75m in sukuk that Oman and Bahrain issued, respectively.

Source: KAMCO

SAUDI ARABIA

Venture capital funding up 33% to $1.4bn in 2023

Figures released by online platform Magnitt show that venture capital (VC) funding in Saudi Arabia reached $1.38bn in 2023, constituting an increase of 33% from $1.04bn in 2022 and a surge of 134.8% from $589m in 2021. Saudi Arabia ranked first in the region in terms of VC investments in 2023 and accounted for 52% of the Middle East and North Africa region's total funding. Further, the number of VC deals in the Kingdom totaled 125 in 2023, representing decreases of 20.4% from 157 investments in the preceding year and of 17.8% from 152 transactions in 2021. In parallel, VC investments in fintech firms amounted to $704m and accounted for 51% of aggregate VC investments in Saudi Arabia last year, followed by investments in the e-commerce & retail sector with $428m (31%), enterprise software firms with $52m (3.8%), educational technology companies with $50m (3.6%), and the healthcare sector with $30m (2.2%). Also, there were 30 investments in fintech companies, or 24% of the aggregate number of deals in 2023, followed by the e-commerce & retail sector with 19 transactions (15.2%), enterprise software and transport & logistics companies with 10 deals each (8% of the total each), and the healthcare sector with eight investments (6.4%). In parallel, there were nine exits from VC investments in 2023 compared to 10 exits in the preceding year and to five exits in 2021.

Source: Magnitt, Byblos Research

OUTLOOK

WORLD

Extreme weather conditions and critical changes to earth systems are top risks for next decade

The World Economic Forum's Global Risks Perception Survey for the next 10 years indicated that 46% of respondents expected disturbance and elevated risks of global catastrophes, 29% anticipated some worldwide instability and a moderate risk of global catastrophes, while 17% expected global catastrophic risks to materialize in the long-term. It added that only 9% of respondents anticipated a stable or calm outlook 10 years from now.

In parallel, the survey indicated that respondents selected "extreme weather events" as the top risk among 34 risk factors that the global economy will face in the next decade, followed by "critical change to earth systems", "biodiversity loss and ecosystem collapse", "natural resource shortages", "misinformation and disinformation", "adverse outcomes of artificial intelligence technologies", "involuntary migration", "cyber insecurity", "societal polarization", and "pollution". Further, it noted that the high risk of corporate, household, or public debt distress came in 17th place, given that debt distress is concentrated in least developed countries that have large financing gaps. Also, it pointed out that "economic downturn" dropped from ninth place in the 2023 survey to 28p place in the current opinion poll.

In addition, the survey revealed that 64% of respondents expected that national and local regulations would reduce the risk of "censorship and surveillance" in the next decade, while 61% anticipated the risks of "illicit economic activity" and "biodiversity loss and ecosystem collapse" to be addressed in the next 10 years.
Source: World Economic Forum

EMERGING MARKETS

Real GDP growth rate projected at 4% in 2024, pace of growth differs across regions

The United Nations Department of Economic and Social Affairs projected the real GDP growth rate of emerging markets (EMs) at 4% in 2024 and 4.2% in 2025, compared to an average of 4.9% in the 2011-19 period, and relative to global growth rates of 2.4% in 2024 and 2.7% in 2025. It anticipated persistent geopolitical tensions, narrowing fiscal space, tight financial conditions, the effect of elevated inflation rates on the purchasing power of households, and expectations of a surge in commodity prices to weigh on the growth prospects of EMs. It expected real GDP growth in Africa to accelerate from 3.5% in 2024 to 4.2% in 2025, and forecast economic activity is East and South Asia at 4.7% in 2024 and in 2025. Further, it projected the real GDP growth rate of Western Asia to expand by 2.9% in 2024 and 3.7% in 2025, and expected economic activity in Latin America and the Caribbean to accelerate from 1.6% in 2024 to 3.7% in 2025. Moreover, it forecast the real GDP growth rate of South and Eastern Europe at 2.9% in 2024 and 3.1% in 2025, and for economic activity in the Commonwealth of Independent States and Georgia to grow by 2.3% this year and by 2.4% in 2025.

Further, it forecast the average headline inflation rate in EMs to decline from an estimated 6.9% in 2023 to 5.6% in 2024, although it considered that many economies in Africa, South Asia, and Western Asia will continue to experience elevated food price inflation due to limited international pass-through to local prices, the depreciation of their local currencies, and climate-related shocks. It considered that a prolonged period of high interest rates in advanced economies, mainly in the United States, could trigger a further reversal of capital flows from EM economies, which will exacerbate their financing constraints.

In addition, it pointed out that high levels of external debt and still-rising interest rates are constraining the access of EM economies to international capital markets. Also, it said that high debt servicing costs are limiting the countries' fiscal space and worsening their debt sustainability risks. As such, it considered that EM central banks will face growing balance-of-payments concerns and debt sustainability risks. In parallel, it indicated that several developing economies continue to face significant challenges that include labor market weaknesses, high youth unemployment rates, and low investment in renewable energy.
Source: United Nations

AFRICA

Economic activity to rebound to 3.8% in 2024, outlook subject to downside risks

The World Bank revised its real GDP growth rate for Sub-Saharan Africa (SSA) to 2.9% for 2023 from 3.2% last June. It attributed the downward revision to a slowdown in economic activity in Angola, Nigeria, and South Africa, and to a sharp decline in real GDP growth of SSA's metal exporters amid lower global metal prices. Also, it forecast the real GDP growth rate in SSA to accelerate to 3.8% in 2024 and 4.1% in 2025, in case of a recovery in private consumption and gross fixed investments as a result of receding inflationary pressures, a rebound in global trade and output, and the easing of global financial conditions.

Further, it projected economic activity in the SSA region, excluding Angola, Nigeria and South Africa, to grow by 5% in 2024 and 5.3% in 2025. It expected non resource-rich economies to grow by 5.4% in 2024 and by 5.7% in 2025, due mainly to an increase in investments amid improved business confidence. It anticipated real GDP growth in resource-rich countries at 3.8% this year and 4.1% in 2025 due to the diminishing impact of the sharp decline in commodity, prices as well as to a pick-up in the non-mining sectors, mainly services. Also, it projected the real GDP growth rate in Nigeria at 3.3% in 2024 and 3.7% in 2025, supported by the implementation of macro-fiscal reforms. It expected economic activity in Angola to expand by 2.8% this year and 3.1% next year, amid the rebound in the non-oil sector's activity. It also projected real GDP growth in South Africa at 1.3% in 2024 and 1.5% in 2025, as the slow pace of structural reforms is likely to continue to limit the country's growth potential.

In parallel, it considered that risks to the SSA region's economic outlook are tilted to the downside and include a rise in political instability and violence, such as the intensification of the conflict in the Middle East, disruptions to global or local trade and production, increased frequency and intensity of adverse weather events, and a sharper-than-expected global economic slowdown. Also, it said that domestic risks include the increasing threat of government defaults in SSA in case of unsuccessful debt restructuring negotiations by highly indebted countries.
Source: World Bank

UAE

Sovereign rating affirmed, outlook 'stable'

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 by an elevated GDP per capita. It added that the ratings reflect the agency's expectations that the Emirate of Abu Dhabi will support federal institutions in case of need. Also, it stated that the 'stable' outlook balances the country's solid external position against continued reliance on hydrocarbon exports, amid declining oil prices and elevated financing risks of government-related entities due to tighter local and international monetary policies. It pointed out that the ratings are constrained by the high dependence of the economy on hydrocarbons, budget rigidities, as well as by high geopolitical uncertainties due to the war in the Gaza Strip and to continued tensions with Iran. In parallel, the agency said that it may upgrade the ratings if the authorities continue to implement structural reforms that would reduce the economy's reliance on oil exports and improve the intuitional framework, or if geopolitical tensions recede. But it pointed out that it may downgrade the ratings in case geopolitical tensions worsen to a level that affects the flow of hydrocarbons from the region, or in case public and external finances deteriorate.

Source: Capital Intelligence Ratings

JORDAN

Insurance sector has "moderately high" industry risk

In its Insurance Industry and Country Risk Assessment of the insurance sector in Jordan, S&P Global Ratings considered the insurance industry risk for the property and casualty (P/C) segment to be "moderately high" and the country risk to be "high". It pointed out that Jordan's country risk level, as well as the sector's relatively weak growth, constitute key risks for Jordanian insurers in 2024. It said that the elevated country risk level reflects the impact of several external shocks, including the Syrian conflict and the war in the Gaza Strip, the influx of refugees, and repercussions from the war in Ukraine. It expected international support for Jordan to remain strong in the near term, which will minimize foreign currency risk for insurers, given the peg of the Jordanian dinar to the US dollar. In parallel, S&P assessed the industry risk as "moderately high", which factors in the industry's satisfactory profitability that is offset by uncertainties about premiums' growth prospects, given the ongoing conflict in the Gaza Strip. It said that factors that support the sector's profitability include the low exposure of insurers to catastrophe risks, predictable claim settlements, and consolidation in the market to form stronger companies. It indicated that the insurance sector remained profitable in 2022, but it noted that insurers tend to generate losses from compulsory third-party liability motor businesses, as the authorities set the rates for this line. It anticipated that the authorities will review and adjust the rates for this line, which should positively affect the performance of the sector.

Source: S&P Global Ratings

TÜRKIYE

Outlook on ratings revised to 'positive' on implementation of orthodox monetary policy

Moody's Investors Service affirmed Türkiye's long-term foreign- and local-currency issuer and the foreign-currency senior unsecured ratings at 'B3', which is six notches below investment grade. It also revised the outlook on the long-term ratings from 'stable' to 'positive'. It attributed the change in outlook to the authorities' return to orthodox monetary policy, which, if maintained, would help reduce Türkiye's major macroeconomic and external imbalances, and rebuild foreign currency reserves. It noted that the affirmation of the ratings takes into account the large accumulated imbalances in the Turkish economy that require time and policy consistency to address, as well as the country's economic strengths such as a comparatively high GDP per-capita and a dynamic private sector. It added that solid public finances and the low public debt level relative to peers support the sovereign rating. Further, it indicated that foreign currency reserves of the Central Bank of the Republic of Türkiye have increased from $49bn at the end of May 2023 to $85bn at end-2023, and forecast the current account deficit at 3.3% of GDP in 2024. In parallel, the agency noted that it could upgrade the ratings if the authorities maintain the current monetary policy stance, or if the stability of the exchange rate and higher capital inflows lead to a faster-than-expected increase of foreign currency reserves. In contrast, it pointed out that it could revise the outlook to 'stable' in case the authorities prioritize economic growth in an unsustainable manner over containing inflationary pressures.

Source: Moody's Investors Service

ETHIOPIA

Outlook for 2024 contingent on debt restructuring outcome

Standard Chartered Bank revised downwards its projection for Ethiopia's real GDP growth rate from 6% to 4% in the fiscal year that ends in July 2024, as a result of high inflation rates, debt restructuring, limited foreign currency reserves, difficult relations with donors, as well as elevated risks of social tensions and conflict. Further, it pointed out that the Ministry of Finance and Economic Cooperation has reached an agreement with official creditors in November 2023 on the suspension of debt servicing for FY2022/23 and FY2023/24 and that it will restructure its 2024 Eurobond. It added that the ministry agreed with China to suspend debt servicing on loans from China. It said that Ethiopia would likely have been unable to meet its external debt service commitments of $2.2bn in FY2023/24 and $3.4bn in FY2024/25. It considered that the debt service suspension could help Ethiopia secure an agreement with the International Monetary Fund (IMF) in 2024, but it noted that the debt of state-owned enterprises accounts for a high share of Ethiopia's external debt and debt servicing, which may complicate negotiations with the IMF. In addition, it projected the current account deficit to narrow from 3.6% of GDP in FY2022/23 to 3% of GDP in FY2023/24 and in FY2024/25 each, due mainly to strong remittance inflows and a decline in imports. It said that the government will rely on domestic sources and advances from the National Bank of Ethiopia to finance its fiscal deficit, given the lack of access to external markets.

Source: Standard Chartered Bank

SAUDI ARABIA

Agency affirms ratings on banks, outlook 'stable'

Fitch Ratings affirmed the long-term local and foreign currency Issuer Default Ratings (IDRs) of Al Rajhi Banking and Investment Corporation (ARB), Riyad Bank (RB), Saudi Awwal Bank (SAB), and the Saudi National Bank (SNB) at 'A-', with a 'stable' outlook on the IDRs. Further, it affirmed the Viability Ratings (VRs) of ARB and SNB at 'a-' and those of RB and SAB at 'bbb+'. It said that the four banks benefit from a high probability of government support, irrespective of size, franchise, funding structure and level of government ownership. It also noted that the VRs of the four banks are supported by a favorable operating environment due to high oil prices, reduced risks from the impact of the COVID-19 pandemic on the economy, the government's strategy to diversify the economy as part of its Vision 2030, and robust GDP growth. Further, it indicated that the banks' VRs are underpinned by their strong capitalization, with a Common Equity Tier 1 capital ratio that exceeds 15% for Riyad Bank and 16% for the other three banks. It also pointed out that the VRs of ARB, RB, and SNB reflect their sound asset quality, and solid profitability. It added that the VRs of ARB, RB, and SAB take into account their good liquidity levels, while the rating of SNB is constrained by its high cost of funding. In parallel, it stated that it could upgrade the IDRs of the four banks if support from the Saudi government persists and the banks' VRs improve. It added that it could downgrade the IDRs of the banks if government support decreases or if the banks' financial performance deteriorates.

Source: Fitch Ratings

OMAN

Banking sector risk assessment maintained

S&P Global Ratings maintained Oman's banking sector in 'Group 7' under its Banking Industry Country Risk Assessment (BICRA), with an economic risk score of '7' and an industry risk score of '6'. The BICRA framework evaluates global banking systems based on economic and industry risks facing the sector, with 'Group 10' including the riskiest banking sectors. Other countries in BICRA's 'Group 7' consist of Bahrain, Cyprus, Georgia, Greece, Guatemala, Morocco, and Thailand. The agency indicated that the economic risk score reflects "high risks" in terms of economic resilience, economic imbalances, and credit risk in the economy. It projected the sector's non-performing loans ratio at 4.2% in 2024, down from a peak of 4.6% at end-2023 amid improving asset quality. But it noted that Oman's economic structure constrains the creditworthiness of the banking sector, as the banks have a high exposure to government-related entities, while the economy's high dependence on the hydrocarbon sector adds volatility to the sector's performance. It pointed out that the economic risk trend in Oman is positive, given favorable oil sector dynamics and high non-hydrocarbon sector output. Further, it said that the industry score reflects the "high risks" that the banking sector faces in its competitive dynamics and system-wide funding, and "intermediate risks" in its institutional framework. It indicated that Omani banks operate with adequate transparency and that the sector's regulations are in line with international standards. Moreover, S&P said that the trend for the industry risk is 'stable', as the Omani banking system's balance sheet is liquid and is mainly funded by core customer deposits.

Source: S&P Global Ratings

JORDAN

Capital adequacy ratio at 17.4%, NPLs at 5% at end-June 2023

The International Monetary Fund indicated that the banking sector in Jordan is well capitalized and liquid. It said that the sector's capital adequacy ratio reached 17.4% at the end of June 2023, nearly unchanged from 17.3% at end-2022, and well above the minimum regulatory requirement of 12%. It pointed out that the banks' high level of regulatory capital and their robust earnings-generating capacity would allow most of them to withstand a large global external shock. Further, it noted that the sector's liquid assets regressed from 138% of total assets at end-2022 to 135.4% of assets at end-June 2023. It pointed out that the non-performing loans ratio has increased from 4.5% at end-2022 to 5% at end-June 2023, and that provisions have decreased from 81.5% of total classified loans at end-2022 to 78.4 % at end-June 2023. It added that the loans-to-deposits ratio rose from 83.5% at end-2022 to 84.8% at end-June 2023, amid a deceleration in deposit growth, even though lending to the private sector has slowed down in 2023. It stated that the banks' return on assets improved from 1% in 2022 to 1.2% in the first half of 2023 on an annualized basis. In addition, it indicated that the authorities have made substantial progress in strengthening their Anti-Money Laundering and Combating the Financing of Terrorism framework, as the Financial Action Task Force removed Jordan from its list of Jurisdictions under Increased Monitoring in October 2023.

Source: International Monetary Fund

NIGERIA

Agencies take rating actions on banks

The Central Bank of Nigeria (CBN) announced on January 10, 2024 that it has dissolved the boards of directors and replaced the management of Union Bank of Nigeria, Keystone Bank, and Polaris Bank with new executives. It attributed its decision to the banks' regulatory non-compliance, corporate governance failure, disregard to the conditions under which their licenses were granted, and involvement in activities that pose threats to financial stability. In parallel, Fitch Ratings affirmed the long-term Issuer Default Ratings (IDRs) of Ecobank Nigeria (EBN), First City Monument Bank (FCMB), and Union Bank of Nigeria (UBN) at 'B-', while it maintained the National Ratings of EBN and FCMB on 'Rating Watch Negative' (RWN), and placed UBN on RWN. It indicated that the IDRs of EBN and FCMB reflect the continued lack of stability and risks to the compliance of the banks with their respective regulatory minimum requirements for their capital adequacy ratios (CAR), following the severe depreciation of the Nigerian naira. It considered that the two banks have thin buffers and moderate-to-weak profitability, which poses risks to asset quality. Also, it stated that it could remove the RWN on FCMB and EBN's ratings if the banks comply with the minimum CAR requirements in case of further currency depreciation, and if they maintain sufficient capital buffers. Further, it noted that it could remove the RWN on UBN if the bank operates normally under the new management and if there are no additional regulatory interventions. In parallel, Moody's Investors Service maintained UBN's long-term deposit and issuer ratings at 'Caa1', and revised the outlook on the ratings from 'positive' to 'stable', following the intervention of the CBN.

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

ENERGY / COMMODITIES

Oil prices to average $80 p/b in first quarter of 2024

ICE Brent crude oil front-month prices have been volatile in the first 17 days of 2023, trading at between $75.9 per barrel (p/b) and $78.8 p/b. Oil prices regressed as a result of the rise in U.S. crude oil stockpiles, while they increased due to the OPEC+ coalition's forecast of strong growth in global oil demand in the next two years, as well as to growing concerns about an escalation of tensions in the Middle East that have raised the geopolitical risk premium in oil prices. In parallel, Citi Research forecast global oil demand at 101.8 million barrels per day (b/d) in 2024, which would constitute a growth of 1.2% from 100.6 million b/d in 2023. Also, it projected global oil supply to reach 103.6 million b/d this year, which would represent an increase of 1.5% from 102.1 million b/d in 2023. It expected Saudi Arabia to reduce its production by one million b/d in the first quarter of 2024, followed by Iraq with 220,000 b/d, the UAE with 160,000 b/d, Kuwait with 135,000 b/d, Kazakhstan with 82,000 b/d, Algeria with 51,000 b/d, and Oman with 42,000 b/d. It expected the global oil markets to be balanced in the first quarter of 2024 and to post a surplus of one million b/d starting in the second quarter of the year, driven by higher oil output from non-OPEC+ producers and increased spare capacity at OPEC+ members. Further, it said that the possibility of intensified violence in the Middle East region could disrupt global oil supply. In addition, it forecast oil prices to average $80 p/b in the first quarter of 2024.
Source: Citi Research, Refinitiv, Byblos Research

OPEC's oil basket price down 7% in December 2023

The price of the reference oil basket of the Organization of Petroleum Exporting Countries (OPEC) averaged $79 per barrel (p/b) in December 2023, constituting a decrease 7% from $84.9 p/b in November 2023. The price of Saudi Arabia's Arab Light was $81.3 p/b, followed by Kuwait's Kuwait Export at $80.1 p/b, and Nigeria's Bonny Light at $79.8 p/b. All prices in the OPEC basket posted monthly declines of between $4.3 p/b and $6.4 p/b in December 2023.
Source: OPEC

Kuwait's crude oil production down 9.4% in October 2023

Crude oil production in Kuwait totaled 2.55 million barrels per day (b/d) in October 2023, unchanged from September 2023, and constituting a decrease of 9.4% from 2.81 million b/d in October 2022. Further, total crude oil exports from Kuwait amounted to 1.47 million barrels per day (b/d) in October 2023, representing an increase of 8.8% from 1.36 million b/d in September 2023 and a decrease of 25.6% from 1.98 million b/d in October 2022.
Source: Joint Organizations Data Initiative, Byblos Research

OPEC oil output nearly unchanged in December 2023

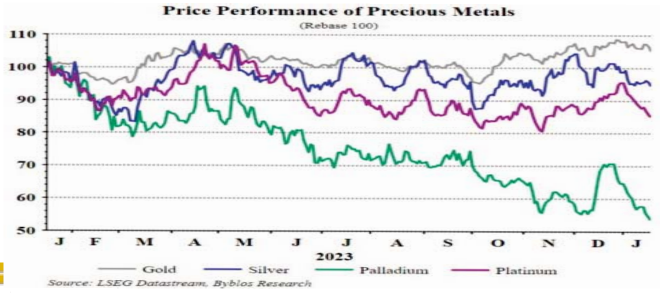
Member countries of the Organization of the Petroleum Exporting Countries (OPEC), based on secondary sources, produced an average of 26.7 million barrels of oil per day (b/d) in December 2023, constituting an increase of 0.3% from 26.63 million b/d in November 2023. On a country basis, Saudi Arabia produced 8.96 million b/d, or 33.5% of OPEC's total output, followed by Iraq with 4.29 million b/d (16%), Iran with 3.14 million b/d (11.8%), the UAE with 2.9 million b/d (11%), and Kuwait with 2.55 million b/d (9.5%).
Source: OPEC

Base Metals: Zinc prices to average $2,400 per ton in first quarter of 2024

The LME cash prices of zinc averaged $2,650.1 per ton in 2023, constituting a drop of 24% from an average of $3,485.6 a ton in 2022. Prices averaged $3,129.8 per ton in the first quarter of 2023, and then dropped to $2,536 a ton in the second quarter and to $2,434.2 per ton in the third quarter, driven by monetary tightening in advanced economies, as well as a by stronger U.S. dollar and a decrease in energy prices that led to the reopening of zinc smelters, which raised concerns of a market surplus. Prices then increased to $2,500.3 per ton in the fourth quarter of 2023 amid expectations that the U.S. Federal Reserve will stop interest rate hikes. Also, the zinc market shifted to a surplus in 2023 after two years of supply deficits, due to weaker-than-expected demand and higher-than-expected production. In parallel, Citi Research projected the global supply of zinc at 13.98 million tons in 2024 relative to 13.83 million tons last year, with mine output representing 91% of the total. Further, it forecast demand for the metal at 13.81 million tons in 2024 compared to 13.62 million tons in 2023. It expected that the sustained surplus in the zinc market, robust output of the metal from China, and persistent headwinds to the growth of developed markets will weigh on future zinc prices. Further, it projected zinc prices to average at $2,400 per ton in the first quarter of 2024.
Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $2,050 per ounce in first quarter of 2024

Gold prices averaged $1,943 per troy ounce in 2023, constituting an increase of 7.8% from an average of $1,802.3 an ounce in 2022. Prices averaged $1,889.2 an ounce in the first quarter of 2023, and then increased to $1,977.6 per ounce in the second quarter, mainly due to rising inflows into gold-backed exchange traded funds and accelerating inflation rates globally, which led to higher investment demand for gold and reinforced the appeal of the metal as a hedge against inflationary pressures. Prices then dipped to $1,928.1 per ounce in the third quarter amid expectations of further interest rate hikes by the U.S. Federal Reserve, and then rose to $1,977.3 per troy ounce in the fourth quarter of the year due mainly to the war in the Gaza Strip that exacerbated geopolitical tensions, and to expectations of the U.S. Federal Reserve suspending its interest rate hikes cycle. In parallel, Citi Research projected global demand for gold to decrease by 0.6% from 4,835 tons in 2023 to 4,805 tons in 2024. It forecast the global supply of gold to decrease from 4,835 tons in 2023 to 4,805 tons in 2024, or by 0.6%, amid the increased recycling of gold that can boost its supply. It stated that gold will continue to experience solid demand and high prices due to expectations of a global recession, declining yields of U.S. Treasury bonds, and increased demand for the metal by major central banks. Further, it projected gold prices to average $2,050 per ounce in the first quarter of 2024.
Source: Citi Research, Refinitiv, Byblos Research



COUNTRY RISK METRICS

Countries	LT Foreign currency rating: S&P	LT Foreign currency rating: Moody's	LT Foreign currency rating: Fitch	LT Foreign currency rating: CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa												
Algeria	- -	- -	- -	- -	-6.5	-	-	-	-	-	-10.8	1.1
Angola	B- Stable	B3 Positive	B- Stable	- -	-1	111.2	7.8	62.6	40.4	101.0	-4.0	1.5
Egypt	B- Stable	Caa1 Stable	B- Stable	B Stable	-8.0	90.2	5.6	68.6	50.1	121.1	-3.5	1.9
Ethiopia	SD -	Caa3 Stable	C -	-	-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	Ba1 Stable	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 S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Asia												
Armenia	BB- 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 Positive	B3 Positive	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	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	5.50	13-Dec-23	No change	31-Jan-24
Eurozone	Refi Rate	4.50	14-Dec-23	No change	25-Jan-24
UK	Bank Rate	5.25	14-Dec-23	No change	02-Feb-24
Japan	O/N Call Rate	-0.10	19-Dec-23	No change	23-Jan-24
Australia	Cash Rate	4.35	05-Dec-23	No change	06-Feb-24
New Zealand	Cash Rate	5.50	29-Nov-23	No change	28-Feb-24
Switzerland	SNB Policy Rate	1.75	14-Dec-23	No change	21-Mar-24
Canada	Overnight rate	5.00	26-Dec-23	No change	24-Jan-24
Emerging Markets					
China	One-year Loan Prime Rate	3.45	20-Dec-23	No change	22-Jan-24
Hong Kong	Base Rate	5.75	14-Dec-23	No change	N/A
Taiwan	Discount Rate	1.875	14-Dec-23	No change	N/A
South Korea	Base Rate	3.50	11-Jan-24	No change	22-Feb-24
Malaysia	O/N Policy Rate	3.00	02-Nov-23	No change	24-Jan-24
Thailand	1D Repo	2.50	29-Nov-23	No change	07-Feb-24
India	Repo Rate	6.50	08-Dec-23	No change	08-Feb-24
UAE	Base Rate	5.40	13-Dec-23	No change	N/A
Saudi Arabia	Repo Rate	6.00	13-Dec-23	No change	N/A
Egypt	Overnight Deposit	19.25	21-Dec-23	No change	01-Feb-24
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	42.50	21-Dec-23	Raised 250bps	25-Jan-24
South Africa	Repo Rate	8.25	23-Nov-23	No change	25-Jan-24
Kenya	Central Bank Rate	12.50	05-Dec-23	Raised 200bps	N/A
Nigeria	Monetary Policy Rate	18.75	25-Jul-23	Raised 25bps	N/A
Ghana	Prime Rate	30.00	27-Nov-23	No change	29-Jan-24
Angola	Base Rate	18.00	21-Nov-23	Raised 100bps	19-Jan-24
Mexico	Target Rate	11.25	14-Dec-23	No change	N/A
Brazil	Selic Rate	11.75	13-Dec-23	Cut 50bps	N/A
Armenia	Refi Rate	9.25	12-Dec-23	Cut 25bps	30-Jan-24
Romania	Policy Rate	7.00	12-Jan-24	No change	13-Feb-24
Bulgaria	Base Interest	3.80	28-Dec-23	Raised 16bps	31-Jan-24
Kazakhstan	Repo Rate	15.75	24-Nov-23	Cut 25bps	19-Jan-24
Ukraine	Discount Rate	15.00	14-Dec-23	Cut 100bps	15-Jan-24
Russia	Refi Rate	16.00	15-Dec-23	Raised 100bps	16-Feb-24

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