

# COUNTRY RISK WEEKLY BULLETIN

## NEWS HEADLINES

### EMERGING MARKETS

#### Infrastructure projects with private participation down 7% to \$36bn in first half of 2023

Figures released by the World Bank show that investment commitments in infrastructure projects with private participation, or public-private investments (PPIs), in developing economies totaled \$36.4bn in the first half of 2023, constituting a decrease of 7% from about \$39.1bn in the first half of 2022. It said that PPIs in the energy sector reached \$25.5bn in the covered period, or 70.1% of the total, followed by projects in the transportation sector with \$7bn (19.2%), the information and communication technology (ICT) field with \$2.3bn (6.3%), investments in the water & sanitation sector with \$1.5bn (4.1%), and PPIs in municipal solid waste with \$113m (0.3%). On a regional basis, East Asia & the Pacific attracted \$21.4bn in PPIs in the first half of 2023 and accounted for 58.8% of the total, followed by Latin America & the Caribbean with \$6.8bn (18.7%), Europe & Central Asia and Sub-Saharan Africa with \$2.3bn each (6.3% each), and South Asia and the Middle East & North Africa region with \$1.8bn each (4.9% each). In parallel, there were 161 infrastructure projects financed through PPIs in the first half of 2023, up by 34.2% from 120 such projects in first half of 2022. PPI projects consisted of 95 projects in the energy sector, 20 projects in transportation, 13 projects in water & sewage, 12 the ICT field, and 9 projects in municipal solid waste. Further, the average funding per project decreased from \$348.1m in the first half of 2022 to \$236.6m in the first six months of 2023.

Source: World Bank

### GCC

#### IPOs down 54% to \$10.8bn in 2023

Figures released by KAMCO indicate that the capital raised through initial public offerings (IPOs) in the economies of the Gulf Cooperation Council (GCC) totaled \$10.8bn in 2023, constituting a drop of 53.8% from \$23.4bn in 2022. Also, there were 46 IPOs in the GCC countries in 2023 relative to 48 listings in 2022, 20 deals in 2021 and seven IPOs in 2020. Further, the capital raised through IPOs in GCC countries accounted for 8.8% of the aggregate funds raised through IPOs worldwide, while the number of IPO deals in the region represented 3.5% of the number of global IPOs in 2023. There were 35 listings in Saudi Arabia in 2023, followed by eight IPOs in the UAE, two deals in Oman, and one listing in Qatar. The UAE raised nearly \$6.1bn and accounted for 56.3% of total capital raised through IPOs in the GCC in 2023, while IPOs reached \$3.5bn in Saudi Arabia (32.1%), \$1bn in Oman (9.4%), and \$232.7m in Qatar (2.2%). Materials companies, consumer services providers, and the transportation sector recorded six IPO listings each, followed by healthcare and pharmaceutical and financial services providers with five deals each, the technology and energy sectors with four deals each, and capital goods firms with three IPOs. In parallel, there were 211 IPOs in GCC countries that raised \$84bn during the 2013-2023 period.

Source: KAMCO

### MENA

#### Stock markets nearly unchanged in 2024

Arab stock markets regressed by 0.1% and Gulf Cooperation Council equity markets contracted by 0.8% in the first month of 2024, relative to increases of 1.2% in the same period of 2023. In comparison, global stock markets increased by 0.3% while emerging market equities decreased by 3.7% in January of this year. Activity on the Damascus Securities Exchange, based on the official stock market index, rose 29.4% in the first month of 2024, the Egyptian Exchange, based on the stock market index, appreciated by 13.6%, the Boursa Kuwait expanded by 7.9%, the Iraq Stock Exchange grew by 7.7%, and the Bahrain Bourse improved by 5%. Also, the Casablanca Stock Exchange yielded 3.1%, the Dubai Financial Market grew by 2.7%, the Amman Stock Exchange gained 2%, and the Muscat Securities Market expanded by 1.1%. In contrast, activity on the Qatar Stock Exchange retreated by 6.8%, the Palestine Exchange declined by 5.4%, the Tunis Bourse contracted by 3.8%, the Saudi Stock Exchange regressed 1.4%, and the Abu Dhabi Securities Exchange decreased by 0.7% in January 2024.

Source: Local stock markets, Dow Jones Indices, Refinitiv

#### Cost of living varies among Arab cities

The 2024 Cost of Living survey, produced by crowd-sourced global database Numbeo, ranked the cost of living in Dubai as the 142<sup>nd</sup> highest among 362 cities worldwide and the highest among 19 Arab cities. Abu Dhabi followed in 156<sup>th</sup> place, then Doha (171<sup>st</sup>), Manama (177<sup>th</sup>), and Riyadh (187<sup>th</sup>) as the five Arab cities with the highest cost of living. Alexandria (339<sup>th</sup>), Cairo (326<sup>th</sup>), Tunis (316<sup>th</sup>), Tangier (315<sup>th</sup>), and Algiers (308<sup>th</sup>) are the Arab cities with the lowest cost of living. The Cost of Living Index is an indicator of the prices of consumer goods, such as groceries, meals and drinks at restaurants, transportation, and utilities. Numbeo benchmarks the index against New York City. It also issues a Rent Index, which is an estimation of apartment rents in a city compared to New York City rents. Numbeo relies on residents' inputs and uses data from official sources to compute the indices. Further, the Rent Index shows that Dubai has the highest residential rents regionally, while rents in Cairo are the lowest. Also, the Groceries Index indicates that grocery prices in Dubai are the highest in the Arab world, while such prices are the lowest in Cairo. In addition, the Restaurant Index shows that Abu Dhabi has the highest prices of meals and drinks at restaurants and pubs, while Tunis has the lowest such prices regionally. Moreover, the Local Purchasing Power Index indicates that the purchasing power of consumers in Doha is the highest among Arab cities, while the purchasing power in Alexandria is the lowest.

Source: Numbeo, Byblos Research

# OUTLOOK

## WORLD

### Growth to average 3.2% annually in 2024-25 on more favorable outlook

The International Monetary Fund (IMF) projected global real GDP growth at 3.1% in 2024, up from 2.9% in its October forecast, and at 3.2% in 2025, unchanged from its previous projection. It attributed its revision to greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. But it noted that the projections are below the historical annual average growth rate of 3.8% in the 2000-19 period. It forecast the real GDP growth rate of advanced economies at 1.5% in 2024 and 1.8% in 2025, compared to 1.4% in 2024 and 1.8% in 2025 in its October forecast, amid stronger-than-expected activity in the U.S. and weaker-than-anticipated growth in the Euro area. Also, it projected the real GDP growth rate in emerging market and developing economies at 4.1% in 2024 and 4.2% in 2025, relative to a previous forecast of 4% for 2024 and 4.1% for 2025, and considered that prospects for these economies vary across regions.

In addition, it projected the real GDP of Emerging & Developing Asia to grow by 5.2% in 2024 and by 4.8% in 2025, supported by elevated growth rates in China and India. Also, it expected economic activity in Sub-Saharan Africa to expand by 3.8% this year and by 4.1% next year, while it anticipated the real GDP growth rate of Emerging & Developing Europe at 2.8% in 2024 and 2.5% in 2025. Also, it forecast economic activity in Latin America & the Caribbean to expand by 1.9% this year and by 2.5% next year, and for real GDP growth rate in the Middle East & North Africa region to reach 2.9% in 2024 and 4.2% in 2025.

The IMF considered that risks to the global economic outlook are more broadly balanced than in October 2023, given that there is scope for further upside surprises to global growth that include faster disinflation, slower-than-anticipated withdrawal of fiscal support, a faster economic recovery in China, as well as the implementation of Artificial Intelligence and supply-side reforms. But it anticipated that more persistent-than-expected inflation rates could result in tighter monetary policies worldwide, while climate and geopolitical shocks could increase commodity prices.

*Source: International Monetary Fund*

## MENA

### Economic activity to grow by 2.9% in 2024, 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 accelerate from 2% in 2023 to 2.9% in 2024 and 4.2% in 2025, compared to a previous forecast of 3.4% in 2024 and 3.9% in 2025. It attributed its downward revision for 2024 to the impact of war in the Gaza Strip on neighboring countries, to oil production cuts from oil exporting economies, to the ongoing tight policy settings in several countries, and to the conflict in Sudan. Further, it projected the real GDP growth rate of the region's oil-exporting countries at 3.1% in 2024, amid robust non-oil sector activity in Gulf Cooperation Council economies (GCC). As such, it expected economic growth in the GCC countries at 2.7% in 2024 and for their non-oil real GDP to expand by 3.9% this year. Also, it projected the real GDP growth rate of MENA oil-import-

ing economies at 2.5% in 2024, down from its October forecast of 3.3%, amid structural challenges and the adverse impact of the conflict in the Gaza Strip on their economies and elevated gross financing needs in several Arab countries. Further, it anticipated the inflation rate in the region to moderate from an average of 16.5% in 2023 to 14.4% in 2024, as it expected disinflation to continue in most MENA economies.

In parallel, it projected the fiscal deficit of the MENA oil-importing countries to widen from 5.1% of GDP in 2023 to 8.1% of GDP in 2024 due to the withdrawal of fiscal support to address high debt levels; and forecast the fiscal surplus of the region's oil-exporters to narrow from 1.4% of GDP in 2023 to 0.3% of GDP in 2024. In addition, it forecast the current account surplus of MENA oil-exporters to decrease from 7.4% of GDP in 2023 to 5.8% of GDP in 2024 due in large part to negative contribution from oil production cuts, as well as to lower expected tourism and trade receipts. Also, it projected the current account deficit of the region's oil importers to widen from 3.5% of GDP in 2023 to 4.7% of GDP in 2024.

It considered that the balance of risks to the outlook for the MENA region is tilted to the downside. It expected an escalation of the conflict in the region to impact the tourism and trade sectors, foreign direct investments, and energy and financial markets. It also anticipated sovereign borrowing costs to increase and external funding conditions to worsen.

*Source: International Monetary Fund*

## SAUDI ARABIA

### Accelerated targeted reforms to generate higher economic growth

Citi Research indicated that the structural reforms agenda of the Saudi government under Visions 2030 that aims to diversify the Kingdom's economy and boost its growth prospects has made solid progress, and that the authorities have made steady strides in several reform areas, which resulted in the Kingdom's nominal GDP exceeding \$1 trillion in 2022 and projected it to reach \$1.3 trillion by 2027. But it considered that the authorities could deliver even greater upfront gains by accelerating reforms in governance, business regulations, the external sector, the labor market, and the credit market. Under its "high-success reforms" scenario, it suggested that raising Saudi Arabia's governance score to the average score of the Organization for Economic Cooperation and Development (OECD) countries could lead to a cumulative increase of 19% in the Kingdom's real GDP after six years. Also, it estimated that additional reforms of the external sector could increase growth by 5% in six years, and considered that improving the business and credit environments could raise output by 3%, while labor market reforms would increase growth by 1.5% in six years.

In parallel, "under its medium-success" reforms scenario, it estimated that raising the Kingdom's governance score to the average score of the emerging markets that are part of the OECD could lead to a cumulative increase of 10% in real GDP after six years. Also, it estimated that additional reforms of the external sector could increase growth by 4% in six years, and considered that improving the business and credit environments could raise output by 1.9% and 2%, respectively, in six years.

*Source: Citi Research*



# ECONOMY & TRADE

## GCC

### Artificial Intelligence could add \$153n in economic value

Global consulting firm McKinsey & Co. indicated that the governments of the Gulf Cooperation Council (GCC) countries are working to diversify their economies away from hydrocarbons, modernize high-potential sectors, and increase efficiency through technology. It considered that Artificial Intelligence (AI) could potentially deliver an additional value of about \$153bn to GCC economies in the near term, equivalent to 9% of their aggregate GDP, and added that AI integration in the economy could add value of at least 6% of each economic sector's GDP. It projected the implementation of AI to add \$71bn to the economy of Saudi Arabia or 9% of the country's GDP, followed by the UAE with \$43bn (10% of GDP), Qatar with \$15bn (8% of GDP), Kuwait with \$12bn (8% of GDP), Oman with \$8bn (10% of GDP), and Bahrain with \$5bn (14% of GDP). Further, it said that the opportunities to add value through AI exist in oil and gas mining, wholesale and retail trade, as well as in the manufacturing and public sectors. It added that the top domains in these sectors are robotics and workforce animation, fraud and debt analytics, procurement and spend analytics, optimizing integrated supply chains, as well as yields, energy and throughput in the energy sector. It considered that the manufacturing sector in Bahrain and Kuwait could potentially see a large impact from AI, while the successful implementation of AI in the public sector could have significant effects in the UAE, Oman, and Qatar.

Source: McKinsey & Company

## QATAR

### Red Sea disruptions to have minimal impact on gas industry

S&P Global Ratings considered that the recent attacks on ships passing through the Red Sea and the Suez Canal have had a minimal impact on Qatari entities exposed to oil and gas. It stated that more than 4 billion cubic feet of liquefied natural gas (LNG), or 8% of global LNG trade, transits through the canal annually, which consists mainly of Qatari LNG exports to Europe. Further, it noted that LNG transiting through the Red Sea accounts for 10% to 15% of Europe's total LNG imports. However, it said that the disruptions of trade routes in the Red Sea have not prevented the delivery of LNG to global markets, but rather are causing delays of about 10 days. Also, it indicated that the majority of customers of Qatari gas producers are in Asia, which minimizes the impact of the attacks on ships in the Red Sea on Qatar's LNG industry. In addition, the agency considered that the impact of trade route disruptions will not have a major impact on the ratings of Qatari LNG producers, such as Nakilat and QatarEnergy, which produces about 20% of the world's LNG. It noted that Nakilat has long-term take-or-pay contracts with full cost pass-through clauses that include insurance, and noted that such contracts protected the firm during the COVID-19 pandemic and the 2019 attacks on the Strait of Hormuz. It added that the majority of QatarEnergy's customers are in Asia, while the company's subsidiaries sell all of their LNG under long-term sale-and-purchase agreements, which neutralizes the potential disruptions of trade routes.

Source: S&P Global Ratings

## ARMENIA

### Sovereign ratings affirmed, outlook 'stable'

Fitch Ratings affirmed Armenia's long-term foreign and local currency issuer default ratings at 'BB-', which is three notches below investment grade, with a 'stable' outlook on the long-term ratings. It attributed the ratings' affirmation to the robust macroeconomic and fiscal policy framework, access to international creditors, increase in per capita income, and favorable governance and business environment indicators. It indicated that the elevated share of the foreign currency component of the public debt, relatively weak external finances, and the high dollarization rate of the banking sector are weighing on the ratings. It noted that Armenia benefits from strong support and technical assistance from a range of multilateral and bilateral creditors, and that 41% of the public debt is owed to bilateral creditors. Further, it forecast the net external debt level to average 28% of GDP in the 2024-25 period compared to the projected median of 15% of GDP for 'BB'-rated sovereigns. It added that the authorities intend to rely on concessional borrowing in the 2024-25 period to keep borrowing costs low and reduce liquidity risks. Also, it projected the current account deficit to widen from 4% of GDP in 2023 to an average of 4.8% of GDP in the 2024-25 period. In parallel, it said that it could downgrade the ratings in case geopolitical risks undermine growth and financial stability, if external shocks widen the current account deficit or result in a sizeable decline in foreign currency reserves, and/or in case of a substantial rise in the public debt level. It added that it could upgrade the ratings in case of continuous increase in GDP per capita, and/or if the public debt ratio declines, and/or if local-currency funding sources reduce the foreign currency component of the public debt.

Source: Fitch Ratings

## EGYPT

### Regional conflict to impact external sector

Fitch Ratings indicated that the war in the Gaza Strip and the Huthi rebels' disruption of the Suez Canal traffic have impacted Egypt's earnings from the tourism sector and the Suez Canal, which has exacerbated the country's external financing challenges. It considered in its baseline scenario that receipts from tourism and the Suez Canal would reach \$12.7bn and \$9bn, respectively, in the fiscal year that ends in June 2024, down from \$13.6bn and \$8.8bn, respectively, in FY2022/23. But, in its worst-case scenario, it expected revenues from the tourism sector at \$11bn and receipts from the Suez Canal at \$7.5bn in the covered fiscal year, if disruptions escalated throughout the first half of 2024. As such, it forecast the current account deficit to widen from a baseline of 2.7% of GDP to 3.5% of GDP in FY2023/24. Further, it noted that recent shortages of foreign currency reserves led JPMorgan Chase & Co. to remove Egypt from its benchmark Government Bond Emerging Markets Index, which could add between \$1bn and \$2bn to the country's external financing requirements in 2024 due to associated capital outflows. In addition, it pointed out that reforms to the exchange rate regime remain key to unlocking funding from the International Monetary Fund, which, in turn, could catalyze other sources of financing. It indicated that delays in the disbursement of funding support could result in the significant erosion of official foreign currency reserves, given the government's large external debt maturities of \$8.8bn this year.

Source: Fitch Ratings



# BANKING

## OMAN

### Capital adequacy ratio at 19%, NPLs ratio at 4.4% at end-June 2023

The International Monetary Fund (IMF) considered that the banking sector in Oman is resilient due to the banks' strong financial metrics. It indicated that the banking sector's capital adequacy ratios was 19.2% at end-June 2023 relative to 19.7% at end-2022, well above the regulatory requirements of 12%, and the capital-to-assets ratio stood at 15% at end-June 2023 compared to 16% at end-2022. It added that the liquidity coverage ratio increased from 190.2%, at end-2022 to 232.1% at end-June 2023, well above the regulatory requirements of 100%, and that the ratio of customer deposits to total assets regressed from 47.8% at end-2022 to 47% at end-June 2023. It noted that the lending ratio regressed from 80.7% at end-2022 to 80.4% at end-June 2023. Further, it indicated that the banks' foreign liabilities represented around 10% of the sector's total liabilities at end-June 2023, with the net foreign currency open position to capital ratio increasing from 10.8% in 2022 to 13.2% at end-June 2023. In addition, it noted that the sector's non-performing loans (NPLs) ratio was 4.4% at end-June 2023, with loan-loss provisioning around 68.7%, unchanged from end-2022. Further, it pointed out that the banks' profitability improved slightly, as the sector's return on assets increased from 1.2% in 2022 to 1.4% in the first half of 2023, and the return on equity improved from 7.9% in 2022 to 8.9% in the first half of 2023 on an annual basis. In parallel, the IMF stressed the importance of restoring the banks' capital conservation buffer to pre-pandemic levels, and of re-assessing the list of domestic systemically important institutions.

Source: International Monetary Fund

## EGYPT

### Outlook on banks' ratings revised to 'negative'

Moody's Investors Service affirmed the long-term deposit ratings of National Bank of Egypt, Banque Misr, Banque Du Caire, and Commercial International Bank at 'Caa1', as well as the rating of Bank of Alexandria at 'B3'. Also, it revised the outlook on the banks' long-term ratings from 'stable' to 'negative', following its similar action on the sovereign ratings due to increasing risks to Egypt's credit profile. It attributed the outlook revision on the banks' ratings mainly to their substantial holdings of sovereign debt securities that are equivalent to between two and seven times their shareholders' equity, which links the creditworthiness of the banks to that of the government. It added that the 'negative' outlook captures the foreign currency shortages, as well as the challenging operating conditions and high asset risks that could impact the banks' operations and exert renewed pressure on their earnings, asset quality and foreign currency liquidity metrics. It indicated that the affirmation of ratings of the five banks reflects their high solvency and liquidity risks due to their significant exposure to the sovereign. It added that the ratings of the banks are supported by their resilient deposit-based funding profiles, strong local currency liquidity, stable profitability, a capital adequacy ratio above the minimum requirements, and low levels of non-performing loans. In parallel, the agency indicated that it would downgrade the banks' ratings in case of a negative action on the sovereign ratings, given the banks' substantial holdings of sovereign debt securities.

Source: Moody's Investors Service

## GHANA

### Capital adequacy ratio at 14.3%, NPLs ratio at 18.7% at end-June 2023

The International Monetary Fund considered that the Ghanaian authorities have managed to maintain the financial sector's stability, and noted that the Bank of Ghana (BoG) deployed its regulatory and supervisory tools to mitigate the impact of the domestic debt restructuring on financial institutions. It stated that the BoG implemented a comprehensive restructuring of the banking sector between 2016 and 2019 to address the banks' capital deficiencies and other regulatory breaches. It added that financial institutions that participated in the domestic debt exchange recognized significant losses, which led to a decrease in the banking sector's Tier One capital ratio from 16.6% at end-2022 to 14.2% at end-August 2023, and indicated that the sector's risk-weighted capital adequacy ratio declined from 14.9% at end-2022 to 11.5% at end-June 2023. In addition, it said that the non-performing loans (NPLs) ratio increased from 14.1% at end-2022 to 18.7% at end-June 2023, due to the economic slowdown and the rise in interest rates, while the banks' provisions to NPLs dropped from 87.9% at end-2022 to 76.8% at end-June 2023. Also, it noted that the banks' aggregate liquid assets represented 27.7% of total assets at end-June 2023, unchanged from end-2022, while they were 33.4% at the end of June 2023 relative to 35.3% at end-2022. It added that the sector's liquid assets were equivalent to 35.8% at the end of June 2023, down from 38.8% at end-2022.

Source: International Monetary Fund

## MOROCCO

### Ratings on five banks affirmed, outlook 'stable'

Fitch Ratings affirmed the long-term foreign- and local currency Issuer Default Ratings (IDRs) of Attijariwafa Bank (AWB), Bank of Africa (BOA), and Crédit Immobilier et Hôtelier (CIH) at 'BB'. Also, it maintained the national long-term ratings of Banque Marocaine pour le Commerce et l'Industrie (BMCI) and Société Générale Marocaine de Banques (SGMB) at 'AAA(mar)', and those of AWB at 'AA+(mar)' and of CIH and BOA at 'AA-(mar)'. Further, it kept the 'stable' outlook on all the banks' ratings, in line with the outlook on the sovereign. Moreover, it maintained the Viability Rating (VR) of BOA at 'bb-', the VR of AWB at 'bb' and the VR of CIH at 'b+'. The agency noted that the ratings of AWB, BOA, and CIH are driven by the potential support from the Moroccan government, in case of need. It indicated that the ratings of BMCI and SGMB reflect the strong ability and willingness of support from their major shareholders, BNP Paribas and Société Générale, respectively. It pointed out that the VRs of the five banks are supported by the banks' healthy funding, sound liquidity, and adequate profitability. Further, it indicated that the VRs of CIH, BOA, BMCI and SGMB reflect the pressure on their asset quality, while the VRs of BOA and CIH take into account their weak capitalization. Also, it indicated that the VR of AWB takes into account the bank's dominant market share in Morocco, reasonable capital buffers, and an improving asset quality. It noted that the ratings of BOA are underpinned by the bank's solid franchise and improving risk profile, while its weak capital position and deteriorating asset quality are weighing on its ratings.

Source: Fitch Ratings



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## ENERGY / COMMODITIES

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### Oil prices to average \$80.3 p/b in first quarter of 2024

ICE Brent crude oil front-month prices averaged \$79.1 per barrel (p/b) in January 2024, constituting an increase of 2.1% from an average of \$77.4 p/b in December 2023, mainly due to rising geopolitical tensions in the Middle East, to disruptions to crude supplies in the U.S. amid winter storms, and to weak activity at Chinese factories. In parallel, S&P Global Market Intelligence expected the global oil market to be oversupplied in 2024 and for commercial oil stocks to increase, as it anticipated the growth in oil supply to accelerate starting in February 2024. But it considered that a more significant disruptions to oil supply in case of the escalation of the conflict in the Middle East would lead Brent oil prices to exceed \$85 p/b. Further, it expected the OPEC+ coalition to maintain its current output targets of reducing oil production by 2.2 million barrels per day until the end of March 2024 instead of cutting output again, although it considered that OPEC+ may extend the voluntary cuts through its June meeting. It noted that deep production cuts, declining oil prices, high spare production capacity in the Middle East, and growing non-OPEC output have led OPEC+ members to adjust their oil policy in response to changes in the global oil market. In parallel, Refinitiv projected oil prices, through its latest crude oil price poll of 38 industry analysts, to average \$80.3 p/b in the first quarter of 2024. *Source: S&P Global Market Intelligence, Refinitiv, Byblos Research*

### Global petroleum and liquid fuels consumption to grow by 1.4% in 2024

The U.S. Energy Information Administration projected the global consumption of petroleum and liquid fuels at 102.46 million barrels per day (b/d) in 2024, constituting an increase of 1.4% from 101.07 million b/d in 2023. It forecast the consumption of petroleum and liquid fuels of non-OECD economies at 56.4 million b/d, or 55% of global demand, and for the consumption of OECD countries to reach 46.06 million b/d, or the balance of 45%. *Source: U.S. Energy Information Administration*

### Global steel output down 6% in December 2023

Global steel production reached 135.7 million tons in December 2023, constituting decreases of 6.3% from 144.9 million tons in November 2023 and of 5.3% from 143.3 million tons in December 2022. Production in China totaled 67.4 million tons and accounted for 49.7% of global steel output in December 2023, followed by production in India with 12.1 million tons (8.9% of the total), Japan with 7 million tons (5.2%), the U.S. with 6.8 million tons (5%), Russia with 6 million tons (4.4%), and South Korea with 5.4 million tons (4%). *Source: World Steel Association, Byblos Research*

### Global demand for natural gas to increase by 2.5% in 2024

The International Energy Agency projected global natural gas demand to reach 4,190 billion cubic meters (bcm) in 2024, constituting an increase of 2.5% from 4,089 bcm in 2023. It anticipated demand for natural gas in North America at 1,173 bcm and to represent 28% of the world's aggregate demand in 2023, followed by the Asia Pacific region with 937 bcm (22.4%), Eurasia with 641 bcm (15.3%), the Middle East with 605 bcm (14.4%), Europe with 502 bcm (12%), Africa with 180 bcm (4.3%), and Central and South America with 151 bcm (3.6%). *Source: International Energy Agency, Byblos Research*

### Base Metals: Copper prices to average \$8,333 per ton in first quarter of 2024

LME copper cash prices averaged \$8,351.3 per ton in January 2024, constituting decreases of 0.7% from \$8,408 per ton in the preceding month and of 7.3% from an average of \$9,007.3 a ton in January 2023. Copper prices faced upward pressure in January because of shipment delays and disruptions due to tensions in the Red Sea and a severe winter in northern China, as well as to tighter copper mine supply following the closure of the Cobre Panama mine. But the upward pressure on prices was offset by a stronger US dollar amid higher-than-expected inflation rates in December. In addition, the year-on-year decrease in prices from January 2023 was due mainly to weaker global demand for the metal. In parallel, S&P Global Market Intelligence projected the global production of refined copper at 26.95 million tons in 2024, which would constitute an increase of 3.5% from 26.02 million tons in 2023. In addition, it forecast global demand for refined copper at 26.77 million tons in 2024, which would represent a rise of 3% from 26 million tons in 2023, driven by anticipations of interest rate cuts by the U.S. Federal Reserve and increased demand from the renewable energy sector. As such, it expected the surplus in the copper market to grow from 25,000 tons in 2023 to 175,000 tons in 2024. However, it projected the global copper market to shift from a surplus of 44,000 tons in the fourth quarter of 2023 to a deficit of 25,000 tons in the first quarter of 2024 due to tighter mine supply. Further, it projected copper prices to average \$8,333 per ton in the first quarter of 2024. *Source: S&P Global Market Intelligence, Refinitiv, Byblos Research*

### Precious Metals: Gold prices to average \$1,925 per ounce in first quarter of 2024

Gold prices averaged \$2,034 per troy ounce in January 2024, unchanged from the preceding month and constituting an increase of 7.2% from an average of \$1,896.1 an ounce in January 2023. Prices were unchanged in January amid political uncertainties in the Middle East, a stable U.S. Dollar Index, and expectations of the European Central Bank maintaining its monetary policy stance. Further, the year-on-year increase in gold prices from January 2023 was due mainly to the eruption of the war in the Gaza Strip that exacerbated geopolitical tensions, as well as to expectations of the U.S. Federal Reserve suspending its interest rates hiking cycle. It added that gold's strong performance in 2023 was also supported by robust demand by central banks and solid retail demand in key markets. Further, prices peaked at \$2,078.95 per ounce on December 27, 2023, amid the U.S. Federal Reserve announcing that it will stop increasing interest rates. Prices then regressed in January 2024 due to data suggesting higher-than-expected inflation rates in the U.S. In parallel, the World Gold Council indicated that global demand for gold totaled 4,898.8 tons in 2023 and increased by 3.1% from 4,751.9 tons in 2022. It noted that demand for gold regressed by 0.2% to 1,221.4 tons in the fourth quarter of 2023 from 1,223.8 tons in the same period in 2022, due to strong outflows from exchange-traded funds in October, which was largely offset by a recovery of gold demand in the electronics sector and an increase in over-the-counter investments. Also, the global supply of gold reached 4,898.8 tons in 2023, increasing by 3.1% from 4,752 tons in 2022 due to expanded mined supply, which represented 74.4% of total gold supply in 2023. Also, S&P projected gold prices to average \$1,925 per ounce in the first quarter of 2024. *Source: S&P Global Market Intelligence, World Gold Council, 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- Stable	Caa1 Negative	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				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 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	Action	Next meeting
USA	Fed Funds Target Rate	5.50	31-Jan-24	No change	20-Mar-24
Eurozone	Refi Rate	4.50	25-Jan-24	No change	7-Mar-24
UK	Bank Rate	5.25	14-Dec-23	No change	02-Feb-24
Japan	O/N Call Rate	-0.10	23-Jan-24	No change	19-Mar-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	24-Jan-24	No change	6-Mar-24
<b>Emerging Markets</b>					
China	One-year Loan Prime Rate	3.45	22-Jan-24	No change	20-Feb-24
Hong Kong	Base Rate	5.75	14-Dec-23	No change	N/A
Taiwan	Discount Rate	1.875	14-Dec-23	No change	21-Mar-24
South Korea	Base Rate	3.50	11-Jan-24	No change	22-Feb-24
Malaysia	O/N Policy Rate	3.00	24-Jan-24	No change	07-Mar-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	45.00	25-Jan-23	Raised 250bps	22-Feb-24
South Africa	Repo Rate	8.25	25-Jan-24	No change	27-Mar-24
Kenya	Central Bank Rate	12.50	05-Dec-23	Raised 200bps	6-Feb-24
Nigeria	Monetary Policy Rate	18.75	25-Jul-23	Raised 25bps	27-Feb-24
Ghana	Prime Rate	29.00	29-Jan-24	Cut 100bps	25-Mar-24
Angola	Base Rate	18.00	19-Jan-24	Raised 100bps	15-Mar-24
Mexico	Target Rate	11.25	14-Dec-23	No change	8-Feb-24
Brazil	Selic Rate	11.25	31-Jan-24	Cut 50bps	N/A
Armenia	Refi Rate	8.75	30-Jan-24	Cut 50bps	12-Mar-24
Romania	Policy Rate	7.00	12-Jan-24	No change	13-Feb-24
Bulgaria	Base Interest	3.79	1-Feb-24	Cut 1bps	1-Mar-24
Kazakhstan	Repo Rate	15.25	19-Jan-24	Cut 25bps	23-Feb-24
Ukraine	Discount Rate	15.00	25-Jan-24	No change	14-Mar-24
Russia	Refi Rate	16.00	15-Dec-23	Raised 100bps	16-Feb-24



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