800 ISSUES+
Issue 820 | October 3, 2024

BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Global debt at 328% of GDP at end-June 2024

The Institute of International Finance indicated that global debt, which includes the debt of governments, corporates and households, reached $311.8 trillion (tn) at the end of June 2024, constituting an increase of $9.4tn, or 3.1%, from $302.4tn at the end of June 2023. The debt of advanced economies accounted for 67.5% of the total, while the debt of emerging markets (EM) represented the balance of 32.5%. It noted that the debt level reached 327.6% of the weighted average global GDP at the end of June 2024 compared to 328.4% of global GDP at end-June 2023. It added that the debt of advanced economies (AEs) amounted to $210.5tn or 376.8% of AEs GDP, while the debt level of EMs totaled $101.3tn or 245.2% of EMs GDP at end-June 2024. It pointed out that the aggregate government debt totaled $91.7tn, or 97.6% of global GDP, at the end of June 2024, followed by corporates excluding financial institutions with $89.6tn (90.6% of GDP), financial sector indebtedness with $70.9tn (78.5% of GDP), and household debt with $59.6tn (60.9% of GDP). In parallel, it indicated that EM corporate debt ex-financial institutions totaled $39.2tn or 93.5% of GDP, followed by EM government borrowing at $28.8tn (70% of GDP), EM household debt at $19.3tn (47% of GDP), and financial sector indebtedness at $14tn (34.7% of GDP). Also, it noted that the borrowing of governments in advanced economies amounted to $62.9tn or 114% of GDP, followed by financial sector indebtedness at $56.9tn (104.7% of GDP), corporate debt ex-financial institutions at $50.4tn (88.9% of GDP), and household debt at $40.3tn (69.1% of GDP).

Source: Institute of International Finance

EMERGING MARKETS

Fixed income trading up 10% to $1,441bn in second quarter of 2024

Trading in emerging markets debt instruments reached $1,441bn in the second quarter of 2024, constituting an increase 10% from $1,311bn in the same quarter of 2023 and a decrease of 15.4% from $1,703bn in the first quarter of 2024. Turnover in local-currency instruments reached $946bn in the covered quarter, up by 2% from $928bn in the second quarter of 2023, and accounted for 66% of the debt trading volume in emerging markets. In parallel, trading in Eurobonds stood at $494bn in the second quarter of the year and rose by 29.7% from $381bn in the same period last year. The volume of traded sovereign Eurobonds reached $360bn and accounted for 73% of total Eurobonds traded in the second quarter of 2024, relative to $252bn and a share of 66% in the same quarter of 2023. Also, the volume of traded corporate Eurobonds amounted to $130bn and represented 26% of total Eurobonds traded. Further, turnover in warrants and options stood at $413m, while loan assignments amounted to $509m in the second quarter of 2024. The most frequently-traded instruments in the covered quarter were Mexican fixed income assets with a turnover of $447bn, or 31% of the total, followed by instruments from China with $119bn (8.3%), and securities from India with $102bn (7.1%). Other frequently-traded instruments consisted of fixed income securities from Colombia at $82bn (5.7%) and from Brazil at $73bn (5.1%).

Source: EMTA

MENA

Stock markets up 1% in first nine months of 2024

Arab stock markets and Gulf Cooperation Council equity markets increased by 1% and 0.6% respectively, in the first nine months of 2024, relative to a downturn of 0.1% and an uptick of 0.7%, respectively, in the same period of 2023. In comparison, global stocks and emerging market equities improved by 16.6% each in the covered period. Activity on the Damascus Securities Exchange, based on the official stock market index, surged by 48.6% in the first nine months of 2024, the Egyptian Exchange rose by 27%, the Casablanca Stock Exchange increased by 19%, the Tunis Bourse appreciated by 13.8%, and the Boursa Kuwait yielded 12%. Also, the Dubai Financial Market gained 11%, the Muscat Securities Market and the Beirut Stock Exchange advanced by 4.3% each, the Iraq Stock Exchange grew by 4%, the Saudi Stock Exchange improved by 2.2%, and the Bahrain Bourse rose by 2.1% in the covered period. In contrast, the Palestine Exchange dropped by 17.8% in the first nine months of 2024, the Amman Stock Exchange declined by 2.4%, the Qatar Stock Exchange decreased by 2%, and the Abu Dhabi Securities Exchange contracted by 1.6%.

Source: Local stock markets, Dow Jones Indices, Refinitiv, Byblos Research

Level of innovation varies across Arab world

The World Intellectual Property Organization's Global Innovation Index for 2024 ranked the UAE as the 32nd most innovative country globally and the most innovative Arab country. Saudi Arabia followed in 47th place, then Qatar (49th), Morocco (66th), and Kuwait (71st), as the most innovative economies in the Arab world; while Tunisia (81st), Egypt (86th), Lebanon (94th), Algeria (115th) and Mauritania (126th) are least innovative Arab economies. The index is a composite of 78 variables that are grouped in two sub-indices. The Innovation Input Sub-Index covers an economy's institutions, human capital & research, infrastructure, and market and business sophistication; while the Innovation Output Sub-Index reflects the results of innovative activities within the economy, such as technology, knowledge, and creativity. The average score of the 13 Arab countries included in the survey reached 26.8 points on the 2024 index compared to 27.6 points in the 2023 survey, and was below the global average of 31.4 points. The average score of Gulf Cooperation Council (GCC) countries was 32.1 points, while the average of non-GCC Arab countries stood at 22.3 points. Further, the rankings of five Arab countries improved, six regressed and two were unchanged, while the scores of 11 Arab countries declined and two increased from the 2023 index. Also, the Arab region's average score was higher than the average scores of South Asia (24 points), Latin America and the Caribbean (23.9 points), and Sub-Saharan Africa (17.3 points); and came lower than the average scores of North America (57.7 points), Europe & Central Asia (40 points), and East Asia & Pacific (38.5 points).

Source: INSEAD, Cornell University, WIPO, Byblos Research

OUTLOOK

WORLD

Nearly 40% of economists expect economic conditions to weaken in 2025

The World Economic Forum's (WEF) annual survey of chief economists indicated that 54% of respondents expected the condition of the global economy to remain unchanged in 2025 from the current economic environment, 37% of participants anticipated global economic conditions to weaken next year, while 9% of surveyed chief economists considered that global economic activity will improve in 2025. Also, it showed that 71% of respondents expected strong economic growth in South Asia in 2025, while 30% of participants anticipated robust growth in Central Asia, 26% projected solid economic activity in East Asia and the Pacific, and 15% forecast such growth in the U.S. Also, it said that 19% of surveyed economists anticipated strong economic activity in Sub-Saharan Africa, 17% of participants expected resilient economic growth in the Middle East and North Africa region, and 3% of respondents projected robust real GDP growth in each of China, Europe, and Latin America & the Caribbean in 2025.

Further, the survey revealed that 64% of surveyed chief economists considered that current sovereign debt levels represent a threat to macroeconomic stability in emerging and developing economies (EDEs), while 53% of participants believe that such levels are key risks to macroeconomic stability in advanced economies. Further, it showed that 39% of chief economists noted that there will be an increase in the number of EDEs that will default on their sovereign debt, while 9% cited such scenario among advanced economies. It added that 59% of respondents indicated that there is a significant risk of contagion to other countries if defaults occur in EDEs and 62% considered such scenario for advanced economies. The results of the survey, which the WEF conducted in August 2024, are based on the responses of 35 chief economists across the world.

Source: World Economic Forum

SAUDI ARABIA

Economy has positive prospects with balanced risks

Deutsche Bank projected Saudi Arabia's real GDP growth rate to accelerate from 1.4% in 2024 to 3.9% in 2025, driven by robust non-oil sector activity given the ongoing giga-projects under Vision 2030. But it indicated that the country's voluntary oil production cuts continue to weigh on economic activity. It said that a supportive macroeconomic environment, including strong domestic demand, will help diversify the Kingdom's economy and improve its business environment. Further, it expected the inflation rates at 1.8% in 2024 and 2% in 2025, supported by price caps, subsidies, and a relatively strong US dollar given the peg of the Saudi riyal to the dollar. Also, it anticipated the ongoing easing cycle by the Saudi Central Bank to help improve liquidity conditions and reduce the cost of borrowing.

Also, it forecast the fiscal deficits at 2.5% of GDP in 2024 and 2.2% of GDP in 2025, on the back of lower oil revenues and higher expenditures, to support the Kingdom's structural reforms. It pointed out that the country remains committed to fiscal prudence and has numerous viable options to finance its deficit, including government deposits at banks and tapping the debt market. Also, it noted that Saudi Arabia has scope to mobilize non-oil revenues through tax and subsidies reforms in the medium- to long term. In addition, it expected the public debt level to reach 28% of GDP in 2024 and 28.7% of GDP in 2025, as it anticipated a gradual increase in debt levels to finance Vision 2030 projects. It noted that risks to the fiscal outlook are balanced and include the full implementation of revenue enhancement measures, efforts to improve spending efficiency, the speed of investments under Vision 2030, and the evolution of oil prices.

In parallel, it projected the current account balance to shift from a surplus of 2.6% of GDP in 2024 to a deficit of 0.3% of GDP in 2025, driven by higher imports, lower oil production and a moderation in oil prices. It said that upside risks to the external balance could stem from higher tourism inflows and/or higher oil prices amid increased geopolitical risks. But it noted that downside risks could originate from higher-than-anticipated imports for the implementation of numerous giga-projects. It added that robust foreign currency reserves at SAMA provide a cushion against future oil shocks.

Source: Deutsche Bank

EGYPT

Outlook on external position dependent on energy balance

Goldman Sachs considered that Egypt's deteriorating energy balance amid significant demand for gas imports, and the intensification of hostilities in the Middle East, complicate the country's external outlook. It provided three scenarios for the current account balance, where it assigned a 60% probability for the base-case scenario, a 30% probability for the upside scenario, and a 10% probability for its downside scenario. In its base-case scenario, it anticipated the energy balance to post a deficit of $8bn in the fiscal year that ended in June 2024, and to narrow to deficits of $5bn in FY2024/25 and $3bn in in FY2026/27. Also, it expected revenues from the Suez Canal to remain at about $4bn, or 60% lower than their peak, in each of FY2023/24 and FY2024/25, and at $7.8bn in FY2025/26 and $9.6bn in FY2026/27. As such, it expected the energy deficit and lower Suez Canal revenues to constitute a drag on the current account balance in the near-term, but it forecast the current account deficit to narrow from around $21bn or 7% of GDP in FY2023/24 to $18bn or 4.1% of GDP in FY2026/27.

In its upside scenario, it anticipated the energy deficit at $8bn in FY2023/24, but expected gas production to recover more rapidly, which, alongside other factors, will reduce the energy deficit to $2bn in FY2024/25, $1bn in FY2025/26 and to close it in FY2026/27. It also forecast receipts from the Suez Canal to fully recover to $9.6bn by the end of FY2024/25. As such, it projected the current account deficit at $12bn in FY2024/25 and at $14bn or 3.4% of GDP in FY2026/27. Further, in its downside scenario, it anticipated a continued decline in gas production at a steady rate of 10% per year, leading to a widening energy deficit, and forecast revenues from the Suez Canal to remain at $4bn in the 2024-27 period. As a result, it expected the current account deficit at $25bn, or 6% of GDP, in FY2026/27. Also, it forecast foreign currency reserves at $45.3bn at end-FY2023/24, $45.1bn at end-FY2024/25, and $45bn at end-FY2025/26.

Source: Goldman Sachs

ARMENIA

Real GDP growth to average 5.5% in 2024-25 period

The European Bank for Reconstruction and Development (EBRD) estimated Armenia's real GDP growth rate at 8.3% of GDP in 2023 and projected it at 6.2% in 2024. It noted that economic activity expanded by 6.5% in the first half of 2024, showing signs of moderation after very rapid growth in previous years, although the manufacturing and construction sectors maintained their growth momentum. But it said that activity in the services sector declined significantly, as the migration of high-skilled Russian professionals in information and communications technology decreased, while capital inflows slowed down as a result of a decline in remittance flows and in the net exports of services. In addition, it stated that the fiscal position posted a moderate deficit in 2024, despite the temporary pressure on government expenditures from accommodating refugees from the Nagorno-Karabakh region and spending on national defense. Further, it pointed out that the current account deficit remained broadly stable due to the exceptional increase in the trade of precious stones, as well as to robust inflows of secondary income related to refugees. In parallel, it projected Armenia's real GDP growth rate at 4.8% in 2025, compared to a growth rate of 4.1% in 2025 in the Eastern Europe and the Caucasus countries. It noted that operations of the new gold mine from early 2025 provide an additional boost to the medium-term economic outlook. It considered that downside risks to the outlook originate from geopolitical uncertainties in the region.

Source: European Bank for Reconstruction and Development

MOROCCO

Sovereign ratings affirmed, outlook 'stable'

Moody's Ratings affirmed Morocco's long-term issuer rating and senior unsecured ratings at 'Ba1', and the foreign- and local currency country ceilings at 'Baa2' and 'Baa1', respectively. Also, it maintained the 'stable' outlook on the long-term ratings. It indicated that the affirmation of the ratings balance Morocco's institutional strengths and robust external position, with low-income levels and socio-economic challenges that are weighing on the government's fiscal consolidation strategy. It added that the ratings reflect the authorities' consistent ability to enact necessary legislation, which contributes to a stable and effective governance environment, as well as the country's credible monetary policy. It attributed the 'stable' outlook to its expectations that the government will pursue economic and social reforms to improve the economy's resilience to shocks, while keeping the public debt level stable. It expected the authorities to continue to step up fiscal consolidation efforts amid high spending pressure from social security reforms and an extensive pipeline of infrastructure projects. Further, it forecast the fiscal deficit to narrow from 4.2% of GDP in 2024 to 3.8% in 2026, due in part to the phasing out of energy subsidies, and for the public debt to stabilize at 65% of GDP in the next several years. In parallel, it said that it could upgrade the ratings in case fiscal consolidation leads to a decline the public debt level; while it could downgrade the ratings if the fiscal deficit widens and the public debt level increases, and/or if contingent liabilities from state-owned enterprises or from the banking sector materialize.

Source: Moody's Ratings

ETHIOPIA

Economic outlook contingent on reforms

The International Monetary Fund indicated that it has reached a staff-level agreement on a four-year Extended Credit Facility (ECF) arrangement of $3.4bn with the Ethiopian authorities that is subject to approval by the Executive Board in the coming weeks. It said that the successful implementation of reforms under the ECF will help address macroeconomic imbalances, improve foreign exchange availability, and support sustainable economic growth. It noted that the adoption of a floating exchange rate regime on July 29, 2024 has largely closed the gap between the official and parallel market rates, with little disruption to the broader economy. It considered that the new exchange rate regime is alleviating the acute shortages of foreign currency reserves and is removing a significant impediment to economic activity. It also considered that steady progress on the economic reforms plan will help anchor macroeconomic stability and support economic growth. It noted that continued tight monetary policy and the end of monetary financing of the government will reduce the inflation rate, while a temporary fiscal spending package will help cushion the socioeconomic impact of the reforms. It added that the mobilization of public revenues and reforms to strengthen the financial position of state-owned enterprises will create space for sustainable priority spending.

Source: International Monetary Fund

PAKISTAN

Economic prospects improve on IMF approval of $7bn agreement

The International Monetary Fund (IMF) projected Pakistan's real GDP growth rate to accelerate from 2.4% in the fiscal year that ended in June 2024 to 3.2% in FY2024/25, in case macroeconomic conditions continue to improve. Further, it expected the inflation rate to decrease from 23.4% in FY2023/24 to 9.5% in FY2024/25 amid appropriately tight fiscal and monetary policies, which allows the State Bank of Pakistan to lower its policy rate while maintaining a tight monetary stance. In addition, it forecast the fiscal deficit to narrow from 6.7% of GDP in FY2023/24 to 6% in FY2024/25, supported by continuing fiscal consolidation, but it expected the public debt level to increase from 69.2% of GDP at the end of June 2024 to 71.4% of GDP by end-June 2025. Further, it projected the current account deficit to widen from 0.2% of GDP in FY2023/24 to 0.9% in FY2024/25. But it forecast foreign currency reserves to rise from $9.4bn at end-June 2024, equivalent to 1.6 months of import coverage, to $12.8bn by end-June 2025 or 2.1 months of import coverage, supported by inflows under the 37-month Extended Fund Facility (EFF) of $7bn that it has reached with the authorities. It indicated that key priorities under the new EFF-supported program include rebuilding the credibility of policy-making through the consistent implementation of sound macroeconomic policies; advancing reforms to strengthen competition, raise productivity and increase competitiveness; reforming state-owned enterprises; and improving public service delivery. As a result, it said that reforms under the EFF will help buffer external shocks, attract financing, and support competitiveness and growth.

Source: International Monetary Fund

WORLD

Foreign exchange reserves up 2.5% to $12.35 trillion at end-June 2024

Figures released by the International Monetary Fund indicate that global foreign exchange reserves reached $12,347.4bn at the end of June 2024, nearly unchanged from end-2023 and constituting an increase of 2.5% from $12,050.5bn at end-June 2023. Allocated reserves, or data reported under the IMF's Currency Composition of Official Foreign Exchange Reserves (COFER), reached $11,465.5bn at the end of June 2024 and accounted for 93% of global reserves; while unallocated reserves, or the figures that do not fall under COFER, stood at $882bn at the end of June 2024 and accounted for the remaining 7% of the total. Foreign currency reserves in U.S. dollars reached $6,675.5bn at end-June 2024 and accounted for 58.2% of total allocated reserves. Reserves in euros followed with $2,265.3bn (19.8%), then reserves in the Japanese yen with $641.1bn (5.6%), in British pounds with $565.9bn (4.9%), in Canadian dollars with $306.9bn (2.7%), in Australian dollars with $256.5bn (2.2%), in the Chinese renminbi with $245.2bn (2.1%), and in Swiss francs with $22.4bn (0.2%), while reserves in other currencies amounted to $486.9bn or 4.2% of the total. Further, foreign exchange reserves in Australian dollars increased by 4.4% in the first half of 2024, followed by reserves in Canadian dollars (+3.5%), in British pounds (+1.6%), and in Swiss francs (+0.7%). In contrast, foreign exchange reserves in the Chinese renminbi dropped by 6.5% from end-2023, followed by reserves in the Japanese yen (-1.6%), in euros (-0.8%), and in U.S. dollars (-0.2%), while reserves in other currencies grew by 10% from end-2023.

Source: International Monetary Fund

MENA

Tier One capital of Top 100 Arab banks at $402.2bn at end-2023

The Banker magazine's survey of the Top 100 Arab Banks in terms of Tier One capital included 18 banks from the UAE, 11 banks from each of Saudi Arabia and Egypt, nine banks from each of Jordan and Qatar, eight banks from Morocco, seven banks from each of Kuwait, Oman and Tunisia, two banks from Lebanon, and one bank from Palestine. The survey indicated that the aggregate Tier One capital of the Top 100 Arab banks reached $402.2bn at the end of 2023, and accounted for 3.7% of the aggregate Tier One capital of the world's Top 1000 banks at end-2023. It added that the Tier One capital of Gulf Cooperation Council (GCC) banks increased by 7.2% from the end of 2022, while it grew by 7% for non-GCC banks. Banks in Saudi Arabia accounted for 34.7% of the aggregate Tier One capital of the Top 100 Arab banks at end-2023. Banks in the UAE followed with 21.4% of the total, then banks in Qatar (14.6%), Kuwait (9%), Bahrain (4.8%), Egypt (4.2%), Oman (3.5%), Jordan (3.3%), Morocco (3.1%), Tunisia (0.9%), Lebanon (0.6%), and Palestine (0.1%). The Saudi National Bank had the highest Tier One capital at $36.4bn at end-2023, equivalent to 9.1% of the Top 100 banks' aggregate Tier One capital, followed by Al Rajhi Bank with $28.31bn and Qatar National Bank with $28.27 (7% each), Emirates NBD with $26.2bn (6.5%), and First Abu Dhabi Bank with $25bn (6.2%) as top ranked Arab banks.

Source: The Banker

SAUDI ARABIA

Operating environment and government policies support banks' asset quality

Moody's Ratings considered that the quality of the Saudi banking sector's loan portfolio, which accounted for 65% of total banking assets at end-June 2024, has continued to improve amid a favorable operating environment and government policies. It indicated that the sector's non-performing loans ratio declined from 2.1% at end-2022 to 1.8% at end-2023, while the cost of risk regressed from 100 basis points (bps) at end-2020 to 36 bps at end-March 2024, which translated into lower provisioning charges. Further, it pointed out that lending to lower risk government-backed projects and creditworthy companies will support the performance of the corporate loan book. It added that the authorities' economic diversification agenda into new sectors such as tourism, entertainment and renewable energy provides attractive lending opportunities to banks. It considered that the corporate sector is likely to provide the bulk of lending growth in the near term giga projects that the authorities are implementing. It added that favorable employment prospects are leading to an increase in retail lending, supported by the introduction of new mortgage and financing laws and the Saudi Central Bank's strong oversight of the market. As such, it considered that reforms and regulations, along with increased business activity, driven by the national diversification agenda, are supporting the repayment capacity of borrowers across retail, corporate, and small- and medium-sized enterprises.

Source: Moody's Ratings

QATAR

Banks' profits increase on lower provisioning charges

Moody's Ratings indicated that Ahli Bank, Doha Bank, Dukhan Bank, Masraf al Rayan, Qatar International Islamic Bank, Qatar Islamic Bank, Qatar National Bank, and Commercial Bank of Qatar reported aggregate net profits of QAR14bn, or $3.7bn, in the first half of 2024, constituting an increase of 8% from QAR12.9bn ($3.5bn) in the same period last year. It attributed the rise in the banks' net income to an 8% increase in their net interest income and a 20% decrease in their loan-loss provisioning charges. It expected the banks' net profits to remain stable in the second half of 2024, despite higher operating expenses and interest rate cuts. Further, it considered that the Qatari banking sector continues to rely on external funding, which makes it vulnerable to rapid changes in investor sentiment and to volatility in global capital markets. It said that the Central Bank of Qatar introduced regulations that reduced the banking system's reliance on external funding from a peak of 39% of total assets at end-2021 to 34% of total assets at end-June 2024. In addition, it noted that the non-performing loans ratio stood at 3% at end-June 2024 relative to 2.4% at end-June 2022, and that the cost of risk is higher at banks that are more exposed to financially strained sectors such as the real estate, contracting and hospitality sectors. Also, it expected the banks' asset quality to be supported by significant lending to the low-risk Qatari government and to state-owned entities. In parallel, it indicated that the eight banks' combined tangible common equity stood at 16.2% of total risk-weighted assets at end-June 2024 compared to 16% at end-June 2023, supported by strong earnings, profit retention and single-digit lending growth.

Source: Moody's Ratings

ENERGY / COMMODITIES

Oil prices to average $78.3 p/b in fourth quarter of 2024

ICE Brent crude oil front-month prices reached $73.9 per barrel (p/b) on October 2, 2024, constituting an increase of 3.1% from $71.6 p/b on September 26, 2024, due to fears that the escalating conflicts in the Middle East would disrupt crude flows. However, oil prices declined to $71.6 p/b on September 26, 2024 on prospects that Saudi Arabia, the world's biggest crude exporter, will give up on its oil price target in preparation of raising its output. In parallel, Goldman Sachs expected the geopolitical risk premium to remain limited in the near term as a result of elevated global spare capacity and limited disruptions to productions recently, despite the escalation of conflicts in the Middle East. Also, it considered that potential downside risks to oil supply from Iran, possible additional declines in oil flows through the Red Sea, and an interruption of trade through the Strait of Hormuz will put upside pressure on oil prices in the near term. However, it forecast oil supply from the OPEC+ coalition to increase by an average of 0.7 million barrels per day (b/d) in 2025, and indicated that market expectations of potentially higher oil supply from Saudi Arabia and Libya will weigh on oil prices in the near term. Further, it expected oil demand from China to grow by just 0.2 million b/d in 2025 due to additional fiscal stimulus that may accelerate the transition towards non-oil alternatives. Further, Refinitiv projected oil prices, through its latest crude oil price poll of 41 industry analysts, to average $78.3 p/b in the fourth quarter of 2024.

Source: Goldman Sachs, Refinitiv, Byblos Research

Saudi Arabia's oil export receipts at $18.4bn in July 2024

Oil exports from Saudi Arabia totaled at 6.87 million barrels per day (b/d) in July 2024, constituting decreases of 7.3% from 7.41 million b/d in June 2024 and of 4% from 7.16 million b/d in July 2023. Oil export receipts reached $18.4bn in July 2024, representing an increase of 4.3% from $17.7bn in June 2024 and a decrease of 3% from $19bn in July 2023.

Source: JODI, General Authority for Statistics, Byblos Research

Algeria's crude oil production down 5% in June 2024

Crude oil production in Algeria totaled 906,000 barrels per day (b/d) in June 2024, constituting an increase of 0.6% from 901,000 b/d in May 2024 and a decrease of 5% from 953,000 b/d in June 2023.Further, aggregate total crude oil exports from Algeria stood at 470,000 b/d in June 2024, up by 1.1% from 465,000 b/d in May 2024 and by 47.3% from 319,000 b/d in June 2023.

Source: JODI, Byblos Research

ME&A's oil demand to grow by 2.4% in 2024

The Organization of Petroleum Exporting Countries projected the consumption of crude oil in the Middle East & Africa to average 13.41 million barrels per day (b/d) in 2024, which would constitute an increase of 2.4% from 13.09 million b/d in 2023. The region's demand for oil would represent 23% of consumption in non-OECD countries and 13% of global consumption in 2024.

Source: OPEC

Base Metals: Copper prices to average $9,000 per ton in fourth quarter of 2024

LME copper cash prices averaged $9,135.3 per ton in the first nine months of 2024, constituting an increase of 6.4% from an average of $8,589.3 a ton in the same period of 2023. The increase in prices was due to improving copper demand from China's copper-intensive construction industry, fears of supply disruptions of the metal, as well as to elevated demand from the manufacturers of power lines, appliances, wind turbines, and electric vehicles. Further, the metal's price dropped from a peak of $10,800.8 a ton on May 20, 2024 to $9,692 per ton on September 30, 2024, driven by a slowdown in China's industrial activity that reduced demand for industrial metals. Further, renewed demand optimism, mainly from industrial sectors and infrastructure projects in China, supported copper prices that reached $9,943.3 per ton on October 2, 2024. In parallel, the International Copper Study Group projected the global production of refined copper at 27.63 million tons in 2024, which would constitute an increase of 4.2% from 26.5 million tons in 2023. It expected refined copper output to recover in the near term from a series of maintenance outages, accidents and operational issues that occurred last year in Chile, Japan, India, Indonesia, and the U.S. In addition, it forecast global demand for refined copper at 27.15 million tons in 2024, which would represent a rise of 2.2% from 26.6 million tons in 2023. It anticipated copper demand from China to grow by 2% in 2024, while it forecast demand from the world ex-China to increase by 2.4% in 2024. Further, it considered that infrastructure development projects in major countries, as well as the global trend towards cleaner energy and electric cars, will continue to support demand for copper in the long-term. In addition, Citi Research projected copper prices to average $9,000 per ton in the fourth quarter of 2024 and $9,050 a ton in full year 2024.

Source: ICSG, Citi Research, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $2,560 per ounce in fourth quarter of 2024

Gold prices averaged $2,295.8 per ounce in the first nine months of 2024, constituting an increase of 19% from an average of $1,931.6 an ounce in the same period last year, due mainly to the rise of gold purchases by emerging market central banks and individual investors, and to the increase in persistent geopolitical tensions. Also, gold prices reached an all-time high of $2,666.5 per ounce on September 26, 2024 due to increased tensions in the Middle East, given the recent Israeli airstrikes on Lebanon, which reinforced the appeal of the metal as a safe haven for investors. In parallel, Goldman Sachs revised upward its gold price forecast from $2,700 per ounce to $2,900 an ounce for early 2025, due to the faster decline in short-term interest rates in the West and in China, as well as to the elevated purchases of the metal by emerging markets' central banks on the London over-the-counter market and to higher inflows into gold-backed exchange traded funds (ETFs). Also, it expected gold prices to remain elevated in the near term due to the metal's hedging benefits against geopolitical, financial, and recessionary risks. However, it noted that the potential factors that may moderate the significant additional upside to gold prices include a softening in central bank demand in case geopolitical tensions ease; lower-than-expected inflows to ETFs if central banks cut rates at a slower pace than markets anticipate; and a sharper-than-expected drop in China's retail demand due to price sensitivity. Further, it projected gold prices to average $2,560 per ounce in the fourth quarter of 2024.

Source: Goldman Sachs, Refinitiv, Byblos Research

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 (%)
Africa												
Algeria	- -	- -	- -	- -	-3.7	56.9	-	-	-	-	-3.2	0.4
Angola	B- Stable	B3 Positive	B- Stable	- -	-1.0	82.4	4.6	53.3	26.9	108.2	2.5	-4.3
Egypt	B- Positive	Caa1 Positive	B- Positive	B Stable	-7.2	86.6	2.8	85.1	58.8	158.1	-3.6	13.4
Ethiopia	CCC+ Stable	Caa3 Stable	CCC- -	-	-2.9	26.2	0.5	33.4	7.8	157.9	-3.4	2.0
Ghana	SD -	Ca Stable	RD -	- -	-4.8	78.1	1.1	41.1	22.7	127.6	0.9	2.0
Côte d'Ivoire	BB- Positive	Ba2 Stable	BB- Stable	- -	-4.5	57.7	4.7	47.6	15.7	112.3	-4.4	2.3
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-2.5	15.0	1.4	5.1	2.0	102.1	-5.6	4.2
Morocco	BB+ Positive	Ba1 Stable	BB+ Stable	- -	-4.1	65.8	4.9	30.4	7.3	94.0	-1.4	0.5
Nigeria	B- Stable	Caa1 Positive	B- Stable	- -	-4.4	47.4	2.9	41.7	23.3	113.6	0.5	0.1
Sudan	- -	- -	- -	- -	-5.0	91.0	-	-	-	-	-5.0	0.2
Tunisia	- -	Caa2 Negative	CCC+ -	- -	-5.6	88.7	-	-	26.1	-	-2.7	-1.1
Burkina Faso	CCC+ Stable	- -	- -	- -	-5.5	61.8	0.5	64.8	12.3	168.7	-3.6	0.5
Rwanda	B+ Stable	B2 Stable	B+ Stable	- -	-4.8	68.0	3.6	22.5	9.6	111.1	-10.6	3.5
Middle East												
Bahrain	B+ Stable	B2 Stable	B+ Stable	B+ Stable	-4.0	120.8	-4.1	148.5	26.5	363.8	3.7	1.0
Iran	- -	- -	- -	B Stable	-4.2	26.1	-	-	-	-	3.5	-
Iraq	B- Stable	Caa1 Stable	B- Stable	- -	-4.5	38.3	20.3	4.0	2.0	33.0	11.5	-1.8
Jordan	BB- Stable	Ba3 Stable	BB- Stable	BB- Stable	-1.1	90.6	1.9	69.7	10.9	151.6	-4.6	1.8
Kuwait	A+ Stable	A1 Stable	AA- Stable	AA- Stable	-2.1	4.7	2.8	41.3	0.4	97.3	19.4	-3.0
Lebanon	SD -	C -	RD** -	- -	-0.2	270.6	9.0	165.9	6.5	151.4	-9.5	0.5
Oman	BB+ Stable	Ba1 Positive	BB+ Stable	BB+ Stable	1.4	34.5	1.8	31.4	8.2	113.0	1.3	2.5
Qatar	AA Stable	Aa2 Stable	AA- Positive	AA Stable	4.2	41.7	2.4	125.2	4.2	174.5	15.8	-2.4
Saudi Arabia	A Positive	A1 Positive	A+ Stable	A+ Positive	-2.0	23.0	10.2	23.8	3.4	66.1	1.4	0.1
Syria	- -	- -	- -	- -	-	49.0	-	-	-	-	-15.5	-
UAE	- -	Aa2 Stable	AA- Stable	AA- Stable	5.5	29.9	-	-	4.3	-	6.8	-2.0
Yemen	- -	- -	- -	- -	-2.7	50.7	-	-	-	-	-19.2	-2.3

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	-4.3	46.5	2.0	29.8	9.8	114.6	-3.0	2.2
China	A+ Stable	A1 Negative	A+ Stable	- -	-3.0	66.1	10.6	25.8	5.9	64.5	2.3	0.7
India	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-8.0	86.0	6.6	27.5	28.9	87.2	-3.1	1.5
Kazakhstan	BBB- Stable	Baa2 Positive	BBB Stable	- -	-2.7	26.1	4.0	26.6	7.9	99.2	-2.8	2.2
Pakistan	CCC+ Stable	Caa2 Positive	CCC+ -	- -	-7.5	71.3	0.7	34.9	55.9	133.4	-1.3	0.4
Central & Eastern Europe												
Bulgaria	BBB Positive	Baa1 Stable	BBB Positive	- -	-2.8	23.8	1.7	19.9	1.7	105.0	-0.2	1.8
Romania	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-5.9	49.0	4.3	25.4	6.4	99.6	-6.9	2.0
Russia	- -	- -	- -	- -	-0.8	19.8	11.6	23.0	3.6	61.1	2.0	-0.6
Türkiye	B Positive	B1 Positive	BB- Stable	B+ Stable	-3.6	29.1	1.2	77.3	9.5	166.0	-2.4	1.2
Ukraine	CC Negative	Ca Stable	CC -	- -	-17.0	95.0	4.6	38.1	10.2	105.8	-6.6	1.4

** Current account payments*

***Fitch withdrew the ratings of Lebanon on July 23, 2024*

Source: S&P Global Ratings, Fitch Ratings, Moody's Ratings, CI Ratings, Byblos Research - The above figures are projections for 2024

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting Date	Action	Next meeting
USA	Fed Funds Target Rate	5.00	18-Sep-24	Cut 50bps	07-Nov-24
Eurozone	Refi Rate	3.65	12-Sep-24	Cut 60bps	N/A
UK	Bank Rate	5.00	19-Sep-24	No change	07-Nov-24
Japan	O/N Call Rate	0.25	31-Jul-24	Raised 15bps	31-Oct-24
Australia	Cash Rate	4.35	06-Aug-24	No change	05-Nov-24
New Zealand	Cash Rate	5.25	14-Augl-24	No change	09-Oct-24
Switzerland	SNB Policy Rate	1.00	26-Sep-24	Cut 25bps	12-Dec-24
Canada	Overnight rate	4.25	04-Sep-24	Cut 25bps	23-Oct-24
Emerging Markets					
China	One-year Loan Prime Rate	3.35	20-Sep-24	Cut 10bps	21-Oct-24
Hong Kong	Base Rate	5.25	02-May-24	Cut 50pbs	N/A
Taiwan	Discount Rate	2.00	13-Jun-24	No change	N/A
South Korea	Base Rate	3.50	22-Aug-24	No change	11-Oct-24
Malaysia	O/N Policy Rate	3.00	05-Sep-24	No change	16-Nov-24
Thailand	1D Repo	2.50	21-Aug-24	No change	16-Oct-24
India	Repo Rate	6.50	08-Aug-24	No change	09-Oct-24
UAE	Base Rate	4.90	18-Sep-24	Cut 50bps	N/A
Saudi Arabia	Repo Rate	5.50	18-Sep-24	Cut 50bps	N/A
Egypt	Overnight Deposit	27.25	18-Jul-24	No change	17-Oct-24
Jordan	CBJ Main Rate	7.50	30-Jul-23	Raised 25bps	N/A
Türkiye	Repo Rate	50.00	19-Sep-24	No change	17-Oct-24
South Africa	Repo Rate	8.00	19-Sep-24	Cut 25bps	N/A
Kenya	Central Bank Rate	12.75	06-Aug-24	Cut 25bps	N/A
Nigeria	Monetary Policy Rate	27.25	24-Sep-24	Raised 50bps	N/A
Ghana	Prime Rate	27.00	27-Sep-24	Cut 200bps	25-Nov-24
Angola	Base Rate	19.50	19-Sep-24	No change	N/A
Mexico	Target Rate	10.50	26-Sep-24	Cut 25bps	14-Nov-24
Brazil	Selic Rate	10.75	18-Sep-24	Raised 25bps	N/A
Armenia	Refi Rate	7.50	10-Sepl-24	Cut 25bps	N/A
Romania	Policy Rate	6.50	07-Aug-24	Cut 25bps	04-Oct-24
Bulgaria	Base Interest	3.54	01-Aug-24	Cut 10bps	01-Oct-24
Kazakhstan	Repo Rate	14.25	29-Aug-24	Cut 25bps	11-Oct-24
Ukraine	Discount Rate	13.00	19-Sep-24	No change	N/A
Russia	Refi Rate	19.00	13-Sep-24	Raised 100bps	25-Oct-24

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

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