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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Greenfield FDI in tourism sector at $107bn in 2019-2023 period

Figures released by fDi Markets show that global greenfield foreign direct investments (FDI) in the tourism sector totaled $106.7bn between 2019 and 2023. The distribution of the investments shows that they stood at $59.2bn in 2019, $16.8bn in 2020, $10.5bn in 2021, and $10.1bn in each of 2022 and 2023. Further, the Asia-Pacific region attracted $35.2bn in greenfield FDI in tourism and accounted for 33% of the total in the 2019-23 period, followed by Europe with $25.8bn (24.2%), Latin America & the Caribbean with $20.4bn (19%), the Middle East & Africa region with $18.1bn (17%), and North America with $7.2bn (6.7%). Also, there were 1,952 greenfield FDI projects worldwide in the tourism sector in the 2019-23 period. Europe was the recipient of 867 projects in the covered period and accounted for 44.4% of the total, followed by the Asia-Pacific region with 366 projects (18.8%), the Middle East & Africa region with 314 projects (16%), Latin America & the Caribbean with 221 projects (11.3%), and North America with 184 projects (9.4%). In parallel, greenfield FDI in tourism led to the creation of 259,800 jobs between 2019 and 2023. The distribution of new jobs shows that Latin America & the Caribbean generated 73,400 jobs and accounted for 28.3% of the total between 2019 and 2023, followed by Europe with 66,000 new jobs (25.4%), the Asia-Pacific region with 65,000 jobs (25%), the Middle East & Africa region with 40,700 new jobs (15.7%), and North America with 14,700 jobs (5.7%).
Source: fDi Markets, Byblos Research

Issuance of sustainable debt securities at $769bn in first nine months of 2024

Moody's Ratings indicated that the global issuance of sustainable bonds reached $769bn in the first nine months of 2024, constituting a decrease of 3% from $792.7bn in the same period last year. Also, it noted that the global issuance of sustainable bonds stood at $216bn in the third quarter of 2024, representing a decline of 14% from $251bn in the second quarter of 2024 and an increase of 5% from about $205bn in the third quarter of 2023. The distribution of sustainable bonds shows that green bonds amounted to $129bn and accounted for 59.7% of the total in the third quarter of 2024, followed by sustainability bonds with $41bn (19%), social bonds with $37bn (17%), sustainability-linked bonds with $6bn (2.8%), and transition bonds with $3bn (1.4%). Further, corporates issued $60.5bn in sustainable debt securities, which represented 28% of the total in the third quarter of 2024, followed by financial institutions with $47.5bn (22%), sovereigns with $39bn (18%), supranational institutions with $33bn (15%), government agencies with $23.8bn (11%), and municipalities with $13bn (6%). In addition, Europe issued $80bn in sustainable bonds and accounted for 37% of total issuance in the third quarter 2024, followed by the Asia-Pacific region with $60bn (27.8%), supranational institutions with $33bn (15.3%), North America with $26bn (12%), Latin America with $12bn (5.6%), and the Middle East & Africa region with $5bn (2.3%). In parallel, it forecast the global issuance of sustainable bonds at $950bn for full year 2024 compared to about $990bn in 2023.
Source: Moody's Ratings

EMERGING MARKETS

Frontier markets' debt at $3.7 trillion or 102% of GDP at end-June 2024

The Institute of International Finance indicated that the total debt of 42 frontier markets, which includes the debt of governments, corporates and households, reached $3.66 trillion (tn) at the end of June 2024, constituting an increase of $16.4bn, or of 4.7%, from $3.5tn a year earlier. It noted that the aggregate debt was equivalent to 102.3% of the frontier markets' GDP at the end of June 2024 relative to 101% of their GDP at end-June 2023. It said that the government debt of frontier markets reached $2.02tn at end-June 2024, or 55.3% of their total debt, followed by the debt of the non-financial corporate sector with $944bn (25.8%), household debt with $468bn (12.8%), and the debt of financial institutions with $225bn (6.2%). In parallel, it noted that the government debt of frontier markets, excluding Venezuela, was equivalent to 56.7% of GDP at end-June 2024 compared to 56.2% of GDP a year earlier, the debt of the non-financial corporate sector was equivalent to 24.8% of GDP at end-June 2024 relative to 25.1% of GDP at end-June 2023, while household debt stood at 14.2% of GDP at end-June 2024 compared to 13.2% of GDP a year earlier,the financial sector's debt increased from 6.4% of GDP at end-June 2023 to 6.6% of GDP at end-June 2024. The IIF indicated that the debt of frontier markets in the Middle East was equivalent to 163.5% of the region's GDP at end-June 2024, followed by debt in Latin America ex Venezuela at 111.4% of GDP, Emerging Europe at 93.5% of GDP, Africa at 93.2% of GDP, and Asia at 92.5% of GDP.
Source: Institute of International Finance

MENA

Public governance level varies across Arab countries

The World Bank's World Governance Indicators for 2023 show that the average score of 20 Arab countries improved on the Voice & Accountability, Government Effectiveness, Rule of Law, and Regulatory Quality indicators, while it regressed on the Control of Corruption and the Political Stability indicators relative to 2022. The indicators cover 214 countries and territories worldwide that are rated on a scale of -2.5 to +2.5, with higher values corresponding to better governance outcomes. Arab countries posted an average score of -0.48 points on the Government Effectiveness indicator in 2023, up from -0.5 points in 2022. The UAE had the most effective government among Arab countries, followed by Qatar, Saudi Arabia, Bahrain and Jordan; while Lebanon, Libya, Syria, Sudan and Yemen have the least efficient governments in the region. In parallel, Arab countries received a score of -0.52 points on the Control of Corruption indicator, down from -0.51 in 2022. Regionally, the control of corruption was highest in the UAE, Qatar, Saudi Arabia, Oman and Kuwait, while it was the lowest in Iraq, Sudan, Libya, Yemen and Syria. Further, Arab countries posted an average score of -0.49 points on the Rule of law indicator in 2023, up from -0.5 points in 2022. Qatar had the strongest rule of law among Arab countries, followed by the UAE, Oman, Bahrain and Saudi Arabia; while Sudan, Iraq, Libya, Yemen and Syria have the weakest rule of law in the region.
Source: World Bank, Byblos Research

POLITICAL RISKS OVERVIEW - October 2024

ALGERIA

The Algerian authorities published a draft Finance Law for 2025 that allocated more than $25bn to the budget of the Ministry of Defense, constituting an increase of $3bn or of 10% from the allocation in 2024, in order to address cross-border threats. Algeria joined the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, the world's widest-reaching international treaty for international tax cooperation and exchange of information, in order to tackle tax evasion and avoidance. The signing will pave the way for Algeria to engage in the exchange of information with 147 other jurisdictions.

ARMENIA

Armenian Prime Minister Nikol Pashinyan and Azerbaijani President Ilham Aliyev held talks on the sideline of the 16th BRICS summit in the Russian city of Kazan, and discussed progress on the bilateral agenda regarding the peace agreement, border delimitation and demarcation, and other issues of mutual interest. They instructed their ministers of foreign affairs to fast-track negotiations on the peace treaty. PM Pashinian and Russian President Vladimir Putin announced an agreement that will lead to the withdrawal of Russian guards from the Armenian-Iranian frontier checkpoint as of January 1, 2025. Under the deal, Armenian border guards will take over the full operation of the checkpoint, and will be involved in guarding the border with Türkiye along with the existing Russian forces.

EGYPT

President Abdel Fattah el-Sisi said that the government may reconsider the reform program with the International Monetary Fund given that the ongoing economic challenges is posing an unbearable burden on the public. Egypt signed an agreement with Saudi Arabia to encourage and protect bilateral investments between the two countries, and ratified an accord to form a Supreme Coordination Council between Riyadh and Cairo to deepen cooperation between the two sides. Tensions escalated with Ethiopia over national water security and broader regional issues that the Grand Ethiopian Renaissance Dam is causing. Cairo formed a fund that aims to promote investments in development and infrastructure projects with other Nile Basin countries.

ETHIOPIA

The Ethiopian military announced the launch of a major military operation against the Fano militia in the Amhara region, accusing the rebel group of failing to respond to the government's peace initiative, which led to fierce clashes in October. Security forces arrested hundreds of individuals as part of measures that aim to dismantle structures related to armed Islamist groups and other opposition groups that have been involved in various activities against the government. Low-level fighting between security forces and the Oromo Liberation Army continued in October.

IRAN

In response to Israel's assassination of several leaders allied with Iran, Tehran launched at the start of October 180 ballistic missiles at Israeli military sites, resulting in at least 24 confirmed hits, including on Israel's Nevatim and Tel Nof airbases. As a result, Israel struck military targets in Iran on October 26, including air defence systems and missile development sites. Iranian authorities declared that the damages were limited, and confirmed four military fatalities and one civilian death. The U.S. imposed sanctions on 16 Iranian entities and 23 vessels, the United Kingdom designated seven senior military and intelligence positions, while the European Union sanctioned 14 individuals and entities, including Iran Air, for their involvement in facilitating military assistance to Russia.

IRAQ

Prime Minister Mohammed Shia' Al-Sudani sent a message to the U.S. and the European Union highlighting the government's efforts to keep Iraq out of the conflict in the Middle East. The government indicated on October 22nd that at least 13,000 Lebanese refugees entered Iraq since the escalation of Israel's air raids in Lebanon in September. The Kurdistan Regional Government held on October 20 its first parliamentary elections since 2018. The Electoral Commission announced that the Kurdistan Democratic Party won 39 out of 100 parliamentary seats, while the Patriotic Union of Kurdistan and the New Generation Movement won 23 and 15 seats, respectively.

LIBYA

The Central Bank of Libya (CBL) resumed its regular operations under new governor Naji Issa, easing concerns about economic and financial crises. Oil production resumed in several oil fields after it was suspended in late August. The governor of the CBL met U.S. Treasury officials in Washington, D.C. to review plans for strengthening the Libyan dinar, providing liquidity to the economy, managing the foreign exchange market, combating money laundering and terrorism financing, and developing a unified budget for 2025. He also met officials from the International Monetary Fund to present his vision for the next stage of the country's economic development. The National Election Commission of Libya set November 16 as the date for the first round of municipal elections.

SUDAN

Hostilities between the Rapid Support Forces (RSF) and the Sudanese Armed Forces (SAR) intensified across much of the country, especially in the Darfur region. As a result, the leader of RSF called for the mobilization of all RSF fighters in Darfur and beyond. The African Union Peace and Security Council called for an immediate ceasefire in Sudan amid an increasingly assertive engagement from regional and international actors to address the ongoing conflict and the humanitarian crisis.

TUNISIA

The results of the presidential elections that took place on October 6, 2024 showed that President Kais Saïed won a second term with 90.7% of the votes on a voters' turnout of 28.8%. Parliament proposed a bill that would prevent the Banque Centrale de Tunisie (BCT) from signing any international agreements or collaborations without the approval of the Tunisian president. The proposed bill stipulates that the BCT could adjust interest rates, gold-related operations, and the exchange rate in consultation with the government. Also, the government released the budget for 2025 that includes significant increases in taxes on large companies and on high-income and middle-income employees.

YEMEN

The U.S. intensified airstrikes on the Huthi rebels' infrastructure in the North of Yemen. The Huthis continued attacks on Israel and international shipping in the Red Sea and beyond, as they claimed to have targeted 196 ships since the start of their attacks in November 2023. The Yemeni riyal plunged to its lowest level ever on October 14, as the exchange rate reached 2,000 riyals to the US dollar, which led to price increases on essential goods. The depreciation of the currency triggered protests in the Taiz and Abyan governorates denouncing the government's failures to find alternative sources, after oil exports were suspended in 2022 due to the Huthi attacks on facilities in the Hadramawt and Shebwa governorates.

Source: International Crisis Group, Newswires

OUTLOOK

EMERGING MARKETS

Economic outlook dependent on Trump Administration's policy agenda

The Institute of International Finance expected the policy agenda of U.S. President Donald Trump's to have a significant impact on emerging markets (EMs), driven by a stronger dollar, trade realignments, and shifts in U.S. economic policy. It considered that the strengthening of the exchange rate of the dollar against major currencies and the rise in U.S. Treasury yields will likely increase the cost of servicing dollar-denominated debt for many EM economies, and will create inflationary pressures in regions heavily reliant on imports, which will push local policymakers to make difficult choices between growth and financial stability. As a result, it said that EM central banks may increase policy rates, which will limit investments and slow economic growth.

However, it pointed out that the Trump Administration's emphasis on bilateral trade agreements may improve the access of certain EMs to the U.S. market, reduce their dependence on multilateral trade pacts, and support growth in export-driven sectors. It said that the Trump Administration's energy policy would be beneficial for resource-exporting EMs, as it would generate additional income streams for oil exporters even amid global price fluctuations. Further, it said that the Administration's energy policy will bring mixed outcomes for EM oil producers, but it noted that increased U.S. fossil fuel production could create downward pressure on global oil prices. In addition, it indicated that the U.S.-China trade tensions may push China to deepen ties with other EMs in Asia and Latin America, as it seeks alternative trade relationships. It considered this shift to have broader implications for regional trade dynamics and for EM markets closely linked to the Chinese economy.

In parallel, it considered that EM economies are likely to respond differently to the Trump Administration's policies. It said that EM countries with sound fiscal positions and established trade ties with the U.S. may find opportunities to deepen bilateral agreements, which would enhance investment flows and their export potential. But it stated that EMs with higher external debt levels or trade dependence on the U.S. economy could face challenges in adapting to a stronger dollar and evolving trade policies.

Source: Institute of International Finance

SAUDI ARABIA

Economic growth to surge to 4.1% in 2025-26 period

Barclays Capital projected Saudi Arabia's real GDP to shift from a contraction of 0.9% in 2023 to growth rates of 1.6% in 2024, 5% in 2025 and 3.2% in 2026. It said that the Kingdom's oil policy has faced growing cyclical and structural headwinds. It noted that sizeable domestic financing needs, amid a $2 trillion capital expenditures plan, have favored an implicit oil price floor in the near term. It stated that slowing global demand and higher oil output from the U.S., Brazil, Iraq, Iran, and the UAE have put pressure on Saudi Arabia to consistently reduce its oil market share to one of its lowest levels in decades. But it considered that the potential for Saudi Arabia to regain its global oil market share could provide some tailwinds for its creditworthiness.

Further, it considered that the foreign policy of the Trump Administration may have far-reaching implications to the regional outlook, given the risks of a revival of the "maximum pressure" policy to reduce Iranian oil output. As such, it expected the Kingdom's ample spare capacity to quickly offset any decline in Iranian production. Also, it expected the inflation rate to remain broadly stable at 1.4% this year, 1.5% in 2025 and 1.3% in 2026.

In addition, it forecast the fiscal deficit at 2% of GDP in 2024, at 2.1% of GDP in 2025 and at 0.6% of GDP in 2026. It attributed the fiscal deficit in the 2024-25 period to increased spending, mainly from high capital expenditures, elevated subsidies and social outlays. It said that the government would face challenges in reducing wages, subsidies, grants and social benefits, which account for more than 50% of expenditures. However, it noted that the Kingdom announced that it would delay some of its planned mega projects, but considered that the elevated capital expenditures still pose medium-term risks to the fiscal balance. Also, it expected the government debt level to remain stable at 26.4% of GDP at end-2024, 26.6% of GDP at end-2025 and at 26.7% of GDP by end-2026. In parallel, it forecast the current account balance to shift from a deficit of 0.2% of GDP in 2024 to surpluses of 0.6% of GDP in 2025 and 1.2% of GDP in 2026.

Source: Barclays Capital

UAE

Economic activity to pick up to 5% in 2025 on reforms and investments

The National Bank of Kuwait projected the UAE's real GDP growth to accelerate from 3.3% in 2024 to 5.1% in 2025, due to ongoing infrastructure development plans that include the increase in oil and gas production capacity, to the rebound of the real estate and construction sectors, as well as to higher tourism receipts. It anticipated real hydrocarbon GDP to grow by 0.4% this year and by 7.8% in 2025, as it expected oil production to reach by 3.4 million barrels per day (b/d) by end-2025. It also forecast activity in the non-oil sector to grow by 4.3% in each of 2024 and 2025, supported by lower interest rates, foreign direct investment inflows (FDI), mega construction projects, proactive government reforms, and growth in tourism and trade sectors. Further, it considered that a looser monetary policy, low inflation rates and rising population should also be supportive of consumer activity in the 2024-25 period. As such, it forecast the inflation rate to average 2.2% in 2024 and 2.4% in 2025.

In addition, it forecast the fiscal surplus to decline from 3.1% of GDP in 2024 to 1% of GDP in 2025, driven by continued high outlays and lower oil revenues, and anticipated the public debt level to decrease from 31% of GDP in 2023 to 27% of GDP by end-2025. Also, it expected the current account surplus to decline from 4.2% of GDP in 2024 to 2.9% of GDP in 2025, despite strong increases in non-oil exports and tourism revenues. It stated that the rollout of various economic initiatives and strategies during the past three years, including foreign ownership and visa reforms, have transformed the UAE into a major recipient of FDI inflows. In parallel, it considered that downside risks to the outlook include a potential escalation of the regional conflict that could deter investments and weaken investors' confidence, as well as a possible slower global growth rate given the UAE's internationally-oriented economic model.

Source: National Bank of Kuwait

BAHRAIN

Credit profile supported by foreign investment position

In its periodic review of Bahrain's credit profile, Moody's Ratings indicated that the sovereign's long-term issuer rating of 'B2' balances its very high debt burden, weak debt affordability, very thin foreign currency buffers and elevated financing needs with its high per-capita income and positive net international investment position, which support the sovereign's shock absorption capacity despite the government's heavy fiscal dependence on the hydrocarbon sector. Also, it noted that the economic strength assessment of 'baa1' balances the country's high GDP per capita against its moderate growth dynamics. It said that the institutions and governance strength assessment of 'ba2' balances Bahrain's relatively strong governance indicators against the track record of weak fiscal policy effectiveness and transparency shortcomings. It stated that the 'ca' fiscal strength assessment captures the government's high debt level and weak debt affordability. It added that the 'b' susceptibility to event risk score is primarily driven by the government's elevated liquidity risks and external vulnerability risks due to its large financing needs, heavy reliance on external funding, and the Central Bank of Bahrain very thin foreign-currency reserves. In addition, it indicated that the 'stable' outlook reflects the balance of risks at the 'B2'-rated sovereign level. It did not expect that the regional geopolitical tensions will escalate into an all out military conflict that would durably disrupt maritime traffic through the Strait of Hormuz or lead to a sharp and lasting tightening of Bahrain's financing conditions.
Source: Moody's Ratings

NIGERIA

Sovereign ratings affirmed, outlook 'positive'

Fitch Ratings affirmed Nigeria's long-term local and foreign currency Issuer Default Ratings (IDRs) at 'B-', which is six notches below investment grade, and maintained the 'positive' outlook on the long-term ratings. Also, it affirmed the short-term local and foreign currency IDRs at 'B' and the Country Ceiling at 'B-'. It attributed the ratings' affirmation to the country's large economy, a developed and liquid domestic debt market, as well as to elevated oil and gas reserves. But it noted that the ratings are constrained by weak governance, structurally very low non-oil revenues, the economy's high dependence on the hydrocarbons sector, security challenges, elevated inflation rates, and low net foreign currency reserves. Further, it said that the 'positive' outlook reflects progress in implementing reforms, which would reduce economic distortions and near-term risks to macroeconomic stability. In parallel, it noted that it could downgrade the ratings if the Central Bank of Nigeria's (CBN) net foreign currency position deteriorates, and/or if the credibility and consistency of monetary and fiscal policy-making and foreign currency management weakens. It added that debt servicing difficulties, an increase in the debt burden, constrained access to Eurobond financing, further CBN financing of the fiscal deficit, loose monetary policy settings, unanchored inflationary expectations, and more severe shortages of foreign currency could also result in a downgrade of the ratings. It said that it could upgrade the ratings in case external vulnerabilities recede, business confidence increases, and public finances improve sustainably.
Source: Fitch Ratings

IRAQ

Real non-oil GDP growth rate to average 4% in 2024-25 period

The International Monetary Fund (IMF) projected Iraq's real GDP growth rate at 0.1% in 2024 and 4.1% in 2025. It expected Iraq's non-oil GDP growth at 4% in each of 2024 and 2025, and for real oil GDP to shift from a contraction of 2.9% in 2024 to a growth rate of 4.1% in 2025. It attributed the growth in the non-oil sector to fiscal stimulus and robust agricultural performance, and the contraction of real oil GDP in 2024 to the extension of voluntary oil production cuts. Also, it anticipated the inflation rate to regress from 4.4% in 2023 to 3.2% in 2024, but it forecast it to increase to 3.5% in 2025. In parallel, it projected the fiscal deficit to widen from 1.2% of GDP in 2023 to 5% of GDP in 2024 and 8.2% of GDP in 2025, due to lower revenues and increased government expenditures and transfers. It projected the fiscal breakeven oil price at $94.6 per barrel (p/b) in 2024 and at $92.4(p/b) in 2025, and expected oil exports to rise from 3.4 million barrel per day (b/d) in 2024 to 3.5 million b/d in 2025. Also, it anticipated the public debt level to increase from 44.5% of GDP at end-2023 to 45.9% of GDP at the end of 2024 and to 52.2% of GDP at end-2025. In parallel, the IMF forecast Iraq's exports of goods & services to decrease from $115bn in 2024 to $108.5bn in 2025, and expected the country's imports of goods & services to drop from $117.3bn in 2024 to $114.4bn in 2025. As such, it projected the current account deficit to widen from 5.1% of GDP in 2024 to 9.3% of GDP in 2025. Further, it forecast the country's gross external debt to drop from 21.5% of GDP at end-2024 and to 20.4% of GDP at end-2025, and for the country's gross foreign currency reserves to reach $107.9bn, or 11.3 months of import coverage at end-2024, and $104.1bn or 10.4 months of imports at end-2025.
Source: International Monetary Fund

DEM REP CONGO

Economic growth to average 5% in 2025-27 period

The International Monetary Fund (IMF) projected the real GDP growth rate of the Democratic Republic of the Congo (DRC) at 5% in the 2025-27 period, and indicated that it has reached a staff-level agreement with the authorities on new three-year Extended Credit Facility (ECF) and a new climate-focused arrangement supported by a $1.77bn Resilience and Sustainability Facility (RSF). It said that the implementation of the IMF program aims to foster strong and inclusive growth, accelerate economic diversification, stimulate job creation, enhance living standards, advance governance and transparency, and reduce poverty through high-quality investments in priority infrastructure and social sectors. It expected that the coordination between fiscal and monetary authorities, and the continued accumulation of foreign reserves towards the recommended adequacy level, will help ease inflationary pressures and lower the cost of living. Further, it called for renewed fiscal prudence by mobilizing domestic revenues, including by streamlining inefficient tax exemptions, limiting tax evasion through strengthened oversight of mineral exports, and combatting customs fraud at the borders. It urged the authorities to step up their efforts to improve governance and transparency, mainly in the extractive sector, combat corruption, and improve the business environment.
Source: International Monetary Fund

BANKING

EGYPT

Agencies take rating actions on seven banks

Fitch Ratings upgraded the long-term foreign-currency Issuer Default Ratings (IDRs) of the National Bank of Egypt (NBE), Banque Misr (BM), Commercial International Bank (CIB), and Banque du Caire (BdC) from 'B-' to 'B', and revised the outlook on the long term ratings from 'positive' to 'stable', following its similar action on the Egyptian sovereign ratings. Also, it upgraded the Viability Ratings (VRs) of the four banks from 'b-' to 'b', with a 'stable' outlook on the ratings. It pointed out that the IDRs of the four banks reflect their standalone credit strength, which is incorporated in their respective VRs. In addition, it pointed out that the VRs of Bdc, BM, and NBE are supported by their improved profitability, while the VR of CIB takes into account its strong profitability. It added that the VRs of NBE, BM and BdC are constrained by their weak core capitalization, while the VR of CIB reflects its adequate capitalization. In parallel, Capital Intelligence Ratings affirmed the long-term foreign currency ratings of Arab African International Bank (AAIB), Arab International Bank (AIB), BdC, and Export Development Bank of Egypt (EBank) at 'B', and the Bank Standalone Ratings (BSRs) of the four banks at 'b'. Further, it maintained the 'stable' outlook on the long-term IDRs of AAIB and EBank, and affirmed the 'stable' outlook of BdC and AIB. Further, it said that the BSRs of the AAIB, EBank, and BdC are supported by their satisfactory capitalization, good asset quality, and sound liquidity buffers, while the rating of AIB balances its satisfactory capitalization and comfortable liquidity position with its weak asset quality. In contrast, it added that the ratings of the four banks are constrained by the challenging operating environment in Egypt.

Source: Fitch Ratings, Capital Intelligence Ratings

OMAN

Agencies take rating actions on banks

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of Bank Muscat (BM) at 'BB+' and the long-term IDRs of Bank Dhofar (BD) and the National Bank of Oman (NBO) at 'BB'. It also affirmed the 'stable' outlook on the long term ratings of the three banks. In addition, it affirmed the Viability Ratings (VRs) of BM at 'bb+', and the ratings of BD and NBO at 'bb'. Also, it pointed out that the VRs of BM, NBO and BD are supported by their sound funding and good liquidity metrics. It added that the VRs of BM and NBO are underpinned by their stable asset quality, while the rating of BD is constrained by its pressured asset quality. Further, it said that the VRs of BD and NBO reflect their reasonable capitalization, while the rating of BM takes into account its robust capital ratios. In parallel, Capital intelligence affirmed the long-term foreign currency ratings of NBO, Oman Arab Bank (OAB), and BM at 'BB+', and the Bank Standalone Ratings of the three banks at 'bb+'. Further, it revised the outlook on the ratings of the three banks from 'stable' to 'positive' and affirmed the 'stable' outlook on their BSRs. It attributed the outlook revision to the moderate likelihood of extraordinary support from the government, in case of need. It added that the ratings of OAB reflect the support of the Arab Bank, its major shareholder. It pointed out that the affirmation of the BSRs takes into account their fairly good and resilient financial metrics as at end-June 2024.

Source: Fitch Ratings, Capital Intelligence

IRAN

FATF urges Tehran to complete action plan

The Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), declared in October 2024 that Iran will remain on its list of "High Risk Jurisdictions Subject to a Call for Action" until the authorities implement their action plan to address the country's significant AML/CFT deficiencies in full. Further, it said that Iran committed in June 2016 to address its strategic deficiencies, but noted that the country has not completed its action plan since February 2020. Further, the FATF lifted in full in February 2020 the suspension of counter-measures that international financial institutions use against Iran, since the latter failed to enact the Palermo and Terrorist Financing Conventions. It also called on its members and urged all jurisdictions to apply effective counter measures to risks emanating from the country. In parallel, it pointed out that, in case Iran ratifies the Palermo and Terrorist Financing conventions, the FATF will decide on the next steps, including whether to suspend counter-measures. It stated that it will continue to be concerned about terrorism financing risks until Tehran implements the required measures to address the CFT deficiencies identified in its action plan. As such, the FATF noted that Iran should adequately criminalize terrorist financing; identify and freeze terrorist assets in line with the relevant United Nations Security Council resolutions; ensure an adequate and enforceable customer due diligence regime; demonstrate how authorities are identifying and sanctioning unlicensed money/value transfer service providers; ratify and implement the Palermo and Terrorist Financing conventions and clarify the capability to provide mutual legal assistance; and make sure that financial institutions verify that wire transfers contain complete originator and beneficiary information.

Source: Financial Action Task Force

ETHIOPIA

Capital adequacy ratio at 15.4%, NPLs ratio at 3.9% at end-June 2024

The International Monetary Fund indicated that the capital adequacy ratio of the Ethiopian banking sector reached 15.4% at end-June 2024 compared to 14.7% at end-June 2023. It noted that the banks' liquid assets were equivalent to 17.8% of the sector's total assets at end-June 2024, relative to 19.3% a year earlier, and to 22.4% of the sector's total deposits at end-June 2024 compared to 24.3% at end-June 2023. Also, it said that the sector's non-performing loans ratio (NPLs) stood at 3.9% at end-June 2024 relative to 4.7% at end-March 2024, and to 3.6% at end-June 2023, excluding the elevated non-performing debt of state-owned enterprises; while NPLs net of provisions stood at 15.4% of capital at end-June 2024 compared to 15.7% at end-March 2024 and to 14.7% at end-June 2023. It indicated that the authorities' decision to open the banking sector to foreign participation constitutes a decisive measure to help address long-standing weaknesses in the scope, depth and accessibility of modern financial services in the country. In parallel, it pointed out that the banks' return on assets was 2% in June 2024 on an annualized basis, unchanged from a year earlier, and that their return on equity stood at 24.6% in June 2024 on an annualized basis, relative to 21.5% in March 2024 and 25.7% in June 2023 on an annualized basis.

Source: International Monetary Fund

Oil prices to average $76.2 p/b in fourth quarter 2024

ICE Brent crude oil front-month prices reached $72.3 per barrel (p/b) on November 13, 2024, constituting a decrease of 10.7% from a recent high of $80.9 p/b on October 7, 2024, driven by expectations of higher global production amid weaker demand. Further, the OPEC+ coalition reduced its oil demand growth forecast, as it anticipated global oil demand to decrease 107,000 barrels per day (b/d) to 1.8 million b/d in 2024 and by 103,000 b/d to 1.5 million b/d in 2025, driven by weaker-than-expected consumption in China, India and Asia. In parallel, the U.S. Energy Information Administration anticipated that the ongoing decrease in global oil inventories, along with the possible increase of geopolitical risks, will put upward pressure on oil prices through the first quarter of 2025. As such, it forecast global oil inventories to decrease by an average of 0.3 million b/d in the fourth quarter of 2024 and in the first quarter of 2025. Further, it expected the increase in OPEC+ production, as well as the higher output from non-OPEC+ producers, to outweigh the rise in global oil demand in the second quarter of next year. In addition, it considered that the future course of the ongoing Middle East conflict that may potentially disrupt oil supplies, as well as OPEC+ members' willingness to adhere to voluntary production cuts, will put upward pressure on oil prices in the near-term. In addition, it projected oil prices to average $76.2 p/b in the fourth quarter of 2024.

Source: OPEC, U.S. Energy Information Administration, Refinitiv, Byblos Research

Middle East demand for gold bars and coins down 10% in first nine months of 2024

Net demand for gold bars and coins in the Middle East totaled 80.94 tons in the first nine months of 2024, constituting a decrease of 9.7% from 89.6 tons in the same period of 2023. Demand for gold bars and coins in Iran reached 30.95 tons and accounted for 38.2% of the region's aggregate demand in the covered period. Egypt followed with 18.1 tons (22.4%), then Saudi Arabia with 11.1 tons (13.7%), the UAE with 9.9 tons (12.2%), and Kuwait with 4.66 tons (5.8%).

Source: World Gold Council, Byblos Research

Iraq's oil exports at 99 million barrels in September 2024

Figures issued by the Iraq Ministry of Oil show that crude oil exports from Iraq totaled 99.31 million barrels in September 2024, constituting decreases of 6% from 105.8 million barrels in August 2024 and of 3.7% from 103.14 million barrels in September 2023. Exports from the central and southern fields stood at 99.4 million barrels in September 2024 compared to 105.6 million barrels in August 2024.

Source: Iraq Ministry of Oil, Byblos Research

OPEC's oil basket price up 1.2% in October 2024

The price of the reference oil basket of the Organization of Petroleum Exporting Countries (OPEC) averaged $74.45 per barrel (p/b) in October 2024, constituting an increase of 1.2% from $73.6 p/b in September 2024. The price of Nigeria's Bonny Light was $77.75 p/b, followed by Algeria's Sahara Blend at $77.53p/b, and Equatorial Guinea's Zafiro was $76.98 p/b. All prices in the OPEC basket posted monthly increases of between $0.18 p/b to $1.43 p/b in October 2024.

Source: OPEC

Base Metals: Steel prices to average $563 per short ton in fourth quarter of 2024

The U.S. Midwest Hot-Rolled Coil Steel prices averaged $789.4 per short ton in year-to-November 13, 2024 period, constituting a decrease of 11.8% from an average of $894.8 a short ton in the same period of 2023. The decrease in prices was due to persistently weak global demand and rising inventories. Further, the metal's price reached a peak of $1,135 per short ton on January 1, 2024 amid rising geopolitical tensions. In parallel, S&P Global Market Intelligence projected global crude steel production to rise from 1,858.7 million metric tons in 2024 to 1,862.3 million metric tons in 2025. Also, it forecast global steel consumption to decrease from 1,846.9 million metric tons this year to 1,840 million metric tons next year, due to lower demand from China, mainly from the property sector. It considered that the persistent oversupply of the metal will continue to weigh on its prices in the near term. In addition, it indicated that the potential of additional protectionist measures by the U.S. remains a factor that could drive U.S. steel pricing upwards. However, it expected short delivery times, planned mill outages, and weak demand to weigh on U.S. steel prices in the near term. In parallel, it projected the U.S. Midwest Hot-Rolled Coil Steel prices at $563 per short ton in the fourth quarter of 2024 and to average $628 a short ton in full year 2024.

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

Precious Metals: Gold prices to average $2,550 per ounce in fourth quarter of 2024

Gold prices averaged $2,350.6 per ounce in the year-to-November 13, 2024 period, constituting an increase of 21.7% from an average of $1,931.3 an ounce in the same period last year, due mainly to strong demand for gold by emerging market central banks and individual investors, interest rate cuts, and the increase in geopolitical risks in the Middle East, which reinforced the appeal of the metal as a safe haven for investors. Further, the metal's price dropped from an all-time of high $2,784.4 per ounce on October 30, 2024 to $2,601.9 per ounce on November 13, 2024, driven by a stronger dollar after President Donald Trump won the U.S. presidential elections, as well as by the increase in U.S. Treasury yields. In parallel, S&P Global Market Intelligence expected that the developments of the war in Ukraine and the conflicts in the Middle East, which point to heightening and broadening geopolitical instability, to put upward pressures on gold prices in the near term. It also pointed out that optimism about Chinese demand for the metal is weakening due to unclear details about the latest stimulus package and ongoing issues with oversupply, which is leading to a drop in metal prices. It noted that inflows into physically-backed gold exchange traded funds increased in all regions and expected these flows to continue to rise in the near term, which will support gold prices. Further, it projected gold prices to average $2,551.2 per ounce in the fourth quarter of 2024, with a low of $2,250 an ounce and a high of $2,700 per ounce in the covered period, and to average $2,321.1 per ounce in full year 2024.

Source: S&P Global Market Intelligence, 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 Stable	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 positive	RD -	- -	-4.8	78.1	1.1	41.1	22.7	127.6	0.9	2.0
Côte d'Ivoire	BB Stable	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- Positive	- -	-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	- -	- -	- -	- -	-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	BBB- 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				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	-4.3	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	BB- Stable	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	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	4.75	07-Nov-24	Cut 25bps	18-Dec-24
Eurozone	Refi Rate	3.40	17-Oct-24	Cut 25bps	N/A
UK	Bank Rate	4.75	07-Nov-24	Cut 25bps	19-Dec-24
Japan	O/N Call Rate	0.25	31-Oct-24	No change	19-Dec-24
Australia	Cash Rate	4.35	05-Nov-24	No change	10-Dec-24
New Zealand	Cash Rate	4.75	09-Oct-24	Cut 50bps	27-Nov-24
Switzerland	SNB Policy Rate	1.00	26-Sep-24	Cut 25bps	12-Dec-24
Canada	Overnight rate	3.75	23-Oct-24	Cut 50bps	11-Dec-24
Emerging Markets					
China	One-year Loan Prime Rate	3.1	21-Oct-24	Cut 25bps	20-Nov-24
Hong Kong	Base Rate	5.00	08-Nov-24	Cut 25pbs	N/A
Taiwan	Discount Rate	2.00	19-Sep-24	No change	12-Dec-24
South Korea	Base Rate	3.25	11-Oct-24	Cut 25bps	28-Nov-24
Malaysia	O/N Policy Rate	3.00	05-Sep-24	No change	16-Nov-24
Thailand	1D Repo	2.25	16-Oct-24	Cut 25bps	18-Dec-24
India	Repo Rate	6.50	09-Oct-24	No change	16-Dec-24
UAE	Base Rate	4.65	07-Nov-24	Cut 25bps	N/A
Saudi Arabia	Repo Rate	5.25	07-Nov-24	Cut 25bps	N/A
Egypt	Overnight Deposit	27.25	17-Oct-24	No change	21-Nov-24
Jordan	CBJ Main Rate	6.75	10-Nov-23	Cut 25bps	N/A
Türkiye	Repo Rate	50.00	17-Oct-24	No change	21-Nov-24
South Africa	Repo Rate	8.00	19-Sep-24	Cut 25bps	21-Nov-24
Kenya	Central Bank Rate	12.00	08-Oct-24	Cut 75bps	05-Dec-24
Nigeria	Monetary Policy Rate	27.25	24-Sep-24	Raised 50bps	26-Nov-24
Ghana	Prime Rate	27.00	27-Sep-24	Cut 200bps	25-Nov-24
Angola	Base Rate	19.50	19-Sep-24	No change	19-Nov-24
Mexico	Target Rate	10.50	26-Sep-24	Cut 25bps	14-Nov-24
Brazil	Selic Rate	11.25	06-Nov-24	Raised 50bps	N/A
Armenia	Refi Rate	7.25	29-Oct-24	Cut 25bps	10-Dec-24
Romania	Policy Rate	6.50	08-Nov-24	No change	N/A
Bulgaria	Base Interest	3.22	01-Nov-24	Cut 11bps	02-Dec-24
Kazakhstan	Repo Rate	14.25	11-Oct-24	Cut 25bps	29-Nov-24
Ukraine	Discount Rate	13.00	31-Oct-24	No change	12-Dec-24
Russia	Refi Rate	21.00	25-Oct-24	Raised 200bps	20-Dec-24

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