800 ISSUES+
Issue 828 | November 28, 2024

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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

PE/VC deals in battery storage systems at $557bn in year-to-November 5, 2024

S&P Global Market Intelligence indicated that the aggregate amount of private equity and venture capital (PE/VC) investments in battery energy storage systems reached $557.3bn in the year-to-November 5, 2024 period, constituting an increase of 34.3% from $414.8bn in full year 2023. PE/VC investments in battery energy storage systems totaled $437.8bn in 2019, $447.5bn in 2020, $941.5bn in 2021, and $634.2bn in 2022. Also, PE/VC investments in battery energy storage systems stood at $128bn in the first quarter of 2024, $188.4bn in the second quarter, $177.5bn in the third quarter, and $63.3bn in the year-to-November 5, 2024 period. In comparison, PE/VC investments in battery energy storage systems amounted to $126.5bn in the first quarter, $122.6bn in the second quarter, $127.6bn in the third quarter, and $133.5bn in the fourth quarter of 2023. In parallel, PE/VC deals in battery energy storage systems stood at 10,317 transactions in the year-to-November 5, 2024 period, compared to 10,878 PE/VC deals in full year 2023. Also, there were 11,092 PE/VC deals in 2019, 10,912 transactions in 2020, 16,570 deals in 2021, and 15,116 transactions in 2022. Further, there were 3,109 PE/VC deals in battery energy storage systems in the first quarter of 2024, 3,182 transactions in the second quarter, 2,984 deals in the third quarter, and 1,042 transactions in the year-to-November 5, 2024 period. In comparison, there were 3,342 PE/VC deals in the first quarter, 3,289 transactions in the second quarter, 3,141 deals in the third quarter, and 3,627 transactions in the fourth quarter of 2023.

Source: S&P Global Market Intelligence

EMERGING MARKETS

Eurobonds issuance projected at $520bn in 2024

Bank of America projected sovereigns and corporates in emerging markets (EMs) to issue $520bn in Eurobonds in 2024, compared to $347bn in external debt output in 2023 and $293bn in Eurobonds in 2022. It forecast EMs to issue $188bn in sovereign Eurobonds in 2024, constituting an increase of 43.5% from $131bn in 2023 and accounting for 36.2% of aggregate issuance for the year. Further, it indicated that EM sovereigns have issued $71bn in Eurobonds in the first quarter, $35bn in the second quarter, and $35bn in the third quarter of 2024. It noted that the Emerging Europe, the Middle East and Africa (EEMEA) region issued $79.6bn, or 46% of aggregate EM sovereign output in the year-to-November 21, 2024 period, followed by Latin America with $39.8bn (23%), Gulf Cooperation Council (GCC) economies with $29.4bn (17%), and Emerging Asia with $22.5bn (13%). In parallel, it forecast EMs to issue $332bn in corporate bonds in 2024, or 63.8% of total external debt output this year, up from $229bn in 2023. It pointed out that EM corporates have already issued $95bn in Eurobonds in the first quarter, $82bn in the second quarter, and $107bn in the third quarter of 2024. It stated that corporates in Emerging Asia issued $76.1bn, or 44% of total corporate Eurobond output in the year-to-November 21, 2024 period, followed by GCC countries with $38bn (22%), the EEMEA region with $31.1bn (18%), and Latin America with $27.7bn (16%).

Source: Bank of America, Byblos Research

MENA

Property rights level varies across region

The Property Rights Alliance ranked Qatar in 26th place among 125 countries worldwide and in first place among 14 Arab economies on its International Property Rights Index for 2024. The UAE followed in 31st place, then Oman (33rd), Saudi Arabia (39th), and Bahrain (43rd) as the five countries with the highest level of property rights. In contrast, Egypt (87th), Algeria (97th), Lebanon (110th), Mauritania (118th), and Yemen (124th) have the lowest levels of property rights in the region. The index measures the strength and protection of physical and intellectual property rights in a country. Also, the Arab region's average score stood at 4.9 points, with the average score of Gulf Cooperation Council (GCC) countries at 5.9 points and the average score of non-GCC Arab countries stood at 3.7 points. Further, the Arab region's average score came lower than the global average of 5.2 points, and of the average scores of North America (7.45 points), Western Europe (7.15 points), Asia & Oceania (5.63 points), and Central Eastern Europe & Central Asia (5.11 points), but came higher than the average scores of Latin America & the Caribbean (4.43 points) and Africa (4.06 points). Also, the ranks of 10 Arab economies improved, the position of two Arab states deteriorated, and the rankings of two countries were unchanged; while the scores of five Arab economies increased and those of nine countries declined from the previous survey. Qatar led the Arab world on the Physical Property Rights and the Legal & Political Environment sub-indices, while Morocco ranked first on the Intellectual Property Rights sub-index.

Source: Property Rights Alliance, Byblos Research

SAUDI ARABIA

Profits of listed firms down 5.5% to $113bn in first nine months of 2024

The cumulative net income of 212 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR423.4bn, or $112.9bn in the first nine months of 2024, constituting a decrease of 5.5% from SAR448bn ($119.5bn) in same period last year. Earnings stood at $36.2bn in the first quarter, $39.2bn in the second quarter, and $37.5bn in the third quarter of 2024. Listed energy firms generated net profits of $81.6bn and accounted for 72.3% of total earnings in the first nine months of 2024. Listed banks followed with $15.7bn in net income (14% of the total), then telecommunications firms with $3.6bn (3.2%), materials companies with $3.2bn (2.8%), utilities providers with $2bn (1.8%), healthcare equipment and services providers with $975.5m and food & beverages firms with $970m (0.9% each), and services providers with $1.07bn (0.7%). In parallel, the net earnings of materials firms jumped by 189% in the first nine months of 2024 from the same period last year, followed by the profits of capital goods firms (+152%), financial services companies (+50%), listed pharma, biotech & life sciences firms (+35.4%), software and services companies (+31.6%), insurers (+31.3%), transportation companies (+17.6%), and consumer discretionary distribution & retail firms (+6.8%). In contrast, the net income of real estate firms dropped by 57.4%, followed by commercial & professional service providers (-17.4%), and consumer services providers (-17.2%).

Source: KAMCO.

OUTLOOK

WORLD

Life insurance premiums to grow by a CAGR of 3% in 2025-26 period

Global reinsurer Swiss Re projected global life premiums to grow by 5% in real terms in 2024, primarily driven by strong demand for savings products. Also, it forecast global life premiums to post a compound annual growth rate (CAGR) of 3% during the 2025-26 period compared to a CAGR of 1.3% in the 2014-23 period. In comparison, it forecast global non-life premiums to grow by 4.3% in real terms in 2024, and to post a CAGR of 2.3% during the 2025-26 period relative to a CAGR of 3.5% in the 2019-23 period. Further, it expected global life insurance premiums to reach $4.8 trillion by 2035, up from $3.1 trillion in 2024, driven by elevated interest rates, which will increase the share of the life insurance category from 43% of global premiums currently. It considered that interest rates, despite some easing, are set to stay elevated in the medium-term, which would support demand for life savings products, with a shift in demand from fixed-rate to index-linked savings products.

Also, it forecast life insurance premiums in emerging markets (EMs) to grow by 7.9% in real terms in 2024 and to post a CAGR of 5.7% in the 2025-26 period, compared to a CAGR of 3.4% in the 2019-23 period, supported mainly by CAGRs of 5.7% and 5.8% of life premiums in China and India, respectively, in the next two years. It noted that the increase in real wages, ageing demographics, and the rise of the middle class in EMs will continue to support the positive backdrop of life premium growth. It also forecast life premiums in advanced economies (AEs) to expand by 4% in real terms this year and to post a CAGR of 2% in the 2025-26 period, relative to a CAGR of -1.1% in the 2019-23 period. It expected the growth of life premiums in AEs to be driven by the Asia-Pacific region that will post a CAGR of 2.4% in the 2025-26 period, followed by Western Europe (+1.9%), and North America (+1.8%).
Source: Swiss Re

Impact of higher tariffs on global economy contingent on U.S. Administration's trade policies

The Institute of International Finance developed three scenarios about the impact of the incoming U.S. Administration's trade policies on the global economy. In its "most aggressive" scenario's, fo the impact of U.S. tariffs on the global economy assumes that the incoming U.S. Administration could impose tariffs as high as 60% on imports of Chinese goods, along with a 10% to 20% universal tariff on U.S. imports. It considered that such tariff hikes would elevate the costs for U.S. importers that rely on China and would create widespread disruptions across global supply chains, mainly for industries such as electronics, machinery, and consumer goods, where the European Union (EU), Japan, and China play a dominant role. It noted that the resulting reduction in U.S. demand for goods and services would severely impact the production and employment in key industrial regions around the world. Also, it indicated that U.S. production could be disrupted in case China imposes export controls on 17 rare metals, which may strengthen China's negotiating position. As a result, it considered that global real GDP could contract in the next two years under full retaliation scenarios.

Under its scenario of "selective tariffs with negotiation flexibility", it considered that this approach would allow the U.S. to pursue trade concessions without destabilizing global supply chains. As such, it expected this strategy to reduce the risk of broader economic disruptions, and would limit real GDP contractions to between 0.1 percentage points (pps) and 0.2 pps in the euro area and in Japan. It indicated that selective tariffs may affect the automotive sector and luxury goods in the EU, the technology and machinery industry in Japan, as well as key goods in the technology, electronics, and the industrial machinery segment in China.

In its scenario of "moderate tariffs with exemptions" that assumes the imposition of tariffs with exemptions for allied nations or for critical industries in the U.S. supply chains, such as raw materials and high-tech components, it considered that this approach will maintain strategic pressure on certain trading partners and minimize the impact on costs for U.S. manufacturers. As such, it expected the overall economic impact on developed markets to be modest, with little to no effect on GDP or inflation rates, but noted that specific sectors might still encounter competitive challenges. However, it added that this strategy would still affect China's technology, electronics, and machinery sectors, and reduce China's real GDP growth rate by about 0.2 ppts.
Source: Institute of International Finance

UAE

Real non-oil GDP growth to average 5.3% in 2024-25 period on favorable business environment

The Institute of International Finance projected the UAE's real GDP growth rate to accelerate from 4% in 2024 to 5.1% in 2025, the highest growth rate among the six Gulf Cooperation Council (GCC) economies, supported by continued strong domestic demand and robust tourism receipts. Also, it forecast the real non-hydrocarbon growth rate at 5.2% in 2024 and 5.3% in 2025, compared to a non-oil growth rate of 4% in the GCC next year. Further, it said that the authorities are implementing a broad range of policies to encourage diversified and knowledge-based growth, which will increase productivity and boost the supply of highly qualified labor.

In addition, it projected the fiscal surplus to decrease from 3% of GDP in 2024 to 1.7% of GDP in 2025, relative to a fiscal surplus of 0.1% of GDP for GCC governments next year, and forecast the public debt level at 16% of GDP in 2024. Also, it considered that the continued improvement in non-oil government revenues and the increase in the volume of oil exports will help lower the fiscal breakeven oil price to less than $65 per barrel in 2025. Moreover, it indicated that the government continues to pursue a modest expansionary fiscal policy stance, given its large financial buffers and spare oil production capacity.

Further, it forecast the current account surplus to decline from 5.5% of GDP in 2024 to 1.7% of GDP in 2025, compared to an aggregate surplus of 1.9% of GDP for GCC economies next year. It noted that foreign direct investments (FDI) inflows continue to be the main conduit for non-resident capital inflows to the country. It said that a favorable business environment, high quality infrastructure, predictable policies, and structural changes aimed at diversifying the economy and creating a dynamic private sector are supporting FDI inflows to the UAE.
Source: Institute of International Finance

SAUDI ARABIA

Sovereign ratings upgraded on sustained economic diversification

Moody's Ratings upgraded Saudi Arabia's 's long-term issuer rating and senior unsecured ratings from 'A1' to 'Aa3', and the foreign- and local currency country ceilings from 'Aa1' to 'Aaa'. It also revised the outlook from 'positive' to 'stable' on the long-term ratings. It attributed the upgrades to the Kingdom's sustained reforms momentum and ongoing economic diversification efforts, as well as to the agency's expectations that the recent recalibration of fiscal policies and diversification projects will provide a more conducive environment for the development of the non-hydrocarbon economy and will help preserve the relative strength of the sovereign's balance sheet. Further, it said that the 'stable' outlook balances the country's economic diversification with elevated regional geopolitical risks. It added that progress on large diversification projects may crowd-in the private sector and stimulate the development of non-oil sectors at a faster pace than expected. It forecast the non-hydrocarbon private sector to continue to grow by 4% to 5% annually in the near term, which will reduce the Kingdom's exposure to oil market developments over time. Further, it cited the government's track record of fiscal adjustments and reforms that have led to a significant narrowing of the non-oil fiscal deficit since 2015, and forecast the overall fiscal deficit at between 2% of GDP and 3% of GDP in the coming years. It said that it could upgrade the ratings if the ongoing diversification efforts significantly reduce the country's economic and fiscal reliance on hydrocarbons in the medium term. In contrast, it said it could downgrade the ratings in case fiscal deficit widens, and/or if regional geopolitical risks escalate.

Source: Moody's Ratings

IRAQ

Credit profile affected by weak governance

In its periodic review of Iraq's credit profile, Moody's Ratings indicated that Iraq's sovereign rating of 'Caa1' reflects challenges due to very weak institutions and governance that are weighing on the economy's competitiveness, are limiting policy effectiveness, and are constraining the government's capacity to respond to domestic and external shocks. Also, it considered that the economy, public finances and the external account rely heavily on the hydrocarbon sector, which exposes the sovereign to significant carbon transition risks. It said that the country's high exposure to domestic political and geopolitical event risks is exacerbating the economy's heavy reliance on the hydrocarbon sector and the weaknesses of the country's institutions. It added that Iraq's 'ba2' economic strength assessment balances the country's relatively large but undiversified economy with volatile economic growth and inadequate infrastructure. Also, it said that the country's institutions and governance rating of 'caa3' reflects significant institutional challenges and very weak policy effectiveness. Further, it attributed the country's 'ba1' fiscal strength assessment to the moderate debt burden and relatively favorable composition of the government's debt, which are balanced by Iraq's very high fiscal vulnerability to global oil demand and prices. Also, it said that the country's 'caa' assessment on the susceptibility to events risk is driven by very high levels of political risks due to internal divisions and exposure to regional tensions.

Source: Moody's Ratings

EGYPT

Structural reforms key to address economic challenges

The International Monetary Fund (IMF) indicated that Egypt's economic outlook remains challenging amid the multiple geopolitical tensions in the region. It noted that spillovers from the conflicts in the region and trade disruptions in the Red Sea continue to impact sentiment and have caused declines of up to 70% from Suez Canal receipts, which constitute a significant source of foreign currency. It added that the growing number of refugees from Sudan is adding fiscal pressure on public services, mainly on the healthcare and education. It noted that the authorities agreed to maintain fiscal prudence in the medium-term and to step up efforts to mobilize additional domestic revenues to finance much-needed expenditure programs and to reduce the public debt level and debt servicing costs. Also, it urged the government to work on containing fiscal risks originating from the energy sector and to expand the social safety net. Further, it welcomed the authorities' comprehensive plans to streamline the tax system, improve customs procedures, and facilitate trade. In parallel, it encouraged the authorities to accelerate the divestment of state assets, which would unlock investment flows to the private sector, and to speed up reforms to reduce the state's footprint in the economy. Further, it pointed out that authorities have implemented key reforms to maintain macroeconomic stability by unifying the exchange rates since March 2024 and by containing inflationary pressures. It noted that promoting private sector development as the main engine of future growth is key to ensure sustained macroeconomic stability, reduce the unemployment rate, and unlock Egypt's the country's economic potential.

Source: International Monetary Fund

MOROCCO

Economic growth to pick up to 3.7% in 2025

The International Monetary Fund (IMF) projected Morocco's real GDP growth rate to accelerate from 2.6% in 2024 to 3.7% in 2025, driven by high domestic demand and robust non-agriculture output. It expected the inflation rate at 1.5% in 2024 and 2.3% in 2025, as inflationary pressures have eased. It added that the country continues to make progress on strengthening its resilience against climate change and on seizing the opportunities from decarbonization under the Resilience and Sustainability Facility arrangement with the IMF. Further, it anticipated the fiscal deficit to narrow from 4.3% of GDP in 2024 to 3.8% of GDP in 2025, and indicated that the deficit is on track to meet the 2024 budget target, driven by higher public revenues, while it forecast the public debt level to regress from 69.1% of GDP in 2024 to 68.3% of GDP by end-2025. Also, it projected the current account deficit to widen from 1.5% of GDP in 2024 to 1.9% of GDP in 2025, but noted that strong revenues from the tourism sector and remittance flows have kept the deficit at low levels. It stressed the need to expand the share of renewable energy sources in electricity production and to boost the participation of the private sector in renewable energies, which will help the country reduce its reliance on imported fuels. Also,it projected foreign currency reserves to remain unchanged at 5.5 months of import coverage at end-2024 and at end-2025.

Source: International Monetary Fund

WORLD

Adoption of artificial intelligence may affect financial stability

The Financial Stability Board indicated that the adoption of artificial intelligence (AI) may potentially amplify certain vulnerabilities in the financial sector and pose risks to financial stability, but it noted that AI offers benefits by improving operational efficiency and regulatory compliance, personalizing financial products, and advancing data analytics. It considered that several AI-related vulnerabilities may increase systemic risk in the financial sector. First, it said that the reliance on specialized hardware, cloud services, and pre-trained models has increased the potential for AI-related third-party dependencies, which could expose financial institutions to operational vulnerabilities and systemic risk from disruptions, and would affect key service providers. Second, it stated that the widespread use of common AI models and data sources could lead to increased correlations in trading, lending and pricing, which may amplify market stress, exacerbate liquidity shortages, and increase asset price vulnerabilities. Third, it pointed out that intense data usage, novel modes of interacting with AI services, and greater usage of specialized service providers would increase the number of cyber-attacks in the financial sector. Fourth, it indicated that the complexity of some AI methods and the difficulty of assessing data quality for widely used AI models could increase the risks of financial losses or of inaccurate decision making for the financial institutions that lack robust AI governance. In addition, it noted that Generative AI could increase financial fraud and the ability of malicious actors to generate and spread disinformation in financial markets.

Source: Financial Stability Board

GCC

Banks' income up 10% to $44bn in first nine months of 2024

Figures released by financial services firm KAMCO indicate that listed banks in the six Gulf Cooperation Council (GCC) countries posted aggregate net profits of $44.1bn in the first nine months of 2024, constituting an increase of 9.7% from $40.2bn in the first nine months of 2023. The banks' net earnings totaled $14.4bn in the first quarter, $14.8bn in the second quarter, and $14.9bn in the third quarter of the year. It attributed the rise in income mainly to the increase in non-interest income by $3.6bn to $30.9bn and to a decline of $1.2bn in loan-loss provisions in the first nine months of 2024. It added that the aggregate revenues of banks reached $95.7bn in the first nine months of 2024, representing an increase of 9% from $87.7bn in the same period last year. Further, it indicated that the aggregate assets of GCC banks stood at $3.4 trillion (tn) at end-September 2024 and increased by 7.7% from $3.15tn at end-2023 and by 10.3% from $3.08tn a year earlier. In addition, it said that the banks' aggregate net loans reached $2.03tn at the end of September 2024 and grew by 8.6% from $1.87tn at end-2023 and by 11% from $1.83tn at end-September 2023, while customer deposits amounted to $2.5tn, and rose by 5.8% from end-2023 and by 8.1% from the end of September 2023. As such, it pointed out that the aggregate loans-to-deposits ratio of GCC listed banks was 81.4% at the end of September 2024 compared to 79.3% a year earlier.

Source: KAMCO

IRAQ

Central Bank issues recommendations to promote financial inclusion

The Central Bank of Iraq asked commercial banks and financial institutions operating in the country to find in-depth solutions to improve confidence in the financial sector, to support economic development, and to promote financial inclusion. As such, it called on banks to enhance the infrastructure of the banking sector, improve banking services, and promote financial and banking awareness. First, it asked banks to increase the number of branches across the governorates to meet customers' needs and public demand, and to expand financial services. Second, it requested the adoption of modern technologies, such as online banking services and mobile phone applications, to facilitate access to banking services. Third, it called for the development of financial products that meet the needs of individuals and small businesses, such as subsidized loans and savings accounts. Fourth, it urged banks to promote financial inclusion by providing banking services to various segments of society, mainly in rural areas. Fifth, it stressed the importance of enhancing financial and banking awareness and education through conferences and awareness campaigns across governorates to educate the public about the importance of dealing with banks, as well as how to properly manage and invest money. Sixth, it called for the organization of training workshops for young entrepreneurs and businessmen on how to manage loans and financial services effectively. The Iraqi banking sector consists of 79 banks that include 32 Islamic banks. The sector's aggregate assets reached $156.3bn, or 62% of GDP, at end-2023, with loans amounting to $52.7bn or 20.9% of GDP and deposits standing at $101.7bn or 40.3% of GDP.

Source: Central Bank of Iraq

BANGLADESH

Banking sector susceptible to multiple risks

Moody's Ratings placed the Bangladeshi banking sector's Macro Profile in the "Very Weak+" category, along with Kenya, El Salvador, and Togo, which reflects the country's weak banking sector, despite the economy's robust long-term prospects. It also placed the banking sector's Banking Country Risk level in the "Weak" category, it said that Bangladeshi banks have low credit penetration rates and moderate credit growth, and expected lending growth to slow down in the next 12 to 18 months due to high inflation and interest rates, as well as to political and social unrest in the country. It noted that credit conditions remain fragile due to persistent weaknesses in underwriting standards and high credit concentrations in large domestic corporates. It indicated that the regulatory forbearance measures are masking asset risks and hampering loan recovery, and that the intense competition among banks is putting pressure on their profitability and asset quality. It added that state-owned banks, which accounted for 20% of the sector's loans and for 24% of deposits at end-2023, have much weaker asset quality and capital levels than private banks. Also, it pointed out that banks are predominantly funded by deposits, which represented 79% of total banking liabilities at end-2023. It said that banks maintain sufficient liquidity in the form of cash, reserves at Bangladesh Bank, and government securities. But it noted that foreign-currency liquidity remains tight due to the country's limited foreign-currency reserves and slowing exports.

Source: Moody's Ratings

Oil prices to average $77 p/b in fourth quarter of 2024

ICE Brent crude oil front-month prices reached $72.8 per barrel (p/b) on November 27, 2024, constituting a decrease of 3.7% from $75.6 p/b on November 7, 2024, its highest price this month, driven by the ceasefire arrangement that halted the war between Israel and Hezbollah in Lebanon, which reduced the risk premium for oil prices. Also, oil prices remained steady this week as investors await the OPEC+ coalition meeting on December 1, when the group could delay a planned increase in oil output. In parallel, Goldman Sachs forecast global oil production at 104.7 million barrels per day (b/d) in 2025, which would constitute an increase of 2.1 million b/d from 102.6 million b/d in 2024. Also, it projected global oil demand to grow by 1.2 million b/d to 104.3 million b/d in 2025. As such, it expected a surplus of 400,000 b/d in the global oil market next year relative to a deficit of 500,000 b/d in 2024. Further, in its scenario that assumes a disruption of 2 million b/d to Iranian oil supply for six months in case of tighter sanctions, as well as a potential strengthening of U.S. support to Israel, it expected Brent prices to temporarily rise to nearly $90 p/b in the near term if OPEC+ rapidly offsets the shortfall. However, it forecast Brent prices to decrease to $60 p/b in the medium term, driven by high spare capacity worldwide and by the U.S. imposition of an across-the-board tariff of 10% that could impact oil demand. Further, it projected oil prices to average $77 p/b in the fourth quarter of 2024.

Source: Goldman Sachs, Refinitiv, Byblos Research

Saudi Arabia's oil export receipts at $16.7bn in September 2024

Oil exports from Saudi Arabia totaled at 7.3 million barrels per day (b/d) in September 2024, constituting increases of 5.3% from 6.93 million b/d in August 2024 and of 3.3% from 7.06 million b/d in September 2023. Oil export receipts reached $16.7bn in September 2024, representing decreases of 4% from $17.4bn in August 2024 and of 24.5% from $22.1bn in September 2023.

Source: JODI, General Authority for Statistics, Byblos Research

ME&A's oil demand to grow by 2.2% in 2024

The Organization of Petroleum Exporting Countries projected the consumption of crude oil in the Middle East & Africa to average 13.38 million barrels per day (b/d) in 2024, which would constitute an increase of 2.2% 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

MENA's natural gas output to grow by 2.4% in 2024

The International Monetary Fund forecast natural gas production in the Middle East & North Africa region to average 17.2 million barrels of oil equivalent per day (boe/d) in 2024, which would constitute an increase of 2.4% from 16.8 million (boe/d) in 2023. It projected the GCC countries' natural gas output to account for 51.3% of the region's gas production this year. It estimated Iran's natural gas output at 5.1 million (boe/d) in 2024, or 29.7% of the region's gas production, followed by Qatar with 4.8 million boe/d (28%), and Saudi Arabia with 2.5 million boe/d (14.5%).

Source: International Monetary Fund, Byblos Research

Base Metals: Copper prices to average $9,430 per ton in fourth quarter of 2024

LME copper cash prices averaged $9,170.7 per ton in the year-to-November 27, 2024 period, constituting an increase of 8% from an average of $8,494.4 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 5, 2024 to $8,901.7 per ton on November 27, 2024, driven by a slowdown in China's industrial activity that reduced demand for industrial metals, including copper. In parallel, the latest available figures from the International Copper Study Group (ICSG) show that global demand for refined copper was 20.14 million tons in the first nine months of 2024, constituting an increase of 2.5% from 19.64 million tons in the same period of 2023 due to a rise of 3% in Chinese demand for the metal. Also, it noted that the global production of refined copper reached 20.5 million tons in the first nine months of 2024, up by 4.2% from 19.68 million tons in the same period of 2023, as higher output from China, the Democratic Republic of the Congo, Japan, and the U.S. was partially offset by lower production in Chile. In parallel, S&P Global Market Intelligence expected the strengthening of the US dollar against other major currencies to put downward pressure on the metal's price in the near term. However, it said that risks to copper prices are tilted to the upside and include a drawdown of warehouse stocks in China, a stronger demand due to higher exports ahead of possible U.S. tariff hikes in 2025, and the cancellation of the export tax rebate in China. Further, it forecast copper prices at $9,430 per ton in the fourth quarter of 2024.

Source: ICSG, S&P Global Market Intelligence, Refinitiv

Precious Metals: Gold prices to average $2,643 per ounce in fourth quarter of 2024

Gold prices averaged $2,362.3 per ounce in the year-to-November 27, 2024 period, constituting an increase of 22.2% from an average of $1,933.7 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 and in Europe, which reinforced the appeal of the metal as a safe haven for investors. Further, the metal's price dropped from an all-time high of $2,784.4 per ounce on October 30, 2024 to $2,641 per ounce on November 27, 2024, driven by the U.S.-brokered ceasefire between Israel and Hezbollah. In parallel, Julius Bär expected several central banks around the world to purchase gold, mainly from China, in order to increase their gold reserves and to be less dependent on reserves in US dollar. Also, Goldman Sachs considered that long gold positions can act as critical inflation and geopolitical hedges in scenarios that include higher tariffs, geopolitical oil supply disruptions, and debt fears. It expected that the uncertainties surrounding the new policies of the incoming U.S. Administration, structural demand for gold from central banks, and cyclical interest rate cuts by the U.S. Federal Reserve will put upward pressure on gold prices in the near term. In addition, it projected gold prices to average $2,643 per ounce in the fourth quarter of 2024.

Source: Julius Bär, Goldman Sachs, 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	-	-	-	-								
	-	-	-	-	-3.7	56.9	-	-	-	-	-3.2	0.4
Angola	B-	B3	B-	-								
	Stable	Positive	Stable	-	-1.0	82.4	4.6	53.3	26.9	108.2	2.5	-4.3
Egypt	B-	Caa1	B	B								
	Positive	Positive	Stable	Stable	-7.2	86.6	2.8	85.1	58.8	158.1	-3.6	13.4
Ethiopia	CCC+	Caa3	CCC-									
	Stable	Stable	-	-	-2.9	26.2	0.5	33.4	7.8	157.9	-3.4	2.0
Ghana	SD	Ca	RD	-								
	-	positive	-	-	-4.8	78.1	1.1	41.1	22.7	127.6	0.9	2.0
Côte d'Ivoire	BB	Ba2	BB-	-								
	Stable	Stable	Stable	-	-4.5	57.7	4.7	47.6	15.7	112.3	-4.4	2.3
Libya	-	-	-	-								
	-	-	-	-	-	-	-	-	-	-	-	-
Dem Rep	B-	B3	-	-								
Congo	Stable	Stable	-	-	-2.5	15.0	1.4	5.1	2.0	102.1	-5.6	4.2
Morocco	BB+	Ba1	BB+	-								
	Positive	Stable	Stable	-	-4.1	65.8	4.9	30.4	7.3	94.0	-1.4	0.5
Nigeria	B-	Caa1	B-	-								
	Stable	Positive	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	CCC+	-								
	-	Negative	-	-	-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+	B2	B+	-								
	Stable	Stable	Stable	-	-4.8	68.0	3.6	22.5	9.6	111.1	-10.6	3.5
Middle East												
Bahrain	B+	B2	B+	B+								
	Stable	Stable	Stable	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-	Caa1	B-	-								
	Stable	Stable	Stable	-	-4.5	38.3	20.3	4.0	2.0	33.0	11.5	-1.8
Jordan	BB-	Ba3	BB-	BB-								
	Stable	Stable	Stable	Stable	-1.1	90.6	1.9	69.7	10.9	151.6	-4.6	1.8
Kuwait	A+	A1	AA-	AA-								
	Stable	Stable	Stable	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-	Ba1	BB+	BB+								
	Stable	Positive	Stable	Stable	1.4	34.5	1.8	31.4	8.2	113.0	1.3	2.5
Qatar	AA	Aa2	AA-	AA								
	Stable	Stable	Positive	Stable	4.2	41.7	2.4	125.2	4.2	174.5	15.8	-2.4
Saudi Arabia	A	A1	A+	A+								
	Positive	Positive	Stable	Positive	-2.0	23.0	10.2	23.8	3.4	66.1	1.4	0.1
Syria	-	-	-	-								
	-	-	-	-	-	49.0	-	-	-	-	-15.5	-
UAE	-	Aa2	AA-	AA-								
	-	Stable	Stable	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
Bangladesh	B+ Stable	B2 Negative	B+ Stable	- -	-4.8	34.9	3.8	29.0	27.2	102.8	-1.5	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	4.25	27-Nov-24	Cut 50bps	19-Feb-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	20-Nov-24	No change	20-Dec-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	06-Nov-24	No change	N/A
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	21-Nov-24	No change	26-Dec-24
Jordan	CBJ Main Rate	6.75	10-Nov-23	Cut 25bps	N/A
Türkiye	Repo Rate	50.00	21-Nov-24	No change	26-Dec-24
South Africa	Repo Rate	8.00	21-Nov-24	Cut 25bps	N/A
Kenya	Central Bank Rate	12.00	08-Oct-24	Cut 75bps	05-Dec-24
Nigeria	Monetary Policy Rate	27.50	26-Nov-24	Raised 25bps	N/A
Ghana	Prime Rate	27.00	27-Sep-24	Cut 200bps	29-Nov-24
Angola	Base Rate	19.50	19-Nov-24	No change	N/A
Mexico	Target Rate	10.25	14-Nov-24	Cut 25bps	19-Dec-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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