800 ISSUES+
Issue 841 | March 20, 2025

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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Sovereigns' market debt projected at $77 trillion at end-2025

S&P Global Ratings projected the aggregate commercial borrowing of sovereigns to reach $77 trillion (tn) at end-2025, constituting a rise of 7.7% from $71.4tn at end-2024. It expected market debt of sovereigns in the 'AA' category to stand at $39.5tn at end-2025, which would account for 51.4% of the total debt stock, followed by sovereigns in the 'A' bracket with $19.92n (25%), issuers in the 'BBB' range with $8tn (10.4%), sovereigns in the 'AAA' category with $5.7tn (7.4%), issuers in the 'BB' bracket with $2.7tn (3.6%), sovereigns in the 'B' category with $832.8bn (1.1%), issuers in the 'CCC' range with $621.2bn (0.8%), and sovereigns in 'Selective Default' with $249.3bn (0.3%). Further, it forecast the sovereigns' gross long-term commercial debt at $12.3tn at end-2025, up by 3.3% from $11.9tn at end-2024, which would account for 16% of aggregate borrowing in 2025. It projected the gross long-term commercial borrowing of sovereigns in the 'AA' category at $5.9tn at end-2025, which would account for 48% of total long-term commercial debt, followed by issuers in the 'A' bracket with $3.8tn (31.2%), and sovereigns in the 'BBB' range with $1.1tn (9%). Also, it projected the market debt of sovereigns in North America to reach $31.2tn at end-2025, or 40.7% of total borrowing, followed by East-Asia and the Pacific with $19.8tn (26%), Europe and Central Asia with $17.4tn (22.7%), Latin America & the Caribbean with $3.4tn (4.4%), South Asia with $2.6tn (3.4%), the Middle East & North Africa with $1.5tn (2%), and Sub-Saharan Africa with $663.6bn (0.9%).

Source: S&P Global Ratings

Private equity deals up 14% to $2 trillion in 2024

Figures issued by McKinsey & Co. indicate that global private equity (PE) deals reached $2.05 trillion (tn) in 2024, constituting an increase of 14% from $1.8tn in 2023. In comparison, PE deals reached $1.68tn in 2019, $1.55tn in 2020, $3.06tn in 2021, and $2.4tn in 2022. Further, it noted that PE deals in the technology sector stood at $554bn and accounted for 27% of aggregate global PE deals in 2024, followed by the business products and services sector with $525bn (25.6%), the consumer products and services sector with $337bn (16.5%), the healthcare sector with $217bn (10.6%), financial services with $208bn (10.2%), the energy sector with $135bn (6.6%), and the materials and resources industry with $71bn (3.5%). It noted that the global PE deals in the financial services sector increased by 39.6% in 2024, followed by transactions in the consumer products and services sector (+28%), the technology sector (+26.2%), the energy sector (+15.4%), and the healthcare sector (+1%). In contrast, global PE deals in the materials and resources industry decreased by 7.8% in 2024, followed by the business products and services sector (-2%). In parallel, it indicated that PE deals in the technology industry posted a compound annual growth (CAGR) rate of 17.4% during the 2019-2024 period, followed by the financial services sector (+15%), and the materials and resources industry (+11.8%); while PE deals in the healthcare sector posted a CAGR of -8.7%, followed by the energy sector (-1.7%), the consumer products and services industry (-0.4), and the business products and services sector (-0.2%).

Source: McKinsey & Co., Byblos Research

Global trade up by 4% to $33 trillion in 2024

The United Nations Conference on Trade and Development (UNCTAD) estimated the global trade in goods and services at $33 trillion (tn) in 2024, constituting an increase of 3.8% from $31.8tn in 2023. It indicated that the imports of goods to developing countries grew by 4% and imports to developed economies were unchanged in 2024, while exports from developing economies increased by 4% and those from developed countries were unchanged last year. Imports of goods by North America grew by 5% in 2024, followed by Latin America and the Middle East & Southwest Asia (+4% each), Africa and East Asia (+2% each) and Russia and Central Asia (+1%), while they declined by 2% in Oceania and by 1% in Europe. In parallel, exports from East Asia grew by 5% in 2024, followed by exports from Latin America (+4%), Africa (+3%), and North America (+2%), while exports from Oceania declined by 8%, from Russia and Central Asia by 2%; while exports of goods from Europe and the Middle East & Southwest Asia remained unchanged in the covered year. Also, trade in office equipment rose by 16% in 2024, followed by trade in pharmaceutical products (+13%), machinery (+4%), agri-foods, precision instruments, textile and transport equipment (+2% each), and metals and road vehicles (+1% each), while trade in energy products regressed by 6% in the covered period.

Source: UNCTAD

MENA

Level of bribery risk varies across Arab world

TRACE, a non-profit international business association that aims to assess the multidimensional nature of bribery, ranked Jordan in 69th place among 194 countries and jurisdictions worldwide and in first place among 19 Arab countries on its Bribery Risk Matrix for 2024. The UAE followed in 78th place, then Tunisia (95th), Kuwait (94th), and Morocco (125th) as the five countries with the lowest level of bribery risk in the Arab world, while Sudan (168th), Mauritania (178th), Libya (182nd), Yemen (191st), and Syria (192nd) had the highest such risks in the region. The matrix, which is based of four risk categories, aims to help companies gauge the risks of encountering bribery practices in the public sector of jurisdictions where they plan to conduct business. The rankings are based on scores that range from zero to 100 points, with a score of 100 reflecting the highest risk of graft. The Arab countries' average score stood at 62.3 points in 2024 relative to 63.2 points in 2023, and compared to the global average score of 48.7 points. Also, the region's risk of graft was lower than the corresponding risk level in Sub-Saharan Africa (133 points), South Asia (113.6 points), Latin America & the Caribbean (93.5 points), and East Asia & the Pacific (88 points), but came higher than the risk level in Europe & Central Asia (59.8 points) and in North America (10 points). Further, the bribery risk level of 11 Arab countries decreased, the risk level of four economies increased, and the bribery risk of four countries was unchanged from the 2023 survey. The UAE had the lowest risk of bribery on the Business Interactions with Government category; Jordan came first on the Anti-Bribery Deterrence and Enforcement, and on the Government and Civil Service Transparency categories; while Tunisia ranked in first place on the Capacity for Civil Society Oversight category.

Source: TRACE, Byblos Research

POLITICAL RISKS OVERVIEW - February 2025

ALGERIA

The Algerian Minister of Foreign Affairs Ahmed Attaf met with his Russian counterpart during the G20 Ministerial Meeting in Johannesburg and expressed a commitment to strengthening the two countries' bilateral relations, despite Algiers' concern that Russia's recent moves in the Sahel region may affect Algeria's role and influence there. Minister Attaf also spoke about the need to reinvigorate international law and empower multilateral organizations like the United Nations. Further, Algiers continued its efforts to revive the Trans-Saharan Gas Pipeline project, which stands in direct competition with the African Atlantic Gas Pipeline project that is led by Morocco, by signing agreements with the energy ministers of Algeria, Niger and Nigeria to advance the project.

ARMENIA

In an article published on February 10, Prime Minister Nikol Pashinyan discussed the current state of negotiations with Azerbaijan, including the procurement of weapons, and emphasized the importance of maintaining regional stability. He proposed the establishment of mechanisms for reciprocal arms control and for the joint investigation of border incidents, in order to build trust between the two sides. PM Pashinyan stressed the importance of safeguarding his country's sovereignty and territorial integrity, and reiterated Armenia's commitment to resolving the issue of Armenian prisoners of war held in Azerbaijan. The Parliament approved on February 12 a government-backed bill to initiate the process of Armenia's accession to the European Union.

EGYPT

The Political Parties Committee, which is a governmental body responsible for overseeing the formation and regulation of political parties, approved the formation of the National Front Party (NFP), which gives it the green light to engage in political activities. The NFP is considered to be aligned with President Abdel Fattah el-Sisi and aims to be active ahead of legislative elections due later this year. The NFP, launched in December 2024, indicated that it aims to promote national unity, social justice, and political reforms under the slogan "Egypt for All".

ETHIOPIA

The National Election Board suspended the Tigray People's Liberation Front (TPLF) from political activities for three months due to the TPLF's failure to hold a general assembly by the legally mandated deadline of February 10, 2025. The assembly was required to approve the party's bylaws, elect its leadership, and align its documents with electoral laws following its re-registration in August 2024. The interim authorities in Tigray accused certain officers within the Tigray army, aligned with the TPLF, of using force to dismantle the interim government's structures in the Seharti district. Further, clashes across Oromia continued to recede due to a peace agreement between the Oromia Regional Government and the Oromo Liberation Army (OLA), although the latter attacked government officials and civilians in several zones. Fano militias engaged in clashes with security forces, though at a lower intensity, amid the government's increased reliance on airstrikes. Kenyan and Ethiopian forces launched a joint cross-border military operation targeting OLA bases in Kenya's Marsabit and Isiolo counties.

IRAN

The U.S. re-imposed its "maximum pressure" strategy on Iran in an attempt "to end its nuclear threat, curtail its ballistic missile program and stop its support for terrorist groups". The U.S. is collaborating with the United Kingdom, France, and Germany to trigger the "snapback" mechanism of the Joint Comprehensive Plan of Action under UN Security Council Resolution 2231. The mechanism allows for the swift reimposition of sanctions if Iran violates its nuclear commitments. The U.S. announced sanctions targeting Iran's oil exports and designated six companies for involvement in Iran's drone production.

IRAQ

The Kurdish Regional Government (KRG) and the federal government in Baghdad made progress on resolving their oil dispute, although some issues are still pending. The federal parliament approved an amendment to the budget law, setting the oil production price of the KRG at $16 per barrel, which paved the way for the resumption of Kurdish oil exports through the Kirkuk-Ceyhan pipeline after their suspension for two years. Teachers in Sulaymaniyah protested in response to the delay in salary payments, amid persistent disputes between the federal government and the KRG over budget allocations. Shiite cleric Muqtada al-Sadr registered for the October parliamentary elections and intends to announce his return to political life in late March.

LIBYA

The UN Support Mission in Libya (UNSMIL) established a new advisory committee to address unresolved electoral issues and facilitate the country's path toward elections. The committee held its inaugural meeting on February 9 in Tripoli, and focused on developing recommendations to overcome key challenges in the electoral process. Mrs. Hanna Tetteh assumed on February 20 her role as the new UN Special Representative for Libya and Head of the UNSMIL. Also, the National Oil Corporation announced directives to terminate the crude oil swap mechanism and shift to direct fuel purchases starting on March 1st. Russia consolidated its presence in eastern Libya, mainly in areas under the control of Field Marshal Khalifa Haftar, as it has been relocating military assets from Syria to Libya after the downfall of the Assad regime. The International Organization for Migration expressed "concern" over the discovery of two mass graves that contain the bodies of dozens of migrants in Jakharrah and Kufra. In response, more than 20 civil society organizations called on the EU Commission and member states to halt migration funding to Libya.

SUDAN

The Sudanese Armed Forces (SAF) intensified efforts to reclaim Khartoum, building on significant victories in January in Omdurman City and in Bahri, the northern suburbs of the capital. The Rapid Support Forces (RSF) withdrew in February some of their troops to the Jebel Aulia in the south of Khartoum. The SAF advanced from multiple directions, with the goal of capturing Khartoum in the coming weeks. The SAF ended the RSF's 22-month siege of El Obeid, the capital of North Kordofan. This marked a significant setback for the RSF, which attempted to regroup and launched renewed offensives. Conflict between the SAF and the RSF continued in North Darfur's capital amid ongoing RSF shelling. The RSF and aligned groups signed a charter to establish a parallel government in territories under RSF control.

Source: International Crisis Group, Newswires

OUTLOOK

WORLD

Growth revised downwards to 3.1% in 2025, risks tilted to the downside

The Organization for Economic Cooperation and Development (OECD) revised downwards its projection for global real GDP growth to 3.1% in 2025 from 3.3% in its December forecast. It attributed its revision to the imposition by the U.S., Canada, and Mexico of new bilateral tariffs and the associated increase in policy and geopolitical uncertainties that will negatively affect global investments and trade. Also, it forecast the real GDP growth rate in the U.S. at 2.2%, in the Euro Area at 1%, and in the Group of 20 economies at 3.1% in 2025 compared to its December growth forecasts of 2.4% in the U.S., 1.3% in the Euro Area, and 3.3% in the G20 economies. Further, it expected economic activity in the emerging markets of the Group of 20 to slow down in the 2025-26 period, driven by the negative impact of tariffs on growth. In addition, it projected the global real GDP growth rate at 3% in 2026 relative to a forecast of 3.3% in December, as it anticipated global economic activity to remain subdued.

In parallel, it projected the average inflation rate in the Group of 20 economies to decrease from 5.3% in 2024 to 3.8% in 2025 and 3.2% in 2026 despite higher trade costs and some upward pressure on inflation in many countries. It expected the inflation rate in the Euro Area to decelerate from 2.3% in 2024 to 2.2% in 2025 and 2% in 2026, and to increase in the U.S. from 2.5% last year to 2.8% in 2025 and 2.6% in 2026.

Further, it considered that risks to the global outlook are tilted to the downside, and include developments in global trade policy that are difficult to predict, the imposition of bilateral tariffs, still high inflation rates that may prompt more restrictive monetary policy, and a resurgence of inflation or downside surprises to economic growth that could trigger a rapid repricing in financial markets and a further rise in market volatility. Also, it noted that the high level of geopolitical and policy uncertainties pose substantial risks to its baseline projections. However, it pointed out that steps towards a broader agreement to reduce tariff barriers from current levels, a resolution of the conflicts in Europe and the Middle East, and a further decline in global energy prices would pose upside risks to the global outlook.

Source: OECD

EMERGING MARKETS

Impact of tariffs to vary across emerging market economies

S&P Global Ratings considered that the high unpredictability of U.S. trade policy, rising concerns about U.S. economic growth, and the uncertain path for the U.S. Federal Reserve monetary easing may lead to worsening financing conditions across emerging market (EM) economies in 2025 and increase downside risks for EMs. It said that Asian EMs have wider tariff differential and trade surpluses with the U.S., which makes them more vulnerable to potential scrutiny and reciprocal tariffs action; while most countries in the Latin America, Emerging Europe, the Middle East, and Africa (EEMEA) regions are less exposed to the risks associated with reciprocal tariffs due to trade deficits with the U.S. and smaller tariff gaps. It said that manufacturing activity in EM Asia is still unaffected by the impact of trade and tariff uncertainties amid high levels of inventories. But it considered that the potential slowdown in global demand and higher trade frictions may constrain manufacturing activity.

Further, it expected economic activity in China, Hungary, India, Indonesia, Mexico, Peru, the Philippines, Poland, Thailand, Türkiye, and Vietnam to grow in 2025 at a lower rate than their five-year average real GDP growth rate in the 2015-19 period. However, it anticipated the real GDP growth rates of Argentina, Brazil, Chile, Colombia, Saudi Arabia, and South Africa to exceed their five-year average growth rate in the 2015-19 period, while it expected economic activity in Malaysia to be unchanged this year from the average growth rate in the covered period. It anticipated economic growth to increase in Central and Eastern Europe, and in Saudi Arabia this year due to higher disposable incomes in both the region and the Kingdom as well as to increasing spending on Vision 2030 projects in Saudi Arabia.

Source: S&P Global Ratings

MOROCCO

Real GDP growth rate to average 3.8% in 2025-26 period

The International Monetary Fund projected Morocco's real GDP growth rate to accelerate from 3.2% in 2024 to 3.9% in 2025 and 3.7% in 2026. It said that robust domestic demand helped offset weak agricultural output and economic activity last year, and anticipated growth in the 2025-26 period to be driven by higher investments, a new cycle of infrastructure projects, and the continued implementation of structural reforms. Also, it forecast Morocco's real non-agriculture growth to decelerate from 4.1% in 2024 to an annual average of 3.7% in the 2025-30 period. Further, it forecast the inflation rate to increase from 0.9% in 2024 to 2.2% in 2025 and 2.3% in 2026, mainly as the impact of supply shocks decreases, which prompted Bank Al-Maghrib to lower the policy rate in June and December of 2024.

In addition, it projected the fiscal deficit at 3.9% of GDP in 2025 and 3.4% of GDP in 2026, amid better-than-expected tax revenues that will more than offset the increase in public spending. It said that the reform of the Organic Budget Law envisages the introduction of a new fiscal rule based on a medium-term debt anchor. Also, it noted that saving part of the revenue windfall from tax reforms would help strengthen fiscal buffers and protect against future shocks. It stressed the need to encourage the continuation of reforms which are essential to make economic growth stronger, more resilient, and more inclusive.

In parallel, it forecast the current account deficit to widen from 1.5% of GDP in 2024 to 2% of GDP in 2025 and 2.2% of GDP in 2026, as it anticipated foreign direct investments to increase from 0.7% of GDP in 2024 to 1.4% of GDP in 2025 and 1.5% of GDP in 2026; while it projected the external debt at 49.2% of GDP in 2025 and 50% of GDP in 2026. Also, it expected foreign currency reserves to cover 5.2 months of imports in each of 2025 and 2026, unchanged from 2024. Moreover, the IMF urged the authorities to implement a new strategy to sustainably boost the creation of jobs and improve market competition that would help address the unemployment rate that reached 13.3% in 2024.

Source: International Monetary Fund

ECONOMY & TRADE

MENA

Arab population at 480 million in 2024

Figures released by the United Nations Economic and Social Commission for Western Asia (ESCWA) indicate that the population of the Arab region stood at 480 million in 2024 and accounted for 5.9% of the global population at the end of last year. It expected the population of Arab countries to exceed 540 million individuals and to account for 6.4% of the world's population by 2030. Further, it said that five Arab countries host over 60% of the Arab region's total population, with 106.4 million living in Egypt, 50.3 million in Sudan, 47.3 million in Algeria, 45.7 million in Iraq, and 36.8 million in Morocco. Further, it pointed out that children accounted for 32.5% of the Arab population in mid-2024, compared to a share of 44.6% of the total population in 1980. It added that fertility rates in the Arab region dropped significantly from 7 children per female in the 1960s to 3.1 per female in 2024. It stated that individuals who are more than 65 years old represented 4.5% of the Arab population in 2024 relative to 3.3% in 1980. Also, it pointed out that the working-age population in the Arab world increased from 52.1% of the total population in 1980 to 62.9% in 2024. In addition, it noted that the current life expectancy in the Arab region is 72 years, slightly below the global life expectancy of 73 years.

Source: ESCWA

SAUDI ARABIA

Sovereign ratings upgraded on sustained reforms

S&P Global Ratings upgraded Saudi Arabia's long-term local and foreign currency sovereign credit ratings from 'A' to 'A+', and affirmed its short-term local and foreign currency sovereign credit ratings at 'A-1'. Also, it revised the outlook on the long-term ratings from 'positive' to 'stable'. The agency attributed the upgrade to its view that the ongoing social and economic transformation in the Kingdom is supported by improving governance effectiveness and institutional settings, including deepening domestic capital markets, as well as to government measures to boost investment and consumption that will support strong non-oil growth prospects in the medium term. Also, it said that the 'stable' outlook balances the strong non-oil growth momentum and developing domestic capital markets, with risks from rising government and external debt to pursue the projects under Vision 2030 and from debt servicing costs. Further, it considered that the recalibration of some large infrastructure spending should maintain a strong sovereign balance sheet and external position. But it expected that the economy's sensitivity to oil prices will affect the fiscal and external balances through 2028, as it projected oil prices at $70 per barrel during the 2025-28 period. Also, it forecast the Kingdom's gross external financing needs at 77.3% of current account receipts plus usable reserves in 2025, and at 82.4% and 87.2% of such receipts and reserves in 2026 and 2027, respectively. In parallel, it indicated that it could upgrade the ratings if reforms and robust non-oil activity lead to a steady increase in GDP per capita, along with stronger private and foreign investment flows that would reduce pressure on public spending. In contrast, it said it could downgrade the ratings if the pace of debt accumulation across the government and other sectors increases beyond the agency's expectations.

Source: S&P Global Ratings

QATAR

Sovereign ratings affirmed on improving public finances

Fitch Ratings affirmed the long-term foreign and local currency Issuer Default Ratings (IDRs) of Qatar at 'AA', and maintained the outlook on the long-term ratings at 'stable'. It attributed the ratings' affirmation to the agency's expectation that additional gas production will strengthen public finances, as well as to the country having one of the highest GDP per capita in the world. But it said that the ratings are constrained by the economy's heavy dependence on the hydrocarbon sector, an elevated public debt level compared to hydrocarbon-dependent similarly-rated peers, considerable contingent liabilities, as well as low scores on governance indicators. It noted that the expansion of the North Field gas project will support hydrocarbon activity and non-oil growth during the 2025-30 period, and will reduce the fiscal breakeven oil price from $73 per barrel (p/b) in 2024 to $58 p/b in 2027. Also, it projected the public debt level to decline from 49% in 2024 to about 43% of GDP by 2027 due to expectations that the government will refinance most of its upcoming external market debt maturities and reimburse its external loans. Further, it estimated the sovereign's net foreign assets at $398bn, or 187% of GDP, at end-2024. It noted that the economy became a net external creditor at 22% of GDP at end-2024, and expected this position to strengthen with lower borrowing and more capital investments abroad. Further, it said that it could downgrade the ratings if Qatar's external balance sheet deteriorates, if the public debt level increases, and/or if regional geopolitical tensions escalate sharply.

Source: Fitch Ratings

ETHIOPIA

Credit profile contingent on debt restructuring

In its periodic review of Ethiopia's credit profile, Moody's Ratings indicated that the sovereign's local-currency long-term and foreign-currency long-term issuer ratings of 'Caa2' and 'Caa3', respectively, refers to their expectations of losses to private-sector creditors as a result of the government's ongoing debt restructuring under the G-20 Common Framework that the government initiated in February 2021 due to liquidity strains. It said that Ethiopia's 'ba2' economic strength assessment is supported by high growth rates, but is constrained by low per capita income and an elevated reliance on the agricultural sector. It added that the country's institutions and governance rating of 'caa1' reflects Ethiopia's weak performance in terms of governance. Further, it attributed the country's 'b1' fiscal strength assessment to the government's weakening capacity to generate revenues and high contingent liabilities from the guaranteed debt of state-owned enterprises, as well as to the high share of foreign-currency debt in its public debt. Further, the agency stated that the 'stable' outlook on the ratings reflects the authorities' renewed engagement with the International Monetary Fund (IMF) on a support and funding program to implement a reform agenda. In parallel, it said that a debt restructuring agreement with official sector creditors is in the advanced stages of negotiations but has not yet materialized, despite the approval of an IMF program in July 2024 and progress on the implementation of economic reforms.

Source: Moody's Ratings

UAE

Banks' ratings affirmed on government support and stable funding

Fitch Ratings affirmed the long-term Issuer Default Rating (IDR) of Emirates Development Bank (EDB) at 'AA-', the rating of Emirates Islamic Bank (EIA) at 'A+', the IDR of Al Masraf at 'A', the rating of Commercial Bank of Dubai (CBD) at 'A-', and the IDRs of Commercial Bank International (CBI), the National Bank of Ras Al-Khaimah (RAK Bank), Sharjah Islamic Bank (SIB), and United Arab Bank (UAB) at 'BBB+'. It also maintained the 'stable' outlook on the long-term ratings of the banks. It indicated that the banks benefit from a strong probability of government support in case of need. Further, it upgraded the Viability Ratings (VRs) of EDB and RAK Bank from 'bb+' to 'bbb-', and the VR of UAB from from 'b+' to 'bb-'. It also affirmed the VR of CBD at 'bb+', the VR of SIB at 'bb', the VR of Al Masraf at 'b+', the VR of CBI at 'b'. It pointed out that the VRs of the banks are underpinned by stable funding profiles. It noted that the VRs of EDB and CBD are supported by their stable asset quality, while the ratings of Al Masraf, CBI, EIA, RAK Bank, SIB, and UAB reflect their improved loan quality. It indicated that the VRs of Al Masraf, CBI, EDB and EIA are supported by their sound capitalization, while the ratings of CBD and RAK Bank take into account their adequate capital ratios, and the VRs of SIB and UAB capture their moderate capitalization.

Source: Fitch Ratings

OMAN

Ratings on banks upgraded

Capital Intelligence Ratings upgraded the long-term foreign currency ratings of Ahli Bank Oman (AB), Bank Muscat (BM), the National Bank of Oman (NBO), and Oman Arab Bank (OAB) from 'BB+' to 'BBB-'. Also, it revised the outlook on the ratings of AB, NBO, and OAB from 'positive' to 'stable' and maintained the outlook on the rating of BM at 'positive'. It also upgraded the Bank Standalone Rating (BSR) of BM from 'bb+' to 'bbb-', affirmed the BSRs of AB, NBO, and OAB at 'bb+' and kept the 'stable' outlook on the BSRs of the four banks. It attributed the upgrades to its earlier upgrade of Oman's sovereign rating. It said the outlook revision reflects its expectations that AB, NBO, and OAB will maintain broadly stable business and sound financial metrics, and that their ratings will remain unchanged in the next 12 months. It noted that the 'positive' outlook on the rating of BM takes into account the agency's expectation that it is likely to upgrade the rating by one notch in the next 12 months. Further, it expected the introduction of a new banking law earlier this year to enhance regulatory oversight, enforce stricter compliance and governance standards, as well as support digitization and financial technology in the banking sector. In addition, it considered that the banks' sound capital buffers constitute an important cushion against a moderate stock of non-performing loans, despite high concentration risks in lending and funding. It pointed out that BM benefits from a strong and dominant business franchise, and sound key financial metrics that are superior to those of other Omani banks. Also, it said that the ratings of AB and NBO are supported by their good profit ratios, while the rating of OAB reflects its improving profitability.

Source: Capital Intelligence Ratings

BANGLADESH

Outlook on banking sector changed to 'negative' on deteriorating economic conditions

Moody's Ratings downgraded the outlook on Bangladesh's banking sector from 'stable' to 'negative' due to the banks' weak operating environment as a result of the economic slowdown and the high inflation rate in the country. Also, it expected the banks' profitability to deteriorate, as businesses face the dual challenges of weakening demand for goods and services and rising costs due to supply chain disruptions, which will impact the banks' performance. In parallel, it expected the banks' asset quality to weaken as the operating environment worsens. It noted that banks with a high exposure to businesses hit by social unrest will be exposed to a significant deterioration in asset quality, which will increase the sector's non-performing loans ratio that jumped from 9% at end-2023 to 17% at end-September 2024. It added that loan-loss provisions remained at 42% at end-June 2024, and expected the ratio to decrease if loans with modified payment terms are included. Also, it stated that the loans-to-deposits ratio was 81% at the end of September 2024 and expected liquidity buffers at banks to be stable in the near term, as it anticipated the economic slowdown to limit lending growth. But it expected the banks' foreign-currency liquidity to remain tight due to the limited foreign currency reserves and slowing export activity, despite increases in remittances inflows. In parallel, it said that the ratio of capital to risk-weighted assets of private sector banks stood at 9.4% at the end of September 2024, and anticipated poor corporate governance to continue to pose asset risks to the banks.

Source: Moody's Ratings

PAKISTAN

Outlook on banking sector changed to 'positive' on favorable operating conditions

Moody's Ratings upgraded the outlook on Pakistan's banking sector from 'stable' to 'positive' due to the banks' resilient financial performance and improving macroeconomic conditions. Also, it said that the 'positive' outlook on the sector reflects the 'positive' outlook on the sovereign ratings, given the banks' significant exposure to the sovereign, as government securities accounted for 55% of the banking sector's assets at end-September 2024. Further, it expected the banks' net interest margins to narrow in the near term due to interest rate cuts, which will be partially offset by higher non-interest income in 2025. Also, it noted that the banks' non-performing loans (NPLs) ratio grew from 7.6% at end-September 2023 to 8.4% at end-September 2024, and forecast the NPLs ratio at 9% in the near term on muted lending growth. It projected the lagged effect of elevated inflation rates in 2024 with still high interest rates to drive the formation of additional NPLs. Also, it noted that customer deposits constitute the main source of bank funding, and accounted for 60% of total assets at end-September 2024, as enhanced financial inclusion and expatriate remittance inflows continue to boost domestic deposits. Further, it expected subdued lending growth and internal capital generation to sustain the banks' capital adequacy levels and to offset high dividend payouts in the near term. It added that the sector's Tier One Capital ratio and the total capital to risk-weighted assets (RWAs) ratio improved from 16% and 19.7% as at the end of 2023 to 17% and 21.5%, respectively, at end-September 2024.

Source: Moody's Ratings

ENERGY / COMMODITIES

Oil prices to average $75.4 p/b in second quarter of 2025

ICE Brent crude oil front-month future contracts' prices reached $70.8 per barrel (p/b) on March 19, 2025, constituting a decrease of 3.3% from $73.2 p/b at the end of February 2025. The drop in oil prices was mainly driven by peace talks about the war between Russia and Ukraine that could result in a possible easing of sanctions on Russian oil exports, which has offset the renewed tensions in the Middle East that could reduce oil supply. In parallel, the International Energy Agency projected global oil demand to accelerate from 830,000 barrels per day (b/d) in 2024 to 1 million b/d in 2025 to reach 103.9 million b/d in 2025, driven in part by lower oil prices and higher demand from Asian countries that account for 60% of global consumption. It forecast the output of non-OPEC+ producers to rise by 1.5 million b/d in 2025. It anticipated the U.S. to be the largest source of supply growth in 2025, followed by Canada, Brazil and Guyana. As such, it expected global oil supply to exceed demand by about 600,000 b/d this year, as plans by the OPEC+ coalition to start unwinding voluntary production cuts in April would add 400,000 b/d to the market. However, it said that concerns mounted over the outlook for global oil demand growth amid escalating trade tensions, the decision of the OPEC+ coalition to unwind production cuts in April, and a potential ceasefire and peace agreement between Russia and Ukraine. Further, Refinitiv projected oil prices, through its latest crude oil price poll of 41 industry analysts, to average $76.4 p/b in the first quarter and $75.4 p/b in the second quarter of 2025.

Source: International Energy Agency, Refinitiv, Byblos Research

OPEC oil output up 0.4% in February 2025

Member countries of the Organization of the Petroleum Exporting Countries (OPEC), based on secondary sources, produced an average of 26.86 million barrels of oil per day (b/d) in February2025, constituting an increase of 0.6% from 26.7 million b/d in January 2025. On a country basis, Saudi Arabia produced 8.96 million b/d, or 33.4% of OPEC's total output, followed by Iraq with 4.01 million b/d (14.9%), Iran with 3.31 million b/d (12.3%), the UAE with 2.95 million b/d (11%), and Kuwait with 2.42 million b/d (9%).

Source: OPEC

Global petroleum and liquid fuels consumption to grow by 1.2% in 2025

The U.S. Energy Information Administration projected the global consumption of petroleum and liquid fuels at 104.1 million barrels per day (b/d) in 2025, constituting a rise of 1.2% from 102.9 million b/d in 2024. It forecast the consumption of petroleum and liquid fuels of non-OECD economies at 58.24 million b/d in 2025, or 56% of global demand, and for the consumption of OECD countries to reach 45.9 million b/d, or 44.1% of the total.

Source: U.S. Energy Information Administration

ME&A's oil demand to grow by 2% in 2025

The Organization of Petroleum Exporting Countries projected the consumption of crude oil in the Middle East & Africa to average 13.51 million barrels per day (b/d) in 2025, which would constitute an increase of 2% from 13.26 million b/d in 2024. The region's demand for oil would represent 22.8% of consumption in non-OECD countries and 12.8% of global consumption in 2025.

Source: OPEC

Base Metals: Zinc prices to average $2,866 per ton in first quarter 2025

The LME cash prices of zinc averaged $2,828.2 per ton in the year-to-March 19, 2024 period, constituting an increase of 15.4% from an average of $2,451.8 a ton in the same period of 2024, due to supply constraints. Also, zinc prices reached $3,202.3 per ton on October 23, 2024, their highest level since February 3, 2023 when they stood at $3,269.5 a ton due to increasing supply concerns in global markets and growing industrial demand worldwide. In parallel, S&P Global Market Intelligence projected the global supply of refined zinc at 13.97 million tons in 2025, which would constitute an increase of 1.2% from 13.8 million tons in 2024, with mine output accounting for 88% of the total. Also, it forecast the global demand for refined zinc at 14.02 million tons in 2025, which would represent an increase of 1.9% from 13.76 million tons in 2024. As such, it anticipated the zinc market to shift from a surplus of 43,000 tons in 2024 to a deficit of 45,000 tons in 2025. In addition, it expected the production of refined zinc to face uncertainties in case smelters reduce their output, but considered that the potential decline in production will be offset by a significant increase in mine supply in the near term. Further, it forecast zinc prices to average $2,866 per ton in the first quarter and $2,802 a ton in full year 2025.

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

Precious Metals: Gold prices to average $2,702 per ounce in first quarter of 2025

Gold prices averaged $2,830.3 per ounce in the year-to-March 19, 2025 period, constituting an increase of 37.6% from an average of $2,056.7 a ton in the same period of 2024, due mainly to strong demand from central banks around the world, as well as to concerns about global economic uncertainties, market sentiment and speculation. Also, gold prices reached an all-time high of $3,034.3 per ounce on March 19, 2025, as the U.S. Federal reserve hinted at two possible interest rate cuts this year, boosting the metal's appeal amid ongoing geopolitical and economic tensions. Further, figures released by the World Gold Council show that global inflows to gold-backed exchange-traded funds reached 99.9 tons in February 2025, with inflows of 72.2 tons in North America, 24.4 tons in Asia, two tons in Europe, and 1.3 tons in other regions amid heightened geopolitical tensions. In addition, S&P Global Market Intelligence expected uncertainties about global trade and tariffs, in addition to potential retaliatory measures, to support gold prices in the near term amid higher demand for the safe-haven metal. Also, it considered that inflation concerns due to the imposition of new tariffs and the escalation of the conflict in the Middle East could put additional upward pressure on gold prices in the near term. Further, it projected gold prices to average $2,702.3 per ounce in the first quarter of 2025, with a low of $2,593 an ounce and a high of $2,775 per ounce.

Source: World Gold Council, 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 Stable	B- Stable	- -	-1.0	62.06	4.7	52.2	25.9	105.8	2.7	-2.7
Egypt	B- Positive	Caa1 Positive	B Stable	B Stable	-4.6	73.3	2.7	97.3	14.6	179.1	-18.5	16.4
Ethiopia	SD -	Caa3 Stable	CCC- -	-	-2.5	22.0	0.5	32.1	5.9	158.7	-3.1	1.8
Ghana	SD -	Ca positive	RD -	- -	-3.2	66.1	0.7	54.3	22.7	139.7	3.0	2.0
Côte d'Ivoire	BB Stable	Ba2 Stable	BB- Stable	- -	-4.2	57.0	3.6	45.0	14.6	119.9	-4.6	2.3
Libya	- -	- -	- -	- -	-	-	-	-	-	-	-	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-0.5	14.5	1.2	5.9	2.2	103.8	-5.4	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	- -	-5.6	41.2	4.1	71.2	28.9	126.8	0.6	0.1
Sudan	- -	- -	- -	- -	-5.0	91.0	-	-	-	-	-5.0	0.2
Tunisia	- -	Caa1 Stable	CCC+ -	- -	-5.6	88.7	-	-	26.1	-	-2.7	-1.1
Burkina Faso	CCC+ Stable	- -	- -	- -	-5.8	58.0	1.2	59.0	11.4	156.8	-5.4	0.5
Rwanda	B+ Stable	B2 Stable	B+ Stable	- -	-4.6	69.5	3.5	19.8	9.5	111.5	-11.7	3.7
Middle East												
Bahrain	B+ Stable	B2 Stable	B+ Stable	B+ Stable	-4.9	133.7	-3.5	138.2	29.7	331.1	2.1	1.0
Iran	- -	- -	- -	- -	-4.2	26.1	-	-	-	-	3.5	-
Iraq	B- Stable	Caa1 Stable	B- Stable	- -	-4.5	45.6	15.3	3.2	3.1	42.6	5.6	-1.4
Jordan	BB- Stable	Ba3 Stable	BB- Stable	BB- Stable	-1.8	92.6	1.9	68.5	12	150.3	-4.4	1.6
Kuwait	A+ Stable	A1 Stable	AA- Stable	AA- Stable	-3.9	5.2	2.2	45.3	0.4	107.9	15.4	-4.8
Lebanon	SD -	C -	RD** -	- -	0.0	213.0	8.8	181.1	9.0	160.6	-20.1	2.8
Oman	BBB- Stable	Ba1 Positive	BB+ Stable	BBB- Positive	-7.3	51.7	4.4	26.0	6.5	101.2	-8.3	2.1
Qatar	AA Stable	Aa2 Stable	AA Stable	AA Stable	4.0	47.7	2.2	115.4	5.0	168.0	16.7	-0.2
Saudi Arabia	A+ Stable	A1 Positive	A+ Stable	AA- Stable	-2.8	24.6	10.3	25.3	3.5	67.7	-0.2	0.5
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	-4.6	49.8	2.0	29.6	11.5	114.7	-3.1	2.2
China	A+ Stable	A1 Negative	A+ Stable	- -	-3.0	65.2	10.9	20.6	5.8	60.9	2.3	0.7
India	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-7.8	84.0	7.3	29.8	25.2	82.2	-1.3	1.0
Kazakhstan	BBB- Stable	Baa2 Positive	BBB Stable	- -	-3.1	26.4	4.1	29.4	8.1	100.4	-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	32.1	3.8	29.0	29.0	102.8	-1.5	0.4
Central & Eastern Europe												
Bulgaria	BBB Positive	Baa1 Stable	BBB Positive	- -	-2.5	24.5	2.0	19.5	1.5	102.8	-0.5	2.0
Romania	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-7.3	51.7	4.4	25.9	6.5	101.2	-8.3	2.1
Russia	- -	- -	- -	- -	-	18.2	18.0	23.6	4.4	45.0	12.1	-0.7
Türkiye	BB- Stable	B1 Positive	BB- Stable	BB- Stable	-5.1	27.0	1.4	63.6	10.8	149.0	-1.2	0.4
Ukraine	CC Negative	Ca Stable	CC -	- -	-17.0	91.6	4.6	40.7	10.1	108.	-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 2025

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	4.50	19-Mar-25	No change	07-May-25
Eurozone	Refi Rate	2.65	06-Mar-25	Cut 25bps	17-Apr-25
UK	Bank Rate	4.50	06-Feb-25	Cut 25bps	20-Mar-25
Japan	O/N Call Rate	0.50	19-Mar-25	No change	01-May-25
Australia	Cash Rate	4.10	18-Feb-25	Cut 25bps	01-Apr-25
New Zealand	Cash Rate	3.75	19-Feb-25	Cut 50bps	28-May-25
Switzerland	SNB Policy Rate	0.50	12-Dec-24	Cut 50bps	20-Mar-25
Canada	Overnight rate	2.75	12-Mar-25	Cut 25bps	16-Apr-25
Emerging Markets					
China	One-year Loan Prime Rate	3.10	20-Mar-24	No change	20-Apr-25
Hong Kong	Base Rate	4.75	19-Dec-24	Cut 25bps	N/A
Taiwan	Discount Rate	2.00	20-Mar-24	No change	19-Jun-25
South Korea	Base Rate	2.75	25-Feb-25	Cut 25bps	17-Apr-25
Malaysia	O/N Policy Rate	3.00	06-Mar-25	No change	08-May-25
Thailand	1D Repo	2.00	26-Feb-25	Cut 25bps	30-Apr-25
India	Repo Rate	6.25	07-Feb-25	Cut 25pbs	09-Apr-25
UAE	Base Rate	4.40	18-Dec-24	Cut 25bps	N/A
Saudi Arabia	Repo Rate	5.00	18-Dec-24	Cut 25bps	N/A
Egypt	Overnight Deposit	27.25	20-Feb-25	No change	17-Apr-25
Jordan	CBJ Main Rate	6.50	22-Dec-24	Cut 25bps	N/A
Türkiye	Repo Rate	42.50	06-Mar-25	Cut 250bps	17-Apr-25
South Africa	Repo Rate	7.50	30-Jan-25	Cut 50bps	20-Mar-25
Kenya	Central Bank Rate	10.75	05-Feb-24	Cut 50bps	N/A
Nigeria	Monetary Policy Rate	27.50	20-Feb-25	No change	20-May-25
Ghana	Prime Rate	27.00	27-Jan-25	No change	31-Mar-25
Angola	Base Rate	19.50	18-Mar-25	No change	21-May-25
Mexico	Target Rate	9.50	06-Feb-25	Cut 50bps	27-Mar-25
Brazil	Selic Rate	13.25	29-Jan-25	Raised 100bps	N/A
Armenia	Refi Rate	6.75	18-Mar-25	No change	06-May-25
Romania	Policy Rate	6.50	14-Feb-25	No change	07-Apr-25
Bulgaria	Base Interest	2.59	03-Mar-25	Cut 23bps	01-Apr-25
Kazakhstan	Repo Rate	15.25	17-Jan-25	No change	N/A
Ukraine	Discount Rate	15.50	06-Mar-25	Raised 100bps	17-Apr-25
Russia	Refi Rate	21.00	26-Feb-25	No change	21-Mar-25

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