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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Sustainable debt of $1.8 trillion due in 2025-29 period

S&P Global Ratings indicated that $1.8 trillion (tn) of rated sustainable bonds will mature between 2025 and 2029. It noted that $319.2bn in sustainable bonds are due in 2025, $389.3bn mature in 2026, $374.2bn are payable in 2027, $367.6bn come due in 2028, and $351.7bn have to be settled in 2029. The distribution of sustainable bonds shows that green bonds that mature in the 2025-29 period amounted to $988.8bn and accounted for 55% of the total, followed by sustainability bonds with $367.6bn (20.4%), social bonds with $333.7bn (18.5%), sustainability-linked bonds with $106.5bn (5.6%), and transition bonds with $5.5bn (0.3%). Also, it noted that $1.7tn in investment-grade sustainable bonds, or 93.3% of the due debt, mature between January 2025 and December 2029, while $120.6bn in speculative-grade sustainable bonds (6.7%) come due during the covered period. In parallel, it pointed out that 'A'-rated sustainable bonds that mature in the 2025-29 period stand at $523.2bn and represent 29% of the total, followed by bonds in the 'AAA' bracket with $436bn (24.2%), debt in the 'AA' range with $385.5bn (21.4%), sustainable bonds in the 'BBB' segment with $336.8bn (18.7%), bonds in the 'BB' bracket with $89.4bn (5%), debt in the 'B' range with $20.8bn (1.2%), and sustainable bonds in the 'CCC' segment or lower with $10.4bn (0.6%). In addition, Europe accounts for 48% of the sustainable debt that matures during the 2025-29 period, followed by supranationals with 19%, Asia and the Pacific region with 16%, North America with 9%, Latin America with 5%, and Emerging Europe, the Middle East and Africa region with 3%.

Source: S&P Global Ratings

EMERGING MARKETS

Investment banking fees up 107% to $276bn in first quarter of 2025

Figures compiled by data provider Refinitiv show that merger and acquisition (M&A) activity in emerging markets (EMs) totaled $275.5bn in the first quarter of 2025, constituting an increase of 107% from nearly $133.1bn in the same period of 2024. It added that there were 3,436 deals in the covered period, down by 4% from 3,579 transactions in the first quarter of the previous year. Further, M&A activity in the financial sector amounted to $82.5bn in the first quarter of 2025 and accounted for 30% of the total, followed by M&As in the industrial sector with $47.1bn (17%), the materials sector with $46.1bn (16.7%), the energy & power sector with $28.8bn (10.5%), and the high technology sector with $27.3bn (10%), while M&A activity in other sectors totaled $43.7bn (16%). Also, there were 589 deals in the high technology sector, or 17% of the aggregate number of transactions in the first quarter of 2025, followed by the industrial sector with 495 deals (14.4%), the financial sector with 427 transactions (12.4%), the energy & power sector with 328 deals (9.5%), and the real estate sector with 318 transactions (9.3%), while there were 1,279 deals in other sectors that accounted for 37.2% of the aggregate number of M&A transactions. In parallel, it indicated that M&A activity in China, the UAE and India accounted for 66% of overall M&A activity in EMs during the first quarter of 2025.

Source: Refinitiv

MENA

Stock markets up 1% in first five months of 2025

Arab stock markets increased by 0.6%, while Gulf Cooperation Council equity markets decreased by 2.3% in the first five months of 2025, relative to decreases of 7.1% and 6.9%, respectively, in the same period of 2024. In comparison, global equity markets increased by 4.5% and emerging market equities grew by 5.3% in the first five months of 2025. Activity on the Casablanca Stock Exchange surged by 21.7% in the first five months of 2025, the Tunis Bourse appreciated by 14.2%, the Egyptian Exchange advanced by 10%, the Palestine Exchange yielded 8.8%, the Amman Stock Exchange gained 7%, the Dubai Financial Market increased by 6.2%, the Boursa Kuwait grew by 5.9%, and the Abu Dhabi Securities Exchange improved by 2.8%. In contrast, the Beirut Stock Exchange dropped by 20.4% in the first five months of 2025, the Saudi Stock Exchange declined by 8.7%, the Iraq Stock Exchange shrank by 5.2%, the Bahrain Bourse contracted by 3.3%, the Qatar Stock Exchange decreased by 1%, and the Muscat Securities Market regressed by 0.3% in the covered period. In parallel, the Tehran Stock Exchange increased by 15% in the first five months of 2025.

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

SAUDI ARABIA

Profits of listed firms at $36.2bn in first quarter of 2025

The cumulative net income of 230 companies listed on the Saudi Stock Exchange, or Tadawul, totaled SAR135.8bn, or $36.2bn in the first quarter of 2025, constituting a decrease of 0.5% from SAR136.5bn ($36.4bn) in the same quarter of 2024. Listed energy firms generated net profits of $27.6bn and accounted for 70.6% of total earnings in the first quarter of 2025. Listed banks followed with $5.9bn in net income (16.4% of the total), then telecommunications firms with $1.27bn (3.4%), materials firms with $734m (2%), real estate management and development companies with $473m (1.3%), food & beverages firms with $399m and healthcare equipment and services providers with $384.6m (1.1% each), capital goods firm with $326m (1%), software and services providers with $252.6m (0.7%), and financial services firms with $206m (0.6%); while the remaining sectors generated net profits of $726.2m and accounted for 2% of total earnings in the covered quarter. In parallel, the net earnings of real estate management and development firms jumped by 409.6% in the first quarter of 2025, followed by the net income of household & personal products companies (+89%), consumer discretionary distribution & retail firms (+69.4%), pharma, biotech & life science companies (+67.4%), banks (+19.4%), transportation firms (+18.6%), and healthcare equipment and services providers (+18.4%). In contrast, the net profits of consumer durables & apparel firms decreased by 100% in the first quarter of 2025, followed by the income of insurers (-26.8%), consumer services firms (-15.4%), consumer staples distribution & retail companies (-14.3%), energy firms (-6.8%), and materials companies (-3%).

Source: KAMCO

POLITICAL RISKS OVERVIEW - May 2025

ARMENIA

Prime Minister Nikol Pashinyan met with Azerbaijan's President Ilham Aliyev on the sidelines of the European Political Community summit in Tirana, Albania's capital, and called for continued efforts towards finalizing a bilateral peace agreement. Russia's Minister of Foreign Affairs Sergei Lavrov visited Yerevan and reiterated Moscow's readiness to support efforts to reach a peace treaty between Armenia and Azerbaijan. However, Armenia accused Azerbaijan of firing at residential buildings in Syunik's Khnatsakh and Khoznavar villages. PM Pashinyan stressed Armenia's strategic approach to international relations through strengthening partnerships with the European Union and the U.S., and adjusting to evolving regional dynamics with China.

ETHIOPIA

Tensions deteriorated between the federal government and the Tigray People's Liberation Front (TPLF) after the National Election Board of Ethiopia (NEBE) revoked the party's legal status, citing non-compliance with the electoral law, which threatened the already fragile peace process. Also, the NEBE registered provisionally the Tigray Democratic Solidarity party, a newly formed political party led by the former head of Tigray's interim administration. Tensions between the federal authorities and the TPLF continued to escalate, posing a threat to the 2022 Pretoria Agreement that ended the Tigray war, as several unresolved issues remain, including territorial disputes and reports of a potential TPLF-Eritrea alliance, as Eritrea's relations with Addis Ababa deteriorate. Also, four Fano factions announced the formation of the Amhara Fano National Force (AFNF), a structure that aims to consolidate their political vision, military strategy and command coordination, amid continued fighting with government forces. Clashes between the Oromo Liberation Army (OLA) and security forces intensified in the state of Oromia. The AFNF outlined its demands for ending hostilities in the Amhara region, while the OLA accused the government of lacking interest in peace and urged the U.S. to put pressure on Addis Ababa.

IRAN

Iranian and U.S. delegations held a fourth round of talks in Muscat, and Tehran described negotiations as "difficult but useful". U.S. President Donald Trump reiterated his commitment to negotiating a nuclear deal with Iran, but warned of a "massive, maximum pressure" if Tehran refuses to engage. Also, the U.S. and Iran concluded their fifth round of talks in Rome, as Oman's Minister of Foreign Affairs, serving as the mediator, described the outcome as "not conclusive". Iranian officials met with representatives of the United Kingdom, France and Germany, who warned that the three countries might trigger sanctions by August 2025 if Iran does not reach a nuclear deal with the U.S. The U.S. Department of the Treasury designated four Iranian individuals for their alleged involvement in the proliferation of weapons of mass destruction and sanctioned about 24 firms and 250 individuals, entities, and ships involved in illicit international oil trade.

IRAQ

Prime Minister Mohammed Shia' Al-Sudani met Turkish President Recep El Tayep Erdoğan in Ankara, and signed 11 agreements covering trade, defence and infrastructure. President Erdoğan expressed his desire to swiftly resume oil exports through the Iraq-Türkiye pipeline after a two-year suspension, and reiterated his country's commitment to the 2024 water-sharing agreements. Tensions escalated between Iraq and Kuwait following the reported entry of Kuwaiti into Iraqi territorial waters, prompting Iraq to demand their withdrawal. The incident follows the Iraqi Federal Supreme Court's late 2023 ruling, which revoked the 2012 agreement that defined maritime boundaries in the Khor Abdullah waterway between the two countries. The court ruled the agreement as unconstitutional and reaffirmed Iraq's historical claims to Kuwaiti territory. Further, Baghdad hosted the 34th Arab League summit that focused on regional security, the Palestinian crisis, and counter-terrorism efforts. Eight months after the parliamentary elections in Kurdistan, the Kurdistan Democratic Party and the Patriotic Union of Kurdistan, have been unable to form a new regional government.

LIBYA

Violent clashes erupted in Tripoli after the assassination of the commander of the Stability Support Apparatus (SSA) between the 444th Infantry Brigade and the SSA, which are both nominally under the umbrella of Prime Minister Abdul Hamid Dabaiba's Government of National Unity (GNU). Further, the government declared a ceasefire on May 14 between the two sides, following heavy artillery fire that resulted in an unknown number of casualties. Protests erupted in Tripoli after the ceasefire, demanding the resignation of PM Dabaiba. In response, several GNU ministers resigned on May 16 in support of the demonstrators. Also, the east-based House of Representatives called for PM Dabaiba's departure and launched a process to select a new prime minister.

SUDAN

The Rapid Support Forces (RSF) launched an attack on the Port of Sudan, the military-led government's *de facto* seat of power. The RSF carried out drone strikes between May 4 and May 9, 2025, targeting critical infrastructure that includes airport and naval base in eastern Sudan, which sparked fires, flight suspensions, and operational disruptions. Also, the RSF intensified their drone campaign across contested or army-held areas. Fighting between the Sudanese Armed Forces (SAF) and the RSF continued in the Kordofan and North Darfur states. Further, the U.S. announced economic sanctions on the army-led government for the use of chemical weapons during the ongoing civil war.

SYRIA

In historic moves, U.S. President Donald Trump lifted decades of sanctions on Syria and met its interim President Ahmed al-Sharaa in Saudi Arabia. Also, the European Union (EU) announced the lifting of EU economic sanctions on Syria. Syria's Minister of Energy announced ongoing talks with Türkiye about the import of electricity, given that Syria is set to receive power through a 400-kilovolt transmission line, with Türkiye planning to supply six million cubic meters of natural gas per day via a pipeline linking Kilis in southern Türkiye to Aleppo.

TÜRKIYE

The Kurdistan Workers' Party announced its decision to disband and end its 40-year armed struggle against Türkiye, marking a historic shift in the region's political landscape, following its landmark congress in northern Iraq. President Recep El Tayep Erdoğan announced the formation of a committee to draft a new constitution for Türkiye. President Erdoğan emphasized that the new constitution will reflect national unity and democracy, with reports indicating that it may address longstanding Kurdish demands, including education in the Kurdish language.

YEMEN

The U.S. and the Huthi rebels reached a ceasefire agreement to end seven weeks of U.S. bombardments. The Presidential Leadership Council appointed the Minister of Finance Salem bin Buraik as Yemen's new Prime Minister, succeeding former PM Ahmed Awad bin Mubarak, to address mounting economic challenges, ease internal tensions, as well as respond to concerns over the perceived marginalization of Hadramawt tribes, as the province moves toward greater self-rule.

Source: International Crisis Group, Newswires

OUTLOOK

WORLD

Growth revised downwards to 2.9% in 2025, risks tilted to the downside

The Organization for Economic Cooperation and Development (OECD) revised downwards its projection for the global real GDP growth rate to 2.9% in 2025 from 3.1% in its March forecast. It attributed its revision to the new U.S. tariffs, elevated 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 1.6%, in the Euro Area at 1%, and in the Group of 20 economies at 2.9% in 2025, compared to its March growth forecasts of 2.2% in the U.S., 1% in the Euro Area, and 3.1% in the G20 economies. In addition, it projected the global real GDP growth rate at 2.9% in 2026 relative to a forecast of 3% in March, as it anticipated global economic activity to remain subdued.

In parallel, it forecast the average inflation rate in the Group of 20 economies to decrease from 6.2% in 2024 to 3.5% in 2025 and 3.2% in 2026, despite higher trade costs and some upward pressure on inflation in many countries. Also, it expected the inflation rate in the Euro Area to decelerate from 2.4% in 2024 to 2.2% in 2025 and 2% in 2026, and to increase in the U.S. from 2.5% last year to 3.2% in 2025 and 2.8% in 2026.

Further, it considered that risks to the global outlook are tilted to the downside and include a lack of visibility about developments in global trade, the imposition of bilateral tariffs, slower trade activity, still high inflation rates that may prompt more restrictive monetary policy, or downside surprises to economic growth that could trigger a rapid repricing of assets in financial markets and a further rise in market volatility. Also, it noted that the high level of geopolitical and policy uncertainties poses substantial risks to the OECD's growth projections.

Source: OECD

AFRICA

Elevated debt servicing poses major risk for sovereigns

Moody's Ratings indicated that the cost of debt in Sub-Saharan Africa (SSA) poses a major challenge for policymakers, as debt servicing absorbs a substantial share of government revenues. It considered that high financing costs can undermine debt sustainability if SSA governments keep borrowing to cover increasing interest payments, which limits the revenues available for economic growth, social programs, or crisis response. It said that the interest-to-revenues ratio of SSA sovereigns increased by 1 percentage point (pp) to 2 pps between 2021 and 2024, which weakened debt sustainability and contributed to sovereign defaults.

Further, it noted that SSA's external debt level is the highest compared to other emerging market regions. It pointed out that high levels of foreign currency debt expose a government's debt service capacity and debt burden to the risk of a sharp exchange rate depreciation, since most SSA governments earn revenues in their local currencies. It indicated that external financing that is sourced from the private sector tends to be more volatile than funds from official sources in terms of cost and the predictability or reliability of its flows. Also, it said that SSA sovereigns that are classified as low-income economies tend to benefit from cheaper sources of financing from bilateral development partners such as Paris Club members and China, as well as from concessional windows at multilateral development banks.

In addition, it stated that the SSA region has the lowest level of domestic savings compared to other regions around the world. It noted that policies in the region that aim to boost and channel domestic savings towards short- and long-term debt can help anchor domestic financing costs. It considered that the proposed initiatives, such as the African Financing Stability Mechanism, can provide a liquidity backstop if they are properly established, adequately funded, and equipped with mechanisms to mitigate moral hazard risks. It added that without such liquidity safeguards, governments may have fewer incentives to pursue sound fiscal policies. Further, it considered that the effective implementation of measures that durably increase public revenues and improve tax administration and compliance will support the longer term sustainability of the SSA region's debt dynamics.

Source: Moody's Ratings

SYRIA

IMF calls for comprehensive economic rehabilitation

The International Monetary Fund considered that it is critical to restore public confidence and macroeconomic stability in Syria in the near term by implementing sound fiscal and monetary policies, and creating the proper conditions for the private sector to lead the economy's development and growth. It noted that Syria needs substantial international assistance to support the authorities' efforts to rehabilitate the economy, meet urgent humanitarian needs, and rebuild essential institutions and infrastructure. It pointed out that the country requires financial support on highly concessional terms due to its financing and external constraints, as well as extensive assistance for capacity development to strengthen economic institutions and upgrade outdated technologies and systems.

Further, it urged the authorities to adopt a budget for the remainder of 2025 and cover priority spending needs, including the government payroll, basic health and education services, and assistance to the most vulnerable segments of the population. It called on the government to modernize and strengthen the tax and customs system and administration, in order to reinforce public financial management, improve budget execution, and mobilize revenues. Also, it stressed the need to empower the Central Bank of Syria to maintain price stability, restore confidence in the local currency, and adopt a monetary policy framework. Further, it urged the authorities to rehabilitate the payments and banking systems, while enhancing the anti-money laundering and combating the financing of terrorism regime, in order to improve transaction efficiency, rebuild confidence in banks, restart financial intermediation, and allow the sector's reintegration the international financial system. It called on the authorities to improve the investment climate, and to enhance data collection, processing, and dissemination to support evidence-based policy formulation and assessment. In parallel, it said that it is developing a detailed roadmap for policy and capacity building priorities for key economic institutions that include the Ministry of Finance, the Central Bank of Syria, and the Central Bureau of Statistics.

Source: International Monetary Fund

SAUDI ARABIA

Increased focus on regulatory compliance to improve confidence in insurance sector

Moody's Ratings considered that the decision of the Saudi Insurance Authority (IA) to revoke the licenses of several insurance agents and brokerage companies is part of a broader regulatory effort to enhance the financial performance and credibility of the insurance sector, as it will improve investor confidence in the Saudi insurance industry and strengthen the standards of regulatory compliance and the market discipline of insurers. It added that the decision reflects the IA's focus on compliance in operations, governance and risk management, and is aligned with the Kingdom's broader strategy of strengthening and growing the domestic insurance sector. It said that brokers and agents originate about 50% of premiums for insurers, which gives them significant influence over insurance pricing and contract terms, and contributes to highly competitive conditions in the local market. Further, it noted that the Saudi insurance industry is fragmented and consists of three large insurance firms, a group of relatively solid mid-sized insurers, and a larger number of smaller companies that compete aggressively on premium prices, particularly in the dominant motor and medical insurance segments. It said that the fragmentation reflects the disparity between the combined profits of the three major insurers, which rose by 34% in 2024, and the earnings of the rest of the market that dropped by 51% last year. Also, it said that the IA has encouraged mergers and acquisitions in order to reinforce the solvency, the underwriting capacity, and the stability of local insurers and reinsurers.

Source: Moody's Ratings

JORDAN

Sovereign ratings affirmed on improving external buffers

Capital Intelligence Ratings affirmed Jordan's long-term foreign and local currency ratings at 'BB-', which are three notches below investment grade. Also, it maintained the 'stable' outlook on the ratings, and affirmed the country's short-term foreign and local currency ratings at 'B'. It attributed the affirmation of the ratings to the economy's resilience and to the government's gradually-improving capacity to withstand external shocks, despite the challenging geopolitical environment. It added that the ratings are supported by the government's prudent macroeconomic policies and improved external liquidity, along with the narrowing of the current account deficit and an increase in foreign currency reserves. It noted that the ratings also reflect the availability of financial assistance from bilateral and multilateral lenders and external donors, as well as the moderate level of the government's external debt and a relatively sound banking sector. But it said that the ratings are constrained by high geopolitical risk factors, an elevated government debt level, a chronic balance of payments deficit, significant socioeconomic challenges, as well as increasing external adversities that include U.S. trade policies and the freezing of USAID activities. Further, it noted that the 'stable' outlook balances the increase of the country's foreign currency reserve buffers and the availability of international support, with moderately weak public finances. It said that it could downgrade the ratings if regional or domestic instability risks increase significantly, and/or if public and external finances deteriorate.

Source: Capital Intelligence Ratings

BANGLADESH

Credit profile contingent on liquidity and governance

In its periodic review of Bangladesh's credit profile, Moody's Ratings indicated that the country's sovereign rating of 'B2' balances its robust growth prospects and moderate debt burden, with its limited fiscal flexibility and its institutional weaknesses that are constraining competitiveness. It said that elevated political uncertainties and weaker domestic demand, following the political and social unrest, have increased external vulnerabilities and banking sector risks, although the competitive ready-made garments industry will continue to contribute to GDP, exports, and incomes in the long term. It added that debt affordability is weak due to higher debt servicing costs, despite access to concessional financing and the relatively modest public debt level. Also, it projected the country's foreign currency reserves to stabilize in the next few months, supported by the recent modest current account surpluses. In addition, it indicated that the economic strength assessment of 'ba1' balances the economy's robust growth prospects with its very low per capita income and limited competitiveness. It noted that the 'b3' institutions and governance strength assessment reflects the deterioration in government effectiveness and in the control of corruption, as well as the weak credibility of the legal structures. Further, it stated that the country's 'ba2' fiscal strength takes into account the constraints of the government's fiscal flexibility and debt affordability due to its narrow revenues base. It added that Bangladesh's 'ba' susceptibility to event risk assessment is driven by external vulnerability and government liquidity risks, as well as by the banking sector's vulnerabilities.

Source: Moody's Ratings

ETHIOPIA

Outlook dependent on reforms momentum

The International Monetary Fund indicated that Ethiopia's macroeconomic performance has improved from a year ago amid better-than-expected results for inflation, export growth, and foreign currency reserves. It said that the authorities' measures to modernize monetary policy, mobilize domestic revenues, enhance social safety nets, strengthen state-owned enterprises, and anchor financial stability are yielding promising results, and called on the government to maintain its reforms momentum. It considered that continued tight monetary and financial conditions are important for managing inflation and exchange rate expectations. It urged the authorities to improve the business environment, ensure fair taxation practices, encourage foreign direct investments, mobilize revenues to finance critical development spending, and stressed the need to develop the capital markets in order to mobilize savings and support the efficient allocation of capital. It noted that the transition to a flexible exchange rate regime has proceeded with little disruption, but it urged the authorities to address the lingering distortions, including the widening of the gap in early 2025 between the official and parallel market exchange rates. Also, it considered that the government's efforts to enhance transparency, ease restrictions on current account transactions, and strengthen prudential regulations will help improve the functioning of the foreign exchange market. In parallel, it reached a Staff-Level Agreement with the authorities to conclude the third review of the four-year $3.4bn Extended Credit Facility arrangement.

Source: International Monetary Fund

GCC

Banks' profits up 8.3% to $15.6bn in first quarter of 2025

Figures released by financial services firm KAMCO indicate that listed banks in the six Gulf Cooperation Council (GCC) countries posted aggregate net profits of $15.6bn in the first quarter of 2025, constituting an increase of 8.3% from $14.4bn in the same quarter of 2024. It attributed the rise in income in the covered quarter mainly to an increase of $1.6bn in net interest income to $22.8bn and a rise of $1.8bn in non-interest revenues to $11.8bn, as well as to a decline of $0.2bn to $2.4bn in loan-loss provisions in the first quarter of 2025 from the same quarter of 2024. It added that the aggregate revenues of banks reached $34.6bn in the first quarter of 2025, representing an increase of 10.2% from $31.4bn in the same quarter in 2024. Further, it indicated that the aggregate assets of listed GCC banks stood at $3.61 trillion (tn) at end-March 2025 and grew by 4.1% from $3.46tn at end-2024 and by 11.2% from $3.24tn a year earlier. In addition, it said that the banks' aggregate net loans reached $2.16tn at end-March 2025 and increased by 4.1% from $2.1tn at end-2024 and by 13% from $1.9tn at end-March 2024, while customer deposits amounted to $2.65tn and rose by 5.1% in the first quarter of the year and by 10% from the end of March 2024. As such, it pointed out that the aggregate loans-to-deposits ratio of listed GCC banks was 81.6% at the end of March 2025 compared to 79.4% a year earlier.

Source: KAMCO

NIGERIA

Agency takes rating actions on six banks

Fitch Ratings affirmed the long-term foreign- and local currency Issuer Default Ratings (IDRs) of Bank of Industry (BoI), Fidelity Bank (FB), and First Bank of Nigeria (FBN) at 'B', and the IDRs of Coronation Merchant Bank (CMB), Jaiz Bank (JB), and Wema Bank (WB) at 'B-', Also, it revised the outlook from 'stable' to 'positive' on the IDRs of WB, as it expected the bank's core capital buffers to strengthen in the 2025-26 period, and maintained the 'stable' outlook on the long-term IDRs of the other banks. It said that the IDRs of the six banks take into account the improved operating environment in Nigeria. It noted that the IDRs of FB, FBN CMB, JB, and WB are supported by their standalone creditworthiness, while the IDR of BoI reflects the potential support from the authorities in Nigeria. Further, it affirmed the national long-term rating of BoI at 'AAA(nga)', the rating of JB at 'BBB+(nga)', and the rating of CMB at 'BBB-(nga)'. It also upgraded the national long-term rating of FB and FBN from 'A(nga)' to 'A+(nga)' and the rating of WB from 'BBB(nga)' to 'A-(nga)'. Also, it revised the outlook on the national long-term ratings of CMB from 'stable' to 'positive', and maintained the 'positive' outlook on the rating of WB and the 'stable' outlook on the national long-term ratings of the other four banks. It attributed the upgrades of the banks' national long-term ratings to the strengthening of their capital buffers and sound profitability metrics. It added that the revision of the outlook on the national long-term rating of CMB takes into account its expectations of a further improvement in the bank's capitalization metrics. In addition, it affirmed the Viability Ratings of FB and FBN at 'b', and the VRs of CMB, JB, and WB at 'b-'. It pointed out that the VRs of the five banks balance their healthy profitability with their elevated credit concentration.

Source: Fitch Ratings

KUWAIT

Banks' ratings affirmed, outlook 'stable'

Capital Intelligence Ratings (CI) affirmed the short- and long-term foreign currency ratings of National Bank of Kuwait (NBK), Al Ahli Bank of Kuwait (ABK), Burgan Bank, Gulf Bank (GB), Commercial Bank of Kuwait (CBK), and Kuwait Finance House (KFH) at 'A1' and 'A+', respectively. Also, it affirmed the short- and long-term foreign currency ratings of Boubyan Bank at 'A1' and 'A', respectively. Further, it affirmed the Bank Standalone Ratings (BSRs) of NBK and GB at 'a-', the ratings of ABK, Burgan Bank and CBK at 'bbb+', and the BSRs of Boubyan Bank and KFH at 'bbb'. In addition, it maintained the 'stable' outlook on the ratings and BSRs of the seven banks. Further, it noted that the ratings of the banks are supported by their good capitalization metrics, comfortable liquidity, sound asset quality, and satisfactory funding. In addition, it pointed out that the ratings of NBK and ABK reflect their improved profit ratios, the ratings of Boubyan Bank and Burgan Bank take into account their modest profitability, while the ratings of CBK and KFH are underpinned by their good profitability. It said that the rating of ABK is supported by its extremely high loan loss coverage and a well-diversified profitability with a good mix of core customer deposits, and that the rating of GB is constrained by its deteriorating profitability metrics. In addition, it indicated that that Kuwaiti banks benefit from a strong likelihood of government support, in case of need.

Source: Capital Intelligence Ratings

TÜRKIYE

Banks facing short-term pressure from higher rates

Fitch Ratings indicated that Turkish banks face an increase in their cost of risk and a slower improvement in their net interest margins (NIMs), due to the Central Bank of the Republic of Türkiye's monetary tightening measures in response to financial market volatility. It expected higher-for-longer interest rates on lira-denominated loans to weigh on the banks' asset quality, while it anticipated the faster repricing of liabilities than assets to delay the widening of the banks' NIMs. However, it anticipated the banks' NIMs to improve later in 2025 with the likely resumption of policy rate cuts. Further, it expected the banks' profitability to be supported by a recovery in NIMs, but to be sensitive to higher loan impairment charges and impaired loans ratios, lower GDP growth, asset quality deterioration, high inflation rates, market volatility, or a change in Türkiye's macroeconomic policy direction. Also, it anticipated the deterioration in asset quality to remain manageable, given the banks' existing provisioning level, profitability, and capital buffers. Further, it anticipated the regulatory ceilings on lending growth and high reserve requirements to continue to limit the banks' profitability. In parallel, it stated that it did not detect signs of pressure on the banks' access to external funding since the start of market volatility in March 2025, although their issuance of Eurobonds and capital instruments has slowed. However, it expected an increase in refinancing risks if persistent market volatility weakens investor sentiment or depositor confidence, given the banks' substantial short-term external debt and the high dollarization rate of deposits.

Source: Fitch Ratings

ENERGY / COMMODITIES

Oil prices to average $65.5 p/b in second quarter of 2025

The prices of ICE Brent crude oil front-month future contracts reached $69.8 per barrel (p/b) on June 11, 2025, constituting an increase of 4.3% from $66.9 p/b a day earlier. The surge in oil prices is due to U.S. President Donald Trump's announcement that the U.S. has reached a trade deal with China, which could boost energy demand, and to fears that escalating tensions with Iran could disrupt oil supply. In parallel, the U.S. Energy Information Administration (EIA) expected global oil inventories to increase by 0.4 million barrels per day (b/d) in the remainder of 2025 and to average 0.8 million b/d in full year 2025 due to a combination of lower oil demand from the OECD countries, and increased supply from OPEC+ members and from countries outside of the OPEC+ coalition. Further, it considered that wildfires around Canada's major oil sands facilities in Alberta, elevated tensions in the ongoing Russia-Ukraine conflict, as well a potential *force majeure* on oil exports from Libya have the potential to disrupt supply. It said that uncertainties persist about the willingness and ability of the OPEC+ coalition to coordinate future production targets in the face of falling oil prices and increasing oil supply from sources outside the OPEC+ group. In addition, it indicated that ambiguity surrounding the status of ongoing trade negotiations between the U.S. and its trading partners could significantly affect oil prices. It noted that the unclear outlook about sanctions on Russia and Iran, as well as the evolving situation with Venezuela's oil assets, could significantly shape global trade flows and exert considerable pressure on oil prices. Further, it projected oil prices to average $65.5 p/b in the second quarter of 2025 and $66 p/b in full year 2025.

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

Saudi Arabia's oil export receipts at $18.9bn in January 2025

Oil exports from Saudi Arabia totaled at 7.41 million barrels per day (b/d) in January 2025, constituting an increase of 1.8% from 7.28 million b/d in December 2024 and a decrease of 1.7% from 7.54 million b/d in January 2024. Oil export receipts reached $18.85bn in January 2025, representing an increase of 9% from $17.3bn in December 2024 and a slight decrease of 0.4% from $18.93bn in January 2024.

Source: JODI, General Authority for Statistics, Byblos Research

Global steel output down 6.3% in April 2025

Global steel production reached 155.7 million tons in April 2025, constituting a decrease of 6.3% from 166.1 million tons in March 2025 and unchanged from April 2024. Production in China totaled 86 million tons and accounted for 55.2% of global steel output in March 2025, followed by production in India with 12.9 million tons (8.3%), Japan and the U.S with 6.6 million tons each (4.2% each), Russia with 5.8 million tons (3.7%), and South Korea with 5 million tons (3.2%).

Source: World Steel Association, Byblos Research

ME&A's oil demand to decrease by 3% in 2025

The Organization of Petroleum Exporting Countries projected the consumption of crude oil in the Middle East & Africa to average 13.63 million barrels per day (b/d) in 2025, which would constitute a decrease of 3% from 14.07 million b/d in 2024. The region's demand for oil would represent 23% of consumption in non-OECD countries and 13% of global consumption in 2025.

Source: OPEC

Base Metals: Copper prices to average $9,300 per ton in second quarter of 2025

LME copper cash prices averaged $9,371.3 per ton in the year-to-June 11, 2025 period, constituting an increase of 3.6% from an average of $9,046.1 a ton in the same period of 2024. The increase in prices was due to fears of supply disruptions of the metal, as well as to elevated demand from green technologies. Further, the metal's price dropped from a peak of $10,800.8 a ton on May 20, 2024 to $9,559.8 per ton on May 6, 2025 as a result of a decline in China's industrial activity and global economic uncertainties, which have lowered demand for industrial metals such as copper. In parallel, the latest available figures from the International Copper Study Group (ICSG) show that global demand for refined copper was 6.77 million tons in the first quarter of 2025, constituting an uptick of 3% from 6.57 million tons in the same period of 2024 due to an increase of 4.5% in Chinese demand for the metal. Also, it noted that the global production of refined copper reached 7.06 million tons in the first three months of 2025, up by 3.2% from 6.84 million tons in the same period of 2024, as higher output from China and the Democratic Republic of the Congo was partially offset by lower production in Chile and Japan. It added that mine production accounted for 79.7% of the aggregate output of refined copper in the covered period relative to 81.3% in the same period of 2024. Further, Citi Research forecast LME copper prices to average $9,300 per ton in the second quarter of 2025.

Source: ICSG, Citi Research, Refinitiv, Byblos Research

Precious Metals: Gold prices to average $3,200 per ounce in second quarter of 2025

Gold prices averaged $3,042 per ounce in the year-to-June 11, 2025 period, constituting an increase of 38.8% from an average of $2,191.7 a ton in the same period of 2024, due to concerns about global economic uncertainties and trade tensions, mainly between China and the U.S., which reinforced the appeal of the metal as a safe haven for investors, as well as to continuing strong demand for the metal from central banks around the world. Also, gold prices reached an all-time high of $3,426 per ounce on April 22, 2025, driven by the new U.S. tariffs and increased demand for the metal. Further, figures released by the World Gold Council show that global inflows into gold-backed exchange-traded funds (ETFs) reached 226.6 tons in the first quarter of 2025, with inflows of 133.8 tons in North America, 54.8 tons in Europe, 34.4 tons in Asia, and 3.6 tons in other regions amid heightened geopolitical tensions in the covered quarter. In comparison, global outflows from gold-backed ETFs stood at 113 tons in the first quarter of 2024, with outflows of 68.2 tons in North America, 54.2 tons in Europe, and 0.4 tons in other regions, while inflows to gold-backed ETFs in Asia reached 9.9 tons. It attributed the increase in gold-backed ETFs in Asia to investors seeking safe-haven assets. In addition, it pointed out that gold-backed ETFs in North America shifted from outflows of 5.9 tons in January 2025 to inflows of 139.6 tons in February and March 2025, driven by geopolitical and economic uncertainties. Further, Citi Research projected gold prices to average $3,200 per ounce in the second quarter of 2025, and $3,050 an ounce in full year 2025.

Source: World Gold Council, Citi Research, 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- Stable	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	CCC+ Stable	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+ Negative	B2 Stable	B+ Stable	B+ Negative	-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-	Ba3	BB-	B+								
	Stable	Stable	Stable	Positive	-4.6	49.8	2.0	29.6	11.5	114.7	-3.1	2.2
China	A+	A1	A+	-								
	Stable	Negative	Stable	-	-3.0	65.2	10.9	20.6	5.8	60.9	2.3	0.7
India	BBB-	Baa3	BBB-	-								
	Stable	Stable	Stable	-	-7.8	84.0	7.3	29.8	25.2	82.2	-1.3	1.0
Kazakhstan	BBB-	Baa2	BBB	-								
	Stable	Positive	Stable	-	-3.1	26.4	4.1	29.4	8.1	100.4	-2.8	2.2
Pakistan	CCC+	Caa2	B-	-								
	Stable	Positive	Stable	-	-7.5	71.3	0.7	34.9	55.9	133.4	-1.3	0.4
Bangladesh	B+	B2	B+	-								
	Stable	Negative	Stable	-	-4.8	32.1	3.8	29.0	29.0	102.8	-1.5	0.4
Central & Eastern Europe												
Bulgaria	BBB	Baa1	BBB	-								
	Positive	Stable	Positive	-	-2.5	24.5	2.0	19.5	1.5	102.8	-0.5	2.0
Romania	BBB-	Baa3	BBB-	-								
	Stable	Stable	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-	B1	BB-	BB-								
	Stable	Positive	Stable	Stable	-5.1	27.0	1.4	63.6	10.8	149.0	-1.2	0.4
Ukraine	CC	Ca	CC	-								
	Negative	Stable	-	-	-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	07-May-25	No change	18-Jun-25
Eurozone	Refi Rate	2.15	05-Jun-25	Cut 25bps	24-Ju6-25
UK	Bank Rate	4.50	20-Mar-25	No change	19-Jun-25
Japan	O/N Call Rate	0.50	01-May-25	No change	17-Jun-25
Australia	Cash Rate	3.85	20-May-25	Cut 25bps	08-Jul-25
New Zealand	Cash Rate	3.25	28-May-25	Cut 25bps	09-Jul-25
Switzerland	SNB Policy Rate	0.25	20-Mar-25	Cut 25bps	19-Jun-25
Canada	Overnight rate	2.75	04-Jun-25	No change	30-Jul-25
Emerging Markets					
China	One-year Loan Prime Rate	3.00	20-May-25	Cut 10bps	20-Jun-25
Hong Kong	Base Rate	4.75	19-Dec-24	Cut 25bps	N/A
Taiwan	Discount Rate	2.00	20-Mar-25	No change	19-Jun-25
South Korea	Base Rate	2.75	17-Apr-25	No change	29-May-25
Malaysia	O/N Policy Rate	3.00	08-May-25	No change	09-Jul-25
Thailand	1D Repo	1.75	30-Apr-25	Cut 25bps	25-Jun-25
India	Repo Rate	6.00	09-Apr-25	Cut 25pbs	N/A
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	24.00	22-May-25	Cut 100bps	10-Jul-25
Jordan	CBJ Main Rate	6.50	22-Dec-24	Cut 25bps	N/A
Türkiye	Repo Rate	46.00	17-Apr-25	Raied 350bps	19-Jun-25
South Africa	Repo Rate	7.50	30-Jan-25	No change	29-May-25
Kenya	Central Bank Rate	9.75	10-Jun-25	Cut 25bps	10-Jun-25
Nigeria	Monetary Policy Rate	27.50	20-May-25	No change	22-Jul-25
Ghana	Prime Rate	28.00	23-May-25	No change	28-Jul-25
Angola	Base Rate	19.50	21-May-25	No change	18-Jul-25
Mexico	Target Rate	8.50	15-May-25	Cut 50bps	26-Jun-25
Brazil	Selic Rate	14.75	07-May-25	Raised 50bps	N/A
Armenia	Refi Rate	6.75	06-May-25	No change	17-Jun-25
Romania	Policy Rate	6.50	16-May-25	No change	08-Jul-25
Bulgaria	Base Interest	2.07	02-Jun-25	Cut 17bps	01-Jul-25
Kazakhstan	Repo Rate	16.50	11-Apr-25	No change	N/A
Ukraine	Discount Rate	15.50	05-Jun-25	No change	24-Jul-25
Russia	Refi Rate	20.00	06-Jun-25	Cut 100bps	25-Jul-25

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