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BYBLOS BANK SAL
Economic Research & Analysis Department

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Nearly 55% of rated sovereigns have investment grade rating at end-June 2025

S&P Global Ratings indicated that 54%, or about 76 of the 141 sovereigns that it rates globally, had an investment grade rating at the end of June 2025, compared to 53%, or about 73 of 137 rated sovereigns at the end of June 2024. It said that 21.3% of rated sovereigns were in the 'B'-rated category at the end of June 2025, 18.4% stood in the 'BBB' segment, 16.3% of sovereigns came in the 'A' bracket, 14.9% stood in the 'BB' category, 11.3% were in the 'AA' segment, 9.2% stood in the 'CCC' bracket or lower, and 8.5% of sovereigns came in the 'AAA' category. In parallel, it noted that there were 15 'positive' outlooks and 15 'negative' outlooks on the long-term foreign currency ratings of sovereigns at end-June 2025, relative to six 'negative' outlooks and 23 'positive' outlooks on sovereign ratings at end-2024, and to nine 'negative' outlooks and 19 'positive' outlooks on sovereign ratings at end-June 2024. It pointed out that eight sovereigns in the Europe, the Middle East and Africa (EMEA) region, five countries in the Americas, and three economies in the Asia-Pacific region carried a 'positive' outlook on their ratings at the end of June 2025; while 11 sovereigns in the EMEA region and four countries in the Americas had a 'negative' outlook on their ratings. In addition, it noted that it upgraded eight sovereigns and downgraded one country in the EMEA region, while it upgraded three sovereigns and downgraded two economies in the Americas in the first half of 2025.

Source: S&P Global Ratings

GCC

Fixed income issuance down 17% to $100bn in first half of 2025

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $100.4bn in the first half of 2025, constituting a decline of 17.3% from $121.4bn in the same period of 2024. Fixed income output in the first half of 2025 consisted of $33.1bn in corporate bonds, or 33% of the total, followed by $30.6bn in corporate sukuk (30.5%), $27.8bn in sovereign bonds (27.7%), and $8.9bn in sovereign sukuk (9%). Further, aggregate bonds and sukuk issued by corporates in the GCC stood at $63.7bn in the first half of 2025, or 63.4% of fixed income output in the region; while issuance by GCC sovereigns reached $36.7bn, or 36.6% of the total. GCC sovereigns issued $16bn in bonds and sukuk in January, $4.9bn in February, $5.1bn in March, $1.2bn in April, $8.6bn in May, and $900m in June 2025, while GCC firms issued $10.8bn in bonds and sukuk in January, $12.2bn in February, $8.5bn in March, $3.8bn in April, $15.7bn in May, and $12.7bn in June 2025. In parallel, corporate output in June 2025 consisted of $6.25bn in bonds and $531.3m in sukuk that Saudi Arabia-based firms issued, $1.5bn in sukuk and $991m in bonds that UAE-based companies issued, $750m in sukuk and $137.2m in bonds from firms in Qatar, $500m in sukuk that Kuwait-based companies issued, and $298.7m in sukuk that Oman-based firms issued. Also, sovereign proceeds in June 2025 consisted of $600m in bonds that Saudi Arabia issued and $259.7m in sukuk issued by Oman.

Source: KAMCO

MENA

Greenfield FDI outflows down 13% to $103bn in 2024

Figures compiled by fDi Markets and released by the United Nations Conference on Trade and Development (UNCTAD) show that outward greenfield foreign direct investment of the Arab region totaled $102.7bn in 2024, constituting a decline of 12.8% from $117.8bn in 2023. Greenfield FDI outflows from Arab countries accounted for 27.2% of such flows to developing economies and for 7.7% of global greenfield FDI in 2024, compared to 25.2% of outflows to developing countries and 8.3% of global greenfield FDI in 2023.The UAE was the source of $72bn in greenfield FDI in 2024, equivalent to 70% of such investments from the Arab world. Saudi Arabia followed with $15.8bn (15.4%), then Qatar with $12.94bn (12.6%), Kuwait with $501.2m (0.5%), and Oman with $454.2m (0.4%); while the remaining Arab countries were the source of $1.1bn in greenfield FDI last year, or 1% of outflows from the region. In parallel, there was 702 greenfield FDI projects that originated from Arab countries in 2024, down from 717 projects in 2023, and accounted for 16.7% of the aggregate number of greenfield FDI projects in developing economies and for 3.6% of such projects worldwide. The UAE was the source of 437 greenfield FDI projects last year and accounted for 62.3% of the number of projects from the Arab world. Saudi Arabia followed with 61 projects (8.7%), then Egypt with 56 projects (8%), Lebanon with 41 projects (5.8%), and Kuwait with 34 projects (4.8%), while the remaining Arab countries were the source of 73 greenfield FDI projects, or 10.4% of the total in 2024.

Source: UNCTAD, Byblos Research

Cost of living varies among Arab cities

The mid-2025 Cost of Living survey, produced by crowd-sourced global database Numbeo, ranked the cost of living in Dubai as the 175th highest among 405 cities worldwide and the highest among 25 Arab cities. Abu Dhabi followed in 192nd place, then Ras al-Khaimah (203rd), Sharjah (212th), and Riyadh (219th) as the five Arab cities with the highest cost of living; while Tripoli (397th), Alexandria (391st), Cairo (388th), Algiers (354th), and Sousse (347th) are the Arab cities with the lowest cost of living. The Cost of Living Index is an indicator of the prices of consumer goods, such as groceries, meals and drinks at restaurants, transportation, and utilities. Numbeo benchmarks the index against New York City. Further, the Rent Index shows that Dubai has the highest residential rents regionally, while rents in Alexandria are the lowest. Also, the Groceries Index indicates that grocery prices in Dubai are the highest in the Arab world, while such prices are the lowest in Cairo. In addition, the Restaurant Index shows that Abu Dhabi has the highest prices of meals and drinks at restaurants and pubs, while Tripoli has the lowest such prices regionally. Moreover, the Local Purchasing Power Index indicates that the purchasing power of consumers in Dammam in Saudi Arabia is the highest among Arab cities, while the purchasing power is the lowest in Alexandria.

Source: Numbeo, Byblos Research

POLITICAL RISKS OVERVIEW - June 2025

ARMENIA

Security forces arrested at least 15 individuals on suspicions of their involvement in a planned coup attempt. Progress towards a peace deal between Armenia and Azerbaijan has stalled, as Azerbaijan is insisting that it will only sign the agreement if Armenia removes constitutional references to the Nagorno-Karabakh region and in case the long-standing OSCE Minsk Group is formally dissolved. Turkish President Recep El Tayep Erdoğan and Armenian Prime Minister Nikol Pashinyan held a rare and historic meeting in Istanbul on June 20, which marked a significant step in efforts to normalize relations between their two countries.

EGYPT

President Abdel Fattah el-Sisi met with UAE President Mohamed bin Zayed Al Nahyan in Abu Dhabi on June 4 to discuss expanding Emirati investments in Egypt, most notably in the Kizaz industrial zone near the Suez Canal. Cairo continued to sell off land to foreign investors to boost hard currency reserves and address its ongoing foreign currency shortages. President el-Sisi approved the transfer of about 175 square kilometers of coastal land in the Ras Shokeir area along the Red Sea to the Ministry of Finance. The move is part of a broader strategy to issue Islamic bonds in order to attract investors from Gulf Cooperation Council countries to finance the country's debt, indicating Egypt's increasing reliance on foreign funding.

ETHIOPIA

The Tigray People's Liberation Front (TPLF) is deepening its ties with Eritrea amid escalating tensions with Ethiopia's federal government. The Amhara Fano National Force, a newly established umbrella group representing various Fano factions in different regions, announced the formation of new coordination committees that aim to organize the Fano insurgency and to strengthen internal unity across the Amhara region.

IRAN

Israel launched a massive military offensive on Iran on June 13 that involved airstrikes and ground-based operations targeting senior Iranian commanders, nuclear facilities and military sites across Iran, before expanding to other targets, including energy infrastructure, the Evin prison, and the state television and radio broadcasters, killing at least 900 civilians and military personnel and injuring several thousand persons. The U.S. escalated its involvement in the Iran-Israel conflict by launching airstrikes on June 22 on the Fordow, Natanz, and Isfahan nuclear sites. On June 24, 2024, President Donald Trump announced a "complete and total" ceasefire between Iran and Israel. Iran moved to suspend its cooperation with the International Atomic Energy Agency and asserted its right to enrich uranium.

IRAQ

Following Israel's extensive bombing campaign against Iran, Iraq faced widespread air travel disruptions from retaliatory missile exchanges and reported debris falling from suspected Iranian missiles across multiple provinces. The Kurdistan Regional Government (KRG) remained without a new government for the ninth month due to stalled coalition negotiations between the Kurdistan Democratic Party and the Patriotic Union of Kurdistan. Tensions between the KRG and Baghdad intensified due to disagreements over the disbursement of public sector salaries. The Iraqi Ministry of Oil accused the KRG of smuggling oil in 240 separate cases and said it plans to take legal action, following the Ministry of Finance's decision in May to stop sending money to the KRG, saying the region exceeded the federal budget limit. The authorities announced the reopening of the Qaim border with Syria, which had been closed since December 2024, in an effort to revive bilateral economic ties.

LIBYA

Prime Minister Abdul Hamid Dabaiba said that the Government of National Unity (GNU) will not accept any externally imposed transitional arrangements or power-sharing deals. His statement came amid mounting pressure from international actors and United Nations-backed initiatives that aim to resolve Libya's prolonged political deadlock. Security forces loyal to PM Dabaiba opened fire on June 20 on demonstrators gathered outside the government's headquarters in Tripoli. The protesters demanded PM Dabaiba's resignation and expressed support for Abdel Raouf Kara, the influential commander of the RADA Special Deterrence Forces, whom PM Dabaiba is actively seeking to dismiss from his post. The head of the Presidential Council Mohamed Menfi formally launched the Tripoli Security Directorate Support Force, a newly created joint unit made up of six armed factions, including the Deterrence Apparatus and the 444th Brigade, which is closely aligned with PM Dabaiba. The formation of the security unit has sparked criticism over the GNU's persistent reliance on militia groups, although the unit is intended to bolster police efforts and uphold public order.

SUDAN

The paramilitary Rapid Support Forces (RSF) gained control of critical supply routes, particularly in the northwestern desert corridor, while fierce fighting with the Sudanese Armed Forces (SAF) continued in the Darfur and Kordofan states. Sudan's new Prime Minister, Kamil Idriss, announced a 22-member Cabinet and named it the "Government of Hope" whose aim is to strengthen civilian governance and gain wider international support, particularly from the African Union, which praised the move as a positive step toward bringing back constitutional rule. However, the announcement has deepened internal divisions within the Juba Peace Agreement bloc, with several signatories voicing concerns about the Cabinet's composition and the SAF's dominant role in shaping the transitional roadmap. Also, the RSF-aligned Tasees coalition continued its own negotiations throughout June to establish a rival government.

SYRIA

A suicide bomber killed at least 25 Christians in the first major suicide attack in Damascus since the downfall of the Assad regime. Insecurity persisted in the center of Syria and along the coast, as the new authorities struggled to improve security amid violence against minorities. The U.S. has begun reducing its military footprint in Syria, as it plans to close seven out of eight bases and to retain one strategic outpost focused on countering the operations of the Islamic State terrorist group.

TÜRKIYE

The peace process between Ankara and the Kurdistan Workers' Party (PKK) is moving forward slowly and carefully, with many challenges along the way. Ankara wants the PKK to fully disarm and shut down its armed wing before agreeing to any official changes, while the PKK has started giving up weapons and signaled its willingness to dissolve its military wing.

YEMEN

Hostilities continued between the Huthi rebels and Israel, as the two sides exchanged attacks amid Israel's war on Iran. After years of closure due to conflict, key roads between the government and Huthi-controlled areas in Yemen have begun to reopen as a result of persistent local mediation efforts.

Source: International Crisis Group, Newswires

WORLD

Trade and geopolitical uncertainties to affect sovereign outlook

Moody's Ratings revised its global sovereign outlook from 'stable' to 'negative', due to uncertainties about U.S. trade policy and a potential overhaul of global trade, which are weighing on credit conditions for sovereigns around the world. It said that a significant and wide-ranging increase in U.S. tariffs would disrupt trade flows, directly and indirectly hurt global GDP growth, weaken fiscal and external balances, and tighten financing conditions worldwide. Also, it expected geopolitical risks to continue to shape sovereign credit conditions, which would lead to heightened volatility and unexpected disruptions to trade flows. It indicated that the current effects of new tariffs are already visible through softer global demand, declines in commodity prices, and perceptions of increased policy uncertainties despite a pause in tariff hikes during bilateral negotiations. Further, it considered that stalled or prolonged trade negotiations and the risk that countries might permanently reduce their economic ties are causing supply chains to realign and are redefining long-term trade relationships. It pointed out that sovereigns with limited fiscal space, a high public debt level and/or weak debt affordability, and a track record of less effective policies, will be more affected by the trade shock, in addition to countries with larger trade exposures to the U.S. As such, it revised downward its growth forecasts for all regions, but it projected the real GDP growth rates of Sub-Saharan Africa at 4.2% and of Asia & the Pacific and the Middle East & North Africa regions at 3.5% in 2025, the highest growth rates among all regions.

In parallel, it said that it would revise the outlook from 'negative' to 'stable' if constructive trade negotiations roll back tariffs, which will stabilize growth expectations and improve funding conditions. However, it considered that the imposition of additional tariffs by other nations than the U.S., and a sharper-than-expected rise in global credit spreads or protracted geopolitical conflicts, would further lead to a deterioration in credit conditions.

Source: Moody's Ratings

IRAQ

Economic outlook dependent on structural reforms and oil prices

The International Monetary Fund (IMF) projected Iraq's real GDP growth rate to decelerate from 3.1% in 2025 to 1.4% in 2026, due to financing constraints, subdued investments and limited growth potential, which will weigh on economic activity and aggravate pre-existing vulnerabilities. Also, it forecast the country's real non-oil GDP growth rate to increase from 1% in 2025 to 1.5% in 2026, but it expected reforms in the labor market, business regulations, financial sector, and governance to double the potential of non-oil GDP growth in the medium term.

In parallel, it projected the fiscal deficit to widen from 4.2% of GDP in 2024 to 7.5% of GDP in 2025 and 9.2% of GDP in 2026, driven by lower oil prices. As such, it forecast the public debt level to increase from 47.2% of GDP at end-2025 to 62.3% of GDP at end-2026 and urged the government to implement key measures to reduce the sovereign debt level. Further, it expected the current account balance to shift from a surplus of 0.2% of GDP in 2025 to a deficit of 1.9% of GDP in 2026, due to lower oil export revenues, and projected foreign currency reserves to reach 11.1 months of imports at end-2025 and 9.6 months of imports at end-2026. Also, it projected the fiscal and external balances to deteriorate in the medium term unless the authorities carry out significant measures to increase non-hydrocarbon revenues, control the public wage bill, and boost the non-oil sector's growth potential through ambitious structural reforms.

Further, the IMF urged the authorities to implement a sizable fiscal adjustment to mitigate macro-fiscal risks, contain liquidity risks, and stabilize the public debt level in the medium term. It stressed the need to review current and capital spending plans for 2025, to limit or postpone all non-essential expenditures in the very short term, and to boost non-oil revenues by increasing the excise tax and customs duties.

Source: International Monetary Fund

BANGLADESH

Macroeconomic outlook contingent on strengthening external resilience

The International Monetary Fund considered that Bangladesh's economy continues to face multiple macroeconomic challenges, but it noted that the authorities are committed to implementing necessary policy actions and reforms. It called on the authorities to prioritize the rebuilding of external resilience and reducing inflation in the near term, and projected the economy's real GDP growth rate to increase from 3.8% in the fiscal year that ended in June 2025 to 5.4% in FY2025/26 and 6.2% in FY2026/27. In addition, it forecast the average inflation rate to remain elevated but to decrease from 9.9% in FY2024/25 to 6.2% in FY2025/26 and 6.3% in FY2026/27. However, it expected cost pressures to keep inflation above the target range, which, in turn, will require maintaining the current elevated level of the policy rate for an extended period of time.

Further, it projected the fiscal deficit to widen from 4.1% of GDP in FY2025/26 to 4.5% of GDP in FY2026/27, and anticipated the public debt level at 41.8% of GDP at end-June 2026 and 42.1% of GDP at end-June 2027. As such, it called for fiscal consolidation through raising tax revenues and limiting non-essential expenditures, in order to create the necessary fiscal space to strengthen social, development, and climate initiatives. In addition, it forecast the current account deficit at 0.7% of GDP in FY2025/26 and 0.9% of GDP in FY2026/27 due to the recovery in the inflows of workers' remittances. It said the recent actions by the authorities to realign the exchange rate regime to a crawling peg and the transition to a flexible exchange rate regime would boost foreign currency reserves. As such, it expected the reserves to increase from $23.6bn at end-June 2025 to $29bn at end-June 2026 and $34.1bn at end-June 2027.

In addition, it considered that key reform priorities include diversifying exports, attracting greater foreign direct investments, strengthening governance, and enhancing data quality. It considered that risks to the outlook are tilted to the downside and include slippages in the implementation of the new exchange rate arrangement, declines in foreign currency reserves, delays in addressing banking sector weaknesses, tightening credit conditions, social unrest, trade barriers, and supply disruptions.

Source: International Monetary Fund

ECONOMY & TRADE

UAE

Sovereign ratings affirmed, on strength of net external asset position

Fitch Ratings affirmed the United Arab Emirates' long-term local and foreign currency Issuer Default Ratings at 'AA-', with a 'stable' outlook on the long-term ratings. It also affirmed the country ceiling at 'AA+'. It said that the rating reflects the country's moderate public debt level, strong net external asset position, and high GDP per capita. It added that the ratings are supported by the exceptional strength of the government's consolidated net asset position that reached 157% of GDP at end-2024. In contrast, it considered that the ratings' strengths are balanced by weak governance indicators relative to rating peers, the UAE's high dependence on oil revenues, and the significant leverage of government-related entities (GREs). Further, it expected the public debt level to increase from 24.9% of GDP at end-2024 to 25.4% of GDP at end-2025 and at end-2026. Also, it estimated the overall contingent liabilities from the GREs of the emirates and of the federal government at 62% of GDP in 2023. Also, it noted that it could upgrade the ratings in case of significant improvements in the country's consolidated balance sheet, in case of a reduction in oil dependence, a strengthening in governance, and/or if geopolitical risks recede while maintaining strong fiscal and external balance sheets. But it said that it could downgrade the ratings in case of negative spillovers from the regional conflict, and/or if the fiscal and external positions deteriorate.

Source: Fitch Ratings

SYRIA

Economy to grow by 1%, fiscal deficit at 2.2% of GDP in 2025

The World Bank projected Syria's real GDP to shift from a contraction of 1.5% in 2024 to a growth rate of 1% in 2025. Also, it forecast the inflation rate to decrease from 58.1% in 2024 to 19.7% in 2025, as food prices have stabilized due mainly to the increase in the imports of lower cost Turkish products. It said that Syria's liquidity crisis persists, as tight restrictions, including weekly withdrawal limits, suspended e-payments, and delayed government salaries, continue to strain the availability of cash and increase the shortages of the Syrian pound. Further, it said that the new caretaker government has opted to reduce subsidies to narrow the budget deficit, and forecast the deficit to narrow from 3.1% of GDP in 2024 to 2.2% of GDP in 2025. Also, it expected the new government to face the key challenge of securing oil supply, as the disruption of imports from Iran could increase fuel prices and put pressure on the inflation rate. It considered that risks to the outlook are tilted to the downside as security challenges remain acute, and the January 2025 decision by the U.S. to freeze foreign aid has affected healthcare, food, and water distribution. In contrast, it indicated that upside risks include reaching an agreement on resource-sharing or governance arrangement between the transitional government and authorities in the northeast, which could boost national oil and gas output. It indicated that the lifting of sanctions and foreign exchange controls further supported the appreciation of the Syrian pound; while the growing regional engagement, mainly through Türkiye and some Gulf Cooperation Council states, may support the economic recovery and attract investments.

Source: World Bank

ARMENIA

Sovereign ratings affirmed, outlook 'stable'

Moody's Ratings affirmed the long-term local and foreign currency issuer ratings of Armenia at 'Ba3', which is three notches below investment grade, and maintained the 'stable' outlook on the long-term ratings. Also, it maintained the local and foreign currency country ceilings at 'Baa2' and 'Ba1', respectively. It said that the ratings are supported by the country's long-term growth potential of 5% annually, and by moderately high institutions and governance strength. But it said that the ratings are constrained by moderate increases in the public debt burden and weakening debt affordability, which would reduce the government's fiscal strength. Further, it noted that the 'stable' outlook on the ratings balances the country's economic strength due to greater productivity gains, against an escalation in political tensions with neighboring countries that could weigh materially on economic and fiscal outcomes. Also, it projected the fiscal deficit to remain wide at 5.5% of GDP in 2025 and 4.5% of GDP in 2026 and forecast the public debt level at 52% of GDP in 2025 and at 55% of GDP in the 2026-27 period. It expected some weakening in the government's debt affordability as it projected the increased borrowing in local currency to raise the government's debt servicing costs to 13% of revenues in the coming two years; while it estimated the share of foreign currency-denominated government debt to remain at 50% of the total debt in the next few years, despite the decline of this share in recent years. In parallel, it said that it could upgrade the ratings if fiscal strength improves and/or if tensions with neighboring countries ease, while it noted that it could downgrade the ratings if the country's economic and fiscal metrics deteriorate and/or if tensions with Azerbaijan escalate.

Source: Moody's Ratings

ETHIOPIA

Outlook driven by commitment to reforms

The International Monetary Fund projected the real GDP growth rate of Ethiopia at 7.2% in the fiscal year that ended in June 2025, at 7.1% in FY2025/26, and at an annual average rate of 7.8% in the 2027-29 period, in case the authorities commit to their economic reforms program. Also, it forecast the inflation rate to decline from 16.6% in FY2024/25 to 12% in FY2025/26 due to tight monetary policy. It said that economic indicators have improved markedly, with better-than-expected results for inflation, export growth, and foreign currency reserves. It called on the authorities to improve the functioning of the foreign exchange market, increase foreign currency reserves, boost domestic revenues, restore external debt sustainability, and raise fiscal transparency. Further, it expected the public debt level to decrease from 49.8% of GDP at the end of June 2025 to 42.6% of GDP at end-June 2026 and 39.7% of GDP at end-June 2027, as the authorities made substantial progress towards reaching an agreement on a debt treatment with the Official Creditor Committee under the G20 Common Framework to restore debt sustainability. Also, it forecast the current account deficit to narrow from 3.1% of GDP in FY2025/26 to 2.7% of GDP, and projected foreign currency reserves to reach 2.1 months of imports at end-June 2026 and 2.7 months of imports at end-June 2027. Also, it said that the outlook remains subject to downside risks given security challenges and declining donor support.

Source: International Monetary Fund

JORDAN

Banks' ratings affirmed, outlook 'stable'

Capital Intelligence Ratings affirmed the long-term foreign currency ratings of Arab Bank Jordan, Arab Jordan Investment Bank, Bank ABC Jordan, Bank Al Etihad, Cairo Amman Bank, Capital Bank of Jordan, Housing Bank for Trade and Finance, Investbank, Jordan Ahli Bank, Jordan Commercial Bank, and Jordan Kuwait Bank at 'BB-'. It also affirmed the Bank Standalone Ratings (BSRs) of the 11 banks at 'bb-', and maintained the 'stable' outlook on the long-term ratings and on the BSRs of the 11 banks. Also, it revised the Core Financial Strength (CFS) rating of Bank ABC from 'bb+' to 'bb' and the CFS ratings of Cairo Amman Bank and Investbank from 'bb' to 'bb-', due to the deterioration in their asset quality. It noted that the CFS of Arab Jordan Investment Bank takes into account its strong asset quality, while the CFSs of Bank ABC, Bank Al Etihad, Capital Bank of Jordan, Housing Bank for Trade and Finance, Jordan Ahli Bank, Jordan Commercial Bank, and Jordan Kuwait Bank capture their acceptable asset quality. Further, it pointed out that the ratings of all banks are supported by their robust capital buffers and by their solid liquidity profile. It said that the rating of Bank ABC is constrained by its weak profitability and that the rating of Jordan Ahli Bank reflects its modest profit ratios, while the ratings of the remaining banks are underpinned by their stable profitability metrics. Also, it indicated that a weak funding profile is weighing on the rating of ABC Bank, while a good funding structure is supporting the ratings of the remaining banks.

Source: Capital Intelligence Ratings

NIGERIA

Liquidity ratio at 40% at end-2024

The International Monetary Fund indicated that the Nigerian banking sector is resilient, liquid and profitable. It said that the banks' capital adequacy ratio increased from 13.3% at end-2023 to 15.3% at end-2024, reflecting progress in increasing the minimum capital mandated by the Central Bank of Nigeria (CBN). It stated that the sector's regulatory Tier One capital ratio reached 12.9% at end-2024 compared to 10.9% at end-2023. It considered that the recapitalization process will raise the banks' capacity to expand lending and absorb losses. Also, it noted that the banks' liquidity ratio reached 49% at end-2024, relative to the regulatory minimum of 30%, while liquid assets stood at 18.3% of the sector's total assets at end-2024 relative to 14.4% at end-2023. It pointed out that the banks' non-performing loans (NPLs) ratio was 4.9% at end-2024, up from 4% at end-2023, and expected it to increase in the near term in case borrowers face challenges in servicing their loans, which would pose potential risks to financial stability. Further, it said that the dollarization rate of loans and deposits increased to 34% and 38%, respectively, at end-February 2025 from 25% and 10%, respectively, at end-February 2023, due to the valuation effect from the depreciation of the exchange rate. In addition, it indicated that the banks' return on assets stood at 3.5% in 2024, up from 2% in 2023, while their return on equity increased from 28.5% in 2023 to 40% in 2024. Also, it noted that the CBN is working with other key stakeholders to address concerns associated with the Financial Action Task Force's decision to place Nigeria on its list of "jurisdictions under increased monitoring".

Source: International Monetary Fund

LIBYA

Capital adequacy ratio at 24.3%, NPLs ratio at 19.2% at end-2024

The International Monetary Fund indicated that the Libyan banking sector is well capitalized, with a capital adequacy ratio of 24.3% at the end of 2024 compared to 15.3% at end-2023, as the majority of banks met their capital increase targets in 2024, which resulted in the doubling of their paid-in capital. It added that the non-performing loans ratio decreased from 22.2% at end-2023 to 19.2% at end-2024 due to lending growth, primarily in the form of Murabaha financing to retail customers and salary advances to public-sector employees, while corporate loans were limited. Further, it said that the banking sector is highly liquid, as liquid assets were equivalent to 66.9% of total assets at end-2024, unchanged from end-2023; while liquid assets were equivalent to 96% of short-term liabilities at end-2024, up from 70.8% at end-2023. Also, it noted that the sector's capital-to-asset ratio reached 6.6% at end-2024 relative to 6.1% at end-2023. In parallel, it urged banks to introduce well-designed savings plans that will help reduce cash hoarding, expand the banks' deposit base, establish bank-customer relationships, and support the provision of credit to the private sector. Also, it stressed the importance to enhance transparency and accountability in the banking sector, as well as to promote financial literacy, which would foster confidence in banks and increase their footprint in the economy. Further, it urged the government to strengthen the anti-money laundering and combating the financing of terrorism framework by aligning it with international standards, in order to support the stability of correspondent banking relationships and to ensure the continuity of Libyan banks' operations.

Source: International Monetary Fund

ALGERIA

Algiers to work with FATF on AML/CFT action plan

In its June 2025 update, the Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), indicated that Algeria made a high-level political commitment in October 2024 to work with the FATF and its regional body MENAFATF to strengthen the effectiveness of its AML/CFT regime. It said that, since the adoption of its mutual evaluation report (MER) in May 2023, Algeria has made progress on several of the MER's recommended actions, including pursuing more effectively money laundering investigations and prosecutions. Further, it pointed out that the authorities will continue to collaborate with the FATF to implement their action plan by strengthening risk-based supervision especially for higher risk sectors, including through the adoption of new procedures, risk assessments, supervision manuals and guidelines, as well as by developing an effective framework for basic and beneficial ownership information, and enhancing the regime for suspicious transaction reports. Also, it urged the authorities to establish an effective legal and institutional framework for targeted financial sanctions for terrorism financing, and to implement a risk-based approach to supervise non-profit organizations. The FATF announced on October 2024 that it placed Algeria on its list of "jurisdictions under increased monitoring".

Source: Financial Action Task Force

Oil prices to average $68 p/b in third quarter of 2025

The prices of ICE Brent crude oil front-month future contracts stood at $68.6 per barrel (p/b) on July 10, 2025, constituting a decrease of 2.2% from $70.2 p/b in the previous day, as investors weighed the potential impact of U.S. tariffs on global economic growth. Also, oil prices increased by 1.5% in the first 10 days of July from $67.6 p/b at the end of June, due to strong gasoline demand from the U.S. and renewed attacks on vessels by the Huthi rebels in the Red Sea. In parallel, the U.S. Energy Information Administration (EIA) indicated that it revised upward its oil price forecast for the second half of 2025 given the heightened risk of supply disruptions, due to the existing modest risk premium on oil prices from the Israel-Iran conflict, as significant uncertainties remain around the possibility of an escalation in tensions between the two sides despite the announced ceasefire. Also, it anticipated elevated tensions in the ongoing Russia-Ukraine conflict to disrupt oil supply in the near term. It considered that uncertainties around the status of ongoing trade negotiations between the U.S. and its trading partners could weigh heavily on oil prices going forward. It said that future OPEC+ decisions are still uncertain, given the growth in oil supply from producers outside the OPEC+ coalition and the continued weakness in oil prices. Further, it expected global oil inventories to substantially grow in the near term and to put downward pressure on oil prices, as it forecast global oil inventories to increase by an average of 0.9 million barrels per day for the remainder of the year. In addition, the EIA projected oil prices to average $68p/b in the third quarter of 2025.
Source: U.S. EIA, Refinitiv, Byblos Research

Middle East accounts for 5% of global electricity's generation in 2024

BP indicated that the Middle East region's aggregate electricity generation reached 1,568.7 Terawatt-hours (TWh) in 2024, up by 5.6% from 1,485.9TWh in 2023, and represented 5% of the world's electricity output. The region generated 70.5% of its electricity from natural gas, followed by fuel oil (20.7%), renewables energy (3.4%), nuclear energy (3.1%), hydroelectric power (1.4%), and coal (1%). Electricity generation in Saudi Arabia totaled 454.6 TWh, or 29% of the region's output, followed by Iran with 395.8 TWh (25.2%), and the UAE with 177.3 TWh (11.3%).
Source: BP, Byblos Research

Algeria's oil exports up 3% in March 2025

Crude oil production in Algeria totaled 909,000 barrels per day (b/d) in March 2025, constituting a decrease of 0.3% from 912,000 b/d in February 2025. Further, aggregate crude oil exports stood at 415,000 b/d in March 2025, up by 3.2% from 402,000 b/d in February 2025.
Source: JODI, Byblos Research

Middle East accounts for 31% of global oil production in 2024

BP indicated that the Middle East region's aggregate production of oil reached 30.12 million barrels per day (b/d) in 2024 compared to 30.24 million barrels b/d in 2023, and represented 31.1% of the world's oil production. Production in Saudi Arabia totaled 10.86 million b/d, or 36% of the region's output. Iran followed with 5.06 million b/d (16.8%), then the Iraq with 4.4 million b/d (14.6%), UAE with 4.01 million b/d (13.3%), and Kuwait with 2.72 million b/d (9%); while production from other Middle Eastern countries reached 3.1 million b/d or 10.2% of the total.
Source: BP, Byblos Research

Base Metals: Nickel prices to average $15,000 per ton in third quarter of 2025

The LME cash price of nickel averaged $15,346.7 per ton in the year-to-July 10, 2025 period, constituting a decrease of 12.3% from an average of $17,491.1 a ton in the same period of 2024, due to the excessive production of the metal by nickel producers in Indonesia and the Philippines, weak demand, as well as to global economic uncertainties. Nickel prices reached $21,339 per ton on May 20, 2024, their highest level since August 3, 2023 when they stood at $21,369 a ton, due to the ban from the London Metal Exchange on Russian metal exports, following new trade sanctions that the U.S. and the United Kingdom imposed on Russia in response to the latter's invasion of Ukraine. In parallel, Citi Research anticipated the global supply of nickel at 3.78 million tons in 2025, which would constitute an increase of 3% from 3.67 million tons in 2024. Also, it forecast the global demand for nickel at 3.62 million tons in 2025, which would represent a rise of 4.7% from 3.46 million tons in 2024. In its base case scenario, it anticipated nickel prices to average between $14,000 and $15,000 per ton for the remainder of 2025, driven by weaker demand for battery and stainless steel and by U.S. tariff pressure, despite limited supply growth. Further, under its bull case scenario, it forecast nickel prices to average $18,000 a ton in 2025 and $20,000 a ton in 2026, in case of stronger cyclical global growth, potential tariff relief, and Chinese stimulus. In its bear case scenario, it projected nickel prices to average $14,000 per ton through 2025 and 2026 in case trade uncertainties persist and if demand for electric vehicles decreases. Also, it forecast nickel prices to average $15,000 per ton in the third quarter of 2025.
Source: Citi Research, Refinitiv, Byblos Research

Precious Metals: Silver prices to average $37 per ounce in third quarter of 2025

The future prices of silver averaged $33.1 per troy ounce in the year-to-July 10, 2025 period, constituting an increase of 25.8% from an average of $26.3 an ounce in the same period of 2024. The surge in the metal's prices was due mainly to geopolitical instability that reinforced the appeal of the metal as a safe haven for investors, as well as to elevated industrial and investment demand. Further, silver prices reached $37.1 per ounce on June 17, 2025, their highest level in 14 years, due to global trade tensions, strong industrial demand, and supply shortages. In parallel, Citi Research projected the global supply of silver at 1,048 million ounces in 2025, constituting an increase of 4.6% from 1,002 million ounces last year. Also, it forecast demand for the metal at 1,213 million ounces in 2025, representing an uptick of 1.5% from 1,195 million ounces in 2024. Further, in its bear case scenario, it projected silver prices to decline to $30 per ounce in the fourth quarter of 2025 due to expectations of a further slowdown in solar panels production, tighter-than-anticipated monetary policy from the U.S. Federal Reserve, a prolonged U.S.-China trade war, easing geopolitical tensions globally, and to the substantial weakening of demand for the metal from China and India. However, in its bull case scenario, it expected silver prices to rise to $46 per ounce in the fourth quarter of 2025, in case of a quicker resolution to the trade war between the U.S. and China, deeper-than-anticipated rate cuts by the U.S. Federal Reserve, escalation in geopolitical tensions, and a robust recovery in silver import demand from China and India. In addition, it anticipated silver prices to rise to $40 per ounce in the next six to 12 months under its base case scenario, in case of strong investment demand for the metal and constrained supply conditions. Also, it forecast silver prices to average $37 per ounce in the third quarter of 2025.
Source: 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	B- Stable	- -	-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	AA Stable	Aa2 Stable	AA- Stable	AA- Stable	5.5	29.9	-	-	4.3	-	6.8	-2.0
Yemen	- -	- -	- -	- -	-2.7	50.7	-	-	-	-	-19.2	-2.3

COUNTRY RISK METRICS

Countries	LT Foreign currency rating				General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI								
Asia												
Armenia	BB-	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	18-Jun-25	No change	30-Jul-25
Eurozone	Refi Rate	2.15	05-Jun-25	Cut 25bps	24-Jul-25
UK	Bank Rate	4.25	19-Jun-25	No change	07-Aug-25
Japan	O/N Call Rate	0.50	17-Jun-25	No change	31-Jul-25
Australia	Cash Rate	3.85	20-May-25	Cut 25bps	12-Aug-25
New Zealand	Cash Rate	3.25	09-Jul-25	No change	20-Aug-25
Switzerland	SNB Policy Rate	0.00	19-Jun-25	Cut 25bps	25-Sep-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-Jun-25	No change	20-Jul-25
Hong Kong	Base Rate	4.75	19-Dec-24	Cut 25bps	N/A
Taiwan	Discount Rate	2.00	19-Jun-25	No change	18-Sep-25
South Korea	Base Rate	2.50	10-Jul-25	No change	28-Aug-25
Malaysia	O/N Policy Rate	3.00	09-Jul-25	Cut 25bps	04-Sep-25
Thailand	1D Repo	1.75	25-Jun-25	No change	13-Aug-25
India	Repo Rate	5.5	06-Jun-25	Cut 50pbs	06-Aug-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	24.00	10-Jul-25	No change	28-Aug-25
Jordan	CBJ Main Rate	6.50	22-Dec-24	Cut 25bps	N/A
Türkiye	Repo Rate	46.00	19-Jun-25	No change	24-Jul-25
South Africa	Repo Rate	7.25	29-May-25	Cut 25bps	31-Jul-25
Kenya	Central Bank Rate	9.75	10-Jun-25	Cut 25bps	N/A
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	8.00	26-Jun-25	Cut 50bps	07-Aug-25
Brazil	Selic Rate	15.00	18-Jun-25	Raised 50bps	N/A
Armenia	Refi Rate	6.75	17-Jun-25	No change	05-Aug-25
Romania	Policy Rate	6.50	16-May-25	No change	08-Jul-25
Bulgaria	Base Interest	1.91	01-Jul-25	Cut 16bps	01-Aug-25
Kazakhstan	Repo Rate	16.50	11-Jul-25	No change	29-Aug-25
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

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut - Lebanon
Tel: (+961) 1 338 100
Fax: (+961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60, Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Sulaymaniyah Branch, Kurdistan, Iraq
Salem street, Kurdistan Mall - Sulaymaniyah
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14, Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362 Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

BELGIUM

Byblos Bank Europe S.A.
Brussels Head Office
Boulevard Bischoffsheim 1-8
1000 Brussels
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM

Byblos Bank Europe S.A., London Branch
Berkeley Square House
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 7518 8100
Fax: (+ 44) 20 7518 8129
E-mail: byblos.london@byblosbankeur.com

FRANCE

Byblos Bank Europe S.A., Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

NIGERIA

Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

ADIR INSURANCE

Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293