850 ISSUES+
Issue 882 | March 12, 2026

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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Rate of sovereign downgrades at 4% in 2025

S&P Global Ratings indicated that it upgraded the ratings of 28 sovereigns in 2025 relative to 22 upgrades in the preceding year, and downgraded the ratings of six sovereigns last year, down from 10 downgrades in 2024. It added that 59% of its rating actions covered emerging and frontier market countries last year, while the remaining 41% of rating actions targeted advanced economies. It said that it carried out two investment-grade downgrades in 2025 compared to six downgrades in 2024, while it implemented four speculative-grade downgrades last year, similar to 2024. It pointed out that it carried out 16 upgrades of speculative-grade sovereign ratings in 2025, unchanged from 2024, while it implemented 12 investment-grade sovereign upgrades compared to six upgrades in 2024. It noted that 31 rated sovereigns, or 21.2% of the total, were in the 'BBB'-rated category at the end of 2025, 30 sovereigns (20.5%) stood in the 'B' segment, 24 sovereigns (16.4%) came in the 'A' bracket, 21 (14.4%) stood in the 'BB' category, 18 (12.3%) were in the 'AA' segment, 11 (7.5%) stood in the 'AAA' category, and 11 (7.5%) the 'CCC' bracket or lower. In addition, it stated that two rated sovereigns defaulted on their obligations in 2025 compared to three defaults in 2024. It noted that there were no sovereign defaults on foreign currency (FC) obligations in 2025 relative to one default in 2024, while there were two sovereign defaults on local currency (LC) obligations last year compared to two defaults in 2024. In parallel, it said that the global rate of sovereign FC defaults was zero percent last year compared to 0.7% defaults in 2024, while the rate of LC defaults was 1.4% in 2025, similar to the rate in 2024. It added that the rate of sovereign FC downgrades decreased from 6.7% in 2024 to 4.4% in 2025, while the rate of FC upgrades grew from 16.3% in 2024 to 20.6% in 2025.

Source: S&P Global Ratings

Nearly 75% of world population uses the Internet

Figures released by the International Telecommunication Union (ITU) show that six billion individuals or 74% of the world's population used the Internet in 2025 compared to 5.8 billion people or 71% in 2024. It said that 94% of the population in high-income economies used the Internet in 2025 compared to 89% of the population in upper-middle income countries (UMICs), 63% of the population in lower-middle income economies (LMICs), and 23% of the population in low-income countries. In comparison, it stated that 88% of the population in high-income economies used the Internet in 2019 relative to 68% of the population in UMICs, 33% of the population in LMICs, and 16% of the population in low-income countries. Also, it pointed out that 85% of the global population in urban areas used the Internet compared to 58% in rural regions in 2025. On a regional basis, it noted that 93% of the population in the Commonwealth of Independent States (CIS) used the Internet in 2025, followed by Europe with 92%, the Americas with 88%, the Asia-Pacific region with 77%, Arab countries with 70%, and Africa with 36%. In comparison, it indicated that 82% of the population in Europe used the Internet in 2019, followed by the Americas and the CIS with 76% each, Arab economies with 54%, the Asia-Pacific region with 50%, and Africa with 25%.

Source: International Telecommunication Union

MENA

Stock markets' capitalization at $4.3 trillion at end-February 2026

The aggregate market capitalization of Arab stock markets reached $4.33 trillion (tn) at end-February 2026, constituting a rise of 3% from $4.2tn at end-2025 and a decrease of 0.6% from $4.35bn at end-February 2025. The market capitalization of the Saudi Exchange stood at $2.44tn at end-February 2026 and accounted for 56.3% of the total, followed by the Abu Dhabi Securities Exchange with $854.3bn (19.7%), the Dubai Financial Market with $293.8bn (6.8%), the Qatar Stock Exchange with $180.8bn (4.2%), Boursa Kuwait with $168bn (4%), the Casablanca Stock Exchange with $112.3bn (2.6%), the Muscat Stock Exchange with $94.2bn (2.2%), the Egyptian Exchange with $67.7bn (1.6%), the Amman Stock Exchange with $38.1bn (1%), the Bahrain Bourse with $21.2bn (0.5%), the Iraq Stock Exchange with $19.2bn (0.44%), the Beirut Stock Exchange with $19bn (0.4%), the Tunis Stock Exchange with $13.8bn (0.3%), the Palestine Exchange with $4.86bn (0.11%), and the Damascus Stock Exchange with $2.23bn (0.05%). In parallel, the market capitalization of the Saudi Exchange was equivalent to 185% of the country's estimated GDP for 2026, followed by the Abu Dhabi Securities Exchange (142% of GDP), Boursa Kuwait (103% of GDP), the Muscat Stock Exchange (86.5% of GDP), the Qatar Stock Exchange (75.6% of GDP), the Amman Stock Exchange (64.3% of GDP), the Casablanca Stock Exchange (57.2% of GDP), the Dubai Financial Market (49% of GDP), the Bahrain Bourse (43% of GDP), the Beirut Stock Exchange (41.2% of GDP), the Tunis Stock Exchange (22.8% of GDP), the Egyptian Exchange (17% of GDP), and the Iraq Stock Exchange (7% of GDP).

Source: Arab Federation of Capital Markets, International Monetary Fund, Institute of International Finance, Byblos Research

Assets of sovereign wealth funds at $5.6 trillion at end-2025

Figures released by data platform Global SWF show that Arab sovereign wealth funds (SWFs) had $5.6 trillion (tn) in assets under management (AUM) at the end of 2025, and accounted for 36.3% of the AUM of the top 100 SWFs worldwide. it said that the Abu Dhabi Investment Authority had $1.2tn in AUM and accounted for 21.2% of the total assets of SWFs in the Arab world at end-2025, followed by Saudi Arabia's Public Investment Fund with $1.15tn (20.5%), the Kuwait Investment Authority with $1tn in AUM (18%), the Qatar Investment Authority with $580bn (10.3%), the Investment Corporation of Dubai with $429.1bn (7.6%), the Abu Dhabi-based Mubadala Investment Company with $357.9bn (6.4%), the Abu Dhabi-based LIMAD Holding Company with $300bn (5.3%), the Abu Dhabi-based Emirates Investment Authority with $116.3bn (2.1%), Saudi Arabia's National Development Fund with $114.8bn (2%), the Dubai Investment Fund with $79.7bn (1.4%), Dubai Holding with $72.2bn (1.3%), the Libyan Investment Authority with $68.4bn (1.2%), the Abu Dhabi Fund for Development with $58.8bn (1%), the Oman Investment Authority with $53.3bn (0.9%), the Bahrain Mumtalakat Holding Company with $17.9bn (0.3%), and the Abu Dhabi-based EDGE Group with $12bn (0.2%).

Source: Global SWF, Byblos Research

POLITICAL RISKS OVERVIEW - February 2026

ARMENIA

A group of Azerbaijani civil society experts, including members of non-governmental organizations, academics and peace advocates, visited Armenia through a newly marked section of the delimited and demarcated border to join the "Peace Bridge" roundtable on February 13 and 14, 2026. Armenian and Azerbaijani civil society experts discussed ways to support the peace process, build trust between the two societies, and promote regional cooperation. This was the first time since Armenia's independence that such a delegation crossed the border officially, marking a historic step in the normalization process. A Member of Parliament from Azerbaijan suggested that Baku could be ready to sign a peace agreement with Yerevan before Armenia's June parliamentary elections if the latter's draft constitution, which is expected to be completed in March, does not contain references to the Nagorno-Karabakh province.

EGYPT

The House of Representatives approved on February 10 a Cabinet reshuffle that President Abdel Fattah el-Sisi had proposed, which consisted of appointing 13 new ministers, mainly in economic and administrative portfolios. The president also appointed General Ashraf Salem Zaher Mansour, who was he head of the Military Academy, as the new Minister of Defense.

IRAN

In their first negotiations since the 12-day war in June 2025, U.S. and Iranian representatives convened in Muscat on February 6. After the meeting, the U.S. stated that the negotiations would continue but that nothing definitive had been reached. The U.S. and Iranian delegations reconvened in Geneva, where U.S. officials acknowledged some progress but emphasized that key "red lines" remain unresolved. Also, the parties met for a third round of talks in Geneva on February 26, with Omani mediators reporting "significant progress" and plans for technical talks. However, after Tehran and Washington held three rounds of negotiations, tensions escalated as Israel, along with the U.S., launched air strikes on Iran on February 28, striking military targets and killing Supreme Leader Ali Khamenei, dozens of senior officials as well as hundreds of Iranians. As such, Iran launched retaliatory drone and missile attacks against a range of targets in Bahrain, Israel, Iraq, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE.

IRAQ

Iran fired missiles and drones on a U.S. base in Erbil, while Kataeb Hezbollah vowed to target U.S. bases in Iraq and the region, as regional hostilities escalated rapidly. Iraqi media reported that the U.S. had threatened to impose sanctions on individuals and institutions in Iraq unless the Shiite Coordination Framework (SCF) finds an alternative nominee than Nuri al-Maliki for the Prime Minister post. The SCF nominated former Prime Minister Nuri al-Maliki to the premiership in January, which sparked a political crisis when U.S. President Donald Trump issued a scathing rebuke of Maliki and warned against his return. The intervention intensified pressure on the SCF throughout February to reconsider its choice. The Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK) remain locked in a dispute over the nomination of Iraq's federal president, who by convention should be Kurdish, as well as on the formation of the Kurdistan Regional Government, which has been stalled since October 2024. KDP leader Masoud Barzani and PUK leader Bafel Talabani met in Erbil on February 11 and described the meeting as positive, but they did not reach a concrete agreement. The federal government revealed that it had submitted updated coordinates and maps to the United Nations related to a long-running dispute with Kuwait over Khor Abdullah, which is a narrow waterway located at the northern end of the Arabian Gulf, while Kuwait summoned Iraq's chargé d'affaires to protest the move.

LIBYA

Unidentified gunmen killed Saif al-Islam Qadhafi, the son of former dictator Muammar Qadhafi. Clashes erupted along Libya's southwestern border with Niger between Khalifa Haftar's Libyan National Army (LNA) and the armed group known as the Operations Room for the Liberation of Southern Libya (SLOR) amid competing claims over the control of Libya's southern frontier. The rivalry between the newly created eastern-backed Supreme Constitutional Court and the Tripoli-based Supreme Court continued to intensify, with courts from January onward issuing a series of competing decisions. Further, the National Oil Corporation announced the results of its first major oil and gas exploration licensing round since 2007, and awarded five new exploration blocks out of 22-tendered blocks to seven international oil companies.

SUDAN

The U.S. pushed for a humanitarian truce in Sudan, as heavy clashes and relentless drone strikes continued between the Sudanese Armed Forces and the Rapid Support Forces (RSF), while both sides pressed ahead with the consolidation of rival administrations. U.S. Senior Adviser for Arab and African Affairs Massaad Boulos continued his mediation efforts and outlined a five-pillar strategy linking short-term de-escalation with a broader political settlement, including an immediate humanitarian truce, expanded humanitarian access, a permanent ceasefire, starting a political process leading to a civilian-led transition, and reconstruction. The RSF-led coalition of armed groups and political actors negotiated to finalize the formation of a parallel government and to appoint key ministers. The army-led government discussed the creation of a transitional legislative council that would include army-aligned civilian politicians and armed leaders, as part of a broader effort to formalize governance structures.

TÜRKIYE

The parliamentary body overseeing the peace initiative with the Kurdistan Workers' Party (PKK) issued its first set of recommendations, laying the legal groundwork for ending the conflict with the PKK. The Pro-Kurdish Peoples' Equality and Democracy Party (DEM) party voted in favor of the report but also released a dissenting opinion. In its statement, the DEM criticized the report for failing to explicitly acknowledge the "Kurdish issue" and for omitting key measures it had demanded, including the establishment of a truth and reconciliation commission and the introduction of Kurdish-language education. The party warned that, without these provisions, the initiative risks being reduced to a narrow disarmament plan rather than to a comprehensive political settlement capable of delivering lasting peace. Greek Prime Minister Kyriakos Mitsotakis and President Recep El Tayep Erdoğan met in Ankara, where both leaders agreed to expand areas of cooperation in several fields such as migration management, trade, culture and science.

YEMEN

Deadly clashes erupted in the South of Yemen between government forces and the Southern Transitional Council (STC). Yemen's internationally recognized government unveiled a new 35-member Cabinet after weeks of consultations led by Prime Minister-designate Shaya al-Zindani. The unusually large lineup reflects efforts to contain political tensions following the STC's territorial advances in December and January as well as the subsequent military pushback.

Source: International Crisis Group, Newswires

OUTLOOK

WORLD

Higher oil prices to put pressure on growth and inflation

Goldman Sachs' baseline scenario on the impact of the Iran war on the global economy assumes a very low transit of hydrocarbons through the Strait of Hormuz for a short period of time, followed by a gradual recovery of transit during the following 28 days. It estimated that, if global oil prices stay at about $80 per barrel (p/b), the global inflation rate will increase by 0.2 percentage point (pp) and global growth will decelerate by 0.1 pp. In its "upside" scenario, it assumes very low transit through the Strait of Hormuz for five weeks, which will push oil prices to $100 p/b before normalizing over the course of 2026. As such, it forecast the global inflation rate to increase by 0.7 pp and for global real GDP growth to decelerate by 0.4 pp this year under this scenario.

Further, it considered that additional downside risks to the global macroeconomic outlook would originate from tighter financial conditions, which would incrementally lower global GDP growth by 0.3 pp in the near term. In addition, it noted that the impact on global growth and inflation would be larger in a more sustained disruption of hydrocarbon flows, particularly if liquified natural gas prices rise to the $25 per Metric Million British Thermal Unit threshold that triggered steep declines in demand for natural gas during the 2022 European energy crisis.

In parallel, under its "upside" scenario, it indicated that a rise in oil prices to $100 p/b would increase Canada's and Latin America's real GDP growth rates by about 0.6 pp and 0.4 pp, respectively. In contrast, it said that the negative impact of higher oil prices will be the most severe in Central and Eastern Europe, where oil prices of $100 p/b could reduce real GDP growth by about 1.25 pp, followed by a decline of about 0.75 pp in the growth rate of Emerging Asia excluding China and India, and of about 0.6 pp in the Euro Area. It also projected such a surge in oil prices to lower the U.S. real GDP growth rate by about 0.3 pp, Japan's economic growth by about 0.2 pp, and China's real GDP growth rate by about 0.15 pp.

Source: Goldman Sachs

GCC

Growth outlook contingent on conflict-related disruptions

JPMorgan Chase & Co downgraded its real GDP growth forecast for the Gulf Council Cooperation (GCC) countries for 2026 from a pre-conflict rate of 3.2% to 2.3% currently. It noted that its downward revision reflects the impact of Iranian strikes on the tourism, transportation, and logistics sectors in the six GCC economies. Also, it stated that it reduced its growth forecast for the UAE from 3.6% to 2.2%, for Bahrain from 1.9% to 0.7%, for Qatar from 5.4% to 4.5%, for Saudi Arabia from 2.7% to 2.1%, for Kuwait from 2.3% to 1.8%, and for Oman from 3% to 2.7%.

Further, it revised downward its real non-hydrocarbon GDP growth forecast for the GCC countries from a pre-conflict rate of 3.5% to 2.3% for 2026. It said that it reduced its real non-oil growth projection for the UAE from 4.5% to 2.2%, for Bahrain from 2.2% to 0.7%, for Qatar declined from 3.3% to 2%, for Kuwait from 3.5% to 2.5%, for Saudi Arabia from 3.1% to 2.4%, and for Oman from 3.1% to 2.7%. Further, it considered that risks of additional growth downgrades remain elevated and depend largely on the duration of the conflict. It indicated that a recovery in the hydrocarbon sector later this year remains possible, but added that it will largely depend on the length of the conflict and on the resumption of shipments through the Strait of Hormuz. Further, it noted that the conflict has also raised risks to the region's economic diversification agenda that will potentially weigh on domestic and foreign direct investments, and on talent attraction, which would limit future growth prospects. In parallel, it said the outlook is titled to the downside, as it expected the non-hydrocarbon economy to face more lasting challenges, with hospitality and tourism taking longer to rebound than other sectors.

In parallel, it revised downwards its growth forecast for tourism-related sectors in the GCC more steeply than for other industries. Also, it revised growth projections in the transport sector, as airspace closures across most GCC countries, except for Oman and Saudi Arabia, and damage to major ports, such as Jebel Ali in the UAE, have weighed heavily on transport activity. In addition, it stated that it maintained its projections for the fiscal and current account balances of GCC economies at this stage, but noted that the forecast will depend on the dynamics of the energy sector. Further, it anticipated downside risks from weaker tourism receipts across the region, but it noted that this will be partly offset by lower remittance outflows and reduced imports amid softer economic activity.

Source: JPMorgan Chase & Co

EGYPT

Economy could withstand impact of regional conflict

Goldman Sachs considered that the Egyptian economy is resilient to a potential prolonged Middle East conflict, due to its improved external buffers, ample domestic foreign-currency liquidity, a floating foreign exchange regime, high real interest rates, a strong balance-of-payments position amid a narrower current account deficit and higher capital inflows, already weak revenues from the Suez Canal, rising GDP growth and investments, as well as strong prospects of regional and international support. It noted that these factors would help reduce the economic risks that the war in Iran is posing.

Further, it said that the risks to Egypt's economy include a widening in the energy trade deficit if the oil and gas import bill rises; a decline in gas imports due to a shut-down of Israel's gas pipeline and disruptions to the flow of Qatar's liquified natural gas to Egypt; a drop in tourism activity; a decrease in Suez Canal receipts; a decline in remittance inflows from Gulf Cooperation Council countries, which accounted for the majority of the $40bn remittance inflows in 2025; continued portfolio outflows, particularly from the local debt market; a rise in domestic inflationary pressures; and a slowdown or a reversal in the easing of the monetary policy cycle.

In parallel, it said that the Central Bank of Egypt (CBE) considers that its real interest rate buffer is adequate enough to avoid the risk of policy reversal. It stated that the CBE anticipates additional cuts in interest rates this year, even if the economy faces challenges, but at a potentially slower pace than planned.

Source: Goldman Sachs

MENA

Impact of closure of Strait of Hormuz varies across region

Fitch Ratings considered that the full closure of the Strait of Hormuz for a month or less will have varying impacts on Middle East sovereigns, but it added that the latter will be able to absorb the disruptions without exposing their current ratings to negative action, given that it did not anticipate major damages to energy production and transport infrastructure. It said that Bahrain, Iraq, Kuwait and Qatar send between 87% and 95% of their hydrocarbon exports through the Strait. As such, it estimated that the closure of the Strait for four weeks would reduce hydrocarbon export proceeds by 1.9% of GDP for Iraq and Qatar, as well as by 1.8% of GDP for Bahrain, by 1.5% of GDP for Kuwait, and by 0.6% of GDP for the Emirate of Abu Dhabi. Further, it noted that Kuwait and Qatar have significant sovereign balance-sheet buffers, with very large foreign assets that were equivalent to 606% of GDP and 223% of GDP, respectively, at end-2025. Also, it expected other Gulf sovereigns to provide financing and potential other support to Bahrain, in case of need. In addition, it said that the Iraqi government could partly offset the disruptions to its exports by using its existing cash deposits at the Central Bank of Iraq or by reducing capital expenditures that are elevated by historical standards. Also, it indicated that Saudi Arabia and the UAE have a hydrocarbon export infrastructure that bypasses the Strait of Hormuz. It added that Saudi Arabia can transfer up to seven million barrels per day of crude oil through its East-West pipeline and to export it through the Red Sea port of Yanbu.

Source: Fitch Ratings

Tourism spending down $600m per day due to Iran conflict

The World Travel & Tourism Council indicated that the escalating conflict in Iran is impacting the travel and tourism sector across the Middle East and estimated that international visitor spending in the region is declining by at least $600m per day, as disruptions to air travel, traveler confidence and regional connectivity affect global demand for tourism services. In comparison, in its 2026 pre-conflict forecast, it projected international visitor spending across the region at $207bn this year. Further, it said that the Middle East plays a vital role in global travel, as the region accounts for 5% of global international arrivals and 14% of global international transit traffic. It considered that disruptions to the travel and tourism sector in the Middle East have global implications, as they affect the activity of airports, flights, hotels, rental car services, and cruise lines. It added that the major regional aviation hubs of Dubai, Abu Dhabi, Doha and Bahrain, which together normally process around 526,000 passengers per day, have experienced closures and operational disruption as the conflict escalates, which is significantly affecting regional and global connectivity. In parallel, figures released by the United Nations World Tourism Organization show that the number of tourist arrivals to the Middle East reached 99.8 million arrivals in 2025, constituting an increase of 3.3% from 96.6 million tourists in 2024 and compared to 93.4 million arrivals in 2023, 68 million tourists in 2022, 30.5 million arrivals in 2021, 19.4 million tourists in 2020, and 71.6 million arrivals in 2019.

Source: World Travel & Tourism Council, UN World Tourism Organization

UAE

Sovereign ratings affirmed on strong fiscal and external positions

S&P Global Ratings affirmed the United Arab Emirates' long-term foreign and local currency sovereign credit ratings at 'AA', as well as the short-term local and foreign currency sovereign credit ratings at 'A-1', with a 'stable' outlook on the long-term ratings. It also affirmed the Transfer & Convertibility assessment rating at 'AA+'. It noted that the ratings are supported by the country's strong fiscal and external positions, as well as by the exceptional strength of the government's consolidated net asset position that it forecast to reach 184% of GDP in 2026. It anticipated the UAE's substantial fiscal, economic, external, and policy flexibility to constitute an effective buffer against the impact of the regional conflict. Further, it expected the regional war and severe threats to the UAE's key infrastructure to be offset by the sovereign's strong balance sheet and the authorities' commitment to restoring stability. Also, it estimated the government's liquid assets at about 210% of GDP in 2026, and projected the UAE's external liquid assets to exceed its external debt by more than 170% of current account payments on average in the 2026-29 period. Further, it forecast the UAE's gross external financing needs at 130.2% of current account receipts plus usable reserves in 2026, and at 132.3% of such receipts and reserves in each of 2027 and 2028, respectively. In parallel, it said that it could upgrade the ratings in the medium term if geopolitical tensions ease significantly, and/or if the authorities implement measures to improve the effectiveness of monetary policy.

Source: S&P Global Ratings

NIGERIA

Fiscal pressure and weak governance affecting credit profile

In its periodic review of Nigeria's credit profile, Moody's Ratings indicated that the sovereign's long-term foreign- and local-currency issuer ratings of 'B3', which is six notches below investment grade, reflects the fiscal pressures arising from the government's very limited revenue-generation capacity despite measures to improve tax collection, and its low debt affordability in spite of a moderate debt burden. Also, it said that the ratings balance the very weak institutional and governance framework with the country's large and diversified economy and stronger external buffers. Further, it noted that the economic strength assessment of 'ba2' balances Nigeria's sizeable and moderately diversified economy with the country's weak economic growth and low-income level, which limits Nigeria's capacity to absorb economic shocks. Also, it said that the institutions and governance strength assessment of 'caa2' underscores governance weaknesses, as reflected by persistent challenges to the formulation and implementation of policies, weak law enforcement, and by low but improving tax compliance. Further, it stated that the 'b3' fiscal strength assessment captures the moderate government debt burden that remains vulnerable to the depreciation of the naira, along with the government's low revenues generation and high debt servicing payments. It added that the 'ba' susceptibility to event risk score is primarily driven by the government's elevated liquidity risks, banking sector risks, external vulnerability risks, and political uncertainties.

Source: Moody's Ratings

GCC

Robust financial buffers mitigate near-term impact of conflict

Moody's Ratings expected the ongoing conflict in the Middle East to have limited short-term effects on the credit profiles of banks in Gulf Cooperation Council (GCC) countries due to their strong liquidity positions and robust capital buffers. But it considered that the risks facing banks will increase in case of a lengthy disruption to energy trade flows or if Iran escalates its attacks. First, it noted that the primary risk transmission channel would be through the banks' operational and liquidity risks. It stated that GCC banks hold ample liquidity buffers against liquidity risks, as their core banking liquidity ranges between 13% and 23% of tangible banking assets, and includes cash and cash equivalents as well as highly rated government securities issued by their respective sovereigns. But it indicated that banking sectors with a higher reliance on less stable and external funding would face greater refinancing risks if the conflict lasts longer than expected. Second, it pointed out that the deterioration of the banks' operating environment could undermine their asset quality and profitability, as an extended conflict would weigh on business sentiment and the non-oil economy where GCC banks extend credit, particularly in sectors such as trade, transportation, real estate, construction, and tourism. Third, it said that the GCC banks' strong linkages with their respective sovereigns constitute a risk transmission channel. It estimated that, in the event of prolonged disruptions to energy exports and sustained Iranian attacks, the governments' capacity to extend financial support to their banking systems could regress.

Source: Moody's Ratings

KUWAIT

Kuwait makes progress on AML/CFT action plan

In its February 2026 update, the Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), announced that it placed Kuwait on its list of "jurisdictions under increased monitoring". It indicated that the Kuwaiti authorities made a high-level political commitment to work with the FATF and its regional body MENAFATF to strengthen the effectiveness of the country's AML/CFT regime. It pointed out that the authorities have made significant progress on the vast majority of the recommended actions in the Mutual Evaluation Report, including adopting a new national AML, CFT, and Counter Proliferation Financing strategy; improving their technical compliance framework for Terrorism Financing (TF) and Proliferation Financing targeted financial sanctions; enhancing their understanding of money laundering (ML) and TF risks, as well as conducting risk-based outreach and supervision of financial institutions and Designated Non Financial Businesses and Professions. It urged the authorities to enhance their outreach to real estate agents and to dealers in precious metals and stones on Suspicious Transaction Reports reporting. It called on the authorities to ensure that beneficial ownership information in the registry is accurate, and to apply effective, proportionate and dissuasive sanctions in cases of inaccurate information where appropriate. Also, it stressed the importance of increasing ML investigations and prosecutions in relation to cross-border movements of currency.

Source: Financial Action Task Force

EGYPT

Ratings constrained by banks' large holdings of government securities

In its periodic review of the ratings of the National Bank of Egypt (NBE), Banque Misr, Commercial International Bank (CIB), and Bank of Alexandria (BoA), Moody's Ratings indicated that the 'B3' long-term deposit ratings of BoA take into account the bank's baseline credit assessment (BCA) of 'caa1', as well as the moderate probability of support from its parent company Intesa Sanpaolo Group, in case of need. However, it noted that the BCAs of BoA and NBE remain constrained by the government's rating, given the banks' high exposure to Egyptian government securities. In parallel, it said that the 'Caa1' long-term deposit ratings of NBE, Banque Misr and CIB, and their BCAs of 'caa1', capture the banks' stable deposit-based funding profile, strong local currency liquidity, and robust profitability metrics. It added that the BCA of CIB is also underpinned by its strong capital buffers. But, it noted that CIB's long-term deposit ratings are constrained by the sovereign rating, given the bank's high exposure to Egyptian government securities. Further, it said that Banque Misr's sizeable exposure to foreign funding is supported by its US dollar deposits placed at other banks, while its foreign currency liquidity conditions have improved but remain vulnerable to changes in market sentiment. In addition, it stated that the risks to the asset quality of Banque Misr remain high, driven by the weak debt affordability of borrowers, as well as to the still high but declining interest and inflation rates.

Source: Moody's Ratings

TUNISIA

Agency takes rating actions on banks

Fitch Ratings affirmed the long-term foreign- and local currency Issuer Default Ratings (IDRs) of the Arab Tunisian Bank (ATB) and of Union Bancaire pour le Commerce et l'Industrie (UBCI) at 'B-', and the IDRs of Banque Tuniso-Koweitienne (BTK) at 'CCC-'. It also affirmed the national long-term rating of the Arab Banking Corporation Tunisie (ABCT) at 'AAA(tun)' and the rating of Wifak International Bank's (Wifak) at 'BBB-(tun)'. Also, it maintained the 'stable' outlook on all of the banks' ratings. Further, it affirmed the Viability Rating (VR) of UBCI at 'b-', the VR of ATB at 'ccc+', and the rating of BTK at 'ccc-'. It indicated that the national rating of ABCT reflects potential support from its parent bank Arab Banking Corporation, while the rating of ATB takes into account the limited probability of government support in case of need. But it indicated that the VRs of BTK and UBCI are constrained by weak support from the government in case of need. Further, it said that solid funding and liquidity positions support the national ratings of ABCT and Wifak and the VRs of ATB, UBCI and BTK. It added that the challenging operating environment in Tunisia and significant credit concentration are constraining the ratings of ABCT, ATB, UBCI and Wifak. It pointed out that weak capital ratios are weighing on the VRs of ATB, BTK, and UBCI, as well as on the national rating of Wifak, while the adequate capital ratios of ABCT are supporting its rating. It indicated that weak asset quality is weighing on the VRs of ATB and BTK, while reasonable and improved asset quality is supporting the VRs of UBCI and Wifak and the national rating of ABCT.

Source: Fitch Ratings

ENERGY / COMMODITIES

Oil prices to average $79.6 p/b in first quarter of 2026

The price of ICE Brent Crude oil front-month futures contracts have been volatile so far in March, trading at between $77.7 per barrel (p/b) and $119.5 p/b due to disruptions in Middle East oil flows, reduced shipments through the Strait of Hormuz, and production shut ins linked to the regional military conflict. Further, the International Energy Agency (IEA) said that it agreed to release 400 million barrels of oil from emergency reserves held by its members in order to address disruptions in oil markets stemming from the war in the Middle East. In parallel, the U.S. Energy Information Administration (EIA) indicated that high uncertainties about the supply of oil amid the closure of the Strait of Hormuz has added a high risk premium to oil prices, as market participants assess actual disruptions to oil flows and weigh the potential for those disruptions to persist. It said that, even though the Strait of Hormuz is not physically blocked, the Iranian threats of attack and the suspension of insurance coverage have led most tankers to avoid transiting through the Strait, which resulted in the suspension of some oil production in the region. But it expected global oil output to continue to outpace consumption in the 2026-27 period when oil shipments resume through the Strait of Hormuz, which would result in the increase in global oil inventories by an average of 1.9 million barrels per day in 2026 and by 3 million b/d in 2027. In addition, it said that the OPEC+ coalition agreed on March 1 to begin increasing production in April 2026 by a total of 206,000 b/d in response to low oil inventories. It considered that the OPEC+ supply remains contingent on the duration and extent of the disruptions to oil flows through the Strait of Hormuz. Further, it projected Brent oil prices to average $79.6 p/b in the first quarter of 2026.

Source: IEA, EIA, LSEG Workspace, Byblos Research

Kuwait's crude oil production nearly unchanged in December 2025

Crude oil production in Kuwait totaled 2.58 million barrels per day (b/d) in December 2025, nearly unchanged from 2.57 million b/d in November 2025. Crude oil exports stood at 2.44 million b/d in December 2025, down from 2.45 million b/d in November 2025 and constituting an increase of 1% from 2.42 million b/d in November 2024.

Source: JODI, Byblos Research

Non-OPEC petroleum and liquid fuels to grow by 1.6% in 2026

The U.S. Energy Information Administration projected the production of petroleum and liquid fuels from non-OPEC producers at 73.67 million barrels per day (b/d) in 2026, which would represent an increase of 1.6% from 72.51 million b/d in 2025. The supply of petroleum and liquid fuels from non-OPEC producers would account for 68.8% of global output.

Source: U.S. Energy Information Administration

Saudi Arabia's oil export receipts at $17.5bn in December 2025

Oil exports from Saudi Arabia totaled 8.46 million barrels per day (b/d) in December 2025, representing a decrease of 2.3% from 8.65 million b/d in November 2025 and an increase of 16.2% from 7.28 million b/d in December 2024. Oil export receipts reached $17.46bn in December 2025, down by 2.3% from $17.88bn in November 2025 and up by 1% from $17.3bn in December 2024.

Source: JODI, General Authority for Statistics, Byblos Research

Base Metals: Zinc prices to average $2,763 per ton in first quarter of 2026

The LME cash prices of zinc averaged $3,264.5 per ton in the year-to-March 11, 2026 period, constituting an increase of 16% from an average of $2,816.5 a ton in the same period of 2025, due to supply constraints, production cuts at smelters in Japan and Europe, low global inventory levels, and stronger demand from the construction, automotive, and renewable energy sectors. Also, zinc prices reached $3,393.6 per ton on January 30, 2026, their highest level since February 2, 2023 when they stood at $3,411.5 a ton, due to increasing supply concerns in global markets. In parallel, the latest available figures released by the International Lead and Zinc Study Group (ILZSG) show that global demand for refined zinc stood at 13.86 million tons in 2025, constituting an increase of 2% from 13.6 million tons in 2024 due to the increase in demand for the metal in China, India, Saudi Arabia, Thailand, the U.S. and Europe, which was partially offset by lower demand in Brazil, South Korea, Peru and South Africa. Also, global zinc production was 13.8 million tons in 2025, representing a rise of 2% from 13.5 million tons in 2024, due to the increase of output in Australia, China, India, Iran, Peru, South Africa, and the Democratic Republic of Congo, which outpaced lower production in Brazil, Eritrea, Kazakhstan and the U.S. Also, the ILZSG indicated that the global market for refined zinc posted a deficit of 33,000 tons and that global inventories decreased by 77,000 tons in 2025. Further, S&P Global Market Intelligence projected zinc prices to average $2,762.6 per ton in the first quarter of 2026, with a low of $2,600 a ton and a high of $2,900 per ton in the covered quarter.

Source: ILZSG, S&P Global Market Intelligence, LSEG Workspace, Byblos Research

Precious Metals: Gold prices to average $5,000 per ounce in first quarter of 2026

Gold prices averaged $4,908.2 per ounce in the year-to-March 11, 2026 period, constituting a surge of 74.6% from an average of $2,810.6 an ounce in the same period of 2025, largely driven by strong demand from central banks worldwide, as well as to concerns about global economic uncertainties. Also, gold prices reached an all-time high of $5,297.9 per ounce on March 2, 2026 due to the metal's strong appeal as a safe haven for investors, amid geopolitical uncertainties regarding the U.S.-Iran confrontation and growing concerns about global economic stability. Further, figures released by the World Gold Council show that global inflows to gold-backed exchange-traded funds reached 26.2 tons in February 2026, with inflows of 27.9 tons in North America, 11 tons in Asia, 0.3 tons in other regions, and outflows of 13 tons in Europe. In comparison, global inflows from gold-backed ETFs stood at 120.2 tons in January 2026, with inflows of 62.1 tons in Asia, 43.4 tons in North America, 12.9 tons in Europe, and 1.8 tons in other regions. In addition, it pointed out that North America marked its ninth consecutive month of inflows, driven by heightened geopolitical risks and a more favorable opportunity cost to hold gold, due to softening of the U.S. dollar and lower U.S. interest rates. Also, it indicated that gold-backed ETFs in Europe shifted from inflows of 12.9 tons in January 2026 to outflows of 13 tons in February 2026, largely due to heavy redemptions during the first week as the late January precious metals sell-off spilled into early February. In parallel, Citi Research forecast gold prices to average $5,000 per ounce in the first quarter of 2026.

Source: World Gold Council, Citi Research, LSEG workspace, Byblos Research

COUNTRY RISK METRICS

Countries	LT Foreign currency rating				General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI								
Africa												
Algeria	- -	- -	- -	- -	-11.3	58.2	-	-	-	-	-8.9	-
Angola	B- Stable	B3 Stable	B- Stable	- -	-4.2	48.1	4.8	52.0	31.7	104.8	2.5	-1.3
Egypt	B Stable	Caa1 Positive	B Stable	B Stable	-7.1	81.0	3.3	63.5	71.9	135.4	-4.0	2.0
Ethiopia	SD -	Caa3 Stable	CCC- -	- -	-1.7	30.9	2.5	31.4	10.4	116.0	-2.3	2.0
Ghana	B Stable	Ca Positive	B- Stable	- -	-3.9	50.7	2.0	17.4	19.6	95.5	2.9	1.7
Côte d'Ivoire	BB Stable	Ba2 Stable	BB Stable	- -	-3.1	56.0	3.9	36.4	16.3	107.4	-2.5	2.5
Libya	- -	- -	- -	- -	-3.9	75.7	-	-	-	-	-13.1	-
Dem Rep Congo	B- Stable	B3 Stable	- -	- -	-1.8	17.9	1.8	8.0	2.8	97.2	-2.7	2.2
Morocco	BBB- Stable	Ba1 Stable	BB+ Stable	- -	-3.0	62.0	4.6	26.8	7.1	93.7	-2.2	1.7
Nigeria	B- Positive	B3 Positive	B Stable	- -	-3.8	46.0	5.7	57.2	28.9	101.5	4.4	0.3
Sudan	- -	- -	- -	- -	-1.1	81.6	-	-	-	-	-12.7	-
Tunisia	- -	Caa1 Stable	B- Stable	- -	-4.3	80.2	-	-	-	-	-2.2	-
Burkina Faso	CCC+ Stable	- -	- -	- -	-3.8	59.1	1.8	59.9	11.2	143.1	-1.9	0.7
Rwanda	B+ Stable	B2 Stable	B+ Stable	- -	-4.2	74.1	3.9	20.6	10.4	112.0	-14.7	7.4
Middle East												
Bahrain	B Stable	B2 Stable	B Stable	B+ Negative	-5.9	142.7	-4.2	152.5	33.8	380.8	1.3	3.0
Iran	- -	- -	- -	- -	-4.0	40.9	-	-	-	-	1.1	-
Iraq	B- Stable	Caa1 Stable	B- Stable	- -	-4.2	47.7	12.8	3.5	2.4	48.5	2.3	-3.0
Jordan	BB- Stable	Ba3 Stable	BB- Stable	BB- Stable	-1.6	94.3	2.3	68.2	13.3	147.6	-6.1	3.1
Kuwait	AA- Stable	A1 Stable	AA- Stable	A+ Stable	-9.1	17.5	2.3	56.1	1.3	114.6	19.8	-6.0
Lebanon	SD -	C -	RD** -	- -	0.0	88.6	2.1	192.2	3.8	264.1	-13.3	3.5
Oman	BBB- Stable	Baa3 Stable	BBB- Stable	BBB- Positive	0.0	36.5	1.9	27.6	6.7	113.4	-3.0	7.0
Qatar	AA Stable	Aa2 Stable	AA Stable	AA Stable	-0.8	42.5	2.9	136.1	5.0	181.3	13.6	-0.7
Saudi Arabia	A+ Stable	A1 Positive	A+ Stable	AA- Stable	-4.0	30.3	8.3	36.9	3.1	83.0	-2.9	0.8
Syria	- -	- -	- -	- -	-4.0	38.4	-	-	-	-	-9.6	-
UAE	AA Stable	Aa2 Stable	AA- Stable	AA- Stable	2.9	30.8	-	-	-	-	5.6	-
Yemen	- -	- -	- -	- -	-5.1	69.3	-	-	-	-	-6.6	-

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+								
	Positive	Stable	Positive	Positive	-4.1	50.3	2.2	31.4	12.9	117.5	-5.0	1.8
China	A+	A1	A+	-								
	Stable	Negative	Stable	-	-3.0	78.4	11.0	23.6	7.0	60.8	3.6	0.7
India	BBB-	Baa3	BBB-	-								
	Stable	Stable	Stable	-	-6.9	81.4	7.1	29.9	24.2	83.4	-5.6	0.7
Kazakhstan	BBB-	Baa2	BBB	-								
	Stable	Positive	Stable	-	-3.8	28.7	6.5	33.7	13.7	91.5	-4.2	1.5
Pakistan	B-	Caa1	B-	-								
	Stable	Stable	Stable	-	-5.1	70.8	2.7	28.7	47.8	107.4	-0.7	0.3
Bangladesh	B+	B2	B+	-								
	Stable	Negative	Stable	-	-4.5	36.4	3.5	24.3	26.2	99.5	-0.9	0.3
Central & Eastern Europe												
Bulgaria	BBB	Baa1	BBB	-								
	Positive	Stable	Positive	-	-3.4	30.9	1.0	20.7	1.9	115.0	-2.7	2.1
Romania	BBB-	Baa3	BBB-	-								
	Stable	Stable	Stable	-	-6.4	60.7	4.8	27.2	9.1	98.8	-6.6	2.0
Russia	-	-	-	-								
	-	-	-	-	-1.7	20.7	-	-	-	-	0.5	-
Türkiye	BB-	B03	BB-	BB-								
	Stable	Stable	Stable	Positive	-3.6	25.8	3.2	62.9	15.3	132.3	-1.6	0.4
Ukraine	CC	Ca	CC	-								
	Negative	Stable	-	-	-1.3	101.7	5.1	42.1	8.1	108.1	-9.4	2.0

**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 2026

SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting Date	Last meeting Action	Next meeting
USA	Fed Funds Target Rate	3.75	28-Jan-26	No change	18-Mar-26
Eurozone	Refi Rate	2.15	05-Feb-26	No change	19-Mar-26
UK	Bank Rate	3.75	05-Feb-26	No change	19-Mar-26
Japan	O/N Call Rate	0.75	23-Jan-26	No change	19-Mar-26
Australia	Cash Rate	3.85	03-Feb-26	Raised 25bps	17-Mar-26
New Zealand	Cash Rate	2.25	19-Feb-26	No change	08-Apr-26
Switzerland	SNB Policy Rate	0.00	11-Dec-25	No change	19-Mar-26
Canada	Overnight rate	2.25	28-Jan-26	No change	18-Mar-26
Emerging Markets					
China	One-year Loan Prime Rate	3.00	24-Feb-26	No change	20-Mar-26
Hong Kong	Base Rate	4.00	11-Dec-25	Cut 25bps	N/A
Taiwan	Discount Rate	2.00	18-Dec-25	No change	19-Mar-26
South Korea	Base Rate	2.50	26-Feb-26	No change	10-Apr-26
Malaysia	O/N Policy Rate	2.75	05-Mar-26	No change	07-May-26
Thailand	1D Repo	1.00	25-Feb-26	Cut 25bps	29-Apr-26
India	Repo Rate	5.25	06-Feb-26	No change	08-Apr-26
UAE	Base Rate	3.65	10-Dec-25	Cut 25bps	N/A
Saudi Arabia	Repo Rate	4.25	10-Dec-25	Cut 25bps	N/A
Egypt	Overnight Deposit	19.00	12-Feb-26	Cut 100bps	02-Apr-26
Jordan	CBJ Main Rate	6.00	02-Nov-25	Cut 50bps	N/A
Türkiye	Repo Rate	37.00	22-Jan-26	Cut 100bps	12-Mar-26
South Africa	Repo Rate	6.75	29-Jan-26	No change	26-Mar-26
Kenya	Central Bank Rate	8.75	10-Feb-26	Cut 25bps	08-Apr-26
Nigeria	Monetary Policy Rate	26.50	24-Feb-26	Cut 25bps	20-Mar-26
Ghana	Prime Rate	15.50	28-Jan-26	Cut 250bps	18-Mar-26
Angola	Base Rate	17.50	14-Jan-26	Cut 100bps	12-Mar-26
Mexico	Target Rate	7.00	05-Feb-26	No change	26-Mar-26
Brazil	Selic Rate	15.00	28-Jan-26	No change	18-Mar-26
Armenia	Refi Rate	6.50	03-Feb-26	No change	17-Mar-26
Romania	Policy Rate	6.50	17-Feb-26	No change	07-Apr-26
Bulgaria	Base Interest	1.81	01-Dec-25	Raised 1bp	N/A
Kazakhstan	Repo Rate	18.00	06-Mar-26	No change	24-Apr-26
Ukraine	Discount Rate	15.00	29-Jan-26	Cut 50bps	19-Mar-26
Russia	Refi Rate	16.00	19-Dec-25	Cut 50bps	20-Mar-26

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