

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

MENA

Investments in startups down 37% to \$941m in first quarter of 2026

Figures released by the Wamda and Digital Digest platforms show that investments in startups in the Middle East and North Africa (MENA) region reached \$941m in the first quarter of 2026, constituting a decline of 37% from \$1.5bn in the same period of 2025, while the number of investments in startups exceeded 120 in the covered quarter relative to 149 deals in the first quarter of 2025. The data indicates that investments in UAE startups stood at \$625.8m, or 66.5% of placements in the region's startups in the first quarter of the year, followed by investments in Saudi Arabia with \$156.7m (16.7%), Egypt with \$86m (9.1%), Morocco with \$22.6m (2.4%), and Bahrain with \$22m (2.3%). Also, there were 57 investments in Saudi startups in the first quarter of 2026, followed by the UAE with 46 deals, Egypt with 12 transactions, Morocco with six deals, and Bahrain with two transactions. In addition, investments in fintech startups amounted to about \$433m and accounted for 46% of aggregate capital deployed in MENA startups in the covered period, followed by investments in property technology companies with \$228.6m (24.3%), and food technology firms with \$60m (6.4%). Also, early-stage startups raised a combined \$233m for 110 deals in the covered quarter. Further, Business-to-Consumer startups attracted \$564.6m across 43 deals, while Business-to-Business startups secured \$199m across 74 transactions in the first quarter of 2026.

Source: Wamda, Digital Digest

Investment banking fees down 11% to \$331m in first quarter of 2026

Figures compiled by data provider LSEG Workspace show that investment banking fees in the Middle East & North Africa (MENA) totaled \$331.1m in the first quarter of 2026, constituting a decrease of 11% from \$372.2m in the same period last year. It indicated that the distribution of investment banking fees shows that fees from debt capital markets (DCMs) reached \$139.2m and accounted for 42% of the total, followed by syndicated lending with \$116.1m (35%), equity capital markets (ECMs) fees with \$40.4m (12.2%), and merger & acquisition (M&A) fees with \$35.4m (10.7%). Also, fees from M&A transactions dropped by 76%, those from equity capital markets declined by 42%, and fees from debt capital markets decreased by 15%, while syndicated lending fees increased by 10% year-on-year. Also, the energy & power industry accounted for \$1.56bn or 34% of the region's M&As in the first quarter of 2026, followed by the financial sector with \$942m (20.5%), the industrial sector with \$512m (11.14%), the consumer products and services sector with \$511.3bn (11.1%), real estate with \$408.5m (9%), and the materials sector with \$217.8m (4.7%). On a country basis, M&A activity in the UAE totaled \$2.7bn and accounted for 59% of aggregate activity in the region in the first quarter of 2026, followed by Saudi Arabia with \$847.3m (18.4%), Egypt with \$360.7m (8%), Morocco with \$293.5m (6.4%), and Oman with \$196.4m (4.3%). In parallel, the MENA region issued \$32bn in corporate bonds and \$16bn in sovereign bonds in the first quarter of 2026.

Source: LSEG Workspace

GCC

Non-resident capital inflows at \$213bn in 2026

In its baseline scenario that assumes an average oil supply disruption of 2.5 million barrels per day (b/d) and a liquefied natural gas (LNG) shortfall of one million b/d in 2026, with oil prices averaging \$85 per barrel (p/b) this year, the Institute of International Finance (IIF) projected non-resident capital inflows to GCC countries to drop from \$313bn in 2025 to \$213bn in 2026, with portfolio investments standing at \$80bn this year, foreign direct investments (FDI) at \$71bn and other investments at \$63bn in 2026. Also, it anticipated resident capital outflows from GCC countries to drop from \$303bn in 2025 to \$197bn in 2026. Further, it anticipated public foreign assets at \$4,174bn this year, with official reserves standing at \$908bn and the assets of sovereign wealth funds at \$3,266bn. Under its pessimistic scenario, the IIF assumes a reduction of about 5 million b/d in GCC crude oil supply and of 1.6 million b/d in LNG exports in 2026, which would tighten global energy markets and pushes average oil prices toward \$105 p/b this year. As such, it projected non-resident capital inflows to GCC countries to drop from \$313bn in 2025 to \$173bn in 2026, with FDI at \$65bn this year, portfolio investments at \$64bn and other investments at \$44bn in 2026. Further, under this scenario, it anticipated resident capital outflows from GCC countries to drop from \$303bn in 2025 to \$188bn in 2026. In addition, it expected public foreign assets at \$4,148bn this year, with official reserves standing at \$903bn and the assets sovereign wealth funds at \$3,245bn.

Source: Institute of International Finance

UAE

Earnings of Abu Dhabi firms up 36%, profits of Dubai firms up 13% in 2025

The net income of 78 companies listed on the Abu Dhabi Securities Exchange that published their financial results totaled AED236.2bn, or \$64.4bn in 2025, constituting a rise of 36.2% from AED136.5bn, or \$37.2bn in 2024. Listed firms in the healthcare sector generated net profits of \$20.5bn and accounted for 31.8% of the total earnings of publicly-listed firms in 2025, followed by financial firms with \$20.1bn (31.3%), energy companies with \$79.9bn (12.3%), telecommunication firms with \$5bn (7.7%), industrials with \$4.1bn (6.4%), real estate firms with \$2.1bn (3.23%), utilities with \$2bn (3%), basic materials companies with \$1.5bn (2.4%), consumer discretionary firms with \$800m (1.2%), and consumer staples firms with \$300m (0.5%). In parallel, the cumulative net income of 61 companies listed on the Dubai Financial Market that published their financial results stood at AED107.4bn, or \$29.3bn in 2025, representing an increase of 13.2% from AED95bn or \$26bn in 2024. Listed financial firms generated profits of \$14.5bn, or 49.7% of net earnings in 2025, followed by real estate companies with \$8.7bn (29.8%), utilities firms with \$2.4bn (8.2%), industrials with \$1.7bn (5.9%), telecommunications firms with \$800m (2.7%), consumer staples and consumer discretionary companies with \$500m each (1.8% each), and materials firms with \$100m (0.2%).

Source: KAMCO, Byblos Research

POLITICAL RISKS OVERVIEW - March 2026

ARMENIA

Prime Minister Nikol Pashinyan warned that the conflict between the U.S. and Iran could delay the construction of the “Trump Route for International Peace and Prosperity”, which links two non-contiguous parts of Azerbaijan through Armenia, and which he considers to be a critical part of the normalization process with Baku. The High Representative of the European Union (EU) for Foreign Affairs and Security Policy announced that the bloc would send a team to Armenia to help counter threats, which the EU previously linked to Russian disinformation. Armenia’s main opposition party criticized the EU’s decision as interference in domestic affairs, arguing that the government often brands critics as “pro-Russian” regardless of their ties. The government rejected Russian aid for refugees from Karabakh, citing concerns over election meddling. PM Pashinyan warned that a victory of the opposition in the upcoming parliamentary elections of June 2026 could lead to a revision of the peace treaty with Azerbaijan and risks renewing the conflict. Türkiye’s flagship carrier, Turkish Airlines, launched on March 11 its first-ever daily flights between Istanbul and Yerevan, indicating slowly improving relations.

EGYPT

At an extraordinary session of the League of Arab States, Egypt’s Minister of Foreign Affairs called for the activation of a Joint Arab Defense Agreement and the creation of a joint Arab force to safeguard the sovereignty of Arab states. President Abdel Fattah el-Sisi reiterated to Iranian President Masoud Pezeshkian Egypt’s willingness to mediate between Iran, the U.S., and the Gulf Cooperation Council countries. President Sisi indicated that revenues from the Suez Canal declined by \$10bn since 2020, and considered that the increases in fuel prices in the country as inevitable in the current context. The government announced a series of emergency energy-saving measures, including the earlier closures of shops and restaurants, reduced public lighting, and shorter office hours for government employees, which entered into force on March 28.

ETHIOPIA

Tensions between the federal government and the Tigray People’s Liberation Front (TPLF) continued after both sides deployed troops along the disputed Tigray-Amhara border in February. Prime Minister Abiy Ahmed said that he would respond to provocations and accused the TPLF of working with “anti-Ethiopian forces”, while senior Tigray Defense Force commander Brigadier General Migbey Haile declared his readiness to fight if necessary. Tensions grew after the Federal High Court lifted on March 13 an injunction that had protected five disputed areas in Tigray from exclusion in local and regional elections, leaving their status unresolved. Worsening humanitarian and economic conditions in Tigray are driving additional population displacement. The Amhara Fano National Movement (AFNM) launched a major operation in the South Gondar Zone of the Amhara region and claimed to have killed many federal troops. The AFNM warned that political parties and institutions taking part in the June elections would be treated as federal-aligned targets, raising concerns about elections-related violence. The Oromo Liberation Army claimed responsibility for killing 256 soldiers and seizing weapons in the East and West Shewa zones.

IRAN

After Israeli air strikes killed Supreme Leader Ali Khamenei in the opening phase of the Middle East war, the Assembly of Experts named his son Mojtaba Khamenei on March 8 to succeed him. Israel confirmed the killing of Supreme National Security Council Secretary Ali Larjani and the Minister of Intelligence Esmail Khatib. Tehran launched thousands of missile and drone attacks across the region, and closed the Strait of Hormuz to oil

tankers, which triggered a global energy shock. U.S. President Donald Trump dispatched thousands of additional troops to the region amid speculations about ground operations. President Trump cited “great progress” in discussions with the Iranian government on March 30, but warned that the U.S. will destroy the country’s energy infrastructure if Tehran continues its nuclear program and regional destabilizing activities.

IRAQ

Tehran launched missile strikes on a U.S. airbase in Kurdistan’s regional capital Erbil and on Iranian Kurdish opposition groups in Kurdistan region. Following the assassination of Iran’s Supreme Leader Ali Khamenei, Iran-backed factions began targeting U.S. military and diplomatic installations in Erbil, as well as energy infrastructure, including oilfields in the Basra governorate. The Ministry of Oil initiated a phased shutdown of oil production, which declined to about 25% of pre-war levels. The government tried to offset Iran’s disruption of shipping through the Strait of Hormuz by transferring about 200,000 barrels per day from the Kirkuk oil fields through the Iraq-Türkiye pipeline following the agreement with Erbil on March 17.

LIBYA

The Tripoli-based Prime Minister Abdelhamid Dabaiba announced a government reshuffle on March 12 and appointed 14 new ministers without the approval from the eastern-based House of Representatives. The move drew criticism from the National Gathering of Libyan Parties, which claimed that the move deepened divisions, while the media allied to the eastern government accused PM Dabaiba of trying to extend his rule. The Eastern government of PM Osama Hammad said he was willing to step down along with PM Dabaiba to allow for a unified government. Libya faced a high-risk salvage operation after the Russian Liquefied Natural Gas tanker Arctic Metagaz suffered explosions on March 3 while carrying 60,000 tons of gas near Sirte. The National Oil Corporation announced on March 30 that oil production has fully resumed at the Sharara and El Feel fields, after a fire broke out in mid-March at a crude oil pipeline linked to the Sharara field. Field Marshal Khalifa Haftar replaced several senior officers from the Libyan National Army (LNA), including the head of ground forces and commanders of the southern and central regions, as the LNA prepared to host a U.S.-led Special Operations exercise in Sirte in April.

SUDAN

Hostilities between the Sudanese Armed Forces (SAF) and the Rapid Support Forces (RSF) escalated, which increased the risk of spillover into neighboring countries, while the SAF moved to integrate its allies into formal military structures. The Chief of Staff of the SAF ordered the integration of the Juba Peace Agreement (JPA) signatories and their allied forces into Sudan’s military and security structures. Several JPA signatories backed the move, but the Sudan Liberation Movement said it would only comply if the security provisions of the 2020 peace deal were implemented. The U.S. designated the Sudanese Muslim Brotherhood as a terrorist group. Sudanese officials accused Ethiopia of facilitating RSF attacks in the Blue Nile state.

YEMEN

The Huthi rebels spent the month of March signaling their readiness to join the conflict in the Middle East in support of Iran, and framed it as part of a wider “axis of resistance” and a moral duty. They attacked Israel on March 28, which broadened the war’s scope and raised risks of escalation, including possible renewed attacks on Red Sea shipping that could disrupt global trade. Sporadic clashes continued between government forces and the Huthis in the Hajjah, Taiz, Hodeida, and Marib governorates.

Source: *International Crisis Group, Newswires*



OUTLOOK

WORLD

Cybersecurity, strategic and compliance risks are main issues for insurers in next 12 months

In their third annual survey on global insurance risk management, EY and the Institute of International Finance indicated that 80% of surveyed chief risk officers (CROs) of insurance firms view cybersecurity risk as the most important risk their firm will face in the next 12 months, followed by strategic risks (44%), regulatory and compliance risks (41%), third-party risks (40%), and geopolitical & market risks (38%).

In parallel, it revealed that 78% of the survey's participants considered that changes in cybersecurity threats and digital hostilities will have the biggest impact on their institution in the coming 12 months, 56% of CROs stated that shifts in fiscal policy will affect their firm in the covered period, 42% indicated that changes in trade policy and tariffs will drive major shifts in their institution, 35% noted that political or government instability will be the most consequential factor for their company, 22% cited that shifts in monetary policy will shape the future of their institution, 21% said that physical security-related tensions or regional conflicts will have the largest impact on their company, and 13% pointed out that cross-border regulatory divergence will have the biggest impact on their institution in the next 12 months.

In addition, the survey showed that 45% of surveyed CROs said that skill gaps in artificial intelligence and data analytics constitute the main constraint that their institutions are facing in adopting or accelerating digital transformation to support risk management practices, 41% identified budget limitations as their primary barrier, another 41% found data quality and accessibility as their top challenge, 39% said that disparate systems and databases are their main obstacles, 21% noted that legacy platforms with limited automation are their primary challenge, 20% identified data privacy and security as their main obstacle, 18% found the integration with existing systems as their top barrier, and 11% noted that regulatory compliance constitutes their primary challenge in adopting or accelerating digital transformation. EY and the IIF conducted the survey between November 2025 and January 2026 and covered 106 CROs and other senior risk executives from insurance companies around the world.

Source: EY, Institute of International Finance

AFRICA

Economic activity to decelerate in near term, risks tilted to the downside

The International Monetary Fund projected the real GDP growth rate of Sub-Saharan Africa (SSA) at 4.3% in 2026 compared to its January forecast of 4.6%, due to spillovers from the Middle East conflict, with significant differences across countries. It considered that the war has clouded the economic outlook after stabilization gains in 2025, and said that oil, gas, and fertilizer prices, along with shipping costs, have risen sharply; while the shock has disrupted trade flows with Gulf partners, reduced tourist arrivals, and is likely to affect remittances to some countries. It added that risk appetite has decreased, which has negatively affected financing conditions. It noted that higher oil prices and shipping costs are weighing on oil importing countries and non resource intensive economies, which face a deterioration in

their trade balance and higher cost of living. Further, it forecast the real GDP growth rate of non-resource intensive countries to decelerate from 6.4% in 2025 to 6.1% in 2026, and the real GDP growth rate of SSA's oil-exporting countries at 3.7% in 2026 compared to 4% in its October forecast. It added that oil exporters will benefit from stronger export revenues but will remain exposed to volatility and procyclical policy risks.

In addition, it estimated the current account surplus of resource intensive countries at 1.2% of GDP in 2026 compared to a deficit of 0.3% of GDP in its October 2025 forecast, and the deficit of non-resource intensive economies at 5.5% of GDP in 2026 relative to 5.3% of GDP in its earlier forecast. Also, it anticipated the current account balance to vary across countries in the region, due to higher oil prices for oil exporters and elevated metal prices for non-oil resource-intensive economies in 2026. In parallel, it considered that the economic outlook of the SSA region is subject to downside risks that include further increases in oil, fertilizer, and food prices; a reversal in market sentiment; and a sharp rise borrowing costs that could force an abrupt adjustment in countries with large refinancing needs. In this scenario, it forecast SSA's economic output to decline by 0.6%, with a more severe impact on oil importers, and projected inflation to increase by 2.4 percentage points in 2026 relative to the pre-war baseline figure.

Source: International Monetary Fund

MENA

Conflict to heavily affect region's economies

The International Monetary Fund projected the real GDP growth rate of the Middle East & North Africa (MENA) region at 1.1% in 2026 compared to an earlier forecast of 3.9% last January. It said that the Middle East conflict has significantly affected the region's outlook, as the downward revision reflects the impact of the closure of the Strait of Hormuz, the disruption of oil and natural gas production, and the severe impact on air traffic to and through the Gulf countries. Further, it forecast the real GDP growth rate of Gulf Cooperation Council countries to decelerate from 4.4% in 2025 to 2% in 2026 due mainly to the impact of the regional conflict on their energy sector. It said that the oil exporters that are directly affected by the war face steep downward revisions to their real growth of up to 15 percentage points this year, with five out of eight economies facing contraction. Further, it projected the real GDP growth rate of the MENA, Afghanistan and Pakistan region's oil-importing economies at 3.8% in 2026, relative to 4.1% in its October forecast.

In parallel, it considered that the balance of risks for the region's outlook is tilted to the downside and include heightened geopolitical uncertainties, trade disruptions, high inflation rates, and tighter global financial conditions. It said that trade disruptions from the war in the Middle East represent a key risk for the region, and expected increased geopolitical uncertainties and tighter global financial conditions to reduce foreign investor and business confidence. It added that a protracted or more intense war would weigh heavily on oil importers through a variety of channels, including terms-of-trade shock and decline of remittances; while the continued disruptions to energy production and exports would outweigh the windfall from higher energy prices for oil exporters and, together with lower activity in non-energy sectors such as tourism, would worsen both fiscal and external balances.

Source: International Monetary Fund



ECONOMY & TRADE

SAUDI ARABIA

Economy to slightly contract under baseline scenario

In its baseline scenario that assumes disruptions of 1.1 million barrels per day (b/d) to oil supply in Saudi Arabia in 2026 compared to total supply of 11.4 million b/d in 2025, with oil prices averaging \$85 per barrel (p/b) this year, the Institute of International Finance projected Saudi Arabia's real GDP to shift from a growth rate of 4.3% in 2025 to a contraction of 0.3% in 2026, with real hydrocarbon GDP shrinking by 10% and real non-oil GDP growing by 2.4%. Under its pessimistic scenario that assumes a reduction of 2.5 million b/d in the Kingdom's crude oil supply this year, which would tighten global energy markets and push average oil prices to \$105 p/b this year, it forecast the Kingdom's real GDP to contract by 3.7% in 2026, with real hydrocarbon GDP shrinking by 22.4% and real non-oil GDP growing by 1.6%. Further, it forecast the current account deficit to widen to 2.6% of GDP in 2026 in its baseline scenario and to 2.4% of GDP under its pessimistic scenario, and for the fiscal deficit to narrow from 5.7% of GDP in 2025 to 4.8% of GDP in its baseline scenario and to 5% of GDP in its pessimistic scenario. It expected the authorities to offset the twin deficits by a mix of increased debt issuance, reduced outward capital flows by residents, and the selective use of sovereign assets. Also, it forecast official foreign currency reserves to rise from \$460bn at end-2025 to \$470bn at end-2026 under both scenarios, and for the assets of the Public Investment Fund at \$808bn at \$784bn in its baseline scenario and to \$782bn in its pessimistic scenario at end-2026.

Source: *Institute of International Finance*

IRAQ

U.S.-Iran conflict unlikely to alter IOC investment plans

BMI Research considered that the conflict between the U.S. and Iran is unlikely to materially affect the investment plans of international oil companies (IOCs) in Iraq. First, it said that the risks are primarily limited to the near term under its "Extend To End" scenario that assumes the conflict will end within eight weeks. But it projected Iraq's oil production to decline to 4.35 million barrels per day (b/d) at end-2026 from a pre-war estimate of 4.44 million b/d. It attributed its downward revision to the continued blockade of the Strait of Hormuz that is the conduit of 96% of Iraqi oil exports, and added that Iraq's limited storage capacity restricts its ability to sustain current production levels under these export constraints. Second, it noted that IOCs continue to invest in Iraq, reflecting a comparatively high-risk appetite, given that the country remains attractive for investments due to its substantial oil reserves of about 145 billion barrels. It considered that hydrocarbon reserves, along with strong production growth prospects, enhance Iraq's appeal, particularly for investors and import-dependent markets focused on energy security. Third, it said that the closure of oil facilities in Iraq have been largely preemptive, and aim to mitigate security risks and to manage storage limitations caused by export disruptions. It noted that Iraq's relative insulation from the fallout of the broader regional conflict stems mainly from the comparatively limited role of Iraq's energy sector as a source of U.S. and European oil supply relative to some Gulf Cooperation Council countries.

Source: *BMI Research*

EGYPT

External funding needs at \$32.2bn in FY2025/26

Standard Chartered Bank indicated that Egypt's growth momentum is softening due to weaker external demand, higher import costs and tighter financial conditions. Also, it expected the inflation rate to pick up from 13.5% in FY2025/26 to 14.7% in FY2026/27, as high energy prices and freight costs, along with the depreciation of the exchange rate of the Egyptian pound, reverse the recent disinflation trend. Further, it projected Egypt's external financing requirements at \$35.6bn in FY2025/26, at \$30bn in FY2026/27 and at \$29.8bn in FY2027/28. It indicated that Egypt needs to cover a current account deficit of \$16.6bn in FY2025/26 and \$17.7bn in FY2026/27, medium-term debt amortization of \$15.4bn in FY2025/26 and \$10.1bn in FY2026/27, and International Monetary Fund (IMF) repayments of \$3.1bn in FY2025/26 and \$1.8bn in FY2026/27. Also, it expected higher energy and food imports, weaker remittances and softer tourism to widen the current account deficit by \$1bn per month through the end of 2026. Also, it projected Egypt's external financing needs at \$32.3bn in FY2025/26, at \$23.3bn in FY2026/27 and at \$17.2bn in FY2027/28. It expected the authorities to source their external funding needs in FY2025/26 from \$12.6bn in net foreign direct investments, \$7.3bn in foreign portfolio inflows, \$5bn from the divestment of state-owned enterprises, \$3.9bn from the IMF, \$2.8bn from the European Commission and \$700m in funding from the World Bank.

Source: *Standard Chartered Bank*

TÜRKIYE

Agencies take rating actions on sovereign

Fitch Ratings affirmed Türkiye's long-term foreign currency issuer default rating (IDR) at 'BB-', which is three notches below investment grade, and affirmed the Country Ceiling at 'BB-'. Also, it revised the outlook on the long-term ratings from 'positive' to 'stable'. It attributed the outlook revision to a significant decline in foreign currency reserves since the start of the Iran war, as they decreased from \$210bn at end-February 2026 to \$162bn in early April, driven by non-resident outflows, lower gold prices and increased foreign currency demand from corporates. Also, it expected that a more protracted conflict would intensify pressures on the country's external finances and inflation rate, largely due to its substantial energy trade deficit. Further, the agency noted that it could downgrade the ratings if inflationary pressures, balance-of-payments and macro-financial risks increase, if international reserves decline, and/or in case of a deterioration in domestic political or security conditions. In parallel, S&P Global Ratings affirmed Türkiye's long-term sovereign foreign and local currency credit ratings at 'BB-', which is three notches below investment grade. Also, it affirmed the Transfer & Convertibility Assessment at 'BB' and maintained the 'stable' outlook on the long-term ratings. It attributed the ratings' affirmation to the agency's expectations that the authorities will implement economic and fiscal policies in line with the 2026-2028 Medium Term Program objectives. It added that the 'stable' outlook reflects the agency's assumptions that the Turkish economy will weather the ongoing energy price shock, as long as the authorities sustain tight monetary and wage setting policies and refrain from further depleting foreign currency reserves.

Source: *Fitch Ratings, S&P Global Ratings*



BANKING

GCC

Banks' capital metrics resilient to shocks

S&P Global Ratings indicated that the central banks of the United Arab Emirates, Kuwait and Qatar announced relief packages that aim to provide liquidity and regulatory flexibility to banks, in order to mitigate the potential impact on the banks' liquidity and asset quality from the challenging operating environment amid the war in the Middle East, especially if the war drags on and banks start to face deposit outflows. But it noted that banks in the Gulf Cooperation Council (GCC) countries are able to access all of their placements at their respective central banks, including reserves, to deal with the outflows. Also, it said that some GCC central banks have allowed commercial banks to defer loan repayments for companies affected by the war, while others have reduced the banks' minimum capital requirements to ease potential constraints on lending capacity. It noted that these measures aim to provide banks with additional liquidity to face potential local or external funding outflows, as well as for refinancing needs. It noted that GCC banks are facing these challenges from a strong capital base, with an average Tier One Capital ratio of 17.1% for the region's top 45 banks and an average non-performing loans ratio at 2.5% at end-2025. In addition, it considered that banks in Kuwait, Qatar and the UAE will likely receive extraordinary government support in case of need and expected Saudi Arabia to support its banking system amid its lower external debt position. But it anticipated support from the governments of Bahrain and Oman to be uncertain in periods of stress.

Source: S&P Global Ratings

SAUDI ARABIA

Banks have solid capacity to absorb asset-quality pressure

Fitch Ratings indicated that the 11 Saudi banks that it rates have sufficient buffers to withstand pressures stemming from the Middle East war under its baseline scenario of a limited conflict. But it expected the asset quality, profitability and liquidity of the banks to come under pressure if the Iran conflict proves more prolonged or severe than anticipated. Under its adverse scenario, which assumes a more prolonged conflict, weaker economic growth and lower business activity, it expected the Saudi banks' asset quality, profitability, and liquidity to come under pressure. It added that elevated inflation rates and higher-for-longer interest rates will weigh on net interest margins, while increased demand for liquidity will raise funding costs. Further, the agency said that its severe asset-quality stress test shows that, even if the banks' impaired loans ratios increase fourfold, the net profits of the banks with investment-grade viability ratings (VRs) would remain above or close to break-even. It added that the 11 banks would still maintain adequate capital buffers if they suspend growth and cut dividend payments. It noted that the nine banks with investment-grade VRs would have common equity Tier One ratios above 13%, while the banks with VRs of 'bb+' would maintain ratios in excess of 10%, reflecting the banks' solid capacity to absorb asset-quality pressure. In parallel, it expected the banks to manage short-term liquidity pressures, in case of deposit outflows of 10%, without the need for support from the authorities, but pointed out that the Saudi Central Bank can provide liquidity support to the banking sector in case of need.

Source: Fitch Ratings

ARMENIA

Banking sector country risk assessment maintained

S&P Global Ratings maintained Armenia's banking sector in 'Group 8' under its Banking Industry Country Risk Assessment (BICRA), and kept the economic and industry scores at '7' and '8', respectively. The BICRA framework evaluates banking systems based on economic and industry risks facing the sector, with 'Group 10' including the riskiest banking sectors. Other countries in BICRA's 'Group 8' include Albania, Azerbaijan, Benin, Bosnia and Herzegovina, Honduras, Jamaica, Kyrgyzstan, Türkiye, Uzbekistan and Vietnam. It indicated that the economic risk score reflects "high risks" in Armenia's economic resilience and economic imbalances, and "very high" credit risks in the economy. Further, it maintained the country's economic risk trend at 'stable'. It said that Armenian banks are reverting to non-resident funding, driven by reduced interest rate differentials between domestic and international rates. It expected private sector debt to continue to increase from about 75% of GDP at end-2025 to about 90% by end-2027 due to strong credit growth. Also, it projected Stage 3 loans to increase from 3.3% of total loans at end-2024 to 5.5% of the total at end-2025, driven by the reclassification of large loans, and expected the ratio to remain stable in the 2026-27 period. In parallel, it said that the banking sector's industry score reflects the country's "high risk" in its competitive dynamics, as well as "very high risks" in its institutional framework and system-wide funding, and maintained the country's industry risk trend at 'stable'. It considered that banking regulations and supervision in Armenia generally comply with international standards.

Source: S&P Global Ratings

NIGERIA

Capital increase to support banks' business growth

Fitch Ratings indicated that the 11 Nigerian banks that it rates have met the Central Bank of Nigeria's (CBN) new paid-in capital requirements by the end of March 2026. It said that the new capital has strengthened the banks' balance sheets, allowed them to reduce their reliance on long-standing regulatory forbearance and, in many cases, gave them more space to expand their business. It added that the capital increases have helped many banks absorb additional provisions and capital deductions associated with the expiry last June of longstanding regulatory forbearance related to the classification and provisioning of problem oil and gas loans and of single-obligor limit breaches, while allowing them to comply with their respective total capital adequacy ratio (CAR) requirements. It estimated that several banks had CARs that exceeded 20% at end-March 2026 due to the capital increase and strong profitability, which will provide them with significant room for lending growth. Further, it expected the banks' lending to accelerate from 5% in 2025 to 20% in 2026, as they begin to deploy the fresh capital they have raised. It considered that some well-capitalized banks with international license authorization are likely to channel some of their new capital into cross-border growth to increase their geographical diversification and capture trade and financial flows across the continent, while certain banking groups with large foreign operations could use some of the fresh capital to support the growth of their existing subsidiaries, and other more domestic-focused banks could gradually venture into new markets across the continent. Also, it noted that the CBN may give non-compliant banks more time to raise capital, or force them to merge with other banks, or downgrade their licenses.

Source: Fitch Ratings



ENERGY / COMMODITIES

Oil prices to average \$95 p/b in second quarter of 2026

ICE Brent crude oil front-month futures contracts for June 2026 reached a high of \$106.2 per barrel (p/b) on April 23, 2026, constituting an increase of 6.4% from \$99.8 p/b a week earlier, as Iran claimed to have seized two ships in the Strait of Hormuz shortly after U.S. President Donald Trump extended the ceasefire with Iran. In parallel, Citi Research considered that if the U.S. and Iran sign a Memorandum of Understanding or agree on a ceasefire extension, and if hydrocarbon flows through the Strait of Hormuz resume with production gradually recovering through May and reaches its pre-conflict level by the end of June, it expected global crude and product inventories to decline by about 900 million barrels. It added that the decrease in oil inventories consists of about 500 million barrels of already realized draw-downs and an additional 400 million barrels of anticipated losses from ramp-up delays, logistical constraints, and conflict-related damage. It said that this would reduce inventories to their lowest level in eight years by the end of June. It noted that replenishing these inventories would likely require more than two years, even under the assumption of a rapid return to a post-conflict surplus market of one million barrels per day (b/d). However, it projected the cumulative output losses to rise to 1.3 billion barrels if flows through the Strait of Hormuz remain disrupted for an additional month, despite the ongoing diversions of oil flow through the alternative channels of Bab al Mandeb and Fujairah. It added that if the disruptions to hydrocarbon flows extend to another two months, it would imply losses of about 1.7 billion barrels, pushing global crude and product inventories to their lowest levels on record. Further, it projected ICE Brent oil spot prices to average \$95 p/b in the second quarter of 2026 in case the U.S. and Iran reach an agreement after the end of the ceasefire.

Source: Citi Research, LSEG Workspace, Byblos Research

ME&A's oil demand to increase by 2.1% in 2026

The Organization of Petroleum Exporting Countries projected in April 2026 the consumption of crude oil in the Middle East & Africa to average 14.03 million barrels per day (b/d) in 2026, which would constitute an increase of 2.1% from 13.74 million b/d in 2025. The region's demand for oil would represent 23.2% of consumption in non-OECD countries and 13.2% of global consumption in 2026.

Source: OPEC

Non-OPEC petroleum and liquid fuels to grow by 0.5% in 2026

The U.S. Energy Information Administration expected in April 2026 the production of petroleum and liquid fuels from non-OPEC producers at 72.9 million barrels per day (b/d) in 2026, which would represent an uptick of 0.5% from 72.51 million b/d in 2025. The supply of petroleum and liquid fuels from non-OPEC producers would account for 70% of global output.

Source: U.S. Energy Information Administration

OECD oil demand to decrease by 0.4% in 2026

The international energy agency projected in April 2026 the consumption of crude oil in OECD countries to average 45.7 million barrels per day (b/d) in 2026, which would constitute a decrease of 0.4% from 45.9 million b/d in 2025. The OECD countries' demand for oil would represent 43.8% of global consumption in 2026.

Source: International Energy Agency

Base Metals: Nickel prices to average \$17,000 per ton in second quarter of 2026

The LME cash prices of nickel averaged \$17,349 per ton in the year-to-April 22, 2025 constituting an increase of 12.2% from an average of \$15,464.5 a ton in the same period of 2025, due to stronger demand from stainless steel producers, supply disruptions in key exporting countries, and higher energy costs. In parallel, Citi Research anticipated global supply of nickel at 3.97 million tons in 2026, which would constitute a decrease of 0.5% from 3.99 million tons in 2025. Also, it forecast the global demand for nickel at 3.9 million tons in 2026, which would represent a rise of 5.6% from 3.7 million tons in 2025. In its base case scenario, it anticipated nickel prices to average \$16,000 per ton in the coming weeks and \$17,000 a ton the remainder of 2026, driven by Indonesia's decision to restrict Nickel ore export quotas in the first half of the year, as well as by higher energy costs that support Nickel Pig Iron production. Further, under its bull case scenario, it forecast nickel prices to average \$20,000 a ton in 2026, supported by a strong and broad based base metals rally in case the U.S. Federal Reserve cuts its policy rates, if a stronger cyclical recovery lifts stainless steel output, and in case of significant restrictions on Indonesia's ore output growth. In its bear case scenario, it projected nickel prices to average \$14,000 per ton in 2026, which assumes minimal disruptions or constraints on further Indonesian supply growth. Also, it forecast nickel prices to average \$17,000 per ton in the second quarter of 2026.

Source: Citi Research, LSEG Workspace, Byblos Research

Precious Metals: Gold prices to average \$4,801 per ounce in second quarter of 2026

Gold prices averaged \$4,838.6 per ounce in the year-to-April 22, 2026 period, constituting a surge of 65.5% from an average of \$2,924 an ounce in the same period of 2025, driven largely by strong demand from central banks worldwide and by concerns about global economic uncertainties. Gold prices decreased by 9.8% since the start of March due to rising bond yields, a stronger US dollar, and surging oil prices, which have reduced gold's appeal as a safe-haven asset. Also, gold prices reached an all-time high of \$5,586.2 per ounce on January 29, 2026 due to the metal's strong appeal as a safe haven for investors. In parallel, S&P Global Market Intelligence indicated that gold-backed exchange-traded funds (ETFs) saw record outflows of about \$12bn in March 2026, driven mainly by North American investors that liquidated their positions amid a stronger exchange rate of the US dollar and fading expectations of policy rate cuts by the U.S. Federal Reserve. But it said that Asian investors invested in gold-backed ETFs as a safe-haven hedge. It expected gold prices to increase in the near term, even though macroeconomic factors, such as the U.S. Federal Reserve's stance, higher global inflation rates, a stronger exchange rate of the US dollar, and geopolitical uncertainties, would put a ceiling to further increases in the metal's price. It pointed that if the U.S.-Iran talks break down and energy prices rise further, persistent inflation could force the U.S. Federal Reserve to keep interest rates higher for a longer period of time, which will reduce gold's appeal and counter safe-haven demand. It noted that gold-backed ETF inflows and strong demand from central banks worldwide can prevent a sharp decline in gold prices, but added that they cannot push prices beyond the limits imposed by global macroeconomic conditions. Further, it forecast gold prices to average \$4,801 per ounce in the second quarter of 2026.

Source: S&P Global Market Intelligence, 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 Stable	-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- CWN**	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 CWN**	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- Positive	Ba3 Stable	BB- Positive	B+ Positive	-4.1	50.3	2.2	31.4	12.9	117.5	-5.0	1.8
China	A+ Stable	A1 Negative	A+ Stable	- -	-3.0	78.4	11.0	23.6	7.0	60.8	3.6	0.7
India	BBB- Stable	Baa3 Stable	BBB- Stable	- -	-6.9	81.4	7.1	29.9	24.2	83.4	-5.6	0.7
Kazakhstan	BBB- Stable	Baa2 Positive	BBB Stable	- -	-3.8	28.7	6.5	33.7	13.7	91.5	-4.2	1.5
Pakistan	B- Stable	Caa1 Stable	B- Stable	- -	-5.1	70.8	2.7	28.7	47.8	107.4	-0.7	0.3
Bangladesh	B+ Stable	B2 Negative	B+ Stable	- -	-4.5	36.4	3.5	24.3	26.2	99.5	-0.9	0.3
Central & Eastern Europe												
Bulgaria	BBB Positive	Baa1 Stable	BBB Positive	- -	-3.4	30.9	1.0	20.7	1.9	115.0	-2.7	2.1
Romania	BBB- Stable	Baa3 Stable	BBB- 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- Stable	B03 Stable	BB- Stable	BB- Positive	-3.6	25.8	3.2	62.9	15.3	132.3	-1.6	0.4
Ukraine	CC Negative	Ca Stable	CC -	- -	-1.3	101.7	5.1	42.1	8.1	108.1	-9.4	2.0

*Current account payments

**CreditWatch with negative implications

***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	Action	Next meeting
USA	Fed Funds Target Rate	3.75	18-Mar-26	No change	29-Apr-26
Eurozone	Refi Rate	2.15	19-Mar-26	No change	30-Apr-26
UK	Bank Rate	3.75	19-Mar-26	No change	30-Apr-26
Japan	O/N Call Rate	0.75	19-Mar-26	No change	28-Apr-26
Australia	Cash Rate	4.10	17-Mar-26	Raised 25bps	05-May-26
New Zealand	Cash Rate	2.25	08-Apr-26	No change	27-May-26
Switzerland	SNB Policy Rate	0.00	19-Mar-26	No change	18-Jun-26
Canada	Overnight rate	2.25	18-Mar-26	No change	N/A
Emerging Markets					
China	One-year Loan Prime Rate	3.00	20-Apr-26	No change	20-May-26
Hong Kong	Base Rate	4.00	11-Dec-25	Cut 25bps	N/A
Taiwan	Discount Rate	2.00	19-Mar-26	No change	18-Jun-26
South Korea	Base Rate	2.50	10-Apr-26	No change	28-May-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	08-Apr-26	No change	05-Jun-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	02-Apr-26	No change	21-May-26
Jordan	CBJ Main Rate	5.75	14-Dec-25	Cut 25bps	N/A
Türkiye	Repo Rate	37.00	22-Apr-26	No change	N/A
South Africa	Repo Rate	6.75	26-Mar-26	No change	28-May-26
Kenya	Central Bank Rate	8.75	08-Apr-26	No change	N/A
Nigeria	Monetary Policy Rate	26.50	24-Feb-26	Cut 25bps	20-May-26
Ghana	Prime Rate	14.00	18-Mar-26	Cut 150bps	20-May-26
Angola	Base Rate	17.50	12-Mar-26	No change	14-May-26
Mexico	Target Rate	7.00	05-Feb-26	No change	26-Mar-26
Brazil	Selic Rate	14.75	18-Mar-26	Cut 25bps	N/A
Armenia	Refi Rate	6.50	17-Mar-26	No change	05-May-26
Romania	Policy Rate	5.50	07-Apr-26	Cut 100bps	15-May-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	19-Mar-26	No change	30-Apr-26
Russia	Refi Rate	15.00	20-Mar-26	Cut 50bps	24-Apr-26



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