

COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Merchandise trade up 4.6% in 2025

The World Trade Organization indicated that the volume of global merchandise trade increased by 4.6% in 2025 compared to a growth rate of 2.7% in 2024. It said that the exports of merchandise from the Middle East increased by 12.9% in 2025, followed by those from Africa (+10.3%), Asia (+9.5%), South America (+3.2%), North America (+3.1%), and the Commonwealth of Independent States (CIS) (+3%), while the exports of merchandise from Europe regressed by 0.5% last year. Also, it noted that the import of goods to Middle East and South America rose by 10.4% each in 2025, followed by merchandise imports to Africa (+8.7%), those to Asia (+6%), North America (+3.1%), the CIS (+2.7%), and Europe (+2.1%). Further, it said that the volume of global merchandise trade increased by 0.4% in the fourth quarter of 2025 from the third quarter of the year compared to a growth rate of 0.5% in the third quarter from the preceding quarter. It noted that the global exports of merchandise grew by 0.8% in the fourth of 2025 from the previous quarter, while the global imports of goods were unchanged in the covered period. In parallel, it stated that global trade in services grew by 8% in 2025 compared to 10% in 2024. Also, it indicated that the volume of the global exports of commercial services increased by 5.3% in 2025 relative to a growth rate of 7.8% in 2024. It said that the exports of services from Asia increased by 8.3% in 2025, followed by those from Africa (+5.9%), Europe (+4.5%), North America (+4.2%), South America (+4%), the Middle East (+1.7%), and the CIS.

Source: World Trade Organization

More than 50% of rated sovereigns have investment grade rating at end-2025

S&P Global Ratings indicated that 55%, or about 79 of the 143 sovereigns that it rates globally, had an investment grade rating at the end of 2025, compared to 54%, or about 76 of 141 rated sovereigns at the end of June 2025. It noted that 30 rated sovereigns, or 21% of the total, were in the 'B'-rated category at the end of 2025, 28 sovereigns (19.6%) stood in the 'BBB' segment, 23 sovereigns (16.1%) came in the 'A' bracket, 21 (14.7%) stood in the 'BB' category, 17 (11.9%) were in the 'AA' segment, 11 (7.5%) stood in the 'AAA' category and 11 (7.5%) the 'CCC' bracket, and two (1.4%) in the 'Selective Default' segment. It said that the average sovereign rating, weighted by GDP, declined from about 'BBB' at the end of 2010 to 'BBB-' at end-2025. In parallel, it noted that there were 11 'positive' outlooks and 12 'negative' outlooks at end-2025, relative to 15 'positive' outlooks and 15 'negative' outlooks on the long-term foreign currency ratings of sovereigns at end-June 2025 and to 23 'positive' outlooks and six 'negative' outlooks at end-2024. It pointed out that eight sovereigns in the Europe, the Middle East and Africa (EMEA) region and three economies in the Asia-Pacific (APAC) region carried a 'positive' outlook on their ratings at the end of 2025; while eight sovereigns in the EMEA region and four countries in the Americas had a 'negative' outlook on their ratings. In addition, it noted that it upgraded 31 sovereigns and downgraded six countries globally during 2025.

Source: S&P Global Ratings

EMERGING MARKETS

M&A activity at \$188bn in first quarter of 2026

Figures compiled by data provider Refinitiv show that mergers and acquisitions (M&A) activity in emerging markets (EMs) totaled \$188bn in the first quarter of 2026, constituting a drop of 36% from nearly \$293.8bn in the same period of 2025. Also, there were 3,998 deals in the covered quarter, up by 3% from 3,880 transactions in the first quarter of the previous year. Further, M&A activity in the industrial sector amounted to \$36.6bn in the first quarter of 2026 and accounted for 19.5% of the total, followed by the financial sector with \$29.5bn (15.7%), the high technology industry with \$27.6bn (14.7%), the materials sector with \$24.8bn (13.2%), and the energy & power sector with \$16.5bn (8.8%), while M&A activity in other sectors totaled \$52.9bn and represented 28.2% of the total. Also, there were 844 deals in the high technology industry, or 21% of the aggregate number of transactions in the first quarter of 2026, followed by the industrial sector with 710 deals (17.8%), the materials sector with 361 deals (9.03%), the financial sector with 358 transactions (8.95%), and the energy & power sector with 324 transactions (8.1%), while there were 1,401 deals in other sectors that represented 35% of the aggregate number of M&A transactions. In parallel, M&A activity in China and India accounted for 37% of overall M&A activity in EMs during the first quarter of 2026.

Source: LSEG Workspace

GCC

Corporate earnings down 2.4% to \$235.6bn in 2025

The net income of listed companies in Gulf Cooperation Council (GCC) countries reached \$235.6bn in 2025, constituting a decrease of 2.4% from \$241.5bn in 2024. The firms' net earnings totaled \$58.7bn in the first quarter, \$56.8bn in the second quarter, \$65.6bn in the third quarter, and \$49.4bn in the fourth quarter of 2025. Listed companies in Saudi Arabia generated \$133.6bn in profits or 56.7% of total corporate earnings in the GCC in 2025, followed by listed firms in Abu Dhabi with \$43.7bn (18.5%), Dubai with \$293bn (12.4%), Qatar with \$14.6bn (6.2%), Kuwait with \$8.3bn (3.5%), Oman with \$3.8bn (1.6%), and Bahrain with \$2.3bn (1%). Further, the earnings of listed companies in Abu Dhabi increased by 20.4% in 2025, followed by the profits of listed firms in Dubai (+15.4%), companies in Bahrain (+15%), firms in Oman (+11.8%), and companies in Qatar (+2.8%). In contrast, the earnings of listed firms in Saudi Arabia decreased by 11.8% in 2025 and the profits of listed firms in Kuwait regressed by 6.7%. In addition, the profits of listed energy firms in the GCC reached \$102bn and accounted for 43.3% of total corporate earnings in 2025, followed by the profits of listed banks with \$66.6bn (28.3%), real estate companies with \$14.8bn (6.3%), telecommunication firms with \$12.6bn (5.3%), utilities companies with \$10bn (4.2%), and food, beverages & tobacco firms with \$7.6bn (3.2%). Also, the net income of the listed energy firms increased by 11.6%, followed by those of food, beverages & tobacco companies (+10.5%), and telecommunication firms (+6.3%) in 2025; while the earnings of real estate firms decreased by 34.5% last year, followed by those of utilities firms (-23%), and of listed banks (-9.8%).

Source: KAMCO

OUTLOOK

WORLD

Real GDP growth rate projected at 2.7% in 2026 amid Middle East conflict

Citi Research revised its forecast for the global real GDP growth rate to 2.7% in 2026 from a pre-war projection of 2.9%, driven by the impact of the war in the Middle East that resulted in higher oil prices and accompanying supply-chain disruption of about 10 million barrels of oil per day. Also, it expected the global inflation rate to pick up from 2.7% in 2025 to 3.3% in 2026 and to decrease to 2.6% in 2027. Further, it projected the real GDP of advanced economies (AEs) to grow by 1.6% this year from a pre-war forecast of 1.7%, and for economic activity in emerging markets (EMs) to expand by 4% in 2026 compared to a pre-war forecast of 3.9%. Also, it estimated the real GDP growth rate of Emerging Asia to decelerate from 5.1% last year to 4.8% in 2026, for economic activity in Emerging Europe to slow down from 2.6% in 2025 to 2.3% this year, and for growth in Latin America to decelerate from 2.2% in 2025 to 2% in 2026. In addition, it projected the real GDP growth rate of the Middle East and Africa (ME&A) region to decelerate from 4% in 2025 to 2.7% in 2026.

In parallel, it forecast the current account deficit of AEs at 1% of GDP, unchanged from 2025, and for the current account surplus in EMs to decline from 2.1% of GDP in 2025 to 1.9% of GDP this year. It said Emerging Asia and the ME&A region will post surpluses of 3.3% of GDP and 1.8% of GDP, respectively, in 2026; while Emerging Europe and Latin America will register deficits of 1.5% of GDP and 1.9% of GDP, respectively, this year.

Also, under its adverse scenario that assumes Brent oil prices will reach \$120 per barrel through the end of 2026, it projected global growth to decelerate to between 1.5% to 2% in 2026 and for global inflation to increase to 5%.

Source: Citi Research

GCC

Regional conflict to have varying impact on fiscal balances

Goldman Sachs expected the continued closure of the Strait of Hormuz and elevated oil prices to have differing impacts on the fiscal balances of the Gulf Cooperation Council (GCC) countries. It projected Oman's fiscal balance to shift from a pre-war deficit of 7% of GDP to a surplus of 8% of GDP in 2026, as the country is an involuntary net beneficiary of the disruptions to the Strait of Hormuz. Also, it considered that Saudi Arabia may be a net beneficiary, as its fiscal deficit would narrow by one percentage point to about 5% of GDP this year. In parallel, it forecast the fiscal surplus of the UAE to decline from 6% of GDP to about 1% of GDP in 2026, while it projected the fiscal deficits of Bahrain, Qatar, and Kuwait to widen to 17% of GDP, 20% of GDP, and 40% of GDP, respectively, this year.

Further, it considered that the impact on fiscal balances will prompt GCC authorities to continue to optimize funding sources by increasing local or international borrowing, using swap lines, and drawing down international reserves. It said that GCC governments have a considerable capacity to fund their increased borrowing requirements, and did not expect the emergence of any near-term financing risks, except for Bahrain whose fiscal posi-

tion and external buffers prior to the conflict were considerably weaker than those of its GCC peers. Also, it noted that the near-term re-opening of the Strait of Hormuz could potentially offset, during the rest of the year, the current negative impact on public finances if export volumes recover relatively rapidly and oil prices remain elevated, which will boost public revenues relative to pre-war levels.

In addition, in its benign scenario that assumes the reopening of the Strait of Hormuz in the next two weeks, the full recovery of export levels by end-June 2026, and a gradual decrease in Brent oil prices to about \$80 per barrel by end-2026, it projected the fiscal balances across GCC countries to range from a surplus of 5.3% of GDP in the UAE to a deficit of 7.6% of GDP in Bahrain.

Source: Goldman Sachs

ARMENIA

Heightened global uncertainties are key risk to economic outlook

The World Bank projected Armenia's real GDP growth rate to decelerate from 7.2% in 2025 to 5.3% in 2026, due to the impact of the Middle East war on the economy through higher energy and food prices, trade disruptions, and weaker tourism inflows, and to average 5.1% in the 2027-28 period. But it expected progress toward a durable peace with its neighboring countries to support stronger growth prospects in the medium- to long terms. Also, it anticipated the inflation rate to pick up from 3.3% in 2025 to 4.6% in 2026, driven by higher food prices, and to average 3.6% in the 2027-28 period, which is higher than the Central Bank of Armenia's long-term target of 3%.

Further, it projected the fiscal deficit to widen from 3.5% of GDP in 2025 to 3.9% of GDP in 2026 due to revenue shortfalls and additional spending pressure, particularly the increase in pensions that is scheduled to start April 2026, but it expected it to narrow to 3.7% of GDP in 2027 as public spending decreases from 26.3% of GDP in 2026 to 26.2% in 2027. Also, it forecast the public debt level to increase from 46.8% of GDP at end-2025 to 50% of GDP at end-2026 and to reach 51.3% of GDP in each of 2027 and 2028, reflecting the government's plan to rebuild its stabilization fund despite fiscal consolidation. Further, it expected the current account deficit to narrow from 5.7% of GDP in 2025 to 5.6% of GDP in 2026, 5.2% of GDP in 2027, and 4.8% of GDP as the trade balance improves. Also, it projected foreign direct investments to increase from the equivalent of 1.5% of GDP in 2026, to 2.2% of GDP in 2027 and 2.3% of GDP in 2028.

In parallel, the World Bank considered that risks to the outlook are subject to heightened global uncertainties, and include risks surrounding the parliamentary elections in June, 2026 and the potential escalation in geopolitical tensions in the Middle East. In addition, it anticipated the conflict in the Middle East to lead to persistently elevated energy and food prices and trade disruptions, particularly if price pressures extend beyond 2026, which would weigh on Armenia's trade, tourism, investments, and overall economic growth. In contrast, it noted that upside risks to the outlook include a normalization of relations with neighboring countries, a deeper regional connectivity and new strategic investment commitments by international partners that could support faster growth.

Source: World Bank



ECONOMY & TRADE

UAE

Non-oil sector to grow by 2% in baseline scenario

In its baseline scenario that assumes disruptions of 0.64 million barrels per day (b/d) to oil supply in the UAE in 2026 compared to total supply of 4.26 million b/d in 2025, with oil prices averaging \$85 per barrel (p/b) this year, the Institute of International Finance projected the UAE's real GDP to shift from a growth rate of 4.7% in 2025 to a contraction of 1.2% in 2026, with real hydrocarbon GDP shrinking by 13.2% and real non-oil GDP growing by 2.1%. Under its pessimistic scenario that assumes a reduction of 1.14 million b/d in the country'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 country's real GDP to contract by 3.6% in 2026, with real hydrocarbon GDP shrinking by 22.4% and real non-oil GDP growing by 1.4%. Further, it forecast the current account surplus to decline to 5% of GDP in 2026 in its baseline scenario and to 2.3% of GDP under its pessimistic scenario, and for the fiscal surplus to decrease from 4.5% of GDP in 2025 to 2.8% of GDP in its baseline scenario and to 2.9% of GDP in its pessimistic scenario. In addition, it forecast official foreign currency reserves to rise from \$282bn at end-2025 to \$294bn at the end of 2026 under its baseline scenario and to \$290bn in its pessimistic scenario, and for the assets of the country's sovereign wealth funds to stand at \$927bn in its baseline scenario and at \$924bn in its pessimistic scenario at end-2026.

Source: *Institute of International Finance*

SYRIA

Economic activity to improve in 2026

The World Bank estimated Syria's real GDP growth rate at 2% to 4% in 2025 relative to 0.9% in 2024, driven by improved security and the lifting of international sanctions. It anticipated sanctions relief, national reconciliation, the return of refugees, improved electricity supply, major public and private investments, and substantial reconstruction needs to boost the country's economic growth in the near term. Also, it anticipated economic activity to improve modestly in 2026, but to remain affected by the conflict in the Middle East, which could reverse recent improvements by dampening trade, tourism, investments and electricity provision. But it anticipated growth in the country to remain supported by recovering domestic demand from the return of refugees, higher public wages, and elevated oil and gas output. Also, it noted that the ongoing conflict in the Middle East is exacerbating Syria's energy vulnerabilities, as disruptions to natural gas supplies from Jordan and Egypt have reduced electricity generation. Further, it noted that the fiscal balance shifted from a deficit of 5.1% of GDP in 2024 to a surplus of 1.4% of GDP in 2025 due to increased public revenues. It projected public spending to rise in 2026 to help restore services and productive capacity, and for public revenues to continue to recover, in case of stronger economic activity, increased oil and gas output, and the implementation of broad reforms to the income, real estate, and sales taxes. In parallel, it considered that the economic outlook is subject to risks stemming from evolving security dynamics, transitional institutional arrangements with northern regions, and the duration and the scale of the conflict in the Middle East.

Source: *World Bank*

ANGOLA

Growth to average 2.5% in 2026-27 period

The International Monetary Fund projected Angola's real GDP growth rate to decelerate from 3.1% in 2025 to 2.3% in 2026 and 2.6% in 2027, compared to the Sub-Saharan Africa's real GDP growth rate of 4.3% in 2026 and 4.4% in 2027 and to the region's oil exporters' growth rates of 3.7% in 2026 and 4% in 2027. Also, it anticipated the inflation rate to regress from 20.2% in 2025 to 12.9% in 2026 and 12.8% in 2027, relative to inflation rates of 13.9% in 2026 and 13.8% in 2027 in the region's oil exporting economies. In parallel, it projected the fiscal deficit to narrow from 4.1% of GDP in 2025 to 2.4% of GDP in 2026 but to widen 3.6% of GDP in 2027, and for the public debt level to pick up from 51.3% of GDP at end-2025 to 51.6% of GDP at the end of 2026 and to 53.5% of GDP at end-2027. In parallel, it projected Angola's current account surplus to increase from 0.4% of GDP in 2025 to 2.2% of GDP in 2026 and to regress to 1% of GDP in 2027. In comparison, it forecast the SSA's current account balance to post deficits of 0.6% of GDP in 2026 and 1.1% of GDP in 2027 and for the current account surplus of region's oil exporters to regress from 3% of GDP in 2026 to 1.1% of GDP in 2027. In addition, it forecast the country's gross external debt at 34.7% of GDP at the end of 2026 and at 36.1% of GDP at end-2027. Also, it expected the country's official gross foreign currency reserves to be equivalent to 7.7 months of next year's imports at end-2026 and to 7.4 months of imports at end-2027.

Source: *International Monetary Fund*

PAKISTAN

Middle East war to gradually affect external and public finance balances

The Institute of International Finance projected Pakistan's real GDP growth rate to decelerate from 3% in FY2025/26 to 2.8% in FY2026/27 due to the impact of the Middle East war on the economy. It noted that inflationary pressures are re-emerging and forecast the inflation rate to increase from 4.5% in FY2024/25 to 7.5% in FY2025/26 and 10.8% in FY2026/27, driven by higher fuel, food and electricity prices. In addition, it projected the fiscal deficit at 5.4% of GDP in FY2025/26 and at 5% of GDP in FY2026/27, driven by an expected increase in defense spending. It noted that financial buffers, which improved in recent quarters, are coming under renewed pressure. It said that Gulf Cooperation Council countries are the source of 55% of remittance inflows to Pakistan, and could be negatively affected if the war disrupts capital flows from the region. In parallel, it expected the budget primary surplus at 1% of GDP in each of FY2025/26 and FY2026/27, and for the authorities to miss the target primary surplus of 1.6% of GDP in FY2025/26 due to the current dynamics. Further, it forecast the public debt level at 67.2% of GDP at end-June 2026 and 64.1% of GDP by end-June 2027. Also, it forecast the current account balance to post deficits of 1% of GDP in FY2025/26 and 2% in FY2026/27, driven by higher energy import costs and lower exports. Further, it noted that strong remittance inflows, along with official lending, have allowed the State Bank of Pakistan to significantly rebuild its reserve buffers. But it projected official foreign currency reserves to decrease from \$15.7bn at end-June 2025 to \$13.7bn at end-June 2026 and \$14.2bn at end-June 2027 if remittances and official inflows decline.

Source: *Institute of International Finance*



BANKING

QATAR

Strong financial metrics to help banks withstand shocks

Fitch Ratings considered that the operating environment of the Qatari banking sector, as well as the banks' asset quality, profitability and liquidity, would weaken under adverse scenarios from the conflict in Iran. It said that a significantly longer or more severe regional conflict would reduce economic activity and slow bank lending growth, affect the banks' asset quality, increase problem loans, and lead to higher credit costs. Under its severe asset-quality stress test on Qatari banks, which assumes the tripling or quadrupling of impaired loans from end-2025 levels, while Stage 3-specific provision coverage remains unchanged, it expected all banks to likely report net losses, due in part to their elevated Stage 3 coverage ratios. But it anticipated that, in this case, banks would reduce their provisions to protect operating income. Also, it expected the common equity Tier 1 One ratios of most banks to remain at 15.7%, well above the regulatory minimum of 8.5%, which reflects the sector's strong capacity to absorb potential asset-quality pressures. Also, it expected the Qatar Central Bank (QCB) to deploy forbearance measures, and that capital support from the government, which holds stakes in all Qatari banks, would be forthcoming well before capital ratios decline below the regulatory minimum level. Further, it noted that Qatari banks hold ample high-quality liquid assets that can withstand a short-term liquidity stress, such as outflows of 10% of the deposit base. It considered that the QCB would further support banking sector liquidity, if needed, through deposits at banks.

Source: *Fitch Ratings*

BAHRAIN

Agencies take rating actions on banks

Capital Intelligence (CI) Ratings downgraded the long-term foreign currency rating of Kuwait Finance House (KFHB) from 'A-' to 'BBB+', the rating of the National Bank of Bahrain (NBB) from 'B+' to 'B', and the rating of Al Baraka Islamic Bank (AIB) from 'B' to 'B-'. It maintained the 'stable' outlook on the long-term ratings of KFHB and AIB, and revised the outlook on the rating of NBB from 'negative' to 'stable'. Further, it downgraded the Bank Standalone Rating (BSR) of KFHB from 'bbb' to 'bbb-', the rating of NBB from 'b+' to 'b', and affirmed the BSR of AIB at 'b-'. It indicated that the ratings of KFHB, NBB and AIB are supported by their satisfactory liquidity, and that adequate capital ratios are supporting the ratings of NBB and KFHB. In parallel, Fitch Ratings downgraded the long-term Issuer Default Rating (IDR) of Kuwait Finance House (KFH Bahrain) from 'BB+' to 'BB' due to its similar action on Bahrain's sovereign rating, while it affirmed the IDRs of the National Bank of Bahrain (NBB) and of Bank of Bahrain & Kuwait (BBK) at 'B', and maintained the 'stable' outlook on the banks' IDRs. Also, it downgraded the Viability Rating (VR) of KFH Bahrain from 'bb-' to 'b+', and affirmed the VRs of BBK and NBB at 'b'. It noted that the VRs of BBK and NBB are supported by their good asset quality, healthy profitability, comfortable funding, and their strong domestic franchises. Also, Moody's Ratings affirmed the long-term deposit ratings of BBK and NBB at 'B2', and revised the outlook on the banks' ratings from 'stable' to 'negative', due to its similar action on the sovereign rating.

Source: *CI Ratings, Fitch Ratings, Moody's Ratings*

IRAQ

Agency takes rating actions on banks

Moody's Ratings affirmed the long-term local and foreign currency deposit ratings of the National Bank of Iraq (NBI) at 'B3/Caa1', Ashur International Bank for Investment (Ashur) at 'Caa1/Caa3', Mosul Bank for Development & Investment (MBDI) at 'Caa2/Caa3', and of Bank of Baghdad (BOB) and the National Islamic Bank (NIB) at 'Caa1/Caa2' each. Also, it revised the outlook on the ratings of NBI, BOB and NIB from 'stable' to 'negative', and maintained the 'negative' outlook on Ashur and MBDI's long-term deposit ratings. It attributed the change in outlook on the ratings of NBI, BOB and NIB to its similar action on the sovereign outlook, driven by heightened risks to Iraq's credit profile following the escalation of the conflict in the Middle East. It added that the 'negative' outlook on the ratings of Ashur and MBDI reflects the continued uncertainties stemming from the ban on the bank's access to the US dollar sales window of the Central Bank of Iraq and the change in outlook on the sovereign rating. Also, it affirmed the baseline credit assessment (BCA) of NBI at 'caa2', the BCA of BOB at 'caa1', the BCA of NIB at 'caa2', and the BCAs of Ashur and MBDI at 'ca'. It noted that the BCA of NBI reflects the bank's robust domestic franchise and its solid funding and liquidity. Also, it pointed out that the BCA of BOB is supported by its solid capital and liquidity buffers, which balance its volatile profitability and funding profile amid a weak operating environment. It stated that the BCA of NIB balances the agency's expectations that the bank will maintain adequate liquidity buffers and sound capitalization, supported by capital injections in 2025, along with weak and unpredictable profitability, high asset risks and sizeable off-balance-sheet exposures.

Source: *Moody's Ratings*

TÜRKIYE

Outlook on banks' ratings revised to 'stable' on deteriorating operating environment

Fitch Ratings affirmed the long-term foreign- and local currency Issuer Default Ratings (IDRs) of 13 Turkish banks at 'BB-', and revised the outlook on the ratings the banks from 'positive' to 'stable'. It attributed the change in outlook to its similar action on the sovereign's rating due a noticeable decline in international reserves since the start of the Iran conflict, and as a more protracted conflict would put additional pressure on Türkiye's external finances and inflation rate. It indicated that the banks' IDRs reflect a moderate probability of government support in foreign currency, in case of need, even in light of the recent decline in international reserves relative to the banks' sizes. Further, it revised the outlook on the operating environment score for Turkish banks from 'positive' to 'stable', given the increasing refinancing risks and higher risk premiums from the Iran conflict. It stated that higher-for-longer interest rates on Turkish lira deposits, along with elevated inflation rates, are putting pressures on the operating conditions and profitability of the banks, which would further erode their asset quality. It also attributed the revision of the outlook to the impact of the Iran conflict on operating conditions, which have weighted on the banks' business, risk and financial profiles through higher risk premiums, persistently elevated lira interest rates, and inflation. In addition, it pointed out that it could upgrade the IDRs of the banks if it upgrades the sovereign ratings.

Source: *Fitch Ratings*



ENERGY / COMMODITIES

Oil prices to average \$98 p/b in second quarter of 2026

ICE Brent crude oil front-month futures contracts for June 2026 averaged \$102.2 per barrel (p/b) in April, constituting an increase of 2.6% from \$99.6 p/b in March, due to severe hydrocarbon supply disruptions from the war in the Middle East, including attacks on energy infrastructure and restricted shipping through the Strait of Hormuz. Also, Brent prices surged to a four-year high of \$126.4 p/b on April 30, 2026 following a report that the U.S. military would brief U.S. President Donald Trump on potential action against Iran, which raised concerns that the armed conflict could resume. In parallel, JPMorgan Chase & Co. considered that the withdrawal of the UAE from the OPEC and the OPEC+ coalition effective the start of May will carry significant implications for the oil market, as well as for regional geopolitical developments and for economies that have received support from the UAE. It said that the UAE's current oil production capacity stands at about 4.65 million barrels per day (b/d) and that its latest pre-conflict output was 3.4 million b/d, which dropped to 1.9 million b/d in March and April. It noted that the UAE authorities aim to expand capacity to 5 million b/d by 2027, which will increase the country's ability to produce and export about 1.5 million b/d above current levels, equivalent to about 1.4% of global oil demand. It considered that the UAE could attract greater investment from U.S. companies once it is in a position to pump more oil. Also, Standard Chartered Bank (SCB) said that the UAE's departure from the OPEC+ coalition would reduce the coalition's spare capacity that was primarily supported by Saudi Arabia and the UAE. Also, JPMorgan Chase & Co. noted that the UAE accounted for 7.4% of the OPEC+ production in 2025, which will reduce the ability of OPEC+ to stabilize the market. Further, SCB projected ICE Brent oil spot prices to average \$98 p/b in the second quarter of 2026.

Source: JPMorgan Chase & Co., Standard Chartered Bank, LSEG Workspace, Byblos Research

Kuwait's crude oil production unchanged in February 2026

Crude oil production in Kuwait totaled 2.58 million barrels per day (b/d) in February 2026, unchanged from January 2026. Crude oil exports stood at 1.21 million b/d in February 2026, constituting declines of 3.3% from 1.25 million b/d in January 2026 and of 0.6% from 1.22 million b/d in February 2025.

Source: JODI, Byblos Research

Global steel output up 12.8% in March 2026

Global steel production reached 159.9 million tons in March 2026, representing an increase of 12.8% from 141.8 million tons in February 2026 and a decrease of 3.7% from 166.1 million tons in March 2025. Production in China totaled 87 million tons and accounted for 54.4% of global steel output in March 2026, followed by output in India with 15.3 million tons (9.6%), the U.S. with 7.2 million tons (4.5%), Japan with 6.9 million tons (4.3%), and Russia with 5.4 million tons (3.4%).

Source: World Steel Association, Byblos Research

Algeria's oil exports up 165.8% in February 2026

Crude oil production in Algeria reached 973,000 barrels per day (b/d) in February 2026, constituting an uptick of 0.2% from 971,000 b/d in January 2026. Further, aggregate crude oil exports stood at 529,000 b/d in February 2026 and jumped by 165.8% from 199,000 b/d in January 2026.

Source: JODI, Byblos Research

Base Metals: Copper prices to average \$12,000 per ton in second quarter of 2026

LME copper cash prices averaged \$12,836 per ton in the year-to-April 29, 2026 period, constituting a rise of 38% from an average of \$9,296.7 a ton in the same period of 2025. The increase in prices was due to global trade tensions, as well as to elevated demand from green technologies, particularly for renewable energy, electric vehicles, and artificial intelligence (AI) data centers, while ongoing conflict added upward pressure. Further, copper prices reached an all-time high of \$13,524.2 per ton on January 29, 2026, driven by accelerating demand from AI infrastructure and renewable energy projects, tight physical supply, and low inventories. In parallel, the International Copper Study Group (ICSG) projected the global production of refined copper at 30.4 million tons in 2026, which would constitute an increase of 6.2% from 28.7 million tons in 2025, supported by new capacity additions and ramp ups, but it added that the growth in primary electrolytic refined output will remain constrained by the limited availability of concentrates. Also, it expected copper mine production to reach 24.2 million tons in 2026 compared to 23.2 million tons in 2025. In addition, it forecast global demand for refined copper at 28.7 million tons in 2026, which would represent an increase of 1.6% from 28.2 million tons in 2025. It anticipated copper demand from China to grow by 1.9% in 2026 and for demand from the rest of the world to increase by 1.3% this year. Also, the ICSG forecast the surplus of refined copper to decrease from 455,000 tons in 2025 to 96,000 tons in 2026. Further, Citi Research projected copper prices to average \$12,000 per ton in the second quarter of 2026.

Source: ICSG, Citi Research, LSEG Workspace, Byblos Research

Precious Metals: Gold prices projected at \$5,400 per ounce by end-2026

Gold prices averaged \$4,720 per ounce in the year-to-April 29, 2026 period, constituting a surge of 63.8% from an average of \$2,946.4 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 2.8% so far in April due to rising bond yields, a stronger US dollar, and surging oil prices, which reduced the metal's appeal as a safe-haven asset. In parallel, the World Gold Council indicated that global demand for gold totaled 1,195.9 tons in the first quarter of 2026 and decreased by 9% from 1,315.6 tons in the same period last year. It attributed the decline to a drop of 73% of inflows into gold-backed exchange-traded funds (ETFs) in the first quarter of 2026 from the same quarter of 2025 and to a decrease of 23.4% in jewelry consumption, which were partly offset by a rise of 42% in demand for bars and coins, an increase of 2.8% in net purchases by central banks, and an uptick of 1.5% in demand from the technology sector. Also, it said that the global supply of gold reached 1,230.9 tons in the first quarter of 2026, constituting an increase of 2.1% from 1,205 tons in the same quarter of 2025. In addition, Goldman Sachs considered that near-term risks to gold prices are tilted to the downside, as gold remains vulnerable to further liquidation if the disruptions to hydrocarbon flows through the Strait of Hormuz persist. However, it projected gold prices to reach \$5,400 per ounce by end-2026, as central banks' diversification away from foreign currency reserves continues, speculative investors' currently relatively low exposure level to gold normalizes, and the U.S. Federal Reserve cuts its interest rate by 50 basis points in 2026.

Source: World Gold Council, Goldman Sachs, 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	29-Apr-26	No change	17-Jun-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	28-Apr-26	No change	16-Jun-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	29-Apr-26	No change	10-Jun-26
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	29-Apr-26	No change	24-May-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	14.50	29-Apr-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	24-Apr-26	No change	05-Jun-26
Ukraine	Discount Rate	15.00	19-Mar-26	No change	30-Apr-26
Russia	Refi Rate	14.50	24-Apr-26	Cut 50bps	19-Jun-26



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