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COUNTRY RISK WEEKLY BULLETIN

NEWS HEADLINES

WORLD

Merchandise trade up 2% in first quarter of 2026

The World Trade Organization indicated that the volume of global merchandise trade increased by 2% in the first quarter of 2026 from the fourth quarter of 2025 and by 3.2% from the same quarter of 2025. It noted that the global exports of merchandise grew by 1.4%, while the global imports of goods increased by 2.4% in the first quarter of 2026 from the preceding quarter. It said that the exports of merchandise from Asia increased by 5.5% in the covered period, followed by those from North America (+4%), and from South and Central America (+0.3%), while the exports of merchandise from the Middle East declined by 9.7% and those from Europe regressed by 0.3%. Also, it noted that the import of goods by Asia rose by 7.2% in the first quarter of 2026 from the fourth quarter of 2025, followed by merchandise imports by North America (+3.4%), and those by South and Central America (+1.1%), while the import of merchandise by the Middle East dropped by 12% and those by Europe regressed by 0.2%. In parallel, it indicated that the value of global merchandise trade grew by 11% year-on-year in the first quarter of 2026, with the value of merchandise exports and imports increasing by 12% and by 10%, respectively, annually in the first quarter of 2026. It estimated that the value of merchandise exports grew by 20% in Asia in the covered period, followed by exports from South and Central America (+14%), North America (+13%), and Europe (+7%). Also, it estimated that the value of merchandise imports increased by 22% in Asia annually in the first quarter of 2026, followed by imports to Europe (+13%), and to South and Central America (+3%), while imports to North America decreased by 7%.

Source: World Trade Organization

MENA

Stock markets up 0.4% in first seven months of 2026

Arab stock markets regressed by 0.4% and Gulf Cooperation Council (GCC) equity markets retreated by 0.6% in the first seven months of 2026 compared to increases of 5% and 3.7%, respectively, in the same period of 2025. Also, Arab stock markets and GCC equity markets decreased by 0.6% and 0.7%, respectively, in July 2026 from the preceding month, while they contracted by 2.3% and 2.7%, respectively, from July 2025. In comparison, global equity markets appreciated by 10.4% and emerging market equities surged by 18.6% in the first seven months of 2026, relative to increases of 10.4% and of 22.7%, respectively, in the same period of 2025. Further, global equity markets were nearly unchanged and emerging market equities retreated 3.3% in July 2026 from the previous month, while they surged by 20.5% and by 34%, respectively, from July 2025. Activity on the Tunis Bourse jumped by 49% in the first seven months of 2026, the Egyptian Exchange surged by 27.8%, the Muscat Securities Market advanced by 24.4%, and the Amman Stock Exchange improved by 10.6%. Also, the Palestine Exchange expanded by 7.7%, the Damascus Securities Exchange appreciated by 6.7%, the Iraq Stock Exchange gained 6%, and the Saudi Stock Exchange yielded 1% during the covered period. In contrast, the Beirut Stock Exchange decreased by 10.5%, the Qatar Stock Exchange dropped by 7.8%, the Bahrain Bourse and the Casablanca Stock Exchange declined by 5.3% each, the Dubai Financial Market retreated by 4.2%, the Boursa Kuwait contracted by 1.7%, and the Abu Dhabi Securities Exchange shrank by 0.8% in the first seven months of 2026.

Source: MSCI indices, Local stock markets, LSEG Workspace

AFRICA

Investment banking fees up 26% to $289m in first half of 2026

Figures compiled by data provider LSEG Workspace show that investment banking fees in Sub-Saharan Africa (SSA) totaled $289m in the first half of 2026, constituting an increase of 26.4% from $212.7m in the same period last year, with fees reaching $149.8m in the first quarter and $139.2m in the second quarter of the year. The distribution of investment banking fees shows that fees from syndicated lending reached $126.5m and accounted for 43.8% of the total, followed by debt capital markets fees with $80.8m (28%), merger & acquisition (M&A) fees with $42m (14.5%), and equity capital markets fees with $39.7m (13.7%). Also, fees from equity capital markets surged by seven-fold in the first half of 2026, fees from debt capital markets doubled, syndicated lending fees increased by 17.8%, while those from M&A transactions dropped by 44.7% from the same period last year. In parallel, the materials segment accounted for $5.7bn or 62% of M&A activity in the first half of 2026, followed by the financial sector with $1.5bn (16.8%), the healthcare sector with $936.2m (10.2%), the energy & power industry with $487.3m (5.3%), and the industrials sector with $316m (3.4%), while other sectors generated $229m or 2.5% of M&A activity in the covered period. Further, the SSA region issued $19.4bn in sovereign bonds and $10.2bn in corporate bonds in the first half of 2026.

Source: LSEG Workspace

GCC

Fixed income issuance up 19% to $137bn in first seven months of 2026

Fixed income issuance in Gulf Cooperation Council (GCC) countries reached $136.8bn in the first seven months of 2026, constituting a rise of 18.8% from $115.2bn in the same period last year. Fixed income output consisted of $52.3bn in corporate bonds, or 38.2% of the total, followed by $46.1bn in sovereign bonds (33.7%), $27.5bn in corporate sukuk (20.1%), and $10.9bn in sovereign sukuk (8%). Further, corporates in the GCC issued $79.8bn in bonds and sukuk in the first seven months of 2026, or 58.3% of fixed income output; while the output of GCC sovereigns reached $57bn or 41.7% of the total. GCC sovereigns issued $18.1bn in bonds and sukuk in January, $4.6bn in February, $3bn in March, $9.3bn in April, $2.2bn in May, $8.7bn in June, $11.1bn in July 2026; while GCC companies issued $21.3bn in bonds and sukuk in January, $11.6bn in February, $6.9bn in March, $3.4bn in April, $13.5bn in May, $14.4bn in June, and $8.7bn in July 2026. Sovereign proceeds in July 2026 consisted of $7.3bn in bonds that Kuwait issued, $3.3bn in sukuk issued by Saudi Arabia, $530.5m in bonds that Bahrain issued, and $27.2m in sukuk issued by the UAE. Corporate output in July 2026 consisted of $3.3bn in sukuk issued by Saudi Arabia-based firms, $1.7bn in bonds and $800m in sukuk that firms in the UAE issued, and $500m in bonds that Qatar-based firms issued.

Source: KAMCO

POLITICAL RISKS OVERVIEW - July 2026

ARMENIA

The Armenian government approved a draft law to ratify the U.S.-Armenia framework agreement on the "Trump Route for International Peace and Prosperity" (TRIPP), a transit corridor linking Azerbaijan through southern Armenia. Under the deal, the U.S. will hold a 74% stake in the TRIPP and Armenia will retain the remaining 26%. But Tehran fears that the U.S.-managed corridor, which would run along the Iran-Armenia border, could bring a permanent U.S. security presence in the region. Russia escalated economic pressure on Armenia by broadening import restrictions, a move widely interpreted as a warning against Yerevan's growing alignment with the West, even as the European Union pledged to increase its support to Armenia. Prime Minister Nikol Pashinyan called Russian President Vladimir Putin on July 27 to press for the removal of new Russian trade restrictions on Armenian exports, but the call did not produce a breakthrough.

EGYPT

A drone attack on July 29 targeted two liquefied natural gas vessels, including a U.S.-owned tanker, at the Mediterranean port of Damietta near the Suez Canal, but the attack remained unclaimed. The incident raised alarm because the Port of Damietta is close to the Suez Canal and the SUMED pipeline, two of the few alternative routes for Gulf Cooperation Council energy exports that bypass the volatile Strait of Hormuz and Bab al-Mandab, making them critical to global energy security. The authorities launched an investigation and confirmed that the Damietta Port remained operational, while President Abdel Fattah el-Sisi urged coordinated international action to prevent a further escalation of the Middle East war. Parliament approved legislation on July 14 that grants the Future of Egypt Authority (FEA), which is run by the military, financial and administrative independence and authorized it to set up a sovereign investment fund and a social services fund. The law removed the FEA from the Ministry of Defense's oversight but kept it under presidential supervision, which gives the government more flexibility to manage state assets and attract investments.

ETHIOPIA

The Tigray People's Liberation Front (TPLF) held consultations across Tigray, urged public mobilization and reaffirmed its commitment to build alliances with other groups that are opposed to Prime Minister Abiy Ahmed's government, as it framed cooperation as a necessary response to a shared threat. Fears of forced conscription by TPLF authorities in Tigray and the prospect of renewed war prompted many young people to leave the region, underscoring a decline in popular support for the TPLF. Ethiopia's National Dialogue Commission launched the National Dialogue in Addis Ababa on July 15, which brought more than 4,000 participants for a 35-day process. The discussions cover eight major agenda items, which include constitutional reforms, national identity, the status of nations and nationalities, and the right to self-determination. PM Abiy Ahmed announced that his party had submitted a proposal to introduce a two-term constitutional limit for governments, framing it as part of broader efforts to strengthen Ethiopia's political system. Deadly clashes erupted along the border between Oromia and Sidama regions, leaving an unknown number of people dead and displacing thousands of individuals.

IRAN

Iran struck on July 7 three oil tankers transiting the Strait of Hormuz through the Omani corridor, which triggered a new cycle of escalation. The U.S. Central Command hit a broad range of Iranian military targets the same day, and followed up with additional strikes on July 8. Iran retaliated with drone and missile attacks against Bahrain, Jordan, Kuwait, and Qatar. U.S. President Donald Trump announced the suspension of the ceasefire between the U.S. and Iran and revoked the U.S. waiver on Iranian oil sanctions. Omani and Qatari mediators met Iran's Minister of Foreign Affairs to propose a two corridor navigation scheme for the Strait of Hormuz, but Tehran rejected the plan. Washington declared it struck around 140 Iranian military targets on July 12, which prompted Tehran to launch its broadest barrage within 24 hours, hitting Bahrain, Kuwait, Qatar, Oman, the UAE, and Jordan. U.S. President Trump announced that the U.S. would resume its naval blockade on Iran and threatened that the U.S. would destroy one bridge or power plant for every ship that Iran attacks in the Strait of Hormuz. Washington paused its attacks on July 24 after 13 days of strikes and counter strikes, but the conflict reignited on July 28, when Iran fired missiles at U.S. bases in Jordan.

IRAQ

The authorities of the Kurdistan Regional Government reported three drones striking a refugee camp for Iranian Kurds north of Erbil on July 13. Also, eight more drones entered Erbil's airspace on July 15 but U.S. forces intercepted them. The next day, U.S. and Saudi airstrikes hit sites of the Popular Mobilization Forces (PMF) across Iraq, killing at least four members of Iran's Islamic Revolutionary Guard Corps and about 20 PMF fighters. The financial adviser to Prime Minister Ali al-Zaidi said that Iraq has lost between $40bn and $45bn in revenues since February 2026 as a result of the closure of the Strait of Hormuz. Syria and Iraq signed a U.S.-backed agreement on July 17 to rehabilitate the Kirkuk-Baniyas oil pipeline. PM al Zaidi visited Washington, D.C. between July 13 and 17, and signed with the U.S. agreements in energy, banking, and technology. PM al Zaidi traveled to Iran on July 23, pledging closer ties and assured the Iranian authorities that Iraq's territory would not be used against Iran. The U.S. Secretary of War confirmed the U.S. commitment to withdraw all coalition forces from Iraq by end-September 2026.

LIBYA

The Chiefs of Staff of Libya's western and eastern forces met in Sirte on July 12 as part of U.S.-led efforts to build a unified national army. They agreed to hold a joint military exercise in southern Libya, which builds on their earlier cooperation during the U.S.-led Flintlock 26 exercise four months ago. About 60 representatives from political parties and civil society met in Geneva on July 17 under the banner of the Libyan Libyan Dialogue Forum. They named lawyer and former presidential candidate Mustafa al Majdoub to lead what they called a "unified Libyan government", and presented it as a step toward a new political process that reflects the people's will.

SUDAN

The Sudanese Armed Forces (SAF) and its allied forces launched a major offensive in North Kordofan, and regained Bara, Um Sayala, Um Garfa, and other areas north of El Obeid, which have been under siege by the Rapid Support Forces (RSF) ahead of a planned assault. Also, the SAF announced the capture of Al Sadarat, a key highway linking Khartoum with North Kordofan, potentially restoring supply lines and averting the RSF attack on El Obeid. In response, the RSF mounted counter attacks, carried out reprisals against civilians, continued to bombard targets inside the city, and kept troops positioned around it. Further, clashes between the SAF and the RSF persisted in the Darfur region. Civilian coalitions met separately to prepare for the next stage of talks under the Quintet mechanism, bringing together the African Union, the Intergovernmental Authority on Development, the Arab League, the European Union, and the United Nations, to advance a Sudanese led political settlement.

Source: International Crisis Group, Newswires

OUTLOOK

WORLD

Central Banks face financial stability risks from AI

The International Monetary Fund indicated that artificial intelligence (AI) is transforming the way financial institutions assess risk, distribute credit, and manage periods of stress. As such, it considered that the primary challenge that central banks and financial supervisors face consists of governing AI in ways that solidify financial stability. It stressed the need to strengthen oversight and governance of AI driven trading, lending, and supervisory technologies (SupTech); to enhance transparency around AI usage, dependencies, and asset correlation risks stemming from synchronized trading strategies; and to deepen cooperation to reinforce operational resilience and cyber defense.

First, it said that central banks and financial supervisors have a critical responsibility to safeguard financial stability, as AI innovations can magnify volatility during periods of stress. It noted that the regulators must intensify their monitoring of AI strategies, map correlation risks, and ensure that stress testing reflects the speed and scale of AI decision making in order to safeguard stability. Second, it indicated that regulators must expand their oversight of AI to safeguard the resilience of the financial sector since AI driven operational changes, such as banks increasingly applying AI to back office and risk functions, introduce new systemic dependencies, particularly on a small number of cloud, data, and model providers.

Third, it said that AI is transforming the way central banks and financial supervisors carry out their mandates, with SupTech enhancing market surveillance, risk identification, and targeted oversight. It noted that, as financial systems grow more complex, these tools improve timeliness, coverage and analytical depth, but added that they increase governance challenges. Fourth, it indicated that cyber threats have evolved beyond operational risks for central banks and financial supervisors, which renders cyber resilience a pressing macro financial concern. Fifth, it said that AI is becoming a financial stability issue that cuts across markets, institutions, financial infrastructures, and supervision. It considered that, in an AI enabled financial system, stability will depend on the institutions, incentives, and safeguards that govern the application of individual models, rather than on their performance.

Source: International Monetary Fund

SAUDI ARABIA

Sound macroeconomic policies support favorable outlook

The International Monetary Fund (IMF) indicated that the Saudi economy has demonstrated strong resilience in the face of the war in the Middle East, supported by strong fundamentals and diversified oil and logistics infrastructure, and projected the Kingdom's real GDP growth rate at 1.7% in 2026, at 5.5% in 2027 and at an average of 3.7% in the 2028-31 period. Also, it forecast Saudi Arabia’s real non-oil GDP growth rate at 2.6% in 2026 and at 4.5% in 2027, and to average 3.9% in the 2028-31 period, driven by private investments and household consumption. Also, it forecast real oil GDP to contract by 0.8% this year and to recover to 8.5% in 2027, and to average 3% in the 2028-31 period.

Further, it anticipated the fiscal deficit to narrow from 3.7% of GDP in 2026 to 3.1% in 2027, driven by higher oil export receipts and fiscal revenues. But it urged the authorities to step up efforts to increase non-oil revenues and rationalize energy subsidies, and stressed the need to support trade rerouting from the Strait of Hormuz. It also projected the public debt level to increase from 31.8% of GDP at the end of 2025 to 32.1% at end-2026 and 34.4% of GDP at end-2027. It noted that the Kingdom's fiscal position is underpinned by a low public debt level, substantial government deposits at the Saudi Central Bank, a well-established debt management framework, and diversified and reliable market access. Further, it projected the current account deficit to widen from 0.3% of GDP in 2026 to 0.8% of GDP in 2027, due to domestic demand and lower oil exports receipts. It projected the net foreign assets at the Saudi Central Bank to reach $464bn at end-2026, $492.3bn at end-2027 and to average $550.7bn annually in the 2028-31 period. Further, it forecast international reserves at 13.9 months of import at end-2026 and at 14.1 months of import at end-2027, and to average 14.5 months of imports in the 2028-2031 period.

In parallel, the IMF considered that risks to the outlook are tilted to the downside, and include trade tensions, tighter global financial conditions, and a sustained decline in oil prices. It added that upside risks include the faster normalization of maritime traffic, higher oil prices and production, and the accelerated implementation of productivity enhancing reforms.

Source: International Monetary Fund

CÔTE D'IVOIRE

Outlook contingent on commodity prices and fiscal consolidation

Standard Chartered Bank revised downward its real GDP forecast for Côte d'Ivoire from a growth rate of 6.6% to 6.2% in 2026, reflecting weaker rural incomes and consumption, as lower cocoa and cashew producer prices reduce earnings for farmers, despite favorable weather conditions that are boosting agricultural output. Also, it projected the country's real GDP growth rates at 6.5% in 2027 and 7.2% in 2028, as it expected the hydrocarbon sector to drive growth in 2028. Further, it expected the implementation of the new 2026-30 National Development Plan, which the parliament adopted in April 2026, to sustain strong investment growth. It added that the authorities approved the final investment decision for Phase 3 of the Baleine oil project in May 2026, which would increase oil production from 60,000 barrels per day (b/d) currently to 150,000 b/d by 2028. In addition, it anticipated the inflation rate at 2% in 2027, unchanged from 2026. Also, it expected the Banque Centrale des Etats de l'Afrique de l'Ouest to cut its policy rate from 5% this year to 4.5% in 2027 and 2028.

Further, it revised its fiscal deficit projections from 3% of GDP to 3.8% of GDP in 2026 and from 2.5% of GDP to 3.5% of GDP in 2027, reflecting mainly slower fiscal consolidation to accommodate key spending needs, as well as weaker revenues from lower cocoa receipts and implicit energy subsidies. In addition, it forecast the current account deficit to widen from 1.7% of GDP in 2026 to 2.6% of GDP in 2027 and 2.7% of GDP in 2028. In parallel, it stated that the country’s growth outlook remains robust, with limited direct impact from the Middle East conflict, and expected Côte d’Ivoire’s future relationship with the IMF to be a key focus for markets in the second half of 2026.

Source: Standard Chartered Bank

EGYPT

Economic activity to pick up, fiscal risks persist

The International Monetary Fund indicated that Egypt's economy has been resilient to spillovers from the war in the Middle East, supported by the authorities' timely and decisive policy response, including exchange rate flexibility, fuel price adjustments, and measures to contain budget spending. It projected Egypt's real GDP growth rate at about 4.6% in FY2025/26, and forecast it to moderate to 4.4% in FY2026/27, driven by lower investments, higher input costs, and persistent uncertainties. Further, it said that the inflation rate stood at 15.2% in March 2026, mainly due to the depreciation of the exchange rate and higher energy prices, and regressed to 14.3% in June 2026. Also, it noted that the current account balance came under pressure in March 2026, following higher global oil and gas prices. But, it projected the current account deficit at 4.5% FY2025/26, due to high remittance inflows, robust tourism receipts and a gradual recovery in Suez Canal revenues. It added that heightened uncertainty continues to weigh on the near-term outlook. It anticipated that a renewed escalation of regional tensions could weigh on growth, raise global inflationary pressures, tighten financial conditions, and put pressure on the fiscal and external positions. It added that domestic risks include difficulties in sustaining tight policies amid rising social pressures, elevated rollover and refinancing needs, and slower-than-expected progress in reducing the state's role in the economy. In constrat, is stated that upside risks include the renewal of the U.S.-Iran ceasefire agreement, which may help lower energy prices and improve investor sentiment. It expected a recovery in Suez Canal activity and the accelerated implementation of structural reforms to help boost growth prospects.

Source: International Monetary Fund

SYRIA

Travel and tourism to contribute 4.8% of GDP in 2026

The World Travel & Tourism Council estimated that the travel and tourism sector in Syria contributed 5.5% of the country's GDP in 2025 compared to 6.9% of GDP in 2019. It indicated that the broad travel & tourism (T&T) sector generated $2.5bn in revenues in 2025, up by 6.8% from 2024 and down by 19% from $3.1bn in 2019. In parallel, it estimated the aggregate international spending by visitors to the country at $738.6m, while spending by local visitors on T&T reached $1.8bn in 2025. Also, leisure spending by visitors to Syria totaled $2.2bn in 2025 and business spending reached $388.4m last year. Further, it pointed out that the T&T industry contributed 217,200 jobs in 2025, relative to 207,500 jobs in 2024 and to 219,400 jobs in 2019, which accounted for 5.4% of the country's total employment in 2025 compared to a share of 8.4% in 2019. In parallel, it projected the contribution of the T&T sector to the country's GDP at $2.4bn in 2026 and at $3.9bn in 2036, which would be equivalent to 4.8% of this year's GDP and 3.7% of GDP in 2036. It forecast the employment in the T&T sector at 218,300 jobs in 2026, or 5.1% of total employment in the country this year, and at 327,500 jobs or 5.6% of the country's total employment in 2036. It projected international spending at $555.2m in 2026 and $1.2bn in 2036, and forecast domestic spending at $1.9bn in 2026 and $2.5bn in 2036.

Source: World Travel & Tourism Council

ARMENIA

Outlook on ratings revised to 'positive' on decline in political risks

Moody's Ratings affirmed the long-term local and foreign currency issuer ratings of Armenia at 'Ba3', which is three notches below investment grade, and revised the outlook on the long-term ratings from 'stable' to 'positive'. Also, it maintained the local and foreign currency country ceilings at 'Baa2' and 'Ba1', respectively. It attributed the outlook revision to the material decline in political risks given the low probability of renewed hostilities with Azerbaijan, more balanced external relations, and contained domestic risks. It added that the 'positive' outlook reflects the country's stronger growth prospects, which would drive broader improvements in economic fundamentals. Further, it said that the ratings are supported by the economy's long-term growth potential, and by the moderately high strength of institutions and governance. But it said that the ratings are constrained by elevated debt servicing costs and persistent geopolitical risks. Also, it said that Armenia's debt profile has improved, due to the strong reliance on domestic borrowing and a reduced share, as the share of foreign currency-denominated government debt decreased from an average of about 80% in the 2017-19 period to nearly 47% in 2025. In parallel, it said that it could upgrade the ratings if reforms continue to strengthen policy and fiscal performance, and/or in case of greater evidence of regional stability and strong economic growth. But, it noted that it could revise the outlook to 'stable' if geopolitical tensions escalate and affect the economy, and/or in case the debt and borrowing costs increase.

Source: Moody's Ratings

TUNISIA

Ratings constrained by fiscal pressure and structural challenges

In its periodic review of Tunisia's sovereign ratings , Moody's Ratings indicated that the country's 'Caa1' issuer rating, which is seven notches below investment grade, is supported by a residual degree of financial support from its international partners. In contrast, it indicated that the rating is constrained by limited fiscal space, high debt levels, constrained access to financing at manageable costs, and structural obstacles that are weighing on medium-term growth prospects. It pointed out that the economic strength assessment of 'ba3' reflects the economy's moderate wealth levels and a subdued trend growth performance, as well as structural obstacles to job creation, private sector-led growth and foreign investments. It added that the country's institutions and governance strength assessment of 'b2' captures the difficulties in implementing fiscal reforms and the ongoing fluidity of the institutional structure, which are balanced by stronger monetary and macroeconomic policy effectiveness. It added that the government's fiscal strength assessment of 'caa1' reflects the deterioration of the fiscal and debt metrics in the past decade and a rigid spending structure. Further, the agency indicated that the susceptibility to events risks assessment of 'b' is driven by political uncertainties, as well as by government liquidity and external vulnerability risks. In addition, it stated that the 'stable' outlook on the sovereign ratings reflects its expectations that Tunisia's external financing needs will remain contained, and that fiscal vulnerabilities will persist.

Source: Moody's Ratings

WORLD

Cross-border bank claims at $47.6 trillion at end-March 2026

Figures released by the Bank of International Settlements show that banks' global cross-border outstanding claims reached $47.6 trillion (tn) at the end of March 2026, constituting an increase of $2.1tn or of 4.6% from $45.5tn at end-2025, with cross-border bank credit at $39.5tn at end-March 2025, up by 11% from $37.8tn at end-2025. It attributed the growth in cross-border claims to a rise of $1.2tn or of 11% in cross-border bank loans and deposits and a buildup of $0.6tn or of 12% in cross-border holding of debt securities by banks in the first quarter of the year. Further, it said that credit to the non-banking sector increased by $1.1tn, while credit to banks grew by $632bn in the first quarter of 2026. In addition, it noted that the expansion in cross-border bank credit to emerging market and developing economies (EMDEs) consisted mainly of $74bn to the Middle East & Africa and of $55bn to Emerging Europe during the covered quarter. It noted that the increase in cross-border bank credit in the first quarter of 2026 was primarily denominated in US dollars and euros, with US dollar credit expanding by $793bn and euro credit rising by $597bn. It said that the outstanding stock of US dollar-denominated foreign currency debt reached $14.7tn at end-March 2026, with approximately 30% attributed to EMDE borrowers; while euro-denominated foreign currency debt stood at €5.1tn, with about 17% due by EMDE borrowers.

Source: Bank of International Settlements

UAE

Banks' ratings affirmed, outlook 'stable'

Capital Intelligence Ratings affirmed the long-term foreign currency rating of Emirates NBD (ENBD) at 'A+', the ratings of National Bank of Ras Al-Khaimah (RAKBank) and Mashreqbank (MB) at 'A', those of Commercial Bank of Dubai (CBD), First Abu Dhabi Bank (FAB), National Bank of Fujairah (NBF) and Sharjah Islamic Bank (SIB) at 'A-', and that of United Arab Bank (UAB) at 'BBB+'. Further, it affirmed the Bank Standalone Rating (BSR) of FAB at 'a-', the BSR of RAKBank at 'bbb+', those of CBD, MB, NBF and ENBD at 'bbb', and those of UAB and SIB at 'bbb-'. Also, it maintained the 'stable' outlook on the long-term foreign currency ratings and BSRs of all banks. Further, it affirmed the Core Financial Strength (CFS) ratings of FAB and ENBD at 'a-', the CFS rating of RAKBank at 'bbb+', those of MB and NBF at 'bbb', the CFS rating of CBD at 'bbb-', and those of UAB and SIB at 'bb+'. It noted that the CFS of all banks are supported by their sound capital ratios and comfortable liquidity. But it said that high loan concentrations are constraining the banks' CFS, while elevated concentrations in real estate lending are weighing on the CFS of CBD, FAB, UAB, MB and SIB. It added that the CFS of FAB, UAB, MB, NBF and SIB are underpinned by their sound operating profitability, and the ratings of CBD, RAKBank and ENBD are supported by their strong profitability. Also, it said that the CFS of MB and ENBD are underpinned by their strong asset quality, and the CFS of CBD, FAB, RAKBank, NBF, UAB and SIB are supported by their sound asset quality. It said that the CFS of CBD, FAB, MB and RAKBank are underpinned by their strong domestic franchise, while the CFS of UAB is supported by its growing corporate franchise.

Source: Capital Intelligence Ratings

KUWAIT

Kuwait makes progress on AML/CFT action plan

In its June 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 maintained 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. It called on the authorities to ensure that beneficial ownership information in the Ministry of Commerce and Industry's Commercial 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 about the cross-border movements of currency. The FATF placed Kuwait on its list of "jurisdictions under increased monitoring" in February 2026.

Source: Financial Action Task Force

BANGLADESH

Banking sector facing asset quality challenges

S&P Global Ratings considered that the country's slower economic growth and geopolitical volatility could worsen the banking sector's significant asset quality challenges. Further, it expected credit growth to remain subdued due to high interest rates and inflation, and for the elevated non-performing loans ratio to keep credit costs above historical levels. It said that Bangladesh Bank introduced a set of structural reforms that aim to improve asset quality and to strengthen corporate governance in the banking sector. It stated that weak consumption and investments, along with structural reforms under the previous International Monetary Fund program, have exposed deep rooted vulnerabilities in the banking sector, particularly the extent of stressed assets. It projected the banking system's non-performing and restructured loans ratio at about 40% of total loans in the next two years due to tighter loan classification and renewal standards. Further, it expected the banking sector's credit loss ratio to improve from about 7.8% in 2025 to between 5% and 6.5% of total loans in the next two years, as the government implements structural reforms to rehabilitate the sector. Also, it anticipated the banks' returns on assets at -2.9% in 2026 and -1.9% in 2027, compared with -4.8% in 2025, driven by elevated credit costs. It said that the banking sector is undercapitalized, with a negative capital adequacy ratio of 2.6%, which is far below the regulatory minimum of 10%. It noted that support from Bangladesh Bank remains critical for banks facing liquidity challenges.

Source: S&P Global Ratings

ENERGY / COMMODITIES

Oil prices to average $84.7 p/b in third quarter of 2026

ICE Brent crude oil front-month futures contracts for October 2026 reached $79.5 per barrel (p/b) on August 5, 2026, constituting a decline of 11.8% from $90.1 p/b at the end of July, driven by optimism that progress in talks between Iran and Oman could pave the way for a U.S.-Iran agreement to end the five-month war and reopen the Strait of Hormuz. In parallel, Goldman Sachs expected Brent oil prices to stay in the $80 p/b to $90 p/b range until either the confirmation of a new US-Iran agreement or a significant escalation in attacks and targets. It said that global oil inventories declined by 6.3 million barrels per day (b/d) in the second half of July due to lower flows from the Arabian Gulf and the Red Sea, limited Russian oil exports, and stronger Asian imports of oil, including from China. It indicated that flows through the Arabian Gulf declined to 36% of pre-war levels, or to 9 million b/d, in the last week of July compared to nearly 80% of pre-war levels in the first half of the month. It noted that total flows through the Red Sea across the Bab-al-Mandab passage and the Suez Canal decreased by 1.7 million b/d in the last week of July. Also, it pointed out that Russian crude and condensate exports contracted by 1.3 million b/d in the second half of July following a shift in Ukrainian drone attacks from refineries to oil tankers in late June. It said that Asia's net imports of crude and condensate increased by 5.6 million b/d in the second half of July, with China accounting for 2.3 million b/d of the total. In addition, LSEG Workspace projected oil prices, through its latest crude oil price poll of 31 industry analysts, to average $84.7 p/b in the third quarter of 2026 and $85.2 p/b in 2026.

Source: Goldman Sachs, LSEG Workspace, Byblos Research

Algeria's oil exports down 13.7% in May 2026

Crude oil production in Algeria reached 982,000 barrels per day (b/d) in April 2026, constituting an uptick of 0.3% from 979,000 b/d in April 2026. Aggregate crude oil exports stood at 427,000 b/d in April 2026 and decreased by 13.7% from 495,000 b/d in March 2026.

Source: JODI, Byblos Research

OECD petroleum and liquid fuels demand to decrease by 0.8% in 2026

The U.S. Energy Information Administration projected in July 2026 the consumption of petroleum and liquid fuels in OECD countries at 45.54 million barrels per day (b/d) in 2026, which would represent a decrease of 0.8% from 45.92 million b/d in 2025. It forecast the demand for petroleum and liquid fuels in OECD countries to account for 44.3% of global consumption in 2026.

Source: U.S. Energy Information Administration

Saudi Arabia's oil export receipts at $18.9bn in May 2026

Oil exports from Saudi Arabia totaled 4.5 million barrels per day (b/d) in May 2026, representing decreases of 9.6% from 5 million b/d in April 2026 and of 40.3% from 7.56 million b/d in May 2025. Oil export receipts reached $18.9bn in May 2026, up by 2.2% from $18.5bn in the previous month and by 19.5% from $15.8bn in May 2025.

Source: JODI, General Authority for Statistics, Byblos Research

Base Metals: Zinc prices to average $3,600 per ton in third quarter of 2026

The LME cash prices of zinc averaged $3,391.6 per ton in the year-to-August 5, 2026 period, constituting an increase of 23.8% from an average of $2,739.6 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. In parallel, Citi Research projected the global supply of zinc at 13.9 million tons in 2026, which would constitute an increase of 0.7% from 13.8 million tons in 2025. Further, it forecast demand for the metal at 13.87 million tons in 2026, which would represent an uptick of 0.8% from 13.76 million tons in 2025. In its base case scenario, it expected the price of the metal to remain near its current levels of about $3,600 per ton in the near term, before easing in 2027. It considered that the short-term outlook for zinc prices remains uncertain, as softer global fundamentals point to lower prices, while rallies in copper and aluminum could provide support. It expected regional factors to keep the metal's prices supported if smelting disruptions around the world, excluding China, persist and surpluses remain contained within China. In its bear case scenario, it forecast the price of zinc to decline to an average of $2,500 per ton by end 2027, close to the marginal mining costs. It anticipated that minimal disruption to smelter output would support the strong production growth of refined zinc, while restrictive monetary policy and softer infrastructure and construction activity in China would weigh on global demand for zinc. Also, in its bull case scenario, it projected zinc prices to rise to an average of $4,000 per ton in the second half of 2026 and in 2027, which assumes a prolonged physical dislocation between China and other markets around the world, with repeated episodes of tightness in the London Metal Exchange and a sustained premium over the Shanghai Futures Exchange sufficient to incentivize Chinese exports. Also, it forecast zinc prices to average $3,600 per ton in the third quarter of 2026.

Source: Citi Research, LSEG Workspace, Byblos Research

Precious Metals: Gold prices to average $4,500 per ounce in third quarter of 2026

Gold prices averaged $4,584.8 per ounce in the year-to-August 5, 2026 period, constituting a surge of 47% from an average of $3,119 an ounce in the same period last year, driven largely by strong demand from central banks worldwide, by persistent concerns about global economic uncertainties, and by heightened Middle East tensions. Also, gold prices dropped by 23.8% from an all-time high of $5,586.2 per ounce on January 29, 2026 to $4,258.8 an ounce on August 5, 2026 due to rising U.S. Treasury yields and a stronger exchange rate of the US dollar against major currencies. In parallel, the World Gold Council indicated that global demand for gold totaled 1,951.2 tons in the first half of 2026 and decreased by 19% from 2,412.8 tons in the same period last year. It attributed the decline to a drop of 95.6% in inflows into gold-backed exchange-traded funds (ETFs) in the first half of 2026 from the same period of 2025, to a decline of 21% in jewelry consumption and to a decrease of 16.5% in net purchases by central banks, which were partly offset by a rise of 20.7% in demand for bars and coins and an increase of 1.8% in demand from the technology sector. Also, it said that the global supply of gold reached 2,522 tons in the first half of 2026, constituting an increase of 2.1% from 2,470 tons in the same period of 2025. Further, Citi Research projected gold prices to average $4,500 per ounce in the third quarter of 2026.

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

COUNTRY RISK METRICS

Countries	LT Foreign currency rating S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Africa												
Algeria	- -	- -	- -	- -	-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 Positive	- -	-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 Stable	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- Negative	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	Aa3 Stable	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 S&P	Moody's	Fitch	CI	General gvt. balance/ GDP (%)	Gross Public debt (% of GDP)	Usable Reserves / CAPs* (months)	Short-Term External Debt by Rem. Mat./ CARs	Gvt. Interest Exp./ Rev. (%)	Gross Ext. Fin. needs / (CAR + Use. Res.) (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
Asia												
Armenia	BB- Positive	Ba3 Positive	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+ Negative	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

**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	29-Jul-26	No change	16-Sep-26
Eurozone	Refi Rate	2.40	23-Jul-26	Raised 25bps	10-Sep-26
UK	Bank Rate	3.75	30-Jul-26	No change	17-Sep-26
Japan	O/N Call Rate	1.00	31-Jul-26	No change	18-Sep-26
Australia	Cash Rate	4.35	16-Jun-26	No change	11-Aug-26
New Zealand	Cash Rate	2.50	08-Jul-26	Raised 25bps	02-Sep-26
Switzerland	SNB Policy Rate	0.00	18-Jun-26	No change	24-Sep-26
Canada	Overnight rate	2.25	15-Jul-26	No change	02-Sep-26
Emerging Markets					
China	One-year Loan Prime Rate	3.00	20-Jul-26	No change	20-Aug-26
Hong Kong	Base Rate	4.00	11-Dec-25	Cut 25bps	N/A
Taiwan	Discount Rate	2.00	16-Jun-26	No change	17-Aug-26
South Korea	Base Rate	2.50	16-Jul-26	No change	27-Aug-26
Malaysia	O/N Policy Rate	2.75	09-Jul-26	No change	03-Sep-26
Thailand	1D Repo	1.00	24-Jun-26	No change	26-Aug-26
India	Repo Rate	5.25	05-Aug-26	No change	07-Oct-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	09-Jul-26	No change	20-Aug-26
Jordan	CBJ Main Rate	5.75	14-Dec-25	Cut 25bps	N/A
Türkiye	Repo Rate	37.00	23-Jul-26	No change	10-Sep-26
South Africa	Repo Rate	7.00	23-Jul-26	No change	23-Sep-26
Kenya	Central Bank Rate	8.75	09-Jun-26	No change	11-Aug-26
Nigeria	Monetary Policy Rate	26.50	21-Jul-26	No change	22-Sep-26
Ghana	Prime Rate	14.00	22-Jul-26	No change	24-Sep-26
Angola	Base Rate	17.50	14-Jul-26	Cut 125bps	15-Sep-26
Mexico	Target Rate	6.50	25-Jun-26	No change	06-Aug-26
Brazil	Selic Rate	14.00	05-Aug-26	Cut 25bps	N/A
Armenia	Refi Rate	6.50	04-Aug-26	No change	15-Sep-26
Romania	Policy Rate	6.50	08-Jul-26	No change	10-Aug-26
Bulgaria	Base Interest	1.81	01-Dec-25	Raised 1bp	N/A
Kazakhstan	Repo Rate	16.75	24-Jul-26	Cut 25bps	04-Sep-26
Ukraine	Discount Rate	15.00	30-Jul-26	No change	17-Sep-26
Russia	Refi Rate	14.00	24-Jul-26	Cut 25bps	11-Sep-26

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