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MENA equity markets continued to follow an upward streak this week (+1.0%), mainly tracking global equity strength (+0.8%) following US Fed's dovish pivot, and as oil prices settled up amid mounting supply chain concerns as Red Sea disruptions intensified. In parallel, regional fixed income markets continued to register across-the-board upward price movements, mainly tracking US Treasuries move following US Fed dovish projections in its December FOMC meeting and after recent data showed that the US real economy grew slower than previously believed in the third quarter of 2023.

MENA MARKETS: DECEMBER 17 - DECEMBER 23, 2023

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	+1.0%	Weekly Z-spread based bond index	+0.1%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+4.0%	YTD Z-spread based bond index	+65.4%

ECONOMY

S&P: MENA TOURISM TO TAKE HIT FROM WAR

A new report was issued by S&P Global Ratings on the MENA region. Beyond the catastrophic loss of life and costly damage to infrastructure, the war between Israel and Hamas will have repercussions for other economies in the Middle East and North Africa (MENA) according to the report.

Focusing on the tourism sector, S&P thinks Lebanon, Egypt, and Jordan could suffer the most, hampering real GDP growth and weakening their external positions, although this could be somewhat mitigated by potential support from international donors.

For the Gulf Cooperation Council (GCC), Turkey, and Iraq, the impact on tourism flows is unlikely to be material in our current base case.

Much will depend on how long the conflict lasts and whether it will spill over into the broader region.

The human tragedy unfolding in Gaza and Israel could have widespread implications for the MENA region. S&P current base case is that the war will largely be contained to Israel and Gaza and last no more than three to six months.

An escalation could open up additional fronts in the region. When looking solely at the impact on tourism, S&P Global Ratings believes Lebanon, Egypt, and Jordan are most exposed, due to their geographic proximity and the potential for some aspects of the conflict to expand across their borders. Their view stems from the results of our scenario analysis, in which we tested the financial impact of a 10%, 30%, or 70% loss in tourism receipts on each country. Last year, tourism contributed 26% of Lebanon's current account receipts. For Jordan and Egypt, the figure was 21% and 12%, and for Israel, 3%.

Likely impacts of the war include physical destruction, an outflow of portfolio and nonresident deposits, and a reduction in foreign direct investment. Increased protests across MENA could also exacerbate social instability and political risks. What's more, further deepening of the humanitarian crisis in Gaza or a serious escalation in the West Bank could lead to a new wave of refugee flows that would burden economies in the region. As we saw in Jordan (and Lebanon following the Syrian refugee crisis), this could undermine fiscal and credit metrics. A prolonged conflict may lead to a significant loss of GDP and foreign exchange receipts across MENA.

The tourism sector is a big employer and an important source of foreign currency in many MENA countries. Tourism sectors globally have been recovering robustly in 2023, particularly in the Middle East. According to the U.N. World Tourism Organization, the region received 20% more tourists in the first seven months of this year than in the same period in 2019. This makes MENA the only region, where tourism has returned to and exceeded pre-pandemic levels, supporting economic growth and the economies' current account positions. The consequences of war put this progress at risk.

NON-OIL PRIVATE SECTOR PERFORMANCE IN QATAR PICKS UP IN NOVEMBER

Qatar's Purchasing Managers' Index (PMI) for November 2023 registered 51.5, up by 0.7 points against October's 50.8, as per the Qatar Financial Center's (QFC) PMI report for November 2023.

This improvement came amid faster growths in output and new business against the month prior. The rise in new business has enabled the generation of additional outstanding business for the first time in more than a year. In parallel, employment has increased in the Qatari non-oil private sector with the financial services sub-sector remaining the main driver for growth, as per QFC's PMI report for November 2023.

In details, total business activity noticed a continued boost in performance during the month amid an increase in the number of customers. Output levels have continued following the upward trend that has been going for the past three years with the exception of January 2023, which saw a brief correction caused by the conclusion of the World Cup.

New business intake has expanded for the 10th month in a row during November. This expansion came as a result of strong demand in the sector. The increase in demand has led to a rise in work backlogs for the first time in 16 months despite a continued increase in employment, as per the QFC PMI report for November 2023. Supply chain performance continued to improve in November with lead times for inputs shortening.

Purchasing of inputs has increased for the ninth consecutive month at the fastest rate in four months as a result.

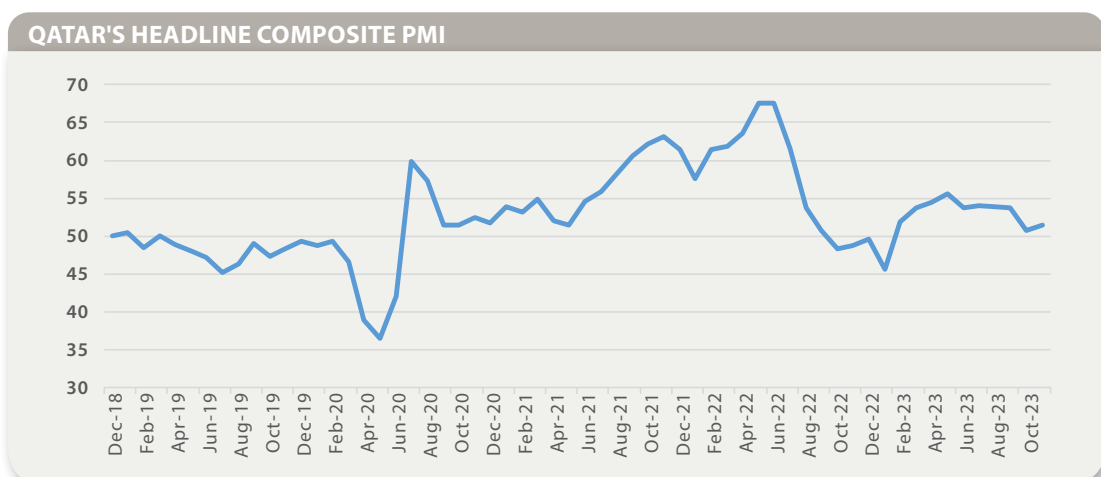
During November, cost pressures noted a slight increase with relatively weak inflation in input price as well as staff and non-staff costs. In parallel, prices charged for goods and services within the Qatari non-oil private sector remained broadly stable during the month, as per QFC's PMI report for November 2023.

Looking at the performance in the financial services sector, an increase in total activity was noticed with an inflation in input prices and the slowest increase in new business for over a year.

In details, Qatar's financial services companies have recorded a considerable increase in total business activity within the month. The seasonally adjusted Financial Services Business Activity Index was recorded at 54.7 standing well above the overall private sector (52.5), as per QFC's PMI report for November 2023.

This marked rate came despite of the slowest recorded increase in new business in over a year. However, demand within the financial services sector remained robust overall and still stronger than the non-oil sector average. Employment activity in Qatar's non-oil private sector continued to increase for the eighth month in a row, as per QFC's PMI report for November 2023.

Additionally, data from November shows an inflation in average input costs at the fastest rate since January while the inflation in prices charged remained moderated.



Source: QFC, Bank Audi Group Research Department

EGYPT'S PMI IMPROVES DESPITE REMAINING UNDER NO-CHANGE MARK

The headline Purchasing Managers' Index (PMI) for Egypt remained below the 50.0 no-change mark in November, despite rising to 48.4 from 47.9 in the month prior. This comes amid the worst confidence levels among Egyptian non-oil private sector firms for at least 11-and-a-half years, elevated inflation rates and persistent falls in output and new orders. Inflationary pressures also resulted in a solid drop in client sales, leading to reductions in employment and purchasing.

In details, Output and new business levels continued to decrease in November, despite the rates of decline slowing from those seen in October. According to surveyed businesses, historically high inflation rates continued to impact customer demand with some firms noting that unresolved import problems had limited activity. Although downturns in output and new business were widespread across the monitored sectors, they were especially marked among wholesale & retail companies.

Demand conditions continued to worsen amid inflationary pressures leading non-oil firms in Egypt to report the lowest level of confidence in future activity in the series history. The data showed that expectations were only slightly positive, while the manufacturing and construction sectors slipped into pessimism territory.

This came as a result of another sharp increase in input costs as firms widely indicated that currency weakness and supplier shortages had driven higher material prices. The rate of input price inflation accelerated from October, although it was still considerably slower than the highs seen in late-2022/early-2023. The uptick in cost pressure led to a sharp and faster rise in average prices charged, where the pace of charge inflation was the quickest since March, as per S&P Global's Egypt PMI report for November 2023

While weak demand levels and price pressures drove non-oil businesses to cut their purchasing activity once again in November, some firms highlighted a degree of safety stock building to protect against future price rises. Subsequently, the overall reduction in purchasing was the slowest recorded since February 2022, contributing to a slight expansion in inventories.

Additionally, employment levels continued to fall in November amid reduced labor requirements albeit easing from the previous month and remaining only mild. The slower fall in staffing came amid a further increase in outstanding business, as input shortages and cost pressures led to capacity gaps and delayed the completion of new orders, as per S&P Global's Egypt PMI report for November 2023.

JORDAN'S ECONOMY LOSING CIRCA US\$ 250 MILLION PER MONTH DUE TO THE ISRAEL-HAMAS WAR

According to the Jordanian Minister of Tourism, following the start of the Israel-Hamas war in October, the rate of tourist cancellation reached circa 60% or about 200,000 visitors during the first month. This poses significant losses to the overall economy especially as cancellation rates are forecast to reach 60-70% every month the war continues.

In terms of income from tourism, the rate of tourism cancellation translates into losses of JOD 180 to 200 million (US\$ 253 to 281 million) per month. Tourism is a crucial sector to the Jordanian economy and therefore these losses will impact overall economic performance in the country.

It is worth noting that Jordan has also refused to sign a deal to provide energy to Israel in exchange for water that was planned to be ratified in October as the relationship between the two countries soured following the war. Additionally, multiple plans to cooperate on joint economic and tourism initiative were on their way before the war started which have been stunted since then. These factors along with the possibility that the relationship will remain sour even after the end of hostilities stand as downside risks to the Jordanian economy.

SURVEYS/REPORTS

DUBAI RANKS 1ST IN MENA REGION IN URBAN MOBILITY READINESS INDEX 2023

The Oliver Wyman Forum, in partnership with the University of California, Berkeley, issued its Urban Mobility Readiness Index 2023, a ranking of 65 major cities worldwide on their preparedness for mobility's next chapter.

The index captures what business, consumers and policymakers consider indispensable for urban mobility. Mobility readiness is measured by 56 KPIs across five dimensions, including social impact, infrastructure, innovation, system efficiency and market attractiveness.

The Urban Mobility Readiness Index also includes two sub-indices assessing public transit and sustainable mobility performances. The sustainable mobility sub-index measures cities' efforts to build greener and more sustainable mobility ecosystems, while the public transit sub-index measures cities' performance on public transit density, efficiency and utilization rate.

The MENA region cities are mostly developing or lagging in their urban mobility maturity, including public transit usage levels. However, many of these cities are investing in public transit services to boost ridership. Dubai and Doha are implementing autonomous public transit systems. Additionally, Jeddah is implementing affordable fares and convenient service, which have helped the Saudi Arabian city climb the rankings each year since its inclusion in the index.

Furthermore, the region also performed below average on innovation scores. Further investments in Electric Vehicles (EVs) would help, although this is not a priority for the region. But some cities, like Riyadh, are making concentrated efforts to increase EV market shares with plans to manufacture EVs domestically and install thousands of charging stations. Other Middle Eastern cities can increase EV investments, while African cities must begin implementing EVs altogether.

MENA URBAN MOBILITY READINESS INDEX 2023

Rank	City	Urban Mobility Readiness Index 2023 (65)	Social Impact (%)	Infrastructure (%)	Market Attractiveness (%)	System Efficiency (%)	Innovation (%)	Sustainable Mobility sub-index (65)	Public Transit sub-index (65)
1	Dubai	28	69.2	52.2	65.9	57.3	28.4	46	31
2	Abu Dhabi	38	67.0	50.0	48.0	55.0	25.6	48	54
3	Doha	41	56.3	47.3	50.5	42.4	25.8	59	45
4	Jeddah	48	44.2	41.2	41.8	37.1	24.4	63	62
5	Riyadh	53	38.1	41.9	43.5	35.5	22.8	62	64
6	Cairo	56	47.0	33.9	36.7	35.2	13.1	57	50

Sources: Oliver Wyman Forum/ University of California, Berkeley/ Bank Audi's Group Research Department

In details, Dubai ranked 1st in the MENA region and 28th globally in the Urban Mobility Readiness Index 2023, followed by Abu Dhabi at 38th. Dubai sits between Atlanta in the US (27th) and Melbourne in Australia (29th) on the index.

In parallel, in the sustainable mobility sub-index, Dubai took the regional lead at 46th, followed by Abu Dhabi at 48th. Dubai also led the MENA region in public transit, ranking 31st with a score that is on par with the global average, while Doha followed at 45th.

Within this context, Dubai is working on developing an affordable and efficient public transit system on par with leading global cities. Its metro is advanced, with fully automated trains. Dubai aims to automate a quarter of all transportation, including metro, buses and taxis, by 2030, and expects the technology to significantly lower transportation costs, traffic accidents, and travel times. Moreover, Dubai International Airport has a large volume of international travelers every year, connecting passengers from North America, Europe and Asia. The airport has a renovation plan with a long-term goal of being able to process nearly 260 million passengers per year.

On the other hand, Dubai's EV charging network remains underdeveloped. To become a leader, it would need to accelerate the deployment of charging stations. The city can target this gap by increasing government-backed investments in public charging stations and subsidizing station deployment in private parking.

Concurrently, Abu Dhabi's interconnected roadway system is world class and the city is known for having little traffic and low fatality rates, bolstered by strict enforcement of traffic laws. The city's 2030 plan aims to reduce traffic growth and congestion by shifting residents away from personal motorized vehicles. In a city accustomed to cars for hire, residents have been quick to embrace mobility sharing, in particular ride-hailing. In August 2023, Abu Dhabi announced that its self-driving taxi fleet, the first in the UAE, completed 17,000 passenger journeys as of November 2022.

Elsewhere in the region, the Qatari capital provides the latest example of how hosting a major global event can do wonders for urban mobility. In preparation for the 2022 FIFA World Cup, authorities built a metro system with automated lines and improved bus and light-rail infrastructure to enable residents and tourists to travel easily around the city. The city also has a well-connected network of roadways.

QATAR AND SAUDI ARABIA FEATURED ON WORLD'S BEST NEW LUXURY HOTELS 2023, AS PER LUXURY TRAVEL INTELLIGENCE

Qatar and Saudi Arabia featured on a list of the world's best new luxury hotels 2023, rated by Luxury Travel Intelligence, a global members-only organization for affluent travelers.

The top 15 list revealed the Four Seasons Resort and Residences at the Pearl-Qatar, coming in at number nine, featuring residential-style apartments.

The other GCC hotel featured on the list at number 12 is Saudi Arabia's newly opened Six Senses Southern Dunes in The Red Sea, which is a part of the Red Sea giga tourism project being spearheaded by the country's State-backed Public Investment Fund (PIF).

EMIRATE OF ABU DHABI AFFIRMED AT "AA/A-1+" WITH "STABLE" OUTLOOK, AS PER S&P GLOBAL RATING

S&P Global Ratings affirmed its "AA/A-1+" long-term and short-term foreign and local currency sovereign credit ratings on the Emirate of Abu Dhabi, member of the UAE. The outlook is "stable".

The "stable" outlook reflects S&P's view that Abu Dhabi's fiscal and external positions would remain strong over the next two years, amid continued prudent policymaking and S&P's hydrocarbon sector assumptions.

Concomitantly, the affirmation reflects S&P's view of Abu Dhabi's strong fiscal and external positions. The exceptional strength of the government's net asset position provides a buffer to counteract the effects of oil price swings and geopolitical uncertainty in the Gulf region on economic growth, government revenue and the external account.

Notwithstanding Abu Dhabi's significant economic wealth and fiscal buffers, the credit rating agency notes proactive policymaking on behalf of the authorities including expenditure restraint even when oil prices decline, and efforts to diversify the economy and government revenue away from the hydrocarbon sector. Reforms have included measures to foster non-oil economic growth and widen the non-oil tax base. Additionally, S&P sees more limited potential for domestic political tension compared with regional peers.

S&P Global Ratings estimates the government's net asset position at about 336% of GDP in 2023. Nevertheless, on top of refinancing maturing debt, S&P assumes the government would issue external debt of about US\$ 2 billion annually to maintain a presence in the market. Government debt repayments would average about US\$ 3 billion. As a result, the credit rating agency expects the government gross debt to fall toward 13% of GDP in 2026 from about 16% in 2023.

CORPORATE NEWS

ZAMIL INKS US\$ 153 MILLION DEAL TO BUILD SAUDI INDUSTRIAL COMPLEX

Zamil Steel Construction Company, a fully owned subsidiary of Zamil Industrial Investment Company, signed a contract worth US\$ 153 million (SR 575 million) with Sami Land Services, for the construction of an industrial complex in Al Kharj in Saudi Arabia, as revealed in a company's statement.

The new facility would develop, design, and manufacture land defense systems.

The scope includes performing all required work for the construction of the manufacturing facilities, utility buildings, admin offices and external areas, along with structural, civil, finishing and MEP works. The company would supply its HVAC products and services, insulated panels, steel structures and insulation materials.

The entire work would be completed within 16 months.

The financial impact of this contract would be reflected in the company's financial statements from the first quarter of 2024. It is expected to have a positive financial impact upon completion of each phase of the project.

ARAMCO TO ACQUIRE A 40% STAKE IN GAS & OIL PAKISTAN

Aramco, one of the world's leading integrated energy and chemicals companies, signed definitive agreements to acquire a 40% equity stake in Gas & Oil Pakistan Limited (GO), as revealed in a company's statement.

It is worth noting that GO, a diversified downstream fuels, lubricants and convenience stores operator, is one of the largest retail and storage companies in Pakistan.

The planned acquisition is Aramco's first entry into the Pakistani fuels retail market, advancing the company's strategy to strengthen its downstream value chain internationally.

This transaction would enable Aramco to secure additional outlets for its refined products and further provide new market opportunities for Valvoline-branded lubricants, following Aramco's acquisition of the Valvoline global products business in February 2023.

The transaction is subject to certain customary conditions, including regulatory approvals.

ADNOC SIGNS FIRST LONG-TERM LNG AGREEMENT FROM RUWAI'S LOW-CARBON LNG PROJECT

ADNOC, the State-owned oil company of the UAE, signed a 15-year Liquefied Natural Gas (LNG) agreement with ENN LNG, a wholly-owned subsidiary of ENN Natural Gas, for the delivery of at least 1 million metric tons per annum (mmtpa) of LNG, as mentioned in a company's statement.

The LNG would primarily be sourced from ADNOC's low-carbon Ruwais LNG project, currently under development in Al Ruwais Industrial City, Abu Dhabi. The deliveries are expected to start in 2028, upon commencement of the facility's commercial operations.

It is worth noting that the Ruwais LNG project is set to be the first LNG export facility in MENA region to run on clean power, making it one of the lowest-carbon intensity LNG plants in the world, supporting ADNOC's accelerated Net Zero by 2045 ambition.

When completed, the project, which consists of two 4.8 mmtpa LNG liquefaction trains with a total capacity of 9.6 mmtpa, would more than double ADNOC's LNG production capacity to help meet increased global demand for natural gas.

The LNG agreement is contingent upon a Final Investment Decision (FID) on the project, including regulatory approvals, and the negotiation of a definitive Sale and Purchase Agreement between the two companies.

STC GROUP JOINS GCC TELECOM FIRMS TO ENHANCE ENERGY EFFICIENCY WITH SUSTAINABILITY INNOVATION HUB

STC group, an engine of digital transformation, unveiled the Sustainability Innovation Hub in collaboration with GCC Telco Alliance members, including e&, Zain, Beyon, Omantel, du, Ooredoo and other key regional and international partners, as indicated in a company's statement. This project focuses on tackling climate change and enhancing the availability of affordable and dependable energy sources.

The hub would enable telecom operators to reduce reliance on traditional fuel sources and move toward a greener future. This transition would lead to substantial long-term cost savings. Implementing this technology is crucial for its functional benefits and its role in promoting environmental protection. Its integration is in line with the overarching sustainability objectives of the industry.

The Sustainability Innovation Hub has been established with a clear set of objectives to revolutionize the telecom industry's energy consumption and sustainability approach. The hub would foster a collaborative environment where telecom operators, technology providers and research institutes can share knowledge, resources and expertise, driving the development of innovative power solutions tailored to the specific needs of the telecom industry.

The hub would also offer training programs and workshops to enhance the competencies of individuals involved in designing, installing and maintaining power solutions within the telecom sector.

EDECS SECURES JEDDAH PORT CONTAINER INFRASTRUCTURE CONTRACT

Egyptian-based EDECS, a leading construction company in the MENA region, secured a major infrastructure and road works contract from DP World, an Emirati multinational logistics company, for the development of the third stage of its Jeddah South Container Terminal in Saudi Arabia, as mentioned in a company's statement. The scope of work includes infrastructure work on a total of 100,000 square meters including earthwork, paving layers, road marking, electrical networks, sewage networks, firefighting networks and reefer gantries.

On completion, the revamped terminal would see the container handling capacity increase from 2.4 million to 3 million TEUs by 2024.

This project is aimed at increasing the port's container handling capacity and supporting the Saudi Arabia's maritime logistics and transportation strategy.

MUMTALAKAT AND MASDAR TO DEVELOP GREEN ENERGY PROJECTS IN BAHRAIN

Bahrain Mumtalakat Holding Company, the sovereign wealth fund of Bahrain, and UAE-based Masdar, one of the world's leading renewable energy companies, signed a Memorandum of Understanding (MoU) aimed at exploring collaboration opportunities in the development of clean and renewable energy projects in Bahrain, as reported in a company's statement.

Under the terms of this MoU, Mumtalakat and Masdar would collaborate to develop a pipeline of renewable energy projects, supply cost competitive green energy to Bahrain, build local capabilities and foster innovation in Bahrain by utilizing their complementary expertise.

This MoU has the potential to support the creation of high skilled job opportunities in Bahrain by training and enabling local talent to actively engage in the clean energy industry. This also aligns with the afforestation plan of Bahrain, which aims to double tree planting by 2035 and achieve net zero carbon emissions by 2060.

CAPITAL MARKETS

EQUITY MARKETS: ACTIVITY IN MENA EQUITIES REMAINS TILTED TO UPSIDE, TRACKING GLOBAL EQUITY STRENGTH AND ON OIL PRICE GAINS

MENA equity markets continued to follow an upward streak this week (+1.0%), mainly tracking global equity strength (+0.8%) following US Fed's dovish pivot, and as oil prices settled up amid mounting supply chain concerns as Red Sea disruptions intensified.

The heavyweight Saudi Exchange saw further price increases this week, as reflected by a 0.8% rise in the S&P Saudi index, mainly tracking global equity price gains, and driven by some favorable company-specific factors and rising oil prices, as Brent prices reached US\$ 79.07 per barrel on Friday amid mounting concerns about Red Sea shipping disruptions.

A glance on individual stocks shows that Petrochemicals giant Saudi Aramco's share price closed 0.3% higher week-on-week at SR 33.00. SABIC's share price went up by 2.3% to SR 81.20. Advanced Petrochemical Company's share price surged by 4.2% to SR 38.15. Yansab's share price increased by 2.7% to SR 37.95. Saudi Kayan's share price edged up by 0.6% to SR 10.74. Sipchem's share price rose by 1.5% to SR 33.00. As to banking stocks, SNB's share price surged by 3.5% to SR 38.10. Banque Saudi Fransi's share price increased by 1.0% to SR 38.90. SAIB's share price went up by 3.7% at SR 15.84. SABB's share price closed 2.9% higher at SR 35.85. ANB's share price climbed by 4.3% to SR 25.15. Also, Almarai's share price increased by 1.8% to SR 57.00. Almarai's Board of Directors recommended the distribution of dividends at a rate of SR 1 per share for the fiscal year 2023. AlAkaria's share price jumped by 4.6% to SR 14.52. GIB Capital initiated coverage of Saudi Real Estate Co. (AlAkaria) with a recommendation of "Overweight" and a price target of SR 17, which implies a 23% increase from last price. Nahdi Medical's share price went up by 1.7% to SR 133.80. SNB Capital raised its recommendation on Nahdi Medical Co. to "Overweight" from "Neutral", with a price target of SR 152.20, which implies a 15% increase from last price.

The Qatar Stock Exchange registered strong price gains this week, as reflected by a 3.7% surge in the S&P Qatar index, mainly tracking global risk-on mood, and supported by oil price gains as escalating tensions in the Red Sea overshadowed an increase in US crude stockpiles. 40 out of 49 traded stocks registered price rises, while eight stocks posted price drops and one stock saw price change and one stock saw price change week-on-week.

A closer look at individual stocks shows that QNB share price went up by 4.5% over the week to QR 15.840. Qatar Islamic Bank's price surged by 6.5% to QR 20.230. Qatar International Islamic Bank's share price closed 2.5% higher at QR 10.410. Masraf Al Rayan's share price rose by 2.9% to QR 2.470. The Commercial Bank's share price went up by 5.8% to QR 5.620. Lasha Bank's share price nudged up by 0.5% to QR 1.319.

EQUITY MARKETS INDICATORS (DECEMBER 17 - DECEMBER 23, 2023)

Market	Price Index	Price week-on-week	Year-to-Date	Trading Value	week-on-week	Volume Traded	Market Capitalization	Turnover ratio	P/E*	P/BV*
Lebanon	178.1	10.4%	38.0%	54.7	-22.4%	0.7	20,125.3	14.1%	-	0.47
Jordan	369.1	1.8%	-5.1%	25.2	62.6%	20.6	23,578.5	5.6%	8.0	1.19
Egypt	332.0	-2.1%	40.3%	513.8	3.7%	4,995.7	52,937.4	50.5%	10.6	2.59
Saudi Arabia	506.1	0.8%	8.6%	6,249.6	-13.2%	839.4	2,975,941.9	10.9%	16.9	4.68
Qatar	168.1	3.7%	-4.9%	438.7	-32.7%	505.4	164,111.1	13.9%	13.0	1.49
UAE	135.6	0.6%	-1.4%	3,982.5	70.3%	1,665.1	971,376.3	21.3%	14.6	2.06
Oman	253.7	-0.3%	-2.5%	10.2	-62.5%	40.8	23,177.9	2.3%	13.9	1.02
Bahrain	221.9	0.3%	15.0%	5.3	16.4%	5.3	17,878.7	1.6%	12.2	1.44
Kuwait	126.3	1.0%	-9.0%	292.9	-67.2%	317.6	129,902.9	11.7%	15.3	1.74
Morocco	264.9	2.2%	19.4%	128.0	38.9%	7.0	63,211.0	10.5%	19.2	3.40
Tunisia	63.0	0.0%	1.5%	4.4	-64.0%	2.3	7,737.9	2.9%	11.5	1.99
Arabian Markets	948.8	1.0%	4.0%	11,705.4	-0.8%	8,399.9	4,449,979.0	13.7%	16.0	3.79

Values in US\$ million; volumes in millions * Market cap-weighted averages

Sources: S&P, Bloomberg, Bank Audi's Group Research Department.

Also, Industries Qatar's share price increased by 1.6% week-on-week to QR 12.610. Gulf International Services' share price rose by 2.9% to QR 2.725. Mesaieed Petrochemical Holding Company's share price went up by 1.9% to QR 1.630. Qatar Gas Transport's share price climbed by 5.9% to QR 9.916. Vodafone Qatar's share price closed 1.7% higher at QR 1.830. Arqaam Capital Limited raised its recommendation on Vodafone Qatar to "Buy" from "Hold", with a price target of QR 2.30, which implies a 26% increase from last price. Barwa Real Estate's share price moved 2.9% higher at QR 2.80. Gulf Warehousing's share price rose by 2.3% to QR 3.097. Ooredoo's share price jumped by 4.9% to QR 10.400.

Activity in Bursa Kuwait remained tilted to the upside this week (+1.0%), mainly tracking a global demand for riskier assets, and driven by rising oil prices as the escalation of the Red Sea attacks prompted shippers to divert vessels away from the major energy chokepoint.

A glance on individual stocks shows that National Bank of Kuwait's share price rose by 1.3% week-on-week to Kwf 919. Gulf Bank's share price went up by 2.2% to Kwf 280. Al Ahli Bank of Kuwait's share price increased by 1.4% to Kwf 221. Ahli United Bank's share price nudged up by 0.8% to Kwf 259. Kuwait International Bank's share price rose by 0.7% to Kwf 151. Boubyan Bank's share price increased by 0.3% to Kwf 599. Commercial Bank of Kuwait's share price surged by 7.1% to Kwf 509. Kuwait Finance House's share price closed 1.4% higher at Kwf 726.

Also, National Investment's share price increased by 1.3% over the week to Kwf 243. Mobile Telecommunication's share price edged up by 0.8% to Kwf 495. Jazeera Airways' share price closed 1.1% higher at Kwf 1,375. Mabanee's share price expanded by 0.9% to Kwf 838. Mabanee said that a subsidiary based in Saudi Arabia secured a 12-year facility SR 4.35 billion from a consortium of banks to finance the development of The Avenues Khobar.

The UAE equity markets continued to operate on a positive territory this week, as reflected by a 0.6% increase in the S&P UAE index, mainly tracking a global appetite for riskier assets, and supported by oil price gains after major shipping lines suspended transit through the Red Sea, highlighting the risk to the vital artery for international crude trade.

In Dubai, Emaar Properties' share price surged by 3.5% over the week to AED 7.76. Union Properties' share price increased by 2.5% to AED 0.284. Deyaar Development's share price went up by 2.7% to AED 0.688. Commercial Bank of Dubai's share price increased by 3.4% to AED 5.14. Amlak Finance's share price nudged up by 0.3% to AED 0.797. Dubai Investments' share price rose by 0.4% to AED 2.33. DEWA's share price moved 1.2% higher to AED 2.45. In Abu Dhabi, ADNOC's share price nudged up by 0.3% to AED 3.64. ADNOC Logistics' share price went up by 1.4% to AED 3.61. First Abu Dhabi Bank's share price rose by 1.8% to AED 13.74. ADIB's share price increased by 2.0% to AED 10.20. Burjeel's share price expanded by 1.3% to AED 3.12.

FIXED INCOME MARKETS: FURTHER PRICE GAINS IN MENA BOND MARKETS, TRACKING US TREASURIES MOVE

MENA fixed income markets continued to register across-the-board upward price movements this week, mainly tracking US Treasuries move following US Fed dovish projections in its December FOMC meeting, and after recent data showed that the US real economy grew slower than previously believed in the third quarter of 2023.

In the Saudi credit space, sovereigns maturing in 2026, 2030 and 2031 registered price gains of up to 0.88 pt this week. Prices of Saudi Aramco'25 rose by 0.13 pt. SEC'28 traded up by 0.50 pt. SABIC'28 recorded price increases of 1.00 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2031 saw weekly price gains of 0.13 pt. Prices of ADNOC'29 went up by 0.50 pt. In the Dubai credit space, DP World'30 closed up by 0.88 pt week-on-week. Majid Al Futtaim'29 registered price gains of 0.13 pt. Emirates NBD Perpetual (offering a coupon of 6.125%) posted price increases of 0.63 pt.

In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 recorded price expansions of 0.13 pt to 0.45 pt this week. Prices of NOGA'27 increased by 0.25 pt.

In the Qatari credit space, sovereigns maturing in 2030 saw price rises of 0.13 pt week-on-week. Amongst financials, prices of QNB'26 expanded by 0.13 pt. In the Iraqi credit space, sovereigns maturing in 2028 registered weekly price gains of 0.13 pt.

In the Jordanian credit space, sovereigns maturing in 2026 saw price increases of 0.13 pt, while sovereigns maturing in 2030 saw price drops of 0.50 week-on-week. In the Kuwaiti credit space, prices of sovereigns maturing in 2027 rose by 0.53 pt week-on-week. KIPCO'27 traded up by 0.13 pt.

In the Omani credit space, sovereigns maturing in 2026 saw price decreases of 0.14 pt, while sovereigns maturing in 2029 recorded price gains of 0.15 pt week-on-week. Omantel'28 traded up by 0.75 pt.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2032 posted price declines of 0.19 pt this week. Euro-denominated sovereigns maturing in 2026 and 2031 recorded price contractions of 0.52 pt and 0.02 pt respectively.

All in all, activity in regional bond markets was skewed to the upside this week, mainly tracking increases in US Treasuries after the US Federal Reserve projected three interest rate cuts in 2024 of 25 bps each, and as the US Commerce Department's Bureau of Economic Analysis said in its third estimate of US GDP growth that the real economy increased at a 4.9% annualized rate in the third quarter of 2023, revised down from the previously reported 5.2% pace.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	22-Dec-23	15-Dec-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	42	42	44	0	-2
Dubai	65	65	84	0	-19
Kuwait	46	47	50	-1	-4
Qatar	46	45	48	1	-2
Saudi Arabia	52	52	61	0	-9
Bahrain	203	207	231	-4	-28
Morocco	112	125	162	-13	-50
Egypt	1,144	1,111	877	33	267
Iraq	456	455	467	1	-11
Middle East	241	239	225	2	16
Emerging Markets	40	46	140	-6	-100
Global	377	380	533	-3	-156

Sources: Bloomberg, Bank Audi's Group Research Department

Z-SPREAD BASED AUDI MENA BOND INDEX V/S INTERNATIONAL BENCHMARKS



Sources: Bloomberg, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD/-/SD	C/Stable	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Positive	BB-/Stable/B
Egypt	B-/Negative/B	Caa1/Stable	B-/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A/Stable/A-1	A1/Positive	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa3/Positive	AA-/Positive/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	B+/Stable/B
Oman	BB+/Stable/B	Ba1/Stable	BB+/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	Caa2/Negative	CCC-/C
Libya	NR	NR	NR
Sudan	NR	NR	NR

NR= Not Rated

RWN= Rating Watch Negative

RUR= Ratings Under Review

* Emirate of Abu Dhabi Ratings

FX RATES (per US\$)	22-Dec-23	15-Dec-23	30-Dec-22	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	15,000.00	15,000.00	1,507.50	0.0%	895.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	30.85	30.89	24.71	-0.1%	24.8%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,460.00	0.0%	-10.3%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.76	0.0%	-0.2%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	0.0%	0.9%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	0.0%
Yemeni Riyal (YER)	250.24	250.29	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	134.05	134.26	137.35	-0.2%	-2.4%
Moroccan Dirham (MAD)	9.92	10.13	10.44	-2.1%	-5.0%
Tunisian Dinar (TND)	3.08	3.09	3.11	-0.2%	-0.9%
Libyan Dinar (LYD)	4.80	4.82	4.83	-0.3%	-0.5%
Sudanese Pound (SDG)	647.81	647.81	573.81	0.0%	12.9%

Sources: Bloomberg, Bank Audi's Group Research Department

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