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MENA equity markets continued to trace a downward trajectory this week (-2.9%), mainly on mounting concerns over the economic impact of a fast-spreading coronavirus, and as an emergency rate cut by the US Fed failed to assuage concerns of a global recession. In parallel, activity in MENA fixed income markets was skewed to the upside, mainly tracking US Treasuries move after the Fed executed an emergency 0.5% rate cut, reflecting fears the coronavirus epidemic is raising recession risks for the global economy.

MENA MARKETS: WEEK OF MARCH 01 - MARCH 07, 2020

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-2.9%	Weekly Z-spread based bond index	-2.8%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-10.4%	YTD Z-spread based bond index	+5.7%

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ECONOMY

IIF SAYS LOWER OIL PRICES AGGRAVATE FISCAL STRAINS FOR MENA OIL EXPORTERS

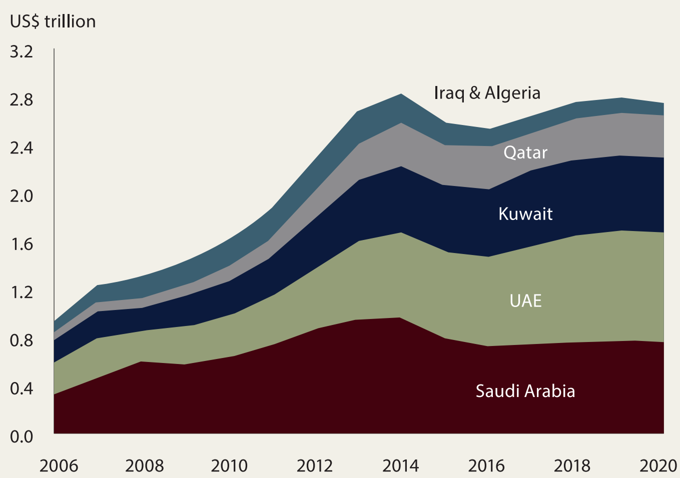
In a recently released note, the Institute of International Finance (IIF) said that oil prices dropped from US$ 66 per barrel at the beginning of 2020 to less than US$ 50/bbl in recent days, in the face of weakening global demand, and dashing hopes of a new agreement between OPEC and Russia to cut oil production. The global economy has been adversely impacted by the coronavirus outbreak as governments around the world attempt to contain the epidemic. Although the scale of the setback is highly uncertain, the IIF has lowered its global growth forecast from 2.6% to 1.1% for this year. China and several Asian economies, which accounted for most of the incremental global demand for oil in the past decade, could experience a drop of more than 2.0%. Consequently, the IIF expects global demand for oil to shrink by 0.3 mbd in 2020 (the first decline since the financial crisis) as compared with predicted growth of around 1.0 mbd at the start of the year. In its baseline scenario, the IIF expects Brent oil prices to average US$ 54/bbl for 2020 as compared with US$ 64/bbl in 2019. Oil exporting countries in the MENA region (Saudi Arabia, the UAE, Kuwait, Qatar, Oman, Bahrain, Algeria and Iraq) are particularly vulnerable to such lower oil prices, as per the IIF.

IIF calculations show that a ten dollar drop in oil prices would deteriorate the current account by US$ 32 billion in Saudi Arabia, US$ 14 billion in Iraq, and around US$ 10 billion in the UAE. With the baseline projection of average Brent oil price at US$ 54/bbl in 2020, the IIF expects the cumulative current account balance for MENA oil exporters to shift from a surplus of US$ 58 billion (3% of GDP) in 2019 to a deficit of US$ 39 billion (2% of GDP) in 2020. If Brent oil prices average US$ 50/bbl, the cumulative deficit will reach US$ 70 billion (3.1% of GDP).

The fiscal deficits will also widen as hydrocarbon revenues decline sharply, said the IIF. Oil exporters in the region have implemented some fiscal adjustment in recent years, including the VAT of 5% (Saudi Arabia, UAE, Bahrain), excise taxes on tobacco and sugary drinks, higher fees on hiring foreign labor, and a decline in capital spending in most MENA oil exporters. A projected 2% reduction in aggregate expenditure in 2020 will not be enough to offset a 19% drop in hydrocarbon revenue. Consequently, the IIF expects the consolidated fiscal deficit to increase from 3.7% of GDP in 2019 to 6.7% in 2020. Excluding investment incomes, which are very large in Kuwait, the UAE, and Qatar, the deficit would be much larger, around 10% of GDP.

Oman and Bahrain are particularly vulnerable to declining oil prices as their weakening fiscal and external positions cannot be cushioned by their limited foreign assets. The IIF expects to see renewed pressure on

PUBLIC FOREIGN ASSETS*



* Official reserves plus Sovereign Wealth Funds (SWFs)

Source: IIF

Bahrain's reserves, which remain below two months of imports. The new leadership in Oman will have to face tough economic decisions as the country continues grappling with large twin deficits.

Government debt will continue increasing as the fiscal deficits remain high. The IIF estimates average public debt to reach 44% of GDP this year, as compared to 20% in 2014. However, debt in Saudi Arabia and Kuwait remains low and manageable. As a result of heavy reliance on Eurobond issuance in the past few years, the outstanding international debt securities issued by GCC sovereigns ballooned, from US$ 30 billion in 2014 to US$ 220 billion in December 2019. The IIF expects GCC countries to continue raising debt in international markets this year. However, part of the fiscal needs will be covered from reserve funds.

Gross public foreign assets are stagnating. While they stood at US$ 2.84 trillion by end-2019, the IIF expects them to drop below US$ 2.8 trillion this year. About 70% of these assets are in the form of Sovereign Wealth Funds. Although these assets represent a substantial financial buffer, they may further decline in the following years if the authorities continue using funds to cover part of their large fiscal needs.

For the six GCC countries, the IIF expects average growth to decline by 0.6% to 1.1% in 2020. Looser monetary policy, reinforced by the recent policy rate cuts of 50 bps in GCC countries (following the US Fed's action), will have limited effects. Deteriorating consumer and investor confidence - driven by lower oil prices and disruption of travel to the region - will hamper private sector activity. High frequency economic indicators highlight such a slowdown, including the recent decline in PMI in Saudi Arabia and the UAE, reaching an almost two-year low in February 2020. Prolonged cross-border travel restrictions in the context of containing COVID-19 will have particularly adverse effects on tourism sectors in Oman, the UAE, and religious travel to Mecca in Saudi Arabia, added the IIF.

EGYPT TO IMPROVE ON HIGHER NET EXPORTS, RECOVERING DOMESTIC DEMAND AND IMPLEMENTATION OF FURTHER REFORMS, SAYS CI

Capital Intelligence (CI) affirmed the Long-Term Foreign Currency Rating (LT FCR) and Long-Term Local Currency Rating (LT LCR) of Egypt at "B+". The sovereign's Short-Term Foreign Currency Rating (ST FCR) and Short-Term Local Currency Rating (ST LCR) have also been affirmed at "B". The outlook for the ratings remains "stable".

The ratings reflect the continued decline in external vulnerabilities due to the narrowing of the current account deficit and the strengthening of the foreign exchange reserves buffer, which helps the country to weather mild external shocks, as per CI. The ratings are also supported by moderate external indebtedness and improving – albeit still low – fiscal strength, as evidenced by increasing primary surpluses and declining government debt.

The ratings are constrained by substantial socioeconomic imbalances, including high – albeit gradually declining – unemployment, widespread poverty, a weak budget structure, which is characterised by a limited tax base and high expenditure rigidities, as well as significant institutional constraints, as per the rating agency.

The economic situation in Egypt continued to improve in FY20 (which ends in June). Real output is expected to grow by 5.9% compared to 5.6% in FY19, supported by higher net exports and recovering domestic demand, in addition to the implementation of further fiscal and economic reforms as part of the Extended Fund Facility (EFF) program agreed with the IMF, as per the report.

Medium-term growth prospects remain favorable, with the economy expected to grow by an average of 6% in FY21-22, assisted by efforts to boost confidence in the economy and fueled by continued growth in natural gas production, the tourism sector and construction, according to Capital Intelligence. That said, sustainable medium-term growth hinges on the introduction of further structural reforms that promote more inclusive growth, remove impediments to private sector activity, and improve the ease of doing business. Consumer price inflation is expected to continue its decline, reaching an annual average of 10% in FY20 and 7% in FY21, as per the same source.

External vulnerabilities have declined further, with foreign exchange reserves increasing slightly to US$ 45.4 billion (around 7.9 months of import cover) in December 2019, compared to US$ 42.6 billion (7 months of import cover) in December 2018. This increase reflects improvements in current account receipts, such as higher natural gas exports and tourism flows, increased Suez Canal revenue and improved access to international markets. The transition to a flexible exchange rate regime and subsequent devaluation has put an end to the parallel market. In turn, this has helped to channel foreign currency liquidity into the banking system. The current account deficit is expected to slightly narrow to 2.8% of GDP in FY20, as per CI forecasts, compared to 3.1% in FY19. Meanwhile, external debt is expected to decrease to 29.6% of GDP in FY20 (35.7% in FY19), and to 28.7% of GDP in FY22.

Although fiscal strength remains low in view of the high debt and still large overall government budget deficit, the public finances are gradually improving, as per CI. The budget deficit is expected to average 4.3% of GDP in FY21-22 in response to continued fiscal consolidation measures, which have helped reduce subsidies, increase taxes and fees and significantly improve tax collection and administration. The primary budget position is forecast to post a surplus of 2% of GDP in FY20, and is expected to remain positive in the coming years, averaging 2.2% in FY21-22.

Although gradually declining, central government debt remains high and is still considered a key vulnerability. The debt stock is expected to decline to around 78.7% of GDP in FY22, compared to 84.9% in FY19. Near term refinancing risks are relatively high in view of the sheer size of the budget deficit. However, these are mitigated by the current appetite of the banking system to invest in sovereign debt and by Egypt's improved access to capital markets at favorable rates, according to Capital Intelligence.

JOB OPPORTUNITIES FOR WOMEN IN MIDDLE EAST SET TO DOUBLE WITH THE FOURTH INDUSTRIAL REVOLUTION, ACCORDING TO MCKINSEY & COMPANY

Increased female participation is likely to turbocharge economic growth in the GCC as job opportunities in the Middle East are set to double with the Fourth Industrial Revolution, according to a report released by McKinsey & Company.

The share of women in professional and technical jobs is set to more than double by 2030 through digitization, online platforms, and entrepreneurship, the report said. The notion that providing equal access to education, work, financing, and legal protection have positive economic and social implications is not a new one. The stakes, however, are growing as the region's policymakers have realised that the participation of women in Arab economies amid the Fourth Industrial Revolution is vital for boosting the growth of economies and societies, as per McKinsey & Company. The research report on gender parity titled "Women at Work" is based on a year-long survey that covers selected countries from the GCC and the Levant - home to around 78 million women.

Despite high rates of enrollment and education literacy levels, labour force participation rates (LFPR) for women in the Middle East are the lowest in the world at 24.6%- half of the global average, the report said. However, countries with high levels of inequality in professional and technical jobs have experienced reverse gender gaps in education over the last decade where female university graduates now outnumber men in some countries, it added.

BAHRAIN TO BUILD A TOTAL OF 1705 RESIDENTIAL UNITS WITHIN THE SALMAN CITY SOCIAL HOUSING PROJECT

Bahrain announced plans to build a total of 1,705 residential units, including 1402 flats, within the Salman City social housing project. This comes as part of the ministry’s plans to implement the King’s order for the construction of 40,000 housing units in the Kingdom under the Government Action Plan.

With the tender works already completed, preparations are under way to start the construction work. The ministry is currently reviewing implementation of the procedural schemes for general plans approved for the new cities. The minister also underlined the housing commitments included in the Government Action Plan, pointing out the continuous follow-up of HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister, on this issue.

SURVEYS

KSA AMONG TOP 3 COUNTRIES LEADING DIGITAL READINESS ACROSS MEA

Cisco's 2019 Global Digital Readiness Index has identified Saudi Arabia as one of the top three countries in the Middle East and Africa in its readiness transitioning towards a digital economy.

Now in its second edition, the company's report combines analysis from sources including the World Economic Forum, the World Bank and the United Nations to benchmark how well-positioned each of the 141 countries are in their preparedness for digitization.

While traditional research models focusing primarily on technology adoption and penetration rates, Cisco believes that factors such as meeting a citizen's basic needs, improving access to education and creating a thriving business environment are equally crucial in aiding a positive digital future.

Cisco's Global Digital Readiness Index evaluates countries across seven holistic components including basic needs for a population to thrive, business and government investment, ease of doing business, human capital, start-up environment, technology adoption (demand for digital products and services, such as mobile penetration rate, internet usage, investment in cloud services and AI adoption) and technology infrastructure (the ecosystem available to enable connectivity and digital transformation, through elements including IoT and the Cloud).

When measured across all seven components, Saudi Arabia places in the top three countries in the Middle East and Africa in terms of digital readiness.

As a country that prides itself on prioritizing the wellbeing of its citizens, when measured on Basic Needs, the Kingdom places confidently in third position across the Middle East and Africa. With the government making strides towards improving access to essential provisions and world-class healthcare marked as a key component of the Vision 2030 agenda, further efforts to improve in this field are already well under way.

For Business and Government Investment, Saudi Arabia places in tenth position regionally. As local entities continue to increase their investments in the creation and expansion of digital infrastructures, ongoing financial boosts and support will further propel the local economy.

When measured on Ease of Doing Business, the Kingdom outranks the world average and is positioned in eighth place across the Middle East and Africa. Saudi Arabia also recently earned a position in the World Bank's "Doing Business 2020" report as one of the ten most improved nations in accelerated business climate reforms.

As the government continue to build a workforce encouraged to develop new skills within emerging fields, the nation's Human Capital score places sixth within the region. Aligned with this, since 2000, Cisco's Networking Academy (NetAcad) has been empowering the Kingdom's residents to develop their skills in IT, to enter or progress in careers involving networking, cybersecurity and IoT. In Saudi Arabia alone, Cisco has over 100 active networking academies and has amassed over 136,800 students since its inception.

For Startup Environment, Saudi Arabia is positioned in eighth place when measured against neighboring countries. In 2019 alone, total funding in Saudi startups increased by 35%, with the number of deals also increasing by 92% from 2018 to 2019. At the end of 2019, Saudi Arabia's Public Investment Fund launched the landmark SR 4 billion Jadwaa Fund, supporting small businesses and diversification efforts as the private sector increases its share of GDP. Recently, Cisco also unveiled the doubling of partner investments within the small business market — helping organizations leverage disruptive technologies to realize their digital agendas.

The Kingdom's ranking for Technology Adoption places it higher than the world average and in fifth position in the Middle East and Africa. Cisco's Visual Networking Index (VNI) Forecast predicts 30 million Internet users in Saudi by 2022. By the same year, the company estimates a total of 194.2 million devices connected to the network. Much of this growth is expected to be driven by non-PC devices, with machine with machine to machine (M2M) modules anticipated to grow at the fastest rate, followed by portable devices such as smartphones and tablets.

Lastly, KSA's Technology Infrastructure also outranks the world average and places firmly in second position regionally – the nation's highest score across all criteria. With the establishment of the Authority for Data and Artificial Intelligence, modernization efforts are underway to transform this field further, while also considering responsible use and growth of disruptive technologies. Since 2016, Cisco has been collaborating with the Saudi government, local industry and academia to fast-track technology adoption and deliver impactful digital outcomes, as part of its Country Digital Acceleration (CDA) program, which focuses on contributing towards many of the aspects explored in the Digital Readiness Index.

KUWAIT REGISTERS US$ 12.1 BILLION REAL ESTATE DEALS IN 2019, AS PER KFH

The real estate sector in Kuwait has continued its positive trajectory that started four years ago, as it recorded sale transactions worth KWD 3.7 billion in 2019, signaling the second-highest level since 2015. Last year's value was yet down by 1.5% when compared to 2018, Kuwait Finance House (KFH) said in a report. The number of real estate transactions increased by 6.4% year-on-year in 2019 to a total 6,765, the highest since 2016. This was boosted by varied performance in all real estate sectors.

Over the fourth quarter (Q4) of last year, real estate sales amounted to KWD 863 million, down from its higher levels in the previous three quarters, and 11.0% lower than Q3-19, which resulted from lower investment and commercial property sales. On an annual basis, real estate sales retreated by 26.0% due to lower commercial property and private residence sales and a higher plunge in the investment sector sales. The number of transactions in Q4-19 slipped by 7.4% quarter-on-quarter to 1,556, and by 16.7% year-on-year.

It is worthy to point out that private residence sales have continued their upward performance, soaring by 4% quarter-on-quarter and by 24.0% year-on-year. In contrast, sales in the investment and commercial sectors declined on a quarterly basis by 4.0% and 29.0%, and on an annual basis by 41.0% and 32.0%, respectively.

MIDDLE EAST BUSINESSES INVEST IN BETTER WORKPLACES FOR THEIR EMPLOYEES, AS PER SAVILLS

Businesses in the Middle East are focusing on workplace location, connectivity, flexibility and layout to win the battle to recruit the best talent, a report by property specialist Savills revealed. Catering to different demographics and the use of different parts of office spaces are increasingly becoming a key focus point for business leaders when designing their new offices, the report said.

The Middle East update follows a Savills-commissioned 2019 YouGov survey of 11,000 workers across European office markets, which revealed that 40% of Europe's workers are expected to leave their current job in the next five years, as employers are finding that talent retention is their single biggest challenge across Europe. To avoid similar scenarios from happening in the region, Middle East businesses are exploring a number of options such as setting up collaborative zones (places for people to work with their teams or cross-departmentally), private/quiet offices, hot desks (allowing people to sit in different places for variety and for cross-pollination of ideas), café/pantry facilities, high-tech meeting rooms.

According to the report, if you look at the demographic of those entering the workplace, their wants and expectations are different from the generation before. It is a tug of war that balances company traditions with prioritizing conditions to provide new, younger generations with what they require. The shift is leaning towards providing a home away from home. This is not new ground, it existed in the tech and marketing sectors for a number of years now. However, the young workforce is having a greater influence. Consequently, there is a greater pressure on all sectors to consider how they shape their office space to cater for changing needs and demands, as per the same source.

CORPORATE NEWS

SAUDI MAWANI ISSUES LICENSE FOR FRANCE'S CMA CGM

The General Authority for Ports (Mawani) issued a unified license valid for CMA CGM, a France-based international shipping lines company.

The license is valid for work in all Saudi ports and practicing the activity of marine agencies.

SAUDI ARABIA PLANS US$ 110 BILLION INVESTMENT IN JAFURAH UNCONVENTIONAL GAS FIELD

Saudi Aramco plans to invest US$ 110 billion to develop unconventional gas reserves in Saudi Arabia's Jafurah field.

The Jafurah deposits are estimated to hold 200 trillion cubic feet of wet gas and the phased development of the field is expected to gradually increase production to 2.2 trillion cubic feet by 2036 if fully completed.

The field was expected to produce 130,000 barrels per day of ethane and 500,000 bpd of gas liquids and condensates.

KSA'S TAWUNIYA SIGNS HEALTH INSURANCE CONTRACT WITH AL-HOKAIR

The Company for Cooperative Insurance (Tawuniya) signed a contract with Fawaz Al-Hokair Group to provide health insurance services to its employees and their families through Tawuniya's network of approved health service providers in the Kingdom.

As part of the contract, which came into effect in February, Tawuniya would provide medical insurance cover for 15,000 employees and their families. Tawuniya's health insurance services for Al-Hokair Group include: In-patient and outpatient clinics, hypnosis, treatment of chronic diseases, emergencies and pre- and post-natal care as well as other features listed in the approved table of benefits.

BAHRAIN'S INVESTCORP EXPANDS US REAL ESTATE PORTFOLIO WITH US$ 164 MILLION ACQUISITIONS

Investcorp, a Bahrain-based asset manager, announced that its US-based real estate team acquired two residential properties in South Florida for approximately US$ 164 million.

The acquisition further strengthens Investcorp's US multifamily real estate portfolio and follows a highly active period of investment in multifamily properties after the firm ranked as the second largest international acquirer of US multifamily properties in calendar year 2019, according to Real Capital Analytics.

Multifamily property portfolios currently represent the largest part of Investcorp's global real estate platform, with an approximate value of US$ 2.3 billion.

Investcorp's multifamily portfolios span across 15 markets totaling 18 properties and more than 14,000 units. Since inception, the value of Investcorp's real estate investments have totaled over US$ 18 billion across more than 800 properties.

DUBAI'S DP WORLD CLOSES DEAL ACQUIRING CANADIAN TERMINAL

Dubai port operator DP World closed the deal acquiring Canadian multi-purpose marine terminal Fraser Surrey Docks (FSD).

The UAE firm acquired the terminal from Macquarie Infrastructure Partners (MIP), a fund managed by the Macquarie Infrastructure and Real Assets (MIRA) division of Macquarie Group.

The transaction was effective through DP World's Canadian subsidiary, DP World Canada Investment Inc. which is owned 45% by Caisse de dépôt et placement du Québec (CDPQ), it announced in a statement.

FSD is a large marine terminal and one of Vancouver's major steel import terminals. It operates over 1,200 meters of berth and 189 acres of yard. It also handled over 1 million tons of grain and around 250,000 TEU in 2018.

SAMSUNG WINS US$ 952 MILLION CONTRACT TO BUILD FUJAIRAH POWER PLANT

Samsung C&T, a global engineering and construction company, announced that it has been awarded a US$ 952 million contract by Emirates Water and Electricity Company (EWEC) to build a 2,400 MW combined cycle power plant in Fujairah, UAE.

Located some 300 kms northeast of Abu Dhabi, the project is being developed in partnership with Japanese developer Marubeni Corporation.

Under this contract, Samsung C&T would function as the exclusive engineering, procurement and construction (EPC) contractor, thus signaling a bright year ahead for the company in 2020, said the Korean builder.

The construction phase of the project is expected to be completed in April 2023. Once ready, the new plant would power a total of 380,000 homes in the northern region of the UAE, it stated.

Samsung C&T is a major player in the utilities sector with an extensive experience in building many power plants throughout the Middle East region. It is currently working on building a nuclear power plant in the UAE, a metro system in Saudi Arabia's Riyadh, and a desalination plant in Qatar.

ETISALAT COMPLETES ACQUISITION OF HELP AG

UAE-based telecom group Etisalat said that it has completed the acquisition of Help AG, a privately held regional company specializing in the delivery of cyber security solutions and services.

The acquisition sees the integration of the cyber security capabilities of both companies to create the region's strongest cyber security unit augmenting Etisalat Digital's portfolio of digital security services, as per a company statement.

ABU DHABI'S MUBADALA TO INVEST IN FRENCH STATE-BACKED FUND

Abu Dhabi State investor Mubadala Investment Company would invest US$ 1.1 billion in a new French State-backed fund to support French companies, France's Finance Minister said.

State-backed investment bank Bpifrance and Mubadala will both commit to the fund. Bpifrance has said it aims over time to raise up to € 10 billion for the fund.

BAKER HUGHES WINS EPC SERVICES DEAL FOR OMAN GAS PROJECT

Baker Hughes, an energy technology solutions provider, said it secured a major contract from Oman LNG to provide engineering, procurement and construction (EPC) services for the turbomachinery scope of the debottlenecking project in the Sultanate.

Under the terms of the deal, Baker Hughes will supply the new helper motors, variable-frequency drives and also deliver the EPC services for the said project scope, said a statement from the company.

Feed work was completed for the project last year and it will be executed over the next two years, with the first train completion set for year-end, followed by the second LNG train in 2021 and the third the following year.

CAPITAL MARKETS

EQUITY MARKETS: FURTHER PRICE CONTRACTIONS IN REGIONAL EQUITIES ON GROWING CORONAVIRUS FEARS

MENA equity markets continued to trace a downward trajectory this week, as reflected by a 2.9% drop in the S&P Pan Arab Composite index, mainly on mounting concerns over the economic impact of a fast-spreading coronavirus, and as an emergency rate cut by the US Federal Reserve failed to assuage concerns of a global recession.

The heavyweight Saudi Tadawul posted a 2.2% fall in prices week-on-week, as a fast-spreading coronavirus stocked global recession fears and darkened the outlook for oil demand, overshadowing the positive impact of a 50 bps rate cut by SAMA, tracking US Federal Reserve's emergency move. Brent oil prices contracted further by 8.9% this week to reach US$ 45.27, its lowest level in more than a decade. Within this context, Saudi Aramco's share price declined by 1.1% to SR 33.0. SABIC's share price retreated by 0.5% to SR 78.30. Petro Rabigh's share price shed 5.7% to SR 14.80. Saudi Kayan Petrochemical Company's share price dropped by 1.7% to SR 8.71. Sipchem's share price plunged by 5.5% to SR 14.74.

Amongst banking stocks, SABB's share price plunged by 9.8% week-on-week to SR 25.45. Alinma Bank's share price decreased by 2.8% to SR 22.60. Al Rajhi Bank's share price declined by 1.5% to SR 61.0. Also, tourism-related firm Jabal Omar Development's share price fell by 3.1% to SR 28.0. Saudi Arabia extended suspension of Umrah pilgrimages by foreigners to also include Saudi citizens and residents on coronavirus concerns.

The UAE equity markets remained on the decline this week, as reflected by a 5.8% plunge in the S&P UAE index, mainly on growing economic concerns over the economic impact of coronavirus, and after latest data showed that the latter took its toll on business activity in the UAE. The seasonally adjusted IHS Markit UAE Purchasing Managers' Index, which covers manufacturing and services, worsened for the second consecutive month in February 2020, as coronavirus fears weighed on exports and supply chains. In Dubai, Emirates NBD's share price plummeted by 8.8% to AED 11.45. Budget airliner Air Arabia's share price shed 11.4% to AED 1.24. Also, realty stocks continued to trace a downward trajectory in an already oversupplied residential market. Arabtec Holding Company's share price fell by 5.6% to AED 0.703. DAMAC Properties' share price plunged by 9.4% to AED 0.595. Deyaar Development's share price went down by 4.2% to AED 0.297. Emaar Properties' share price

EQUITY MARKETS INDICATORS (MARCH 01 TILL MARCH 07, 2020)

Market	Price Index	Week-on Week	Year- to Date	Trading Value	Week-on Week	Volume Traded	Market Capitalization	Turnover ratio	P/E*	P/BV*
Lebanon	59.2	-0.7%	-15.1%	2.6	-34.0%	0.3	6,402.0	2.1%	6.1	0.52
Jordan	347.4	-1.9%	-3.5%	33.7	-3.3%	28.4	20,245.2	8.7%	10.9	1.31
Egypt	316.6	-5.4%	-8.3%	215.8	4.2%	1,212.5	44,430.7	25.3%	9.1	1.97
Saudi Arabia	324.9	-2.2%	-11.8%	5,844.3	9.7%	1,022.0	2,216,528.0	13.7%	15.4	2.25
Qatar	166.2	-0.7%	-10.0%	402.4	17.5%	673.3	141,965.6	14.7%	14.2	1.83
UAE	100.9	-5.8%	-11.1%	669.9	-11.4%	1,095.7	239,888.9	14.5%	10.6	1.54
Oman	208.3	-0.3%	3.6%	25.9	-20.1%	47.0	17,439.8	7.7%	9.8	0.93
Bahrain	162.8	-4.1%	-0.8%	12.9	21.0%	24.4	25,157.0	2.7%	11.8	1.65
Kuwait	108.8	-4.5%	-9.2%	633.7	263.7%	1,017.5	96,540.3	34.1%	16.3	1.78
Morocco	273.5	-5.3%	-6.0%	94.6	26.9%	5.8	62,233.5	7.9%	19.1	2.93
Tunisia	70.7	-0.2%	-2.3%	6.7	42.0%	3.5	8,211.6	4.2%	14.2	3.00
Arabian Markets	**706.7**	**-2.9%**	**-10.4%**	**7,940.0**	**14.0%**	**5,130.3**	**2,879,042.4**	**14.3%**	**14.9**	**2.14**

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

Sources: S&P, Bloomberg, Bank Audi's Group Research Department contracted by 6.0% to AED 3.29. In Abu Dhabi, ADIB's share price went down by 1.6% to AED 5.40. ADCB's share price fell by 8.8% to AED 6.50. Etisalat's share price declined by 1.9% to AED 15.50. Abu Dhabi Aviation's share price tumbled by 6.5% to AED 2.90.

The Qatar Exchange registered a 0.7% drop in prices week-on-week, as the spread of coronavirus stoked fears that outbreak could hurt the global economy and oil prices. 28 out of 47 listed stocks posted price contractions, while 18 stocks recorded price gains and one stock saw no price change week-on-week. QIB's share price retreated by 2.1% to QR 15.28. Ahli Bank Qatar's share price plunged by 5.7% to QR 3.30. Industries Qatar's share price plummeted by 11.0% to QR 8.0. United Development Company's share price closed 8.4% lower at QR 1.108. Ezdan Holding's share price decreased by 1.3% to QR 0.53. Vodafone Qatar's share price went down by 3.2% to QR 1.0.

The Egyptian Exchange registered a 5.4% fall in prices week-on-week, as a sweeping sell-off mood reigned over amid intensifying concerns over the economic impact of coronavirus. Commercial International Bank's share price dropped by 6.7% to LE 77.02. Eastern Tobacco's share price shed 3.3% to LE 13.87. Ezz Steel's share price tumbled by 11.5% to LE 7.06. Talaat Moustafa Group's share price plunged by 6.3% to LE 7.05. Juhayna Food Industries' share price fell by 5.6% to LE 7.54.

FIXED INCOME MARKETS: MENA BOND PRICES UP, TRACKING US TREASURIES MOVE

Activity in MENA fixed income markets was skewed to the upside this week, mainly tracking US Treasuries move after the US Federal Reserve executed an emergency 0.5% rate cut, reflecting fears the coronavirus epidemic is raising recession risks for the global economy.

In the Abu Dhabi credit space, sovereigns maturing in 2024 and 2029 registered price gains of 2.0 pts and 3.38 pts respectively week-on-week. Prices of Mubadala'24 improved by 0.95 pt. ADNOC'29 closed up by 2.17 pts. Prices of Taqa'26 increased by 1.40 pt. As to papers issued by financial institutions, ADIB Perpetual (offering a coupon of 7.125%) registered price rises of 0.20 pt. First Gulf'24 closed up by 0.48 pt. Prices of ADCB'23 increased by 0.52 pt.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 registered price expansions ranging between 0.13 pt and 1.92 pt week-on-week. Prices of Euro-denominated sovereigns maturing in 2025 and 2030 improved by 1.08 pt and 0.51 pt respectively. CI Ratings affirmed the Long-Term Foreign Currency Rating and Long-Term Local Currency Rating of Egypt at "B+". The sovereign's Short-Term Foreign Currency Rating and Short-Term Local Currency Rating have also been affirmed at "B". The outlook for the ratings remains "stable". The ratings reflect the continued decline in external vulnerabilities due to the narrowing of the current account deficit and the strengthening of the foreign exchange reserves buffer, which helps the country to weather mild external shocks.

In the Omani credit space, sovereigns maturing in 2023, 2025 and 2029 posted price gains of 0.25 pt, 0.20 pt and 0.75 pt respectively this week. Moody's downgraded the long-term issuer and senior unsecured ratings of the Government of Oman to "Ba2" from "Ba1" and changed the outlook to "stable". The key driver for the downgrade is Oman's lower fiscal strength, evident in higher government debt and weaker debt affordability metrics than Moody's expected at the time of the previous rating action. The "stable" outlook reflects Moody's assessment that Oman's credit metrics are resilient to moderately negative fiscal and oil price shocks at the "Ba2" rating level. The outlook also takes into account balanced risks around the implementation of the fiscal adjustment program, as per Moody's. Prices of Omantel'28 went up by 1.38 pt.

In the Saudi credit space, sovereigns maturing in 2025 and 2030 posted price rises of 2.25 pts and 3.0 pts respectively week-on-week. Prices of Saudi Aramco'24 improved by 1.14 pt. Saudi Telecom'29 traded up by 0.73 pt. Prices of SABIC'28 expanded by 1.26 pt. SECO'24 was up by 0.95 pt. In the Bahraini credit space, sovereigns maturing in 2023, 2025 and 2029 saw price improvements of 0.63 pt, 1.0 pt and 1.38 pt respectively this week. Prices of NOGA'24 rose by 0.17 pt.

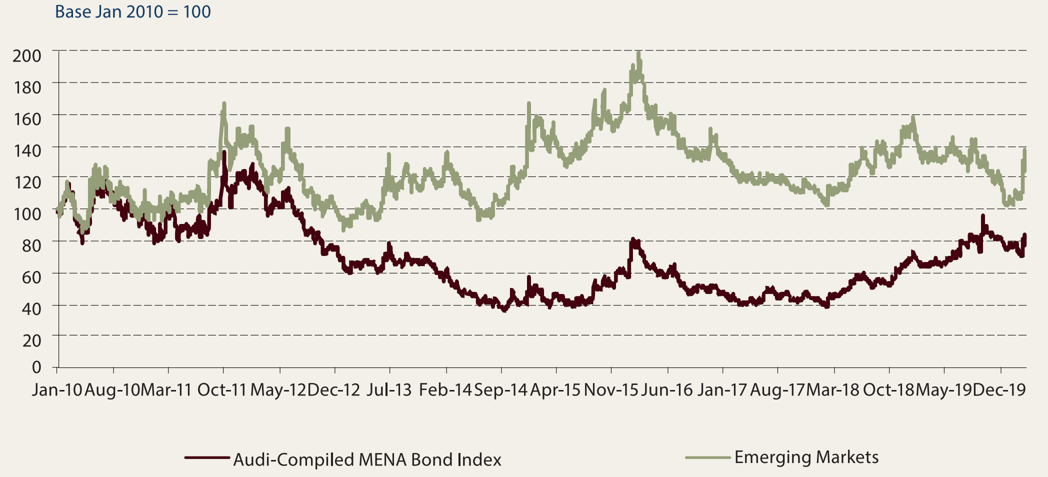
On the overall, regional bond markets saw upward price movements across the board, while yields on US Treasuries plunged to historic lows as fears the coronavirus outbreak would slam the global economy drove investors to snap up risk-averse assets, triggering a flight to safety.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	06-Mar-20	28-Feb-20	31-Dec-19	Week-on-week	Year-to-date
Abu Dhabi	53	45	36	8	17
Dubai	129	116	91	13	38
Kuwait	46	42	37	4	9
Qatar	60	49	37	11	23
Saudi Arabia	96	77	57	19	39
Bahrain	195	201	176	-6	19
Morocco	101	97	91	4	10
Egypt	316	334	277	-18	39
Lebanon	19,391	23,525	2,418	-4,134	16,973
Iraq	470	470	384	0	86
Middle East	**2,086**	**2,496**	**360**	**-410**	**1,726**
Emerging Markets	**210**	**198**	**148**	**12**	**62**
Global	**437**	**490**	**173**	**-53**	**264**

Sources: Bloomberg, Bank Audi's Group Research Department

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



Sources: Bloomberg, JP Morgan, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	CC/Negative/C	Ca/Stable	C/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Stable	BB-/Stable/B
Egypt	B/Stable/B	B2/Stable	B+/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A-/Stable/A-2	A1/Stable	A/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA/Stable/F1+*
Qatar	AA-/Stable/A-1+	Aa3/Stable	AA-/Stable/F1+
Kuwait	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	BB-/Stable/B
Oman	BB/Negative/B	Ba2/Stable	BB+/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BBB-/Stable/A-3	Ba1/Stable	BBB-/Stable/F3
Tunisia	NR	B2/Stable	B+/Negative/B
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$)	06-Mar-20	28-Feb-20	31-Dec-19	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,507.50	1,507.50	1,507.50	0.0%	0.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	-0.2%
Egyptian Pound (EGP)	15.65	15.63	16.05	0.2%	-2.5%
Iraqi Dinar (IQD)	1,182.87	1,182.87	1,182.87	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.67	3.67	3.66	0.0%	0.2%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	0.0%	0.9%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.39	0.39	0.0%	0.0%
Yemeni Riyal (YER)	250.00	250.00	250.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	119.05	120.48	119.05	-1.2%	0.0%
Moroccan Dirham (MAD)	9.50	9.62	9.57	-1.2%	-0.8%
Tunisian Dinar (TND)	2.82	2.85	2.83	-1.2%	-0.5%
Libyan Dinar (LYD)	1.40	1.41	1.40	-0.7%	0.1%
Sudanese Pound (SDG)	55.14	54.64	45.11	0.9%	22.2%

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER