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The MENA WEEKLY MONITOR

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According to the latest EY MENA IPO Eye Report, IPO deal value in the MENA region witnessed a sizeable increase during Q4 2019 both in terms of deal volume and value, with five IPOs raising proceeds of US\$ 30.0 billion, compared with the two IPOs for US\$ 190 million in Q3 2019.

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p.9 MENA CAPITAL MARKETS IN FREE FALL ON CORONAVIRUS FEARS AND OIL PRICE CRASH

MENA equity markets took a nosedive this week (-14.7%) following a slump in global equities, on growing fears over the impact of coronavirus on the global economy after the World Health Organization declared it a pandemic, and driven by an oil price crash after Saudi Arabia promised to raise oil output following an oil-supply policy dispute with Russia. Also, MENA fixed income markets were in free fall, mainly on growing concerns that coronavirus epidemic and an oil price slump would raise recession risks for the global economy and hurt fiscal balances in countries reliant on oil income.

MENA MARKETS: WEEK OF MARCH 08 - MARCH 14, 2020

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-14.7%	Weekly Z-spread based bond index	+41.6%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-23.6%	YTD Z-spread based bond index	+49.7%

ECONOMY

EY SAYS FIVE MENA IPOs RAISE US\$ 30.0 BILLION IN Q4 2019

According to the latest EY MENA IPO Eye Report, IPO deal value in the MENA region witnessed a sizeable increase during Q4 2019 both in terms of deal volume and value, with five IPOs raising proceeds of US\$ 30.0 billion, compared with the two IPOs that raised US\$ 190 million in Q3 2019.

Global IPO exchange activity also continued to pick up in Q4 2019, with 353 IPOs raising US\$ 84.5 billion, marking an increase of 25% in IPO volumes compared with Q1 2019.

An EY official said that both the global market and the MENA market saw activity pick up during Q4 2019 – the trend over multiple quarters indicates a recent slowing down in overall IPO activity, however in the MENA region, this has been driven by the decline in REITs and Nomu listings in Saudi Arabia since 2017 and 2018, and IPO activity has remained broadly stable year-on-year.

The Saudi Arabia Oil Company (Saudi Aramco) led the IPO activity by issuing 1.5% of its equity shares initially in a deal that raised US\$ 25.6 billion. The value further increased after the oil giant issued 450 million additional shares worth US\$ 3.8 billion via a green-shoe option, taking the total proceeds to US\$ 29.4 billion - or 1.7% of its shares. The deal made it, worldwide, the largest IPO on record by proceeds, added EY.

Kuwait listed its first IPO since 2008 during the fourth quarter of 2019. As a matter of fact, Boursa Kuwait, formerly known as the Kuwaiti Stock Exchange, raised US\$ 33.0 million by issuing 50% of its own shares in October 2019. This was the first IPO in Kuwait since Kuwait Telecom Company raised US\$ 98.0 million in 2008. Kuwait is the latest in the GCC market to join Emerging Market status. As it has met all the requirements, reclassification of the MSCI Kuwait Index from Frontier to Emerging Market status will happen as part of the May 2020 Semi-Annual Index Review.

Musandam Power Company SAOG (MPC) led the IPO activity in Oman, by issuing 40% of its equity shares on the Muscat Securities Market in a deal that raised US\$ 23.1 million in November 2019. Oman's Capital Market Authority has approved the first prospectus of Aman REIT, which allows foreign investors to own real estate in the Sultanate indirectly. Oman's new Foreign Capital Investment Law awards investors incentives, privileges, and guarantees, which include 100% foreign ownership, minimal capital requirements, and no fundamental changes in the investment project without ministry approvals.

Qatar listed one IPO in 2019, raising US\$ 395.6 million. Baladna, a premium branded dairy and beverage company with a dominant market share of the Qatari dairy market, issued its shares on the Qatar Stock Exchange in December 2019, representing 75% of the share capital of the company, as per EY. It was the only IPO in 2019 on the Qatar Stock Exchange and raised US\$ 395.6 million.

Egypt listed the third IPO of the year in the fourth quarter, and called for the listing of military firms. Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) S.A.E., an Egyptian pharmaceutical company, was the third company to go public on the Egypt Stock Exchange in 2019. Rameda's IPO was oversubscribed 117% and raised US\$ 108.7 million. The other two companies were Fawry, which made its trading debut in Q3 2019, and Speed Medical Company which listed in Q2 2019, added EY. The Egyptian government has called for the listing of its military firms on the Egyptian Stock Market in an effort to increase transparency. This will potentially raise several billion Egyptian pounds as part of the State privatization plan to raise funds for economic and strategic expansion, as per EY.

Until the Saudi Aramco IPO, economic challenges continued to impact investor confidence in the region in 2019. Though the recent MSCI and FTSE inclusions, privatization drives, and government initiatives from GCC countries and Egypt are promising, both businesses and investors will be proceeding with caution during the first half of 2020, as per EY.

NEGATIVE ECONOMIC IMPLICATIONS OF CORONAVIRUS ON GLOBAL GROWTH HAVE DIRECT IMPLICATIONS ON GCC, SAYS S&P

The increasing economic implications of the coronavirus are casting a darker shadow over the global growth outlook, which has direct implications for the GCC, according to a recent note issued by Standard & Poor's (S&P).

Regional markets have been hit by travel and human-movement restrictions imposed by governments, and consumer and business responses. The outbreak is no longer just an issue for China and its closest economic partners, nor just restricted to the supply chain. Both supply and demand effects are in play, and being amplified by tightening financial conditions, which significantly complicates any impact analysis, as per the same source.

Furthermore, weaker global demand will strain GCC economies, and the effect will be amplified by key trading partner concentrations. Since the rating agency's previous publication, S&P has revised down its assumptions on global growth to 2.8% from 3.3%.

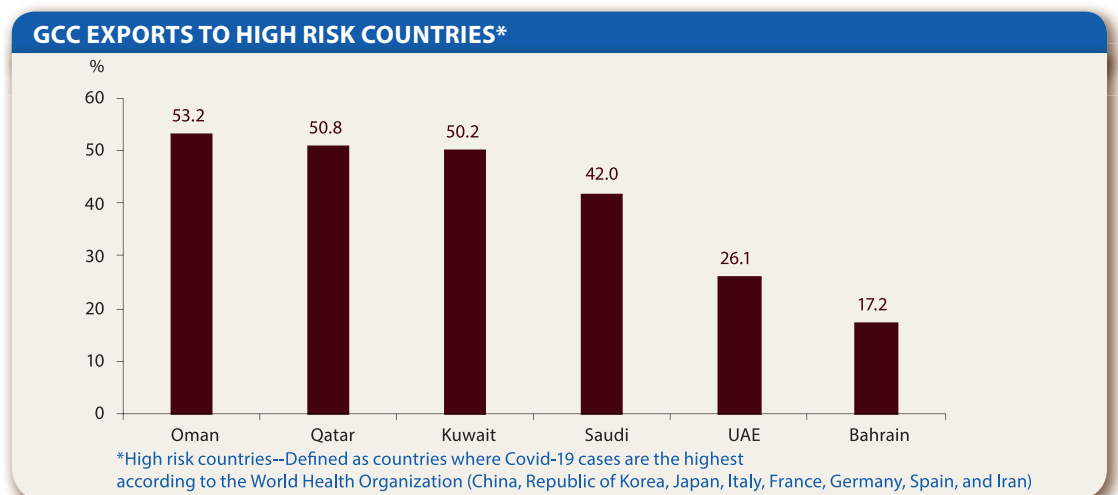
In commodities, the rating agency now expects oil prices to fall in 2020. The GCC region's goods exports are almost entirely hydrocarbon-related. Worse still, just four countries--China, South Korea, Japan, and India--buy about 40% of the region's exports (see chart 1). This leaves the GCC vulnerable to more-severe disruption in those markets, according to S&P.

Standard & Poor's now expects China's growth to be 90 basis points lower in 2020 than forecast at year-end 2019. Consumption is likely to weaken, as consumer confidence wanes and authorities restrict activity. Consequently, the rating agency thinks GCC countries' economies will be impacted.

Exports to countries with a high or currently spiking number of cases--China, South Korea, Japan, Italy, France, Germany, Spain, and Iran--are at risk. S&P estimates that the volume of vulnerable goods exports ranges from 53% of total exports for Oman to about 17% for Bahrain.

As the volume of exports falls, the region's external and fiscal balances will suffer. At OPEC meetings late last week, oil producers failed to agree to further production cuts in response to expected significant reductions in global demand. Russia's refusal to agree to an additional 1.5 million barrels per day (mmbbls/d) of cuts on top of the existing 2.1 mmbbls/d set to expire on March 31 prompted a strong response.

Following the meetings, Saudi Arabia surprisingly announced it was immediately slashing its official selling price and would increase its production above 10 mmbbls/d after the existing cuts expire. The Kingdom cut April prices for all crude grades by US\$ 6 per barrel (/bbl)-US\$ 8/bbl.



Source: Standard & Poor's

The GCC's hospitality industry, which includes sectors like airlines, hotels, and retail, will see lower revenue because of decreased tourism and business flows, as travel aversion and restrictions bite during the peak tourism season, as per S&P.

These factors will also reduce transit and outbound travel by visitors and residents respectively. Several GCC states have suspended their travel connections with countries where virus cases are high or currently spiking. For example, Saudi Arabia banned foreign nationals from visiting the holy city of Mecca until March 31. In the United Arab Emirates (UAE), the Ministry of Foreign Affairs issued a ban on travel to Thailand and Iran for UAE citizens and connections with certain countries/cities were suspended. Furthermore, Qatar has reportedly imposed entrance restrictions on visitors from several countries.

GULF CENTRAL BANKS CUT INTEREST RATES AFTER THE US FED SLASHES RATES TO NEAR ZERO

Gulf Central Banks cut interest rates recently, a day after the U.S. Federal Reserve slashed its rates to near zero in an effort to ease the impact of the coronavirus outbreak, as per Reuters.

Meanwhile Abu Dhabi, the capital of the UAE, launched a slate of economic measures aimed at shielding the private sector from a slowdown due to the spread of the virus, which has hit vital sectors of the UAE economy such as tourism and aviation.

It is worth noting that most Gulf Central Banks tend to follow the US Fed because their currencies are pegged to the US dollar.

Kuwait's Central Bank cut its deposit rate by 100 bps to 1.5%, its lowest ever. It also cut its overnight, one-week and one-month repo rates by 100 bps to 1%, 1.25%, and 1.75% respectively.

The UAE central bank trimmed its interest rate on one-week certificates of deposit by 75 basis points and other rates by 50 bps. The Saudi Arabian Monetary Authority cut repo and reverse repo rates by 75 bps.

The Qatari regulator slashed its deposits, lending, and repo rates. Bahrain's central bank cut overnight, weekly and monthly deposit rates, in addition to its lending rate.

The cuts follow stimulus packages launched by the Saudi, Qatari and UAE Central Banks over the past few days worth a combined US\$ 60 billion to contain the impact of the virus.

But such moves have not stopped a plunge in regional equity and debt markets, which are also pricing in the effects of a market share war between Saudi Arabia and Russia on crude prices.

It is worth mentioning that Abu Dhabi allocated AED 3 billion for a credit guarantee scheme for small and medium-sized enterprises (SMEs) and another AED 5 billion to subsidize utility bills.

Several fees were scrapped or reduced, including for real estate registrations, or for start-ups and the tourism and hospitality sectors, the government said on Twitter.

Abu Dhabi's Crown Prince announced that authorities would support the economy by easing investment laws and regulations. He said there would be no interruptions on approved capital expenditure and development projects in the emirate.

VALUE OF TAX RETURNS IN THE UAE UP BY 21% IN 2019

Tax compliance rates in the UAE have shown a remarkable increase with the total value of tax returns submitted to the Federal Tax Authority (FTA) growing by 21% over the past year, compared with 2018.

The number of businesses registered with the FTA increased by 7%, with the number of businesses registered for VAT - as individuals or tax groups - reaching 320,440, while the number of registrants for excise tax totalled 1,100, and the number of tax agents growing to 355, the FTA said.

SURVEYS

KUWAIT RANKS FIRST IN THE REGION IN EIU'S 2020 INCLUSIVE INTERNET INDEX

The Economist Intelligence Unit (EIU) released its "Inclusive Internet Index 2020" report in which it ranks 100 countries across the globe according to their internet access, whereby Kuwait ranked first in the Arab MENA region and 24th globally. The country had an overall score of 79.1.

The overall score is based on the scores of the four following categories namely, availability which assesses the quality and breadth of the available infrastructure required for access and levels of Internet usage, affordability which compares the cost of access to income levels and examines the level of competition in the Internet marketplace, relevance which studies the existence and extent of local language and relevant contents and readiness which examines the capacity to access the Internet, including skills, cultural acceptance and supporting policy.

In Kuwait, affordability provides its strongest points—fixed broadband, smartphones, prepaid and postpaid mobile data account for a lower share of per-capita monthly income than in most other index countries.

In details, Qatar came in the second position in the region and 28th globally with a score of 78.5 and the United Arab Emirates came in third with a global rank of 38. At the lower end of the scale came Sudan with a global rank of 91.

Kuwait ranked 24th on availability whereby it ranked 40th in its usage sub-category and 20th in its quality sub-category. It ranked 14th in affordability (13th in price and 15th in competitive environment sub-categories). The country took over a rank of 44th in relevance (27th in local content and 55th in relevant content sub-categories) and 63rd on readiness (63rd on literacy, 19th in trust and safety and 79th in policy sub-categories).

ARAB MENA REGION'S EIU INCLUSIVE INTERNET INDEX 2020 RANKINGS

	Global Ranking	Overall Score	Availability Score	Affordability Score	Relevance Score	Readiness Score
Kuwait	24	79.1	78.0	84.8	81.1	62.2
Qatar	28	78.5	79.8	70.3	84.6	85.7
United Arab Emirates	38	74.9	83.1	64.7	76.9	68.3
Bahrain	41	73.8	79.2	61.8	81.9	71.6
Saudi Arabia	43	73.3	70.8	68.2	85.9	73.4
Oman	44	72.0	73.7	59.7	85.3	77.3
Morocco	59	65.5	67.5	60.2	75.4	53.7
Lebanon	60	64.4	67.2	57.7	74.7	52.5
Egypt	65	62.0	64.0	62.0	59.4	59.6
Algeria	74	56.7	56.1	59.7	56.2	50.7
Sudan	91	43.7	27.9	57.3	57.8	37.3

Sources: The Economist Intelligence Unit, Bank Audi's Group Research Department

47% OF MIDDLE EAST BUSINESSES EXPERIENCE CUSTOMER FRAUD, AS PER PWC

Businesses in the Middle East are impacted more than ever by fraud and economic crimes, a PwC survey revealed.

Fraud committed by business customers topped the list of all crimes experienced at 47%, up from 36% in 2018. According to the report, Middle East businesses see customer fraud and procurement fraud as the most disruptive of all economic crimes.

Procurement fraud for Middle East businesses saw the biggest increase, rising to 42% from 22% in 2018. The Middle East Economic Crime and Fraud Survey examined responses from 8 countries in the Middle East and PwC globally examined responses from 99 countries around the world.

The Middle East region and North America are the regions that experienced the biggest increases in customer fraud.

More than half of organizations in the Middle East responded to economic crime by implementing and enhancing controls, and nearly three quarters of respondents conducted an investigation following an incident, PwC said.

However, less than a third reported instances of economic crime to their board, but of the organizations who did, 68% ended up in a better place, it added.

With the rising rate of organizations falling victim to economic crime, a greater focus is needed to deploy the right talent and technologies to proactively build anti-fraud frameworks that allow businesses in the Middle East to identify fraud risks, respond quickly and ultimately emerge stronger, as per the same source.

The global report finds that more than 60% of organizations are beginning to employ advanced technologies such as artificial intelligence and machine learning to combat fraud, corruption or other economic crime.

The report notes however that concerns about deploying technology are linked to cost, insufficient expertise and limited resources.

The benefit in using technology to fight fraud is undeniable but organizations must recognize that using tools and technologies alone does not amount to an anti-fraud program, PwC said.

ULTRA-WEALTHY PEOPLE IN GCC EXPECTED TO GROW BY 26%, AS PER KNIGHT FRANK

The number of Ultra High Net Worth Individuals in the Gulf Cooperation Council (GCC) is expected to grow by 26% over the next five years to over 9,100, as per real estate consultancy firm Knight Frank said.

The rate of wealth creation in the GCC region is expected to remain strong. Over the next five years we expect the number of HNWI (US\$ 1 million) to increase by 12% on average and UHNWIs (US\$ 30 million) by over 26% over the same period, Associate Partner at Knight Frank Middle East said.

Saudi Arabia will host 57% of these UHNWI and the UAE will be home to 23% over the five year period according to the report. The Middle East is home to 16,581 UHNWIs, up from 10,043 in 2014, a 41% increase. The number of ultra-wealthy people around the world is predicted to grow by 27% in the next five years to 2024, taking the population to just under 650,000 according to Knight Frank.

31,000 additional UHNWIs were created globally in 2019, an increase of 6.4%. North America, home to an additional 13,911, dominates with more than double the UHNWI population of Europe in 2019 at 4,682. The number of UHNWIs created in Asia in 2019 significantly outpaced that in Europe with an extra 11,788 UHNWIs created..

CORPORATE NEWS

UAE'S MODON AWARDS US\$ 645 MILLION ABU DHABI RESIDENTIAL PROJECT CONTRACTS

UAE-based Modon Properties awarded three major infrastructure contracts worth AED 2.4 billion (US\$ 645 million) for the development of Phases Two and Five of Abu Dhabi-based residential development Riyadh City South.

A development company mandated by the Abu Dhabi government to build sustainable communities and develop strategic mixed-use projects in the emirate, Modon said upon completion, it will include more than 6,000 residential plots, a university, five schools, two nurseries, four health centers and mosques.

Riyadh City, located 30 kms from the UAE capital, will also boast 61 commercial plots, three civil defense centers, five fuel stations, four government facilities plots and three social services centers.

It will have easy access to major urban and industrial venues across Abu Dhabi. The project is also close to a number of major landmarks and attractions in the capital city.

The scope of works include the construction of internal and external roads, lighting, potable water network, rainwater drainage systems, sewerage systems, fire-fighting systems, traffic control systems, irrigation networks, electricity grids and Public Realm.

Modon said it had begun preliminary works on the project in June last year, followed by the awarding of infrastructure works worth AED 1.5 billion for Phase One of the project in September and now the deal for Phases Two and Five. The contracts for Phases Three and Four would likely be inked during the second half.

The Abu Dhabi developer said with all the key phases awarded, it was aiming to complete the entire infrastructure work for Riyadh City South by the end of 2023.

SAUDI ARABIA INKS YANBU 4 WATER PROJECT AGREEMENTS

Saudi Arabia signed the project agreements for Yanbu 4 Independent Water Plant (IWP), a seawater desalination facility to be developed using reverse osmosis (RO) technology, with a consortium comprising French multinational utility group Engie and local water desalination company Mowah.

The reverse osmosis (RO) seawater desalination plant, which will come up at Badr Governorate in Madinah region, will boast a production capacity of 450,000 cubic meters/day on completion, said a statement from Saudi Water Partnership Company (SWPC).

Located on the Red Sea coast of Saudi Arabia, the new plant will feed Makkah and Madinah regions with potable water. Yanbu-4 IWP will also include solar energy units to reduce the electricity consumption from the grid, in addition to water tanks with a storage capacity of two operational days, stated SWPC (formerly Saudi Water & Electricity Company).

SAUDI'S BINYAH SIGNS US\$ 95 MILLION CONTRACT WITH MISK FOUNDATION

Saudi Arabia's Binyah, a subsidiary of Saudi Real Estate Company (Alakaria), signed a SR 356.4 million (US\$ 95 million) contract with Misk Foundation.

Binayah will design and build a car bridge and associated roads and utilities for 18 months.

ADNOC TO BUILD ON ITS CARBON ACHIEVEMENTS

Abu Dhabi National Oil Company (ADNOC) is building on its position as one of the least carbon-intensive oil and gas producers in the world by significantly expanding its Carbon Capture Utilization and Storage (CCUS) program, said UAE Minister of State and Group CEO of ADNOC.

ADNOC's CCUS program is also enabling the company to maximize value from its hydrocarbon reserves through enhanced oil recovering (EOR), liberating the cleaner-burning natural gas to cater for growing demand, as per the same source.

Currently, ADNOC's Al Reyadah facility in the emirate of Abu Dhabi has the capacity to capture 800,000 tons of carbon dioxide (CO₂) annually. ADNOC plans to expand the capacity of this program by over 500% capturing CO₂ from its own gas plants, with the aim of reaching 5 million tons of CO₂ every year by 2030 – the equivalent of the annual carbon capture capacity of over 5 million acres of forest or forest over twice the size of the UAE.

SAUDI'S FAWAZ ABUDULAZIZ ALHOKAIR SECURES US\$ 800 MILLION ISLAMIC FINANCE

Saudi-listed retail group Fawaz Abdulaziz Alhokair Company signed an Islamic term Murabaha facility and a revolving credit facility agreement with a syndicate of Saudi banks.

The US\$ 800 million debt facility is composed of two tranches, including a US\$ 650 million Murabaha to be fully utilized in refinancing existing debt and a US\$ 150 million revolving standby credit facility to finance the business' operational and expansion needs. The term Murabaha's maturity is 7 years (subject to a 1-year grace period), while the revolving credit facility's tenure is 3 years.

The banks participating in the loan agreement are: Al Rajhi Banking and Investment Corporation, the National Commercial Bank, Samba Financial Group, Arab National Bank, Mashreqbank and Abu Dhabi Islamic Bank.

TRSDC TO DEVELOP LARGEST DARK SKY RESERVE IN SAUDI ARABIA

The Red Sea Development Company (TRSDC) awarded a contract to Cundall, an international multi-disciplinary consultancy providing engineering, design and sustainable solutions, to develop its mega luxury tourism project in Saudi Arabia into the largest certified Dark Sky Reserve (an area, usually surrounding a park or observatory, that restricts artificial light pollution) in the world.

As per the deal, Cundall will work on a strategy that would provide enough lighting for safe movement around the project site, whilst meeting the stringent International Dark Sky criteria, said a statement from TRSDC.

The Saudi group will also seek an accreditation that recognizes areas with an exceptional quality of starry nights and a commitment to protecting the nocturnal environment, it stated.

SAUDI AL MOAMMAR INKS US\$ 12 MILLION CREDIT FACILITY DEAL

Al Moammar Information Systems Co announced signing a credit facility agreement worth SR 45 million with Cisco Systems Finance International. The facility will be used to finance the requirements of one of the existing projects of which Cisco International Limited is one of the suppliers, the company said.

The funding has a one-year term starting from the date of the first payment and is secured by a promissory note at 100% of the total value of the facility.

It is noteworthy that in December 2019, the Saudi firm announced renewing and amending a credit facility agreement worth SR 110 million, in compliance with Shariah Law, with the Arab National Bank (ANB).

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES TAKE NOSEDIVE ON ESCALATING CORONAVIRUS CONCERNS AND TUMBLING OIL PRICES

MENA equity markets took a nosedive this week, as reflected by a 14.7% plunge in the S&P Pan Arab Composite index, following a slump in global equities, on growing fears over the impact of coronavirus on the global economy after the World Health Organization declared it a pandemic, and driven by an oil price crash after Saudi Arabia promised to raise oil output following an oil-supply policy dispute with Russia.

The heavyweight Saudi Tadawul registered double-digit price drops of 15.0% this week, tracking a wide sell-off mood in global equity markets (-13.0%), on escalating concerns over the economic impact of coronavirus and driven by a 25.2% slump in Brent oil prices to reach US\$ 33.85 per barrel after KSA promised to raise oil production following the collapse of its oil-cutting alliance with Russia. Saudi Aramco's share price plunged by 12.1% to reach SR 29.0, falling below its IPO price level of SR 32.0. SABIC's share price shed 15.6% to SR 66.10. Petrochem's share price plummeted by 20.3% to SR 17.98. Saudi Kayan Petrochemical Company's share price dropped by 13.9% to SR 7.50. Sipchem's share price tumbled by 18.5% to SR 12.02. Advanced Petrochemical Company's share price fell by 9.6% to SR 39.50.

Also, Saudi banking stocks were on the decline this week, mainly on rising concerns that a crash in crude oil prices would lead to a pick-up in delinquencies. NCB's share price plunged by 20.5% to reach SR 33.40. Al Rajhi's share price dropped by 11.2% to SR 54.20. SAMBA's share price plummeted by 23.9% to reach SR 19.18. SABB's share price tumbled by 22.2% to SR 19.80. Banque Saudi Fransi's share price dropped by 22.3% to SR 26.50. In parallel, Makkah Construction and Development Company's share price fell by 11.9% to SR 59.30. MCDC announced a 17% annual contraction in its 2019 net profits to reach SR 236 million.

The UAE equity markets posted a 17.6% plunge in prices week-on-week, mainly driven by coronavirus fears and an oil price slump, which have outweighed the positive impact of an AED 1.5 billion stimulus package announced by the Crown Prince of Dubai to support the retail, trade, tourism and energy sectors, and a pledge by the Central Bank of the UAE to support the banking system in mitigating the downside risks of coronavirus.

EQUITY MARKETS INDICATORS (MARCH 08 TILL MARCH 14, 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	59.1	-0.1%	-15.2%	7.2	177.4%	0.9	6,397.0	5.8%	6.2 0.52
Jordan	331.5	-4.6%	-7.9%	32.7	-2.9%	25.7	19,398.1	8.8%	10.6 1.35
Egypt	285.8	-9.7%	-17.2%	170.3	-21.1%	1,288.4	41,345.0	21.4%	8.4 1.80
Saudi Arabia	276.0	-15.0%	-25.1%	9,002.3	54.0%	1,724.3	1,934,279.9	24.2%	13.7 2.02
Qatar	145.8	-12.3%	-21.1%	561.7	39.6%	1,097.2	126,056.2	23.2%	12.5 1.61
UAE	83.1	-17.6%	-26.8%	913.7	36.4%	2,201.8	205,007.3	23.2%	9.2 1.30
Oman	188.9	-9.3%	-6.0%	41.1	58.6%	86.9	16,130.3	13.2%	9.0 0.87
Bahrain	134.8	-17.2%	-17.8%	16.1	24.1%	31.5	22,116.0	3.8%	10.5 1.43
Kuwait	88.6	-18.6%	-26.1%	592.2	-6.5%	1,130.1	80,894.1	38.1%	13.6 1.49
Morocco	247.6	-9.5%	-14.9%	205.8	117.4%	10.3	56,550.7	18.9%	17.5 2.67
Tunisia	65.3	-7.5%	-9.7%	12.5	87.4%	4.9	7,690.6	8.5%	13.2 2.75
Arabian Markets	602.7	-14.7%	-23.6%	11,548.3	45.4%	7,602.0	2,515,865.2	23.9%	13.2 1.92

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

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

In Dubai, Emaar properties' share price shed 21.6% to AED 2.58. Emaar Properties said that it would stop bookings at three hotels for more than five months from March 15, 2020 amid coronavirus fears. Arabtec Holding Company's share price plummeted by 23.6% to AED 0.537. DAMAC Properties' share price fell by 23.4% to AED 0.456. Deyaar Development's share price dropped by 30.3% to AED 0.207. Union Properties' share price shed 13.1% to AED 0.166. As to banking stocks, Emirates NBD's share price dropped by 23.8% to reach AED 8.73. Dubai Islamic Bank's share price went down by 15.8% to AED 4.47. Emirates Islamic Bank's share price fell by 14.9% to AED 8.50. In Abu Dhabi, Taqa's share price fell by 13.8% to AED 0.585. ADNOC's share price dropped by 10.0% to AED 2.70. First Abu Dhabi Bank's share price plunged by 16.9% to AED 10.90. ADCB's share price plummeted by 23.1% to AED 5.0.

The Qatar Exchange saw a 12.3% drop in prices week-on-week, mainly dragged by coronavirus fears and dwindling oil prices. 41 out of 47 listed stocks registered price contractions, while five stocks posted price gains and one stock saw no price change week-on-week. Industries Qatar's share price fell by 13.6% to QR 6.910. Gulf International Services Company's share price dropped by 17.4% to QR 1.080. As to banking stocks, QNB's share price plummeted by 14.1% to QR 16.49. QIB's share price dropped by 10.3% to QR 13.70. Commercial Bank of Qatar's share price fell by 14.7% to QR 3.966. Also, Ooredoo's share price tumbled by 19.1% to QR 5.097. Vodafone Qatar's share price shed 17.4% to QR 0.826. Barwa Real Estate's share price went down by 5.4% to QR 3.0. The company announced a 22% yearly fall in its 2019 net profits to reach QR 1.5 billion.

FIXED INCOME MARKETS: MENA BOND MARKETS IN FREE FALL ON CORONAVIRUS FEARS AND OIL PRICE COLLAPSE

MENA fixed income markets were in free fall during this week, mainly on growing concerns that coronavirus epidemic and an oil price slump would raise recession risks for the global economy and hurt fiscal balances in countries reliant on oil income. Within this context, Fitch said that a sharp drop in oil prices, the outbreak of coronavirus as well as a slump in tourism and a weakening demand for non-oil exports add to rating pressures for Middle East and Africa sovereigns.

In the Saudi credit space, sovereigns maturing in 2025 and 2030 posted price falls of 5.0 pts and 9.75 pts respectively week-on-week. Prices of Aramco'24 dropped by 4.61 pts. SABIC'28 closed down by 4.72 pts. SECO'24 registered price contractions of 3.40 pts. Prices of STC'29 decreased by 1.45 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2024 and 2029 registered price falls of 3.06 pts and 5.75 pts respectively this week. Prices of Mubadala'24 declined by 1.08 pt. ADNOC'29 closed down by 3.74 pts. Prices of Taqa'26 decreased by 2.78 pts. As to papers issued by financial institutions, ADIB Perpetual (offering a coupon of 7.125%) was down by 1.04 pt. Prices of Al Hilal Bank'23 retreated by 0.39 pt. First Gulf Bank'24 traded down by 1.02 pt. ADCB'23 saw price declines of 1.25 pt.

In the Dubai credit space, sovereigns maturing in 2029 closed down by 10.60 pts. Prices of Emaar'26 decreased by 1.08 pt. DP World'30 saw price contractions of 5.65 pts. Emirates Airline'28 closed down by 1.14 pt. Prices of Majid Al Futtaim'29 dropped by 3.60 pts. As to papers issued by financial institutions, Dubai Islamic Bank Perpetual (offering a coupon of 6.75%) registered price falls of 0.93 pt. Emirates NBD Perpetual (offering a coupon of 6.125%) traded down by 3.28 pts.

In the Kuwaiti credit space, sovereigns maturing in 2027 were down by 3.16 pts week-on-week. Prices of KIPCO'27 declined by 3.07 pts. In the Bahraini credit space, sovereigns maturing in 2023, 2025 and 2029 saw price falls of 10.75 pts, 13.25 pts and 20.13 pts respectively. Prices of NOGA'24 fell by 19.94 pts.

In the Omani credit space, sovereigns maturing in 2023, 2025 and 2029 registered price falls of 13.13 pts, 17.0 pts and 25.0 pts respectively this week. Prices of Omantel'28 contracted by 27.38 pts. In the Qatari credit space, sovereigns maturing in 2024 and 2029 posted price drops of 2.88 pts and 6.25 pts respectively. Ooredoo'25 closed down by 1.36 pt. As to papers issued by financial institutions, Commercial Bank of Qatar'23 closed down by 0.62 pt. QIB'24 saw price retreats of 1.11 pt. QNB'24 traded down by 2.82 pts.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 registered price contractions of 7.13 pts, 10.50 pts, 17.11 pts and 17.25 pts respectively week-on-week. Euro-denominated sovereigns maturing in 2025 and 2030 posted price falls of 10.01 pts and 15.90 pts respectively.

Under these conditions, the average five-year CDS spreads in the GCC doubled this week.

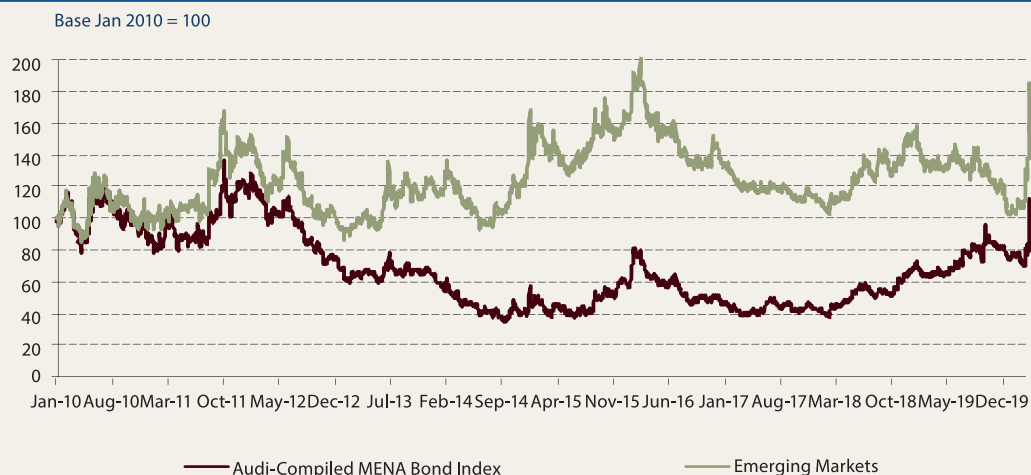
Amid a fast-spreading coronavirus epidemic and an oil price tumble, Morgan Stanley said recently in a report that demand for Eurobond issues by oil-exporting nations may be "lukewarm" just as they face wider deficits and higher external financing needs, adding that these countries, which make up 40% of JP Morgan's Emerging-Bond Index, face potential rating downgrades following the oil price collapse.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	13-Mar-20	06-Mar-20	31-Dec-19	Week-on-week	Year-to-date
Abu Dhabi	103	53	36	50	67
Dubai	262	129	91	133	171
Kuwait	94	46	37	48	57
Qatar	111	60	37	51	74
Saudi Arabia	169	96	57	73	112
Bahrain	429	195	176	234	253
Morocco	146	101	91	45	55
Egypt	522	316	277	206	245
Lebanon	18,226	19,391	2,418	-1165	15,808
Iraq	743	470	384	273	359
Middle East	2,081	2,086	360	-5	1,721
Emerging Markets	311	210	148	101	163
Global	554	437	173	117	381

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	SD/Negative/SD	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\$)	13-Mar-20	06-Mar-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)	15.70	15.65	16.05	0.3%	-2.2%
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	0.38	0.39	0.0%	0.0%
Yemeni Riyal (YER)	250.00	250.00	250.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	120.48	119.05	119.05	1.2%	1.2%
Moroccan Dirham (MAD)	9.59	9.50	9.57	1.0%	0.2%
Tunisian Dinar (TND)	2.84	2.82	2.83	0.7%	0.2%
Libyan Dinar (LYD)	1.39	1.40	1.40	-0.7%	-0.7%
Sudanese Pound (SDG)	55.14	55.14	45.11	0.0%	22.2%

Sources: Bloomberg, Bank Audi's Group Research Department

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