Bank Audi

MENA WEEKLY MONITOR

OCTOBER 8 - OCTOBER 14, 2023
WEEK 41

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MENA equity markets plunged deeper into the red this week, as reflected by a 2.1% fall in the S&P Pan Arab Composite index, mainly pressured by a broad sell-off mood on concerns that an unprecedented military Israel-Palestine conflict could spiral out of control in the region. In contrast, activity in MENA fixed income markets was mostly tilted to the upside, as investors flew to safety amid mounting regional geopolitical tensions, and after September FOMC minutes reinforced the message that the US Federal Reserve's focus is shifting from how high to take rates to how long they should stay elevated.

MENA MARKETS: OCTOBER 8 - OCTOBER 14, 2023

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-2.1%	Weekly Z-spread based bond index	+1.9%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-3.0%	YTD Z-spread based bond index	+74.9%

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ECONOMY

MENA STARTUPS CONTINUE TO DEMONSTRATE GROWTH WITH US$ 76 MILLION RAISED IN AUGUST

Startups in the Middle East and North Africa region continue to attract robust investor interest, showcasing sustained vitality in entrepreneurial activity.

In August 2023, MENA startups raised over $76 million through 18 deals which fares well against the broader Middle East, Africa, and Pakistan region, which raised $139 million across 46 deals in the same period, according to venture data research firm MAGNiTT.

Notably, the MENA region accounted for two of the three exits recorded in the Middle East, Africa, and Pakistan in August, highlighting its growing role in the global startup ecosystem.

However, these promising figures come on the heels of a challenging first half of 2023. In the initial six months, the region attracted $1.1 billion in capital across 193 deals, reflecting a year-on-year decline of 41 percent.

Nevertheless, this decline is notably better than the average global funding drop of 52 percent.
While MENA's deals declined by 49 percent, it was a steeper drop compared to the 25 percent decline in international deals.

The report also delves into sectoral performance, revealing that despite a 51 percent year-on-year fall in deal numbers, fintech continues to dominate.

E-commerce and retail followed suit, boosted by significant investments in Saudi Arabia's Nana and Floward, which accounted for 80 percent of the sector's total funding in the first half of the year.

In contrast, the transport and logistics sector faced significant challenges, with funding shrinking by almost 90 percent, and deal numbers halved compared to the first half of 2022.

Overall, MENA's startup ecosystem shows resilience and potential, especially in sectors like fintech and e-commerce. The two notable exits in August provide optimistic indicators for the region's investment landscape moving forward.

By 2030, MENA will give birth to more than 300 startups with a valuation of more than US$1 billion according to a recent report by strategy consulting firm Redseer has found.

Likely to be focused on sectors such as fintech, ecommerce, Internet and consumer services, these successful startups and scaleups are also likely to turn to IPOs for mass funding.

SAUDI ARABIA'S NON-OIL ECONOMY IMPROVES AT STRONGER RATE IN SEPTEMBER

Saudi Arabia's Riyad Bank Purchasing Managers' Index (PMI) for September 2023 recorded 57.2, slightly above the long-term average and having increased by 0.6 points against the month prior.

This figure denotes and improvement in operating conditions across the non-oil private sector within Saudi Arabia albeit at an accelerated rate against figures seen in the month prior. This quickening growth comes amid activity and new business both rising within the non-oil private sector in the country at a faster rate than the one seen in August. Additionally, business confidence in future activity improved during the month. However, growth of purchasing, inventories and employment all softened in September 2023.

The noted pick-up in sales growth was partially boosted by a renewed output charge cut as firms reported offering discounts in order to combat high competitive pressures. Selling prices decline as a result despite a continued robust increase in input prices therefore putting mounting pressure on companies' profit margins. In details, business activity growth picked back up again in September following the drop noted in August. Circa 27% of survey respondents reported an increase in output over the month with higher activity spanning over all four broad sectors monitored by the survey and all categories registering robust growth, as per Riyad Bank's PMI report for September 2023.

In parallel, new business intake supported activity growth by denoting a marked expansion during September reaching the sharpest level recorded since June. Some firms pointed to improving market conditions as a key catalyst to the increase in client orders while others pointed to new business initiatives in sales and marketing departments.

However, competitive pressures within Saudi Arabia's non-oil private sector had stunted sales for some businesses resulting in a drop in selling charges for the second time in three months albeit at a modest rate. Firms undertook price discounting despite the increase in the costs of input as raw material prices and increased wages due to increased cost of living. In turn, this has led to mounting pressures on firms' profit margins, as per Riyad Bank's PMI report for September 2023.

During September, firms continued to report robust purchasing and hiring activity albeit at a slower rate than the month prior. Purchasing activity in Saudi Arabia's non-oil private sector expanded sharply due to an increase in input requirements noted by firms. In parallel, businesses noted an improvement in suppliers' delivery times leading to a sharp expansion of stock levels albeit at a slower level than the month prior.

Employment within Saudi Arabia's non-oil private sector increased moderately while remaining among the fastest recorded in the past five years. In turn, firms were able to clear up work backlogs in a timely manner leading to a robust decrease in outstanding business at the fastest rate for a year.

Looking at future outlook for the next 12 months, surveyed firms reported a sharp and fast increase in output expectations during September following the levels recorded in August which were the lowest since mid-2020. This came as firms were optimistic about market conditions improving further and continued rising sales would lead to further support towards the expansion of activity, as per Riyad Bank's PMI report for September 2023.

NON-OIL PRIVATE SECTOR PERFORMANCE IN QATAR CONTINUES ITS ROBUST PERFORMANCE

Qatar's Purchasing Managers' Index (PMI) for September 2023 registered 53.7, down by 0.2 points against August's 53.9. While the PMI noted a slight decrease, the index remains firmly above the long-term trend of 52.3 and shows an improvement in non-oil private sector performance, as per the Qatar Financial Center's (QFC) PMI report for September 2023.

It is worth noting that the Qatar PMI indices are compiled from responses to a survey by a panel consisting of 450 companies. These firms are from the manufacturing, construction, wholesale & retail and services sectors, which reflects the structure of the country's non-oil sector according to national accounts. PMI is derived from multiple components of which: new orders, output, employment, suppliers' delivery times as well as stocks of purchases.

This improvement came amid further growth in new orders and output. Employment rose at the fastest rate since June 2022 and the 12-month outlook strengthened. In parallel, cost pressures remained modest while selling prices rose for the first time in five months.

In details, new business intake has expanded for the eighth month in a row during September with the growth stabilizing at a robust pace. The construction sector provided a significant boost to demand during the month, as per the QFC PMI report for September 2023.

Business activity also noticed a boost in performance during the month. Output levels have been following an upward trend for the past three years with the exception of January 2023 which saw a brief correction caused by the conclusion of the World Cup. However, output level growth rate noticed during September was softer than those noted in the four previous months albeit remaining above the long-run average.

Employment levels within the Qatari non-oil private sector showed an expansion for the seventh month in a row during September. The rate of hiring noted during the month was the fastest rate since June 2022 as companies noted efforts to gain experienced, highly qualified individuals. Solid increases in staffing levels were registered in three of the four main monitored sectors in addition to the financial services sector, as per the QFC PMI report for September 2023.

Purchasing activity continued its increasing trend during September. Despite an increase in input demand, supply chains performance for September 2023 continued improving with average lead times decreasing for the 17th consecutive month. In parallel, input inventories were broadly stable during the month suggesting a continuation in proper stock level management, as per the QFC PMI report for September 2023

Inflationary pressures stood just slightly above the no-change mark within all four price indices. Output prices noticed the first increase in five months with the highest level noted in the manufacturing sector.

At the level of future outlook, firms in Qatar's non-oil private sector remained positive in September with optimism improving against the month prior. The positive outlook in Qatar's non-oil private sector remained broad-based with the highest degree of optimism noted among manufacturers and construction firms, as per the QFC PMI report for September 2023.

Looking at the performance in the financial services sector, an increase in new business and total activity was noticed with outlook remaining firmly optimistic. Additionally employment levels picked up to a 23-month high and output charges continued to decrease within the month.

In details, new business and total financial services activity expanded at noticeable rates within the month albeit at softer rates than in August.

Employment activity in Qatar's non-oil private sector continue to increase at a quickening rate in September. The rate of job creation reached the strongest in nearly two years while the Employment Index within the sector recording the 23-month high figure of 54.2.

On the other hand, September data showed a further decrease in charges levied by finance companies in the country while overall cost pressures also saw a marginal decrease, as per the QFC PMI report for September 2023.

SURVEYS/REPORTS

DUBAI RANKS 1ST IN MENA REGION AND 6TH GLOBALLY IN THE WORLD'S BEST CITIES INDEX 2024

Dubai retained its top spot in the MENA region and 6th place globally on the World's Best Cities Index 2024, which is published annually by Resonance Consultancy, a Canadian firm that conducts research and consulting on cities and destinations around the world.

WORLD'S BEST CITIES INDEX 2024 IN MENA REGION

Regional Rank	Global Rank	City	Country	Livability	Lovability	Prosperity
1	6	Dubai	UAE	35	5	4
2	25	Abu Dhabi	UAE	236	84	1
3	28	Riyadh	Saudi Arabia	140	105	7
4	36	Doha	Qatar	146	149	9
5	58	Kuwait	Kuwait	253	67	10
6	89	Muscat	Oman	220	242	13

Sources: Resonance, Bank Audi's Group Research Department

The methodology is a combination of core statistics from 400 global cities (principal cities of metropolitan areas with populations of more than one million) and user-generated ratings and reviews, to determine the top 100 cities.

Under the key indexes of livability, lovability and prosperity, the sub-index covers the city's walkability, sights and landmarks, park and recreation, airport connectivity, museums, nightlife, restaurants, shopping, attractions, educational attainment, human capital, Fortune 500 Global Companies, number of startups and others.

In details, the report described Dubai as "the Las Vegas of the Arabs," and a place that is proud of changing the way people think about the Middle East. The report also mentioned that Dubai is known for its unconventional architectural projects, such as Palm Jumeirah, which includes Atlantis, The Palm hotel, and the Burj Khalifa, the tallest building in the world.

Additionally, Dubai ranked 8th globally in the sub-index for attractive tourist destinations within the main index, as it is home to a wide variety of tourist destinations, including shopping malls, giant aquariums, indoor ski resorts, dancing fountains, amusement parks and water parks, and many family-friendly resorts.

In parallel, Dubai meets the needs of all visitors, with the total number of hotel rooms in Dubai currently exceeding 150,000, and it is expected to surpass the number of hotel rooms in major and historic cities, such as London and New York, meaning that the hotel and hospitality sector in Dubai is strongly positioned for a period of greatness and luxury.

On the other hand, Abu Dhabi ranked second in the MENA region and 25th globally as per the World's Best Cities Index 2024, followed by Riyadh (28th), Doha (36th), Kuwait (58th) and Muscat (89th).

HOSPITALITY MARKET IN CAIRO CITY, ABU DHABI AND RIYADH OBSERVE ANNUAL GROWTH ACROSS KPIS OVER FIRST SEVEN MONTHS OF 2023, AS PER EY

Ernst & Young (EY) published its "Middle East Hotel Benchmark Survey Report" for the first seven month of 2023, covering the performance of 4 and 5 star hotels in key hotel markets across selected countries and cities in the Middle East region.

Cairo City's hospitality sector witnessed an average room rate growth of 97.5% from US$ 71 in 7M 2022 to US$ 141 in 7M 2023 together with an occupancy increase of 2.1% in 7M 2023 compared to the same period last year to reach 70.0%. This led to a notable RevPAR growth of 103.6% from US$ 48 in 7M 2022 to US$ 99 in 7M 2023. Hosting of sporting events such as the Cairo Marathon, along with the Government's initiative to promote the cultural and historical heritage through the restoration of archaeological sites and the opening of museums and tourist sites, could have supported the growth of the sector.

Concurrently, Abu Dhabi's hospitality market witnessed an increase in occupancy rate of 2.6% in 7M 2023 when compared to 7M 2022, to reach 77.3%. This was coupled by a rise in the average room rate of 23.7% from US$ 79 in 7M 2022 to US$ 98 in 7M 2023. Consequently, RevPAR went up by 28.1% from US$ 59 in 7M 2022 to US$ 76 in 7M 2023.

Abu Dhabi's sector performance could be attributable to factors like Liwa Date festival, which welcomed over 34,000 visitors, Abu Dhabi Summer Shopping Season with over 3,500 retailers participating and more than 25 malls offering various deals and discounts, and the "One Summer Isn't Enough" tourism campaign.

Elsewhere in the region, Riyadh's hospitality sector observed a RevPAR increase of 17.0%, from US$ 100 in 7M 2022 to US$ 117 in 7M 2023. The average room rate rose by 10.6% from US$ 170 in 7M 2022 to US$ 188 in 7M 2023, along with an occupancy rate expansion of 3.4% to reach 62.1% over the covered period.

The second edition of Gamers8 Riyadh, which is anticipated to have welcomed over 2.5 million visitors during the festival period coupled with the Saudi Manufacturing Show 2023 and the seasonal campaign "Rethink Summer" could have favored the hospitality sector growth.

Finally, Manama's hospitality sector witnessed a RevPAR expansion of 13.5%, from US$ 78 in 7M 2022 to US$ 88 in 7M 2023, according to the report. This was driven by an occupancy increase of 8.8% in 7M 2023 when compared to the same period last year to reach 56.3%, coupled by a drop in average room rate of 4.2% from US$ 163 in 7M 2022 to US$ 157 in 7M 2023.

OMAN UPGRADED TO "BB+" WITH "STABLE" OUTLOOK, AS PER S&P GLOBAL RATING

S&P Global Ratings raised its long-term foreign and local currency sovereign credit ratings on Oman from "BB" to "BB+". S&P affirmed the short-term ratings at "B". The outlook on the long-term ratings is "stable".

The "stable" outlook over the next 12 months balances, according to S&P, the potential benefits of the government's fiscal and economic reform program against the economy's structural susceptibility to adverse oil price shocks.

The upgrade reflects the improved resilience of the Omani economy to external shocks on the back of continued supportive oil sector prospects, along with sovereign balance sheet deleveraging and broader structural reforms.

Despite a slowdown in real GDP growth this year due to voluntary oil production cuts, S&P expects growth to average about 2% over 2023-2026. Oman achieved a fiscal surplus of 1.8% of GDP in 2022, following eight years of substantial deficits. The credit rating agency expects ongoing fiscal surpluses to be maintained and average 1.4% over the period to 2024, supported by growth in government revenues and expenditure averaging about 3% and 4% respectively.

CORPORATE NEWS

ADNOC AWARDS US$ 17 BILLION CONTRACTS FOR NET ZERO GAS PROJECT

Abu Dhabi National Oil Company (ADNOC), awarded two Engineering, Procurement and Construction (EPC) contracts worth about US$ 17 billion for the Hail and Ghasha Offshore Development project, as indicated in a company's statement.

The first EPC contract for the offshore facilities includes facilities on artificial islands and subsea pipelines. It has been awarded to a joint venture between National Petroleum Construction Company and Saipem. It is estimated to be worth about US$ 8.2 billion.

The second EPC contract would deliver the onshore scope, including CO2 and sulphur recovery and handling. It has been awarded to Tecnimont. This contract is of about US$ 8.7 billion in value.

Hail and Ghasha are part of Abu Dhabi's Ghasha concession, which is set to produce more than 1.5 billion standard cubic feet per day (bscfd) of gas before the end of the decade, contributing to UAE gas self-sufficiency and ADNOC's gas growth and export expansion plans.

Over 60% of the investment value of the entire project would flow back into the UAE's economy under ADNOC's In-Country Value (ICV) program.

RAS LAFFAN PETROCHEMICALS SECURES US$ 4.4 BILLION FINANCING FOR PETROCHEMICALS PROJECT

Ras Laffan Petrochemicals, a joint venture company owned 30% by Chevron Phillips Chemical (CPChem) and 70% by QatarEnergy, secured US$ 4.4 billion to finance an integrated polymers facility to be located in Ras Laffan Industrial City in Qatar, as revealed in a company's statement.

The project financing comprises commercial and Islamic lenders and a group of export credit agencies.

Finalizing the financing is a key milestone in the development of the 435-acre petrochemical project, which would include the largest ethane cracker in the Middle East and one of the largest in the world.

The facility would have a capacity of 2.1 million metric tons per year of ethylene and would also include two high-density polyethylene derivative units with a total annual capacity of 1.7 million metric tons.

The polyethylene units would produce high-density polyethylene for durable goods like pipe for natural gas and water delivery and packaging applications to protect and preserve food and keep medical supplies sterile.

It is worth noting that the startup of the facility is expected in late 2026.

GFH PARTNERS BUYS US$ 150 MILLION LOGISTICS ASSETS IN SAUDI ARABIA AND UAE

GFH Partners, a Dubai International Financial Center (DIFC)-based subsidiary of GFH Financial Group, completed the acquisition of a US$ 150 million diversified logistics and industrial portfolio in Saudi Arabia that include assets in the UAE as well, as mentioned in a company's statement.

The portfolio combines stabilized income-yielding assets and development opportunities that are located in strategic logistics zones and industrial areas in the key cities of Riyadh and Dubai. The portfolio has a mix of light industrial and cold storage facilities, as well as a variety of distribution and warehousing assets.

It is worth noting that the opportunity to invest in Saudi-based logistics is driven by the growth of KSA's non-oil sector GDP, which is expected to grow by 5.9% in 2023 and more than 4% in 2023. Similarly, the UAE's economy anticipates a 3% growth in 2023 followed by a 4% growth the following year, driven by non-oil sectors as well.

Further to this acquisition, GFH Partners aims to rapidly expand its GCC logistics real estate platform to US$ 250 million (SR 1 billion) over the next 12-18 months, building on growth from favorable demographics, positive momentum in capital markets, and government initiatives to bolster their logistics industries, with Saudi Arabia set to become a key global logistics hub.

PIF AND SEC SET UP FIRM TO PROVIDE EV CHARGING INFRASTRUCTURE

Saudi Arabia's Public Investment Fund (PIF) and Saudi Electricity Company (SEC) launched the Electric Vehicle Infrastructure Company to deliver best-in-class Electric Vehicle (EV) fast-charging infrastructure across Saudi Arabia, as mentioned in a company's statement.

PIF would own a 75% stake in the company, while SEC would hold the remaining 25% stake.

The company aims to unlock the local automotive ecosystem and accelerate the adoption of EVs. It plans to establish presence in more than 1,000 locations, installing over 5,000 fast chargers by 2030 in cities across Saudi Arabia and on the roads that connect them, in line with applicable regulations and standards.

The company's objective is to enhance Saudi Arabia's automotive ecosystem, through collaboration with EV companies by supplying the necessary charging stations to meet future demand.

It also aims to promote private sector participation in the development of its network of charging stations and support the localization of R&D and manufacturing of technologically advanced materials, ultimately building domestic expertise and resilience.

DEWA INKS 30-YEAR DEAL WITH ACWA POWER FOR DESALINATION PLANT

Dubai Electricity and Water Authority (DEWA), signed a 30-year Water Purchase Agreement and a Shareholder Agreement with Saudi Arabia's ACWA Power for phase 1 of the Hassyan Sea Water Reverse Osmosis (SWRO) desalination project using solar power based on the Independent Water Producer (IWP) model, as revealed in a company's statement.

The project is part of DEWA's efforts to increase its water desalination capacity to 730 Million Imperial Gallons per Day (MIGD) by 2030, from 490 MIGD at present.

This project supports the country's vision to enhance water supplies in Dubai from sustainable sources, and achieve the Dubai Clean Energy Strategy 2050 and the Dubai Net Zero Carbon Emissions Strategy 2050, which aims to provide 100% of Dubai's total power capacity from clean energy sources by 2050.

QATARENERGY AND TOTALENERGIES SIGN 27-YEAR LNG SUPPLY AGREEMENT

QatarEnergy and TotalEnergies signed two long-term LNG Sale and Purchase Agreements (SPAs) for the supply of up to 3.5 Million Tons Per Annum (MTPA) of LNG from Qatar to France, as reported in a company's statement.

According to the SPAs, LNG would be delivered to the Fos Cavaou LNG receiving terminal in southern France, with deliveries expected to start in 2026 for a term of 27 years.

The LNG volumes would be sourced from the two joint ventures between QatarEnergy and TotalEnergies that hold interests in Qatar's North Field East (NFE) and North field South (NFS) projects. TotalEnergies' partnership in the North Field LNG expansion projects is made up of a 6.3% share in the NFE project and a 9.4% share in NFS.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES PLUNGE DEEPER INTO RED, ON MOUNTING GEOPOLITICAL TENSIONS

MENA equity markets plunged deeper into the red this week, as reflected by a 2.1% fall in the S&P Pan Arab Composite index, mainly pressured by a broad sell-off mood on concerns that an unprecedented military Israel-Palestine conflict could spiral out of control in the region.

The heavyweight Saudi Exchange, whose market capitalization represents about two-thirds of the total regional market capitalization, remained on the fall this week, as reflected by a 1.9% contraction in the S&P Saudi index, mainly as the outbreak of military conflict in the Middle East soured investor sentiment, adding to concerns about downbeat Saudi economic forecasts in the medium-term.

A closer look at individual stocks shows that petrochemicals giant Petro Rabigh's share price dropped by 2.1% week-on-week to SR 10.32. Sipchem's share price shed 2.8% to SR 35.40. Saudi Kayan's share price fell by 1.2% to SR 11.94. Advanced Petrochemical Company's share price decreased by 1.6% to SR 38.20. Yansab's share price plunged by 3.7% to SR 38.90. As to banking stocks, Arab National Bank's share price declined by 0.9% to SR 22.70. Al Rajhi Bank's share price went down by 2.3% to SR 65.00. SAIB's share price retreated by 2.5% to SR 14.60. SABB's share price contracted by 1.7% to SR 32.30. Alinma Bank's share price tumbled by 4.2% to SR 31.65. Al Bilad Bank's share price plummeted by 4.2% to SR 38.95. Also, STC's share price shed 4.5% to SR 35.35. Najran Cement's share price fell by 4.7% to SR 11.42. Arabian Drilling's share price declined by 1.8% to SR 179.00.

Boursa Kuwait continued to follow a downward trajectory this week, as reflected by a 2.3% fall in the S&P Kuwait index, mainly tracking a wide sell-off mood after geopolitical tensions flared in the Middle East.

A glance on individual stocks shows that National Bank of Kuwait's share price contracted by 2.4% over the week to KWf 854. Gulf Bank's share price retreated by 1.9% to KWf 254. Burgan Bank's share price dropped by 4.4% to KWf 172. Mobile Telecommunications' share price fell by 2.1% to KWf 463. Kuwait Finance House's share price declined by 1.8% to KWf 109. Boubyan Petrochemical Company's share price closed 2.6% lower at KWf 665. Al Mazaya Holding's share price decreased by 3.8% to KWf 56. Agility Public Warehousing's share price went down by 4.5% to KWf 515. Gulf Cables & Electrical Industries Group Company's share price fell by 4.7% to KWf 1,105. Heavy Engineering Industries and Shipbuilding's share price decreased by 2.4% at KWf 721.

The UAE equity markets continued to operate on a negative territory this week, as reflected by a 5.1% drop in the S&P UAE index, mainly on mounting concerns that Israel-Palestine conflict would spiral further, posing a fresh threat to the global economy. In Abu Dhabi, First Abu Dhabi Bank's share price fell by 4.1% to AED 13.20. ADIB's price per share declined by 4.1% to AED 10.78. Borouge's share price decreased by 3.1% to AED 2.52. ADNOC Drilling's share price contracted by 5.5% to AED 3.80. Etisalat's share price dropped by 5.3% to AED 18.76. TAQA's share price went down by 4.5% to AED 3.22.

EQUITY MARKETS INDICATORS (OCTOBER 8 - OCTOBER 14, 2023)

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	163.6	-0.8%	26.8%	7.6	-49.9%	0.2	18,645.6	2.1%	-	0.45
Jordan	364.6	-2.2%	-6.3%	25.9	4.2%	23.6	23,867.7	5.6%	7.9	1.24
Egypt	270.7	-0.1%	14.4%	234.8	20.5%	2,104.8	42,360.4	28.8%	9.0	2.32
Saudi Arabia	456.2	-1.9%	-2.1%	6,114.4	10.7%	955.6	2,934,420.8	10.8%	16.0	4.85
Qatar	165.5	1.0%	-6.4%	585.1	17.3%	762.0	164,090.3	18.5%	12.5	1.55
UAE	134.6	-5.1%	-2.1%	2,075.8	-3.3%	1,908.2	941,847.8	11.5%	14.9	2.74
Oman	267.4	1.0%	2.7%	23.7	38.2%	30.7	22,560.8	5.5%	15.3	1.09
Bahrain	220.9	-1.0%	14.6%	1.9	-56.6%	3.7	18,554.6	0.5%	12.2	1.41
Kuwait	120.5	-2.3%	-13.2%	547.9	16.9%	697.5	124,839.1	22.8%	15.6	1.72
Morocco	257.6	-0.3%	16.1%	53.9	-60.0%	3.5	61,042.3	4.6%	19.6	3.51
Tunisia	60.3	-0.4%	-2.9%	10.8	216.5%	3.1	7,403.2	7.6%	11.9	1.64
Arabian Markets	**884.9**	**-2.1%**	**-3.0%**	**9,681.7**	**7.2%**	**6,493.0**	**4,359,632.6**	**11.5%**	**15.4**	**4.06**

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

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

In Dubai, Emirates NBD's share price went down by 1.9% week-on-week to reach AED 17.70. Dubai Islamic Bank's share price shed 5.0% to AED 5.50. Mashreq Bank's share price retreated by 1.3% to reach AED 150.0. Union Properties' share price plunged by 17.9% to AED 0.321. Emaar Properties' share price dropped by 6.9% to AED 7.25. Deyaar Development's share price plummeted by 9.5% to AED 0.597. DEWA's share price closed 1.9% lower at AED 2.51. Emirates Central Cooling's share price retreated by 2.2% to reach AED 3.54.

In contrast, the Qatar Stock Exchange bucked the trend in the region, posting weekly price gains of 1.0%, mainly on eased US rate concerns, and on improved investor sentiment after Qatar inked a 27-year gas supply deal with France's TotalEnergies.

33 out of 50 traded stocks on the Qatar Stock Exchange posted price falls, while 13 stocks registered price gains and four stocks saw no price change week-on-week. A closer look at individual stocks shows that QNB's share price closed 4.0% higher at QR 15.960. Qatar International Islamic Bank's share price rose by 1.0% to QR 9.597. Qatar Islamic Bank's share price increased by 1.6% to QR 18.500. Lesha Bank' share price nudged up 0.4% to QR 1.40. The Commercial Bank's share price went up by 2.5% to QR 5.395. Industries Qatar's share price expanded by 1.0% to QR 13.480. Barwa Real Estate's share price edged up by 0.6% to QR 2.548. Vodafone Qatar's share price closed 0.3% higher at QR 1.804.

FIXED INCOME MARKETS: MENA BOND PRICES MOSTLY UP THIS WEEK, ON FLIGHT TO SAFETY DUE TO MOUNTING GEOPOLITICAL RISKS

Activity in MENA fixed income markets was mostly tilted to the upside this week, as investors flew to safety amid mounting geopolitical tensions in the Middle East, and after September FOMC minutes reinforced the message that the US Federal Reserve's focus is shifting from how high to take rates to how long they should stay elevated. This was reinforced by bets from US Fed officials that tighter financial conditions driven by a recent surge in US Treasury yields may reduce the need for more rate hikes.

In the Bahraini credit space, prices of sovereigns maturing in 2026, 2027, 2031 and 2032 expanded by 0.13 pt to 0.63 pt week-on-week. In the Qatari credit space, sovereigns maturing in 2030 registered price gains of 0.63 pt week-on-week. In the Kuwaiti credit space, prices of sovereigns maturing in 2027 rose by 0.56 pt this week. In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 registered price expansions of 0.23 pt, 0.38 pt and 1.13 pt respectively week-on-week. Omantel'28 traded up by 0.20 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 recorded weekly price increases of 0.25 pt to 1.25 pt. Mubadala'26 and '27 posted price gains of 0.25 pt and 0.13 pt respectively. FAB'24 and '25 saw no price change this week. Fitch Ratings affirmed First Abu Dhabi Bank's (FAB) long-term Issuer Default Rating at "AA-" with a "stable" outlook, and short-term IDR at "F1+".

In the Dubai credit space, sovereigns maturing in 2029 posted price rises of 0.13 pt this week. Majid Al Futtaim'29 registered price contractions of 0.13 pt. Emirates NBD Perpetual (offering a coupon of 6.125%) registered price decreases of 0.25 pt. Fitch Ratings affirmed Emirates NBD Bank PJSC's (ENBD) long-term Issuer Default Rating at "A+" with a "stable" outlook and its short-term IDR at "F1".

Elsewhere in the UAE, RAK Capital'25 closed down by 0.27 pt. week-on-week S&P Global Ratings revised its outlook on Ras Al Khaimah to "positive" from "stable". At the same time, S&P affirmed its "A-/A-2" long-term and short-term foreign and local currency sovereign credit ratings on RAK. The "positive" outlook reflects S&P's view that RAK's economy could grow beyond its current expectations on the back of planned construction projects in the emirate and the spillover effects on RAK's mining sector from investment spending in the United Arab Emirates, the rest of the GCC, and the Indian sub-continent.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price expansions of 0.63 pt to 1.13 pt week-on-week. SEC'28 traded up by 0.25 pt. Prices of Saudi Aramco'25 went up by 0.75 pt. STC'29 posted price decreases of 0.75 pt. SABIC'28 closed down by 0.75 pt.

In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded price falls of 3.50 pts, 3.13 pts and 3.00 pts respectively week-on-week. In the Iraqi credit space, prices of sovereigns maturing in 2028 decreased by 0.81 pt this week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2030 recorded price rises of 0.51 pt, while sovereigns maturing in 2027, 2032 and 2040 posted price contractions of 1.88 pt, 0.74 pt and 0.63 pt respectively this week. Euro-denominated sovereigns maturing in 2026 and 2031 recorded price drops of 1.63 pt and 1.44 pt respectively. Regarding plans for new issues, Egypt announced plans to raise up to 3.5 billion Yuan in Debut Panda Bond Sale.

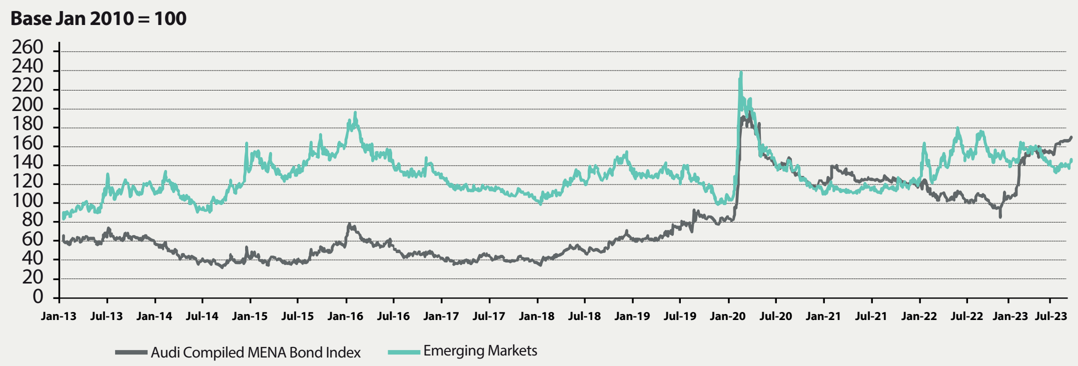
On the overall, regional bond markets registered mostly upward price movements this week, mainly as some market players flocked to safety amid mounting regional geopolitical tensions, and following dovish September 2023 FOMC minutes, as several participants commented that, with the policy rate likely at or near its peak, the focus of monetary policy decisions and communications should shift from how high to raise the policy rate to how long to hold the policy rate at restrictive levels.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	13-Oct-23	06-Oct-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	59	40	44	19	15
Dubai	89	69	84	20	5
Kuwait	54	45	50	9	4
Qatar	71	41	48	30	23
Saudi Arabia	74	56	61	18	13
Bahrain	263	233	231	30	32
Morocco	160	151	162	9	-2
Egypt	1,820	1,745	877	75	943
Iraq	424	421	467	3	-43
Middle East	335	311	225	24	110
Emerging Markets	93	88	140	5	-47
Global	603	430	533	173	70

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/-	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Positive	BB-/Stable/B
Egypt	B/Negative/B	Caa1/Stable	B/Negative/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+/Positive/B	B2/Stable	B+/Stable/B
Oman	BB+/Stable/B	Ba2/Positive	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$)	13-Oct-23	06-Oct-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	30.85	24.71	0.0%	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)	250.29	250.28	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	137.52	137.26	137.35	0.2%	0.1%
Moroccan Dirham (MAD)	10.27	10.27	10.44	0.0%	-1.7%
Tunisian Dinar (TND)	3.18	3.17	3.11	0.3%	2.3%
Libyan Dinar (LYD)	4.88	4.89	4.83	-0.2%	1.1%
Sudanese Pound (SDG)	647.67	617.76	573.81	4.8%	12.9%

Sources: Bloomberg, Bank Audi's Group Research Department