

## Bank Audi

### CONTACTS

#### Treasury & Capital Markets

**Bechara Serhal**  
(961-1) 977421  
bechara.serhal@bankaudi.com.lb

#### Corporate Banking

**Carol Ayat**  
(961-1) 959675  
carol.ayat@bankaudi.com.lb

**Mohamad Baydoun**  
(961-1) 959703  
mohamad.baydoun@bankaudi.com.lb

#### Marketing and Communications

**Marion Abou Jaoude**  
(961-1) 977356  
marion.abou-jaoude@bankaudi.com.lb

### RESEARCH

**Dr. Marwan Barakat**  
(961-1) 977409  
marwan.barakat@bankaudi.com.lb

**Salma Saad Baba**  
(961-1) 977346  
salma.baba@bankaudi.com.lb

**Michèle Khoury Sakha**  
(961-1) 977102  
michele.sakha@bankaudi.com.lb

**Stephanie Bou Sleiman**  
(961-1) 952397  
stephanie.bousleiman@bankaudi.com.lb

**Elias Missi**  
(961-1) 959747  
elias.missi@bankaudi.com.lb

### Economy

#### p.2 IMF MISSION TO EGYPT SAYS AUTHORITIES HAVE IMPLEMENTED KEY REFORMS TO PRESERVE MACROECONOMIC STABILITY

An International Monetary Fund mission led by Ivanna Vladkova Hollar held in-person discussions with the Egyptian authorities during November 6-20 in Cairo.

Also in this issue

- p.3** Saudi Arabia records year-on-year CPI inflation of 2% in November
- p.4** Qatar's BoT surplus decreases by 12% in the first 10 months of 2024

### Surveys / Reports

#### p.5 UAE TOPS MENA REGION IN GLOBAL KNOWLEDGE INDEX 2024

The UAE topped the MENA region in Global Knowledge Index 2024 and ranked 26th globally, with an average score of 60.9 in the index, according to a report released by Mohammed bin Rashid Al Maktoum Knowledge Foundation (MBRF) in collaboration with United Nations Development Program (UNDP).

Also in this issue

- p.6** Dubai retains its position as global leader in branded residences, as per Savills

### Corporate News

#### p.7 ARDCO SETS UP US\$ 933 MILLION FUND TO DEVELOP RIYADH PROJECT

Saudi's Riyadh Development Company (ARDCO) has set up a joint venture with Turkey's FTG Development to further advance real estate projects in Saudi Arabia, as reported in a company statement. ARDCO and FTG would each hold a 50% stake in the newly created limited liability company.

Also in this issue

- p.7** PIF launches new firm to develop Saudi hospitality brand
- p.7** Ooredoo Qatar partners with Infobip and Microsoft to introduce AI Hub
- p.8** Arcapita to build mixed-use logistics complex in Riyadh
- p.8** EDGE and Indra set up Abu Dhabi JV to manufacture high-tech radars
- p.8** Developer Modon signs deal for UAE green steel

### Markets In Brief

#### p.9 MENA CAPITAL MARKETS PLUNGE INTO RED ON PROSPECTS OF SLOWER US FED EASING PACE IN 2025

MENA equity markets slid into red this week, as reflected by a 0.7% decline in the S&P Pan Arab Composite index, mainly tracking global equity weakness (-2.7%) on prospects of slower US Fed interest rate cuts in 2025, while also dragged by falling oil prices, and some reshuffling activity towards the end of the year. In parallel, regional fixed income markets saw across-the-board downward price movements this week, mainly tracking US Treasuries move after the US Federal Reserve delivered a widely-anticipated third interest rate cut in its December FOMC meeting, yet dialed back rate cut expectations for next year to a half percentage point while giving a strong signal that inflation concerns are back in the fore.

#### MENA MARKETS: December 15 to December 21, 2024

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-0.7%	Average weekly bond price change	-0.72 pt
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+0.4%	Average yearly bond price change	+1.93 pt

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## ECONOMY

### IMF MISSION TO EGYPT SAYS AUTHORITIES HAVE IMPLEMENTED KEY REFORMS TO PRESERVE MACROECONOMIC STABILITY

An International Monetary Fund mission led by Ivanna Vladkova Hollar held in-person discussions with the Egyptian authorities during November 6-20 in Cairo. At the conclusion of the visit, Ms. Vladkova Hollar issued the following statement:

“The Egyptian authorities and IMF staff have made substantial progress on policy discussions toward the completion of the fourth review under the Extended Fund Facility (EFF). Discussions also covered Article IV consultations with a focus on medium-term challenges and opportunities, as well as additional reform measures that could help further reduce macro-critical risks associated with climate change in support of Egypt’s request to access the Resilience and Sustainability Facility (RSF).

“With ongoing multiple geopolitical tensions in the region, the economic outlook for the region, including Egypt remains challenging. Spillovers from the conflicts in Gaza and Israel and trade disruptions in the Red Sea continue to negatively affect sentiment and cause substantial declines of up to 70 percent in Suez Canal receipts, which are a significant source of foreign currency for Egypt. In addition, an increasing number of refugees is adding to fiscal pressures on public services, especially health and education.

“Against this difficult external environment, the authorities have implemented key reforms to preserve macroeconomic stability. The unification of the exchange rate since March has eliminated the backlog of FX demand and eased imports. The CBE reiterated its commitment to sustain a flexible exchange rate regime to shield the economy from external shocks. In addition, substantial monetary policy tightening has helped contain inflationary pressures, albeit progress has been temporarily restrained by increases in administrative prices. Going forward, the focus needs to remain on ensuring inflation is on a firm downward trend toward the medium-term target. Continued fiscal discipline is also contributing to reducing public sector debt vulnerabilities. At the same time, as agreed with the authorities, further efforts will be needed to mobilize domestic revenues, contain fiscal risks (especially those stemming from the energy sector), and expand the social safety net.

“Promoting private sector development as the main engine of future growth is key to ensure sustained macroeconomic stability, create jobs, and unlock Egypt’s economic potential for the benefit of all Egyptians. In this context, the authorities’ comprehensive plans to streamline the tax system, improve customs procedures, and facilitate trade are welcome. Building on these steps, the mission encouraged the authorities to accelerate their divestment plans, and to speed up reforms to level the playing field and reduce the state footprint in the economy.

“The mission and the authorities agreed that tax policy reforms will help Egypt succeed in its domestic revenue mobilization efforts, to generate adequate fiscal space to finance much needed expenditure programs (especially in health, education and the social safety net) while reducing debt and debt service. These reforms should also aim at improving tax equity and at widening the tax base, with an emphasis on reducing exemptions rather than increasing tax rates. The mission and the authorities also agreed on the importance of strengthening the social safety net (especially the conditional cash transfer program) to help protect vulnerable groups from the high cost of living and recent energy price increases, as well as mitigate the impact of tight policies.

“Discussions will continue over the coming days to finalize agreement on the remaining policies and reforms that could support the completion of the fourth review.”

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## SAUDI ARABIA RECORDS YEAR-ON-YEAR CPI INFLATION OF 2% IN NOVEMBER

According to data from the Saudi General Authority for Statistics (GASTAT), the country has registered a year-on-year inflation in prices of 2.0% in November 2024. This inflation was mostly due to increases in the prices of Housing, Water, Electricity, Gas & Other Fuels and Food & Beverages. The inflation was partially offset by deflations in the prices of Transport and Furnishings & Household Equipment in November.

In details, year-on-year inflations were noted in the prices of Housing, Water, Electricity, Gas & Other Fuels (with a weight of 25.5%) and Food & Beverages (with a weight of 18.8%) of 9.1% and 0.3% respectively during November 2024 against the same month of the year prior. Year-on-year price inflations during the period were also noted in Miscellaneous Personal Goods & Services (weight of 12.6%), Restaurants & Hotels (with a weight of 5.6%) and Education (with a weight of 2.9%) of 2.7%, 1.5% and 1.1% respectively, as per data from GASTAT.

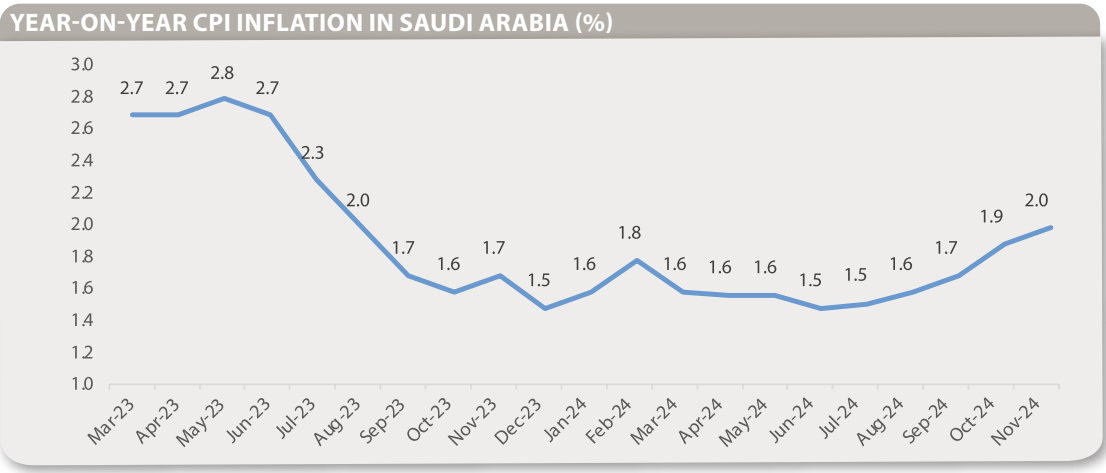
On the other hand, year-on-year deflations were noted in the prices of Transport (with a weight of 13.1%), Furnishings & Household Equipment (with a weight of 6.7%) and Communications (weight of 5.6%), of 2.5%, 2.9% and 1.5% respectively in November 2024 against prices in November 2023. Prices of Clothing & Footwear (weight of 4.2%) and Recreation & Culture (weight of 3.1%) reported year-on-year decreases of 2.3% and 1.1% respectively during the aforementioned period. Additionally, prices of Health (weight of 1.4%) and Tobacco (weight of 0.6%) recorded year-on-year decreases of 1.3% and 1.4% respectively in November 2024 against figures from November 2023.

Looking at price fluctuations within various cities in Saudi Arabia, Riyadh, Makkah, Dammam, Jazan and Buraydah registered year-on-year inflations above the general index in Saudi Arabia of 3.5%, 2.2%, 2.1%, 2.7% and 9.2% respectively in November, as per data from GASTAT.

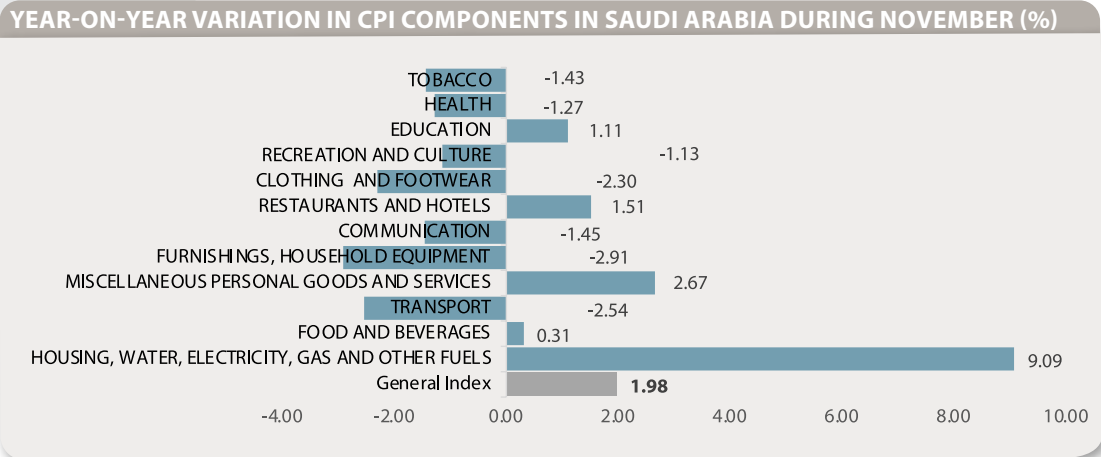
Additionally, the cities of Medina, Taif, Tabuk, Njran, Skaka and Arar recorded year-on-year CPI inflations below the national average with inflation rates of 1.4%, 0.3%, 0.1%, 0.5%, 1.0% and 0.1% respectively between November 2023 and November 2024.

On the other hand, the cities of Jeddah and Abha recorded year-on-year decreases in prices overall in November 2024 against prices in November 2023 of 0.1% and 1.7% respectively. The cities of Hail and Baha recorded year-on-year CPI deflations during the period as well of 0.5% and 1.3% respectively, as per data from GASTAT.

It is worth noting that between November 2023 and November 2024, the city of Alhofof recorded an insignificant decrease in overall prices showing a relative stagnation in CPI during the period.



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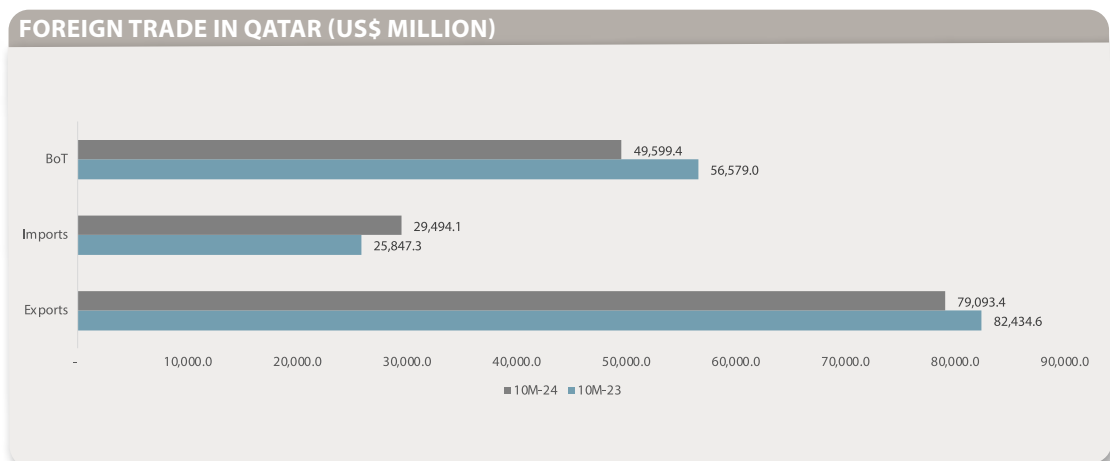
Source: GASTAT, Bank Audi Group's Research Department

## QATAR'S BOT SURPLUS DECREASES BY 12% IN THE FIRST 10 MONTHS OF 2024

According to data from the Qatari Planning & Statistics Authority (PSA), Qatar's Balance of Trade (BoT) recorded QAR 180.5 billion (US\$ 49.6 billion) in the first 10 months of 2024 noting a year-on-year decrease of 12.3% from QAR 206.0 billion (US\$ 56.6 billion) in the first 10 months of 2023. This decrease was due to a 4.1% decrease in exports and a 14.1% increase in imports during the period.

In details, Qatar's exports during the first 10 months of 2024 recorded QAR 287.9 billion (US\$ 79.1 billion) noting a year-on-year decrease of 4.1% from QAR 300.1 billion (US\$ 82.4 billion) during the same period of the year prior. This decrease was mainly due to a decrease in oil exports by 6.7% during the period to reach QAR 239.8 billion (US\$ 65.9 billion) in the first 10 months of 2024 down from QAR 257.1 billion (US\$ 70.6 billion) in the first 10 month of 2023. Oil exports held a weight of 83.3% in the aforementioned period of 2024 against a weight of 85.7% in the same period of 2023. However, this decrease in oil exports was slightly offset by a year-on-year increase of 12.1% in non-oil exports during the period reaching QAR 48.2 billion (US\$ 13.2 billion) in the first 10 months of 2024, up from QAR 43.0 billion (US\$ 11.8 billion) in the first 10 months of 2023.

On the other hand, Qatar's imports during the first 10 months of 2024 recorded QAR 107.4 billion (US\$ 29.5 billion) noting a year-on-year increase of 14.1%, against QAR 94.1 billion (US\$ 25.9 billion) in the first 10 months of 2023, as per data from the Qatari PSA.



Source: Qatari PSA, Bank Audi Group's Research Department

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## SURVEYS / REPORTS

### UAE TOPS MENA REGION IN GLOBAL KNOWLEDGE INDEX 2024

The UAE topped the MENA region in Global Knowledge Index 2024 and ranked 26th globally, with an average score of 60.9 in the index, according to a report released by Mohammed bin Rashid Al Maktoum Knowledge Foundation (MBRF) in collaboration with United Nations Development Program (UNDP).

Qatar closely followed, placing 39th globally with a score of 55.5, while Saudi Arabia ranked third in the region and 41st globally with a score of 54.8.

Additionally, Oman ranked fourth in the region and 55th globally with a score of 50.0. Lebanon, which was recently added to the GKI, ranked fifth regionally and 81st globally with a score of 45.3.

The Index covered 141 countries, which includes 11 countries from the MENA region and 155 variables. The GKI consists of seven sub-indicators that covers the performance of six key knowledge sectors, which include pre-university education, technical and vocational education and training (TVET), higher education, research, development and innovation (RDI) information and communications technology (ICT), and economy and enabling environment.

The strong link between the quality of knowledge capital, on one hand, and the ability to build effective knowledge economies that deliver equitable and sustainable development, on the other, necessitates the assessment of human resource qualification systems and their outputs, which are captured in pre-university education, Technical and Vocational Education and Training (TVET), and higher education.

The investments in, and the outputs of, scientific research, development and innovation are also central to sustainable development, and are assessed within Research, Development and Innovation (RDI). The progress achieved in developing technological infrastructure and applying its outputs is reflected in Information and Communications Technology (ICT), while the economy provides an assessment of economic openness and competitiveness.

Improvements in all these aspects of knowledge-based development require a suitable and supportive environment based on social and political freedoms, as well as sound environmental and health conditions, progress towards which is reflected in the enabling environment.

#### GLOBAL KNOWLEDGE INDEX (GKI) 2024 IN MENA REGION

Country	Regional Rank	Global Rank	GKI	Pre-university education	TVET	Higher education	RDI	ICT	Economy	Enabling environment
UAE	1	26	60.9	74.5	64.2	497.0	40.7	73.7	69.5	63.1
Qatar	2	39	55.5	74.6	54.8	57.8	30.2	55.9	66.9	63.5
KSA	3	41	54.8	84.0	43.2	44.4	38.7	73.5	60.5	52.9
Oman	4	55	50.0	71.2	59.9	40.7	28.4	57.9	54.4	50.2
<b>Lebanon</b>	<b>5</b>	<b>81</b>	<b>45.3</b>	<b>47.1</b>	<b>45.8</b>	<b>51.1</b>	<b>45.5</b>	<b>42.8</b>	<b>47.7</b>	<b>35.4</b>
Tunisia	6	82	45.0	67.7	51.0	37.6	28.7	43.8	47.0	51.2
Jordan	8	88	44.2	61.7	45.2	34.0	27.6	49.2	52.0	51.8
Egypt	9	90	44.0	63.4	56.2	37.0	28.5	42.3	47.7	41.2
Morocco	10	98	42.8	58.0	45.2	37.7	26.2	46.3	46.3	49.5
Mauritania	11	135	29.0	32.6	31.8	22.5	23.7	26.2	34.4	37.3

Sources: UNDP, Mohammed Bin Rashid Al Maktoum Knowledge Foundation, Bank Audi's Group Research Department

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In details, the 2024 GKI showcased the achievements of Arab nations in the knowledge domain, across several key sectoral indicators. Remarkably, in the pre-university education sector, Saudi Arabia ranked 4th globally, with the average score for Arab countries in this field reaching 64.1, which is higher than the global average of 61.9.

Similarly, in the Information and Communication Technology (ICT) sector, Arab countries scored an average of 49.5, outperforming the global average of 48.2. Globally, the UAE ranked 4th, and Saudi Arabia ranked 7th globally, underscoring both nations' enduring efforts to bolster their technological infrastructure and enhance the integration of modern technology in development strategies.

Within the economy sub-sector, the UAE was listed among the top ten countries worldwide, based on factors like economic competitiveness, economic openness, finance and local value addition. Moreover, Arab countries' performance in the research, development, and innovation domain was on par with the global average of 31.5 points.

The index further highlighted the urgent need to bolster critical sectors such as education, technology and the economy in certain Arab nations, particularly Morocco and Mauritania.

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## DUBAI RETAINS ITS POSITION AS GLOBAL LEADER IN BRANDED RESIDENCES, AS PER SAVILLS

Dubai retained its position as the global leader in branded residences, as revealed in the latest study on the sector from Savills Global Residential Development Consultancy.

The Emirate continued to dominate globally, leveraging its dynamic property landscape, luxury lifestyle appeal, and world-class connectivity. This puts the city ahead of other prominent markets such as Miami, New York, Phuket, and London.

Currently, there are 740 completed branded residences worldwide, with a further 790 anticipated by 2031 across 100 countries. Dubai alone has nearly 140 projects, including completed and projected over the forecast period, reflecting the city's ability to attract global brands and deliver developments that cater to a diverse international clients. These projects range from hotel-branded residences offering five-star amenities to non-hotel collaborations with renowned designers, catering to luxury buyers and investors alike.

Dubai's ability to seamlessly integrate branded residences with its state-of-the-art infrastructure, luxurious amenities and lifestyle offerings has been a key driver of its success.

Furthermore, the global demand for branded residences is expected to double over the next seven years, with the total number of developments projected to grow by 100%. The Middle East is set to see the most significant growth in this sector, with the market expected to expand by an extraordinary 270% during this period.

As the demand for high-quality branded developments continues to grow, Savills forecasts that Dubai would maintain its competitive edge in this market. Beyond 2031, Asia-Pacific markets such as Vietnam, Thailand, and China, are expected to challenge North America's dominance in the branded residences sector. However, Dubai's consistent performance and its strategic appeal to both investors and global brands are expected to secure its leadership in the branded residences market for years to come.

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## CORPORATE NEWS

### ARDCO SETS UP US\$ 933 MILLION FUND TO DEVELOP RIYADH PROJECT

Saudi's Riyadh Development Company (ARDCO) has set up a joint venture with Turkey's FTG Development to further advance real estate projects in Saudi Arabia, as reported in a company statement. ARDCO and FTG would each hold a 50% stake in the newly created limited liability company.

As part of the deal, ARDCO established a new real estate investment fund, which would be used to develop a US\$ 932 million (SR 3.5 billion) project in Riyadh.

The Urban Wadi mixed-use real estate project would be featured in Riyadh's Sports Boulevard Project, an under construction large-scale linear park, which was one of several mega projects launched in Saudi Arabia in 2019.

The project would include residential, office and commercial spaces, as well as hotels. When built, the towers in the Urban Wadi would spread over nearly 40,000 square meters.

FTG Development and ARDCO would develop the Riyadh project, which is expected to take four years to complete.

### PIF LAUNCHES NEW FIRM TO DEVELOP SAUDI HOSPITALITY BRAND

Saudi Arabia's sovereign wealth fund PIF announced the launch of Adeera, a new hospitality management company that would operate and manage hotels, as revealed in a company statement.

Through Adeera, PIF aims to build new world-class Saudi hotel brands and enhance the capacity of the local sector by launching programs for training and skills development, in co-operation with international hospitality specialists.

At a time when Saudi Arabia is cementing its place as a major tourism destination, the company seeks to introduce a portfolio of distinctive Saudi hotel brands, serving various segments from mid-range to ultra-luxury, for different categories of visitor.

### OOREDOO QATAR PARTNERS WITH INFOBIP AND MICROSOFT TO INTRODUCE AI HUB

Ooredoo, Qatar's leading telecommunications and ICT services provider, partnered with Infobip, a global cloud communications platform, and Microsoft to bring an AI Hub to the Qatar market, as mentioned in a company statement.

The collaboration with Infobip and Microsoft would allow Ooredoo to provide Qatari businesses with AI tools. The AI Hub would enable enterprises to connect more meaningfully with their customers, boost efficiency and position themselves at the forefront of digital transformation.

By providing businesses with innovative AI tools, Ooredoo is helping local enterprises deliver cutting-edge customer experiences that contribute to the growth of Qatar's economy.

This strategic partnership and AI Hub's capabilities align with Ooredoo's mission to support Qatar's National Vision 2030 by driving digital transformation and enhancing the country's technological capabilities and infrastructure.

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## ARCAPITA TO BUILD MIXED-USE LOGISTICS COMPLEX IN RIYADH

Arcapita Capital Company, a subsidiary of Bahrain-headquartered global alternative investment firm Arcapita Group Holdings, reached an agreement with Saudi-based Flow Progressive Logistics (Flow), an end-to-end supply chain management company, to develop a modern class A logistics complex in Riyadh, as indicated in a company statement.

Under the terms of the partnership, Arcapita would develop an 80,000 square meter mixed-use storage complex. The facility would feature various storage options, including cold storage, dry storage, temperature-controlled facilities, as well as specialized spaces for pharmaceutical and hazardous goods.

Flow, which provides international shipping, customs clearance, warehousing, transportation, delivery, and reverse logistics, would operate the facility under a long-term lease agreement.

This collaboration would expand Arcapita's logistics real estate portfolio in Saudi Arabia and supports the government's efforts to diversify its economy and improve market infrastructure, in line with Saudi Arabia's Vision 2030.

This partnership would also contribute to meeting the growing demand for modern logistics facilities and services in Riyadh, where demand is outstripping supply particularly when it comes to higher-quality assets. Riyadh is positioning itself as a key logistics hub for both regional and international companies making it an attractive destination for investment capital.

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## EDGE AND INDRA SET UP ABU DHABI JV TO MANUFACTURE HIGH-TECH RADARS

EDGE, a leading UAE advanced technology and defence group, joined hands with Spanish-based Indra Sistemas, one of the world-leading information technology and defence systems company with a footprint in over 140 countries worldwide, to establish a new venture, PULSE, headquartered in Abu Dhabi.

As per the deal, PULSE would focus on engineering, developing, manufacturing, integrating and maintaining existing and future radar systems and their components, as well as marketing them in high-potential markets, thus opening up numerous international business opportunities. It would also include advanced research infrastructure, laboratories and testing facilities, all based in the UAE.

The aim of the new joint venture is to increase radar production capacity and sales, provide the UAE with new radar capabilities through the transfer of knowledge and experience, and train and develop skilled local professionals.

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## DEVELOPER MODON SIGNS DEAL FOR UAE GREEN STEEL

UAE-based real estate company Modon signed an MoU with EMSTEEL Group, one of UAE's largest steel and building materials manufacturer, to source its low-carbon steel for a key project of Emirati energy major Masdar in the UAE capital, as revealed in a company statement.

With this, Modon has become the first real estate developer to use low-carbon steel in UAE.

Aligned with the UAE's Net-Zero 2050 Strategy, the partnership aims to facilitate decarbonization across the construction value chain in the UAE and the wider region by introducing green steel produced with certified renewable hydrogen.



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## CAPITAL MARKETS

### EQUITY MARKETS: MENA EQUITIES SLIDE INTO RED, MAINLY TRACKING GLOBAL EQUITY WEAKNESS AND ON OIL PRICE FALLS

MENA equity markets slid into red this week, as reflected by a 0.7% decline in the S&P Pan Arab Composite index, mainly tracking global equity weakness (-2.7%) on prospects of slower US Fed interest rate cuts in 2025, while also dragged by falling oil prices, and some reshuffling activity towards the end of the year.

The heavyweight Saudi Exchange, whose market capitalization represents more than 60% of the total regional market capitalization, came under downward price pressures (-2.1%) this week, mainly tracking a global sell-off mood after the US Federal Reserve signaled a slower pace in interest rate cuts next year, while also pressured by an oil price slump (Brent prices down by 2.1% to US\$ 72.94 per barrel on Friday) after disappointing economic data from China reinforced concerns about weakening demand in the world's biggest crude importer. This compounded with some reshuffling activity, as some market players sought to lock in their profits before year-end.

A closer look at individual stocks shows that Petro Rabigh's share price dropped by 1.1% week-on-week to SR 8.16. Sipchem's share price closed 3.1% lower at SR 24.12. Yansab's share price decreased by 1.5% to SR 37.30. Saudi Kayan Petrochemical Company's share price retreated by 2.2% to SR 6.80. As to banking stocks, Saudi National Bank's share price went down by 3.2% week-on-week to SR 33.00. Saudi Awwal Bank's share price contracted by 1.7% to SR 31.90. Riyadh Bank's share price plummeted by 1.1% to SR 28.40. Arab National Bank's share price decreased by 2.0% to SR 20.10. Alinma Bank's share price declined by 3.5% to SR 28.00.

Concurrently, Saudi Bahri's share price shed 4.8% to SR 26.00 this week. Saudi Electricity Company's share price closed 2.2% lower at SR 16.72. AlphaMena cut its recommendation on Saudi Electricity Company's stock to "Add" from "Buy", with a price target of SR 21.40, which implies a 26% increase from last price. Sulaiman Al Habib's share price retreated by 0.9% to SR 298.60. STC's share price fell by 2.0% to SR 40.10. Zain's share price declined by 1.2% to SR 10.22. Jarir Marketing's share price went down by 1.1% to SR 12.66. Saudi Paper Manufacturing Company's share price decreased by 2.5% to SR 62.50. Arabian Drilling's share price contracted by 4.2% to SR 112.80. Almarai's share price shed 5.1% to SR 58.00. Tasnee's share price dropped by 1.4% to SR 10.16. Red Sea International's share price plunged by 11.7% to SR 56.10.

### EQUITY MARKETS INDICATORS (DECEMBER 15 - DECEMBER 21, 2024)

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	206.6	6.7%	13.3%	21.0	553.7%	0.4	23,343.5	4.7%	-	0.56
Jordan	377.9	0.2%	2.2%	29.3	57.1%	20.4	23,948.3	6.4%	9.0	1.19
Egypt	248.6	-0.7%	-26.3%	287.9	-11.4%	8,143.9	42,912.5	34.9%	8.7	2.28
Saudi Arabia	511.4	-2.1%	-2.3%	6,754.9	2.3%	2,043.7	2,771,956.4	12.7%	17.1	4.26
Qatar	171.9	-0.6%	-2.8%	293.5	-29.9%	951.5	170,257.8	9.0%	12.3	1.57
UAE	149.2	3.9%	8.2%	3,714.6	34.8%	3,464.3	1,036,295.3	18.6%	19.6	3.60
Oman	250.8	-0.3%	-0.1%	49.9	33.2%	176.9	31,176.1	8.3%	11.0	0.97
Bahrain	231.1	-0.3%	2.9%	7.7	12.2%	11.8	19,217.5	2.1%	11.0	1.29
Kuwait	133.8	-0.7%	6.4%	805.5	-4.2%	1,966.4	137,968.3	30.4%	17.1	1.89
Morocco	309.6	-0.9%	17.6%	265.7	232.2%	11.5	74,727.5	18.5%	19.4	2.81
Tunisia	66.1	-1.0%	2.9%	28.0	133.2%	8.5	7,634.5	19.1%	10.8	1.97
<b>Arab Markets</b>	<b>978.7</b>	<b>-0.7%</b>	<b>0.4%</b>	<b>12,258.1</b>	<b>10.4%</b>	<b>16,799.4</b>	<b>4,339,437.6</b>	<b>14.7%</b>	<b>17.2</b>	<b>3.80</b>

Values in US\$ million; volumes in millions

\* markets cap-weighted averages

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

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The Qatar Stock Exchange shifted into a negative territory this week, as reflected by a 0.7% decrease in the S&P Qatar index, mainly tracking declines in global equities after the US Federal Reserve signaled a slower easing pace in 2025, and dragged by oil price falls and some profit taking operations. 28 out of 52 traded stocks posted price drops, while 23 stocks registered price gains, and one stock saw no price change week-on-week.

A glance on individual stocks shows that Mesaieed Petrochemical Holding Company's share price nudged down by 0.1% week-on-week to QR 1.526. Qatar Electricity & Water's share price declined by 2.2% to QR 15.700. Ooredoo's share price fell by 1.1% to QR 11.570. Vodafone Qatar's share price went down by 0.4% to QR 1.858. Ezdan Holding Group's share price retreated by 1.5% to QR 1.152. Qatar Aluminum Manufacturing's share price closed 1.8% lower at QR 1.235. Qatar National Cement's share price edged down 0.2% to QR 3.816. Qatar Navigation's share price moved 2.3% lower to QR 10.770. As to banking stocks, QNB's share price contracted by 0.4% to QR 17.250. The Commercial Bank's share price dropped by 2.2% to QR 4.300. Masraf Al Rayan's share price decreased by 0.8% to QR 2.480.

Boursa Kuwait registered downward price movements this week, as reflected by a 0.7% decline in the S&P Kuwait index, mainly tracking a global risk-averse sentiment following the US Federal Reserve cautious approach in cutting interest rates next year, and pressured by an oil price slump and some profit taking operations.

A closer look at individual stocks shows that National Bank of Kuwait's share price fell by 1.1% week-on-week to Kwf 870. Kuwait International Bank's share price closed 2.6% lower at Kwf 189. Mobile Telecommunications Company's share price retreated by 0.4% to Kwf 475. The Commercial Real estate Company's share price contracted by 2.5% to Kwf 155. Boubyan Petrochemical Company's share price decreased by 1.3% to Kwf 696. Boubyan Bank's share price shed 3.0% to Kwf 551. Burgan Bank's share price went down by 2.7% to Kwf 183. Agility Public Warehousing's share price plunged by 5.3% to Kwf 250. Heavy Engineering Industries and Shipbuilding Company's share price contracted by 1.8% to Kwf 813. Jazeera Airways's share price decreased by 2.8% to Kwf 1,035. Mabanee's share price dropped by 3.1% to Kwf 780.

### FIXED INCOME MARKETS: ACROSS-THE-BOARD DOWNWARD PRICE MOVEMENTS IN MENA BOND MARKETS, ON REDUCED FED RATE CUT EXPECTATIONS

MENA fixed income markets saw across-the-board downward price movements this week, mainly tracking US Treasuries move after the US Federal Reserve delivered a widely-anticipated third interest rate cut in its December FOMC meeting, yet dialed back rate cut expectations for next year to a half percentage point while giving a strong signal that inflation concerns are back in the fore.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price drops of 0.28 pt and 1.37 pt respectively week-on-week. Prices of Ooredoo'26 went down by 0.24 pt. Amongst financials, QNB'26 traded down by 0.20 pt.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price contractions of up to 1.50 pt week-on-week. SEC'28 closed down by 0.56 pt. Prices of SABIC'28 dropped by 0.37 pt. Saudi Aramco'25 traded down by 0.11 pt. Prices of STC'29 declined by 0.19 pt.

In the Dubai credit space, sovereigns maturing in 2029 posted price decreases of 0.43 pt week-on-week. Prices of Emaar'26 fell by 0.25 pt. DP World'30 was down by 0.73 pt. Emirates Airlines'28 closed down by 0.22 pt. Prices of Majid Al Futtaim'29 went down by 0.44 pt. Amongst financials, Emirates NBD Perpetual (offering a coupon of 6.125%) registered prices decreases of 1.11 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 saw weekly price falls of up to 1.21 pt. ADNOC'29 was down by 1.03 pt. Mubadala'26 and '27 were down by 0.27 pt and 0.25 pt respectively. Prices of Taqa'26 and '28 contracted by 0.08 pt and 0.49 pt respectively. Amongst financials, FAB'25 traded down by 0.15 pt.

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In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 recorded price declines of up to 1.46 pt week-on-week. Prices of NOGA'27 fell by 0.71 pt. In the Kuwaiti credit space, prices of sovereigns maturing in 2027 fell by 0.44 pt week-on-week. KIPCO'27 traded down by 1.43 pt.

In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 registered price drops of up to 1.15 pt week-on-week. Omantel'28 traded down by 0.25 pt. As to credit rating changes, Fitch Ratings revised the outlook on Oman's long-term foreign currency Issuer Default Rating to "positive" from "stable" and affirmed the IDR at "BB+". The "positive" outlook reflects, according to Fitch, the continued reduction of government and State-owned entities debt/GDP, lower net external debt and the accumulation of net sovereign foreign assets.

In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded price contractions of up to 1.51 pt week-on-week. In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 recorded price drops of up to 2.32 pts week-on-week. Euro-denominated sovereigns maturing in 2026 and 2031 traded down by 0.17 pt and 1.52 pt respectively.

All in all, activity in regional bond markets was tilted to the downside this week, mainly tracking declines in US Treasuries after US Federal Reserve officials forecast the Federal Fund Rate to fall to 3.9% (implying two rate cuts of 25 bps each) in 2025, higher than the Fed's September projection of 3.4%, while projecting a higher PCE inflation of 2.5% next year against 2.1% in September projection.

## MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	20-Dec-24	13-Dec-24	31-Dec-23	Week-on-week	Year-to-date
Abu Dhabi	46	41	41	5	5
Dubai	66	60	63	6	3
Kuwait	65	65	46	0	19
Qatar	45	41	46	4	-1
Saudi Arabia	66	62	54	4	12
Bahrain	188	181	204	7	-16
Morocco	97	93	111	4	-14
Egypt	578	546	1,152	32	-574
Iraq	293	307	450	-14	-157
Middle East	161	156	241	5	-80
Emerging Markets	47	54	42	-7	5
Global	280	275	379	5	-99

Sources: Bloomberg, Bank Audi's Group Research Department

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## SOVEREIGN RATINGS & FX RATES

### SOVEREIGN RATINGS

	Standard & Poor's	Moody's	Fitch
<b>LEVANT</b>			
Lebanon	SD/-/SD	C/Stable	RD/-/C
Syria	NR	NR	NR
Jordan	BB-/Stable/B	Ba3/Stable	BB-/Stable/B
Egypt	B-/Negative/B	Caa1/Positive	B/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
<b>GULF</b>			
Saudi Arabia	A/Positive/A-1	Aa3/Stable	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa2/Stable	AA/Positive/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	B+/Stable/B
Oman	BBB-/Stable/B	Ba1/Positive	BB+/Positive/B
Yemen	NR	NR	NR
<b>NORTH AFRICA</b>			
Algeria	NR	NR	NR
Morocco	BB+/Positive/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	Caa2/Stable	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\$)	20-Dec-24	13-Dec-24	31-Dec-23	Weekly change	Year-to-date
<b>LEVANT</b>					
Lebanese Pound (LBP)	89,500.00	89,500.00	15,000.00	0.0%	496.7%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	50.89	50.83	30.89	0.1%	64.7%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,310.00	0.0%	0.0%
<b>GULF</b>					
Saudi Riyal (SAR)	3.76	3.76	3.75	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%	-0.6%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.1%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	0.1%
Yemeni Riyal (YER)	249.66	249.81	250.27	-0.1%	-0.2%
<b>NORTH AFRICA</b>					
Algerian Dinar (DZD)	134.74	133.67	134.17	0.8%	0.4%
Moroccan Dirham (MAD)	10.06	9.98	9.88	0.8%	1.8%
Tunisian Dinar (TND)	3.19	3.17	3.07	0.5%	3.7%
Libyan Dinar (LYD)	4.89	4.88	4.77	0.4%	2.5%
Sudanese Pound (SDG)	647.81	647.81	647.81	0.0%	0.0%

NR = Not Rated

RWN = Rating Watch Negative

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\*Emirate of Abu Dhabi Ratings

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

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