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MENA WEEKLY MONITOR

MARCH 28 - APRIL 3, 2021
WEEK 14

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MENA equity markets registered strong price rebounds this week (+4.0%), mainly bolstered by the launching of a massive Saudi private sector investment plan, and on improved sentiment after the UAE unveiled plans to start manufacturing the Chinese COVID-19 vaccine in Abu Dhabi, and the Suez Canal resumed its marine activity after dislodging a stranded ship that has been blocking the trade route for almost a week. In contrast, regional markets came under downward price pressures, mainly tracking US Treasuries move, on optimism over a swift US economic recovery after the US President pledged to expand Coronavirus vaccine access and announced a massive US dollar multi-trillion infrastructure plan that would deliver "once-in-a-generation investment" in the US.

MENA MARKETS: WEEK OF MARCH 28 - APRIL 3, 2021

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	+4.0%	Weekly Z-spread based bond index	+0.5%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+11.4 %	YTD Z-spread based bond index	+5.6%

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ECONOMY

MENA COUNTRIES WEIGHED DOWN BY PANDEMIC DEBTS WILL STRUGGLE TO GROW AS PER WORLD BANK

The outlook for the Middle East and North Africa has worsened considerably over the past year as countries accumulated debt to pay for pandemic relief measures, leaving them with less to invest in post-pandemic economic recovery, according to the World Bank.

The World Bank's latest regional economic update report, entitled Living with Debt: How Institutions Can Chart a Path to Recovery in the Middle East and North Africa, details the economic devastation of the COVID-19 pandemic to date, the long-term ramifications of the resulting explosion in public debt, and the difficult choices governments will face, even as the public health crisis abates.

Average debt to GDP in the MENA region rose by 9 percentage points since the end of 2019 to 55% in 2021, the World Bank said in a report released on Friday. Debt among the region's oil importers is expected to average about 93% of GDP this year, it said.

MENA economic growth will rebound by 2.2% in 2021 after contracting 3.8% in 2020, but will be 7.2% or US$ 227 billion lower by the end of this year than it would have been had the pandemic not happened, the World Bank estimates. Real GDP per capita will be 4.7% lower in 2021 than in 2019.

"The MENA region remains in crisis, but we can see hopeful signs of light through the tunnel, especially with the deployment of vaccines," said the World Bank VP for the MENA. As of the first week of March, the UAE had the highest percentage of its population vaccinated, at 63.5%, followed by Bahrain at 30% and Morocco at 12.2%, then Qatar at 11.4%, World Bank data shows. Saudi Arabia had a 2.2% vaccination rate.

MENA countries will need to keep on borrowing this year to prop up their citizens' finances but will face high borrowing costs, particularly those with high debt and low growth, the bank said. However, those with low levels of public external debt, such as Saudi Arabia, Qatar and Morocco, could issue debt at lower rates, it said.

GDP LEVEL FORECASTS

Sources: World Bank, Macro and Poverty Outlook (in April 2021 and October 2019) and World Bank staff's calculation

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The remedy for the increasingly precarious situation of many of the region's economies is faster growth that makes it easier to roll over existing debt, the World Bank said. Those that cannot roll over debt face potentially painful restructurings and should enter into negotiations before they hit crisis point, the report advised.

The Bank said that enhanced debt reporting transparency and financial market vulnerability monitoring would be of benefit to the whole MENA region.

"Economic growth remains the most sustainable way to reduce debt," the report said. "Boosting economic growth requires deep structural reforms to raise the productivity of the existing workforce and to put idle working-age people in jobs. Many MENA countries that have characteristics associated with ineffective fiscal stimulus, such as high public debt and poor governance, could consider fiscal reforms early in the recovery from the pandemic."

S&P AFFIRMS ITS LONG-TERM AND SHORT-TERM SOVEREIGN CREDIT RATINGS ON SAUDI ARABIA

After contracting sharply in 2020, the Saudi economy is forecast to return to positive growth in 2021, global ratings agency S&P said in its latest report.

S&P expects the Kingdom's current account to return to surplus and the fiscal deficit to narrow, based on improving global macroeconomic conditions and oil prices as the world begins to emerge from the pandemic.

S&P affirmed its "A-/A-2" long-term and short-term sovereign credit ratings on Saudi Arabia. The outlook is "stable," the ratings agency said.

The Kingdom's government and external net asset positions over the next two years will remain sufficiently strong to support the ratings, it said.

The agency could raise the ratings if Saudi Arabia's economic growth prospects improve significantly or the government's net asset position reverses its ongoing decline. This could follow sustained stronger-than-expected GDP growth or fiscal performance,as per S&P.

According to S&P, higher oil prices and widespread rollout of vaccines will lead to a rebound to positive economic growth in 2021-2024.

In 2021, higher oil prices will be partially counterbalanced by lower Saudi oil production volumes. The authorities will continue to grapple with a trade-off between the need to provide support to the economy and population, and containing the fiscal deficit, the report said.

The pandemic weighed on both the Saudi oil and non-oil sectors in 2020, and delayed investment projects. However, the government will revert to its ambitious investment and economic diversification strategy from 2021 onward, the report said.

Saudi's sovereign fund, PIF, is widely seen as the engine powering the Kingdom's economic diversification strategy. PIF is pursuing a two-pronged strategy: Building an international portfolio of investments while investing locally in projects that will help reduce the Kingdom's reliance on oil.

In January, PIF approved its five-year strategy of investment and job creation as part of its economic transformation. The fund will invest US$ 266 billion in the local economy in the next five years through 13 strategic sectors. It will also double its asset volume by more than SR 4 trillion by 2025 to reach SR 7.5 trillion by 2030. PIF also signed US$ 15 billion worth of syndicated multi-currency revolving credit facilities with 17 banks. The new credit facility gives the fund access to extra capital that can be deployed quickly when needed.

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SAUDI ARABIA'S SELECTED ECONOMIC INDICATORS

	2019	2020	2021	2022
Nominal GDP (US$ billion)	793	700	816	850
Real GDP Growth (%)	0.3	-4.1	2.0	2.7
Real Investment Growth (%)	4.0	-13.5	2.5	1.6
Investment/GDP (%)	28.8	26.4	27.4	26.6
Savings/GDP (%)	33.6	24.1	32.2	31.7

Source: S&P

BAHRAIN'S REAL ESTATE SECTOR REBOUNDS IN SECOND HALF OF 2020

Despite the challenges posed by COVID-19 pandemic, Bahrain's real estate sector rebounded in the third and fourth quarter of 2020 to close the year with transactions worth US$ 1.9 billion (BHD 717.4 million).

Real estate deals rose by 14% and 20% in third and fourth quarters of 2020 respectively, Bahrain Economic Development Board (EDB) said in a statement. It said the value of ongoing mixed-use major real estate projects, mainly Eagle Hills Marassi Al Bahrain, Diyar Al Muharraq, Dilmunia and Bahrain Bay, were worth over US$ 12 billion. The statement said National Real Estate plan for 2021-2024 is set to further increase the sector's contribution to the national economy as part of continued economic diversification efforts. The plan includes five initiatives and 17 projects, including laws and regulations, long-term plans and operational initiatives for developing the real estate sector, the statement said.

In December 2020, property consultancy Cavendish Maxwell said in a report oversupply continues to put pressure on residential and offices sectors. Higher vacancy rates coupled with the completion of residential projects under construction are factors increasingly pressuring landlords to attract tenants, the report said. In the offices space, it continued, certain pockets have displayed signs of recovery with rents either holding steady or declining at a slower pace. The report also noted that retail projects, new and completed, were designed to align with the rising popularity of e-commerce versus traditional retail.

THE MIDDLE EAST LOGS 84% FALL IN TOURIST ARRIVALS IN JANUARY

The impact of the COVID-19 pandemic on global tourism has carried on into 2021, with the Middle East recording a drop of 84% during January, said the World Tourism Organization (UNWTO) in a call for stronger coordination to restart tourism. Asia and the Pacific, the region which continues to have the highest level of travel restrictions in place, recorded the largest decrease at 96% in international arrivals in January, while Europe and Africa both saw a decline of 85%.

International arrivals in the Americas decreased by 79% in January, following somewhat better results in the last quarter of the year. Globally, new data shows an 87% fall in international tourist arrivals in January as compared to 2020, said UNWTO. The outlook for the rest of the year remains cautious as it continues to call for stronger coordination on travel protocols between countries to ensure the safe restart of tourism and avoid another year of massive losses for the sector.

Following a difficult end to 2020, global tourism suffered further setbacks in the beginning of the year as countries tightened travel restrictions in response to new virus outbreaks. According to the latest edition of the UNWTO World Tourism Barometer, all world regions continued to experience large drops in tourist arrivals in the first month of the year. Mandatory testing, quarantines, and in some cases the complete closure of borders, have all hindered the resumption of international travel. In addition, the speed and distribution of the vaccination roll-out have been slower than expected, further delaying the restart of tourism.

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SURVEYS

GCC INVESTORS KEEN ON VENTURE CAPITAL AS THEY LOOK TO DIVERSIFY ASSET CLASSES, AS PER KAMCO INVEST

GCC investors are seeking alternative asset classes such as venture capital to further diversify their portfolios beyond real estate, fixed income, and listed equities, as per Kamco Invest.

Ultra-high-net-worth individuals and family offices are looking to follow sovereign wealth funds by investing in tech-companies abroad, as per the founder and managing partner of TechInvest, an advisory firm that provides investors with early and growth stage investment opportunities in US tech companies.

The COVID-19 pandemic has transformed the venture capital scene from an unpredictable state to an opportunity filled industry led by the fast-tracked shift towards digitization, as per Kamco Invest.

As quarantine and isolation protocols were implemented worldwide, the effects have proved to have a positive impact on the technology sector, as per the same source.

A major concern with the ongoing pandemic was the impact it would have on exits from VC-backed companies. However, not only did high-profile exits continue in 2020, but they also increased liquidity to new levels. The total exit value in 2020 amounted to US$ 290.1 billion, exceeding the total value in 2019 over 1,101 exits. While IPOs, M&As and buyouts were active, enormous IPOs drove the record exit value.

In 2020, a total of US$ 73.6 billion was raised, higher than the previous record in 2018 of US$ 68.1 billion. Some of the main factors that led to the record amount were the shifts in industry dynamics, accelerated technology adoption rates, and role of technology in enhancing life during the pandemic, in addition to a strong IPO market.

VC firms raised 44 mega-funds in 2020 consisting of US$ 500 million or more, nearly double the 24 funds closed in 2019.

Venture capital industry has evolved since 2000 and fund managers are implementing a more rigorous, risk-managed assembly of companies, as per a Kamco Invest official.

PROPERTY SALES UP IN DUBAI, ABU DHABI AND OTHER EMIRATES IN THE UAE OVER THE PAST SEVERAL MONTHS, AS PER COLLIERS

Property sales have increased in Dubai, Abu Dhabi and other emirates in the UAE over the past several months, a sign that the Coronavirus pandemic has done little to discourage homebuyers, but a new report suggests that much of the demand hasn't been from investors.

The majority of the purchases (91%) have been made by first-time buyers and end users, and only 9% of the buyers are investors, real-estate services and investment management firm Colliers International said in a report.

From the respondents that Colliers spoke to, 82% agreed that mortgage purchases are increasing, and this is primarily attributed to the increased demand from first-time buyers and end users.

Colliers also found that an increasing number of tenants are now looking to invest in a property as the rent and mortgage payment gap narrows.

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Other contributing factors include current low interest rates, reduced loan to value, reduced fees and attractive property prices, the report said.

The UAE's property market had been subdued prior to the COVID-19 pandemic and this was primarily due to the huge supply glut. Sales plummeted during the lockdown last year but started to pick up when coronavirus restrictions eased.

As of February 2021, sales transactions went up by 25.2% compared to the previous month, with existing ready-to-move-in homes seeing a 21.1% increase, according to ValuStrat. However, residential capital values have remained weak, declining by 0.6% monthly on average.

Several property buyers are keen to spend millions of dirhams to own a good quality unit. Among those polled by Colliers, 44% said there was an increase in demand for properties above AED 5 million (US$ 1.4 million). Since lockdown measures were eased, there had been an increased demand of sales in higher end communities. One of the findings from the research is that investors took advantage of the lower price points prior to the COVID-19 lockdown, said Colliers.

This created a domino effect releasing pent up demand from prospective buyers that had been waiting for the right time to buy, as per the same source.

There is also a demand for renovated units in established communities in Dubai, and for good reason 41% of those surveyed agreed that there is a demand for renovated and upgraded property. The benefit can outweigh that of a standard property given the favorable bank rates and factoring in time and costs of renovation, reducing the initial outlay of cash, said Colliers.

However, other buyers are attracted to ready units that have not been upgraded yet. About 59% of the respondents polled by Colliers said that properties requiring renovation or in their original condition were more appealing.

UAE RETAIL SALES FORECAST TO HIT US$ 58 BILLION IN 2021, AS PER EUROMONITOR

Retail sales in the UAE are expected to rebound and grow by 13% to reach US$ 58 billion by the end of 2021, supported by pent up consumer demand in the second half of the year, COVID-19 vaccination efforts and Expo 2020 Dubai, a report by Euromonitor said.

The analysis, from Dubai Chamber of Commerce and Industry based on recent data from Euromonitor, predicted that UAE retail sales are forecast to maintain 6.6% annual growth in the medium term to reach US$ 70.5 billion by 2025, with store-based retailing growth forecast at a CAGR of 5.7%, while non-store retailing is forecast to grow at a CAGR of 14.8%.

Progress related to the UAE's vaccination campaigns is expected to boost demand in the second half of this year and attract consumers and tourists back to traditional stores. Expo 2020 Dubai, scheduled to kick off in Dubai this October, is expected to be a major catalyst for the recovery of the retail sector, in addition to the support and incentives provided by governments to business sectors at the federal and local levels. The UAE currently leads the MENA region in terms of household spending on e-commerce at US$ 2,554 per household, which is twice the value of the global average of US$ 1,156, and four times the value of the average in the MENA region (US$ 629).

As new retail space in the UAE continues to come online in the short term, the market has become more favorable to tenants, due to expected lower rents and more available options, a trend which should support the recovery of retail businesses.

The analysis added that the COVID-led digital shift has created new growth opportunities for regional expansion for traditional retail and e-commerce companies based in the UAE, especially in markets with large populations, such as Saudi Arabia, Egypt, Algeria and Morocco.

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CORPORATE NEWS

KUWAIT PETROLEUM EYES A FUND OF US$ 20 BILLION OVER NEXT 5 YEARS

State-owned Kuwait Petroleum Corporation (KPC) plans to borrow up to US$ 20 billion over the next five years to cover an expected shortfall in funding and maintain the petro-state's crude-production levels, as said in a statement.

KPC plans to make up for the shortfall by issuing debt including on international markets.

The situation will be revised every six months to assess the company's needs and borrowing costs.

IRAQ SIGNS AGREEMENT WITH TOTAL FOR FOUR ENERGY PROJECTS

Iraq signed a heads-of-agreement deal with the French firm Total spanning four projects involving natural gas, seawater reprocessing and solar energy. The four initial deals will be submitted to the Cabinet for final approval, as per the Oil Ministry.

Total will build a facility to produce natural gas at five southern oilfields. It is forecasted to produce 300 million cubic feet of gas per day (mcf/d) and double this production after a second phase of development, as per the Ministry of Oil.

Total will also take hold of a seawater injection project which is core to the development of southern oilfields that account for most of Iraq's production. It will have the capacity to treat 2.5 million barrels of seawater per day and aims to flush oil to the surface.

Total will also be in charge to boost output from the Artawi oilfield to 200,000 barrels per day of oil (bpd) from 60,000 bpd now.

The fourth project will entitle Total to build a 1,000-megawatt (MW) solar power plant as Iraq looks to boost its renewable energy potential.

SABIC FORMS ALLIANCE WITH BASF AND LINDE

Saudi Basic Industries Corporation (SABIC), a multinational chemical manufacturing company, signed a joint agreement with BASF and Linde to develop and demonstrate solutions for electrically heated steam cracker furnaces.

The partners have already jointly worked on concepts to use renewable electricity instead of the fossil fuel gas typically used for the heating process. With this approach focusing on one of the petrochemical industries' core processes, the parties strive to offer a solution to contribute to the reduction of CO_2 emissions within the chemical industry.

BASF and SABIC bundled their know-how in developing chemical processes together with their considerable experiences and knowledge in operating steam crackers, while Linde contributed with its intellectual property, expertise in developing and building steam cracking furnace technologies and driving future industry commercialization.

Steam crackers play a major role in the production of basic chemicals and require a significant amount of energy to break down hydrocarbons into olefins and aromatics.

The reaction is conducted at temperatures of about 850 degrees Celsius in their furnaces. The project aims to reduce the CO_2 emissions by powering the process with electricity. By using electricity from renewable sources, the new technology will reduce CO_2 emissions by as much as 90%.

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The partners applied for financial grants at the EU Innovation Fund and the funding program "Decarbonization in Industry". The parties are evaluating construction of a multi-megawatt demonstration plant at BASF's Ludwigshafen site, targeted for start-up as early as 2023.

UAE'S FIN-TECH NOW MONEY SECURES US$ 7 MILLION TO EXPAND DIGITAL BANKING SOLUTION

NOW Money, a digital banking solution, secured US$ 7 million funding round led by venture investor, Anthemis Exponential Ventures. NOW Money also received supporting funding from Expo 2020 and card scheme, Visa, it said in a statement.

The cash injection will be utilized to drive NOW Money in Saudi Arabia, beginning with strategic new hires and local infrastructure in Riyadh. In addition, the funding will enable NOW Money to develop its service offering and enable it to continue its exponential growth in the UAE.

NOW Money was founded in 2016, uses mobile banking technology to provide accounts, low-cost remittance and other financial services to migrant workers.

The investment brought us the financial support needed to scale our expansion plans across the GCC, as well as strategic value and partnerships from each of our investors, said a Co-founder of NOW Money.

DHL EXPRESS MENA SEALS PARTNERSHIP DEAL WITH FODEL

DHL Express MENA, an international express and logistics service provider, joined hands with Fodel, the first pick-up and drop-off (Pudo) parcel network in the GCC with more than 200 active locations across UAE, KSA, Kuwait and Bahrain.

With this deal, DHL will take further steps to boost its delivery solutions by enabling customers with more convenience and control over pick-up and drop-off of their e-commerce parcels and will capitalize on Fodel extensive Pudo network of locations to further expand the reach to every residential area in MENA region, as said in a statement.

DHL's customers will benefit from these delivery points by choosing them as pick-up options for their shipments. The Fodel tie-up consolidates last-mile logistics and provides a more convenient delivery solution for DHL MENA customers that is faster and more cost-effective.

Fodel, an advanced Pudo technology platform, signs-up and manages local merchants from across the region as alternative pick-up locations to home delivery. It connects e-commerce and logistics companies with local merchants facilitating online customers to pick up their parcels from their preferred local stores at their convenience.

ZAIN KSA AND MOBILY GET SAUDI NOD FOR TELECOM TOWERS MERGER

Zain KSA, a Saudi telecom services operator and Mobily, a Saudi mobile telecommunications company announced to set up a consortium to acquire the telecom towers owned by the two entities and merge them under a registered commercial entity, Towers Company.

The partners received a primarily approval from the board of Communications and Information Technology Commission (CITC) on the application submitted along with Raidah Investment Company (Al Raidah) and HIS-KSA. The approval allows obtaining a license for providing infrastructure wholesale services, stated the companies in a filing. CITC's letter of approval said Mobily, Zain KSA, and Al Raidah should collectively hold the majority stake in the new entity, while IHS should own a minority of the shares.

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CAPITAL MARKETS

EQUITY MARKETS: STRONG WEEKLY PRICE REBOUNDS IN MENA EQUITIES

MENA equity markets registered strong price rebounds this week following two consecutive weeks of contractions, mainly bolstered by the launching of a massive private sector investment plan in Saudi Arabia, and on improved sentiment after the UAE unveiled plans to start manufacturing the Chinese COVID-19 vaccine in Abu Dhabi, and the Suez Canal resumed its marine activity after dislodging a stranded ship that has been blocking the trade route for almost a week. This was reflected by a 4.0% surge in the S&P Pan Arab Composite index.

The heavyweight Saudi Tadawul bounced back this week, registering strong price gains of 5.8%, mainly on improved sentiment after Saudi Arabia announced a super-sized decade-long private sector investment plan that is expected to drive strong domestic economic growth in the medium-term and support the Kingdom's vision 2030. In details, 24 companies in Saudi Arabia, including Saudi Aramco, SABIC, Almarai, Saudi Telecom and Bahri, agreed on March 29, 2021 to reduce their dividends and redirect SR 5 trillion (the equivalent of US$ 1.3 trillion) into the Saudi economy in exchange for incentives and subsidies. Saudi equity price rebounds were also supported by some favorable company-specific factors, and tracked global equity gains on prospects of a swift US economic recovery.

A closer look at individual stocks shows that Saudi Aramco shares, whose market capitalization represents circa 74.5% of the total Saudi market capitalization, posted price rises of 1.9% week-on-week to close at SR 35.45. SABIC's share price jumped by 7.5% to SR 115.0. Almarai's share price closed 1.6% higher at SR 52.40. Saudi Telecom's share price surged by 8.0% to SR 124.60. Bahri's share price increased by 0.5% to SR 39.10. Also, Saudi Electricity Company's share price climbed by 8.4% to SR 22.98. Saudi Electricity announced better-than-expected 2020 net profits of SR 3.0 billion as compared to net profits of SR 1.4 billion in 2019. Mouwasat Medical Services' share price skyrocketed by 15.3% to SR 161.40. EFG Hermes said that the stock has "a good chance" to be upgraded to MSCI's standard index for emerging market stocks in May 2021's review, potentially attracting as much as US$ 120 million of inflows.

The UAE equity markets posted price rises of 2.3% week-on-week, mainly tracking global equity strength, and on improved sentiment after the Suez Canal resumed its marine activity and the UAE announced that it would start manufacturing Sinopharm's COVID-19 vaccine in Abu Dhabi, signaling that the production would be under a joint venture between Sinopharm and Abu Dhabi-based technology company Group

EQUITY MARKETS INDICATORS (MARCH 28 - APRIL 3, 2021)

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	81.52	4.9%	28.4%	16.1	150.5%	0.8	9,212.0	9.1%	-	0.66
Jordan	289.9	-1.1%	1.4%	64.7	122.1%	32.2	19,441.8	17.3%	17.1	1.34
Egypt	262.0	-2.9%	-2.2%	277.2	9.7%	2,304.2	44,387.7	32.5%	9.4	1.62
Saudi Arabia	443.8	5.8%	16.4%	12,999.2	25.3%	1,509.9	2,539,976.3	26.6%	21.2	3.01
Qatar	177.9	2.9%	0.4%	572.8	27.5%	970.0	164,636.9	18.1%	16.0	1.91
UAE	115.5	2.3%	12.2%	2,259.3	91.7%	2,101.2	324,983.1	36.2%	16.3	2.04
Oman	189.4	0.7%	0.8%	21.0	-3.3%	58.4	15,865.9	6.9%	10.8	0.86
Bahrain	137.6	-0.7%	-3.0%	3.5	-19.0%	8.2	22,355.9	0.8%	15.6	0.56
Kuwait	111.4	1.0%	6.5%	492.0	16.4%	764.7	102,532.0	25.0%	21.4	1.77
Morocco	284.6	0.7%	0.6%	47.4	-49.8%	2.1	75,368.4	3.3%	23.3	2.68
Tunisia	70.6	1.3%	1.6%	9.9	6.6%	4.1	8,628.9	6.0%	16.2	2.97
Arabian Markets	**857.3**	**4.0%**	**11.4%**	**16,763.1**	**30.5%**	**7,755.8**	**3,327,389.0**	**26.2%**	**20.2**	**2.75**

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

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

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42. Gulf Pharmaceutical Industries (known as Julphar), which began interim manufacturing of the vaccine in the Emirate of Ras al-Khaimah, saw its share price in the Abu Dhabi Securities Exchange skyrocketing by 36.1% to reach AED 1.66. Dana Gas' share price surged by 5.6% to AED 0.808. ADNOC's share price increased by 4.4% to AED 4.49. Taqa's share price closed 0.7% higher at AED 1.39.

In Dubai, Emirates NBD's share price went up by 5.1% week-on-week to AED 11.45. DAMAC Properties' share price jumped by 7.3% to AED 1.18. Emaar Properties' share price closed 3.5% higher at AED 3.57. Aramex's share price rose by 3.7% to AED 3.94.

The Qatar Exchange recorded price increases of 2.9% week-on-week, mainly tracking strengths in global stock markets and on improved sentiment after dislodging a giant ship that was blocking the waterway in the Suez Canal. Qatar Gas Transport's share price rose by 2.8% to QR 3.199. Qatar Navigation's share price closed 1.3% higher at QR 7.78. Gulf Warehousing's share price went up by 1.9% to QR 5.14. Industries Qatar's share price surged by 4.1% to QR 12.20. Gulf International Services' share price rose by 2.4% to QR 1.50.

FIXED INCOME MARKETS: MENA BOND MARKETS UNDER DOWNWARD PRICE PRESSURES, ON RISING BETS OVER SWIFT US ECONOMIC RECOVERY

MENA fixed income markets came under downward price pressures this week, mainly tracking US Treasuries move, on optimism over a swift US economic recovery after the US President pledged to expand COVID-19 vaccine access and announced a massive US dollar multi-trillion infrastructure plan that would deliver "once-in-a-generation investment" in the US.

In the Saudi credit space, sovereigns maturing in 2026 and 2030 saw price contractions of 0.25 pt and 0.63 pt respectively week-on-week. Saudi Aramco'25 closed down by 0.09 pt. SECO'24 was down by 0.22 pt. Prices of STC'29 declined by 0.11 pt. SABIC'28 traded down by 0.80 pt. As to credit ratings, Standard and Poor's affirmed its "A-/A-2" unsolicited long-term and short-term foreign and local currency sovereign credit ratings on Saudi Arabia, with a "stable" outlook. The "stable" outlook indicates that S&P expects Saudi Arabia's government and external net asset positions over the next two years would remain sufficiently strong to support the ratings. As to new issues, Saudi mall operator Arabian Centres raised this week US$ 650 million from the sale of a Sukuk maturing in October 2026, at a yield of 5.625% versus an initial price guidance of 5.875%. The Sukuk sale attracted US$ 1.35 billion in orders.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 registered price falls of 0.13 pt and 0.50 pt respectively this week. Ooredoo'26 was down by 0.24 pt. Ooredoo raised this week US$ 1 billion from the sale of a 10-year senior unsecured 144A/Reg S bond at 100 bps over midswaps versus an initial price guidance of 130 bps over midswaps. The bond sale attracted orders of more than US$ 3.2 billion. As to papers issued by financial institutions, Commercial Bank of Qatar'23 was down by 0.19 pt. Prices of QIB'24 decreased by 0.12 pt. QNB'25 registered price contractions of 0.11 pt.

In the Bahraini credit space, sovereigns maturing in 2026 registered price declines of 0.25 pt, while sovereigns maturing in 2031 closed up by 0.35 pt week-on-week. Prices of NOGA'27 contracted by 0.12 pt. NOGA raised this week US$ 600 million from the sale of an eight-year Sukuk at a yield of 5.25% as compared to an initial price guidance in the 5.75%-5.875% area. The Sukuk sale attracted more than US$ 2.9 billion in bids.

In the Dubai credit space, sovereigns maturing in 2029 saw price falls of 0.22 pt week-on-week. DP World'30 closed down by 0.29 pt. Prices of Emirates Airline'28 retreated by 0.14 pt. Majid Al Futtaim'29 was down by 0.07 pt. Amongst financials, Emirates NBD Perpetual (offering a coupon of 6.125%) registered price declines of 0.06 pt.

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In the Omani credit space, sovereigns maturing in 2026 and 2029 posted price falls of 0.55 pt and 1.13 pt respectively week-on-week. Standard and Poor's affirmed its "B+/B" long-term and short-term foreign and local currency sovereign credit ratings on Oman, with a "stable" outlook. The "stable" outlook balances the still-considerable fiscal and external pressures on Oman over the next 12 months, against the government's reasonably high fiscal buffers, according to S&P.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2025 and 2040 saw price contractions of 0.75 pt and 1.75 pt respectively, while sovereigns maturing in 2023 and 2030 were up by 0.38 pt and 0.11 pt respectively this week. Prices of Euro-denominated sovereigns maturing in 2026 and 2031 retreated by 0.50 pt and 0.81 pt respectively.

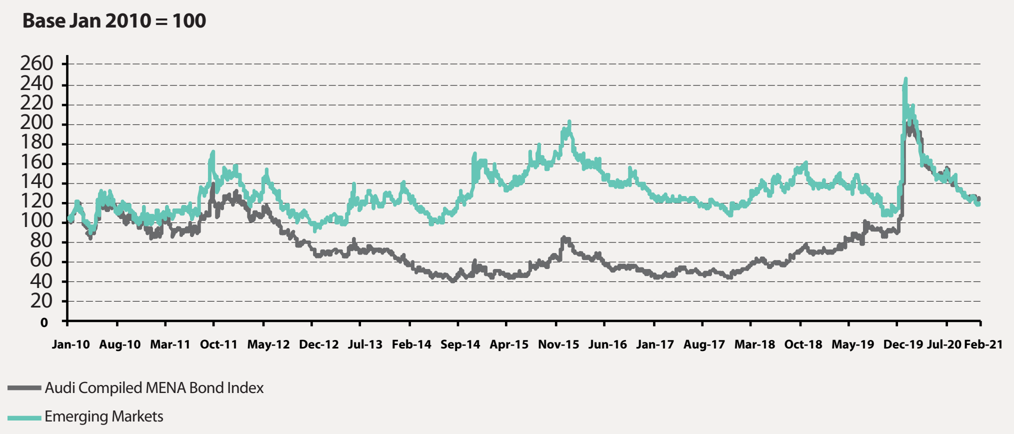
All in all, activity in regional bond markets was mostly skewed to the downside this week, tracking US Treasuries declines, mainly on expectations for a swift and strong US economic recovery, and on concerns that the super-easy US Federal Reserve policy would allow inflation to run hot.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	2-Apr-21	26-Mar-21	31-Dec-20	Week-on-week	Year-to-date
Abu Dhabi	48	51	38	-3	10
Dubai	105	106	112	-1	-7
Kuwait	51	52	44	-1	7
Qatar	49	51	38	-2	11
Saudi Arabia	69	71	65	-2	4
Bahrain	204	204	241	0	-37
Morocco	103	103	112	0	-9
Egypt	331	308	339	23	-8
Iraq	609	576	693	33	-84
Middle East	174	169	187	5	-13
Emerging Markets	142	142	105	0	37
Global	155	158	140	-3	15

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

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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/Stable	BB-/Negative/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/Negative	A/Negative/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-/Negative/A-1+	A1/Stable	AA/Negative/F1+
Bahrain	B+/Stable/B	B2/Stable	B+/Stable/B
Oman	B+/Stable/B	Ba3/Negative	BB-/Negative/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Negative	BB+/Stable/B
Tunisia	NR	B3/Negative	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$)	02-Apr-21	26-Mar-21	31-Dec-20	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%	-0.1%
Egyptian Pound (EGP)	15.72	15.70	15.75	0.2%	-0.2%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.1%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.70	3.70	3.67	0.0%	0.8%
Kuwaiti Dinar (KWD)	0.30	0.30	0.30	0.0%	0.1%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.39	0.39	0.39	0.0%	0.0%
Yemeni Riyal (YER)	250.00	250.00	250.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	133.33	133.33	131.58	0.0%	1.3%
Moroccan Dirham (MAD)	9.06	9.05	8.91	0.1%	1.6%
Tunisian Dinar (TND)	2.79	2.77	2.69	0.8%	3.7%
Libyan Dinar (LYD)	4.54	4.52	1.34	0.4%	239.2%
Sudanese Pound (SDG)	381.74	381.70	55.14	0.0%	592.3%

Sources: Bloomberg, Bank Audi's Group Research Department