The MENA WEEKLY MONITOR

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Activity in MENA equity markets was mostly skewed to the downside this week, as reflected by a 1.0% regional stock price decrease. The Qatar Exchange led the decline in the region (-6.3%), and the UAE equity markets registered price falls of 1.9%. On the other hand, the heavyweight Saudi Tadawul and the Egyptian Exchange posted weekly price gains of 0.2% and 2.1% respectively. In parallel, regional bond markets saw mostly downward price movements, mainly tracking US Treasuries move following the release of US Consumer Price Index data for January 2019 and on renewed investor confidence after the US and China started a new round of tariff negotiations.

MENA MARKETS: WEEK OF FEBRUARY 10 - FEBRUARY 16, 2019

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-1.0%	Weekly Z-spread based bond index	-2.2%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+5.5%	YTD Z-spread based bond index	-11.3%

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ECONOMY

IMF FORESEES PICK UP IN EGYPT ECONOMIC GROWTH TO 5.5% THIS YEAR AND 5.9% IN FY 2020

The IMF lately released comments on Egypt's economy, arguing that the macroeconomic outlook remains favorable, supported by strong policy implementation. Robust growth and a narrowing of the current account deficit reflect a rebound in tourism and strong remittances, while unemployment has declined to its lowest level since 2011. The public-debt-to-GDP ratio declined markedly last year and is projected by the Fund to decline further over the medium term due to the authorities' fiscal consolidation efforts and high nominal GDP growth.

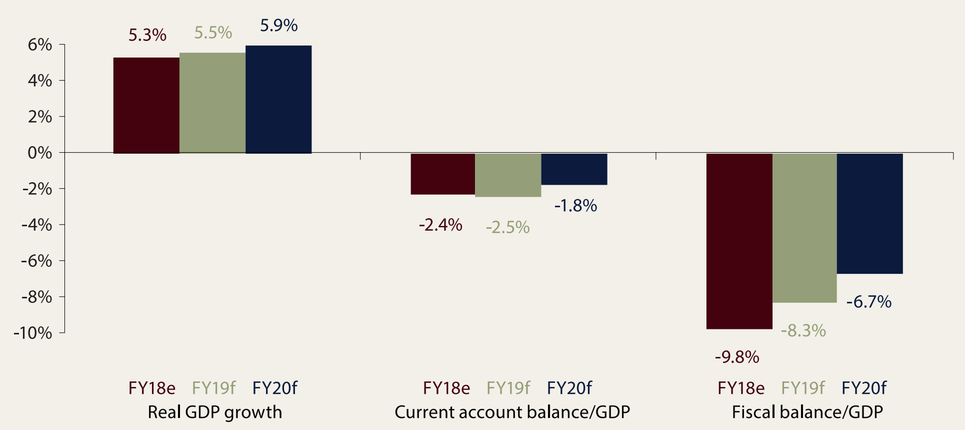
While the outlook remains favorable, a more difficult external environment poses new challenges as global financial conditions have tightened, as per the IMF. Egypt has successfully weathered recent capital outflows, but consistent policy implementation will be essential to further strengthen policy buffers, including by containing inflation, enhancing exchange rate flexibility and lowering public debt.

Monetary policy remains anchored by the medium-term objective of bringing inflation to single digits. The recent pick-up in headline inflation reflected temporary increases in food and energy prices, but a restrictive monetary policy stance has helped to reverse the increase and keep core inflation well anchored, as per the IMF release of early February. The authorities have taken important steps to deepen the foreign exchange market and allow greater exchange rate flexibility, including by eliminating the repatriation mechanism.

This year's primary surplus target of 2% of GDP appears on track, which would achieve a cumulative fiscal adjustment of 5.5% of GDP in three years, added the IMF. The authorities remain committed to reaching cost recovery for most fuel products by mid-2019 and implementing automatic fuel price indexation, which together are critical to encourage more efficient energy use, and combined with revenue enhancing reforms will help create fiscal space for high-priority spending on health and education, as per the same source.

The authorities' structural reform agenda aims to support inclusive growth by addressing long-standing constraints to private sector development. These include reforms to improve competition policy, public procurement, management of State-owned enterprises and land allocation. Sustained implementation of these reforms is essential to reduce opportunities for rent seeking and to support strong and inclusive medium-term growth and job creation, as per the IMF release.

SELECTED KEY EGYPT ECONOMIC INDICATORS



Source: IMF

It is worth noting that the Executive Board of the IMF lately completed the fourth review of Egypt's economic reform program supported by an arrangement under the Extended Fund Facility (EFF). The completion of the review allows the authorities to draw the equivalent of about US$ 2 billion, bringing total disbursements to Egypt to about US$ 10 billion to date. The three-year EFF arrangement amounts to the equivalent of around US$ 12 billion at the time of approval, to support the authorities' economic reform program.

DUBAI ECONOMY TRACKER INDEX RISES TO 55.8 IN JAN.2019 ON SHARP RISE IN NEW ORDERS

The headline Dubai Economy Tracker Index rose to 55.8 in January from 53.7 in December, on the back of a sharp rise in new orders, as per Emirates NBD.

The new orders index rose to 62.1 last month, the highest reading since June 2018, and the output index rose slightly as well. However, the growth in new work and output was likely due to price discounting, with selling prices declining for the ninth month in a row. The price discounting was particularly evident in the wholesale & retail trade sector.

The employment index rose to 50.3 in January. While this is the highest reading since August last year, it does not signal a real recovery in job creation, with only 1.6% of firms surveyed reporting higher employment in January.

Private sector firms were the most optimistic about their future output than they have been in more than six years, with more than three-quarters of respondents expecting their output to be higher in a year's time.

In the sector surveys, the wholesale & retail sector saw the sharpest improvement in January, followed by travel & tourism. The construction sector index was broadly unchanged from December 2018.

The wholesale & retail sector index recovered to 56.3 in January from 54.2 in December, with both output and new orders rising at a faster rate at the start of 2019, as per Emirates NBD. However, demand continued to be underpinned by promotions and price discounting, as the selling price index remained below the neutral 50.0 level. However, the extent of price discounting was less severe than in the prior 3 months.

The travel & tourism sector index signaled the fastest growth in the sector since July 2018. However, the index is below where it was in Q1 2018. Both output and new work increased at a faster rate last month, and encouragingly, selling prices were broadly unchanged after declining in each of the prior 6 months.

The construction sector index was broadly unchanged in January at 53.8. Although output remained strong, the new work index declined to 53.8, the lowest reading since October 2016 and signaling slower growth in the pipeline of new work, which has been underpinned by Expo 2020 projects over the last couple of years. However, despite this apparent softening in demand, business optimism in the sector rose sharply in January, with 80% of firms in the construction sector expecting their output to be higher in a year's time.

KSA TO GROW BY 2% IN 2019 ON SR 1.1 TRILLION SPENDING BUDGET, SAYS JADWA INVESTMENT

Saudi Arabia's economic growth is expected to reach 2% in 2019 on the back of the Kingdom's large spending budget of SR 1.1 trillion, as per a new report by Jadwa Investment.

The oil industry is also expected to see a strong improvement in the Kingdom after the inauguration of the Jazan refinery along with the increase in gas production, as per the report.

During 2019, Jadwa Investment expects to see a consolidation of efforts in striving towards the goals of the Vision 2030 as well as the targets set under the National Transformation Programme (NTP).

At the level of the non-oil industry, the Saudi research firm forecasts large growth, driven by an improvement in the insurance and finance sectors. Although Jadwa expects the Saudi economy to mark a 2% growth this year, compared to 2.2% in 2018, it ascribed the mild decline to lower gross domestic product (GDP) from the oil sector as the Kingdom continues to comply with the agreement by members and non-members of the OPEC to reduce crude production and bolster prices.

Aside from rises in credit to the private sector, growth in the finance, insurance, and business services will be aided through the inclusion of the Tadawul All Share Index into both the MSCI and FTSE EM indices. Saudi Arabia's recently launched National Industrial Development and Logistic Program (NIDLP) would facilitate this projected growth and contribute to boosting the economy as it plans to attract around SR 1.6 trillion (US$ 427.0 billion) in investments in various sectors including energy, logistics services, manufacturing, and mining.

TUNISIA HIGHER CIVIL SERVICE WAGES AND DELAYS TO PENSION REFORM INCREASE RISKS TO FISCAL DEFICIT TARGETS, SAYS FITCH

According to Fitch, Tunisia's agreement to raise civil service wages and delays to pension reform increase risks to the government's 2019 and 2020 fiscal deficit targets.

Lower-than-budgeted oil prices create some leeway but would not fully offset expenditure overruns. Local media reports indicate that monthly wages for different grades of civil servant would rise by TND 135-TND 180 (US$ 45-US$ 60). The increase takes effect in three stages in March and July this year, and in January 2020, with the last tranche paid as a tax credit. The Tunisian authorities estimate the total budget cost at TND 602 million (0.5% of GDP) in 2019.

The newly agreed pay rise could jeopardise targets under Tunisia's 2016-2020 US$ 2.9 billion IMF arrangement. The government had committed to reduce payroll expenditure to 14% of GDP in 2019 and 12.4% in 2020 by refraining from wage increases, maintaining a 25% replacement ratio and identifying 6,600 civil servants for early retirement and voluntary redundancy.

The government expects some offsetting impact from higher income and consumption tax revenues, and estimates that higher public-sector and private-sector wage settlements would generate a tax windfall of TND 500 million in 2019. It has also indicated it will take measures to meet its 2019 deficit target of 3.7% of GDP.

Fitch forecasts Tunisia’s central government deficit to narrow to 4% of GDP (including grants) in 2019 from an estimated 4.8% in 2018. Fitch's forecast incorporated slower progress on payroll reduction than assumed by the government in its 3.7% target. Parliament's rejection later in December of the draft pension reform bill has already raised risks of a higher-than-forecast budget deficit as the transfers to the cover the public pension fund deficit are a fiscal cost. The 2019 budget assumed pension reform approval.

The government plans to resubmit the bill in March. A significant breach of fiscal targets would raise risks for the completion of the fifth IMF programme review. Delays would increase financing pressures, although Tunisia benefits from strong international support.

SURVEYS

HNWIs ACROSS THE GCC PREFER TO INVEST CLOSER TO HOME, AS PER EIBANK

High net worth individuals (HNWIs) across the Gulf Cooperation Council (GCC) have a sense of increased confidence on the prospects for the regional economy and prefer to invest closer to home, as per a survey by Emirates Investment Bank (EIBank).

The main reasons for optimism on the GCC economy are the stabilization of oil prices and upcoming high-profile events in the region, as well as the benefits of diversification efforts and structural reforms, as per EIBank.

The United Arab Emirates will soon see the launch of key events of Expo 2020 and Special Olympics World Games Abu Dhabi 2019, which is boosting the investment appetite among regional investors, according to EIBank.

However, regional geopolitics are impacting the investment decisions for the majority of the survey's respondents (84%) which increased from 55% last year.

There is also strong agreement across all GCC countries that the geopolitical situation in the region has made an impact on how HNWIs choose to invest. The main impact of geopolitics on investors is that they are looking to diversify their portfolio and they are showing caution when investing, as per the same source.

However, the impact has not been entirely negative, as some investors have decided to focus more on local investments as a direct result of geopolitics, as per the same source.

The survey showed a preference among HNWIs in the region to invest locally, with 75% of them seeing more lucrative investment opportunities in their home markets than in overseas investments.

Among the HNWIs who prefer to keep their assets closer to home, the key factors are that they are confident that investments in the region are secure, adding that these HNWIs also believe that the region offers more attractive investment opportunities, in comparison to other regions, as per the CEO of EIBank.

In addition, the majority of the respondents who prefer to invest in the region are entrepreneurs. Thus, it is clear to see through their asset choice, whether cash or investing in their own businesses, why they also prefer to keep their assets closer to home, as per the same source.

Of the sectors drawing regional HNWIs' investment, it is seen that many investors currently having exposure to real estate, retail and oil & gas.

And while 70% of HNWIs currently have exposure to real estate and 50% have exposure to retail investments, the technology sector is gaining rising interest among HNWIs, with 25% of them already allocating assets to it and planning to increase their exposure to it this year, according to the survey.

SAUDI'S REAL ESTATE MARKET TO SEE A "HEALTHY CORRECTION" IN 2019, AS PER KPMG

Saudi Arabia's real estate market will see a "healthy correction" in 2019 after prices surged in the past few years, according to KPMG.

This correction is expected to continue over the short-term, but the market will pick up in the medium to long term, given the recent government initiatives to incentivize the sector, particularly the Ministry of Housing initiatives, as per the same source.

Last November, Saudi's ministry of Housing announced plans to build nearly 19,500 residential units for its citizens under its Sakani housing development program.

Additionally, new real estate projects are planned throughout the kingdom via public-private-partnerships. That includes mega developments such as Qiddiya, the Red Sea project and the US$ 500 billion NEOM project, which have been launched by Saudi sovereign wealth fund Public Investment Fund (PIF).
Looking at residential property, while villas have historically been more popular in Saudi than apartments, a new trend is emerging among young nationals who are now switching from traditional detached residential units towards smaller units including duplexes, townhouses and affordable apartments, the report said.

The current economic slowdown and changing mindsets of the youth are driving the new trend. Besides, private investors tend to develop either regular or luxury apartments since they are less price sensitive to the current market volatility. In cities like Riyadh, the launch of the Riyadh Metro has also led to price appreciation for locations closer to the metro stations.

Research shows that prices per square meter of residential land parcels in districts closer to the metro stations witnessed a slight increase compared to last year, as per the same source.

EGYPT'S HOTEL MARKET SEES 42% REVPAR GROWTH IN 2018, AS PER COLLIERS

Egyptian hotels in different governorates, such as Cairo, Hurghada, Sharm El Sheikh and Alexandria saw an average revenue per available rooms (RevPAR) growth of 42% in 2018 compared to 2017, according to Colliers International's MENA Hotel Forecast for 2019.

Colliers said that Egypt's hotels RevPAR growth is driven by both average daily rates (ADR) and occupancy due to strong corporate, leisure, and MICE activity (meetings, incentives, conventions, and events).

The report's forecast for the Egyptian market continues to be strong. The Red Sea resorts are expected to continue benefitting from positive security perceptions and returning of tourists from major source markets. The major Egyptian markets are forecasted to see an average RevPAR growth of 11% in 2019 in comparison to last year.

According to the report, Cairo hotels is projected to achieve 9% growth in RevPAR year-on-year and estimated occupancy at 77% with US$ 128 ADR and US$ 98 RevPAR, while Sharm El Sheikh hotels' RevPAR forecast worth US$ 27 with 12% growth in RevPAR year-on-year and predicted that occupancy will reach 58% for the full-year forecast.

The report elaborated that Hurghada hotels will achieve 13% growth in RevPAR year-on-year and 68% occupancy rate, meanwhile the report expected that Alexandria hotel market will register 81% occupancy rate with 10% growth in RevPAR year-on-year.

Looking at the region, amongst the Saudi market, hotels in Jeddah achieved higher performance levels (9% increase in RevPAR) in 2018 in comparison to 2017, mostly driven by the ADR. New supply will enter the Saudi market over the short to medium term, this is expected to put pressure on the occupancy and average daily rates. Jeddah hotel market is forecasted to see an average RevPAR growth of 3% in 2019 in comparison to last year, as per the report.

Dubai's hotel market is experiencing growing demand from price-sensitive source markets resulting in a drop in average daily rates, adversely impacting RevPAR. The market is forecasted to see similar performance trends in 2019 in comparison to last year, the report noted.

It also highlighted that Abu Dhabi beach hotels experienced relatively stable performance levels in 2018 with an increase in occupancy. The beach hotels in Abu Dhabi are forecasted to see an average RevPAR growth of 1% in 2019 in comparison to last year.

CORPORATE NEWS

SAUDI SABIC AND ENI TO DEVELOP JOINT NATURAL GAS TECHNOLOGY

Italian energy major Eni and Saudi Arabia's SABIC signed a joint development agreement to further develop an innovative technology for natural gas conversion into synthesis gas that can be transformed into high value fuels and chemicals.

The partnership will involve, among other activities, the construction of an Industrial Demonstration Plant that will be built and operated inside Eni industrial premises.

The development project will advance the technology, which is based on the Short Contact Time Catalytic Partial Oxidation (SCT-CPO) of natural gas, to further sustain the Eni and SABIC business by using in a more efficient way the cleanest and lower Green House Gas (GHG) emission fossil fuel.

This technology was initially developed by Eni after an intensive R&D period. This was coupled with SABIC's short contact time reactor R&D and the company's extensive knowledge of the integration of synthesis gas generation into processes to produce derived chemicals.

With this agreement, Eni and SABIC will be able to leverage world class R&D and operational experience to enable the success of the project, as per a statement by Eni.

Saudi Basic Industries Corporation (SABIC) manufactures chemicals and steel. The company produces methanol, ethylene, propylene, benzene, toluene, xylene, industrial gases, thermoplastic resins, polyester, melamine, urea fertilizers, and long and flat hot and cold rolled steel products.

L&T UNIT WINS MAJOR UAE SUBSTATION CONTRACT

India's top engineering and construction firm Larsen & Toubro (L&T) said one of its key subsidiaries, Power Transmission & Distribution (PT&D), secured a contract for the construction, supply, installation, testing and commissioning of a 132/11kV substation in the UAE.

The company said its PT&D unit also won an order for a 132kV cable circuit in the emirates.

On the domestic front, the business secured an order to convert overhead lines of a power distribution system to an underground cabling system in the cyclone-prone coastal town of Cuddalore in the south Indian State of Tamil Nadu.

Another transmission line package has been received from Bihar State Power Transmission Company Limited.

The business has also secured add-on orders from some of its existing transmission line projects, said the company in a statement.

L&T has also won a Engineering, Procurement and Construction order for the execution of drinking water supply projects in Srikakulam and East Godavari districts of Andhra Pradesh, as per the same source.

GROUP LED BY KUWAIT'S NIC WINS TENDER TO BUY KUWAITI BOURSE STAKE

A consortium led by Kuwait's National Investment Co. won the tender to acquire 44% of the Kuwait stock exchange, as per NIC's Chairman.

The consortium includes Athens Stock Exchange, Arzan Financial Group and First Investment.

SAUDI ARABIAN MILITARY INDUSTRIES COMPANY AND FRENCH FIRM SET UP NAVAL DEFENSE JV

The Saudi Arabian Military Industries Company (SAMI) and Naval Group, a French naval defense company, entered into a memorandum of agreement (MoA) to create a joint venture company in Saudi Arabia's naval defense domain.

The MoA sets out the framework for the establishment of this joint venture that will further strengthen Saudi Arabia's efforts focused on localizing essential industrial skills and capabilities.

The joint venture company will be at the helm of a naval program for the Royal Saudi Naval Forces and will support its existing and future requirements for state-of-the-art systems, including full life-cycle support of these systems.

UAE-OWNED SWISS PRIVATE BANK FALCON TO EXIT UK, SELL ASSETS TO DOLFIN

Switzerland's Falcon Private Bank will halt operations in the UK market and sell the assets of its London-based Falcon Private Wealth Ltd unit to Dolfin Financial (UK) Ltd, as per a company statement.

Falcon is owned by Middle Eastern investment firm Aabar Investments.

Falcon will continue to provide custodian services to its UK clients, whose wealth management needs will be served by Dolfin under the deal, which is expected to close in May at the latest.

ABU DHABI'S TAWAZUN TO GET A STAKE IN RUSSIAN LUXURY CAR PROJECT

Abu Dhabi's Tawazun Holding will take a 36% stake in Russian car maker Aurus, investing US$ 124 million in the company within three years, as per a statement by Russia's Industry Ministry.

Tawazun will become the main Aurus distributor in North Africa and the Middle East, the Russian Ministry said.

DUBAI'S ENOC SIGNS JV DEAL TO EXPAND EGYPTIAN OPERATIONS

ENOC Group signed a joint venture agreement with Proserv Egypt to set up ENOC Misr, its first on-ground operations in the lubricants sector in Egypt. The agreement marks ENOC Group's physical presence in Egypt as part of its wider plans to expand internationally into key markets, including Africa, the company said in a statement. Through the JV agreement, ENOC Misr will market and distribute ENOC's full range of lubricants to the commercial, industrial and marine sectors locally in the Egyptian market.

ENOC's product portfolio includes a diverse offering of lubricants services and products, in addition to jet fuel, liquefied petroleum gas (LPG), lubricants, bulk fuel, aviation, marine and alternative fuel such as compressed natural gas (CNG).

Emirates National Oil Company Ltd (ENOC) through its subsidiaries, engages in refining, oil trade, terminalling and storage, bunkering, liquefied petroleum gas, aviation fuel marketing, lubricants blending and marketing, and informational technology businesses in the Middle East, Asia, Europe, and Africa. It operates a refinery that processes condensate or light crude oil to yield refined products, such as naphtha, jet fuel, reformate, diesel oil, fuel oil, and liquefied petroleum gas (LPG) for local and export markets; and offers dry fuel gas offshore as fuel for petroleum production platforms, as well as methyl-tertiary butyl ether. The company also engages in trading and supplying oil products, and the procurement of refinery feedstock in international markets, operates domestic and international terminals for storage, handling, and blending requirements of oil companies, oil majors, traders and bunkering companies, as well as bulk liquid chemical products handling for inland consumption and for re-exports.

CAPITAL MARKETS

EQUITY MARKETS: ACTIVITY IN REGIONAL EQUITIES MOSTLY SKEWED TO THE DOWNSIDE

Activity in MENA equity markets was mostly skewed to the downside this week, as reflected by a 1.0% decrease in the S&P Pan Arab Composite Index. The Qatar Exchange led the decline in the region (-6.3%), and the UAE equity markets registered price falls of 1.9%. On the other hand, the heavyweight Saudi Tadawul and the Egyptian Exchange posted weekly price gains of 0.2% and 2.1% respectively.

The Qatar Exchange registered a 6.3% plunge in prices week-on-week, amid a wide sell-off after topping the gainers' list in the MENA region in 2018 and driven by some unfavorable financial results. 41 out of 46 listed stocks posted weekly price falls, while five stocks registered price gains. Ooredoo's share price shed 7.1% to QR 68.0. Ooredoo announced 2018 net profits of QR 1.57 billion against net profits of QR 1.90 billion in 2017. Gulf International Services' share price plummeted by 10.6% to QR 14.70. The firm posted a net loss of QR 98 million in 2018 against net profits of QR 85 million in 2017. Industries Qatar's share price plunged by 10.6% to QR 127.0. The firm announced a 52% yearly increase in its 2018 net profits to reach QR 5.03 billion, yet still missing analysts' estimates. Qatar Electricity & Water Company's share price shed 4.2% to QR 177.50. The firm announced a 5% yearly drop in its 2018 net profits to reach QR 1.54 billion. Ezdan Holding's share price fell by 14.4% to QR 13.66. Qatar National Cement Company's share price dropped by 12.4% to QR 63.84.

The UAE equity markets posted a 1.9% fall in prices week-on-week, mainly dragged by some unfavorable financial results. In Abu Dhabi, Union National Bank's share price retreated by 0.6% to AED 5.17. UNB posted a 28% year-on-year drop in its 2018 net profits to reach AED 1.2 billion. Abu Dhabi Aviation's share price plunged by 9.9% to AED 2.90. The firm reported 2018 net profits of AED 231 million against net profits of AED 244 million in 2017. Etisalat's share price declined by 0.9% to AED 16.84. Etisalat announced 2018 net profits of AED 8.62 billion against net profits of AED 8.41 billion in 2017, yet still missing analysts' forecasts.

In Dubai, GFH Financial Group's share price plunged by 13.9% over the week to AED 0.921. The bank reported 2018 fourth quarter net profits of US$ 11 million, down from net profits of US$ 17 million a year earlier. Dubai Financial Market's share price retreated by 1.5% to AED 0.799. DFM announced 2018 net profits of AED 126 million, down from net profits of AED 233 million in 2017. Amlak Finance's

EQUITY MARKETS INDICATORS (FEBRUARY 10 TILL FEBRUARY 16, 2019)

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	81.6	1.7%	-2.7%	6.0	562.6%	1.2	8,871.0	3.5%	5.0	0.67
Jordan	389.0	0.4%	2.0%	27.8	-7.6%	18.1	23,294.9	6.2%	13.5	1.43
Egypt	329.3	2.1%	19.6%	281.4	-22.0%	1,043.5	49,067.7	29.8%	10.7	2.01
Saudi Arabia	376.3	0.2%	11.1%	3,215.1	-15.6%	502.0	546,682.3	30.6%	16.7	2.43
Qatar	177.9	-6.3%	-5.7%	246.4	-14.6%	29.4	154,972.9	8.3%	13.3	1.91
UAE	113.6	-1.9%	0.5%	521.2	-10.9%	857.7	240,266.1	11.3%	11.6	1.77
Oman	204.0	-0.8%	-4.2%	35.1	30.1%	42.4	17,961.8	10.2%	9.6	0.98
Bahrain	128.7	-2.5%	7.5%	16.2	-1.6%	28.9	21,734.8	3.9%	10.8	1.26
Kuwait	95.6	-0.2%	1.0%	401.9	-2.7%	632.0	86,383.6	24.2%	14.6	1.56
Morocco	270.1	0.0%	0.3%	45.8	36.1%	2.3	61,261.3	3.9%	17.7	2.55
Tunisia	67.4	-1.4%	-4.1%	7.2	18.2%	3.4	7,774.0	4.8%	12.9	2.24
Arabian Markets	**769.1**	**-1.0%**	**5.5%**	**4,804.2**	**-13.7%**	**3,160.8**	**1,218,270.5**	**20.5%**	**14.5**	**2.09**

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

Sources: S&P, Bloomberg, Bank Audi's Group Research Department share price shed 3.8% to AED 0.355. Amlak Finance announced a 2018 net loss of AED 126 million versus net profits of AED 51 million in 2017. Dubai Investments' share price shed 8.0% to AED 1.15. The firm announced 2018 net profits of AED 651 million as compared to net profits of AED 1 billion in 2017.

In contrast, the heavyweight Saudi Tadawul recorded shy price gains of 0.2% week-on-week, mainly helped by some favorable company-specific factors and a 6.7% rise in oil prices. Alawwal Bank's share price closed 1.5% higher at SR 16.42. The bank announced 2018 net profits of SR 1.13 billion versus net profits of SR 1.34 billion in 2017, yet still exceeding analysts' forecasts. Sipchem's share price went up by 2.3% to SR 19.44. The firm announced 2018 net profits of SR 583 million, up from net profits of SR 437 million in 2017. SABB's share price rose by 2.2% to SR 37.50. SABB posted 2018 net profits of SR 4.93 billion against net profits of SR 3.96 billion a year earlier. NCB's share price closed 1.3% higher at SR 54.60. HSBC upgraded its recommendation on NCB to "buy" with a price target of SR 58.

The Egyptian Exchange continued to trace an upward trajectory for the fifth consecutive week, as reflected by a 2.1% weekly rise in the S&P BMI index, mainly supported by some favorable market-specific and company-specific factors. The Central Bank of Egypt cut this week its benchmark interest rates for the first time since March 2018 by 100 bps. Commercial International Bank's share price surged by 3.9% to LE 73.89, bringing its year-to-date price gains to circa 25%. CIB's Board of Directors decided early-2019 to raise the bank's capital from LE 20 billion to LE 50 billion. Also, CIB posted a 27% year-on-year increase in its 2018 net profits to reach LE 9.58 billion. Ezz Steel's share price went up by 3.8% to LE 21.17. Palm Hills Development's share price closed 1.6% higher at LE 2.60.

FIXED INCOME MARKETS: MOSTLY DOWNWARD PRICE MOVEMENTS IN MENA BOND MARKETS

MENA fixed income markets saw mostly downward price movements this week, mainly tracking US Treasuries move following the release of US Consumer Price Index data for January 2019 and on renewed investor confidence after the US and China started a new round of tariff negotiations.

In the Qatari credit space, sovereigns maturing between 2019 and 2026 registered price drops of up to 0.19 pt week-on-week. Sovereigns maturing in 2030, 2040, 2042 and 2046 posted price retreats ranging between 0.08 pt and 0.65 pt. Regarding plans for new issues, Qatar is weighing plans to tap international bond markets.

Also, Ooredoo papers maturing in 2021, 2023, 2028 and 2043 were down by up to 0.29 pt this week. Ras Gas'19 and '20 closed down by 0.22 pt and 0.11 pt respectively. As to papers issued by financial institutions, Commercial Bank of Qatar'19 and '21 recorded shy price contractions of up to 0.07 pt. Ahli Bank Qatar'21 was down by 0.11 pt. Prices of International Bank of Qatar'20 declined by 0.28 pt. Regarding plans for new issues, Qatar International Islamic Bank hired Al Khaliji Commercial Bank, Barclays, Barwa Bank, Boubyan Bank, Maybank, QNB Capital and Standard Chartered to arrange fixed income investor meetings in Kuala Lumpur, Hong Kong, Singapore and London ahead of the sale of a benchmark five-year US dollar RegS Sukuk.

In the Saudi credit space, sovereigns maturing in 2021 and 2022 closed down by 0.05 pt and 0.11 pt respectively this week. Sovereigns maturing between 2025 and 2030 registered price contractions ranging between 0.08 pt and 0.43 pt. SABIC'23 closed down by 0.15 pt. Prices of SECO'22, '23 and '24 (offering a coupon of 4%) decreased by 0.37 pt, 0.28 pt and 0.25 pt respectively. As to new issues, Saudi Arabia has introduced for the first time in February 2019 a twelve-year tenor in domestic Sukuk issuance.

In the Abu Dhabi credit space, sovereigns maturing between 2019 and 2047 reported weekly price declines of up to 0.48 pt. Mubadala papers maturing between 2020 and 2041 posted price falls of up to 0.58 pt. Prices of Dolphin'19 and '21 decreased by 0.15 pt and 0.08 pt respectively. ADNOC'29 and '47 were down by 0.16 pt and 1.25 pt respectively. Etisalat papers maturing between 2019 and 2026 saw price contractions of up to 1.30 pt. Taqa papers maturing in 2019, 2021 and 2036 closed down by up to 0.43 pt, while Taqa papers maturing in 2023, 2025, 2026 and 2030 registered price gains of up to 0.36 pt. Amongst financials, ADIB Perpetual was down by 0.38 pt. Prices of Al Hilal Perpetual declined by 0.17 pt. ADCB'23 traded down by 0.53 pt.

In the Bahraini credit space, sovereigns maturing in 2020, 2021, 2022, 2024, 2025, 2028, 2029, 2044 and 2047 registered price gains of up to 0.77 pt, while Bahrain'26 was down by 0.07 pt week-on-week. Batelco'20 was down by 0.19 pt. NOGA'27 closed down by 0.14 pt, while NOGA'24 and '28 posted price rises of 0.56 pt and 0.11 pt respectively. Prices of Mumtalakat'21 decreased by 0.38 pt. As to plans for new issues, Mumtalakat mandated BNP Paribas, Citi, HSBC, National Bank of Bahrain and Standard Chartered Bank as joint lead managers and joint bookrunners to arrange a series of fixed income investor meetings in London, Asia and the Middle East ahead of the sale of a US dollar-denominated five-year fixed rate senior unsecured Sukuk.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	15-Feb-19	08-Feb-19	31-Dec-18	Week-on-week	Year-to-date
Abu Dhabi	61	62	67	-1	-6
Dubai	129	129	129	0	0
Kuwait	67	67	66	0	1
Qatar	75	76	82	-1	-7
Saudi Arabia	91	92	105	-1	-14
Bahrain	256	255	293	1	-37
Morocco	103	104	111	-1	-8
Egypt	361	361	391	0	-30
Lebanon	690	688	770	2	-80
Iraq	393	382	519	11	-126
Middle East	**223**	**222**	**254**	**1**	**-31**
Emerging Markets	**127**	**126**	**188**	**1**	**-61**
Global	**161**	**164**	**189**	**-3**	**-28**

Sources: Bloomberg, Bank Audi's Group Research Department

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

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

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	B-/Stable/B	Caa1/Stable	B-/Negative/B
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Stable	NR
Egypt	B/Stable/B	B3/Positive	B/Positive/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A-/Stable/A-2	A1/Stable	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA/Stable/F1+*
Qatar	AA-/Stable/A-1+	Aa3/Stable	AA-/Stable/F1+
Kuwait	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	BB-/Stable/B
Oman	BB/Stable/B	Baa3/Negative	BB+/Stable/F3
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BBB-/Stable/A-3	Ba1/Stable	BBB-/Stable/F3
Tunisia	NR	B2/Stable	B+/Negative/B
Libya	NR	NR	NR
Sudan	NR	NR	NR

NR= Not Rated RWN= Rating Watch Negative * Emirate of Abu Dhabi Ratings

FX RATES (per US$)	15-Feb-19	08-Feb-19	31-Dec-18	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%	0.0%
Egyptian Pound (EGP)	17.54	17.61	17.92	-0.4%	-2.1%
Iraqi Dinar (IQD)	1,194.77	1,192.92	1,192.68	0.2%	0.2%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.66	3.65	3.65	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.30	0.30	0.30	0.0%	0.0%
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)	119.05	119.05	117.65	0.0%	1.2%
Moroccan Dirham (MAD)	9.54	9.54	9.54	0.0%	0.0%
Tunisian Dinar (TND)	3.06	3.05	3.05	0.3%	0.6%
Libyan Dinar (LYD)	1.38	1.39	1.40	0.0%	-1.0%
Sudanese Pound (SDG)	47.62	47.62	47.62	0.0%	0.0%

Sources: Bloomberg, Bank Audi's Group Research Department

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