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MENA equity markets came under downward price pressures this week, as reflected by a 3.8% fall in the S&P Pan Arab Composite Index, tracking declines in global equities amid increased US-China trade tensions, and driven by some unfavorable company-specific factors in addition to some profit-taking operations during the Holy month of Ramadan. In parallel, regional bond markets saw mixed price movements week-on-week. Some regional papers registered price gains, tracking US Treasuries move as renewed US-China trade tensions stoked demand for safe haven assets. Some other papers followed a downward trajectory given the slow mood of the Holy month of Ramadan.

MENA MARKETS: WEEK OF MAY 05 - MAY 11, 2019

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-3.8%	Weekly Z-spread based bond index	+2.6%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+8.7%	YTD Z-spread based bond index	-10.0%

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ECONOMY

J.P. MORGAN EXPECTS MENA GROWTH TO REMAIN SUBDUED AT 1.5% THIS YEAR

In a recently released report on the region, J.P. Morgan said that following the end of conflicts in Iraq and Syria, prospects for the region are expected to improve. After years of dampening activity, regional conflict is winding down, improving prospects for both in the countries which have been directly impacted such as Syria and Iraq and neighbors such as Lebanon and Jordan. While international restrictions on Syria-related transactions will remain an impediment for now, the opening of the Al Qaim crossing between Iraq-Syria and the Nassib crossing between Jordan-Syria are expected to increase trade, investment and service flows in neighboring countries and with third countries in the Gulf. In Iraq, the authorities have reestablished control of Mosul and recovered oil-rich Kirkuk, paving the way for reconstruction efforts to start after years of war.

MENA headline growth is expected by J.P. Morgan to remain subdued at 1.5% in 2019, down from 1.7% last year, and well below the 4.2% long-term average. The report expects MENA growth to remain subdued unless oil prices (hence State spending) rise further. In the meantime, headline growth will be optically lower this year due to oil production curbs following the OPEC+ agreement in October. J.P. Morgan estimates that the curbs will shave off almost half a percentage point from MENA headline growth this year. Nonetheless, non-hydrocarbon sector performance in oil exporters should improve due to increased government spending, and oil importers' slow recovery continues with the winding down of regional conflicts.

The weakness in labor market reforms continues to be a drag on growth, added J.P. Morgan. The unemployment rate is expected to remain high in the region at 10.8% in 2019, still well above the global average of 5.8%. MENA population is projected to grow by 1.7% to 413 million in 2019, according to the UN, with 45% of the population concentrated in Egypt and Iran. Not surprisingly, the pressure to create jobs remains intense in both countries. Benefiting from a recovery in growth, the unemployment rate in Egypt declined to 8.9% at end-2018, from 13.4% in 2013.

With weak growth and dollar pegs in much of the region, inflation in MENA, excluding Iran, is projected by the report to decline to 1.5% in 2019, from 3.2% last year. Lower oil prices are expected to lead to a decline in the MENA current account surplus to 2% of GDP, from 4% last year. Assuming Brent crude oil prices average US$ 70 per barrel this year, J.P. Morgan is projecting the MENA fiscal deficit to widen again to 4% of GDP in 2019, from 2.9% of GDP last year.

MENA MACROECONOMIC INDICATORS

	2018	2019f	2020f
Real GDP growth	1.7%	1.5%	3.1%
Current account balance/GDP	4.0%	1.8%	1.7%
Public FX assets/GDP	95%	92%	88%
Fiscal balance/GDP	-2.9%	-4.0%	-3.1%
Public debt/GDP	45%	46%	48%
External debt/GDP	41%	42%	42%

Source: J.P. Morgan

With easing global headwinds and recovery in oil prices, the report does not expect currencies in the region to come under pressure. Following the US Federal Reserve's dovish shift, J.P. Morgan expects no hikes in dollar peg countries this year and one 25 bps rate hike next year. Egypt is still the only country in the region where there is significant scope for monetary easing over the next two years, as per the report.

WEAKNESS IN REAL ESTATE MARKET BOTH REFLECTS AND CONTRIBUTES TO WEAK ECONOMIC GROWTH IN GCC, SAYS IIF

According to a recent report by the Institute of International Finance (IIF), weakness in the real estate market has both reflected and contributed to weak economic growth in much of the GCC, particularly the United Arab Emirates, Qatar, and Saudi Arabia.

After consciously targeting real estate investment as a key plank of their diversification strategies, these countries have experienced a persistent drag on overall growth due to the real estate slowdown since the 2014 plunge in oil prices, and a mounting challenge to financial stability, as per the report.

Prices have fallen largely unabated in Dubai and Saudi Arabia since 2014. Qatar's prices have seen some temporary up-turns but remain well below their pre-rift levels. The weak-ness of the GCC real estate market in recent years stands in stark contrast to emerging markets as a whole, as per the IIF.

Vulnerability is a consequence of an unrealistic economic model, amplified by external developments such as a slowing global economy, real appreciation of currencies, intra-GCC political rifts, and regional tensions. Even as some large developments have been scaled back, and vacancy rates in existing sites have stayed high, developers with close ties to the sovereign continue to unveil other new megaprojects, according to IIF.

Looking ahead, the price decline is likely to persist. Nevertheless, there are some signs of market adjustment as well as positive country-specific factors, as the region looks to take lasting advantage of events that will put it in the global spot-light by implementing targeted reforms, according to the report.

Real estate development in the GCC has often operated on a model that emphasizes excess for the sake of excess (particuarly in Dubai). The priority has been raising the region's profile and cultivating the notion that there is an intrinsic cachet to investing in the market simply because the products are the biggest and the best.

As a result, the market is oversaturated with massive developments, and product differentiation is low. A recent report by Jones Lang LaSalle (JLL) notes that 570,000 units of new supply could enter the Dubai market by 2020 – an average annual increase of 8 percent, far outpacing the projected 2.5 percent increase in the resident population. The Bank of International Settlements (BIS) shows that average residential real estate prices in Dubai contiued to decline in the past few months to 7.1% in February 2019, year-on-year.

Similar patterns of oversupply and falling prices are evident in both commercial and residential markets across the region. As business growth slows in the UAE, and corporations embark on restructuring, demand falls both for offices and for residential units, particularly at the high end of the market.

Meanwhile, with a seemingly endless pipeline of new malls competing both with existing centers and e-commerce providers, rental rates are falling. To some extent, the model of steadily upstaging existing product offerings by constantly rolling out a new "biggest" and "best" alternative is inherently limiting, since potential buyers are wary that the best offerings at any given time will soon become of the past, as per the IIF.

EGYPT REFORMS HELP MOVE ECONOMY TOWARD HIGHER TREND GROWTH PATH, SAYS MOODY'S

According to Moody's, Egypt's implemented macroeconomic and fiscal reforms in the run-up to and under the umbrella of its three-year Extended Fund Facility (EFF) with the IMF since November 2016 have helped move the economy toward a higher trend growth path and strengthened its shock-absorption capacity.

Thus, continued progress on reforms observed over the past three years and improvements in the private sector's access to credit underpin the rating agency's expectations of a return to 5.5% GDP growth in 2019 and further acceleration to 6% by 2021.

Longer-term, Egypt's potential growth would hinge on reforms that foster absorption of large numbers of new labour market entrants over the next decade in light of the public sector's balance sheet constraints. Longstanding vested interests in the public sector are likely to slow these efforts, as per Moody's.

The completion of reforms to energy subsidies envisaged under the EFF together with earlier reductions in the wage bill to an expected 5% of GDP from 8.5% in 2013 underpin Moody's expectations of a return to a general government primary surplus in fiscal 2019.

In particular, the extension of the consumer price indexation formula to most fuel types--supported by the adopted oil price hedging mechanism as backstop against oil price spikes would shield the fiscal trajectory from oil price shocks and allow the fiscal deficit to decline in line with a gradually diminishing interest bill.

The changes in the structure of government spending towards more focused support to lower-income households and toward investment will help strengthen the resilience of the government's fiscal position to economic and financial shocks, as per the rating agency.

Moving on to liquidity risks and capital market outflows, Egypt's annual gross financing needs worth 30% to 40% of GDP over the next few years are a key source of liquidity risk for the sovereign that would continue to weigh on Egypt's credit profile.

Although sharp capital outflows in the second half of 2018 and the consequent widening in spreads highlight the sensitivity of Egypt's debt costs to shifts in foreign investor demand, this period also underscores the shock-absorption capacity of domestic financial sector and its role as a primary funding source for the government during times of stress, according to Moody's.

EGYPT ANNOUNCES ESTABLISHMENT OF SEVEN NEW FREE ZONES TO ATTRACT MORE INVESTORS

The Egyptian government announced the establishment of seven new free zones in order to attract more investors and increase exports and productivity.

It added that the construction plan includes areas in Minya, South Sinai, New Ismailia, Dakahlia, Aswan, and Kafr El Sheikh.

The seven regions are expected to include more than 1,000 projects, which would contribute to the provision of about 120,000 jobs.

The number of projects in the Free Zones exceeded 1,095 projects, with capital amounting to US$ 12.5 billion, in addition to US$ 2.2 billion in direct foreign investment (FDI) and an investment cost of about US$ 26.3 billion. These projects contributed to the provision of 194,000 jobs.

SURVEYS

GCC ISLAMIC BANKS TO STAY RESILIENT IN 2019-2020, AS PER S&P

Islamic banks in the GCC are expected to show resilience over the next two years after weathering tough market conditions in 2018, said S&P Global Ratings in a new report.

According to the report, in 2018, GCC Islamic banks expanded slower than conventional peers for the first time in five years, said S&P.

However, the growth difference was a mere 1%, which explains why the agency thinks the conventional and Islamic banks in its sample will see similar growth patterns in 2019-2020."

S&P projects mid-single-digit growth for both types of banks due to several factors. These include S&P's forecast of muted GCC economic growth over this period, despite some benefit from government spending and strategic initiatives such as national transformation plans, the 2022 Fifa World Cup, and Dubai Expo 2020.

GCC Islamic banks' saw customer deposits growth halve to 2.5% in 2018, compared with 6.4% in 2017, on the back of the relinquishing of some expensive deposits and the depreciation of the Turkish lira, which affected the US-dollar-denominated financial results of some banks in the agency's sample. However, thanks to relatively muted loan growth, the funding profile of these banks remained stable and comparable with conventional peers.

The ratio of financings to total deposits stood at 92.6%for Islamic banks in S&P's sample at end-2018, and the agency does not expect major changes in the funding and liquidity profile in 2019-2020.

MENA RENEWABLE CAPACITY GROWTH ACCELERATES IN 2018, AS PER THE IEA

Renewable capacity expansion accelerated during 2018 in many emerging economies and developing countries in the MENA region and parts of Asia, led by wind and solar photovoltaic (PV) as a result of rapid cost declines, said the International Energy Agency (IEA) in a new report.

Globally, after nearly two decades of strong annual growth, renewables added as much net capacity in 2018 as they did in 2017, raising concerns about meeting long-term climate goals, according to the IEA's Sustainable Development Scenario (SDS).

Last year was the first time since 2001 that growth in renewable power capacity failed to increase year-on-year. New net capacity from solar PV, wind, hydro, bioenergy, and other renewable power sources increased by about 180 Gigawatts (GW) in 2018, the same as the previous year, according to the International Energy Agency's latest data. That's only around 60% of the net additions needed each year to meet long-term climate goals.

Renewables have a major role to play in curbing global emissions. Renewable capacity additions need to grow by over 300 GW on average each year between 2018 and 2030 to reach the goals of the Paris Agreement.

But the IEA's analysis shows the world is not doing enough. Last year, energy-related CO_2 emissions rose by 1.7% to a historic high of 33 Gigatonnes. Despite a growth of 7% in renewables electricity generation, emissions from the power sector grew to record levels.

UAE PMI HIGHLIGHTS THE SHARPEST IMPROVEMENT IN BUSINESS CONDITIONS SINCE DECEMBER 2017, AS PER EMIRATES NBD.

UAE's PMI including April data from the Emirates NBD was released. The survey, compiled by IHS Markit, contains original data collected from a monthly survey of business conditions in the UAE non-oil private sector.

The improvement in the volume of activity and new order growth last month is encouraging, as per Emirates NBD. However, with firms still competing on price, there is still a reluctance to boost hiring and we haven't seen a meaningful improvement in job growth. Household consumption is likely to remain constrained in the absence of job and/ or wage growth, as per the same source.

The main findings of the April survey were as follows the country saw sharp and accelerated rises in activity and new orders, output prices being cut for seventh month running and optimism hitting new record high.

The headline seasonally adjusted Emirates NBD UAE Purchasing Managers' Index™ (PMI®) – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – rose for the second month running in April, hitting 57.6 from 55.7 in March. The reading signaled a sharp monthly improvement in business conditions, and one that was the greatest since December 2017.

Latest data pointed to a sharp acceleration in the rate of new order growth at UAE non-oil companies, with the pace of expansion at a 16-month high. Panelists pointed to improvements in market conditions. External demand also picked up markedly as new work from Saudi Arabia and Oman in particular pushed the rate of growth in new export orders to a near four-year high, as per the survey.

Higher new orders combined with a number of ongoing projects led to a substantial rise in business activity in April. Moreover, the rate of expansion was the fastest since January 2015.

The offer of discounts to customers led to a seventh successive monthly fall in output prices, and one that was more marked than seen in March. Companies were able to reduce charges thanks to a relative lack of cost inflationary pressures. Both purchase prices and staff costs rose only marginally in April, as per Emirates NBD.

As part of efforts to limit cost inflation, staffing levels were raised only slightly again at the start of the second quarter, despite strong increases in workloads. A combination of sharp new order growth and relatively weak hiring led backlogs of work to rise at a faster pace, according to the same source.

Business confidence was the highest since the series began seven years ago during April, as expectations of higher new orders supported optimism in the 12-month outlook for activity. Around 82% of panelists predicted a rise in output over the coming year.

Purchasing activity continued to rise sharply, while stocks of purchases were accumulated to the greatest extent since March 2018. Despite stronger demand for inputs, suppliers' delivery times shortened as vendors responded well to requirements for faster deliveries, according to Emirates NBD.

CORPORATE NEWS

EAGLE HILLS DIYAR INKS US$ 374 MILLION BAHRAIN PROJECT FINANCE DEAL

Eagle Hills Diyar, the developer of Bahrain's waterfront project Marassi Al Bahrain, said it signed an agreement with a syndicate of banks from UAE and Bahrain for US$ 374 million to finance the construction of Marassi Galleria, Address Hotel and Vida Hotel.

The project comprises a range of residential components, such as Marassi Residences, Marassi Shores Residences and Marassi Boulevard in addition to Marassi Galleria, the 200,000 square meters shopping and entertainment destination which will offer a range of entertainment facilities.

The development will also provide access to a 2 km promenade and 1 km beach with waterfront retail outlets and a food and beverage (F&B) boulevard.

YBA KANOO AND AXA INK BAHRAIN BAY TOWER DEAL

Yusuf Bin Ahmed Kanoo Group (YBA Kanoo) signed a deal with Axa, one of the largest international insurers in the GCC, for its new real estate development in Bahrain Bay.

The new building is expected to open in late summer of 2019. Extensive work has been ongoing in the design, build and fit-out.

In addition, the building has been designed with sustainability in mind and will feature rooftop solar panels and automated lighting controls.

MCDERMOTT WINS FEED CONTRACT BY ADNOC REFINING

US-based McDermott International said it was awarded a contract by ADNOC Refining to provide front-end engineering design (FEED) services for the Refinery Offgases (ROG) project at the Ruwais Refinery in Abu Dhabi, UAE.

The scope of work in the concept study phase includes evaluating various technology configurations and options for the recovery of hydrogen, ethane and sales-grade LPG or C3 and C4. The ROG FEED services will be used as the basis for the preparation of the engineering, procurement and construction management (EPCM) estimate and inquiry phase.

Work on the project will begin immediately and the contract award will be reflected in McDermott's second quarter 2019 backlog, a company statement said.

ACWA-LED CONSORTIUM WINS MAJOR OMAN SOLAR PV PROJECT

Saudi-based Acwa Power said a consortium led by the company secured a major contract from the Oman Power and Water Procurement Company (OPWP) for the development of the largest utility-scale solar photovoltaic (PV) independent power project in the Sultanate.

The consortium, which includes Kuwait-based groups Gulf Investment Corporation (GIC) and Alternative Energy Projects Company (AEPCo), inked agreements for the development of Ibri-2 Independent Power Producer (IPP) with the Oman utility group.
The project will be located around 300 km west of Muscat, and will contribute towards increasing power supplies in the sultanate, said a statement from Acwa Power.

As per the deal, the Acwa-led consortium will be developing the project on a BOO (build, own, operate) basis, including the development, finance, construction, and operation of the 500 MWac solar PV power plant.

Following an international competitive tendering process that included 12 qualified bidders, OPWP awarded the project to the consortium for submitting the best economic tariff for the electricity that would be sold to the Omani utility firm, as per a company statement. Acwa Power is the lead investor in the project with a 50% stake, whereas GIC will have a 40% stake and AEPC will control the remaining 10%.

The project will be the first utility-scale solar power project in Oman and will utilize solar PV technology to yield 500MWac of power. The innovative design of the plant will ensure the highest efficiency, reliability and availability standards for any comparable plant in the world, said the statement.

At peak generation capacity, the plant output will be enough to supply an estimated 33,000 homes with electricity and will offset 340,000 tons of carbon dioxide emissions a year.

BILFINGER MIDDLE EAST WINS BIG EPC CONTRACTS FROM ADNOC

Bilfinger, one of the leading global engineering and industrial services providers based in Germany, said it secured a major contract from Abu Dhabi National Oil Company (ADNOC) to provide turnkey installation, replacement and modification services for its refining unit in Ruwais.

Bilfinger said its Middle East division won three separate projects from ADNOC during the first quarter. As per the deal, Bilfinger will design, supply, install and upgrade solutions related to the Abu Dhabi group's hydrocracker (HCK) and hydro skimmer (HSK) units. Tie-ins are expected to be carried out during a major turnaround in 2020, as per a company statement.

Under a second contract, Bilfinger will provide specialised EPC services for the installation of Bernoulli filters for the HCK unit's seawater network as well as LPG transfer pumps and progressive cavity pumps at the HSK plant.

At the same industrial complex, the company was also awarded a contract to perform piping modifications for service water and eye shower facilities. The scope of work includes the replacement of certain lines, with associated civil and structural works for above-ground and underground pipe network systems. All three projects are expected to be completed in 2020, stated the top European company which boasts nearly half a century of presence in the UAE.

TPG SIGNS DEAL TO TAKE OVER MANAGEMENT OF ABRAAJ'S HEALTHCARE FUND

US private equity firm TPG said it signed a definitive agreement to takeover the management of a healthcare fund, previously managed by collapsed private equity firm Abraaj. The healthcare fund assets will form part of a new fund called Evercare Health Fund, it said in a statement.

Abraaj had a row with investors including the Bill & Melinda Gates Foundation and the International Finance Corp over the use of money in a US$ 1 billion healthcare fund.

UAE-BASED AL-FUTTAIM GROUP PLANS CAIRO MALL EXPANSION

UAE-based Al-Futtaim Group is planning an expansion to its Cairo Festival City Mall in the Egyptian Capital. The 22,143 square meters (sqm) expansion, known as Festival Avenue, will host 100 outlets to the existing mall at Cairo Festival City in New Cairo.

Al-Futtaim says the brands that will occupy Festival Avanue include: Mont Blanc, Omega, Bulgari, Zegna, Versace CJ, EA Junior, Love Moschino, Le Collezione, Burberry, Salvatore Ferragamo, Cole Haan, Roberto Cavalli Sport, Red Valentino and Hackett. The contract to build the existing Cairo Festival City Mall was awarded to a joint venture of the UAE/UK-based Al-Futtaim Carillion and Egypt’s Orascom Construction Industries in 2009.

That US$ 250m design-and-build contract involved the construction of a 140,000 sqm, three-level shopping center that will be home to a mix of 250 international and regional retail brands, as well as a hypermarket, a multiplex cinema and food and beverage outlets.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES UNDER DOWNWARD PRICE PRESSURES THIS WEEK

MENA equity markets came under downward price pressures this week, as reflected by a 3.8% fall in the S&P Pan Arab Composite Index, tracking declines in global equities amid increased US-China trade tensions, and driven by some unfavorable company-specific factors in addition to some profit-taking operations during the Holy month of Ramadan.

The UAE equity registered a 5.3% fall in prices week-on-week, mainly weighed down by escalating global trade tensions, some unfavorable financial results and some profit-taking operations during the Holy month of Ramadan. In Dubai, Deyaar Development's share price shed 3.9% to AED 0.344. Deyaar Development announced 2019 first quarter net profits of AED 18 million as compared to net profits of AED 40 million during the same period of last year. Emaar Development's share price dropped by 4.0% to AED 3.57. Emaar Development posted 2019 first quarter net profits of AED 751 million as compared to net profits of AED 819 million a year earlier. Dubai Investments' share price plunged by 5.7% to AED 1.32. Dubai Investments reported 2019 first quarter net profits of AED 202 million as compared to net profits of AED 362 million during the same period of the previous year.

In Abu Dhabi, ADCB's share price plummeted by 10.4% week-on-week to AED 8.65. ADCB reported a 5% year-on-year fall in its 2019 first quarter net profits to reach AED 1.15 billion. First Abu Dhabi Bank's share price went down by 2.5% to AED 15.60. HSBC downgraded FAB's stock to "Hold" with a price target of AED 15.90. Etisalat's share price closed 5.3% lower at AED 15.86.

The heavyweight Saudi Tadawul posted a 5.1% drop in prices week-on-week, mainly dragged by weak global sentiment amid rising US-China trade tensions, some unfavorable company-specific factors and as some market players sought to book profits during the Holy month of Ramadan.

Saudi German Hospital's share price plunged by 12.3% over the week to SR 27.85. Saudi German Hospital announced an 83% year-on-year drop in its 2019 first quarter net profits to reach SR 14.6 million. Dar Al Arkan's share price shed 9.6% to SR 9.96. Dar Al Arkan registered 2019 first quarter net profits of circa SR 26 million during the first quarter of 2019 as compared to net profits of SR 331 million during the same period of 2018, down by 92% year-on-year. Middle East Paper Company (known as MEPCO) registered a 10.9% fall in its share price to reach SR 16.70. MEPCO posted 2019 first quarter net profits of SR 6 million as compared to net profits of SR 28 million a year earlier. Takween's

EQUITY MARKETS INDICATORS (MAY 05 TILL MAY 11, 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	75.6	-3.1%	-9.9%	2.2	59.4%	0.5	8,215.0	1.4%	6.3	0.62
Jordan	365.5	1.7%	-4.2%	25.5	-39.7%	14.2	21,369.1	6.2%	12.0	1.43
Egypt	322.6	-4.7%	17.1%	150.2	163.8%	496.6	46,537.2	16.8%	10.7	2.53
Saudi Arabia	387.7	-5.1%	14.5%	4,786.3	-5.4%	601.1	556,298.6	44.7%	16.6	2.36
Qatar	178.0	-5.3%	-5.7%	307.5	-0.1%	44.1	152,985.3	10.5%	13.5	1.99
UAE	114.8	-5.3%	1.6%	1,122.8	50.8%	1,857.8	246,649.4	23.7%	11.2	1.74
Oman	193.8	-2.0%	-9.0%	20.1	-12.3%	49.6	16,905.6	6.2%	9.4	0.93
Bahrain	140.6	-0.3%	17.4%	15.1	11.7%	17.1	21,970.9	3.6%	10.0	1.46
Kuwait	109.3	2.3%	15.5%	429.5	54.2%	468.3	97,974.6	22.8%	15.8	1.96
Morocco	265.6	1.4%	-1.4%	22.8	21.2%	1.2	59,299.9	2.0%	18.7	2.71
Tunisia	66.5	0.0%	-5.4%	3.4	-17.7%	1.6	7,629.0	2.3%	13.2	2.43
Arabian Markets	**791.9**	**-3.8%**	**8.7%**	**6,885.5**	**5.1%**	**3,552.1**	**1,235,834.6**	**29.0%**	**14.6**	**2.12**

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

Sources: S&P, Bloomberg, Bank Audi's Group Research Department share price dropped by 9.5% to SR 7.69. Takween announced a widening net loss from SR 0.8 million during the first quarter of 2018 to SR 12.5 million during the first quarter of 2019.

The Qatar Exchange saw a 5.3% decrease in prices week-on-week, mainly due to weak global sentiment and some profit-taking operations. 37 out of 46 listed stocks registered price falls, while eight stocks posted price gains and one stock saw no price change week-on-week. Qatar National Bank's share price fell by 6.6% to QR 182.50. Qatar Islamic Bank's share price shed 6.5% to QR 159.0. Commercial Bank of Qatar's share price plummeted by 6.9% to QR 47.20. Industries Qatar's share price dropped by 7.0% to QR 113.01. Ooredoo's share price retreated by 1.5% to QR 63.90. Barwa Real Estate's share price closed 4.4% lower at QR 33.85. Gulf Warehousing Company's share price went down by 3.1% to QR 46.0.

The Egyptian Exchange recorded a 4.7% decline in prices week-on-week, mainly dragged by some unfavorable company-specific factors and some profit-taking operations as the EGX had so far topped the gainers' list in the MENA region. El Sewedy Electric's share price shed 10.0% to LE 14.02. The stock traded ex-dividend on May 6, 2019. Emaar Misr for Development's share price plunged by 9.8% to LE 3.12. The firm announced 2019 first quarter net profits of LE 419 million as compared to net profits of LE 503 million during the corresponding period of the previous year. Commercial International Bank's share price fell by 3.1% to LE 73.46. Juhayna Food Industries' share price went down 3.5% to LE 12.47. Oriental Weavers' share price closed 3.0% lower at LE 9.16.

FIXED INCOME MARKETS: MIXED PRICE MOVEMENTS IN MENA BOND MARKETS WEEK-ON-WEEK

MENA fixed income markets saw mixed price movements during this week. Some regional papers registered price gains, tracking US Treasuries move as renewed US-China trade tensions stoked demand for safe haven assets. Some other papers followed a downward trajectory given the slow mood of the Holy month of Ramadan.

In the Qatari credit space, sovereigns maturing between 2021 and 2028 posted price gains of up to 0.20 pt, while Qatar'29 closed down by 0.06 pt week-on-week. Sovereigns maturing in 2040, 2042, 2046, 2048 and 2049 saw price increases of 0.25 pt each. Prices of Ooredoo papers maturing between 2021 and 2043 rose by up to 0.20 pt. Qatari Diar Perpetual was up by 0.85 pt.

As to papers issued by financial institutions, Commercial Bank of Qatar'19 (offering a coupon of 2.875%) traded up by 0.09 pt, while Commercial Bank of Qatar'19 (offering a coupon of 7.50%) was down by 0.03 pt week-on-week. CBQ'21 and '23 closed up by 0.02 pt and 0.07 pt respectively. CI Ratings affirmed the Long-Term Foreign Currency Rating (LT FCR) of The Commercial Bank at "A-". At the same time, CI Ratings adjusted the bank's Short-Term Foreign Currency Rating (ST FCR) to "A1" from "A2". The Commercial Bank was also assigned a Bank Standalone Rating (BSR) of "bbb-", a Core Financial Strength (CFS) rating of "bb+" and an Extraordinary Support Level (ESL) of "high". The outlook for the LT FCR and BSR is "negative".

In parallel, prices of QIIB'24 increased by 0.14 pt over the week. CI Ratings affirmed the Long-Term Foreign Currency Rating (LT FCR) of QIIB at "A" and revised the outlook to "Stable" from "Negative". The outlook revision mirrors, as per CI ratings, the recent change in the outlook for Qatar's "AA-" sovereign rating to "stable" from "negative".

In the Saudi credit space, sovereigns maturing in 2021, 2022, 2025, 2026, 2028, 2029, 2046 and 2050 registered price rises of up to 0.50 pt, while sovereigns maturing in 2049 were down by 0.13 pt this week. Prices of Aramco'24, '29 and '39 rose by 0.17 pt, 0.13 pt and 0.50 pt respectively, while Aramco'49 was down by 0.13 pt. SABIC'23 and '28 were down by 0.13 pt and 0.50 pt respectively. Prices of Dar Al Arkan'22 and '23 retreated by 0.25 pt and 0.38 pt respectively. In contrast, SECO papers maturing in 2023, 2024, 2028, 2043 and 2044 posted price improvements of 0.13 pt to 0.38 pt. Regarding plans for new issues, Savola Group announced its intention to issue SR-denominated Sukuk.

In the Bahraini credit space, sovereigns maturing between 2023 and 2047 registered price falls of up to 1.85 pt week-on-week. Prices of NOGA'24, '27 and '28 decreased by 1.03 pt, 0.88 pt and 1.02 pt respectively. Mumtalakat'21 was up by 0.03 pt.

In the Abu Dhabi credit space, sovereigns maturing between 2021 and 2047 posted price gains of up to 0.63 pt this week. Mubadala papers maturing in 2021, 2023, 2024 and 2026 recorded price decreases of up to 0.09 pt, while Mubadala'22, '23, '28, '29 and '41 registered price rises of up to 0.33 pt. Prices of Etisalat'19 and '26 improved by 0.06 pt and 0.04 pt respectively, while Etisalat'21 and '24 were down by 0.03 pt and 0.08 pt respectively. Amongst financials, FAB'19 and '20 (offering a coupon of 2.625%) closed down by 0.06 pt and 0.03 pt respectively, while FAB papers maturing in 2020 (offering a coupon of 2.25%), 2022, 2023 and 2024 posted price increases of up to 0.35 pt.

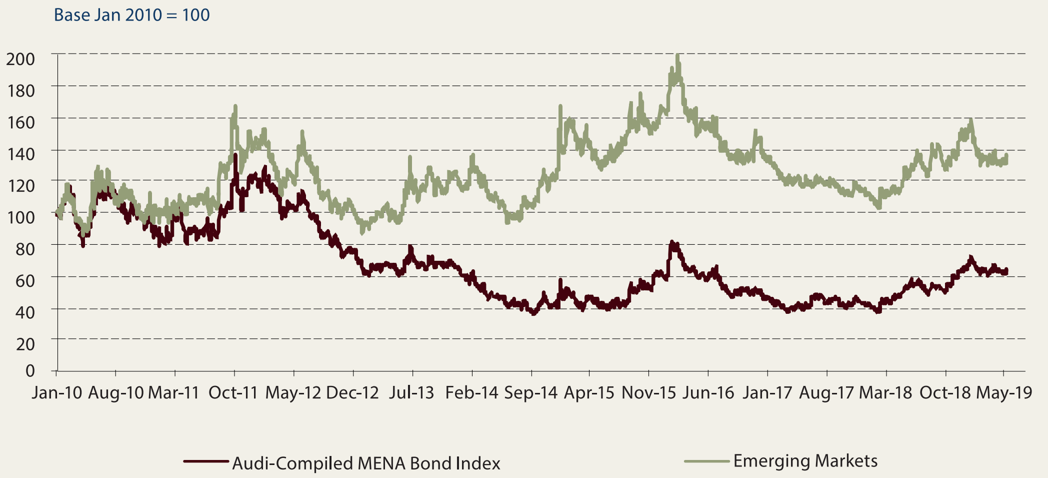
Finally, in the Egyptian credit space, US dollar-denominated sovereigns maturing between 2020 and 2049 posted weekly price declines ranging between 0.25 pt and 2.75 pts. Euro-denominated papers maturing in 2026, 2030 and 2031 saw price falls of 0.63 pt, 0.75 pt and 1.0 pt respectively.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	10-May-19	03-May-19	31-Dec-18	Week-on-week	Year-to-date
Abu Dhabi	57	57	67	0	-10
Dubai	136	138	129	-2	7
Kuwait	61	61	66	0	-5
Qatar	64	64	82	0	-18
Saudi Arabia	84	79	105	5	-21
Bahrain	265	258	293	7	-28
Morocco	118	114	111	4	7
Egypt	323	323	391	0	-68
Lebanon	848	800	770	48	78
Iraq	367	366	519	1	-152
Middle East	**233**	**226**	**254**	**7**	**-21**
Emerging Markets	**161**	**152**	**188**	**9**	**-27**
Global	**173**	**170**	**189**	**3**	**-16**

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-/Negative/B	Caa1/Stable	B-/Negative/B
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Stable	NR
Egypt	B/Stable/B	B2/Stable	B+/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A-/Stable/A-2	A1/Stable	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA/Stable/F1+*
Qatar	AA-/Stable/A-1+	Aa3/Stable	AA-/Stable/F1+
Kuwait	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	BB-/Stable/B
Oman	BB/Negative/B	Ba1/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$)	10-May-19	03-May-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%	-0.2%
Egyptian Pound (EGP)	17.12	17.18	17.92	-0.3%	-4.5%
Iraqi Dinar (IQD)	1,192.86	1,192.68	1,192.68	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.66	3.66	3.65	0.0%	0.0%
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)	119.05	119.05	117.65	0.0%	1.2%
Moroccan Dirham (MAD)	9.63	9.66	9.54	-0.3%	1.0%
Tunisian Dinar (TND)	2.99	2.99	3.05	0.0%	-1.8%
Libyan Dinar (LYD)	1.39	1.39	1.40	0.0%	-0.3%
Sudanese Pound (SDG)	45.11	45.11	47.62	0.0%	-5.3%

Sources: Bloomberg, Bank Audi's Group Research Department

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