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MENA equity markets came under downward price pressures this week, as reflected by a 4.5% fall in the S&P Pan Arab Composite index, as the prospect of more stringent measures to respond to the coronavirus crisis and renewed US-China tensions soured risk sentiment, and driven by some unfavorable financial results. In contrast, activity in MENA bond markets remained tilted to the upside, mainly on improved sentiment after several countries around the world started easing coronavirus lockdowns and as renewed US-China trade concerns flocked demand to safe havens, while several new bond issues are waiting in the pipeline as issuers continued to seek liquidity amid the double blow of historically low oil price levels and the COVID-19 crisis.

MENA MARKETS: WEEK OF MAY 03 - MAY 09, 2020

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-4.5%	Weekly Z-spread based bond index	-2.6%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-22.3%	YTD Z-spread based bond index	+103.1%

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ECONOMY

IIF SAYS IMF SUPPORT IS CRITICAL FOR EGYPT

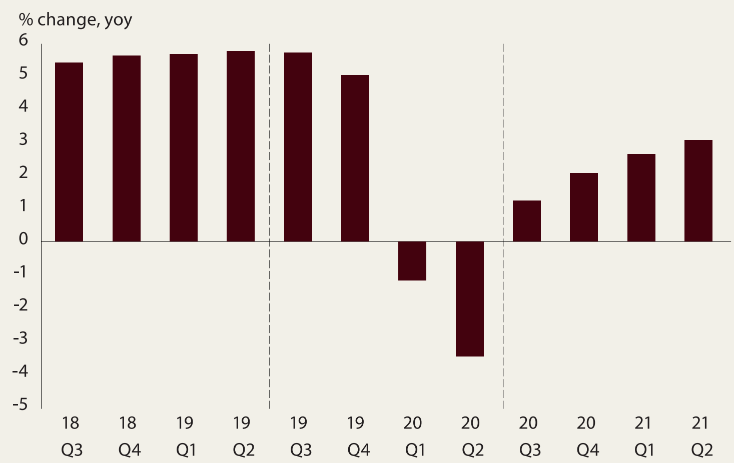
The domestic containment measures related to COVID-19, coupled with the global deep recession, are severely affecting the Egyptian economy. The IIF expects the economy to shift from a growth of 5.4% in the first half of the FY 2019/20 (July to December 2019) to a contraction of 2.5% in the second half (January to June 2020). Consequently, headline growth is expected to decline from 5.5% in FY 2018/19 to 1.6% in FY 2019/20. Manufacturing and services (particularly tourism) are expected by the IIF to be the sectors more severely impacted.

Demand and supply shocks related to COVID-19 (through lower global trade, tourism, remittances, and tighter global financial conditions) would severely strain the external sector. The sharp decline in exports, tourism, remittance inflows and Suez Canal receipts will widen the current account deficit to 4.1% of GDP in FY 2019/20 from 3.5% in FY 2018/19, said the IIF. The COVID-19 shock has also resulted in a pronounced sudden stop in capital flows to Egypt. Spreads of Egyptian dollar-denominated sovereign bonds were 375 basis points higher by the end of April than in January 2020. Non-resident holding of local currency Treasury bills have declined by more than US$ 5 billion in the past two months. Official reserves, excluding gold, dropped by about US$ 5 billion in March, from US$ 41 billion in February, and the decline may have continued last month, as per the IIF.

The IIF expects the IMF to approve the disbursement of US$ 2.8 billion (100% of quota) under the Rapid Financing Instrument (RFI) to address the economic impact of the COVID-19 shock (the IMF actually approved the latter by the finalization of this report). The IIF also expects the Fund to approve a Stand-by Arrangement (SBA), probably for two years and with cumulative access of 200% of quota. The RFI purchase would facilitate increased health spending, a stronger social safety net, and assistance to SMEs to mitigate fallout from the crisis. It would also provide a backstop against the decline in official reserves.

As with the three-year EFF arrangement that expired in November 2019, the size of the SBA would be guided by the country's financing needs, capacity to repay, and track record with use of IMF resources. However, an SBA includes fewer conditions, a shorter repayment period, and less concessional terms than an EFF, as per the IIF note.

EGYPT'S REAL GDP GROWTH



Source: IIF

Egypt's EFF program (2017-2019) was largely seen as a success story. As the COVID-19 crisis abates, there is need to proceed with a new wave of reforms to support further private sector development and job creation under the requested arrangement. In particular, the authorities should aim at reforming public procurement and breaking the iron grip of the State and the army in the economy -to entrench resilience, boost growth potential, and deliver broad-based benefits for all Egyptians, as per the same source.

To safeguard economic and financial stability, the Central Bank of Egypt (CBE) cut its key policy rates by 300 bps in March, the single largest cut in years. The CBE's proactive liquidity and credit-support initiatives (particularly to SMEs) should also shore up activity and safeguard financial stability. The IIF expects monetary policy to ease further, given the fall in CPI inflation and a move toward easing in several emerging and advanced economies. The 12-month headline and core inflation continued falling through March 2020, reaching as low as 5.1% and 1.9%, respectively. The exchange rate of the Egyptian pound has appreciated by about 12% from end-2018 to March 2020.

Despite limited fiscal space and high public debt (around 90% of GDP), the authorities have expanded their social program, with focuses on tackling the health emergency and supporting the most vulnerable. The IIF expects the fiscal deficit to widen from 8.0% of GDP in FY 2018/19 to 8.5% in FY 2019/20 because of lower growth in tax revenues and scaled-up spending. Based on partial information of the draft budget for FY 2020/21, the IIF expects the deficit to narrow to 7.6% of GDP and the primary surplus to increase to 3% of GDP in FY 2020/21. The government intends to increase net debt issuance by 20%. Strong fiscal consolidation will be unavoidable once the COVID-19 crisis abates, concluded the IIF.

EGYPT'S RECORD OF REFORM IMPLEMENTATION SUPPORTS ITS "B2" CREDIT PROFILE, SAYS MOODY'S

According to a recent report by Moody's, Egypt's track record of economic and fiscal reform implementation support the credit profile, balanced by large funding requirements and weak debt affordability.

The country's rating was affirmed at "B2" with a stable outlook. A broad domestic funding base and a robust foreign exchange reserve that exceeded external debt payments over the next year provide buffered against significant capital outflows from emerging markets in the wake of the coronavirus pandemic. Primary budget surpluses have been restored and are likely to be maintained. This balances the government's financing needs of 30%-40% of GDP, and a delayed, but not derailed, fiscal consolidation and debt reduction path over the medium term.

The country's economic strength is supported by its large and diversified economy although Moody's anticipating economic growth to slow sharply to 2.7% in fiscal 2021 before recovering thereafter.

Moreover, improved competitiveness after the floating of the pound and the development of the Zohr gas field support investment activity in energy and non-energy sectors and higher growth averaging about 5.4% over the past two years. Over the medium-term, continued effective implementation of business environment reforms, including investment and bankruptcy laws and an improved land allocation mechanism, will continue to support Egypt's growth potential, as per Moody's.

Higher growth has reduced Egypt's unemployment rate to 8% in the fourth quarter of 2019, close to the lowest level in decades. Taken together, these factors provide a degree of economic shock absorption capacity. Structural challenges include the rapidly expanding population, and persistently high unemployment rates especially among the youth, despite the recent decline, which can pose a risk to social stability. In addition, lengthy bureaucratic processes and infrastructure bottlenecks weigh on the business environment and are reflected in comparatively weak, although improving, competitiveness survey rankings.

The "stable" outlook reflects Moody's view that Egypt's credit profile will be resilient to the current shock while exposure will remain significant. The government's restoration of primary surpluses and renewed build-up of domestic and external liquidity buffers supported by a large domestic funding based should help weather periods of capital outflows, wider risk premia and/or pressure on the exchange rate.

ARAB ECONOMIES TO FACE A MULTI-LEVEL SHOCK FROM COVID-19, SAYS IMF

The Arab economies are expected to face a multi-level shock from COVID-19 despite the prompt responses by many governments in the region, as per the regional head of the International Monetary Fund has stated.

Low oil prices will not only further distress producers but will also impact non-oil Arab economies, as per the IMF. Starting with long-term structural problems, Arab countries will have difficulties addressing the direct impact of the ongoing slowdown. Nonetheless, a positive impact on the recovery in Arab countries is their young population.

Last but not least, oil producers in the Arab world should continue their economic diversification drive, adding that ongoing COVID-19 pandemic should prompt countries in the Middle East and North Africa to focus on public health and social security, as per the IMF. The countries must work towards reducing trade barriers, decreasing financial vulnerability and avoiding high costs of armed conflicts.

S&P AFFIRMS QATAR'S "AA-/A-1+" LT AND ST FOREIGN CURRENCY SOVEREIGN CREDIT RATINGS

Standard & Poor's (S&P) affirmed its "AA-/A-1+" long-term and short-term foreign and local currency sovereign credit ratings on Qatar. The outlook is "stable".

Despite the sharp decline in economic activity associated with the COVID-19 pandemic and low hydrocarbon prices, income levels in Qatar remain among the highest of rated sovereigns, supporting its strong credit profile.

S&P projects Qatar to continue to generate surpluses in its budgetary accounts on the general government level from 2021. The country's strong general-government net asset position remains a credit strength. The government's large liquid financial assets, averaging about 177% of GDP in 2021-2023, provide it with a strong buffer during economic and financial shocks.

Despite current account deficits through 2021, Qatar's external balance sheet remains strong, with liquid external assets continuing to offset the country's stock of external debt by a sizable margin. The rating agency expects the government will provide extraordinary liquidity support to the banking system, in case of sudden reversals in capital flows related to nonresident funding. However, S&P views Qatar's external position as somewhat constrained by the large recurring data discrepancies between its balance of payments and reported international investment position, stemming from the government's lack of disclosure on extyernal assets.

As the COVID-19 pandemic escalates against a backdrop of volatile markets and rising credit stress, S&P now forecasts a global recession this year, with 2020 global GDP contracting 2.4%. The global pandemic will also exert significant pressure on Qatar's growth by weakening domestic consumption and investment.

Standard & Poor's expects real GDP to shrink 5.2% in 2020 before recovering to 3.1% in 2021. Travel restrictions, including suspension of international passenger flights, closure of nonessential businesses and part of the Industrial Area, and banning all public gatherings, will weigh on key sectors of the nonhydrocarbon economy including manufacturing, retail, logistics, and construction. They together make up about 30% of Qatar's overall GDP.

SURVEYS

TUNISIA TOPS MENA COUNTRIES IN 2020 WORLD PRESS FREEDOM INDEX

According to the "2020 World Press Freedom Index" released by Reporters Without Borders (RSF) in which it ranked 180 countries across the globe according to their press freedom levels, Tunisia topped MENA countries with a score of 29.45 and a global rank of 72. Lebanon came second in the region with a score of 33.19 and a global rank of 102, while Kuwait came in the third position with a score of 34.30 and a global rank of 109.

At the lower end of the scale came Bahrain with a score of 60.13 and a global rank of 169, Saudi Arabia with a score of 62.14 and a global rank of 170 and Syria which came last in the region with a score of 72.57 and a global rank of 174.

According to the report, while the Middle East and North Africa continues to be the world's most dangerous region for journalists. The recent detention of RSF's correspondent in Algeria (down 5 at 146th) showed how the authorities in some countries have taken advantage of the Covid-19 pandemic to settle scores with independent journalists.

Published annually by RSF since 2002, the World Press Freedom Index measures the level of media freedom in 180 countries and territories. It assesses the level of pluralism, media independence, the environment for the media and self-censorship, the legal framework, transparency, and the quality of infrastructure that supports the production of news and information. It does not evaluate government policy.

The global indicator and the regional indicators are calculated on the basis of the scores registered for each country. These country scores are calculated from responses to a questionnaire that is completed by experts throughout the world, supported by a qualitative analysis. The scores measure constraints and violations, so the higher the score, the worse the situation. Growing awareness of the Index has made it an extremely useful advocacy tool.

It is worth noting that Norway toped the Index for the fourth year in a row in 2020, while Finland is again the runner-up. Denmark (up 2 at 3rd) is next as both Sweden (down 1 at 4th) and the Netherlands (down 1 at 5th) have fallen as a result of increases in cyber-harassment.

MENA REGION'S 2020 WORLD PRESS FREEDOM INDEX

	2020 Global Rank	2020 Global Score
Tunisia	72	29.45
Lebanon	102	33.19
Kuwait	109	34.30
Jordan	128	42.08
Qatar	129	42.51
United Arab Emirates	131	42.69
Morocco	133	42.88
Oman	135	43.42
Palestine	137	44.09
South Sudan	138	44.49
Algeria	146	45.52
Sudan	159	55.33
Iraq	162	55.37
Libya	164	55.77
Egypt	166	56.82
Yemen	167	58.25
Bahrain	169	60.13
Saudi Arabia	170	62.14
Syria	174	72.57

Sources: Reporters Without Borders, Bank Audi's Group Research Department

E-COMMERCE SECTOR SHOWS GROWTH POTENTIAL FOLLOWING THE SPREAD OF THE CORONAVIRUS, AS PER JLL

The e-commerce sector might soon become a major part in the Cairo market after showing great growth potential following the spread of the Coronavirus, as per a recent report by Jones Lang Lasalle (JLL). E-commerce is a popular investment sector with growing interest globally, as per JLL. It will need strong government support, comprising a key element of plans for the city's continued economic growth. This will also reflect positively on the active warehousing and logistics sector in Egypt with great potential to grow, as per the same source. By the end of April, Egypt started easing some of the restrictions to contain the spread of the coronavirus and shortened the night-time curfew. With more people staying at home, new consumption patterns have emerged, providing opportunities for certain businesses. Consumers are not only consuming more TV content and streaming videos for entertainment, they are also opting for online shopping.

According to JLL's Q1 Cairo Real Estate Market Performance report, e-commerce is now striving to keep up with the exceptional increase in demand for online shopping. The retail market in Cairo has had a positive performance in Q1 2020, but current market conditions are expected to result in increased downward pressure on retail operations and sales volumes, JLL said. Average rental rates in primary and secondary malls in Cairo rose 10% year-on-year in Q1 2020, the report shows. On another level, JLL said it is cautious about the timely handover of residential projects. However, the office market has witnessed a rise in rents due to limited supply. According to the report 135 residential units were delivered during Q1 2020 in Cairo. Around 58,000 units are expected to be completed over the remaining 9 months of the year, the report said. However, given the current market conditions and potential slowdown in demand, on the back of negative sentiment and contraction of household incomes, JLL remain cautious of the timely delivery of projects, and can expect these to spill over into 2021 and 2022. Despite the unfavorable market conditions Cairo's office sector has seen a 9% increase in average prime rents in Q1 2020, due to the limited supply of high-quality offices, the report said. Average vacancy rates remained stable over the quarter, at 12. However, given the current market uncertainties, demand for office spaces is likely to remain subdued in the short-to-midterm, with requirements focused on smaller fitted out spaces, to minimize capital expenditures, JLL said.

JORDAN'S INSURANCE INDUSTRY TO MAINTAIN GROWTH IN 2020 DESPITE RISING HEADWINDS, AS PER FITCH SOLUTIONS

Jordan's insurance industry is expected to maintain growth in 2020, though we do highlight that headwinds are rising, according to a report by Fitch Solutions. Providers are successfully reaching more first-time users through the development of digital distribution channels and introduction of more sophisticated product ranges. Moreover, affordability has also risen and more companies are turning to insurance providers over captive insurance arrangements. The primary source of risk stems from the coronavirus pandemic. Jordan has implemented strict lockdown measures to contain the diseases, disrupting businesses and leading to a more subdued economic growth forecast for the country. Jordan's Council of Ministers has announced a plan ensuring that all Jordanian citizens will have health insurance by 2024. The lowest income demographic will have comprehensive free cover, while middle-income brackets will receive subsidies. The wealthier members of the population will still have to pay for their own cover. Furthermore, health insurance is currently the second largest non-life line in Jordan, after motor, and is forecast to grow steadily over the medium term. The roll-out of free health insurance to all citizens is unlikely to dampen demand in the health insurance segment as uptake is currently primarily to households in the top income brackets. In this context, Fitch Solutions are forecasting overall growth in the non-life segment of 4.5% in 2020 to take premiums to a total of JD 572 million (US$ 806 million). The forecasts for the smaller life segment are more positive this quarter, with growth projected at 7.7% to reach JD 100 million (US$ 141 million).

On another note, Jordan swiftly implemented strict control measures to stem the spread of the coronavirus in March 2020 and early indications from April 2020 suggest the country has limited the number of cases. Moreover, the country's economy is heavily reliant upon exports which will be disrupted by the control measures imposed on businesses, as well as the suspension of international flights and closure of border crossings. The tourism industry is also expected to contract in 2020.

CORPORATE NEWS

ACWA CONSORTIUM INKS DEAL FOR US$ 650 MILLION KSA DESALINATION PLANT

Saudi-based Acwa Power said its consortium with Gulf Investment Corporation and AlBawani Water & Power Company signed a major water purchase agreement with the Saudi Water Partnership Company for a greenfield sea water reverse osmosis desalination project being built at an investment of US$ 650 million in Jubail city.

On completion, the Jubail 3A Independent Water Plant (IWP) will boast a capacity of 600,000 cubic meters of potable water/day, thus contributing to Saudi efforts to ensure water security.

The project will be delivered by Acwa Power, Gulf Investment Corporation and Al Bawani, while the Engineering Procurement Construction (EPC) contract has been awarded to a consortium comprising Power China, Sepco-III and Abengoa.

Under the terms of the partnership, the consortium led by Acwa Power will design, construct, commission, operate and maintain the desalination plant as well as associated potable water storage and electrical special facilities, said the statement from Acwa Power.

MCDERMOTT WINS MULTIPLE SAUDI CONTRACTS FOR STORAGE TANKS

US-based McDermott International, an EPC solutions provider, said that its CB&I Storage Solutions has been awarded one large and two sizeable contracts for the engineering, procurement, fabrication and construction (EPFC) of 38 tanks and 13 spheres in multiple locations across Saudi Arabia.

CB&I Storage Solutions is a designer and builder of storage facilities, tanks and terminals.

SAUDI SABIC TO BUILD ONE OF THE WORLD'S BIGGEST MEGA-BATTERY FACTORIES

Saudi petrochemical giant SABIC established a joint venture company to build one of the world's biggest utility-scale battery factories, as per a company statement.

SABIC unit Nusaned Investment has teamed up with SCHMID Group to develop the vanadium redox flow batteries.

The Riwaq Industrial Development Company will also join the JV, SABIC said in a statement.

The new factory is expected to be in production in 2021.

The new company will produce energy storage systems for use alongside utility-scale renewables projects, telecom towers, mining sites, remote cities and off-grid locations, SABIC said.

Saudi Arabia is aiming to install 57.5 GW of renewable capacity by 2030, spurring demand for new battery storage capacity in the Kingdom.

The project will be developed in Dammam 3rd Industrial City and will have an annual production capacity of 3 GWh — making it among the biggest Flow Battery production facilities worldwide.

Nusaned Investment is an investment company based in Riyadh with a mandate to increase local content in the Kingdom.

INVESTCORP AND TAGES MERGE ABSOLUTE RETURN BUSINESSES

Investcorp, a global provider and manager of alternative investment products, and Tages Group, a European alternative asset management firm, announced that they created a 50/50 joint venture through merging Investcorp's Absolute Return Investments business (Investcorp ARI) and Tages Capital, the absolute return subsidiary of Tages.

The JV, called Investcorp-Tages Limited, leverages Tages Capital's and Investcorp ARI's investment expertise and complementary footprints in seeking to create a global absolute return platform with more than US$ 6 billion in revenue generating assets, including customized portfolios, seeding and other investment solutions. As a combined team, this positions the JV as one of the world's leading multi-manager investment firms.

IMKAN AWARDS CONTRACT FOR KEY PHASE OF ABU DHABI ALJURF PROJECT

Leading Abu Dhabi developer Imkan said it awarded an AED 236 million (US$ 64.2 million) deal to Al Dhabi Contracting for the development of Phase One of the masterplanned development at AlJurf, a coastal destination along the UAE's riviera Sahel Al Emarat.

Imkan said as per the deal, Al Dhabi Contracting will construct 146 residential along with two show villas on a 57,851 square meetrs area at AlJurf Gardens, a prime development coming up within Phase One of the project which is due for completion in 2022.

Alongside residential communities, Phase One of Al Jurf will also include a private beach and marina, as well as a community center.

UAE'S AZIZI SIGNS PARTNERSHIP DEAL WITH 3I INFOTECH

Azizi Developments, a real estate developer in the UAE, said it partnered with 3i Infotech, an internationally acclaimed, global IT company, to enhance its information technology (IT) infrastructure.

This announcement comes in light of Azizi Developments' pursuit of digital transformation and customer experience enhancement.

The agreement comprises overhauls of Azizi's cyber security, data protection, cloud and end-user computing and IT Governance Risk Compliance (GRC), gearing the developer up for its digital transformation and granting property seekers a safer, more seamless, transparent and convenient home-shopping experience.

Azizi said it had successfully implemented customer relationship management (CRM), robotic process automation (RPA) and business analytics technologies, and was now looking at enablers like digital workplaces, advanced process optimization, and radical digitalization.

The developer is also using other business intelligence and data analytics tools to create actionable strategies for existing and new business opportunities, as per the same source.

ABU DHABI'S ADQ ACQUIRES FULL OWNERSHIP OF NPCC

ADQ (formerly Abu Dhabi Developmental Holding Company) assumed full ownership of National Petroleum Construction Company (NPCC) after acquiring the 30% shares previously held by Consolidated Contractors International Company.

ADQ, one of the region's largest holding companies, has acquired the remaining shares of NPCC, one of the UAE's leading energy sector Engineering, Procurement and Construction (EPC) companies following its announcement last month that it added 14 companies to its portfolio. One of these companies included the General Holding Corporation PJSC, Senaat, NPCC's previous majority shareholder.

CAPITAL MARKETS

EQUITY MARKETS: REGIONAL EQUITY PRICE FALLS ON PROSPECT OF AUSTERITY MEASURES AND ON RENEWED US-CHINA TENSIONS

MENA equity markets came under downward price pressures this week, as reflected by a 4.5% fall in the S&P Pan Arab Composite index, as the prospect of more stringent measures to respond to the coronavirus crisis and renewed US-China tensions soured risk sentiment, and driven by some unfavorable financial results.

The heavyweight Saudi Tadawul plunged in the red this week, as shown by a 7.0% drop in the S&P Saudi index, mainly on reduced investor sentiment after the Saudi Finance Minister said that the Kingdom is preparing to enact “strict and painful measures”, including deep spending cuts, to tackle the economic impact of the coronavirus pandemic and deal with an oil price crash, and due to some unfavorable financial results. Petrochemicals giant Saudi Aramco’s shares, whose market capitalization represents circa 80% of the total Saudi market capitalization, posted weekly price declines of 2.1% to close at SR 31.0. SABIC’s share price fell by 5.5% to reach SR 70.80. SABIC announced a net loss of SR 950 million during the first quarter of the year 2020 as compared to net profits of SR 3.4 billion a year earlier. Petro Rabigh’s share price shed 4.5% to SR 13.08%.

As to banking stocks, NCB’s share price dropped by 8.8% week-on-week to SR 33.90. Samba’s share price plunged by 10.5% to SR 20.84. Al Rajhi’s share price shed 6.3% to SR 53.60. Also, Zoujaj’s share price fell by 7.1% to SR 13.78. The firm posted a 50% year-on-year fall in its 2020 first quarter net profits to reach SR 2.3 million. Saudi Research and Marketing Group’s share price went down by 7.1% to SR 57.30. SRMG announced a 19% year-on-year contraction in its 2020 first quarter net profits to reach SR 64.7 million. Saudi Electricity’s share price plummeted by 10.3% to SR 15.30. The firm announced a widening net loss of SR 2.4 billion during the first quarter of 2020 as compared to a net loss of SR 1.5 billion during the same period of 2019.

The UAE equity markets registered price falls of 4.6% week-on-week, as simmering US-China tensions weighed on investor sentiment, while also driven by some unfavorable market-specific and company-specific factors. The seasonally adjusted IHS Markit UAE Purchasing Managers’ Index showed that the UAE’s non-oil private sector contracted at a record pace for the second consecutive month in April 2020 as lockdown measures to fight the coronavirus pandemic piled pressure on the

EQUITY MARKETS INDICATORS (MAY 03 TILL MAY 09, 2020)

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	60.8	-0.6%	-12.7%	5.6	107.9%	1.3	6,583.0	4.5%	6.4	0.53
Jordan	307.8	0.0%	-14.5%	-	-	-	18,461.3	-	10.2	1.29
Egypt	259.0	-2.9%	-25.0%	258.9	-24.2%	1,486.1	38,426.8	35.0%	8.0	1.72
Saudi Arabia	287.3	-7.0%	-22.0%	6,096.4	-11.9%	1,188.9	2,065,215.3	15.4%	15.2	2.11
Qatar	155.4	0.5%	-15.9%	548.3	11.0%	1,459.1	136,576.9	20.9%	14.3	1.86
UAE	82.5	-4.6%	-27.2%	426.8	-35.8%	1,121.3	209,708.9	10.6%	10.1	1.44
Oman	172.7	-1.1%	-14.1%	12.0	-35.6%	23.8	15,176.1	4.1%	9.2	0.83
Bahrain	118.0	-4.0%	-28.1%	36.7	166.7%	28.6	17,594.8	10.9%	9.7	1.24
Kuwait	88.6	-1.6%	-26.0%	318.2	-36.2%	439.4	81,099.7	20.4%	13.9	1.52
Morocco	214.0	0.5%	-26.5%	83.9	37.8%	3.7	49,911.6	8.7%	15.7	2.44
Tunisia	61.3	0.6%	-15.3%	5.7	4.0%	2.0	7,215.5	4.1%	12.4	2.54
Arabian Markets	**612.6**	**-4.5%**	**-22.3%**	**7,792.6**	**-13.6%**	**5,754.2**	**2,645,969.9**	**15.3%**	**14.5**	**2.00**

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

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

UAE economy. In Dubai, Dubai Islamic Bank's share price dropped by 5.2% week-on-week to AED 3.48. DXB Entertainments' share price plunged by 11.5% to AED 0.139. Dubai Financial Market's share price fell by 7.3% to AED 0.685. Arabtec Holding Company's share price closed 6.0% lower at AED 0.668. DAMAC Properties' share price plummeted by 9.0% to AED 0.567.

In Abu Dhabi, ADIB's share price shed 5.8% over the week to AED 3.38. ADIB posted a 55% year-on-year fall in its 2020 first quarter net profits to reach AED 270 million. ADCB's share price retreated by 0.5% to AED 4.04. ADCB posted an 84% year-on-year plunge in its 2020 first quarter net profits to reach AED 209 million. First Abu Dhabi Bank's share price went down by 2.2% to AED 11.34. Etisalat's share price fell by 6.3% to AED 14.52. Aldar Properties' share price dropped by 7.7% to AED 1.68. Dana Gas' share price plunged by 10.6% to AED 0.659.

Boursa Kuwait posted a 1.6% decrease in prices week-on-week, as renewed trade concerns between the US and China dampened risk appetite, while some market players sought to reduce their exposure to Kuwaiti stocks after MSCI recently delayed its planned upgrade of Kuwait from a frontier market to an emerging market from May 2020 to November 2020 due to the coronavirus pandemic. Boubyan Bank's share price fell by 3.0% to KWf 485. NBK's share price declined by 0.9% to KWf 734. Kuwait Finance House's share price fell by 2.2% to KWf 583. Gulf Bank's share price decreased by 1.4% to KWf 213. Zain Kuwait's share price closed 2.6% lower at KWf 516.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS TILTED TO THE UPSIDE

Activity in MENA fixed income markets remained tilted to the upside this week, mainly on improved sentiment after several countries around the world started easing coronavirus lockdowns and as renewed US-China trade concerns flocked demand to safe havens, while several new bond issues are waiting in the pipeline as issuers continued to seek liquidity amid the double blow of historically low oil price levels and the COVID-19 crisis.

In the Jordanian credit space, sovereigns maturing in 2027 were up by 0.63 pt, while sovereigns maturing in 2047 posted price declines of 0.18 pt week-on-week. Fitch affirmed Jordan's Long-Term Foreign-Currency Issuer Default Rating at "BB-" and revised the outlook to "negative" from "stable". The revision of the outlook reflects, according to Fitch, the economic impact of the coronavirus pandemic on Jordan, which would result in a sharp GDP contraction and lead to marked increases in the budget deficit and government debt and a worsening of external finances.

In the Dubai credit space, sovereigns maturing in 2029 registered price gains of 1.25 pt week-on-week. Prices of DP World'30 improved by 3.34 pts. Emirates Airline'28 closed up by 1.30 pt. Majid Al Futtaim'29 posted price expansions of 3.17 pts. Prices of Emaar Properties'36 increased by 6.32 pts. Moody's affirmed Emaar Properties' long-term issuer rating at "Baa3" and changed the outlook to "negative" from "stable". The change in outlook reflects Moody's expectations that the spread of the coronavirus pandemic as well as the deteriorating macroeconomic outlook for the Emirate of Dubai would lead to an increase in leverage. The outbreak of coronavirus would be a severe shock to Dubai's open economy, which would transmit primarily through growth in key sectors such as trade, transport and tourism and aggravating the existing structural growth challenges that have been weighing on economic activity in recent years, as per the international rating agency.

In the Abu Dhabi credit space, sovereigns maturing in 2029 were up by 0.25 pt this week. Prices of Taqa'26 rose by 2.03 pts. Etisalat'24 closed up by 0.35 pt. ADNOC'29 posted price gains of 1.93 pt. Mubadala'24 registered price increases of 0.92 pt. Mubadala is in early talks with banks for a potential US dollar bond issue.

In the Bahraini credit space, sovereigns maturing in 2023 posted price gains of 0.40 pt, while sovereigns maturing in 2025 and 2029 closed down by 1.0 pt and 0.20 pt respectively week-on-week. Prices of NOGA'24 increased by 2.04 pts. Bahrain hired Bank ABC, Gulf International Bank, HSBC, JPMorgan, National Bank of Bahrain and Standard Chartered to arrange investor calls for a potential dual-tranche

US dollar bond issue, as the Gulf oil producer seeks to bolster its finances to plug a widening budget deficit due to historically low oil prices.

In the Saudi credit space, sovereigns maturing in 2030 posted price gains of 0.13 pt this week. Prices of Saudi Aramco'24 expanded by 0.46 pt. STC'29 traded up by 2.87 pts. SABIC'28 recorded price improvements of 1.38 pt. SECO'24 was up by 1.04 pt. As to plans for new issues, Saudi Telecom is in talks with banks for a potential bond sale. Also, Islamic Development Bank has hired banks for a potential bond deal.

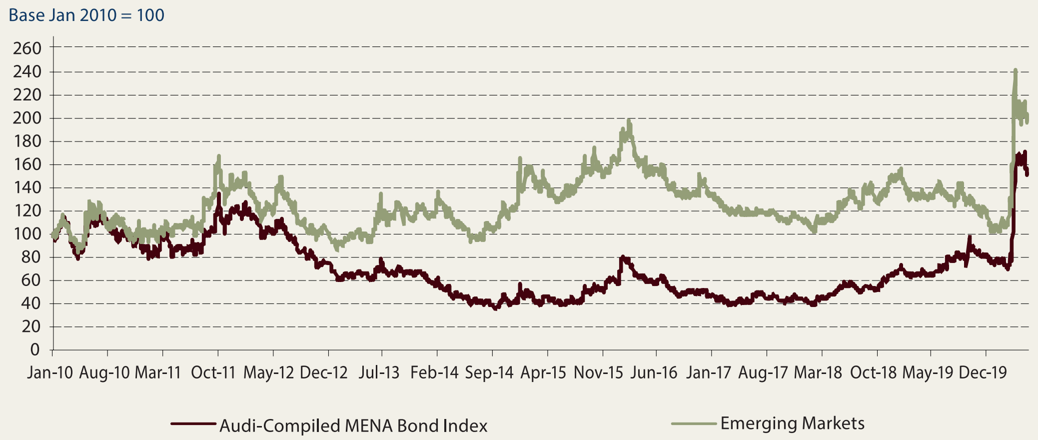
All in all, regional bond markets remained on the rise this week after several countries around the world started relaxing coronavirus restrictions and on prospects of austerity measures to be imposed by Gulf countries to contain the economic impact of coronavirus pandemic and deal with historical low oil prices, while renewed US-China tensions spurred demand for safe-haven assets.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	08-May-20	01-May-20	31-Dec-19	Week-on-week	Year-to-date
Abu Dhabi	115	130	36	-15	79
Dubai	276	291	91	-15	185
Kuwait	103	104	37	-1	66
Qatar	115	125	37	-10	78
Saudi Arabia	163	175	57	-12	106
Bahrain	470	483	176	-13	294
Morocco	179	189	91	-10	88
Egypt	636	645	277	-9	359
Iraq	1,214	1,259	384	-45	830
Middle East	**363**	**378**	**360**	**-15**	**3**
Emerging Markets	**332**	**335**	**148**	**-3**	**184**
Global	**464**	**550**	**173**	**-86**	**291**

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	SD/Negative/SD	Ca/Stable	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-/Negative/B
GULF			
Saudi Arabia	A-/Stable/A-2	A1/Negative	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/RUR	AA/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	BB-/Stable/B
Oman	B+/Stable/B	Ba2/RUR	BB+/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BBB-/Stable/A-3	Ba1/Stable	BBB-/Stable/F3
Tunisia	NR	B2/RUR	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$)	08-May-20	01-May-20	31-Dec-19	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)	15.75	15.70	16.05	0.3%	-1.9%
Iraqi Dinar (IQD)	-	-	1,182.87	-	-
GULF					
Saudi Riyal (SAR)	3.76	3.76	3.75	0.0%	0.3%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.67	3.66	3.66	0.1%	0.2%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	0.0%	2.4%
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)	128.21	128.21	119.05	0.0%	7.7%
Moroccan Dirham (MAD)	9.83	9.92	9.57	-0.9%	2.8%
Tunisian Dinar (TND)	2.90	2.89	2.83	0.5%	2.4%
Libyan Dinar (LYD)	1.42	1.42	1.40	0.4%	1.5%
Sudanese Pound (SDG)	55.14	55.14	45.11	0.0%	22.2%

Sources: Bloomberg, Bank Audi's Group Research Department