

CONTACTS

Treasury & Capital Markets

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

Corporate Banking

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

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

Marketing and Communications

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

Economy

p.2 PWC HIGHLIGHTS FIVE GCC ECONOMIC THEMES TO WATCH FOR IN 2022

A new PwC report was issued on GCC countries. While hopes that the pandemic would be behind us by now were premature according to PwC, 2021 nevertheless marked the year of economic recovery, with 5 economic themes to watch for in 2022.

Also in this issue

p.3 Egypt's real GDP growth to decelerate to 3.1% amid Ukrainian war, as per the EBRD

p.4 UAE's non-oil businesses face mounting pressures from high commodity prices

p.4 All sectors return to activity in Bahrain, as per the Central Bank of Bahrain

Surveys

p.5 VALUE OF DIGITAL ECONOMY IN MENAP COULD REACH US\$ 700 BILLION BY 2030

The value of the digital economy in the Middle East, North Africa and Pakistan (MENAP) region could reach US\$ 100 billion in 2022 and US\$ 700 billion by 2030, but a funding gap of US\$ 20 billion must be closed in order to reach that potential, according to a report by Redseer Consulting.

Also in this issue

p.5 UAE named the travel industry's most recovered country in 2022, as per Travelport

p.6 Fitch Solutions forecasts growth in spending on food in Qatar to accelerate over 2022

Corporate News

p.7 MENA HYDROGEN PROJECT PIPELINE STANDS AT US\$ 55 BILLION

The Middle East and North Africa (MENA) region announced 47 blue and green hydrogen projects for a total investment worth US\$ 55 billion, as mentioned in a statement.

Also in this issue

p.7 IHC to invest US\$ 2 billion in Adani Group's green portfolio

p.7 Swvl secures US\$ 640 million in funding for expansion in three countries

p.8 Saipem lands US\$ 400 million drilling deals in Mideast, W Africa

p.8 FAB prices US\$ 214 million green bond in Swiss franc market

p.8 Khazaen signs pact to set up US\$ 52 million vaccines factory

p.8 Local Development Fund grants US\$ 9 million loans to micro, small enterprises in Egypt

Markets In Brief

p.9 MARKETS IN BRIEF: FURTHER WEEKLY REGIONAL EQUITY PRICE GAINS, BOND MARKETS UNDER DOWNWARD PRICE PRESSURES

MENA equity markets continued to trace an upward trajectory this week, as reflected by a 1.9% rise in the S&P Pan Arab Composite index, mainly supported by some favorable market-specific and company-specific factors. In contrast, MENA fixed income markets came under downward price pressures, mainly tracking US Treasuries move after a US Federal Reserve official said that policy tightening would include a speedy reduction in the balance sheet and a steady pace of interest rate increases, fueling bets about a 50 bps interest rate hike in May 2022 FOMC meeting.

MENA MARKETS: APRIL 3 - APRIL 9, 2022

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+1.9%	Weekly Z-spread based bond index	-1.4%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+16.1%	YTD Z-spread based bond index	-10.5%

RESEARCH

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

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

Farah Nahlawi
(961-1) 959747
farah.nahlawi@bankaudi.com.lb

Zeina Labban
(961-1) 952426
zeina.labban@bankaudi.com.lb

Michele Sakha
(961-1) 977102
michele.sakha@bankaudi.com.lb

ECONOMY

PWC HIGHLIGHTS FIVE GCC ECONOMIC THEMES TO WATCH FOR IN 2022

A new PwC report was issued on GCC countries. While hopes that the pandemic would be behind us by now were premature according to PwC, 2021 nevertheless marked the year of economic recovery. The IMF projects the global economy will grow 6 percent in 2021, with economic output returning and exceeding pre-COVID-19 levels.

However, the recovery was uneven, driven by the emergence of variants that resulted in new waves of infections across many nations, as well as vaccine access. Advanced economies, including the GCC economies, were successful in rapidly vaccinating their populations, with booster campaigns already underway in many at the time of writing. This enabled a fairly quick return to normality in these regions while other countries struggled. While most countries lifted the more stringent travel restrictions that were in place in 2020, some remained, including pre-flight testing, quarantine and social distancing requirements.

PwC looks towards 2022 with the hope that the recovery is consolidated and set out here the top five themes they think will shape the GCC economies in 2022 (1. From pandemic to endemic, 2. Driving inflation and monetary tightening, 3. Taxation expands, 4. ESG will take centre stage in policymaking and 5. Capital markets deepening (and boosting foreign investment).

COVID-19 is here to stay and likely to become 'endemic', becoming a feature of the landscape of infectious diseases. This means changing the way governments manage COVID-19.

With this in mind, defining what is an acceptable level of risk in terms of new infections and active cases, and putting in place protocols to reduce death and transmission is going to be critical. Vaccines are key to this new normal.

The GCC nations led the way with 168 doses on average per 100 people, compared to 117 globally, as of December 2021. Booster shots will soon become the norm for international travel: the UAE has imposed a ban on foreign travel for citizens without booster jabs. Similarly, the EU is likely to impose booster shots as a requirement for unrestricted travel across member nations. Continued improvements to vaccine technology that are better equipped to respond to variants and availability of boosters will reduce the risk of future variants significantly disrupting economic activity.

The scaling up of effective treatments, and improvement in testing and treatment capacity all facilitate the shift from a suppression-driven response towards a protection-driven response.

The shift towards managing COVID-19 as an endemic illness should continue to support recovery as restrictions on travel and economic activity become less disruptive. The IMF anticipates 4.1 percent growth across the GCC in 2022, ensuring that we return to (and possibly exceed) pre-COVID-19 levels of economic activity this year.

This anticipated global monetary tightening will have an impact on the growth outlook in the GCC. PwC expects some inflationary risks (largely supply-side driven), however government spending is expected to ease in the region in 2022, which should put less upward pressure on inflation. But a more aggressive stance on monetary policy in advanced economies could cause financial conditions to tighten locally, especially since the currencies of major GCC economies are pegged to the dollar or other global currencies.

In October 2021, Saudi Arabia, the UAE and three other GCC member states signed the global tax accord on a 15 percent minimum income tax rate for multinationals. In total, 136 countries and jurisdictions, accounting for in excess of 90 percent of global GDP, are signatories to the accord. The corporate income tax rate will apply on profits of corporations (with annual revenue upwards of EUR 750 million) that are either subject to a lower tax rate or not subject to income taxes, at present.

The introduction of corporate income tax (CIT) marks a continuation in the shift away from reliance on hydrocarbon revenues towards taxes to fund government spending. The introduction of VAT in most GCC member nations marked the first important step in this direction.

PwC says that these are significant changes that should be managed prudently. In the absence of mitigations, CIT may have some negative economic impacts by dampening incentives to invest in business expansion and improve profitability. Introducing CIT could have significant ramifications for countries like the UAE, for whom a zero income tax environment has been a draw for foreign capital. A broad-based tax risks undermining its competitiveness and attractiveness to international investors. That said, the shift towards CIT is also an opportunity to modernise tax systems. It offers additional policy levers to the government, such as tax incentives to attract investments in certain sectors, or in the future, scope to introduce tax cuts as stimulus measures.

PwC recommends that policymakers undertake detailed analysis to understand the impacts of CIT on business and investment, and design an optimal policy response that mitigates most, if not all, negative effects. These reforms present an opportunity to engage in business environment reforms to mitigate the cost of doing business through non-tax measures.

EGYPT'S REAL GDP GROWTH TO DECELERATE TO 3.1% AMID UKRAINIAN WAR, AS PER THE EBRD

Egypt's real GDP growth is expected to decline to 3.1% in 2022, down from 7.2% recorded in 2021, and to jump to 6% in 2023, the European Bank for Reconstruction and development (EBRD) said.

In November 2021 prior to the Ukrainian-Russian conflict, the EBRD projected Egypt's real growth to reach 4.9% in the current FY2021/2022 (ends in June 2022), driven by a boom in the telecommunications sector, in private consumption and investment, as well as the return of foreign direct investment (FDI).

In its Regional Economic Update report titled "In The Shadow of The War. The Economic Fallout From the War In Ukraine," the EBRD pointed out that the implications of the conflict on the southern and eastern Mediterranean regions – where Egypt is located – are significant, particularly the higher oil and food prices for consumers, and secondary effects for the budget, food security and medium-term growth drivers.

In all countries, petroleum products are the biggest single import position, and several are also dependent on imported food products, notably in Egypt, Tunisia and Jordan, said the report.

Imported inflation is expected to hinder the region's growth and its recovery from the pandemic process, including Egypt, as per the report.

In this respect, the report explained that food and fuel subsidies (and/or price caps) are likely to curb inflation for households, but create a burden on public finances.

Besides the macroeconomic impact, the rise in prices will bring risks to food security, notably for the poorest parts of the population which were already hit hard by the pandemic.

According to the dietary sourcing flexibility index (DSFI) developed by FAO, consumers in Tunisia, Morocco and Egypt are particularly vulnerable, with significant shares of the population unable to support a healthy diet if prices rise and governments do not step in with support programs, the report further noted.

The report said that the war could avail opportunities for gas exporters, while having a negative implications on tourism and supply chains in countries with sectoral concentration in the region, including Egypt.

On the upside, changes in global gas markets could create opportunities for potential gas exporters in North Africa, chiefly Algeria, Egypt and Libya on the long-term, especially if pipeline access to Europe is streamlined, according to the report.

For tourism and supply chain disruptions, the report illustrated that the expected drop in such sectors may affect important growth drivers for the region's countries.

Ukrainian and Russian tourists accounted for around 20% of arrivals in Egypt in recent years, and Russian tourists accounted for around 7% in Tunisia, for example, the report highlighted.

Moreover, the report warned that an extended war would place further pressure on the exchange rate in the region's countries; including Egypt, particularly with weaker tourism revenue, underpinning the Egyptian authorities actions to address these impacts, mainly the devaluation of the Egyptian pound by about 17% and tapping the international debt markets.

UAE'S NON-OIL BUSINESSES FACE MOUNTING PRESSURES FROM HIGH COMMODITY PRICES

The UAE's non-oil economy remained strong in March as demand continued to rise, but businesses faced mounting pressures from soaring prices of oil and other commodities, according to S&P Global.

The seasonally adjusted S&P Global UAE Purchasing Managers' Index (PMI) inched up to 54.8 in March from 54.1 in February, indicating a further improvement in operating conditions. However, inflationary pressures linked to high commodity prices climbed to their highest level in more than three years.

The growth in the non-oil private sector was mainly driven by domestic sales, although new export business also expanded modestly, according to S&P Global.

However, cost pressures climbed to a 40-month high, as the prices of fuel and raw materials rose sharply due to supply concerns relating to the Russia-Ukraine conflict.

A strong increase in demand across the non-oil economy managed to mask the threat posed by rising commodity prices last month, but businesses now face a "difficult decision" whether to pass on rising costs or face lower profit margins, as per S&P Global.

With energy and raw material costs rising around the world in response to the Russia-Ukraine war, UAE firms faced a sharp increase in purchase prices and the most marked rise in overall price pressures for more than three years, as per the same source.

Moreover, there is the risk that a drop in material and energy availability will add to supply chain problems that first appeared during lockdown measures.

ALL SECTORS RETURN TO ACTIVITY IN BAHRAIN, AS PER THE CENTRAL BANK OF BAHRAIN

Bahrain's key economic indicators are consistent with the return to activity of all economic sectors in the Kingdom and demonstrate the financial sector's stability and capacity to serve the national economy, said the Central Bank of Bahrain (CBB).

The outstanding balance of total loans and credit facilities provided to Bahrain's resident economic sectors increased to BHD 10.9 billion at the end of January 2022, an increase of 3.8% compared to end of January 2021, said the CBB key economic, monetary and banking indicators report.

The Business Sector accounted for 48.6% and personal Sector at 47.1% of total loans and credit facilities.

The report showed stable liquidity, whereby money supply in its broad sense, M3 (M2 + government deposits) totaled BHD 14.9 billion at the end of January 2022, an increase of 6.4% compared to end of January 2021. As for retail banks, total private deposits increased to BD12.9 billion at the end of January 2022, an increase of 5.6% compared to end of January 2021.

Point of Sale (POS) data indicated an increase in the number of transactions during the fourth quarter of 2021 (October 2021 – December 2021), totaling 38.0 million transactions (70.7% of which were through contactless cards), an increase of 51.5% compared to the same period in 2020. The total value of POS transactions in Bahrain during the same period (October 2021– December 2021) totaled BHD 974.0 million (44.0 % of which were through contactless cards), during the fourth quarter of 2021 an increase of 41.9% compared to the same period in 2020.

The banking sector maintained a high level of capital adequacy and liquidity, as the capital adequacy ratio of the banking sector amounted to 18.6% in the fourth quarter of 2021 compared with 18.3% in the third quarter of 2021, which is higher than the minimum of 12.5% required by the CBB.

The capital adequacy ratio for the various banking sectors in the fourth quarter of 2021 was 20.6% for conventional retail banks, 17.1% for conventional wholesale banks, 21.2% for Islamic retail banks, and 15.8% for Islamic wholesale banks.

SURVEYS

VALUE OF DIGITAL ECONOMY IN MENAP COULD REACH US\$ 700 BILLION BY 2030

The value of the digital economy in the Middle East, North Africa and Pakistan (MENAP) region could reach US\$ 100 billion in 2022 and US\$ 700 billion by 2030, but a funding gap of US\$ 20 billion must be closed in order to reach that potential, according to a report by Redseer Consulting.

Redseer Consulting said the digital economy in the MENAP region, which includes GCC, Lebanon, Jordan, Iraq, Egypt, Morocco and Pakistan, is likely to cross US\$ 100 billion by the end of this year and could multiply by seven times to reach US\$ 700 billion by 2030 if the required funding is unlocked.

Corporates from the GCC have played an important role in the digital advancement of the MENAP region, said the report from strategy consulting firm Redseer Consulting, contributing twice that of India.

Funding of US\$ 20 billion will help unlock the US\$ 700 billion opportunity, the report said, and a customer-centric ecosystem, which is already being developed, will support this.

Going forward, funding will come from local family offices who have engaged in the digital economy in recent years and local venture capital firms which able to raise more capital as there are more success stories in the economy.

International funds and sovereign wealth funds or government funds will also play a part, as per a partner of Redseer Consulting and one of the report authors.

At present, the digital economy in the region is led by e-tailing followed by online travel, the report showed, with a disruption to investment into the sector in 2020 led by shrinking interest in online travel caused by widespread travel restrictions.

However, Redseer forecasts that the region's digital economy is now in its acceleration phase.

UAE NAMED THE TRAVEL INDUSTRY'S MOST RECOVERED COUNTRY IN 2022, AS PER TRAVELPORT

The UAE has been named the travel industry's most recovered country in 2022.

A global report by travel technology company Travelport found that the Emirates has surpassed its pre-pandemic tourism numbers, recovering to 110% of its 2019 levels.

A successful COVID-19 vaccination drive and a busy calendar of events have been key factors in the country's speedy recovery.

Having hosted the recently concluded Expo 2020 Dubai, the UAE is attracting travelers from several destinations. Visitors flock to the country for guaranteed sunshine, luxury hotels, pristine beaches and more.

Travelers are also being reassured by the country's response to the pandemic, with more than 98.5% of the population fully vaccinated, according to data from Johns Hopkins University.

When it comes to where people in the UAE are travelling to, it's Dubai that leads the way. Home to the world's tallest skyscraper, the only "seven-star" hotel and the newly opened Museum of the Future, the city is the second-most recovered spot in the Middle East and the fifth most recovered globally, according to Travelport. It ranks behind long-standing popular tourist destinations in the Dominican Republic, Jamaica and Mexico, and just behind Saudi Arabia's Riyadh.

The Kingdom's capital city has had an even more impressive recovery, with tourist levels returning to 115% of its pre-pandemic figures.

The UAE's capital also shows a strong recovery, with Travelport finding that Abu Dhabi is 85% recovered. Furthermore, Dubai is first in the world for business travel, outpacing London.

Top inbound markets for travel to the UAE include the UK, India and Bangladesh, with travellers also regularly flying in from Pakistan, Germany and Saudi Arabia.

Globally, the travel industry has recovered more than 67% of its gross activity to date, with a 14% growth rate in the first three months of 2022, as COVID-19 cases decline in many countries and governments ease travel restrictions and reopen borders.

Considering travel volume as part of the recovery index, Travelport ranked the top 15 recovered countries in the world, based on bookings made up until the beginning of March 2022. These include a mix of tourism destinations and places where people are returning to their home countries or travelling for work purposes. Behind the UAE is the Dominican Republic, followed by Mexico in third place.

Dubai is also enjoying a recovery when it comes to business travel. Initial concerns that global corporate travel would not recover because companies have adapted to new digital and virtual ways of working during the pandemic now seem less severe.

Dubai is outpacing several international destinations, with almost one-third of all 2022 bookings being for business travel. In corporate travel, the emirate now outpaces London, which was first in this sector in 2019. Business travelers to Dubai are predominantly arriving from nine different destinations, led by India, Pakistan and Bangladesh and closely followed by Saudi Arabia and the UK.

FITCH SOLUTIONS FORECASTS GROWTH IN SPENDING ON FOOD IN QATAR TO ACCELERATE OVER 2022

According to a recent report by Fitch Solutions on Qatar's Food & Drink sector, the agency forecasts an uptick in spending on food and non-alcoholic drinks in Qatar in 2022 due to the low base effects from 2021. Over the medium-term forecast period, Fitch Solutions projects annual increases in spending on both sub-sectors of around 6% year-on-year.

Alcoholic drinks consumption growth will be positive in 2022, with the category benefitting from the increase in tourist arrivals, particularly as the country is due to host the 2022 FIFA World Cup.

The report forecasts growth in spending on food in Qatar to accelerate over 2022 as food remains a key part of household budgets. Food spending growth will remain at healthy levels over the 2022-2026 period, benefitting from the already high disposable incomes of Qatari consumers. The agency believes other food products spending and fresh vegetables spending to both be the spending growth outperformer through to 2026, in line with the reliance on these staples in the country.

The report assesses the impact of COVID-19, as food spending grew by an estimated 3.1% in 2021, a deceleration when compared to the 13.4% growth in 2020. Qatari consumers increased their focus on food spending amid the COVID-19 pandemic and the related movement restrictions as they spent more time cooking in their homes.

The shift in consumer purchasing patterns resulted in food spending posting stronger growth in 2020 and creating a high base for spending to grow from in 2020.

Qatar had its first confirmed case of COVID-19 on February 29 2020, with the government implementing a number of measures to contain the spread of the virus. As of February 2022, the majority of measures have now been relaxed. The latest relaxation in February scraped obligatory wearing of face masks in open areas and increase allowed gatherings. Accordingly, citizens and expatriates are required to only wear face masks in indoor places including mosques, education institutions and hospitals.

In 2022, Fitch Solutions forecasts growth in spending on non-alcoholic drinks to pick up from 2021 levels. This growth is aided by the increase in tourist arrivals, particularly as the country is due to host the 2022 FIFA World Cup. Non-alcoholic drinks spending growth will also be robust through to 2026 with both coffee, tea and other hot drinks spending and soft drinks spending expected to see steady growth.

CORPORATE NEWS

MENA HYDROGEN PROJECT PIPELINE STANDS AT US\$ 55 BILLION

The Middle East and North Africa (MENA) region announced 47 blue and green hydrogen projects for a total investment worth US\$ 55 billion, as mentioned in a statement.

The Abu Dhabi Global Market-registered the Clean Energy Business Council (CEBC) to represent the private sector companies operating in the region's clean energy sector.

75% of the projects are for green hydrogen, said the CEBC's Managing Director in a statement.

In details, more than 15 projects are from the UAE, 9 from Egypt, 6 from Morocco and 7 from Oman, as mentioned during a virtual event hosted by International Renewable Agency (IRENA).

IHC TO INVEST US\$ 2 BILLION IN ADANI GROUP'S GREEN PORTFOLIO

Abu Dhabi-based, International Holding Company PJSC (IHC) is to invest AED 7.3 billion (US\$ 2 billion) in three green-focused companies owned by Indian conglomerate Adani Group, Adani Green Energy Ltd (AGEL), Adani Transmission Ltd (ATL) and Adani Enterprises Ltd (AEL).

The transaction is expected to be completed in a month after obtaining the required approvals, IHC said in a statement.

In details, IHC will invest AED 1.83 billion in AGEL, AED 1.83 billion dirhams in ATL and AED 3.67 billion in AEL, in compliance with the Indian capital market regulator, Securities and Exchange Board of India, guidelines.

It is worth noting that all the companies are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India.

This long-term investment in India is considered an opportunity to earn a compelling return on investment in green energy has never been greater, said the CEO and Managing Director of IHC

IHC, with assets over AED 87 billion, is among the Abu Dhabi companies that are driving the emirate's economic diversification agenda.

Adani Group, led by Gautam Adani, pertains a range of businesses covering ports, power, renewable energy, airports, coal trading and data centers. The group intends to invest US\$ 20 billion in renewable energy over the next 10 years and make its port's business a net-zero carbon emitter by 2025.

SWVL SECURES US\$ 640 MILLION IN FUNDING FOR EXPANSION IN THREE COUNTRIES

Swvl Inc. raised around US\$ 640 million from investment companies and venture capital funds to date, the company's Chief Financial Officer (CFO) said in a statement.

The company is targeting expansion in new three countries over the coming six months, namely USA, South Africa and the UK, along with some Latin American markets.

Swvl Inc. previously announced that it aims to expand in Chile, Peru, Colombia, Mexico, Argentina and Brazil.

This comes as part of the company's strategy to boost its operations and attract new customers to its platform.

It is worth noting that Swvl made lately its debut on the New York-based Nasdaq Stock Market, becoming the second tech company in the Middle East to be listed on Nasdaq after the Abu Dhabi-based music streaming platform Anghami.

Founded in 2017, Swvl is an Egyptian on-demand bus-hailing company based in Dubai that offers intercity travel options along with B2B partnerships with public and private institutions aimed to transport students as well as employees.

Swvl's shareholding structure includes a number of major entities, such as the European Bank for Reconstruction and Development (EBRD), the US' Teklas Ventures, Kuwait-based Agility Public Warehousing Company, Luxor Capital Group and Zain Group.

SAIPEM LANDS US\$ 400 MILLION DRILLING DEALS IN MIDEAST, W AFRICA

Saipem, an Italian multinational oilfield services company, unveiled new awarded contracts in offshore drilling in the Middle East and in West Africa for a total amount of over US\$ 400 million, as mentioned in a statement.

Both contracts awarded in the Middle East for two high specification jack-up drilling units, consisted of drilling and workover operations for a duration of five years. The initiation of the operations is scheduled in the fourth quarter 2022, according to a statement.

These projects will involve one Saipem jack-up unit and a new high specification jack-up chartered from CIMC Group for the project.

Moreover, another contract was assigned by Eni for a drilling campaign offshore West Africa, with operations expected to start this month in continuity with previous activities. The contract will be executed by Saipem 12000, a sixth-generation ultra-deep-water drillship. The contract duration is for six months with an optional additional 10 months.

Finally, Saipem was awarded from the beginning of 2022 new projects worth over a total amount of US\$ 750 million in the offshore drilling segment including the subject projects.

FAB PRICES US\$ 214 MILLION GREEN BOND IN SWISS FRANC MARKET

First Abu Dhabi Bank (FAB) priced a CHF 200 million (US\$ 213.8 million) four-year green bond issue at SARON (Swiss Average Rate Overnight) + 54 basis points and a coupon of 1.0625%, as mentioned in a statement.

Value of the deal compares favorably to the bank's USD funding levels when swapped back to USD as well as priced inside FAB's CHF curve, FAB said in a statement.

It is worth noting that the bond executed under FAB's Sustainable Finance Framework was the bank's second green issuance this year, following the Euro 500 million green bond issued last week.

KHAZAEN SIGNS PACT TO SET UP US\$ 52 MILLION VACCINES FACTORY

Oman's Khazaen Economic City joined forces with Opal for biopharmaceuticals and business company to establish a factory for the production of biological human vaccines for US\$ 51.7 million, as mentioned in a statement.

The agreement was signed by CEO of Khazaen and Chairman of the Board of Directors of Opal for biopharmaceuticals and business company.

The first phase of the project will be set up on a total area of 37,000 square meter.

This project will be the first vaccines factory in Khazaen Economic City and it targets local and international markets, said the CEO of Khazaen in a statement.

The agreement comes as part of Khazaen's efforts in attracting local and international investments, he added.

LOCAL DEVELOPMENT FUND GRANTS US\$ 9 MILLION LOANS TO MICRO, SMALL ENTERPRISES IN EGYPT

Egypt's Local Development Fund facilitated micro and small enterprises by EGP 160 million (US\$ 8.8 million) worth of loans during the period extended from July 2014 to March 2022, the Minister of Local Development announced in a statement.

The Fund supported 24,349 small and micro enterprises with total investments of EGP 192 million across various fields, according to a statement.

It is worth noting that 14,797 women benefitted from 64.9% of the total financed projects, reflecting the Fund's objective to empower women in Egypt's villages.

Minya and Sohag were among the governorates that benefitted most from the loans with 4,496 projects worth EGP 27 million and 2,521 projects worth EGP 17.8 million, respectively.

Shaarawi remarked that the Local Development Fund seeks to finance micro and small enterprises, achieve economic development goals, improve living standards, and eliminate unemployment.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES REMAIN ON THE RISE THIS WEEK, ON FAVORABLE MARKET-SPECIFIC AND COMPANY-SPECIFIC FACTORS

MENA equity markets continued to trace an upward trajectory this week, as reflected by a 1.9% rise in the S&P Pan Arab Composite index, mainly supported by some favorable market-specific and company-specific factors.

The heavyweight Saudi Exchange, whose market capitalization represents more than two-thirds of the total regional market capitalization, remained on the rise this week, as reflected by a 2.1% increase in the S&P Saudi index. This is mainly supported by (1) high oil prices as Brent prices held above US\$ 100 per barrel level; (2) reduced regional geopolitical tensions following a UN-brokered two-month truce in Yemen; (3) some favorable company-specific factors; (4) increased investor appetite for Saudi stocks ahead of MSCI's May 2022 review that is expected to add new constituents to the Saudi Arabia's MSCI index; and (5) a rise in the Saudi Arabia non-oil private sector PMI to a four-month high in March 2022 despite the spillover effects of the Russia-Ukraine conflict.

A closer look at individual stocks shows that Petro Rabigh's share price rose by 3.7% week-on-week to SR 29.30. Petro Rabigh's Board of Directors recommended against capital reduction citing an improved financial performance, while unveiling plans to schedule a capital increase through a rights issue. SABIC's share price closed 2.6% higher at SR 134.40. Advanced Petrochemical Company's share price surged by 4.3% to SR 73.50. Yansab's share price edged up by 0.8% to SR 67.40.

Also, SNB's share price increased by 1.6% to SR 72.0. SABB's share price jumped by 3.3% week-on-week to SR 41.10. Al Rajhi's share price closed 2.4% higher at SR 164.40. SADAFCO's share price climbed by 3.7% to SR 178.80. SADAFCO signed a SR 19 million contract with Rafic Abdulqadr S. Kriedie for construction of a new depot in Makkah. Saudi Telecom Company's share price surged by 7.6% to SR 116.0. STC Group and Saudi Arabia's Public Investment Fund signed a joint venture agreement to establish a new company, specializing in the Internet of Things. Arab National Bank's share price closed 5.4% higher at SR 29.30. Securities & Investment Company raised its recommendation on Arab National Bank to "Buy" from "Sell", with a price target of SR 33, which implies an 18% increase from last price.

The UAE equity markets continued to follow an upward streak this week, as reflected by a 1.1% rise in the S&P UAE index, mainly supported by some favorable market-specific and company-specific factors. The UAE's non-oil private sector expanded at a solid rate in March 2022 although cost pressures hit a 40-month high on global supply concerns from the Ukraine conflict. In Abu Dhabi, ADCB's share price went up by 1.7% to AED 10.68. FAB's share price closed 1.9% higher at AED 23.86. Aldar Properties' share price increased by 2.2% to AED 5.0. Manazel Real Estate's share price surged by 5.6% to AED 0.475.

EQUITY MARKETS INDICATORS (APRIL 3 - APRIL 9, 2022)

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	94.6	2.7%	0.7%	7.9	12.2%	0.4	10,694.0	3.8%	-	0.38
Jordan	355.5	0.5%	2.0%	38.8	-10.3%	12.3	24,411.9	8.3%	12.5	1.75
Egypt	240.7	-1.2%	-21.0%	179.4	-12.9%	971.9	38,001.8	24.5%	7.7	1.46
Saudi Arabia	606.4	2.1%	18.2%	12,306.0	22.3%	869.8	3,210,367.0	19.9%	23.3	3.26
Qatar	237.2	4.1%	19.1%	1,169.5	39.8%	1,454.3	216,794.5	28.1%	17.7	2.42
UAE	173.9	1.1%	18.0%	5,625.3	97.2%	4,366.1	616,211.1	47.5%	18.0	1.86
Oman	234.4	1.8%	7.6%	46.1	-31.0%	107.5	19,209.2	12.5%	12.9	0.98
Bahrain	214.5	3.1%	17.4%	14.6	68.9%	11.5	32,044.4	2.4%	15.8	1.98
Kuwait	154.8	-0.3%	16.0%	795.3	10.9%	704.2	144,086.9	28.7%	19.4	1.89
Morocco	288.9	0.5%	-8.9%	57.3	2.7%	4.1	68,821.7	4.3%	22.8	2.87
Tunisia	61.1	-1.0%	-4.6%	6.6	67.9%	1.7	7,532.7	4.5%	11.0	1.70
Arabian Markets	1,153.4	1.9%	16.1%	20,246.7	36.2%	8,503.8	4,388,175.3	24.0%	21.7	2.92

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

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

In parallel, investors continued to flock to Dubai stocks after DEWA almost tripled the size of its initial public offering to 18%, raising circa US\$ 6.1 billion in the EMEA's biggest IPO since Saudi Aramco's record share sale in 2019. Emaar Properties' share price rose by 0.8% to AED 6.04. Emaar Development's share price increased by 2.0% to AED 4.55. Deyaar Development's share price went up by 1.5% to AED 0.47. Emirates Refreshments' share price skyrocketed by 61.6% to AED 10.60. The firm said that it is seeking shareholder approval to increase issued share capital to AED 330 million.

The Qatar Stock Exchange posted a 4.1% surge in prices this week, mainly on improved investor sentiment after the London Stock Exchange Group entered into an agreement to provide its trading and market surveillance technology to Qatar Stock Exchange, a move that would enable QSE to expand into derivatives trading. Equity price gains were also supported by high oil prices and some favorable company-specific factors. 31 out of 47 listed stocks registered price rises, while 16 stocks recorded price falls week-on-week.

A closer look at individual stocks shows that QNB's share price jumped by 5.3% week-on-week to QR 24.29. Qatar Islamic Bank's share price surged by 5.7% to QR 25.21. The Commercial Bank's share price climbed by 5.8% to QR 7.90. Industries Qatar's share price went up by 3.2% to QR 19.60. Board of Directors of Industries Qatar and Mesaieed Petrochemical Holding Company approved a US\$ 239 million Engineering, Procurement, Construction contract for a new Polyvinyl Chloride plant by their joint venture Qatar Vinyl Company.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS MOSTLY SKEWED TO DOWNSIDE, TRACKING US TREASURIES MOVE

MENA fixed income markets came under downward price pressures this week, mainly tracking US Treasuries move after a US Federal Reserve official said that policy tightening would include a speedy reduction in the balance sheet and a steady pace of interest rate increases, fueling bets about a 50 bps interest rate hike in May 2022 FOMC meeting.

In the Saudi credit space, sovereigns maturing in 2026 and 2030 registered price falls of 0.69 pt and 1.25 pt respectively this week. Saudi Aramco'25 closed down by 0.88 pt. Prices of SEC'24 declined by 0.25 pt. SABIC'28 posted price rises of 0.25 pt. STC'29 saw no price change week-on-week. S&P Global Ratings revised to "positive" from "stable" the outlooks on SEC, SABIC and STC, owing to the State support S&P factors into its ratings. This followed S&P's revision of outlook on Saudi Arabia to "positive" from "stable" in March 2022.

In the Kuwaiti credit space, sovereigns maturing in 2027 were down by 1.23 pt this week. Prices of KIPCO'27 contracted by 1.13 pt. S&P Global Ratings affirmed its long-term and short-term foreign and local currency sovereign credit ratings on Kuwait at "A+/A-1". The outlook remains negative, primarily reflecting risks over the next 12-24 months relating to the government's ability to overcome the institutional roadblocks preventing it from implementing a future financing strategy, as per S&P.

In the Abu Dhabi credit space, sovereigns maturing in 2026 and 2031 posted price drops of 0.75 pt and 1.0 pt respectively week-on-week. Mubadala'26 closed down by 0.75 pt. Taqa'26 was down by 0.25 pt. Prices of ADNOC'29 dropped by 1.13 pt. Amongst financials, FAB'24 registered price falls of 0.38 pt. First Abu Dhabi Bank raised CHF 200 million this week from the sale of four-year green bonds at 54 bps over midswaps as compared to an initial price guidance of 45 bps over midswaps. The proceeds of the bond sale would be used to finance or refinance eligible green projects that meet the eligibility criteria defined in the Sustainable Finance Framework of First Abu Dhabi Bank. In the Dubai credit space, sovereigns maturing in 2029 saw price contractions of 0.44 pt week-on-week. Emaar'26 was down by 0.75 pt. DP World'30 closed down by 0.50 pt.

In the Bahraini credit space, sovereigns maturing in 2031 closed down by 0.13 pt week-on-week. NOGA'27 traded up by 1.0 pt. In the Qatari credit space, sovereigns maturing in 2026 and 2030 registered price decreases of 0.63 pt and 0.88 pt respectively this week. Ooredoo'26 was down by 0.50 pt.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2025, 2030 and 2040 registered price decreases of 0.50 pt, 0.43 pt and 1.25 pt respectively, while sovereigns maturing in 2023 were up by 0.13 pt week-on-week. Euro-denominated sovereigns maturing in 2026 closed up by 0.06 pt, while sovereigns maturing in 2031 posted price falls of 0.28 pt.

In the Omani credit space, sovereigns maturing in 2026 and 2029 saw price expansions of 0.50 pt and 0.63 pt respectively week-on-week. Omantel'28 was up by 0.95 pt. Oman posted a budget surplus of US\$ 545 million in the first two months of this year, helped by higher oil prices and tax collection.

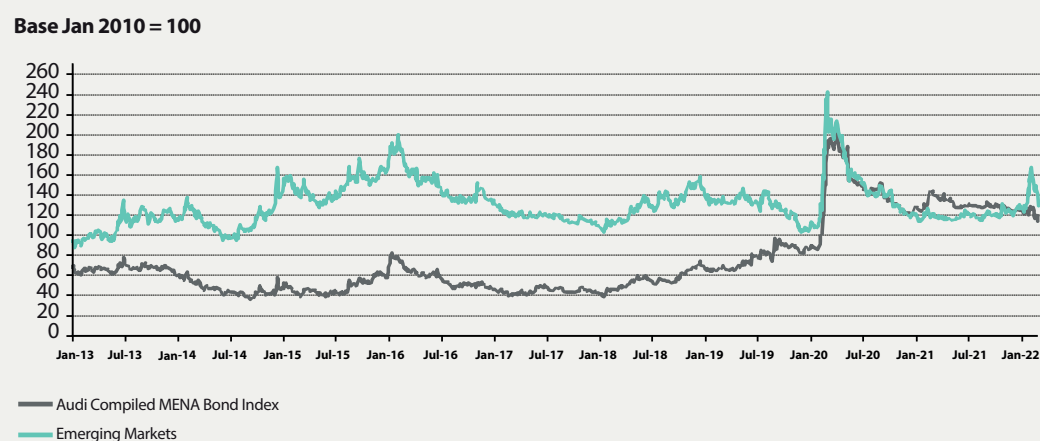
All in all, activity in regional bond markets was mostly skewed to the downside this week, mainly tracking declines in US Treasuries after a US Fed official said that the Central Bank would likely step up monetary policy tightening by swiftly reducing its massive US debt holdings.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	08-Apr-22	01-Apr-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	51	49	43	2	8
Dubai	98	97	94	1	4
Kuwait	54	53	45	1	9
Qatar	51	49	44	2	7
Saudi Arabia	52	50	49	2	3
Bahrain	296	294	294	2	2
Morocco	110	111	95	-1	15
Egypt	546	536	498	10	48
Iraq	364	363	554	1	-190
Middle East	180	178	191	2	-11
Emerging Markets	336	295	141	41	195
Global	466	346	183	120	283

Sources: Bloomberg, Bank Audi's Group Research Department

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



Sources: Bloomberg, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD-/SD	C/-	RD-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Stable	BB-/Stable/B
Egypt	B/Stable/B	B2/Stable	B+/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A-/Positive/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	A+/Negative/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Stable/B	B2/Negative	B+/Stable/B
Oman	BB-/Stable/B	Ba3/Stable	BB-/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Negative	BB+/Stable/B
Tunisia	NR	Caa1/Negative	CCC/C
Libya	NR	NR	NR
Sudan	NR	NR	NR

NR= Not Rated

RWN= Rating Watch Negative

RUR= Ratings Under Review

* Emirate of Abu Dhabi Ratings

FX RATES (per US\$)	08-Apr-22	01-Apr-22	31-Dec-21	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)	18.35	18.28	15.72	0.4%	16.7%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.76	0.0%	-0.2%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.65	3.65	3.67	0.0%	-0.5%
Kuwaiti Dinar (KWD)	0.30	0.30	0.30	0.3%	0.8%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	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)	142.86	142.86	138.89	0.0%	2.9%
Moroccan Dirham (MAD)	9.76	9.72	9.25	0.4%	5.5%
Tunisian Dinar (TND)	3.00	2.96	2.87	1.4%	4.5%
Libyan Dinar (LYD)	4.68	4.64	4.60	0.8%	1.8%
Sudanese Pound (SDG)	447.07	447.07	437.92	0.0%	2.1%

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER

The content of this publication is provided as general information only and should not be taken as an advice to invest or engage in any form of financial or commercial activity. Any action that you may take as a result of information in this publication remains your sole responsibility. None of the materials herein constitute offers or solicitations to purchase or sell securities, your investment decisions should not be made based upon the information herein.

Although Bank Audi sal considers the content of this publication reliable, it shall have no liability for its content and makes no warranty, representation or guarantee as to its accuracy or completeness.