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MENA WEEKLY MONITOR

JUN 27 - JULY 3, 2021

WEEK 27

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Economy

p.2 UNEMPLOYMENT IN SAUDI ARABIA DOWN TO 11.7% IN FIRST QUARTER

Unemployment for Saudi Arabia citizens fell to 11.7% in first quarter, as the General Authority for Statistics, labor market, tackled in its report. Saudi Arabia's unemployment rate has witnessed a sharp decline hitting its lowest levels in nearly five years. The decline's major cause was partly driven by people dropping out of the labor force.

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p.9 SHY PRICE RISES IN MENA EQUITIES, TWO-WAY FLOWS IN BOND MARKETS

MENA equity markets registered shy price gains this week, as reflected by a 0.4% increase in the S&P Pan Arab Composite index, mainly supported by some favorable company-specific factors and as oil prices extended their gaining streak for the sixth consecutive week after an OPEC+ diplomatic standoff delayed a much-anticipated decision on raising output, which fueled bets about an inflationary spike in prices. In parallel, regional bond markets saw two-way flows, as market players weighed economic optimism against risks from a highly infectious Coronavirus strain, and an unexpected uptick in June 2021 US unemployment rate, which has supported the US Federal Reserve's accommodative stance despite strong non-farm payroll growth.

MENA MARKETS: JUN 27 - JULY 3 , 2021

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	+0.4%	Weekly Z-spread based bond index	+0.7%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+20.4%	YTD Z-spread based bond index	+4.5%

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ECONOMY

UNEMPLOYMENT IN SAUDI ARABIA DOWN TO 11.7% IN FIRST QUARTER

Unemployment for Saudi Arabia citizens fell to 11.7% in first quarter, as the General Authority for Statistics, labor market, tackled in its report. Saudi Arabia's unemployment rate has witnessed a sharp decline hitting its lowest levels in nearly five years. The decline's major cause was partly driven by people dropping out of the labor force.

Compared to the fourth quarter, the jobless rate encountered a decrease from 12.6% to 11.7% in the first quarter, continuing the sharp downward trend after reaching a record during the height of the pandemic, according to data from the General Authority for Statistics (GASTAT). Additionally, the labor force participation for citizens was subjected to a drop, from 51.2% in the fourth quarter to 49.5% in the first three months of the year. Since the economic downturn of 2017, this was deemed as the sharpest fall.

According to experts, part of the decline in the unemployment rate is a result of the strong economic rebound from the virus slump. The decline also depicts people dropping out of the workforce.

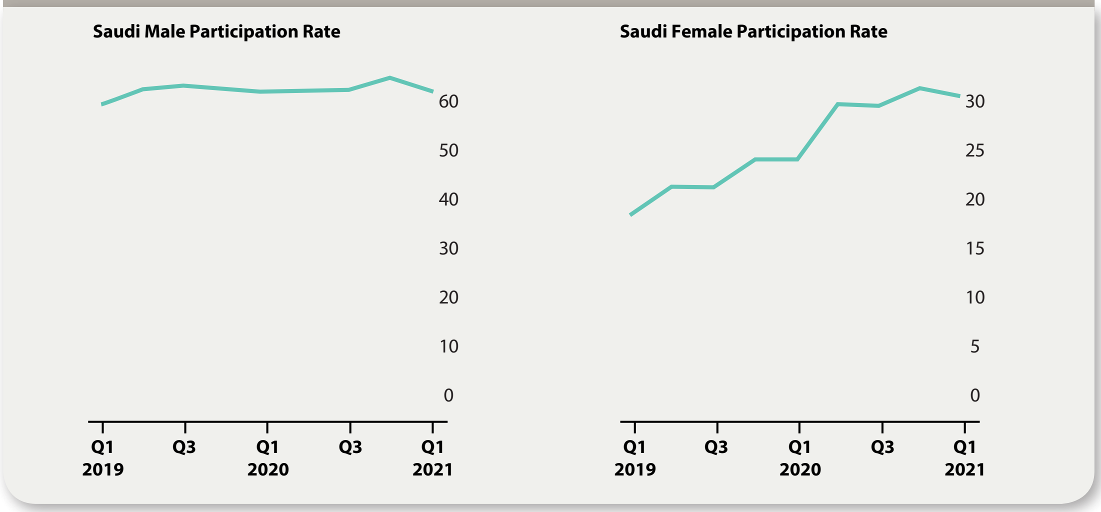
As the economy of Saudi Arabia is highly dependent on exporting oil and importing foreign labor, the job creation is a major consideration for the country. Since 2016, Saudi Arabia has been exerting efforts to push through economic reforms to create a number of jobs aiming to mitigate unemployment to 7% by 2030. However, set plans were disrupted by the invasion of the coronavirus crisis that had gigantic effects on oil prices. Hence, the global health emergency imposed has exacerbated the scale of the problem, thus pushing Saudi's citizen unemployment up to 15.4% during the kingdom's lockdown last year.

In order to cover the extensive attempt to replace employees originating from Africa, Asia, and different parts of the Arab world with citizens, the officials have limited a great number of jobs to Saudis solely, according to GASTAT's report. In addition, any business that employs foreigners is susceptible to fees. The kingdom is witnessing regulations in an effort to increase entrepreneurship and prompt more foreign investments, which in turn will allow more professions for Saudis.

The Saudi economy is anticipated to grow 2.1% this year after shrinking by 4.1% in 2020, the International Monetary Fund has said. Therefore, Saudi Arabia's economy will recover in Q2 for the virus restrictions are eased and oil production cuts are scaled back.

According to estimates of the GASTAT based on the Labor Force Survey, the male unemployment, in the first quarter, increased slightly to 7.2% while the women unemployment rate dropped to 21.2% from 24.4%, following a trend of more women being involved in the work force as social restrictions in the kingdom loosen.

SAUDI ARABIA'S LABOR FORCE PARTICIPATION RATE FOR CITIZENS FELL IN THE FIRST QUARTER.



Sources : General Authority for Statistics

UAE GDP TO GROW BY 1.5% THIS YEAR AS TRAVEL AND TRADE RETURN, AS PER EMIRATES NBD

Dubai's lender Emirates NBD expects the UAE's GDP to grow at 1.5% this year, with the non-oil sector growing at 3.5%, slightly lower than the UAE Central Bank's forecast of 4%.

In a new report, the bank said the UAE's early and relatively fast vaccine rollout has allowed the economy to remain largely open.

Hotel occupancy rates have recovered from last year's pandemic lows, private school enrollments in Dubai have increased 3.9% since September 2020 and the number of active mobile phone subscriptions has also increased since the lows last summer.

However, these indicators remain below pre-pandemic levels, the report said. Rents and residential real estate prices have also recovered since the start of the year, particularly for larger units. All of this points to a recovery in private consumption expenditure in the UAE, which fell by -12.5% last year.

The bank also expects a 7% increase in total government expenditure, to AED 397.9 billion (US$ 108 billion).

According to the report, revenues are set to grow by around 12% on the back of higher oil prices as well as recovery in taxes and fee income and higher enterprise profits.

Overall, the budget is expected to post a small surplus of 1% of GDP this year.

The country has also benefitted from the sharp rebound in global merchandise trade in recent months, the report said. The volume of merchandise trade has exceeded pre-pandemic levels as consumers in developed markets have bought more goods, being unable to spend on travel, entertainment, and other services due to pandemic restrictions. The transport and logistics sector in the UAE is expected to be one of the key drivers of the economic recovery this year, the report added.

SAUDI SHOULD BALANCE OIL SECTOR DEVELOPMENT AND ENERGY TRANSITION, AS PER NATIXIS

In the face of increasing pressure to fast-track economic diversification amid volatile and low oil revenues, Saudi Arabia is looking to develop renewable energies and increase energy efficiency to prepare itself for the post-oil era, said French investment bank Natixis in a report.

It could take advantage of the post-COVID market environment and the return of global oil demand growth. In the current depressed global environment reluctant investors might refrain from financing US shale oil production, leaving room for Saudi Arabia to increase production and gain market share without jeopardizing revenues and affecting prices.

However, with a production capacity currently estimated at 12.5 million barrels per day (mb/d), the kingdom is also looking at monetizing its 297.6 billion barrels of proven reserves as the risk of ending up with stranded assets is increasingly high as case for energy transition grows.

Given the high dependence of the economy on oil, the country must be very careful of the effects its investment choices might have on the global revenue from oil. In addition, the Kingdom should also consider its own internal demand.

According to Natixis, under a scenario of conservative hedging strategy, the kingdom will have to ensure the oil sector is maintained at the center of the economy, while allowing for a smooth and relatively riskless diversification.

To achieve that the hedging strategy should focus on four pillars. The first is increasing Saudi Arabia's ability to compete in a low-price environment through lower production costs and higher energy production efficiency. The second is decarbonizing oil and gas production to favor Saudi energy in a world with rising carbon prices. The third is maximizing the country's oil export potential through an optimized domestic energy mix and more efficient domestic energy consumption. The fourth is raising the share of petrochemicals and non-combustible uses of oil in the country's production portfolio.

Under this prism, the oil industry becomes a sector of the future, lowering the risk to invest in non-viable new exports sectors, guaranteeing a lasting competitiveness for Saudi Arabia on global oil markets and streamlining the proceeds of the natural resources throughout time and generations.

SAUDI ARABIA'S NET FOREIGN ASSETS DIP LOWER TO US$ 433 BILLION IN MAY

Saudi Arabia's net foreign assets fell 0.83% in May compared to April, Central Bank data showed.

Saudi Central Bank's (SAMA) net foreign assets fell by SR 13.7 billion (US$ 3.6 billion) to SR 1.6 trillion (US$ 432.6 billion), according to the bank's monthly report.

Reserves are at their lowest level since the end of 2010 as the enormous build up during 2011-2014, catalyzed by oil prices at more than US$ 100/barrel has been eroded over the past years thanks to low and volatile oil prices, said Emirates NBD in a note. While reserves are drifting lower, they have largely been stable since the second quarter of 2020. Since May, oil prices have jumped considerably which should also help to replenish Saudi Arabia's reserve position, it added. The foreign assets were also lower than the SR 1.7 trillion recorded in May 2020.Investments in foreign securities totaled SR 1.1 trillion in May this year, dropping over 1% compared to the previous month.

The economy of the world's top oil exporter contracted 4.1% last year, but the rate of decline has slowed in recent months as some COVID-19 restrictions were lifted and more economic activities resumed. In the first quarter of this year, the share of oil exports to total exports dropped to 71.8% from 74.6% in the year-ago period.

UAE BUDGET BALANCE IMPROVES AS ECONOMY RECOVERS FROM PANDEMIC

The United Arab Emirates budget balance improved in the first half of the year as the economy began recovering from the COVID-19 pandemic.

UAE plans to enter 25 new international markets for foreign trade, with the goal of boosting exports by 50% in the next few years, as per Dubai's ruler.

The UAE, a commerce and trade hub, was hit hard by the COVID-19 pandemic which had a crippling impact on sectors vital to its economy like tourism and hospitality. Preliminary data in May showed the economy shrank 6.1% in 2020, while the Central Bank has said it expects GDP to grow 2.5% this year.

UAE'S RE-EXPORT TRADE TOPS US$ 127 BILLION IN 2020

The UAE's re-export trade amounted to AED 467.5 billion (US$ 127.2 billion) in 2020 despite the ongoing economic slowdown in direct result of the COVID-19 pandemic, according to the Federal Competitiveness and Statistics Centre (FCSC).

The re-export market accounts for 46.5% of the total re-exports and exports of commodities and services in 2020, which are valued at AED 1.0 trillion.

They comprise 54.3% of the total commodity imports, which stood at AED 860.1 billion in the same year, therefore proving the UAE remains the leading re-export, warehouse and distribution country in the region.

According to the statistics, the total value of re-export trade in 2018 stood at around AED 521 billion, or 44.2% of total re-exports and exports of products and services. In 2019 they were valued at AED 516.5 billion, or 44.8% of total commodity exports and re-exports.

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SURVEYS

THE FINANCIAL CRIME IN MENA 2021 REPORT REVEALS REGIONAL COMPLIANCE TRENDS INDUCED BY THE PANDEMIC ACROSS MENA MARKETS, AS PER REFINITIV

Refinitiv, a London Stock Exchange Group (LSEG) business, released the seventh edition of the Middle East and North Africa (MENA) financial crime report.

The Financial Crime in MENA 2021 report reveals regional compliance trends induced by the pandemic across MENA markets. According to this year's findings, over half of respondents (51%) face new risk challenges because of the pandemic, a quarter of respondents (25%) say that a data breach poses the most significant risk to business operations and over a third (34%) cite problems associated with data management as the key reason for investing in technology.

COVID-19 put an enormous burden on the risk and compliance functions in a very short amount of time. Refinitiv's analysis reveals more than half of organizations in MENA are dealing with new risk challenges in the wake of the COVID-19 pandemic.

The rapid growth in digitalization during the pandemic has inevitably created opportunities for criminals and fraudsters. The risk and compliance functions across MENA are now faced with the rapidly evolving threat of cybercrime, including payments fraud, account takeovers and identity theft. Business leaders must now focus on these new factors shaping their organization's risk profile, and deploying advanced technologies will be key to tackling financial crime, enhancing compliance effectiveness and protecting corporate reputation.

Over the past year, there has been an increasing focus on the need for improved data management across the MENA region because of the pandemic as well as the pace of regulatory change across regional markets. Now, both local start-ups and regional corporations realize the significance of deploying effective data strategies. This growing interest in a data-first approach has expanded the detection and prevention capacity of compliance officers. Data management programs are now driving technology investments in the region. This is a trend that is expected to continue as more regulation adds to the complexity of doing business across MENA jurisdictions, as per the same source.

According to the survey results, risk and compliance practices may fall short of global standards in areas such as third-party risk. Results show that only five percent of respondents focus on reporting ultimate beneficial ownership (UBO) while half of respondents (49%) believe that crime prevention technologies will witness a significant upgrade in the next two years. Less than 1% of respondents viewed environment, social and governance (ESG) issues as major concerns, while nearly half of respondents (48%) reported a lack of corruption controls during a time of severe supply chain disruption.

The quality of ultimate beneficial ownership registries will be among the key challenges for companies in the region especially with the introduction of new US and EU regulation that require UBO disclosure.

DUBAI RANKED SECOND GLOBALLY FOR FOREIGN-EMPLOYED REMOTE WORKING

Dubai has been ranked second globally for foreign-employed remote working, scoring well for income tax, availability of accommodation and appropriate visas.

The city was also one of five in the top ten to issue a visa suited to foreign-employed remote work - the emirate introduced its remote work visa in October 2020, while a similar UAE-wide program was announced in March 2021.

The last year has really proved to many companies that remote-working is not only a possibility, but actually something that can be beneficial to everyone involved, as per the founder and CEO of Nestpick, an online furnished rental property platform.
The technology has been available for a while now, but it's taken seeing it in practice for the idea to really take hold.

Dubai was number one for income tax and social contribution and in the top ten for availability of accommodation, appropriate visas and healthcare.

Cities were rated on set up costs, availability of accommodation and workspaces, visas, income tax, internet speed and capacity, gender and minority equality and then culture and entertainment, healthcare, and speed of COVID-19 vaccination rollout.

Rio de Janeiro, Brazil, had the most affordable rental accommodation, Marrakesh, Morocco was the best for internet speed and capacity and Istanbul, Turkey, the best for remote worker infrastructure.

Dubai was the only MENA region city to make the overall top ten, with Melbourne taking the number one spot and Sydney, Australia, Tallin, Estonia and London, UK taking the third, fourth and fifth spots respectively.

Of the 75 cities surveyed, Medellin, Colombia, scored the lowest.

POSITIVE OUTLOOK IS RETAINED FOR QATAR'S TOURISM INDUSTRY, AS PER FITCH SOLUTIONS

According to a recent report by Fitch Solutions on Qatar's tourism sector, a positive outlook is retained for the industry and steady growth is forecasted over the 2022-2023 period with short-term momentum being driven by the upcoming FIFA 2022 World Cup event. The 2023 World Aquatics Championship will also provide much needed tailwinds. Beyond the headline events, the outlook is positive as prospects will also be buoyed by the robust infrastructure pipeline as part of the Tourism Vision 2030 agenda, rising incomes in emerging source markets and normalization of diplomatic relations with Saudi Arabia and the UAE. Downside risks include regional geopolitical friction, another collapse in oil prices, protracted global economic weakness and a delay in COVID-19 vaccine distribution.

Total arrivals plummeted by 75.1% in 2020 to just 533,000 as the COVID-19 pandemic crippled global demand for travel and tourism. Fitch Solutions forecasts a modest yet notable recovery of 52.7% in 2021 as vaccine optimism builds momentum.

Over the medium term, Fitch Solutions forecasts a steady recovering taking total arrivals to 3.0mn by the end of 2025. The FIFA World Cup 2022, World Aquatics Championship 2023 and the removal of the Gulf Cooperation Council (GCC) blockade will support tourism as the pandemic subsides.

The Qatar National Tourism Council launched a new mobile telephone application as part of a greater marketing strategy. The move is part of the government' efforts to revive the struggling tourism sector ahead of the FIFA 2022 World Cup. The QNTC also continues to bolster its social media presence in Q221 with the "Curated" promotional campaign.

The Qatar government announced the expansion of the "Qatar Clean" initiative in Q320 aimed towards resuscitating the industry.

The Government of Qatar hopes to welcome 10 million tourists annually by 2030, an ambitious target that Fitch Solutions believes is possible with proper marketing and investment initiatives as part of the National Tourism Strategy 2030.

According to the report, heavy infrastructure investments have been planned by the government and by private sector stakeholders in the national tourism industry. The government has stated that it will invest up to US$ 45 billion in tourism-related activities to accomplish the National Tourism Sector Strategy 2030.

US$ 2.3 billion has been allocated for the 2022 FIFA World Cup facilities and an additional US$ 6.9 billion for transport projects.

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CORPORATE NEWS

ALDAR SIGNS US$ 81.6 MILLION FIVE-YEAR LOAN WITH HSBC

HSBC granted Aldar Properties an AED 300 million (US$ 81.6 million) facility linked to interest margin payable to achieve sustainability targets and to be utilized for general corporate purposes, including the roll-out of Environmental, Social and Governance (ESG) initiatives across the group. The innovative five-year term loan includes a mechanism to adjust Aldar's interest margin annually in line with achievement of targets on energy and water intensity, waste recycling and worker welfare.

These targets were identified to be substantial to both Aldar and the wider real estate sector.

The transaction is in alignment with the Sustainability-Linked Loan Principles (SLLP) published by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications & Trading Association (LSTA).

BASRAH GAS TO LIMIT GAS FLARING

Iraq-based Basrah Gas Co. will obtain a loan from International Finance Corporation (IFC) to finance a project to limit the flaring of natural gas. Iraq continues to flare some of gas extracted alongside crude oil because it lacks the facilities to process it into fuel for local consumption or exports.

ARAMCO UNIT SETS UP BASE IN YANBU INDUSTRIAL PORT-RED SEA

Aramco Trading Company (ATC) announced that it initiated bunkering operations at Yanbu Industrial Port in collaboration with the Saudi Ministry of Energy, the Saudi Customs Authority and the Saudi Ports Authority (Mawani).

ATC storage and blending facilities at Yanbu are capable of supplying up to 150,000 metric tons per month of bunker supplies with the potential for further upscaling, as said in a statement.

It also commissioned a 6,000-deadweight tonnage (DWT) barge, the MT Halki, equipped with mass flow meters for bunkering operations.

ATC's first delivery of 1,600 metric tons of very low sulphur fuel oil to MT Lake Trout complied with International Maritime Organization regulations, which mandate a maximum sulphur content of 0.5%, a statement said.

DEYAAR LAUNCHES US$ 272 MILLION LUXURY TOWER IN DUBAI

Dubai-bases developer, Deyaar Development (Deyaar), launched Regalia, a AED 1 billion (US$ 272 million) luxury skyscraper in Business Bay offering a smart and high-end urban lifestyle.

Regalia is a 70-storey premium residential building featuring smart home-enabled apartments. It offers a wide range of recreational and wellness amenities.

Construction will start next month and is due for completion in 2024, as said in a statement.
Deyaar, majorly owned by Dubai Islamic Bank, said it will offer a 10% down payment and a seven-year repayment plan.

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SAUDI ARABIA CHAINS IN J&J'S JANSSEN

KSA Ministry of Investment signed MOU with the US-based Janssen company, one of the leading pharmaceutical companies affiliated with the Johnson & Johnson Group, to contribute and develop strategic initiatives in health care, pharmaceutical industry, conduct of clinical studies and life sciences capabilities in the kingdom.

It is worth noting that the MoU is for five years and as part of the agreement, a number of initiatives will be developed in the health care and life sciences sectors.

LIWWA RAISE US$ 3 MILLION PRE-SERIES B FUNDING AND FORESEES EXPANSION IN EGYPT

Jordanian lender platform- Liwwa raises US$ 3 million pre-series B fund aiming to support SMEs in Jordan and Egypt post COVID-19 and plans further expansion in Egypt

Through liwwa's digital platform, borrowers can apply online for loans, which saves valuable time. This is considered a very efficient way especially in Egypt where the size of the country and traffic conditions are obstacles to direct sales, as said in a statement.

Liwwa has secured US$ 1.3 million through convertible notes out of the targeted US$ 3 million through its partnerships with FMO, DASH Ventures, Bank al Etihad, Edgo and the Qattan family and is confident to secure the remaining US$ 1.7 million from new investors.

RELIANCE INDUSTRIES JOINS ADNOC FOR TOP TA'ZIZ CHEMICAL PROJECTS

Abu Dhabi National Oil Company (ADNOC) and an Indian multinational conglomerate Reliance Industries Limited signed an agreement to join a new world-scale chlor-alkali, ethylene dichloride and polyvinyl chloride (PVC) production facility at Ta'ZiZ in Ruwais-Abu Dhabi. Ta'Ziz is one of the world-scale chemicals production hub and industrial ecosystem based in Ruwais, The project is to be constructed in the Ta'ZiZ Industrial Chemicals Zone. Ta'ZiZ and Reliance will construct an integrated plant with capacity to produce 940,000 tons of chlor-alkali, 1.1 million tons of ethylene dichloride and 360,000 tons of PVC annually.

The agreement capitalizes on the growing demand for these critical industrial raw materials and leverages the strengths of ADNOC and Reliance as global industrial and energy leaders.

It is worth to note that ADNOC is gearing up for growth with Ta'ZiZ with investment in excess of AED18 billion (US$ 4.9 billion) and a number of further growth projects in the downstream and industry sector.

DEWA US$ 70 MILLION WATER PIPELINE PROJECT ACHIEVES 96.4% COMPLETION

The Dubai Electricity and Water Authority (DEWA) completed 96.4% of its project to extend its water transmission network by 36.6 kms across Dubai at a cost of AED 256 million. The project includes the supply, installation, testing and commissioning of Glass-Reinforced Epoxy water pipes in different diameters and precast chambers.

The project encompasses two sections; section A with 12.5 kms of 1,200 mm diameter and section B with 14 kms of 1,200 mm and 10.15 kms of 600 mm reaching a total of 24.1 kms.

The usage of the latest technologies in the generation, transmission, distribution and control of electricity and water networks, as per MD and CEO of DEWA. The project completion is expected by August 2021.

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CAPITAL MARKETS

EQUITY MARKETS: SHY WEEKLY PRICE GAINS IN MENA EQUITIES

MENA equity markets registered shy price gains this week, as reflected by a 0.4% increase in the S&P Pan Arab Composite index, mainly supported by some favorable company-specific factors and as oil prices extended their gaining streak for the sixth consecutive week after an OPEC+ diplomatic standoff delayed a much-anticipated decision on raising output, which fueled bets about an inflationary spike in prices.

The heavyweight Saudi Exchange registered a 0.7% rise in prices week-on-week, mainly helped by some favorable company-specific factors, and as Brent oil prices topped US$ 75 per barrel after OPEC+ members failed to reach an agreement on raising output, which put more pressure on an already tight global oil market.

A closer look at individual stocks shows that Petro Rabigh's share price climbed by 8.0% week-on-week to close at SR 23.90. SABIC's share price edged up by 0.5% to SR 121.40. Saudi Kayan Petrochemical Company's share price surged by 4.1% to SR 18.66. Sipchem's share price closed 1.9% higher at SR 29.80. Sipchem's Board of Directors recommended the distribution of dividends a rate of SR 0.75 per share for the first half of 2021. Also, Al Rajhi Bank's share price rose by 0.7% to SR 111.40. Al Rajhi Bank's Board of Directors recommended the distribution of dividends at a rate of SR 1.4 per share for the first half of 2021. Alinma Bank's share price jumped by 5.7% to SR 21.40. Goldman Sachs raised its recommendation on Alinma Bank from "Sell" to "Neutral" with a price target of SR 20, which implies a 1.7% decrease from last price. Al Khaleej Training and Education's share price went up by 3.2% to SR 31.0. Al Khaleej Training and Education is seeking the market regulator's approval to raise capital via offering 20 million new shares.

The UAE equity markets posted a 0.8% increase in prices week-on-week, mainly supported by some favorable company-specific factors and as oil prices continued to head north following OPEC+ standoff, closing at US$ 76.17 on Friday. In Abu Dhabi, ADNOC's share price surged by 2.6% to AED 4.34. Dana Gas' share price closed 1.8% higher at AED 0.835. ADCB's share price increased by 2.8% to AED 6.90. Morgan Stanley reinstated coverage of ADCB with a recommendation of "Overweight" and a price target of AED 8.50, which implies a 26% increase from last price. International Holding Company's share price skyrocketed by 27.7% to reach AED 123.0. Alpha Dhabi Holding, in which IHC holds a 45% stake, made its market debut this week. Alpha Dhabi Holding's share price surged by 16.4% to close at AED 17.46.

In Dubai, GFH Financial Group's share price closed 0.8% higher week-on-week at AED 0.758. Deyaar Development's share price went up by 0.7% to AED 0.296. du's share price edged up by 0.4% to AED 6.76.

EQUITY MARKETS INDICATORS (JUNE 27 - JULY 3, 2021)

Market	Price Index	week-on-week	Year-to-Date	Trading Value	week-on-week	Volume Traded	Market Capitalization	Turnover ratio	P/E*	P/BV*
Lebanon	82.5	0.2%	29.9%	51.5	1598.3%	2.3	9,320.0	28.7%	-	0.62
Jordan	369.0	1.8%	29.0%	53.1	-20.4%	24.7	22,576.1	12.2%	20.5	1.37
Egypt	248.4	0.1%	-7.3%	252.7	-38.0%	1,419.7	45,333.0	29.0%	9.2	1.59
Saudi Arabia	491.3	0.7%	28.8%	13,108.3	-5.6%	1,467.4	2,588,806.4	26.3%	22.0	2.98
Qatar	183.2	0.2%	3.4%	438.4	23.5%	755.6	169,568.6	13.4%	18.7	2.02
UAE	125.6	0.8%	22.0%	1,730.6	13.5%	1,098.0	418,714.4	21.5%	16.2	2.24
Oman	207.6	0.9%	10.5%	36.7	27.9%	115.1	17,532.0	10.9%	11.8	1.01
Bahrain	155.8	0.9%	9.8%	5.0	-35.8%	8.6	23,231.6	1.1%	17.5	1.75
Kuwait	121.0	-1.2%	15.7%	734.9	-9.5%	1,196.5	113,008.2	33.8%	21.3	1.83
Morocco	307.7	-0.5%	8.8%	136.5	-67.1%	7.6	70,955.9	10.0%	29.0	3.25
Tunisia	68.0	-1.5%	-2.2%	3.3	-41.5%	1.6	8,381.4	2.0%	15.4	2.56
Arabian Markets	926.3	0.4%	20.4%	16,550.9	-5.5%	6,097.1	3,487,427.6	24.7%	20.9	2.76

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

Sources: S&P, Bloomberg, Bank Audi'sGroup Research Departement.

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The Qatar Exchange posted shy price gains of 0.2% this week, mainly supported by extended price gains and some favorable company-specific factors. 22 out of 48 listed stocks registered price rises, while 25 stocks recorded price falls and one stock saw no price change week-on-week. Industries Qatar's share price closed 1.4% higher at QR 13.40. Doha Bank's share price surged by 3.5% to QR 2.808. Goldman Sachs raised its recommendation on Doha Bank's stock from "Neutral" to "Buy", with a price target of QR 3.40, which implies a 23% increase from last price. Qatar Islamic Bank's share price went up by 1.5% to QR 17.380. Mannai Corporation' share price surged by 4.2% to QR 3.854. Mannai Corporation is considering the sale of French technology services provider Inetum, which could fetch about € 2 billion.

FIXED INCOME MARKETS: ACTIVITY REMAINS MIXED IN MENA BOND MARKETS THIS WEEK

MENA fixed income markets saw two-way flows this week, as market players weighed economic optimism against risks from a highly infectious Coronavirus strain, and an unexpected uptick in June 2021 US unemployment rate, which has supported the US Federal Reserve's accommodative stance despite strong non-farm payroll growth.

In the Dubai credit space, sovereigns maturing in 2029 were up by 0.08 pt week-on-week. DP World'30 posted price rises of 0.11 pt. Majid Al Futtaim'29 closed down by 0.07 pt. Prices of Emaar'26 decreased by 0.09 pt. Emaar Properties raised this week US$ 500 million from the sale of a 10-year Sukuk at a yield of 3.7%, against an initial price guidance of 4.25%. The Sukuk sale attracted more than US$ 3.3 billion in orders. As to credit ratings, Standard and Poor's revised its outlook on Emaar Properties to "Stable" from "Negative" and affirmed its "BB+" long-term issuer credit rating on the company. The "Stable" outlook indicates S&P's expectation that Emaar Properties' adjusted Funds from Operations to debt would reach close to 30% at the end of 2021 and would stay above that in the following years.

In the Abu Dhabi credit space, sovereigns maturing in 2026 and 2031 posted price gains of 0.13 pt each this week. Taqa'30 was up by 0.81 pt. Fitch Ratings affirmed Taqa's long-term Issuer Default Rating and senior unsecured rating at "AA-", with a "stable" outlook. The affirmation is supported by Fitch's view of the strength of links, under its Government-Related Entities Rating Criteria, between Taqa and its majority indirect shareholder Abu Dhabi ("AA/Stable").

As to papers issued by financial institutions, ADIB Perpetual (offering a coupon of 7.125%) saw price retreats of 0.25 pt week-on-week. Price of Al Hilal'23 declined by 0.38 pt. ADCB'23 traded down by 0.21 pt.

In the Qatari credit space, sovereigns maturing in 2026 were down by 0.13 pt, while sovereigns maturing in 2030 closed up by 0.13 pt week-on-week. Ooredoo'26 was up by 0.06 pt. Amongst financials, Commercial Bank of Qatar'23 traded down by 0.09 pt. As to new issues, Qatar Petroleum became this week the biggest emerging market bond issuer in 2021 by selling a US$ 12.5 billion four-tranche bond. In details, Qatar Petroleum sold a US$ 1.5 billion five-year bond at 50 bps over US Treasuries versus an initial price guidance of 80 bps over UST; a US$ 3.5 billion 10-year tranche at 90 bps over UST with an initial price guidance of 120 bps over UST; a US$ 3.5 billion 20-year tranche at a yield of 3.15% versus an initial price guidance of 145 bps over UST; and a US$ 4 billion 30-year tranche at a yield of 3.3% versus an initial price guidance of 155 bps over UST. The four-tranche bond sale attracted around US$ 40 billion in orders.

Also, Qatar's Ahli Bank raised US$ 500 million from the sale of five-year senior bonds at 125 bps over midswaps versus an initial price guidance of around 150 bps over midswaps. Ahli Bank received more than US$ 1.35 billion in orders for the debt sale.

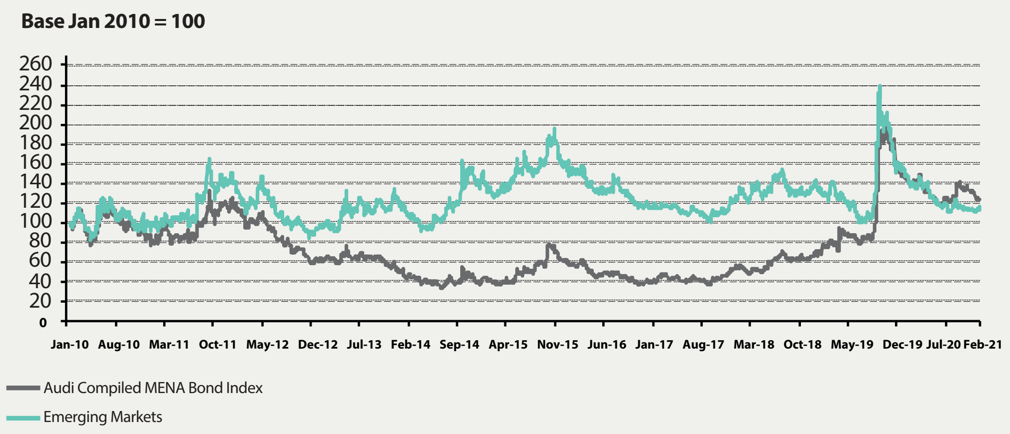
All in all, activity was mixed in regional bond markets this week, as the Delta variant posed some risks of delay in the global economic recovery, and a recent US job report showed higher-than-expected US unemployment rate in June 2021, and highlighted that the biggest non-farm payroll gains were in the leisure and hospitality industries, which would only generate transitory gains in wages and inflation.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	2-Jul-21	25-Jun-21	31-Dec-20	Week-on-week	Year-to-date
Abu Dhabi	39	39	38	0	1
Dubai	86	88	112	-2	-26
Kuwait	50	50	44	0	6
Qatar	40	39	38	1	2
Saudi Arabia	54	54	65	0	-11
Bahrain	217	205	241	12	-24
Morocco	91	94	112	-3	-21
Egypt	335	331	339	4	-4
Iraq	544	537	693	7	-149
Middle East	162	160	187	2	-25
Emerging Markets	117	115	105	2	12
Global	139	140	140	-1	-1

Sources: Bloomberg, Bank Audi's Group Research Department

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



Sources: Bloomberg, Bank Audi's Group Research Department

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SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD/-/SD	C/-	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Stable	BB-/Negative/B
Egypt	B/Stable/B	B2/Stable	B+/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A-/Stable/A-2	A1/Negative	A/Negative/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA-/Stable/A-1+	Aa3/Stable	AA-/Stable/F1+
Kuwait	AA-/Negative/A-1+	A1/Stable	AA/Negative/F1+
Bahrain	B+/Negative/B	B2/Negative	B+/Stable/B
Oman	B+/Stable/B	Ba3/Negative	BB-/Negative/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Negative	BB+/Stable/B
Tunisia	NR	B3/Negative	B/Negative/B
Libya	NR	NR	NR
Sudan	NR	NR	NR

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

FX RATES (per US$)	02-Jul-21	25-Jun-21	31-Dec-20	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,507.50	1,507.50	1,507.50	0.0%	0.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	-0.1%
Egyptian Pound (EGP)	15.67	15.67	15.75	0.0%	-0.5%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.1%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.70	3.71	3.67	-0.2%	0.7%
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)	135.14	133.33	131.58	1.4%	2.7%
Moroccan Dirham (MAD)	8.93	8.90	8.91	0.4%	0.2%
Tunisian Dinar (TND)	2.77	2.77	2.69	0.0%	2.9%
Libyan Dinar (LYD)	4.52	4.50	1.34	0.4%	237.5%
Sudanese Pound (SDG)	452.80	445.33	55.14	1.7%	721.2%

Sources: Bloomberg, Bank Audi's Group Research Department