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MENA WEEKLY MONITOR

JULY 4 - JULY 10, 2021
WEEK 28

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Economy

p.2 OIL PRICES AT MULTI-YEAR HIGHS AFTER OPEC FAILS TO AGREE ON INCREASING OUTPUT

Oil prices recently jumped to the highest level in three years after Opec and its allies abandoned a decision on increasing oil production as Saudi Arabia, Russia and the UAE struggled to reach a compromise.

Also in this issue

Surveys

p.5 ASSETS UNDER MANAGEMENT IN MIDDLE EAST ROSE 11% TO US$ 1.2 TRILLION IN 2020, AS PER BCG

Despite the economic turbulence caused by the coronavirus pandemic, the asset management industry in the Middle East has grown by 11% to US$ 1.2 trillion in 2020 from US$ 1.1 trillion in 2019, driven by the assets of sovereign wealth funds, a new report by Boston Consulting Group (BCG) said.

Also in this issue

Corporate News

p.7 DUBAI'S DP WORLD OFFERS US$ 890 MILLION TO SOUTH AFRICA'S IMPERIAL LOGISTICS

DP World, Dubai-based port operator, offered AED 12.7 billion (US$ 890 million) to acquire all the outstanding shares of Johannesburg JSE-listed Imperial Logistics. The transaction is expected to close in the first quarter of 2022, the port operator said.

Also in this issue

Markets In Brief

p.9 PRICE DECLINES ACROSS MENA CAPITAL MARKETS THIS WEEK

MENA equity markets came under downward price pressures this week, mainly weighed down by a first oil price contraction in seven weeks and as Jebel Ali port explosion sent tremor across Gulf bourses, in addition to some other unfavorable market-specific factors. This was reflected by a 1.1% drop in the S&P Pan Arab Composite index. Also, activity in regional bond markets was mostly tilted to the downside, amid a wide sell-off mood sparked by growing concerns over the impact of the Delta Coronavirus variant on the global economic recovery and as Jebel Ali port blast weighed on investor sentiment, while some market players sought to leave room for new bond issues.

MENA MARKETS: JULY 4 - JULY 10 , 2021

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-1.1%	Weekly Z-spread based bond index	+1.0%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+19.0%	YTD Z-spread based bond index	+5.6%

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ECONOMY

OIL PRICES AT MULTI-YEAR HIGHS AFTER OPEC FAILS TO AGREE ON INCREASING OUTPUT

Oil prices recently jumped to the highest level in three years after Opec and its allies abandoned a decision on increasing oil production as Saudi Arabia, Russia and the UAE struggled to reach a compromise.

Opec+ oil ministers had been due to reconvene after failing to reach a deal with the UAE chafing over a supply target it believes is too low and underestimates its production capacity.

But with high-level bilateral talks unable to break the impasse and find the required unanimity ahead of the formal meeting's planned start, the virtual gathering was cancelled.

This week oil fell as investors feared what this week's collapse in OPEC talks meant for worldwide production. Crude stocks fell by 8 million barrels for the week ended July 2.

Crude markets have been volatile over the past few days following the breakdown of discussions between major oil producers Saudi Arabia and United Arab Emirates.

Brent crude settled at US$ 75.5 a barrel, rising by 47.64 relative to its beginning-of-year level (US# 51.2). It was trading at US$ 58.72 at end-2019, prior to the Pandemic.

Opec have restrained supply for more than a year since demand crashed during the coronavirus pandemic.

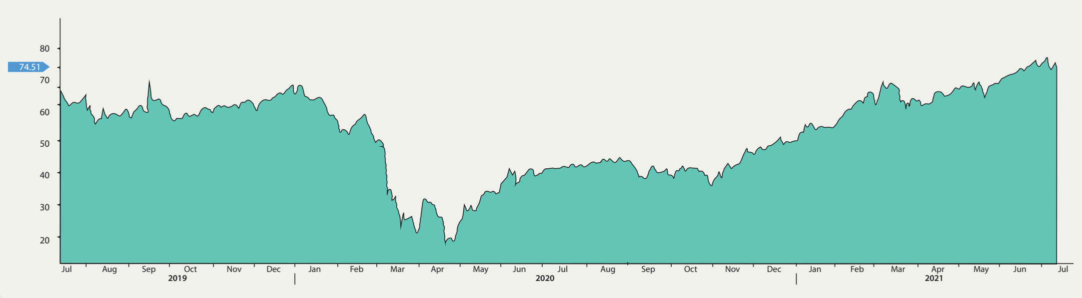
The group is maintaining nearly 6 million bpd of output cuts and was expected to add to supply, but three days of meetings failed to close divisions between the Saudis and the Emiratis.

For now, the existing agreement that keeps supply restrained remains in force. But the breakdown also could lead producers, eager to capitalize on the rebound in demand, to start supplying more oil previously predicted.

Russia is now leading efforts to close divisions between the Saudis and UAE to help strike a deal to raise oil output in coming months.

The outlook for global oil prices in mainly related to global recovery and economic growth amid the prospects of the anticipated evolution of the global battle against the Pandemic.

EVOLUTION OF BRENT PRICES



Sources : Bloomberg

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MENA SEES 51% FALL IN TRAVEL SECTOR'S SHARE IN GDP IN 2020, AS PER WTTC

The regional travel & tourism contribution to GDP in the Middle East decreased significantly in 2020, dropping by 51.1%, compared to the average global decline of 49.1%, said the World Travel & Tourism Council (WTTC) in a new report.

While domestic spending declined by 42.8%, international receipts saw a much steeper fall of 70.3%, added the new annual Economic Trends Report from WTTC.

The region, which was highly reliant on international tourism in 2019, saw international spending as a share of total Travel & Tourism spending decline from 62% of the total in 2019 to 46% in 2020.

Meanwhile, domestic spending grew in share, from 38% of the total in 2019 to 54% in 2020. In 2020, travel & tourism employment fell by 17.4%, equating to 1.2 million jobs. In Saudi Arabia, employment decreased by 10.1%, while the drop in the Kingdom's domestic travel spending was 30.9%.

Across both indicators, the declines were less severe than in the rest of the Middle East. To minimize the effect of COVID-19, the Saudi government introduced several support and recovery measures that are likely to have helped. A subsidy worth SR 9 billion (US$ 2.4 billion) supported the salaries of Saudis in the private sector, including travel & tourism.

Tourism fees were dropped, and training programs in July 2020 were organized to coincide with a "Saudi Summer Season" marketing campaign designed to stimulate domestic travel to ten destinations.

Meanwhile, in the UAE, Travel & Tourism GDP contracted by 60.3%, a steeper decline compared with regional and global average, mainly due to country's strong reliance on international spending which witnessed a significant drop. Travel & tourism GDP in Africa dropped 49.2% in 2020, in line with the global average. Domestic spending declined by 42.8%, while international spending saw a much steeper contraction at 66.8%.

Globally, Asia Pacific was the region hit hardest by the COVID-19 pandemic, with the travel sector's contribution to GDP dropping a damaging 53.7%, compared to the global fall of 49.1%, according to the report.

International visitor spending was particularly hard hit across Asia Pacific, falling by 74.4%, as many countries across the region closed their borders to inbound tourists. Domestic spending witnessed a lower but equally punishing decline of 48.1%.

WTTC data has laid bare the devastating impact the pandemic has had on Travel & Tourism around the world, leaving economies battered, millions without jobs and many more fearing for their future, as per the Senior Vice President of WTTC.

The annual Economic Trends Report shows just how much each region has suffered at the hands of the crushing travel restrictions brought in to control the spread of COVID-19.

WTTC believes governments around the world should take advantage of their vaccine rollouts, which could significantly ease travel restrictions on travel, and help power the wider global economic recovery, as per the same source. The report showed domestic spending in Europe declined by 48.4%, offset by some intra-regional travel, however international spending fell at an even sharper rate, by 63.8%. Despite this, Europe remained the top global region for international visitor spending.

The WTTC Economic Trends Report shows how the Travel & Tourism sector enables socio-economic development, job creation, and significant positive social impact, including providing unique opportunities to women, minorities and youth. It suggests that the sector will pivot and adapt to ultimately return stronger post COVID-19, identifying trends already gaining traction and exploring the shifts that may be required to sustain travel & tourism in the future.

From a demand perspective, COVID-19 is transforming traveler inclinations and behaviors toward the familiar, predictable, trusted and towards perceived "low risk" destinations. According to the report, more regional holidays, with extensive research and planning, and the great outdoors, will reign in the short-term.

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COVID-19 is also proving to be a catalyst in the travel & tourism sector's quest for innovation and the integration of new technologies such as biometrics, which would enable a more seamless traveler experience.

As global travel & tourism starts seeing the light at the end of the tunnel and work to accelerate the resumption of safe international travel takes place, it is essential the sector rebuilds trust to travel. While the pent-up demand is significant, ever-changing travel restrictions have affected consumer confidence to book.

TOTAL GCC DEBT ISSUANCES TO FALL SHORT OF LAST YEAR'S US$ 149 BILLION, AS PER KAMCO

The trend of GCC debt issuances so far this year has remained in line with the first half of last year at US$ 80 billion. However, expectations for the rest of the year is for issuances to remain muted and fall short of the US$ 149.2 billion recorded for full-year 2020, according to a report by Kamco Invest.

Saudi Arabia and UAE remained the top fixed instrument issuers in the region at US$ 29 billion and US$ 28.5 billion, respectively, during H1-2021. Qatar saw a steep decline during the period with issuances at US$ 7.1 billion compared with US$ 18.3 billion in H1-2020.

Moreover, unlike last year where governments dominated the fixed-income market, the bulk of the issuances this year were from corporates, the report said.

Private businesses raised close to US$ 50 billion as against US$ 30 billion from the government in H-2021. The reasons for the higher corporate issuances were the low interest rates, recovering economies and a push from the regional government to accelerate vaccinations and kick start the economy.

Expectations for the remainder of the year remains slightly muted, said Kamco. Government issuances are expected to slow down, led by higher oil prices that is easing pressure on the fiscal front, although it can still see opportunistic issuances from the government to take advantage of low rates. Corporates, on the other hand, are expected to see growth in comparison with last year but that may not fully offset the decline from government issuers during the second half of this year.

EGYPT'S NON-OIL ECONOMY STABILIZES IN JUNE ON NEW ORDERS AND EXPORT GROWTH

Business conditions in Egypt's non-oil private sector economy stabilized in June as output and new orders increased for the first time in seven months.

The country's IHS Markit Purchasing Managers' Index rose from 48.6 in May to 49.9, a notch below the neutral 50 thresholds, as it hit its highest level since November 2020. A reading above 50 indicates economic expansion while anything below points to a contraction.

The 1.3-point rise in the PMI index was mostly driven by the output and new orders' sub-indexes, both of which rose above the 50 marks. The latest reading pointed to an increase in activity, which panelists largely attributed to a strengthening of market conditions as COVID-19 measures eased in the Arab world's third-largest economy.

A second successive rise brought the Egypt PMI almost to the 50-growth mark in June to record its highest reading in seven months, said IHS Markit. Businesses also recorded an increase in visitor numbers as the country opened up its borders. The tourism sector accounts for about 12% of Egypt's economy.

An improvement in export orders at the end of the second quarter also supported business activity in the most populous Arab country. The rate of export sales growth hit its quickest pace since February. However, some panelists underscored weak domestic demand that weighed on overall sales.

The rise in new orders in June also helped to stem the recent decline in purchasing activity. Businesses kept stock levels unchanged for the first time in six months and continued to reduce backlogs of work amid an improving economic outlook.

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SURVEYS

ASSETS UNDER MANAGEMENT IN MIDDLE EAST ROSE 11% TO US$ 1.2 TRILLION IN 2020, AS PER BCG

Despite the economic turbulence caused by the coronavirus pandemic, the asset management industry in the Middle East has grown by 11% to US$ 1.2 trillion in 2020 from US$ 1.1 trillion in 2019, driven by the assets of sovereign wealth funds, a new report by Boston Consulting Group (BCG) said. In the report titled "Global Asset Management 2021: The US$ 100 Trillion Machine", BCG said another main driver of AuM growth was retail investors.

Many SWFs had high equity exposure in developing and emerging markets, faring well as the financial landscape regained a degree of pre-pandemic stability. In addition, retail mutual funds in the region saw 12% growth during 2020, with strong global market performance instigating this outcome. Much like every sector, the resilience of the asset management industry was tested in 2020, with initial outbreak disruption and subsequent economic tailwinds presenting a period of sizeable uncertainty for the industry and its incumbents," said Managing Director and Partner, BCG.

However, the Middle East has prevailed in the face of adversity, and it is now apparent that the region has entered 2021 in a position of strength following healthy returns.

Meanwhile at the global level, net inflows for the asset management industry reached US$ 2.8 trillion in 2020, or 3.1% of the total AuM at the beginning of the year – compared to a historical average between 1-2% over the previous decade, the report said.

Again, retail investors proved to be the main driver behind AuM growth. Global retail AuM portfolios grew globally by 11% in 2020, representing 41% of global assets at US$ 42 trillion. Institutional investments also grew at a similar pace to reach US$ 61 trillion, or 59% of the global market.

DUBAI'S BUSINESS LEADERS ARE CONFIDENT CONDITIONS WILL IMPROVE IN THE THIRD QUARTER OF 2021 AHEAD OF EXPO

Business environment in Dubai is expected to see positive momentum in the third quarter of 2021 as confidence among companies and investors improves ahead of Expo 2020 Dubai, a survey from Dubai Chamber revealed.

A survey titled 'The Business Leaders' Outlook for Q3-2021", found that 66% of respondents expect to see better business conditions during the quarter, compared to 51% who said the same in the previous quarter. At the same time, 66% of business leaders surveyed were more optimistic about the business environment, compared to 48% in the second quarter. The results marked the highest readings of the survey since the last quarter of 2014.

Expo 2020 Dubai is expected to fast track Dubai's economic recovery and boost the emirate's appeal among foreign companies and investors.

Dubai expects that the international event which will run from October to March will foster its economy, as it would help attract visitors and boost its travel and tourism sector. Organizers of Expo 2020 Dubai are hoping for up to 25 million total physical visits between October and March 2022. Flight restrictions, such as those on arrivals from India, could also be lifted by the time the event starts.

Around 57% of business leaders said they expect a recovery in oil prices to positively affect the business environment in the third quarter, while 62% of business leaders said global restrictions on trade and travel would be a risk impacting business conditions in the emirate.

Factors such as the pro-active approach of government, growing domestic demand, economic stimulus initiatives and progress of vaccination drive have been attributed as key factors behind positive attitudes among business leaders. SMEs were more optimistic about Dubai's economy in the short term compared to large companies serving regional and global markets, according to the survey.

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Debt collection, late payments, strong competition in prices and the high cost of raw materials were identified as key challenges and risks by survey respondents as factors that could potentially impact the economic situation.

Dubai's non-oil economy weakened further in June as weaker sales growth and supply shortages constrained the sector's recovery, according to a survey published by IHS Markit. However, the survey also found that businesses remain optimistic.

Business activity in the Dubai non-oil sector was hindered by weaker sales growth and raw material shortages in June, with the rate of growth slowing to a seven-month low. Both the Construction and Travel & Tourism sectors saw a reduction in sales, with restrictions on travel often mentioned as a drag on the economic recovery. The survey also showed that businesses were more optimistic regarding future output. The degree of optimism for the next 12 months was the second strongest since last September.

NEARLY TWO-THIRDS OF JORDAN PROFESSIONALS HAVE POSITIVE OUTLOOK TOWARDS THE UPCOMING YEAR, SHOWS BAYT.COM & YOUGOV SURVEY

Bayt.com recently conducted a new survey with YouGov, global online market research company, to uncover the career and personal aspirations of Jordan professionals, and to tackle their general perceptions and attitudes towards their jobs and overall work environment.

Interestingly, the survey entitled "Career Aspirations in the MENA" has revealed that nearly two-thirds of professionals (63%) in Jordan have a positive outlook for the upcoming year.

In Jordan, 53% reported setting future professional goals for themselves, which included finding a new job (63%), learning new skills (53%) and getting a higher salary (47%). With career development in mind, around 7 in 10 respondents (69%) believe they deserve to work in a higher-level position, and over half the respondents (51%) are willing to move to another department or area of expertise to develop their skillsets and further their professional careers.

In addition, 50% of Jordan respondents state they are willing to move into a different industry altogether to broaden their professional expertise. The top three factors that were seen as important in an ideal job for Jordan professionals were salary and benefits (78%), job security (46%) and opportunities for career growth (36%). Interestingly, respondents are much more likely to prefer being an employee (49%) rather than owning a business (33%).

The reported reasons for seeking employment in Jordan are marked by the goal to make money, as indicated by 64% of respondents. This was followed by the desire to consistently learn and gain experience (58%), to be financially independent (52%) and to feel useful to society (50%). When it came to motivation levels in the workplace, nearly two-thirds of respondents (65%) reported feeling motivated at work. Only 14% reported not being motivated, while the remainder were neutral.

Possibly connected to motivation at work, the prevalence of mentors and role models featured highly in the findings, with over 3 in 10 respondents (34%) reporting that they have either a mentor or role model in their careers. Though respondents revealed a positive indication of their motivation in the workplace, 62% reported that higher salaries and perks/benefits would increase motivation at work, this is followed by the promotion to the next level (46%) and opportunity to express creativity/ showcase skills (45%).

Overwhelmingly, the top personal goal for next year was reported to be saving more money, according to nearly two-thirds of respondents (63%). Other prominent goals included traveling (50%), buying property (49%) and spending more time with family (25%).

Furthermore, 41% of respondents preferred to retire after the age of 60 and 19% chose retirement before 50, indicating that more professionals desire to stay in the workforce for a longer period of time.

The Career Aspirations survey aims to better understand the challenges and aspirations of MENA professionals. It covers aspects such as perceptions and attitudes towards current job, career aspirations, barriers to career growth, in addition to overall work environment and personal aspirations and concerns.

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CORPORATE NEWS

DUBAI'S DP WORLD OFFERS US$ 890 MILLION TO SOUTH AFRICA'S IMPERIAL LOGISTICS

DP World, Dubai-based port operator, offered AED 12.7 billion (US$ 890 million) to acquire all the outstanding shares of Johannesburg JSE-listed Imperial Logistics. The transaction is expected to close in the first quarter of 2022, the port operator said.

The acquisition will be financed from existing funds, DP World said. The company plans to achieve its leverage target of below 4.0x net adjusted debt/EBITDA ratio by the end of 2022.

It is worth noting that DP World acquired fully Syncreon, a US-based logistics provider, for US$ 1.2 billion that was also self-funded.

SAUDI ELECTRICITY SIGNS US$ 500 MILLION GREEN CREDIT FACILITY WITH JBIC

Saudi Electricity Company (SEC) signed a US$ 500 million green credit facility with The Japan Bank for International Cooperation (JBIC) for supporting green transmission and distribution projects.

The MOU aims to strengthen cooperation in promoting energy transition, environmental and social sustainability, as said in a statement.

SAUDI E-COMMERCE PLATFORM RAISES US$ 15 MILLION TO FUND UNIQUE SERVICE

Nejree, Saudi fashion e-commerce platform, secured US$ 15 million to fund the expansion of new service plan enabling its customers to try goods on at home before buying them. The money was provided by Saudi venture capital fund Impact46 where the raised funds totaled US$ 19 million, after it was awarded US$ 4 million in December 2019.

This new service was named Nejree Closet that is offered to customers for free, who can try on footwear or clothes at home before they decide to a purchase. Nejree Closet has so far shipped around 100,000 items and the company said the addition had resulted in a 50% increase in the average order value. The try now buy later model would soon become mainstream among e-commerce portals, especially in the clothing sector, said the CEO of Nejree.

Founded in 2018, Nejree originally sold footwear but soon it expanded into clothing. It sells brands such as Adidas, Nike, Lacoste, Puma, Under Armour, Reebok and Converse.

SAUDI ARAMCO LOOKS TO RAISE BILLIONS WITH MORE ASSET SALES

Saudi Aramco is aiming to raise tens of billions of dollars from liquidating their assets over the coming years, as per senior VP for corporate development at Aramco.

Aramco is increasingly looking outside to raise capital since 2019 to secure funding a US$ 70 billion acquisition of Saudi Basic Industries Corp., a chemicals maker. In addition to that, an initial public offering in Riyadh was issued same year that raised almost US$ 30 billion.

The asset review was planned before oil prices fell in 2020. Proceeds from the oil-pipelines deal will be utilized for future projects. Aramco will continue unlocking value from our assets, said senior VP for corporate development at Aramco.

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CAMBRIDGE UNIVERSITY AND UAE DISCUSS PARTNERSHIP

The University of Cambridge reveals talks with the United Arab Emirates about their partnership that will provide university's biggest donation and the creation of a joint innovation institute. The partnership will focus on education, Arabic literacy, Islamic art, culture and research on a post-fossil fuel economy. Cambridge University said UAE is willing to provide £ 312 million as a single donation to the university, where Cambridge staff will inject another £ 90 million.

The UAE-Cambridge Innovation Institute will begin as a virtual entity the UAE with its own staff and joint UAE and University of Cambridge branding, as said in a statement.

APPLE CHOOSES RIYADH UNIVERSITY TO HOST ITS FIRST IOS DEVELOPER ACADEMY IN THE MIDDLE EAST

Apple set Riyadh the home for its latest Developer Academy, where young entrepreneurs produce innovative software for the iOS operating system that powers its phones and tablets. This academy will be Apple's first in the Middle east. The new academy would provide tools and training for aspiring female entrepreneurs, developers and designers.

The academy will partner with the Saudi Federation for Cyber Security, Programming and Drones, represented by Tuwaiq Academy and Princess Nourah bint Abdulrahman University.

Apple opened its first iOS Developer Academy in October 2016 at the University of Naples Federico II in Italy. It now has campuses in the US, Brazil, South Korea and Indonesia. Academy entrepreneurs have created more than 1,500 apps for iOS and established more than 160 startup companies.

VERTICAL FARM FOR SUSTAINABLE PRODUCTION IS SET IN DUBAI

A new vertical farm for around 100,000 square feet plot to be set up in Dubai Industrial City to grow thousands of tons of leafy greens, fruits and vegetables per year for hundreds of hypermarkets, hotels and kitchens across the UAE.

The hydroponic facility location will have a telescopic sunroof to maximize natural light and reduce electricity consumption, while processing equipment will sanitize and pack the produced goods for delivery to customers. Rotating seven-meter-tall towers to ensure all the crops get equal exposure to natural sunlight.

The UAE's food trade exceeds AED 100 billion (US$ 27.2 billion) annually, describing the Gulf country as a global food logistics hub. The Gulf region was always exploring techniques to improve sustainability in regards with food production.

QATAR PETROLEUM AND KOGAS SIGN 20-YEAR DEAL FOR LNG SUPPLIES

Qatar Petroleum (QP) and Korea Gas Corporation (Kogas) signs20-year Sale and Purchase Agreement (SPA) to supply two million tons per annum of liquefied natural gas (LNG) to the Republic of Korea.

LNG supplies will initiate in January 2025 and will be delivered to Kogas' LNG receiving terminals in the Republic of Korea.

The new agreement comes almost 26 years following Kogas' signing of its first ever LNG SPA from Qatar.

It is worth mentioning, QP's LNG ventures have delivered more than 2,500 LNG cargoes for around 185 million tons to the Republic of Korea.

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CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES UNDER DOWNWARD PRICE PRESSURES THIS WEEK

MENA equity markets came under downward price pressures this week, mainly weighed down by a first oil price contraction in seven weeks and as Jebel Ali port explosion sent tremor across Gulf bourses, in addition to some other unfavorable market-specific factors. This was reflected by a 1.1% drop in the S&P Pan Arab Composite index.

The heavyweight Saudi Exchange, whose market capitalization represents circa 74% of the total regional market capitalization, registered a 1.5% fall in prices week-on-week, mainly on reduced investor sentiment following Jebel Ali port blast, and pressured by falling oil prices. Brent prices dropped from six-year highs, reaching US$ 75.55 per barrel on Friday, on rising concerns over the impact of the Delta Coronavirus variant on the global economic recovery and fears that the current OPEC+ standoff could see the group's deal unravel completely.

A closer look at individual stocks shows that Saudi Aramco shares, whose market capitalization represents circa 72.4% of the total Saudi market capitalization, posted weekly price retreats of 0.4% to close at SR 34.85. SABIC's share price shed 3.6% to SR 117.0. Yansab's share price plunged by 4.8% to SR 69.20. Also, Saudi National Bank's share price fell by 2.9% to SR 56.40. Al Rajhi Bank's share price went down by 2.7% to SR 108.40. Alinma Bank's share price closed 1.1% lower at SR 21.16. Bahri's share price declined by 1.5% to SR 38.40. Dar Al Arkan's share price closed 3.2% lower at SR 10.18. Aslak's share price shed 3.5% to SR 39.55.

The UAE equity markets posted a 1.3% decrease in prices week-on-week, mainly weighed down by falling oil prices and Jebel Ali port blast, and on reduced sentiment after Saudi Arabia amended its rules on imports from other GCC countries to exclude goods made in free zones or using Israeli input from preferential tariff concessions.

In Dubai, Commercial Bank of Dubai's share price retreated by 1.0% week-on-week to AED 4.01. Dubai Islamic Bank's share price edged down by 0.4% to AED 4.81. Damac Properties' share price fell by 1.6% to AED 1.26. Emaar Properties' share price shed 3.1% to AED 4.03. Emaar Malls' share price decreased by 2.0% to AED 1.97. Emaar Properties expects to buy out minority shareholders of Emaar Malls and delist the business by year-end. In Abu Dhabi, First Abu Dhabi Bank's share price closed 2.5% lower at AED 16.36. ADCB's share price dropped by 2.5% to AED 6.73. Dana Gas's share price went down by 2.2% to AED 0.817.

Boursa Kuwait posted shy price retreats of 0.3% week-on-week, mainly driven by oil price declines and on

EQUITY MARKETS INDICATORS (JULY 4 - JULY 10, 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	82.3	-0.2%	29.6%	5.0	-90.3%	0.5	9,297.0	2.8%	-	0.45
Jordan	359.1	-2.7%	25.6%	41.2	-22.4%	18.2	22,072.6	9.7%	19.8	1.35
Egypt	250.4	0.8%	-6.5%	302.2	19.6%	1,569.7	44,596.0	35.2%	9.2	1.58
Saudi Arabia	483.9	-1.5%	26.9%	11,797.9	-10.0%	1,246.6	2,570,339.2	23.9%	21.7	2.91
Qatar	183.3	0.0%	3.5%	298.9	-31.8%	422.5	169,819.5	9.2%	18.7	2.02
UAE	124.0	-1.3%	20.4%	1,510.8	-12.7%	982.2	427,164.9	18.4%	16.1	2.23
Oman	211.4	1.8%	12.5%	38.6	5.2%	90.5	17,708.0	11.3%	11.7	1.01
Bahrain	153.7	-1.4%	8.3%	5.5	9.8%	7.5	22,940.6	1.2%	17.3	1.73
Kuwait	120.7	-0.3%	15.3%	392.7	-46.6%	652.4	112,802.9	18.1%	21.1	1.82
Morocco	302.7	-1.6%	7.0%	137.9	1.0%	7.2	70,312.7	10.2%	28.2	3.17
Tunisia	68.0	-0.1%	-2.3%	3.0	-9.1%	2.1	8,378.8	1.9%	14.7	2.58
Arabian Markets	915.7	-1.1%	19.0%	14,533.6	-12.2%	4,999.4	3,475,432.2	21.7%	20.6	2.70

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

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

reduced sentiment following Jebel Ali blast. National Bank of Kuwait's share price fell by 0.7% to KWf 851. Kuwait Finance House's share price dropped by 0.7% to KWf 756. Burgan Bank's share price retreated by 0.4% to KWf 223. Zain Kuwait's share price decreased by 0.9% to KWf 583.

The Qatar Exchange saw mixed price movements over the week, as market players balanced bets over strong 2021 second quarter results against oil price declines and Jebel Ali port blast. This was reflected by a nil change in the S&P Qatar index. 23 out of 47 listed stocks posted price gains, while 23 stocks registered price falls and one stock saw no price change week-on-week. QNB's share price retreated by 0.5% to QR 17.90. Qatar Islamic Bank's share price fell by 0.7% to QR 17.25. Ooredoo's share price shed 3.1% to QR 7.27. Vodafone Qatar's share price went down by 0.7% to QR 1.605. In contrast, The Commercial Bank's share price rose by 2.6% to QR 5.419. Qatar German for Medical Devices' share price closed 3.3% higher at QR 2.83. Mannai Corporation's share price increased by 1.0% to QR 3.896.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS TILTED TO DOWNSIDE

Activity in regional bond markets was mostly tilted to the downside this week, amid a wide sell-off mood sparked by growing concerns over the impact of the Delta Coronavirus variant on the global economic recovery and as Jebel Ali port blast weighed on investor sentiment, while some market players sought to leave room for new bond issues.

In the Abu Dhabi credit space, sovereigns maturing in 2026 were down by 0.06 pt week-on-week. Prices of Mubadala'26 retreated by 0.13 pt. Taqa'26 closed down by 0.16 pt. Moody's affirmed the "Aa3 ratings" of Taqa, with a "stable" outlook. The "stable" outlook reflects, as per Moody's, the low business risk profile of its power and water activities and links to the Abu Dhabi government in the form of subsidy payments. ADNOC'29 was up by 0.19 pt. Prices of Etisalat'24 increased by 0.10 pt. As to papers issued by financial institutions, ADIB Perpetual (offering a coupon of 7.125%) registered shy price declines of 0.07 pt. Al Hilal Bank'23 traded down by 0.06 pt. FAB'24 was down by 0.10 pt. Prices of ADCB'23 retreated by 0.10 pt.

In the Dubai credit space, sovereigns maturing in 2029 were down by 0.10 pt this week. DP World'30 posted price retreats of 0.08 pt. Emirates Airline'28 closed down by 0.05 pt. Prices of Majid Al Futtaim'29 declined by 0.17 pt. Amongst financials, Emirates NBD Perpetual (offering a coupon of 6.125%) saw price decreases of 0.12 pt.

Still in the UAE credit space, Sharjah'28 closed down by 0.72 pt week-on-week. The Emirate of Sharjah raised US$ 750 million from the sale of a 10-year Sukuk at 3.20% versus an initial price guidance of 3.50%. The Sukuk sale attracted more than US$ 2.75 billion in orders.

In the Qatari credit space, sovereigns maturing in 2030 saw price expansions of 0.25 pt this week. Qatar'26 saw no price change. Ooredoo'26 closed down by 0.10 pt. As to new issues, Dukhan Bank raised US$ 500 million from the sale of an Additional Tier Sukuk non-callable for 5.5 years a yield of 3.95% versus an initial price guidance of 4.375%. The Sukuk sale was more than 4.5 times oversubscribed.

In the Iraqi credit space, sovereigns maturing in 2028 posted price falls of 0.13 pt week-on-week. Moody's affirmed the Government of Iraq's long-term issuer and foreign currency senior unsecured ratings at "Caa1" and maintained the "stable" outlook. The rating affirmation reflects credit challenges posed by Iraq's exceptionally high economic and fiscal reliance on oil, and very weak institutions and governance that, in Moody's view, would continue to limit policy effectiveness, constrain the government's capacity to respond to external and domestic shocks and weigh on the already low competitiveness of Iraq's economy. The "Caa1" rating also takes into account, as per Moody's, Iraq's inherently very high level of political risk and instability.

In the Saudi credit space, sovereigns maturing in 2026 recorded price contractions of 0.13 pt week-on-week. Prices of SABIC'28 declined by 0.23 pt. SECO'24 closed down by 0.04 pt. As to new issues, Alinma Bank raised SR 5 billion from the sale of a Perpetual Additional Tier 1 Sukuk at 4.0% in a private placement.

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In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 posted price falls of 0.17 pt to 1.38 pt week-on-week. Prices of Euro-denominated sovereigns maturing in 2026 and 2031 retreated by 0.93 pt and 1.54 pt respectively.

Elsewhere in the region, Fitch Ratings downgraded this week Tunisia's long-term foreign currency Issuer Default Rating to "B-" from "B", with a "Negative" outlook. The downgrade to "B-" and "negative" outlook reflect, according to Fitch, heightened fiscal and external liquidity risks in the context of further delays in agreeing on a new program with the IMF, which is necessary for access to most official creditors' budget support.

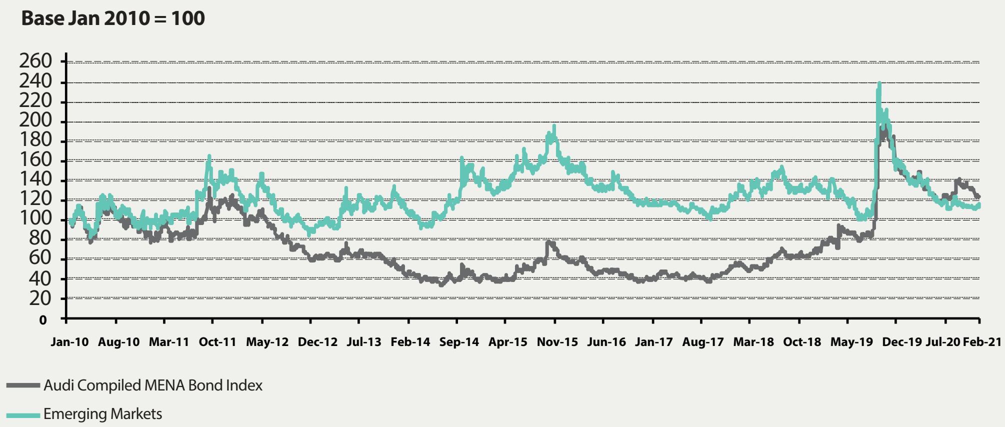
All in all, regional bond markets came under downward price pressures this week, as the Delta virus variant threatened reopening prospects, posing some risks of delay in the global economic recovery, while an OPEC+ crisis continued to weigh on investor sentiment.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	9-Jul-21	2-Jul-21	31-Dec-20	Week-on-week	Year-to-date
Abu Dhabi	41	39	38	2	3
Dubai	90	86	112	4	-22
Kuwait	50	50	44	0	6
Qatar	43	40	38	3	5
Saudi Arabia	57	54	65	3	-8
Bahrain	229	217	241	12	-12
Morocco	103	91	112	12	-9
Egypt	357	335	339	22	18
Iraq	564	544	693	20	-129
Middle East	170	162	187	8	-17
Emerging Markets	122	117	105	5	17
Global	142	139	140	3	2

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$)	09-Jul-21	02-Jul-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)	15.70	15.67	15.75	0.2%	-0.3%
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	3.70	3.67	0.0%	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	135.14	131.58	0.0%	2.7%
Moroccan Dirham (MAD)	8.91	8.93	8.91	-0.2%	0.0%
Tunisian Dinar (TND)	2.78	2.77	2.69	0.3%	3.2%
Libyan Dinar (LYD)	4.52	4.52	1.34	0.0%	237.5%
Sudanese Pound (SDG)	449.83	452.80	55.14	-0.7%	715.8%

Sources: Bloomberg, Bank Audi's Group Research Department

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