Bank Audi

MENA WEEKLY MONITOR

JANUARY 8 - JANUARY 14, 2023
WEEK 2

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A new macro report has been issued by SP Global, shedding light on the MENA 2023 outlook. It says MENA Economic activity in the Middle East and North Africa region is expected to sharply decelerate in 2023 after strong growth in 2022. Real GDP growth is forecast to decline to around 3.5% in 2023-24 from an 18-year high of 6.1% in 2022, outpacing the broad performance of the global economy over the same period.

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MENA equity markets pursued their upward trajectory this week, as reflected by a 1.2% rise in the S&P Pan Arab Composite index, mainly tracking a risk-on mood in global equities, and supported by a strong oil price rebound and some favorable company-specific factors. Also, activity in MENA fixed income markets remained mostly skewed to the upside, mainly tracking US Treasuries move on bets that cooling US inflation in December 2022 could put the US Federal Reserve on track to slow the pace of interest rate hikes.

MENA MARKETS: JANUARY 8 - JANUARY 14, 2023

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	+1.2%	Weekly Z-spread based bond index	+8.3%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+1.6%	YTD Z-spread based bond index	+14.7%

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ECONOMY

MENA REGION'S ECONOMIC GROWTH TO SLOW AFTER STRONG 2022 AS PER S&P GLOBAL

A new macro report has been issued by SP Global, shedding light on the MENA 2023 outlook. It says MENA Economic activity in the Middle East and North Africa region is expected to sharply decelerate in 2023 after strong growth in 2022. Real GDP growth is forecast to decline to around 3.5% in 2023-24 from an 18-year high of 6.1% in 2022, outpacing the broad performance of the global economy over the same period.

The headline growth figure masks a stark contrast between two groups of countries: the net energy exporters and the net energy importers. For the MENA hydrocarbon exporters group, they forecast real GDP growth will move down from 6.7% in 2022 to around 3.5% in 2023-24. For the MENA hydrocarbon importers group, they anticipate a real GDP growth slowdown from 4.2% in 2022 to 2.9% in 2023 and 3.1% in 2024.

Energy exporters will register less revenue from oil and gas while maintaining healthy external and fiscal surpluses. The energy importers will benefit from relatively lower energy prices, slightly curbing their external imbalances and allowing fiscal gaps to remain contained as a percentage of GDP. Both groups will feel the pinch of reduced trade flows during 2023.

The OPEC+ alliance has already announced oil output cuts, meaning that major MENA energy producers will sell less oil in the near term than during a large part of 2022. Brent oil prices are expected to drop from about USD102 per barrel in 2022 to US 87-88 per barrel in 2023 and 2024, reducing the petrodollar inflows into MENA oil-exporting countries when compared to 2022.

Similarly, although demand for gas remains strong, production capacity remains limited in the near term. Gas prices are peaking and should moderate somewhat during 2023-24, suggesting that gas revenues will follow a largely similar pattern.

Lower energy revenues will translate into less firepower to kick-start new ventures and embark upon fixed investment spending for MENA economies, having adverse repercussions on real GDP growth momentum. The 2023-24 period is one that is more ripe for the non-hydrocarbon economy than for oil and gas (but less so in the first half of 2023 due to global growth concerns), assuming COVID-19 cases will continue but have a lesser impact on the real economy due to decent - albeit varying - vaccination rates and acquired immunity.

Gulf oil exporters' currencies remain strong, in line with their anchor currency, the US dollar, amid an aggressive monetary policy tightening on behalf of the US Federal Reserve. Construction and services — particularly real estate and tourism that will continue to benefit from a recovery from pandemic-related lows — will likely outperform other sectors of the economy. In particular, they do not see higher interest rates as a major impediment to construction-related activity, given that state-driven construction and infrastructure projects are likely to remain dominant in the market.

S&P Global estimates consumer price inflation in the MENA region to have peaked in the second half of 2022, with gradual easing throughout 2023. Their latest forecasts point to a decline of average annual consumer price index growth from 10.5% in 2022 to 7.1% in 2023 and 4.0% in 2024.

The MENA region's aggregated real GDP growth in 2023 could surprise on the upside if the Russia-Ukraine war ends earlier than foreseen, positively affecting the global economy and easing food security concerns. An upside surprise may also occur if an energy supply shock materializes and ensures a windfall of revenues for the region's hydrocarbon exporters. However, S&P Global believes that near-term risks are heavily skewed to the downside. These are the five key risks ahead for the MENA region:

- Deterioration of political-security conditions in the Gulf, for instance in the event of a collapse of talks between Iran and the UN Security Council's five permanent members plus Germany (P5+1), which would raise risks of military escalation.
- Pandemic-related disruptions exacerbating supply chain risks and possibly creating further food security issues for some MENA economies. The latter could be worsened by a serious escalation of the Russia-Ukraine war shutting down grain and food exports again and by the increasing frequency of extreme weather events across different parts of the world.
- A sharp slowdown in global demand constraining exports from the MENA region, be it hydrocarbon importers in North Africa reliant on demand from the European Union or hydrocarbon exporters that would suffer from a slump in energy-derived revenues.
- Further aggressive monetary policy tightening on behalf of the US Fed and spillover effects on domestic consumption and investment spending, Gulf tourism inflows, exports and sovereign debt servicing.
- Protests due to weakened purchasing power and deteriorating socioeconomic conditions, especially in MENA hydrocarbon-importing countries.

JORDAN'S ECONOMY FORECASTED TO GROW BY 3% IN 2023

The outlook for Jordan's economy in 2023 is positive with economic growth forecasted at 2.7% as per the Jordanian Minister of Finance. This shows that the country's economy is on the path of recovery as it is expected to retain its improved economic performance in the current year .

In details, Net Foreign Direct Investments in Jordan hiked by 94% year-on-year to register JOD 629 million (US$ 886.8 million) in the first three quarters of 2022.

In parallel, foreign reserves in the country were recorded at US$ 17.3 billion at year-end 2022. With current foreign reserves, 7.5 months of imports can be covered, stated the Jordanian Minister of Finance.

In 2022, Jordan saw a widening of its inflation rate reaching 4.2%. However, rate of inflation is expected to soften in the current year to reach 3.8%. The country's ability to retain a low inflation rate relative to the rest of the world shows that the government took appropriate anti-inflationary actions, added the Jordanian Minister of Finance in his statement.

Throughout the current year, the country is expected to receive grants valued at JOD 802 million (US$ 1.1 billion).

It is worth noting that the minister highlighted robust signs of recovery in the exports and tourism sectors.

SAUDI ARABIA PMI REMAINS POSITIVE IN DECEMBER

Headline PMI in Saudi Arabia for December 2022 amounted to 56.9, a decrease of 1.6 points from November 2022's 58.5, as per Riyad Bank's Saudi Arabia PMI report.

It is worth noting that a PMI above 50.0 represents improvement of business conditions in the country. For the PMI report in Saudi Arabia, four non-oil sectors were monitored: Wholesale, Manufacturing, Construction and Retail & Services.

At the end of 2022, non-oil sector companies in Saudi Arabia saw a firm business activity expansion. Strong market demand along with new business intakes stand as the main drivers behind the aforementioned growth. Firms also saw a link between the increase of sales and growing market demand in the country to the expansion in activity.

The increase in business activity led to a surge in employment, the highest rate seen in five years in the country. On the other hand, as purchasing prices rose, a slowing down of stockpiling efforts has been recorded. Output charges have also seen an increase despite the softening cost inflation, as per Riyad Bank' Saudi Arabia PMI report.

Of the surveyed firms, 30% reported sharp growth in the inflow of new orders. Furthermore, all four studied sectors saw an increase in sales with the strongest growth seen with service providers. An increased influx of new orders from abroad has been noticed, mainly attributed to growing GCC countries' demand.

In order to increase the efficiency of operation, firms in the country surged employment rate in December. This move led in turn to a reduction in work outstanding and an increase in staff costs.

On the other hand, while purchasing activity rose, it was weaker in December than in was the month prior. This in turn led to a decrease in stockpiling efforts and a modest improvement in delivery times on input. The main driver that contributed to the decrease in stockpiling was the increase in purchasing costs mainly due to higher import fees and input prices.

As companies continue to pin increased expenses on consumers, a robust jump in output charges was noticed in all four sectors covered by the report.

Under the "Vision 2030" initiative which forecasts growing investments in the country, as well as continuously growing demand, outlook for 2023 remained positive in December. Although outlook is positive, the degree of optimism has softened from previous reports and remains lower than the forecasted long-run trend, as per the Riyad Bank Saudi Arabia PMI report.

EGYPT'S PMI IMPROVES BUT REMAINS LOW

Headline PMI in Egypt amounted to 47.2 in December 2022, a 1.8 point improvement from November 2022's 45.4, as per S&P's Egypt PMI report.

It is worth noting that a PMI below 50.0 represents a downturn of business conditions in the country. For the PMI report in Egypt, 400 non-oil private sector companies were surveyed.

Output and new businesses both registered a decrease due to continued and strong inflation in the country which is weighing down the non-oil economy at the end of 2022. That being said, the registered decreases are notably softer than in the month prior.

Staffing levels have been reduced during December along with a decrease in input purchases. The main drivers behind these reductions are the low sentiment towards economic outlook and continued constraints in supply respectively. A reduction in labor capacity increased backlogs of work further in Egypt.

A broad-based drop in sales was noticed in all monitored sectors due to weak demand and increased prices which pushed consumers to cut their spending. In turn, this drove to a downturn in the PMI's two main factors (output and new orders) which is relatively softer than in November. This downturn entails the decrease in new businesses and activity, as per S&P's Egypt PMI report.

A drop in purchasing activity during the month led to output levels being reduced. This was mostly caused by increased prices of materials, low liquidity and supply shortages caused by import controls. As a shortage in input was recorded and to meet demands, firms had to resort to using their stocks which further reduced inventories.

Furthermore, a rise in output charges was noticed. The increase was driven by the devaluation of the EGP against the US$ along with a modest increase in staff costs.

Overall supplier performance was negatively affected and lead time (the time between the initiation and completion of a process) has been lengthened. This comes as an increase in supplier cost lead firms away from usual logistics means and into alternative routes.

Amid worries concerning inflation and global economic conditions, outlook remained weak in accordance to the series history although at an improving rate, as per S&P's Egypt PMI report.

SURVEYS

DUBAI AIRPORT FEATURES IN FIVE OF TEN BUSIEST INTERNATIONAL ROUTES GLOBALLY, AS PER OAG

Dubai International Airport (DXB) has been featured in five of the top ten global busiest routes by number of seats, as per OAG, the world's leading provider of digital flight information, intelligence and analytics for airports, airlines and travel tech companies.

The busiest airline routes are defined as those with the largest volume of scheduled seats in the last 12 months (October 2021-September 2022). Middle East airports play an important role; four of the Top 10 operate on high density routes within the Middle East, and a further three start or end in the Middle East, according to OAG.

Dubai-Riyadh was the second busiest international route after Cairo-Jeddah, with 40 flights per day with 3.19 million seats.

The fourth busiest international route was Dubai-London Heathrow with 2.70 million seats over the covered period, while Dubai-Jeddah was sixth busiest route with 2.42 million seats.

Mumbai-Dubai route came in the eighth place globally between October 2021 and September 2022, with 1.98 million seats. Delhi and Dubai ranked as the tenth busiest international route with 1.90 million seats.

As to longest routes by miles, Dubai-Los Angeles route was the 10th longest route in September 2022 at 8,323 miles and with 30,960 seats, as per OAG.

Dubai was one of the first cities to open to foreigners after pandemic, which helped the aviation sector to make a faster comeback. The growth was supported by local carriers Emirates and Flydubai, bringing back their capacity at a fast pace after the pandemic and now they serve hundreds of routes across all continents.

One of the busiest domestic route operating outside Asia Pacific is Jeddah and Riyadh in Saudi Arabia, where carriers operate nearly 100 flights per day between the two cities.

Furthermore, this shift in focus to the Middle East partly reflects the slower pace of a travel recovery across Asia, where previously many of the key Asian trunk routes dominated the busiest international routes, and the ambitions of Saudi Arabia towards their Vision 2030 goal, which will see air traffic grow substantially in the next decade, as per OAG.

STRONG HOSPITALITY MARKET PERFORMANCE IN DUBAI AND MANAMA IN 10M 2022, AS PER EY

Manama's hospitality sector witnessed a RevPAR expansion of 60.9%, from US$ 45 in 10M 2021 to US$ 72 in 10M 2022, according to the report. This was driven by an occupancy increase of 10.7% in 10 M 2022 when compared to the same period last year to reach 46.9%, coupled with an increase in average room rate of 24.2% from US$ 124 in 10M 2021 to US$ 154 in 10M 2022.

Initiatives to develop joint tourist destination packages between Bahrain and Maldives, the launch of revamped tourism app "Bahrain" and planned MICE events such as "Autumn Fair Bahrain 2022", "International Conference on Medical & Health Science Bahrain 2022" are expected to accelerate Manama's hospitality sector performance in the medium term, as per EY.

Dubai's hospitality market saw an expansion in occupancy rate of 11.0% during the first ten months of 2022 when compared to the same period last year, to attain 71.1%, as per EY. This was coupled by a 27.7% rise in the average room rate, moving from US$ 242 during the first 10M 2021 to US$ 309 in 10M 2022. Accordingly, RevPAR went up by 51.0%, from US$ 145 in 10M 2021 to US$ 219 in 10M 2022.

Dubai expects around 900,000 tourists for the upcoming 2022-2023 cruise season, and looking forward with events like Dubai Shopping Festival, Emirates Airlines Dubai 7's and Dubai International Film Festival, together with influx of international visitors for FIFA World Cup 2022, the hospitality market is expected to continue its strong performance.

On the other hand, Abu Dhabi's hospitality market witnessed a retreat in occupancy rate of 1.6% in 10M 2022 when compared to 10M 2021 to reach 74.1%. This was coupled by an increase in the average room rate of 21.4% from US$ 67 in 10M 2021 to US$ 82 in 10M 2022. Consequently, RevPAR went up by 18.7% from US$ 51 in 10M 2021 to US$ 61 in 10M 2022.

The launch of Formula 1 Grand Prix 2022, NBA Abu Dhabi games, Al Dhafra Festival 2022 and continued events at Yas Island, alongside with the arrival of international visitors brought by FIFA World Cup 2022 are expected to boost the sector's performance in the next few months, according to EY.

Concurrently, Doha's hospitality sector observed a RevPAR decline of 5.6%, from US$ 70 in 10M 2021 to US$ 66 in 10M 2022. Despite the rise in the average room rate by 17.8% from US$ 95 in 10M 2021 to US$ 112 in 10M 2022, the decrease in occupancy rate by 14.7% to reach 59.3% over the covered period resulted in a RevPAR drop. FIFA World Cup Qatar 2022 is expected to have benefited Qatar's hospitality sector.

OVERSUPPLY REMAINS AN ISSUE IN QATAR'S COMMERCIAL REAL ESTATE MARKET, HOLDING BACK RENTAL RATE RISES, ACCORDING TO FITCH SOLUTIONS

Office rents continued to fall in Qatar in 2022, yet are expected to increase in 2023 as demand picks up, especially in Doha, as per Fitch Solutions. However, oversupply is set to remain an issue across the market, but demand for prime office space in particular would drive growth in the wider market.

Rental rates in Doha's office market have been falling in recent years on the back of weak demand and high supply. This is particularly the case outside the prime market, where the declines in rental rates have been strongest.

However, property owners are offering concessions such as rent-free periods in order to attract and retain renters. Hence, in 2023, the demand is expected to rise, pushing rents in Doha up by an average of 2.2% to US$ 28.4 per square meter per month. While the rises in Al Wakra and Al Khor would be smaller, at 0.3% and 1.0% respectively.

In the retail sector, supply of retail space in Doha, particularly at the prime end of the market, is rising. With moderate demand levels that are outpaced by supply, rental rates declined in 2022.

Property owners have been offering incentives, such as longer rent-free periods, in order to attract and retain renters. In 2023, the market would return to growth, albeit only minimally, with the average rental rate up by 0.1% to US$ 63.9, with rents ranging from US$ 42.6 at the lower end of the market to US$ 85.2 at the premium end, according to the Fitch Solutions.

Looking at Qatar's industrial sector, growth in rental rates is expected in 2023, although at a slower than the previous year, supported by demand at the premium end of the market.

Average rental rates would grow by 2.2% to US$ 12.64, with rents at the lower end of the market unchanged to US$ 10.16 and rents at the upper end rising to US$ 15.11.

Over the medium term, the growth of the manufacturing sector and rising demand for space to serve the growing e-commerce market, would result in the diversification of Qatar's industrial real estate market, with areas outside the capital experiencing more demand, and the market continuing to be driven by demand for modern, premiums space, as stated in the report.

CORPORATE NEWS

QATARENERGY AND CHEVRON PHILLIPS CHEMICAL TO BUILD US$ 6 BILLION PETROCHEMICAL COMPLEX

Qatar signed a US$ 6 billion deal with US-based Chevron Phillips Chemical to build a Ras Laffan Petrochemicals Complex including the biggest ethane cracker in the Middle East, converting natural gas into polyethylene and other plastics, as mentioned in a company's statement.

The two companies would set up a joint venture, which would be 70% owned by QatarEnergy and 30% by Chevron Phillips.

The Ras Laffan Petrochemicals Complex, which would produce 2.1 million tons of ethylene a year along with 1.7 million tons of polyethylene derivatives, would come on stream in 2026.

Ras Laffan would double Qatar's ethylene production capacity and increase its polymer output from 2.6 million tons to more than four million tons a year. Overall, Qatar's petrochemical production capacity would rise to almost 14 million tons annually.

Moreover, the complex would have lower waste and greenhouse gas emissions than similar facilities globally.

AZIZI SIGNS DEAL WITH KEO INTERNATIONAL TO DEVELOP US$ 5.4 BILLION DUBAI SOUTH MASTERPLAN

Azizi Developments, a leading private developer in the UAE, signed with KEO International Consultants, a creative enterprise of planning, design, engineering and project management professionals, for the masterplan consultancy of its recently acquired 15-million-square-foot plot of land within 24 million square feet of GFA, in the rapidly growing Dubai South, as indicated in a company's statement.

Azizi is set to be the master developer, in charge of constructing the buildings, roads and all infrastructure of the mega US$ 5.4 billion (AED 20 billion) mixed-use development that would feature luxury villas, residences, commercial and entertainment space.

The project would be a one-of-its-kind 2-km-long air-conditioned, glass-covered, pedestrian-friendly boulevard, which would have shopping areas, commercial space and movie theatres, as well as restaurants featuring a wide range of the world's cuisines in addition to other nightlife options.

Also, as per the masterplan, many of the community's residences and three to five star hotels would have direct access not only to the boulevard, but also to its large swimmable crystal lagoon with 3 km of beach-like shores and distinctive water features, and its vast parks with abundant greenery. The project would also feature schools, its own hospital, cycling and jogging tracks.

ROSHN SEALS US$ 1.6 BILLION PROJECT FINANCE DEAL WITH TOP SAUDI BANKS

Roshn, a leading Saudi real estate developer powered by Public Investment Fund (PIF), signed a working capital facility agreement valued at US$ 1.6 billion (SR 6 billion) with three SABB, Bank Albilad and Al Rajhi, as revealed in a company's statement.

With a total value of SR 2 billion each, these new credit facilities would constitute a fundamental change in the real estate sector, as well as a basis for diversifying financing.

The move comes as part of Roshn's efforts to receive external funding for its upcoming integrated community projects.

It is worth highlighting that by securing credit facilities with leading financial institutions, Roshn is establishing an efficient and sophisticated funding base that is capable of boosting shareholder return and driving the massive development program for the years ahead, as stated by the company's CFO.

INVESTCORP TO INVEST US$ 1 BILLION IN GCC REAL ESTATE

Bahrain-based Investcorp Holdings, which manages over US$ 40 billion in assets in the Middle East, plans to invest up to US$ 1 billion in the real estate market in the GCC over the next five years, with US$100 million already under consideration for Saudi Arabia, as mentioned in a company's statement.

This includes the alternative investment company's first real estate acquisition in Saudi Arabia, a 215,000 square feet warehouse in Dammam, and is leased to third-party logistics provider Racking Systems Logistics Services Company (RTL).

Saudi Arabia is seeking to attract foreign funds into the logistics and industrial sectors that have enormous potential as key pillars of Saudi Arabia's Vision 2030 agenda, in order to transform the country into a leading industrial powerhouse and a global logistics hub, as said by the Investcorp's Co-Chief Executive Officer.

It is worth noting that Investcorp, backed by Abu Dhabi's Mubadala Investment Company, already invested about US$ 4 billion in warehousing and logistics facilities in countries such as the US, UK and India.

AL NAKHEEL SIGNS CONSTRUCTION AGREEMENT WORTH US$ 650 MILLION WITH NCCW

Oman-based Al Nakheel signed a deal with the National Company for Construction Works (NCCW) for the construction package, including roads and infrastructure of the US$ 650 million Al Nakheel Integrated Tourism Complex (ITC) project, as mentioned in a company's statement.

The project, developed by Alargan Towell Investment Company in Oman, is coming up on the seafront in the Wilayat of Barka in proximity to the Daymaniyat Islands Nature Reserve.

The Al Nakheel project seeks to take shape as a masterpiece of affordable community living that would elevate urban development in Oman to new heights. A unique water body Crystal Lagoon covering an area of 51,000 square meter would be the centerpiece of the development.

The project would also be home to one lakefront hotel and two seafront hotels, along with villas, apartments, townhouses, and serviced apartments. It would also include a shopping mall, a souk, an international school, various restaurants, an aqua park and other entertainment and service facilities.

It is worth mentioning that the first construction package for Al Nakheel project started earlier this year, which included earth work for the roads and the levelling of the land. The next phase would include enabling works for the Crystal Lagoon, roads, and infrastructure package.

LADUN INVESTMENT AWARDS US$ 43 MILLION CONTRACT TO BUILD 260 RESIDENTIAL UNITS

Ladun Investment Company, a Saudi-based company that is engaged in real estate management, development, and public investments got awarded a contract valued at US$ 43 million (SR 162 million) to build 260 residential units in Jazan city, as indicated in a company's statement.

Al-Manjoof Contracting Company would construct the infrastructure and buildings within 30 months from the date of actual execution.

The project covers an area of 44,020 square meters.

CAPITAL MARKETS

EQUITY MARKETS: REGIONAL EQUITIES PURSUE UPWARD TRAJECTORY ON OIL PRICE REBOUND AND FAVORABLE COMPANY-SPECIFIC FACTORS

MENA equity markets pursued their upward trajectory this week, as reflected by a 1.2% rise in the S&P Pan Arab Composite index, mainly tracking a risk-on mood in global equities, as cooler US inflation in December 2022 provided a boost to consumer sentiment and weaker US dollar stoked a strong oil price rebound. This compounded with some favorable company-specific factors in the region.

The heavyweight Saudi Exchange, whose market capitalization represents two-thirds of the total regional market capitalization, registered a 2.1% rise in prices week-on-week, mainly tracking global equity strength, and supported by some favorable company-specific factors and oil price gains. In fact, Brent oil prices surged by 8.5% week-on-week, topping the US$ 85 level on Friday, as the US dollar fell against major peer following an extended slowdown in US inflation in December 2022.

A closer look at individual stocks shows that petrochemicals giant Saudi Aramco's share price increased by 1.9% week-on-week to SR 32.15. Petro Rabigh's share price closed 1.8% higher at SR 11.16. Advanced Petrochemical Company's share price rose by 1.7% to SR 43.75. SABIC's share price surged by 5.0% to SR 94.70. Yansab's share price climbed by 5.3% to SR 43.0. Sipchem's share price jumped by 9.6% to SR 36.65.

Also, SNB edged up by 0.2% over the week to SR 49.80. SNB's Board of Directors proposed to raise capital by SR 15.2 billion through the issuance of one bonus share for every three shares. The bank's Board also proposed the distribution of cash dividends at a rate of SR 0.6 per share for the second half of 2022. Zain KSA's share price closed 4.1% higher at SR 10.70. Zain completed a deal to sell a stake in its telecom tower infrastructure to Golden Lattice Investment Co. for SR 3.02 billion. Etihad Etisalat's share price went up by 3.6% to SR 35.90. Aljazira Capital raised its recommendation on Etihad Etisalat to "Overweight" from "Neutral", with a price target of SR 41, which implies a 14% increase from last price. Maaden's share price jumped by 9.7% to SR 76.0. Maaden signed an engineering, procurement and construction management services contract with WorleyParsons Arabia and JESA International for SR 1 billion.

The UAE equity markets posted price gains of 1.3% week-on-week, mainly tracking increases in global equities and supported by an oil price rally and some favorable company-specific factors. In Dubai, Commercial Bank of Dubai's share price rose by 3.4% to AED 4.80. Gulf navigation holding's share price closed 2.3% higher at AED 0.715. Aramex' share price surged by 4.7% to AED 3.55. Emaar Properties' share price increased by 1.3% to AED 5.85.

EQUITY MARKETS INDICATORS (JANUARY 8 - JANUARY 14, 2023)

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	131.1	1.7%	1.6%	24.5	993.8%	24.1	14,812	8.6%	-	0.34
Jordan	408.8	1.5%	5.1%	43.5	7.4%	18.0	27,033.3	8.4%	9.6	1.81
Egypt	206.8	-12.6%	-12.6%	412.9	5.6%	3,214.8	33,551.8	64.0%	8.7	1.98
Saudi Arabia	478.7	2.1%	2.8%	4,883.7	21.5%	533.87	2,659,862.5	9.5%	13.4	4.45
Qatar	181.1	-1.9%	2.5%	647.7	51.2%	679.5	170,618.5	19.7%	12.9	1.69
UAE	138.7	1.3%	0.9%	2,126.2	14.6%	1,667.7	858,953.8	12.9%	13.7	2.60
Oman	262.3	0.0%	0.8%	13.8	-42.9%	28.7	22,107.1	3.2%	12.5	1.04
Bahrain	192.1	0.2%	-0.4%	2.4	5.0%	4.0	17,225.3	0.7%	10.2	1.35
Kuwait	135.6	0.1%	-2.3%	616.9	23.4%	576.0	136,095.6	23.6%	19.7	2.44
Morocco	221.5	9.4%	-0.2%	42.3	8.8%	2.6	53,491.9	4.1%	17.6	2.80
Tunisia	64.1	3.9%	3.3%	8.0	53.3%	3.0	7,837.2	5.3%	9.9	1.67
Arabian Markets	**927.1**	**1.2%**	**1.6%**	**8,821.6**	**20.7%**	**6,752.1**	**4,001,588.6**	**11.5%**	**13.6**	**3.75**

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

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

In Abu Dhabi, ADCB's share price closed 0.9% higher week-on-week at AED 9.05. ADIB's share price went up by 1.5% to AED 9.24. Goldman Sachs reinstated coverage of ADIB with a recommendation of "Buy" with a price target of AED 11.30, which implies a 24% increase from last price. ADNOC Drilling's share price jumped by 4.8% to AED 3.28. Bourouge's share price increased by 2.7% to AED 2.71. Etisalat's share price skyrocketed by 10.2% to AED 25.12. Etisalat signed a partnership agreement with UAE-based Al Eskan Al Jamae to provide enhanced Wi-Fi and a digital experience for workers in ICAD residential city.

In contrast, the Qatar Stock Exchange registered weekly price contractions of 1.9%, bucking global equity strength, mainly on some profit-taking operations and due to some unfavorable company-specific factors. 20 out of 47 traded stocks registered price falls, while 25 stocks posted price gains and two stocks saw no price change week-on-week.

QNB's stock, the largest by market capitalization on the Qatar Exchange, posted a 5.5% weekly fall in its share price to reach QR 17.95. QNB announced an 8.3% year-on-year increase in its 2022 net profits to reach QR 14.3 billion, yet still missing average analysts' estimate. Masraf Al Rayan's share price shed 3.3% to QR 3.22. The UK's Financial Conduct Authority fined London-based Al Rayan Bank (a majority owned subsidiary of Masraf Al Rayan) £ 4,023,600 for failing to put in place adequate anti-money laundering controls. Lesha Bank's share price dropped by 4.2% to QR 1.17. Qatar Industrial Manufacturing's share price declined by 2.1% to QR 3.23. Ooredoo's share price went down by 4.7% at QR 8.77.

The Egyptian Exchange dipped into the red this week, as reflected by a 12.6% contraction in the S&P Egypt index, mainly weighed by an extended currency plunge. In fact, the LE/US$ rate hit an all-time low of LE/US$ 29.55 on Thursday, narrowing the gap against prices quoted on the black FX market, as Egypt is embarking into a flexible exchange rate regime. CIB's share price sank by 8.6% to LE 41.7. Eastern Company's share price declined by 1.6% to LE 15.98. Abou Kir Fertilizers's share price edged down by 0.4% to LE 45.0. Telecom Egypt's share price went down by 6.8% lower at LE 24.2. Egypt Kuwait Holding's share price closed 1.1% lower at LE 1.217.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS REMAINS SKEWED TO UPSIDE, TRACKING US TREASURIES MOVE AMID COOLING INFLATION

Activity in MENA fixed income markets remained mostly skewed to the upside this week, mainly tracking US Treasuries move on bets that cooling US inflation in December 2022 could put the US Federal Reserve on track to slow the pace of interest rate hikes.

In the Abu Dhabi credit space, sovereigns maturing in 2031 were up by 0.13 pt this week. Prices of ADNOC'29 rose by 0.13 pt. In contrast, Mubadala'26 posted price declines of 0.38 pt. Taqa'26 traded down by 0.25 pt.

In the Dubai credit space, sovereigns maturing in 2029 posted price expansions of 0.25 pt week-on-week. Prices of DP world'30 increased by 0.25 pt. Emaar'26 closed down by 0.12 pt. As to new issues, ICBC Dubai raised US$ 600 million from the sale of a three-year Reg S FRN green bond at 93 bps over SOFR versus an initial price guidance in the area of SOFR +140 bps.

In the Bahraini credit space, sovereigns maturing in 2026 and 2031 saw price rises of 0.55 pt and 0.60 pt respectively this week. NOGA'27 traded up by 0.50 pt. In the Kuwaiti credit space, sovereigns maturing in 2027 registered price increases of 0.16 pt week-on-week.

In the Saudi credit space, sovereigns maturing in 2026 saw price contractions of 0.13 pt, while sovereigns maturing in 2030 were up by 0.38 pt this week. Aramco'25 was up by 0.25 pt. Prices of STC'29 decreased by 0.50 pt. SABIC'28 traded down by 0.25 pt. SEC'24 was down by 0.13 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 posted price expansions of 0.38 pt and 0.13 pt respectively week-on-week. Ooredoo'26 closed up by 0.25 pt. Amongst financials, prices of QIB'24 rose by 0.25 pt. QNB'25 registered price declines of 0.13 pt.

In the Omani credit space, sovereigns maturing in 2026 and 2029 registered price increases of 0.85 pt and 0.80 pt respectively this week. Prices of Omantel'28 expanded by 1.45 pt. In the Jordanian credit space, sovereigns maturing in 2026 saw price falls of 0.50 pt, while sovereigns maturing in 2030 registered price increases of 0.50 pt this week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2030 and 2040 posted price expansions of 1.17 pt and 1.75 pt respectively this week. Euro-denominated sovereigns maturing in 2026 and 2031 registered price gains of 0.67 pt and 0.76 pt respectively.

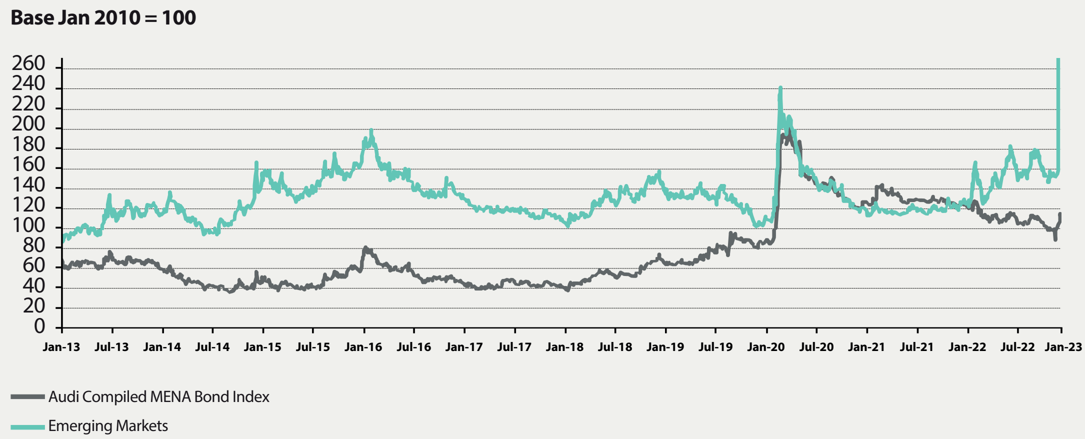
All in all, regional bond markets saw mostly upward price movements this week, mainly tracking increases in US Treasuries as easing US inflationary pressures in December 2022 reinforced bets that the US Federal Reserve could slow its pace of rate hikes.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	13-Jan-23	06-Jan-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	43	43	44	0	-1
Dubai	82	84	84	-2	-2
Kuwait	49	50	50	-1	-1
Qatar	47	48	48	-1	-1
Saudi Arabia	64	63	61	1	3
Bahrain	241	243	231	-2	10
Morocco	173	161	162	12	11
Egypt	767	833	877	-66	-110
Iraq	400	441	467	-41	-67
Middle East	207	218	225	-11	-18
Emerging Markets	134	135	140	-1	-6
Global	459	502	533	-43	-74

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/Positive	BB-/Stable/B
Egypt	B/Stable/B	B2/Negative	B+/Negative/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A-/Positive/A-2	A1/Stable	A/Positive/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa3/Positive	AA-/Stable/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	B+/Stable/B
Oman	BB/Stable/B	Ba3/Positive	BB/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Stable	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$)	13-Jan-23	06-Jan-23	30-Dec-22	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)	29.55	26.98	24.71	9.5%	19.6%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.76	3.76	3.76	-0.1%	-0.1%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	0.0%	-0.2%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.39	0.38	-0.1%	0.0%
Yemeni Riyal (YER)	250.21	250.24	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	136.44	137.34	137.35	-0.7%	-0.7%
Moroccan Dirham (MAD)	10.08	10.33	10.44	-2.3%	-3.4%
Tunisian Dinar (TND)	3.08	3.13	3.11	-1.6%	-1.0%
Libyan Dinar (LYD)	4.78	4.82	4.83	-0.7%	-0.9%
Sudanese Pound (SDG)	575.34	573.93	573.81	0.2%	0.3%

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER