Bank Audi

MENA WEEKLY MONITOR

FEBRUARY 5 - FEBRUARY 11, 2023
WEEK 6

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International Maritime Industries (IMI), the largest integrated full service maritime yard in the MENA region, signed 10 agreements worth up to US$ 346 million (SR 1.30 billion) during the In-Kingdom Total Value Add 2023 (iktva) program, which aims to increase the use of in-Kingdom suppliers, expand local supply chain capabilities, drive collaboration in the industry, bring new innovations to the country through R&D, and promote the Kingdom as an export hub, as revealed in a company's statement.

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MENA equity markets continued to trace a downward trajectory for the second consecutive week, as reflected by a 1.5% fall in the S&P Pan Arab Composite index, mainly pressured by price contractions on the heavyweight Saudi Exchange during the earnings season. In parallel, regional fixed income markets came under downward price pressures, mainly tracking US Treasuries move after the US Federal Reserve Chair confirmed that further interest rate hikes might be needed to quash inflation, citing an "extraordinarily strong" US labor market, while keeping the door open for higher than previously expected borrowing costs in 2023 if strong jobs market persists.

MENA MARKETS: FEBRUARY 5 - FEBRUARY 11, 2023

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-1.5%	Weekly Z-spread based bond index	+2.1%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-0.2%	YTD Z-spread based bond index	+12.6%

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ECONOMY

PWC SAYS FIVE GCC ECONOMIC THEMES TO WATCH IN 2023

In a recent report, PwC highlighted 5 trends and themes that will shape the GCC economies in 2023:

1. The GCC will escape the global slowdown
Risks to the downside mean that global GDP growth could lose momentum going into 2023, reaching 2.7% - the weakest global growth profile since 2001 (barring the global financial crisis and the extreme phase of the COVID-19 pandemic). In contrast, forecasts for the GCC in 2023 are more upbeat, with 3.6% GDP growth expected this year. Although the region will not be completely immune to a global slowdown, there are a number of reasons to be optimistic:

Oil prices are likely to sustain US$75-95 per barrel levels in the coming year. While oil demand growth could be impacted by worsening global economic conditions, the ban on the seaborne import of crude oil and petroleum products from Russia, along with a gradual - albeit bumpy - recovery in China as it reverses its zero COVID policy stance, is likely to boost energy demand.

High oil prices also enable GCC governments to support the economy. The GCC region is expected to register strong 'twin' surpluses in 2022 and beyond. The regional fiscal balance is projected to register a surplus of 5.3% of GDP in2022 —the first surplus since 2014 — while the external balance surplus is expected to reach 17.2% of GDP. This provides fiscal headroom for governments to sustain aggregate demand through spending. The GCC region will also benefit from its relative stability, in contrast to uncertainty elsewhere.

2. The resurgence of the non-oil economy
While 2022 was the 'year of oil', the recovery of the non-oil economy was one of the good news stories of the year. While non-oil activity as a share of the overall economy has remained stable, this belies significant growth that was masked by high oil prices. Purchasing Managers' Indices (PMIs) for the non-oil sector remained well in expansion territory for most of the year. In fact, the Post-COVID recovery in the GCC region has been led by the non-oil private sector.
PWC expects the momentum for the non-oil economy to continue in 2023. And while economies in the region still have a long way to go to decisively decouple growth from oil prices, governments appear determined to stay the current course

3. The liquidity squeeze will ease
The outlook in the Gulf is relatively upbeat but there are some risks, especially as countries adjust to a tighter monetary policy environment. The unprecedented speed of increase in the Federal Reserve rate, which has been largely mirrored in the GCC countries that maintain pegged exchange rates, has put significant pressure on market liquidity, particularly in KSA. PWC expects the liquidity squeeze to eventually ease with corrective action.

4. Continuing efforts to green the economy
All eyes are now on the UAE as the host of COP28 later this year. This year's focus will be on the Global Stocktake, which aims to assess countries' collective progress towards achieving the goals of the Paris Agreement that came into force in 2016.Most GCC states have stated net zero commitments and one way of measuring progress towards achieving these targets is looking at the evolution in an economy's carbon intensity, which is a measure of how much CO_2 is produced to generate a dollar of GDP. On this measure, it is clear that the GCC countries still have a long way to go.

5. The war for local talent intensifies
Greater emphasis is likely to be given to the localisation of the private sector workforce in tandem with the increase in labour force participation amongst nationals. Under Saudi Arabia's Nitaqat programme, 2022 saw further increases in Saudisation requirements across a number of sectors and professions, including in healthcare, sales and marketing, as well as an increase in the number of jobs now restricted to Saudi nationals, including secretarial, translation, retail / store keeping, and data entry roles. In the UAE, both incentives as well as penalties have been introduced to encourage compliance with Emiratisation requirements.

Looking ahead, the 2023 outlook for the GCC region appears more upbeat in comparison to the rest of the world, supported by relatively high oil prices and growth in the non-oil economy, as well as moderating inflation. With central banks across the region keeping a close eye on financial market volatility following a tighter monetary policy environment, liquidity conditions are expected to ease with the support of corrective action and as economies adjust to the new rate environment. Finally, PWC expects major efforts on the part of employers to invest in skills development among the national workforce to adapt to localisation requirements.

DUBAI'S TOURISM SECTOR RECOVERS TO 86% OF PRE-PANDEMIC LEVELS

Dubai received 14.4 million overnight visitors in 2022, a 97.3% year-on-year growth against figures in 2021, according to the Department of Economy and Tourism (DET). This volume of tourists shows an 85.8% recovery of the tourism sector against pre-pandemic figures of 16.7 million visitors in 2019. This performance exceeds the regional and global barometers of recovery through the year, according to the United Nations World Tourism Organization's (UNWTO) data.

Western Europe and the GCC region accounted for the biggest share of arrivals with 21% of the total each. South Asia accounted for 17% of the total and the MENA region showed a contribution of 12% of the total. The Americas followed with a 7% share of the total volume of arrivals. South East Asia and North Asia both accounted for 5% while Australasia accounted for 2% of the total in 2022.

The city's hotel sector which contributes heavily to the growth of the tourism industry as a whole showed a robust performance in 2022. Average occupancy rate for the hotel sector registered 73% in 2022. This marks an increase of 6 percentage points (pps) from figures in 2021 and a negligible decrease of 2 pps from pre-pandemic figures in 2019. The performance in the sector is noteworthy as recovery has almost been achieved despite a 16% increase in room supply between 2022 and 2019. Average Daily Rate in 2022 reached AED 536 (US$ 146.1), a 29.2% increase from pre-pandemic rates. In parallel, Revenue Per Available Room showed a 25.3% increase reaching AED 391 (US$ 106.5) in 2022 up from AED 312 (US$ 85.0) in 2019.

During the year, Dubai captivated international and regional celebrities and influencers to conduct collaborations. In turn, this has led to the marketing of the city's appeal and experiences on different platforms which stands as a major driver behind the tourism sector's performance in 2022.

Dubai set itself as an international events destination with Expo 2020 that took place in 2022 which brought in 24 million visits and partook majorly in the sector's performance during the year. In parallel, the city still aims to enhance its propositions for tourism through the leveraging of the events and retail sectors to bring in more visitors. Dubai also holds a spot as a leading destination for sports tourism holding annual international sports events and competitions.

Another major driver for the growth in the sector was the city's culinary sector which features 13,000 restaurants and cafés. Dubai's culinary environment was recognized in June 2022 with the release of the MICHELIN Guide Dubai. In turn, the DET launched a Gastronomy Industry Report for 2022. In parallel, cruise and yacht tourism stood as another driver for the sector's growth for the year.

Concurrently, Dubai has positioned itself as a suitable place for sustainable and safe tourism in 2022 as efforts, led by the Dubai Sustainable Tourism (DST), were made to achieve the city's sustainability goals. Moreover, regulatory initiatives aiming to promote the growth of the tourism sector in Dubai are continuously being unveiled.

Finally, the year 2022 saw the launch of a number of attractions and initiatives that contributed to the growth of the sector during the period.

EGYPT'S PMI FOR JANUARY 2023 DECREASES TO 45.5

Egypt's Purchasing Managers' Index retreated by 1.7 points in January 2023 to reach 45.5, down from 47.2 in December 2022. This contraction in activity seen in the country's non-oil private sector is driven by inflationary pressures caused by the devaluation of the Egyptian Pound and the shortage in foreign currency which affects businesses, as per S&P Global.

Input prices increased by 7.3 points and purchases prices rose by 8.4 points reaching 72.3 and 72.7 respectively in January 2023. This comes after the recorded headline inflation in December 2022 that reached 21.3%. In turn, the price pressures have caused a decline in output across the non-oil sector in January 2023.

The output sub-index showed a contraction by 2.5 points to reach 42.3 in January 2023, down from 44.8 in December 2022. In parallel, the new orders sub-index has decreased as well to reach 42.6 in January 2023 showing a 2.9 point decline against December 2022.

Business sentiment for future outlook dropped to the third lowest recorded as supply and price-related issues are expected to continue hindering demand. The sub-index for future output therefore was recorded at 53.1 in January 2023.

QATAR'S PMI FOR JANUARY 2023 RECORDED 45.7

The Purchasing Managers' Index in Qatar dropped by 3.9 points, reaching 45.7 in January 2023, against 49.6 in December 2022. This comes as a result of softening business conditions tied to lower activity and new work following the end of the World Cup. In parallel, a relative improvement in the labor market was noticed during January 2023. While business activity cooled down in January 2023, the 12-month outlook saw a drastic increase showing optimism for improvement, especially in the financial services sector, as per the Qatar Financial Center's (QFC) PMI report.

In details, the Future Output Index showed an increase reaching 74.9 in January 2023 with robust optimism from companies as new business opportunities present themselves from the FIFA World Cup. The sentiment showed an improvement in all four studied sub-sectors with the highest amount coming from manufacturing, as per QFC's PMI report.

New businesses grew for the 32nd month straight along with an increase in employment in financial services firms at the highest level in 15 months.

On the level of the labor market, the employment index saw an increase by 4.1 points in January 2023 against December 2022 effectively cushioning the decrease in the headline PMI. This is due to the fact that the employment index holds a 20% weight in the overall PMI. Also, the performance of the labor market was the best in six months with employment increases noticed in the services and wholesale & retail sectors, according to QFC's PMI report.

JORDAN'S GDP GROWS BY 3% IN 2022

Jordan's GDP registered a growth of 2.7% in 2022, as stated by the Jordanian Deputy Prime Minister for Economic Affairs and Minister of State for Public Sector Modernization in a meeting with the Chief Economist of the World Bank Group.

During the meeting, efforts made by Jordan to modernize the economy were highlighted. The modernization process is taking place through the Economic Modernization Vision 2022-2023 plan. The plan tackles the issues of women empowerment in the labor force, plans to digitalize government processes, technical education and vocational training as well as industrial growth.

At the level of the labor market, the plan aims to double the female participation in the labor force as well as reach a participation rate of 28% for women in the economy by 2033.

On the industrial sector level, a governmental national strategy is being created to increase the country's exports of goods and services. Diversification efforts are also taking place in Jordan as the country's exports to the Arab trade zone were valued at JOD 2.5 billion (US$ 3.5 billion), as per the Jordanian Department of Statistics.

Jordan also aims to improve the investment environment. In 2022, a new law was issued to increase local and foreign investment in the country.

It is worth noting that the executive program concerning the Economic Modernization Vision 2023-2025 has been approved with a total valuation of JOD 2.3 billion (US$ 3.2 billion). In 2023, an estimated JOD 650 million (US$ 916.5 million) will be spent on the execution of the plan.

Bank Audi

SURVEYS

SAUDI ARABIA TOP DESTINATION FOR BELT AND ROAD ENERGY ENGAGEMENTS IN 2022

Saudi Arabia was the top destination for energy engagement among Belt and Road Initiative (BRI) countries in 2022 at US$ 5.4 billion, according to the latest BRI Investment Report 2022 issued by Shanghai-based Green Finance & Development Centre (GFDC).

The definition of BRI countries includes 147 countries that had signed a cooperation agreement with China to work under the framework of the Belt and Road Initiative by December 2022, which is a global infrastructure development strategy adopted by the Chinese government in 2013 to invest in more than 150 countries and international organizations.

With the strong engagement in the Kingdom, including cooperation on solar projects, such as a US$ 210 million project with Jinko Solar, Saudi Arabia moved from 6th place in cumulative BRI energy engagement in 2021 to third place in 2022.

Gas-related investments reached their second highest level in the history of the BRI at US$ 4.8 billion equal to 60% of China's energy investments, driven by a US$ 4.6 billion investment in Aramco Gas Pipelines Company in Saudi Arabia.

Middle Eastern countries expanded their cooperation with China and received about 23% of BRI engagement in 2022 (up from 16.5%) and about 21% of chinese investment volume, twice the share of 2021.

UAE'S REAL ESTATE SECTOR TO REMAIN RESILIENT IN 2023, AS PER JLL

UAE's real estate sector is expected to remain resilient in 2023, according to JLL's UAE 2022 Year in Review report, which offers a rear-view mirror perspective of 2022 while underlining the opportunities that lie ahead in the year.

In the office market, the stock of office space in Dubai rose by 30,000 square meters in 2022, to reach 9.1 million square meters. Over the same period, the addition of around 8,000 square meters in Abu Dhabi pushed up the capital's total stock to 3.9 million square meters. In 2023, almost 100,000 square meters of office floor space is expected to be delivered in Dubai and over 35,000 square meters in Abu Dhabi.

Following a prolonged downturn in Dubai office rents, the sector saw a remarkable turnaround in 2022. A combination of strong business conditions and tight availability of good quality office space were broadly responsible for double-digit growth in rental values, lifting them to levels previously seen in 2015. In Q4 2022, Grade A rents in Dubai's CBD increased by 21% year-on-year to an average of AED 2,100 per square meter per year, as per JLL.

Concurrently, in the residential market, the delivery of 38,000 residential units in 2022 pushed up Dubai's total supply to 680,000 units by Q4. In 2023, the level of scheduled completions is a little higher to reach 41,000 units. In Abu Dhabi, the delivery of roughly 6,000 units over the past year brought the capital's residential stock to 279,000 units. A further 6,000 units are planned to be completed in 2023.

In annual terms, average residential sales prices were up 10% and 3% in Dubai and Abu Dhabi, respectively, in Q4 2022. Rents in Dubai grew by 27% over the same period, but were more or less flat in the capital.

The outperformance of the residential sector once again shines a spotlight on Dubai's relative safe haven status, when many other parts of the world are grappling with geopolitical and economic challenges, as stated in the report. The strong residential activity is also partly attributable to prices continuing to look attractive compared with other major cities around the globe.

At the level of the hospitality sector, Dubai's hotel stock rose to 148,000 with the completion of around 6,800 keys in 2022, and the majority of deliveries comprising 4 & 5-star properties. In 2023, approximately 13,000 keys are scheduled to be added. In Abu Dhabi, the addition of 600 keys raised the total supply of hotel and hotel apartment keys to over 32,000 keys. Over the coming year, additional 400 keys are due to be delivered in the capital.

The occupancy rate for Dubai's hotels climbed to 72% over January-November 2022, a strong improvement compared to the same part of the previous year (63%). On the same basis, the city's Average Daily Rate (ADR) rose by 22% year-on-year to US$ 184. Meanwhile, Abu Dhabi's occupancy rate climbed to 69% in the first 11 months of last year (up from 66% in the corresponding part of 2021) and ADR jumped by 29% to US$ 119.

As to the retail market, the delivery of around 200,000 square meters of retail floor space in 2022, raised Dubai's total stock to 4.63 million square meters. In 2023, about 355,000 square meters of space is scheduled to be delivered across the city, in which the majority is expected to be accounted for by a new super-regional mall and the expansion of two existing ones in the same category. Abu Dhabi's retail stock was unchanged at 2.89 million square meters last year, but is anticipated to increase by 232,000 square meters in 2023.

MOODY'S DOWNGRADES TUNISIA'S RATINGS TO "CAA2" WITH A "NEGATIVE" OUTLOOK

Moody's (Moody's Investors Service) downgraded the government of Tunisia's long-term foreign-currency and local-currency issuer ratings to "Caa2" from "Caa1" and changed the outlook to "negative".

The downgrade is driven by Moody's assessment that the absence of comprehensive financing to date to meet the government's large funding needs, raises default risks to a point no longer commensurate with a "Caa1" rating.

A new IMF program has yet to be secured, despite reaching staff-level agreement in October 2022, aggravating an already challenging funding position and compounding the pressures on Tunisia's foreign exchange reserve adequacy.

In details, on 14 December 2022, the IMF removed from its agenda an Executive Board meeting on a new US$ 1.9 billion (4.1% of GDP) program for Tunisia, that was scheduled for 19 December, having reached Staff-Level agreement in October. Moody's views the program as key for Tunisia, in light of its large twin deficits, tight external and domestic liquidity conditions, and a difficult debt-service profile over the next few years. While the Tunisian authorities have signaled their continuing commitment towards securing a program, the successful signing of a new IMF agreement has remained elusive since the previous four-year arrangement was terminated in March 2020.

The very tight domestic and external funding conditions and the Tunisian government's challenging debt service profile, elevate refinancing risks. Moody's assesses that weak governance and significant social risks, account for Tunisia reaching such a critical juncture.

The provision of further material funds from multilateral and bilateral partners remains as yet, out of reach. In light of highly constrained access to the international capital markets and limited domestic financing capacity, these funds are critical to meeting the government's annual borrowing needs, which are budgeted at TND 24.4 billion (15.5% of Moody's projected GDP) for 2023, remaining in line with the elevated levels of 2020-22. Under the government's 2023 financing plan, which assumes an IMF program in place, TND 14.9 billion or 61% of the total funds are expected to come from external sources.

Further delays in securing external financing would compound the pressures on Tunisia's foreign exchange reserve adequacy. Foreign exchange reserves have dropped to US$ 7.5 billion as of December 2022, compared to external debt principal repayment needs amounting to US$ 2.1 billion in 2023 alone.

Residual credit support stems from the Central Bank of Tunisia's remaining foreign exchange reserve buffer, alongside the government's continuing commitment to seeking a new IMF arrangement and a longstanding track record of support from a broad range of international partners.

The "negative" outlook reflects Moody's view that barring a timely improvement to external financing prospects, the probability of default may rise beyond what is consistent with a Caa2 rating.

Further protracted delays in securing a new IMF program would erode foreign exchange reserves, through drawdowns for debt service payments, thereby exacerbating balance of payment risks and the probability of a debt restructuring, which would entail losses for private sector creditors.

Finally, Moody's see that risks to Tunisia's credit profile would remain skewed to the downside even under any eventual IMF agreement, with financing prospects remaining dependent on timely and sustained reform implementation. While the government's reform agenda offers a route to redressing Tunisia's large fiscal and external imbalances, implementation is likely to be tested by political, social, and institutional obstacles.

CORPORATE NEWS

INTERNATIONAL MARITIME INDUSTRIES SIGNS 10 AGREEMENTS WORTH UP TO US$ 346 MILLION

International Maritime Industries (IMI), the largest integrated full service maritime yard in the MENA region, signed 10 agreements worth up to US$ 346 million (SR 1.30 billion) during the In-Kingdom Total Value Add 2023 (iktva) program, which aims to increase the use of in-Kingdom suppliers, expand local supply chain capabilities, drive collaboration in the industry, bring new innovations to the country through R&D, and promote the Kingdom as an export hub, as revealed in a company's statement.

Six of the agreements were signed with ESAB, Gulf Cryo, Euroblast, Acceleron, and ElectroMech. The partnerships focused on boosting IMI's business operations in several segments, like shipbuilding, ship repair, and marine engineering.

Four other agreements were signed with Saudi training institutions and academies, namely, the National Industrial Training Institute (NITI), Saudi Petroleum Services Polytechnic (SPSP), National Maritime Academy (NMA), and National Power Academy (NPA), with the aim of expanding IMI's apprenticeship program.

It is worth noting that IMI is a joint venture (JV) between the listed Saudi Aramco and Bahri as well as Lamprell and HHI, forming the largest shipyard in the region at nearly 12 million square meters. It provides new build and Maintenance, Repair, and Overhaul (MRO) services for commercial vessels, such as VLCCs, Bulk Carriers, Offshore Support Vessels, and Offshore Jackup rigs.

DAMAC PROPERTIES AWARDS US$ 241 MILLION MAIN WORKS CONTRACT FOR CAVALLI TOWER

DAMAC Properties, leading Dubai developer, awarded main works contract valued at US$ 241 million (AED 886 million) for the 71-storey Cavalli Tower to China State Construction Engineering Corporation, as mentioned in a company's statement.

The contract was awarded by DAMAC to finalize main works construction of the luxurious high-end residential tower in Dubai Marina. Upon completion, Cavalli Tower would feature premiere interior designs by renowned Italian fashion house Roberto Cavalli and views of the Palm Jumeriah.

Cavalli Tower, which has a development value of AED 2 billion, features 436 units divided into three sections. The first section is considered luxury, the middle section offers upper luxury units, and the top floors provide super luxury features and finishes within its units.

The tower's luxury and upper luxury sections would have access to a private sky pool and sky gardens, while the super luxury category features an exclusive infinity pool, a cigar lounge and a private pavilion, where residents can host their own private dinner parties.

GCCIA SIGNS FIVE CONTRACTS WORTH US$ 220 MILLION FOR IRAQ INTERCONNECTION PROJECT

The Gulf Cooperation Council Interconnection Authority (GCCIA), a joint stock company subscribed by the six Gulf States, Saudi Arabia, the UAE, Qatar, Bahrain, Kuwait and Oman, signed five contracts worth US$ 220 million for implementing an electricity interconnection between the GCC nations and Iraq, as indicated in a company's statement.

The contracts were signed with KEC International and Kalpataru Power Transmission from India, Turkey's Calik Enerji, Saudi Arabia's Cegelec Saudi and Qatar's National Contracting Company (NCC).

The project involves the construction of a double circuit 400 kV transmission line, from Al-Wafra station in Kuwait to Al-Faw station in south Iraq, with a total transmission capacity of 1,800 megawatts and a length of 295 kilometers.

The project consists of supplying and installing circuit breakers, electrical reactors, and measurement and control systems for the construction and expansion of substations in Al-Wafra and Al-Faw.

It also includes consulting services for preparing environmental and social studies and supervision of implementation.

The project would contribute to the supply of electricity to the Southern Region Electricity Network and support the demand for electricity in Basra.

IMPACT46 LAUNCHES US$ 133 MILLION FUND TO SUPPORT TECH STARTUPS

IMPACT46, a CMA-authorized asset management and advisory that focuses on alternative Saudi Arabian investment opportunities, developed a new fund at a value of US$ 133.33 million (SR 500 million) to back tech startups across the MENA region, as mentioned in a company's statement.

The fund aims to endorse tech startups in different areas, with a main focus on fintech, e-commerce, and software as a service (SaaS), and supports ambitious entrepreneurs in Saudi Arabia and the MENA region by providing them with the required capital, in order to build businesses that develop innovative solutions.

It is the third and largest fund by IMPACT46 and targets Saudi startups that have the potential to invest in promising businesses from the MENA region.

The launch of the fund aligns with Saudi Vision 2030 agenda to further develop the national economy and diversify the Kingdom's sources of income.

ALWASAIL INDUSTRIAL SIGNS A CONTRACT VALUED AT NEARLY US$ 80 MILLION WITH SABIC

Saudi's AlWasail Industrial Company, one of the leading manufacturers of polyethylene pipes and fittings mainly for irrigation, telecom, drinking water, firefighting networks and gas and oil transport systems, signed a contract with petrochemical major Saudi Basic Industries Corporation (SABIC), to buy raw materials and products for manufacturing activities at its plant, for nearly US$79.94 million (SR 300 million).

The company would buy around 60,000 metric tons of raw materials used in more than 90% of its products.

The entire supply would be completed by the end of 2023. The financial impact of the contract would be reflected on the company's financial results by increasing production starting from the first quarter of 2023.

STARLINKS LAUNCHES US$ 27 MILLION HYBRID LOGISTICS FACILITY IN RIYADH

Starlinks, a leading logistics and supply chain solutions company in Saudi Arabia, launched a US$ 26.65 million (SR 100 million) hybrid logistics facility in Agility Logistics Park in Riyadh, as revealed in a company's statement.

The facility consists of a storage area of 400,000 square feet, providing the capacity to store over 12 million units.

The center would run on a hybrid model employing both robotics and manual picking systems and sortation functions. Starlinks has collaborated with China-based Geek+ for automation technology,a global technology company leading the intelligent logistics revolution, by applying advanced robotics and AI technologies for automation technology.

Starlinks is equipped with 254 autonomous robots for picking and sorting, and aims to process an average of 3.6 million unit orders per month.

The new center would be operational by the second quarter of 2023.

The Saudi firm provides direct and smooth integration with Shopify, Magento, WooCommerce, OpenCart, Amazon, eBay, and a further 60 platforms through direct APIs.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES REMAIN ON DECLINE THIS WEEK, MAINLY DRAGGED BY HEAVYWEIGHT SAUDI EXCHANGE

MENA equity markets continued to trace a downward trajectory for the second consecutive week, as reflected by a 1.5% fall in the S&P Pan Arab Composite index, mainly pressured by price contractions on the heavyweight Saudi Exchange during the earnings season.

The Saudi Exchange remained on the decline this week, as reflected by a 3.0% drop in the S&P Saudi index, mainly dragged by some profit-taking operations and unfavorable company-specific factors, which have overshadowed strong oil price rebounds. In fact, Brent oil prices surged by 8.1% week-on-week, hitting US$ 86.39 per barrel on Friday. This is mainly explained by crude loading disruptions in Turkey following the earthquake, Russia's decision to reduce its oil production in March 2023, and optimism over China's recovering oil demand after relaxing its COVID Zero policy.

A closer look at individual stocks shows that Petrochemicals giant Saudi Aramco's share price retreated by 0.6% this week to reach SR 32.40. Sipchem's share price went down by 1.1% to SR 35.60. Yansab's share price shed 2.2% to SR 42.70. Yansab reported a 73% year-on-year fall in its 2022 net profits to reach SR 414 million, missing average analysts' estimate. SABIC Agri-Nutrients Company's share price plunged by 6.4% to SR 128.00. JP Morgan cut its recommendation on SABIC Agri-Nutrients Co. to "Neutral" from "Overweight", with a price target of SR 145, which implies a 7.9% increase from last price. Zamil Industrial Investment Company's share price dropped by 3.0% to SR 16.34. HSBC cut its recommendation on Zamil Industrial Investment Company to "Reduce" from "Hold", with a price target of SR 9.90, which implies a 40% decrease from last price.

Also, Saudi National Bank's share price declined by 0.8% week-on-week to SR 48.40. Al Rajhi Bank's share price decreased by 4.0% to SR 77.30. Alinma Bank's share price fell by 7.6% to SR 29.15. Alinma Bank reported a 33% year-on-year increase in its 2022 net profits to reach SR 3.6 billion, yet still missing average analysts' estimate.

The Qatar Stock Exchange plunged further into the red this week, as reflected by a 3.1% contraction in the S&P Qatar index, mainly dragged by some unfavorable company-specific factors. 37 out of 49 traded stocks registered price drops, while 12 stocks posted price gains week-on-week. A closer look at individual stocks shows that Qatar Aluminum's share price shed 5.7% to QR 1.674. Qatar Aluminum announced a 10% year-on-year rise in its 2022 net profits to reach QR 919 million, yet still missing average analysts' estimate. Masraf Al Rayan's share price declined by 1.8% to QR 2.612. Masraf Al Rayan reported 2022 net profits of QR 1.3 billion against net profits of QR 1.7 billion a year earlier. QNB's share price shed 6.0% to QR 16.280.

EQUITY MARKETS INDICATORS (FEBRUARY 5 - FEBRUARY 11, 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	135.9	-0.5%	5.3%	5.5	-19.3%	0.9	15,354	1.9%	-	0.33
Jordan	417.3	0.5%	7.3%	57.3	16.4%	25.1	28,428.4	10.5%	9.3	1.77
Egypt	240.7	9.5%	1.7%	258.2	-7.5%	1,841.4	35,073.6	38.3%	9.5	2.09
Saudi Arabia	462.7	-3.0%	-0.7%	3,895.7	-14.9%	441.32	2,648,571.3	7.6%	13.2	4.50
Qatar	170.5	-3.1%	-3.5%	521.8	-26.6%	529.7	161,536.1	16.8%	12.0	1.60
UAE	139.7	1.8%	1.6%	2,667.5	4.7%	1,874.5	837,919.9	16.6%	12.1	1.88
Oman	261.8	1.4%	0.6%	14.0	-2.6%	24.0	21,852.0	3.3%	13.1	1.09
Bahrain	197.6	1.4%	2.4%	6.6	-24.0%	5.1	18,235.9	1.9%	10.5	1.37
Kuwait	140.8	0.2%	1.5%	704.3	34.3%	606.2	140,160.3	26.1%	19.7	1.97
Morocco	226.4	3.4%	2.0%	56.8	47.8%	2.8	54,385.2	5.4%	18.1	2.84
Tunisia	61.7	-3.0%	-0.5%	7.9	84.6%	3.6	7,568.8	5.4%	10.0	2.10
Arabian Markets	**911.2**	**-1.5%**	**-0.2%**	**8,195.6**	**-6.5%**	**5,354.7**	**3,969,085.0**	**10.7%**	**13.1**	**3.62**

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

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

In contrast, the UAE equity markets continued to trace an upward trajectory this week (+1.8%), mainly supported by some upbeat corporate earnings and oil price gains. In Dubai, DEWA's share price rose by 3.4% to AED 2.44. DEWA reported 2022 net profits of AED 8.0 billion versus net profits of AED 6.6 billion a year earlier, up by 22% y-o-y, and raised its 2022 dividend payout by 60% to AED 9.9 billion. Dubai Investments' share price rose by 1.3% to AED 2.31. Dubai Investments reported 2022 net profits of AED 1.6 billion versus net profits of AED 620 million a year earlier.

In Abu Dhabi, Aldar Properties' share price surged by 7.9% over the week to AED 4.78 Aldar Properties announced a 27% year-on-year rise in its 2022 net profits to reach AED 2.9 billion. RAK Ceramics' share price went up by 1.8% to AED 2.85. RAK Ceramics posted 2022 net profits of AED 303 million, up by 23% year-on-year. The firm's Board of Directors recommended the distribution of dividends at a rate of 10 fils per share for the second half of 2022. Dana Gas' share price edged up by 0.2% to QR 0.849.

Boursa Kuwait continued to operate on a positive territory this week, as reflected by a 0.2% rise in the S&P Kuwait index, mainly supported by an oil price rebound and some favorable company-specific factors. Burgan Bank's share price closed 4.0% higher at KWf 232. Burgan Bank announced 2022 net profits of KWD 52 million versus net profits of KWD 45 million a year earlier. The bank's Board of Directors recommended the distribution of dividends at a rate of 8 fils per share, in addition to 5% bonus shares for the year 2022.

The Egyptian Exchange registered strong price gains of 9.5% this week, mainly driven by some favorable company-specific factors and on improved sentiment after Egypt revived a stalled plan to sell stakes in State-run companies, as part of a drive to revamp a battered economy and secure much-needed foreign currency.

A closer look at individual stocks shows that Commercial International Bank's share price skyrocketed by 16.6% week-on-week to LE 58.99. Ghabbour Auto's share price climbed by 16.2% to LE 5.32. AlphaMena raised its recommendation on Ghabbour Auto's stock to "Add" from "Sell", with a price target of LE 5.69, which implies a 24% increase from last price. ElSewedy Electric Company's share price went up by 7.6% to LE 12.95. Sidi Kerir Petrochemicals Company's share price surged by 22.9% to LE 17.9. AlphaMena raised its recommendation on Sidi Kerir Petrochemicals Company to "Add" from "Sell", with a price target of LE 17.30, which implies a 6.8% increase from last price.

FIXED INCOME MARKETS: ACROSS-THE-BOARD BOND PRICE CONTRACTIONS IN MENA REGION

MENA fixed income markets came under downward price pressures this week, mainly tracking US Treasuries move after the US Federal Reserve Chair confirmed that further interest rate hikes might be needed to quash inflation, citing an "extraordinarily strong" US labor market, while keeping the door open for higher than previously expected borrowing costs in 2023 if strong jobs market persists.

In the Dubai credit space, prices of DP world'30 fell by 0.38 pt this week. Emirates NBD Perpetual (offering a coupon of 6.125%) registered price gains of 0.13 pt. Regarding new issues, Dubai Islamic Bank raised US$ 1 billion from the sale of a 5.5-year sustainable Sukuk at a yield of 4.80% per annum, which represents a spread of 102.4 bps over five-year US Treasuries. This compared to an initial price guidance of 130 bps over US Treasuries. The Sukuk sale attracted more than US$ 2.75 billion in orders.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 registered price contractions of 0.75 pt, 1.50 pt and 2.0 pts respectively week-on-week. Mubadala'26 and'27 were down by 0.25 pt and 1.0 pt respectively. Prices of ADNOC'29 decreased by 1.50 pt. First Abu Dhabi Bank'24 closed down by 0.13 pt. Prices of Taqa'26 and '28 dropped by 0.25 pt and 0.75 pt respectively.

In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 saw price retreats ranging between 0.94 pt and 1.95 pt this week. NOGA'27 closed down by 0.50 pt. In the Kuwaiti credit space, sovereigns maturing in 2027 were down by 1.13 pt week-on-week. KIPCO'27 increased by 2.25 pts.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 saw price contractions of 0.38 pt to 2.00 pts this week. Saudi Aramco'25 was down by 0.63 pt. Prices of SABIC'28 declined by 0.38 pt. In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 registered price declines of up to 2.38 pts week-on-week. Prices of Omantel'28 retreated by 0.63 pt. Fitch Ratings affirmed Omantel's long-term foreign currency Issuer Default Rating at "BB" with a "stable" outlook. Omantel's rating remains constrained by Oman's sovereign rating ("BB/stable") as a Government-Related Entity.

In the Iraqi credit space, prices of sovereigns maturing in 2028 tumbled by 0.75 pt week-on-week. In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 saw weekly price decreases of 0.50 pt each.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 registered price contractions of 1.25 pt and 2.50 pts respectively week-on-week. Ooredoo'26 closed down by 0.25 pt. S&P upgraded Ooredoo to "A/A-1" from "A-/A-2" and raised the rating on its senior unsecured debt, with a "stable" outlook.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 posted price drops of 1.63 pt to 7.63 pts this week. Euro-denominated sovereigns maturing in 2026 and 2031 registered price decreases of 2.90 pts and 3.74 pts respectively. Moody's downgraded the Government of Egypt's long-term foreign and local currency issuer ratings to "B3" from "B2" and changed the outlook to "stable" from "negative". The downgrade reflects, according to Moody's, Egypt's reduced external buffers and shock absorption capacity while the economy undergoes a structural change toward a more export- and private sector-led growth model under a flexible exchange rate regime.

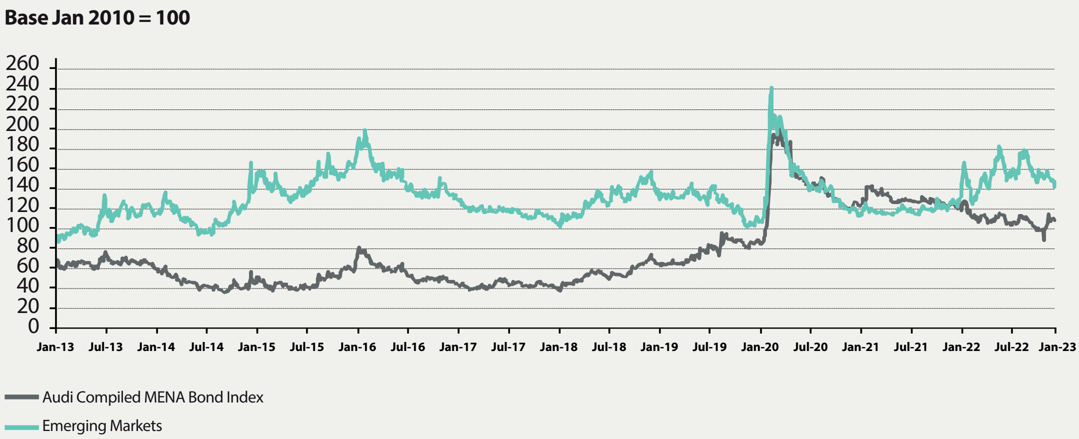
All in all, regional bond markets saw downward price movements this week, mainly tracking declines in US Treasuries after US Federal Reserve officials stressed the need to keep raising interest rates, including the potential for borrowing costs to peak at a higher level than previously forecast, following stronger-than-surveyed US jobs report in January 2023 and as the US unemployment rate hit a 53-year low.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	10-Feb-23	03-Feb-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	43	41	44	2	-1
Dubai	73	69	84	4	-11
Kuwait	47	48	50	-1	-3
Qatar	46	43	48	3	-2
Saudi Arabia	65	61	61	4	4
Bahrain	250	221	231	29	19
Morocco	164	152	162	12	2
Egypt	1,029	830	877	199	152
Iraq	399	411	467	-12	-68
Middle East	235	208	225	27	10
Emerging Markets	140	128	140	12	0
Global	489	440	533	49	-44

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	B3/Stable	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	Caa2/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$)	10-Feb-23	03-Feb-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)	30.40	30.18	24.71	0.7%	23.0%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.76	0.0%	-0.2%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	0.1%	-0.2%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	0.0%
Yemeni Riyal (YER)	250.27	250.27	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	136.50	135.53	137.35	0.7%	-0.6%
Moroccan Dirham (MAD)	10.27	10.24	10.44	0.3%	-1.6%
Tunisian Dinar (TND)	3.12	3.06	3.11	2.0%	0.3%
Libyan Dinar (LYD)	4.77	4.76	4.83	0.2%	-1.2%
Sudanese Pound (SDG)	577.33	576.83	573.81	0.1%	0.6%

Sources: Bloomberg, Bank Audi's Group Research Department