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Activity in MENA equity markets was skewed to the upside this week, as reflected by a 0.6% rise in the S&P Pan Arab Composite index, mainly supported by some upbeat corporate earnings, and on improved sentiment after OPEC raised its forecast for China-led global oil demand growth in 2023. In contrast, regional bond markets saw across-the-board price contractions, mainly pressured by declines in US Treasuries as higher-than-forecast US inflation and stronger-than-surveyed US jobs report in January 2023 cemented expectations about a quarter-point rate increase by the US Federal Reserve in June 2023, following similar hikes in March and May.

MENA MARKETS: FEBRUARY 12 - FEBRUARY 18, 2023

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	+0.6%	Weekly Z-spread based bond index	+1.0%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+0.4%	YTD Z-spread based bond index	+13.7%

ECONOMY

UN REPORT SAYS AN OIL BOOM MASKS INTRAREGIONAL DISPARITIES IN ECONOMIC RECOVERY IN THE REGION

In 2022, Western Asian economies, on average, grew an estimated 6.4%, accelerating from 6.2% the previous year according to UN just released macro report. A group of oil-producing countries explained the improved growth performance. Growth is projected to slow somewhat to 3.5% in 2023, due to less favourable external factors.

All countries in the region remained on the path of economic recovery from the COVID-19 crisis in 2022. After many pandemic-related restrictions ended during the first half of the year, no new lockdown measures were imposed, although COVID-19 outbreaks continued with newly emerging variants of the virus. The rapid growth of international travel to the region, from a low base, contributed significantly to economic recovery. Growth trends diverged, however, against the commodity price spike triggered by the war in Ukraine. With all countries in the region strongly reliant on imports of staple food items, such as barley and wheat, the war in Ukraine resulted in high food price inflation. The region's non-oil-producing countries primarily felt the adverse terms-of-trade impact. For oil exporters, rising energy prices offset higher international grain prices.

Major crude oil producers in the region, Iraq and the member countries of the Gulf Cooperation Council (GCC), including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, experienced rapid economic expansion. This stemmed from elevated external demand spurred by the coordinated crude oil production increase under the OPEC Plus agreement. On average, crude oil production grew an estimated 10% in Western Asia in 2022, which contributed to high real GDP growth in oil-producing countries. The non-oil sector in the GCC countries also saw consistent expansion. The real estate sector, subdued since 2015, registered a gradual recovery although housing prices remained significantly below the peak in 2014 to 2015.

Economic growth in non-oil-producing countries and smaller oil producers (the Syrian Arab Republic and Yemen) suffered from deteriorating external conditions. High commodity prices and tightening access to international finance resulted in greater balance-of-payments constraints, with weaker national currencies.

The extent of currency depreciation was particularly severe in Lebanon, the Syrian Arab Republic, Türkiye and Yemen, leading to very high inflation rates. Consumer price inflation in 2022 reached an estimated 176.4% in Lebanon, 65.5% in the Syrian Arab Republic, 71.7% in Türkiye and 42.6% in Yemen. Jordan maintained its currency rate peg to the dollar, but its foreign reserves declined by \$1.4 billion to \$16.6 billion over the first nine months of 2022. While Lebanon may register an economic expansion for the first time since 2017, GDP remains significantly below the 2017 level. Ongoing conflicts continued to weigh on the growth prospects of the State of Palestine, the Syrian Arab Republic and Yemen.

The GCC countries committed fiscal expenditures to food subsidies intended to cope with high inflation. The United Arab Emirates also implemented income support programmes for low-income families, and Saudi Arabia expanded the volume of its strategic grain reserves. Fiscal support to mitigate the impact of inflation in other Western Asian countries was limited. Türkiye substantially revised the minimum wage in January, July and December 2022 to safeguard households from the rising cost of living.

To contain increasing inflationary pressures, central banks in the GCC countries, Israel and Jordan have shifted to a tightening cycle. The impact on domestic demand is expected to materialize gradually over 2023 as robust growth in the money stock continued in these countries in 2022. Türkiye lowered the policy interest rate in July and September to stimulate investment, despite rising double-digit inflation.

The Lebanese central bank struggled to stabilize the financial sector amid increasing concerns from depositors whose foreign currency deposits made prior to 17 October 2019 remained subject to strict withdrawal restrictions.

Countries in the region are likely to embrace fiscal consolidation. Benefiting from greater oil revenues, fiscal expenditures in GCC countries apparently increased in real terms during fiscal year 2022 to an extent tailored by commitments to fiscal consolidation. Fiscal expenditures expanded in nominal terms in Jordan and Türkiye but the overall fiscal stance was neutral given the level of inflation.

Unemployment rates in the region in 2022 fell to pre-pandemic levels in Israel, Saudi Arabia and Türkiye. The unemployment rate of Saudi nationals came down to 9.7% in the second quarter of 2022, the lowest level in 20 years, driven by a considerable reduction in female unemployment. Employment recovery remains slow in other countries. In Jordan, the unemployment rate stood at 22.6% in the second quarter of 2022, above the 19.3% recorded in the first quarter of 2020. The most recent estimates put the unemployment rate in Lebanon at 29.6%, which is considerably above the 11.4% level recorded prior to the ongoing financial crisis that erupted in 2019.

Economic expansion in Western Asia is expected to moderate looking forward given several factors. While domestic demand is projected to recover steadily, external economic conditions, including terms of access to international finance, are expected to remain tight, limiting growth prospects. The region's currencies, including those pegged to the dollar, remain under pressure, forcing them to maintain tight monetary stances. The looming global economic slowdown may weaken demand for crude oil and adversely affect oil-producing countries. Moreover, considerable risks remain in the absence of political resolutions of persistent conflicts in several parts of the region according to the UN.

SAUDI ARABIA CPI INCREASES BY 3% YEAR-ON-YEAR IN JANUARY 2023

During January 2023, an inflation in Consumer Price Index (CPI) was recorded at 3.4% in Saudi Arabia against figures in the same month of the year prior. The main drivers that led to this increase are inflations in housing, water, electricity, gas & other fuels as well as food & beverages. The inflation recorded between January 2023 and December 2022 reached 0.2%, as per the Saudi General Authority for Statistics (GASTAT).

The three categories that hold the biggest weight in CPI calculations are Housing, water, electricity, gas & other fuels (25.5%), Food & Beverages (18.8%) and Transport (13.1%). These categories all saw year-on-year increases of 6.6%, 4.2% and 3.8% respectively which stands as the main driver for the CPI inflation in January 2023 against January 2022.

Restaurants & Hotels saw an increase in prices of 6.5% year-on-year in January 2023. Education, recreation & culture and healthcare all saw price inflations of 3.2%, 1.1% and 1.2% respectively in January 2023 as compared with January 2022. In parallel, furnishing & household equipment saw a negligible increase of 0.2% while tobacco remained relatively stable in price during the same period, as per the GASTAT report.

On the other hand, price deflation has been recorded in clothing & footwear, miscellaneous goods & services and communications of 1.6%, 0.4% and 0.2% respectively in January 2023 against the same month of 2022.

In details, looking at CPI inflation in the country's biggest cities, Riyadh and Jeddah recorded inflations above the average trend recording a 4.1% and 6.8% increase in prices respectively during the period. On the other hand, Makkah recorded a below average inflation of 2.5% in January 2023 against January 2022.

Housing, water, electricity, gas & other fuels increased by 19.5% year-on-year in Jeddah and 9.1% year-on-year in Riyadh during the period while remaining somewhat stable in Makkah (0.4% increase year-on-year). Food & beverages increased above the average trend in Riyadh (4.6% year-on-year) and in Makkah (5.6% year-on-year) during the period. Additionally, inflation in transport prices were above trend in Makkah (4.7% year-on-year) and Jeddah (5.5%) during January 2023 as compared with the same month of the previous year. Prices for restaurants & hotels also saw an above average increase of 12.9% year-on-year in Makkah during the period while being registered slightly under average in Riyadh and Jeddah (6.1% and 6.2% year-on-year respectively), as per the GASTAT report.

QATAR'S NORTH FIELD PROJECT TO ADD 140 MTPA OF LNG UNTIL 2050

Qatar will supply an additional 140 million tons per annum (mtpa) of Liquefied Natural Gas (LNG) liquefaction capacity until 2050 through its North Field project.

It is worth noting that Qatar has exported 77 million tons of LNG in 2021 and aims to increase this capacity by 42.9% by 2026 and 2027 (110 mtpa).

According to a Gas Exporting Countries Forum (GECF) report, between 2021 and 2050, an added 560 million tons of liquefaction capacity will be made available internationally. This estimate takes into consideration projects that are under construction, proposed, possible, speculative and stalled. The area of Asia Pacific is expected to see the biggest increase in regasification capacity. In parallel, the global demand of LNG is expected to increase 2.3 times reaching 850 million tons in 2050 up from 372 million tons in 2021. This increase is mainly attributed to an increase of demand stemming from Asia.

Concurrently, Qatar's economy for 2022 saw robust growth driven by increased LNG demand globally (caused by the gap in supply and demand left by the Russo-Ukrainian war) in addition to the hosting of the FIFA World Cup event. This growth in the economy has led in turn to an increase in investment towards the infrastructure of the energy sector (including increase in capital investment by QatarEnergy, QatarGas and Nakilat).

These conditions are leading the country to seek long-term fixed contracts with global LNG clients in 2023. Qatar already holds long term contracts with China, India, Japan and South Korea along with other Asian countries as well as Germany (as of November 2022 when a 15 year LNG agreement was signed with flows expected to start in 2026). In addition, Hungary announced that LNG supply talks with Qatar will be taking place to reduce the country's dependence on Russian oil and gas. New long-term LNG supply deals along with the increase in liquefaction capacity stemming from North Field projects will further secure the strengthening of the country's economy on the back of the energy sector.

EGYPT'S UNEMPLOYMENT RATE RECORDED 7% IN Q4 2022

According to Egypt's statistics agency (CAPMAS), unemployment rate in the country was registered at 7.2% in the fourth quarter of 2022. 54.6% of the unemployed were men and 45.4% women.

The age group holding the largest share of unemployment was between the ages of 15 to 29 (63.0%), followed by those aged 30 to 64 (37.0%).

In details, those aged 20 to 24 held the biggest share of unemployment in the first group with 29.4%, followed by those aged 25 to 29 with 25.9%. Those aged 15 to 19 accounted for 7.7% of unemployment.

Urban areas saw unemployment at 10.5% and thus was the most affected as rural areas saw unemployment at an unchanged rate of 4.5%.

It is worth noting that, the vast majority (83.2%) of unemployed individuals held intermediate to higher education degrees. 46.2% held university degrees and 37.0% held intermediate certificates, as per CAPMAS.

EGYPT'S URBAN CPI RECORDED 26% IN JANUARY

The annual urban Consumer Price Index (CPI) in Egypt recorded a 25.8% year-on-year increase in the first month of 2023. This inflation came above the median forecast made by Reuters where economists expected inflation to be recorded at 23.8% year-on-year. January's inflation shows a 4.5 percentage point increase from December 2022's inflation of 21.3% year-on-year. This inflation, the fastest seen in five years, was mainly driven by the devaluation of the Egyptian Pound of more than 50% against the US Dollar since March 2022, prolonged scarcity of foreign currency and continued delays in getting imports into the country, as per Egypt's statistics agency (CAPMAS).

Core Inflation (Which excludes volatile items such as food) was recorded at 31.2% year-on-year in January 2023 up from 24.5% year-on-year in December 2022. Core inflation was forecasted by analysts at 26.6% year-on-year for the first month of January.

The elevated Headline inflation was mainly driven by the high prices of food and non-alcoholic beverages which hold a weight of 32.7% in the basket. However, all items showed a price inflation during the month.

In turn, these inflation figures are applying mounting pressure on the Central Bank of Egypt's Monetary Policy Committee (MPC) to further raise interest rates during their next meeting at the end of March 2023.

It is worth noting that a price inflation between January 2023 and December 2022 of 4.7% month-on-month was recorded. This driven by a month-on-month 10.1% inflation in food and non-alcoholic beverages prices.

SURVEYS

QATAR RANKS 1ST GLOBALLY FOR SUPERIOR DIGITAL GOVERNMENT SERVICES

Qatar ranked 1st globally and in the MENA region for superior digital government services, followed by the UAE in the 3rd place and Saudi Arabia in the 7th place, according to a recent survey released by Boston Consulting Group (BCG), which is titled "Personal and Proactive Digital Government: Accelerating GCC Journey".

BCG's Digital Government Citizen Survey (DGCS) is one of the most comprehensive digital government surveys. It covers 28,200 people across 40 countries-supplemented by interviews with global experts-about their usage of digital government services, their satisfaction with the quality of those services, and how those services have impacted their overall trust and confidence in government.

On average, 63% of people in the GCC access these services compared to 49% globally. At the regional level, GCC is the leader, followed by Asia Pacific, Europe, and finally North America.

GCC governments offer superior digital services that broadly meet the high expectations set by their citizens. The services include registering or conducting a job search, accessing COVID services, and processing visa, residency, or work permits. These are increasingly at the top of digital services used by GCC citizens.

A net experience (positive experience minus negative experience) score of 79% suggests that the region is succeeding at delivering quality digital government services to its citizens.

This level of integration is particularly significant in light of people's high expectations. The vast majority of GCC residents expect their government to provide services comparable to the best private companies in the world or global digital leaders.

On the overall, GCC residents are satisfied with digital government services, appreciating benefits including understandable language, multiple platform accessibility, and easy access to information.

The majority of GCC citizens perceive digital government services as better than those of the private sector in their countries. When asked to compare current government digital services to private organizations, 72% of citizens in GCC reported government services to be better.

BCG has also identified four factors which must form the foundation of any government's digital agenda:

- Trust and transparency: government must be transparent about how data will be collected, stored, accessed and used, and how breaches will be reported.
- Value exchange: customers are willing to consent for their data to be used in exchange for good and services they value.
- No secondary use of the data: there should be a single purpose for each consent. Customers see secondary use or combining data as the creation of new data.
- Right to opt-out: customers value the right to withdraw consent or to opt-out of services. This process should be simple and complete.

HOTELS IN CAIRO CONTINUE TO REBOUND IN Q4 DESPITE CHALLENGING ECONOMIC ENVIRONMENT, AS PER JLL

Hotels in Cairo continued to rebound in Q4 of 2022, despite the challenging economic environment, according to a recent report released by JLL, titled "The Cairo Market Real Estate Market Overview", which offers a rear-view mirror perspective of 2022, while underlining the opportunities that lie ahead in the year.

This has been supported by spending from inbound tourists holding foreign currencies, which in turn has helped sustain activity levels in the sector.

Around 200 keys were completed in Cairo in 2022, bringing the capital's total hotel stock to approximately 28,000 keys. An additional 900 hotel keys are scheduled for completion in 2023.

Also, Cairo's occupancy rate continued to recover as the readings between January and November 2022 reflected an increase to 64% from 48% in the corresponding part of last year. Over the same period, average daily rates (ADR) also jumped by 66% to US\$ 152. This further moved revenue per available room (RevPar) up by almost 122%, reaching US\$ 97.

In the office market, around 193,000 square meters of office gross leasable area (GLA) was delivered in 2022, bringing Cairo's total office stock to around 1.9 million square meters. Over 400,000 square meters of floor space is scheduled to be completed in 2023, with a proportion of this comprising new buildings planned to be delivered in the New Administrative Capital's central business district.

However, across the capital as a whole, there remains a clear mismatch between demand and supply of good quality office space. This gave property owners of prime office buildings the upper hand during negotiations, while many of them continued to quote rents in US dollar to minimize currency risk.

In Q4, the average asking office rents in Cairo reached US\$ 347 per square meters per year, which is up 5% year-on-year. It is worth highlighting, however, that rents were notably fluctuating among the different developments and landlords due to the turbulent situation and therefore transacted rents may have differed. Over the same period, office vacancy rate dropped to 8% (compared to 10% in Q4 2021).

In the residential market, Cairo saw the delivery of around 18,000 residential units in 2022, which brought its total stock to about 246,000 units. In 2023, close to 35,000 units are scheduled for completion in the capital, the majority of which are apartments due to healthy demand for these types of units.

In light of two devaluations of the Egyptian pound against the US dollar last year, and forecasters anticipating a continued depreciation of the local currency in the short-term, many property developers have put sales activities and new project launches on hold.

The current macroeconomic situation in Egypt has contributed to a shift in mindset among potential buyers. Indeed, affordability constraints have led many to instead opt for renting rather than purchasing a property. This was reflected in rents growing annually in 6th October by 9% and by around 3% in New Cairo.

As to the retail market, there was a completion of approximately 93,000 square meters of retail space in Cairo, bringing the total stock to around 2.9 million square meters. In 2023, almost 380,000 square meter of retail GLA is expected to be delivered due to some projects being pushed from 2022.

There is currently a clear imbalance in Cairo's retail sector, with demand subdued and excess supply in the market. With the exception of the F&B segment, most tenants put their expansion plans on hold at the beginning of 2022. Meanwhile, mall owners commenced new projects and continued to move forward with existing ones. Also, the recent devaluations and inflationary environment have led many landlords in Cairo to start selling retail units to generate cashflow and fund ongoing schemes. In terms of performance, the vacancy rate in Q4 slightly decreased to 10% from 11% in the third quarter.

CORPORATE NEWS

ABU DHABI FUND FOR DEVELOPMENT AND IFC TO CO-INVEST US\$ 1.5 BILLION IN EMERGING MARKETS

Abu Dhabi Fund for Development (ADFD), a leading national financial entity, and the International Finance Corporation (IFC), a member of the World Bank Group, signed a Memorandum of Cooperation (MoC) to co-invest up to US\$ 1.5 billion (AED 5.5 billion) in private sector-led projects in emerging markets, as reported in a company's statement.

The cooperation framework aims to support investments in emerging markets related to clean energy transition, climate mitigation and adaptation, adoption of clean technologies, and food security.

Through the MoC, ADFD and IFC would work to enhance cooperation and exchange of experiences, especially in supporting small and medium enterprises to promote economic development by encouraging the growth of private business enterprises in developing countries. It would also stimulate economic activity in both the national private sector and in developing countries.

SAUDI ARABIA'S PIF INVESTS US\$ 1.3 BILLION IN FOUR LOCAL CONSTRUCTION FIRMS

Public Investment Fund (PIF), the sovereign wealth fund of Saudi Arabia, invested a total of US\$ 1.3 billion in four local construction firms, to support the sector tasked with spearheading projects across the country, as mentioned in a company's statement.

The Public Investment Fund acquired new shares as part of capital increases representing significant minority stakes in Nesma & Partners Contracting Company, ElSeif Engineering Contracting Company, AlBawani Holding Company and AlMabani General Contractors Company.

The investment would enable the construction services sector to scale up capacity, expand capabilities, stimulate growth, drive the adoption of advanced technologies and improve local supply chains for current and future projects in the country.

PIF's investments are also expected to help these companies expand their operations and businesses beyond Saudi Arabia.

DAMAC PLANS TO INVEST US\$ 1 BILLION IN DATA CENTERS

DAMAC Group plans to invest more than US\$ 1 billion for in the data center business across the Middle East, Africa and Asia, as mentioned by the company's founder.

DAMAC has accelerated its data center rollouts due to local and international customer demand. Customers are finalizing agreements to secure all available capacity within these facilities with deals closing before the end of 2023.

The company aims is to develop data center facilities in markets where new investment in digital infrastructure can have maximum impact on local economies, enterprises and end users.

DAMAC would invest US\$ 600 million into the Saudi Arabia alone, as part of our US\$ 1 billion data center development strategy that seeks to serve emerging demand across the Africa, Asia and the Middle East.

DAMAC Data Centre would go live with facilities in Riyadh and Dammam before the end of 2023. The two facilities would launch with five megawatts IT capacity in fourth quarter of 2023, followed by a further five megawatts in first quarter of 2024. The investment in data centers development is a part of the group's strategy to diversify its business.

MAWANI AND MAERSK BREAK GROUND FOR US\$ 346 MILLION LOGISTICS PARK IN JEDDAH ISLAMIC PORT

Mawani, Saudi Ports Authority, and Maersk, an integrated logistics Danish company, laid the foundation stone for establishing the largest regional integrated logistics park at Jeddah Islamic Port valued at US\$ 346.42 million (SR 1.3 billion), as mentioned in a company's statement.

The logistics park includes storage and distribution locations to accommodate exports and imports of general merchandise, warehouses to house refrigerated food products and an area for transshipment, air freight and cargo shipment.

The new facility covers an area of 225,000 square meters and would have an annual capacity of close to 200,000 TEUs across various products.

The logistics park, which would provide more than 2,500 direct and indirect job opportunities, is expected to be completed in the first quarter of 2024.

It is worth highlighting that the new facility is part of Mawani's new initiative to develop and offer investment opportunities in the logistical zones to the private sector. The aim is to increase the number of logistical zones that include re-export to reach 30 by 2030, as per the objectives of the National Strategy for Transport and Logistics Services.

EL-ATTAL HOLDING LAUNCHES US\$ 229 MILLION WEST LEAVES PROJECT

Egypt's El-Attal Holding launched its LE 7 billion "West Leaves" project, located in 6th of October City, as indicated in a company's statement.

West Leaves, which is the company's first project in West Cairo, would have 31 buildings with low-rise residential units accounting for total built-up area of 120,000 square meters, commercial units totaling 30,000 square meters and offices at 17,000 square meters.

The project also includes eight towers that would provide hotel apartments and a 200-key 5-star hotel. It is worth noting that the management contract for the hospitality portion would be signed in the second quarter of 2023.

Construction of the project has already started, and is expected to be finalized in five years.

MABANEE SIGNS DEAL VALUED AT US\$ 85 MILLION TO DEVELOP KUWAIT MIXED-USE PROJECT

Mabane Company, a leading real estate developer and partner in Kuwait, signed a public-private partnership agreement (PPA) with Public Authority for Housing Welfare (PAHW), for the Sabah Al Ahmad Project (S3), a key mixed-use development coming up on a 40,121-square meters area in the capital city, as revealed in a company's statement.

Mabane would provide the design-and-build services, as well as the funding and operation of the US\$ 84.6 million (KD 26 million) project.

The commercial mixed-use development would include retail, entertainment and hospitality components.

The entire project, featuring a hotel and a shopping mall with the theme of an old Kuwait Souq, is scheduled to be completed within three years.

CAPITAL MARKETS

EQUITY MARKETS: ACTIVITY IN MENA EQUITIES TILTED TO UPSIDE THIS WEEK

Activity in MENA equity markets was skewed to the upside this week, as reflected by a 0.6% rise in the S&P Pan Arab Composite index, mainly supported by some upbeat corporate earnings, and on improved sentiment after OPEC raised its forecast for China-led global oil demand growth in 2023.

The Saudi Exchange bounced back this week, as reflected by a 1.2% increase in the S&P Saudi index, mainly driven by some favorable company-specific factors and on improved sentiment after OPEC raised its 2023 global oil demand growth forecast, in its first upward revision for months, citing China's relaxation of COVID-19 restrictions, and trimmed supply forecasts for Russia and other non-OPEC producers, pointing to a tighter global oil market.

A closer look at individual stocks shows that Saudi Aramco's share price rose by 2.0% week-on-week to SR 33.05. SABIC's share price increased by 3.6% to SR 95.60. Advanced Petrochemical Company's share price surged by 4.0% to SR 47.65. Saudi Kayan Petrochemical Company's share price went up by 2.3% to SR 13.10.

Also, Arab National Bank's share price rose by 2.7% over the week to SR 26.50. Arab National Bank reported 2022 net profits of SR 3.1 billion, up by 41% year-on-year. Saudi Steel Pipe Company's share price closed 2.1% higher at SR 20.32. SSPC reported 2022 net profits of SR 54.2 million versus net profits of SR 0.9 million a year earlier. Yamama Cement Company's share price jumped by 6.0% to SR 29.35. Yamama Cement Company reported 2022 net profits of SR 356 million versus net profits of SR 154 million a year earlier. Yamama Cement Company's Board of Directors recommended the distribution of dividends at a rate of SR 1.00 per share for the year 2022. SABB's share price climbed by 7.9% to SR 34.85. SABB's Board of Directors recommended the distribution of dividends at a rate of SR 0.74 per share for the second half of the year 2022.

The Qatar Stock Exchange registered a price rebound this week, as reflected by a 1.7% rise in the S&P Qatar index, mainly supported by some favorable financial results. 25 out of 49 traded stocks posted price gains, while 24 stocks recorded price falls week-on-week.

A closer look at individual stocks shows that Mesaieed Petrochemical Holding Company's share price closed 2.3% higher week-on-week at QR 2.070. Mesaieed Petrochemical Holding Company's Board of Directors recommended the distribution of dividends at a rate of QR 0.11 per share for the year 2022. Gulf International Services' share price jumped by 10.4% to QR 1.80. Gulf International Services reported 2022 net profits of QR 290 million versus net profits of QR 54 million a year earlier. Ooredoo's share price surged by 5.6% to QR 9.510. Ooredoo reported 2022 net profits of QR 2.4 billion versus net profits of QR 47 million a year earlier. Barwa Real Estate's share price rose by 3.7% to QR 2.821. Barwa Real Estate reported a 2.2% year-on-year expansion in its 2022 net profits to reach QR 1.1 billion.

EQUITY MARKETS INDICATORS (FEBRUARY 12 - FEBRUARY 18, 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	139.4	2.6%	8.0%	1.2	-78.6%	0.3	15,751	0.4%	-	0.34
Jordan	408.5	-2.1%	5.0%	60.8	6.1%	20.9	27,699.9	11.4%	8.8	1.70
Egypt	234.4	-2.6%	-1.0%	315.3	22.1%	2,154.5	35,305.4	46.4%	8.6	1.94
Saudi Arabia	468.3	1.2%	0.5%	4,187.9	7.5%	414.59	2,699,185.5	8.1%	13.4	4.58
Qatar	173.3	1.7%	-1.9%	450.4	-13.7%	473.9	162,867.3	14.4%	12.3	1.61
UAE	138.5	-0.9%	0.7%	2,669.8	0.1%	1,831.8	842,247.3	16.5%	12.2	1.79
Oman	256.7	-2.0%	-1.4%	21.8	55.9%	38.9	21,469.6	5.3%	12.9	1.07
Bahrain	197.2	-0.2%	2.3%	18.3	177.8%	18.4	18,228.0	5.2%	10.3	1.37
Kuwait	141.0	0.1%	1.6%	478.5	-32.1%	441.3	140,385.3	17.7%	19.9	1.97
Morocco	223.7	-1.2%	0.8%	42.5	-25.1%	2.2	53,936.3	4.1%	18.1	2.83
Tunisia	62.3	0.9%	0.4%	5.6	-29.2%	2.5	7,654.4	3.8%	10.3	2.08
Arabian Markets	916.6	0.6%	0.4%	8,252.1	0.7%	5,399.4	4,024,730.5	10.7%	13.2	3.66

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

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

In contrast, the UAE equity markets slid into the red this week, as reflected by a 0.9% retreat in the S&P UAE index, mainly dragged by some profit-taking operations and unfavorable company-specific factors. du's share price edged down by 0.4% to AED 5.18. du reported 2022 net profits of AED 1.2 billion, up by 9% year-on-year, yet still missing average analysts' estimate. Emaar Properties' share price declined slightly by 0.3% to AED 5.73. Emaar Properties reported 2022 net profits of AED 6.8 billion versus net profits of AED 3.8 billion a year earlier, yet still missing average analysts' estimate. First Abu Bank's share price closed 2.2% lower at AED 14.04. AlphaMena cut its recommendation on First Abu Dhabi Bank's stock to "Add" from "Buy", with a price target of AED 15.80, which implies a 11% increase from last price. Etisalat's share price went down by 0.7% to AED 27.00. ADNOC's share price fell by 1.6% to AED 4.39.

The Egyptian Exchange plunged into the red this week, as reflected by a 2.6% drop in the S&P Egypt index, mainly dragged by some profit-taking operations following last week's strong price gains. A closer look at individual stocks shows that Commercial International Bank's share price shed 6.6% to LE 55.06. Arab African International Securities cut its recommendation on Commercial International Bank's stock to "Hold" from "Buy", with a price target of LE 60.40, which implies a 7.9% increase from last price. Telecom Egypt's share price dropped by 5.1% to LE 26.31. Cleopatra Hospital Company's share price closed 3.5% lower at LE 5.56. Palm Hills Development's share price went down by 2.3% to LE 2.16.

FIXED INCOME MARKETS: EXTENDED PRICE FALLS ACROSS MENA BOND MARKETS

MENA fixed income markets saw across-the-board price contractions this week, mainly pressured by declines in US Treasuries as higher-than-forecast US inflation and stronger-than-surveyed US jobs report in January 2023 cemented expectations about a quarter-point rate increase by the US Federal Reserve in June 2023, following similar hikes in March and May.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 registered price contractions of 0.25 pt, 0.38 pt and 0.75 pt respectively week-on-week. Mubadala'26 and '27 closed down by 0.25 pt and 0.50 pt respectively. Prices of ADNOC'29 decreased by 0.88 pt. Prices of Taqa'26 and '28 dropped by 0.38 pt and 0.50 pt respectively. Taqa unveiled plans to sell bonds and acquire assets this year, according to company's officials.

In the Dubai credit space, sovereigns maturing in 2029 registered price falls of 0.88 pt week-on-week. Prices of DP world'30 fell by 1.50 pt. Emirates NBD Perpetual (offering a coupon of 6.125%) registered price gains of 0.13 pt. Emirates NBD raised A\$ 450 million (the equivalent of US\$ 313 million) from the sale of 10-year Senior-unsecured Kangaroo bonds at a coupon of 6.1%, which is issued under Emirates NBD's A\$ 4 billion Kangaroo Debt Issuance Program. Also, DAMAC Real Estate Development raised US\$ 200 million from the sale of senior unsecured Sukuk at a profit rate of 7.5% via private placement.

In the Iraqi credit space, prices of sovereigns maturing in 2028 contracted by 1.13 pt week-on-week. S&P Global Ratings affirmed this week its "B-" long-term and "B" short-term foreign and local currency sovereign credit ratings on Iraq, with a "stable" outlook. The "stable" outlook reflects S&P's view that Iraq's foreign exchange reserves would continue to comfortably exceed debt-servicing obligations over the next 12 months.

In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 registered price falls ranging between 0.63 pt and 1.31 pt this week. NOGA'27 was down by 0.50 pt. In the Kuwaiti credit space, sovereigns maturing in 2027 traded down by 0.55 pt week-on-week.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 saw price declines of up to 1.13 pt this week. Saudi Aramco'25 was down by 0.63 pt. Prices of SEC'26 and '28 decreased by 0.25 pt and 0.50 pt respectively.

In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 registered price falls of up to 1.00 pt week-on-week. Prices of Omantel'28 retreated by 0.13 pt. In the Jordanian credit space, sovereigns maturing in 2026 and 2030 posted weekly price contractions of 0.13 pt and 0.25 pt respectively.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 registered price contractions of 0.38 pt and 1.00 pt respectively week-on-week. Ooredoo'26 closed down by 0.13 pt.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2032 and 2040 posted price drops of up to 0.88 pt this week. Euro-denominated sovereigns maturing in 2026 and 2031 registered price decreases of 0.57 pt and 0.27 pt respectively. Egypt mandated Abu Dhabi Islamic Bank, Citi, Crédit Agricole CIB, Emirates NBD Capital, First Abu Dhabi Bank and HSBC as joint lead managers and joint bookrunners to arrange a global investor call and a series of fixed income investor calls ahead of the sale of a US\$ benchmark fixed rate 144A/RegS senior unsecured inaugural Sukuk offering with a 3-year tenor.

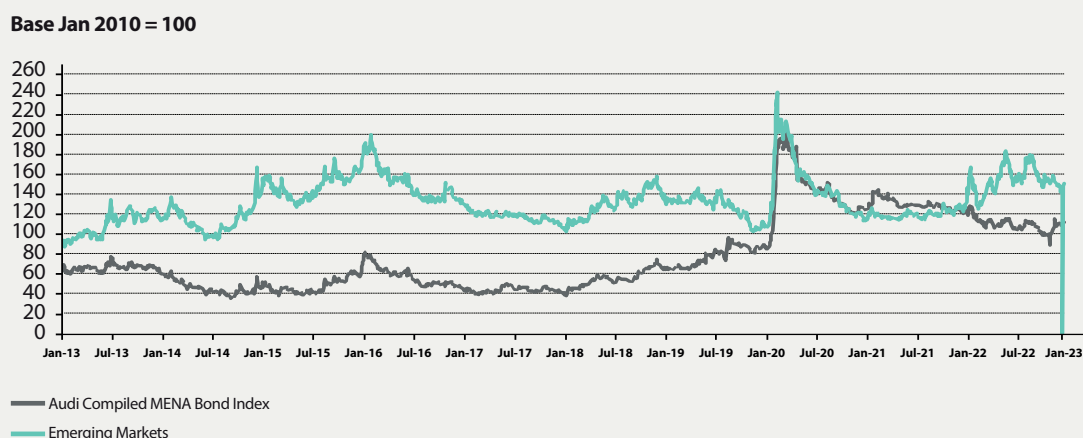
On the overall, regional bond markets remained under downward price pressures this week, mainly tracking US Treasuries move as higher-than-surveyed US inflation in January 2023 fueled bets about three other interest US Fed rate hikes of a quarter percentage point each.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	17-Feb-23	10-Feb-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	42	43	44	-1	-2
Dubai	74	73	84	1	-10
Kuwait	50	47	50	3	0
Qatar	46	46	48	0	-2
Saudi Arabia	66	65	61	1	5
Bahrain	234	250	231	-16	3
Morocco	154	164	162	-10	-8
Egypt	935	1,029	877	-94	58
Iraq	434	399	467	35	-33
Middle East	226	235	225	-9	1
Emerging Markets	144	140	140	4	4
Global	466	489	533	-23	-67

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\$)	17-Feb-23	10-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)	30.52	30.40	24.71	0.4%	23.5%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.76	-0.1%	-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	0.2%	0.0%
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)	250.28	250.27	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	136.89	136.50	137.35	0.3%	-0.3%
Moroccan Dirham (MAD)	10.32	10.27	10.44	0.5%	-1.1%
Tunisian Dinar (TND)	3.10	3.12	3.11	-0.7%	-0.4%
Libyan Dinar (LYD)	4.80	4.77	4.83	0.5%	-0.7%
Sudanese Pound (SDG)	577.19	577.33	573.81	0.0%	0.6%

Sources: Bloomberg, Bank Audi's Group Research Department

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