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MENA equity markets shifted to a positive territory this week, as reflected by a 2.8% rise in the S&P Pan Arab Composite index, mainly tracking global equity strength on the back of eased global bank crisis fears, while also supported by oil price rebounds as the rollout of multi-billion-dollar lifelines for troubled lenders in Europe and the US lifted overall sentiment. In parallel, activity in MENA fixed income markets was mostly tilted to the upside this week, mainly tracking US Treasuries move on bets that the turmoil in the US banking system might tighten credit conditions and hurt the US economy, potentially stoking interest rate cuts later this year.

MENA MARKETS: MARCH 19 - MARCH 25, 2023

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	+2.8%	Weekly Z-spread based bond index	+1.5%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-2.8%	YTD Z-spread based bond index	+52.7%

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ECONOMY

EIU MIDDLE EAST ECONOMIC OUTLOOK 2023 HINGES ON WEATHERING POLITICAL AND ECONOMIC HEADWINDS

Economies across the Middle East face mixed prospects in 2023, which will help to drive comparatively strong growth in the energy-rich Gulf Co-operation Council (GCC) states but hold most other economies in check, according to the EIU Middle East Economic Outlook 2023.

The region's travel and tourism industry is showing strong signs of recovery and international visitor arrivals could return to pre-covid levels by the end of 2023—largely owing to effective promotional campaigns, major investments and the release of pent-up demand.

Troubled states face a very uncertain and insecure future—especially internationally sanctioned Iran and war-torn Syria and Yemen—where conditions are unlikely to improve and could easily deteriorate.

Major players in the Middle East—including Saudi Arabia, the UAE and Iran—will continue to look eastwards towards Asia for trade, investment and political ties, which could further strain relations with Europe and the US. Another year of difficult balancing acts is in store. Major oil and gas producers in the Middle East have benefited substantially from strong global demand, rising output and high prices for their energy exports in 2022, and the region's net energy exporters—except internationally sanctioned and economically unstable Iran—can look forward to another year of decent returns from international markets in 2023.

The GCC states and Iraq will benefit the most from international energy market developments in 2023, with GCC states seeing high oil and gas revenue spill over and help to drive business activity in non-energy sectors—especially through state-backed investment in economic diversification projects. Inflation will be contained across the GCC in 2023 by exchange-rate pegs to the US dollar and fuel subsidy regimes. Elsewhere, elevated price pressures will weigh heavily on economic growth and stability in the region's more troubled states and some major energy importers—namely Lebanon, Syria, Yemen and Iran, as well as Egypt and Turkey. These countries face another year of double-digit annual consumer price inflation—hyperinflation in the case of Lebanon and Syria—which will cause economic hardship and in some cases fuel anti-government sentiment and protests.

The balance of risks to the region's outlook is heavily weighted to the downside, which reflects various global and regional shocks that could act to undermine economic growth and stability, social cohesion and security as per the report. Upside risks are limited to a low-probability scenario surrounding a quick resolution of the war in Europe leading to less volatility in commodity markets—food and fuel—and easing prices pressures, as well as the low risk of a stronger rebound of demand from China as covid-19 disruption dissipates and the authorities guide the economy to much faster growth.

Business conditions across the Middle East will differ greatly by country in 2023 according to EIU. Business conditions in the GCC states will be the most favorable in the region, supported by buoyant energy sectors, the recycling of oil funds into the wider economy and ongoing business and economic reform programmes. Strong purchasing managers' indices (PMIs)—which record business activity in the non-oil private sector with a 50 threshold that separates expansion from contraction—for most GCC states are suggestive of relative health and momentum of non-energy private business sectors in the short term.

Competition between Saudi Arabia and the UAE to establish leading business hubs will intensify, although this will also create space for co-operation and joint ventures given the scope for mutual benefit and the pragmatic nature of intra-GCC business investment. GCC states will continue to push for openings in new sectors and to attract foreign private investment, which will be supported by well capitalized, profitable and strong financial sectors and already enacted pro-business reforms.

Business conditions will continue to be very challenging in Syria, Yemen, Iraq, Lebanon and Iran owing to a range of factors including sluggish growth prospects, high unemployment, social instability, international sanctions and conflict. In the case of Egypt and Turkey, volatile and unstable macroeconomies—including weak currencies, high rates of inflation, rising interest rates and uncertainty about the direction of economic policy—will represent a difficult backdrop for business operations in 2023 as per EIU.

EGYPT EASES CITIZENSHIP RESTRICTIONS ON FOREIGNERS AIMING TO SECURE FOREIGN CURRENCY

The Egyptian Prime Minister issued Decree no. 876/2023 easing restrictions on citizenship acquisition for foreigners. The decree lowers the money foreigners have to invest in the country to gain citizenship as stipulated under a decree issued in 2019.

Under the new decree, the citizenship can be obtained by investing US\$ 300,000 in the purchase of real estate (down from US\$ 500,000 under the 2019 decree). The investment of US\$ 350,000 in investment projects (down from US\$ 400,000 in the prior decree) is another way to acquire the citizenship. Another way to receive the Egyptian citizenship is through the depositing of US\$ 400,000 in a local bank for three years without interest (down from a prior US\$ 750,000), as stated in Decree no. 876/2023.

This move comes as Egypt finds itself in the middle of an economic crisis fueled by a shortage of foreign currency. The shortage led to difficulties in repaying mounting debts and securing the country's import needs. In details, looking at foreign currency (FC) reserves at the Central Bank of Egypt (CBE), the reserves stood at a value of US\$ 44,485 million as at June 2019. At the end of December 2022, the FC reserves had retreated by 23.6% reaching US\$ 34,003 million. At a closer look at the impact of the Russo-Ukraine war on FC reserves in Egypt, The period between end-February 2022 and end-December 2022 saw a drop of 17.1% in FC. This comes as Russians and Ukrainians account for circa 40% of total tourists coming into Egypt. Additionally, the tourism sector in Egypt accounts for around 15% of GDP. In turn, hotel occupancy in the Red Sea resorts saw a drop ranging between 35 and 40% following the start of the war.

Concurrently, Egypt's national currency saw three rounds of depreciation in less than a year. The Egyptian pound stood at EGP 30.7/US\$ as at the 1st of March 2023, a 95.5% depreciation from EGP 15.7/US\$ on the same day of 2020, as per data from the CBE.

Egypt's Net Foreign Assets dropped to a net borrowing of EGP 207,911 million (US\$ 8,444.8 million at the FX rate of EGP 24.6/US\$ as at end-November 2022) in the first 11 months of 2022, down from a net lending of EGP 264,362 million (US\$ 15,764.0 million at the FX rate of EGP 16.8/US\$ as at end-June 2019) in the first six months of 2019.

As Egypt suffers from a lack of FC, paired with the Russo-Ukrainian war, imports into the country has plummeted, dropping by 34% between Fiscal Year (FY) 2018/2019 and FY 2021/2022. Imports from seven regions saw noticeable declines such as the Russian Federation and Commonwealth & Independent Countries (92%), Australia (90%), Asian countries excluding Arab countries (52%), Arab countries (41%), other countries & regions (39%) and the EU (29%) during the period.

This decline of imports as well as the currency devaluation led to Egypt's Consumer Price Index (CPI) to hike in 2022. Headline CPI in December 2022 hiked by 21.3% year-on-year, compared with a 5.9% year-on-year inflation in December 2021. This inflation is driven mainly by an inflation in Fruits & Vegetables which saw a price inflation of 28.0% year-on-year in December 2022 as compared with a 5.1% deflation registered in December 2021, as per data from the CBE.

In parallel, bond insurance cost escalated drastically year-on-year, reaching 10.5% at end-February 2023 up from 5.6% in the same month of the year prior. This marks an increase of 492.88 basis points (bps) during the period. Additionally, an increase of 188.02 bps was noticed between end-February and mid-March 2023. This shows that trust in the ability of the Egyptian government to pay back their debt is declining.

It is worth noting that in early February 2023, Moody's Egypt's rating was downgraded to B3 Stable from B2 Negative as the country's external buffers and shock absorption capacity declined. This fact is due to Foreign Exchange (FX) Liquidity, which stand as buffers in the monetary system, having dwindled. In turn, these factors increase the vulnerability of the country to external shocks amid fragile global conditions. However, efforts are being taken to change the economy's structure making it more export and private sector-led under a flexible FX rate regime which is expected to strengthen the economy's resilience and bring in more foreign currency into the country.

SAUDI ARABIA'S CPI REGISTERS 3% INFLATION YEAR-ON-YEAR IN FEBRUARY

During February 2023, an inflation in Consumer Price Index (CPI) was recorded at 3.0% 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. However, the CPI recorded between February 2023 and January 2023 showed a slight deflation of 0.1% which continues the softening trend of price inflation in the country, as per the Saudi General Authority for Statistics (GASTAT).

The three categories that hold the biggest weight in CPI calculations for Saudi Arabia 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 7.1%, 3.1% and 2.7% respectively which stands as the main driver for the CPI inflation year-on-year in February 2023.

Restaurants & Hotels saw an increase in prices of 6.5% year-on-year in February 2023. Education, recreation & culture and healthcare all saw price inflations of 3.2%, 0.9% and 1.1% respectively in February 2023 as compared with February 2022. In parallel, tobacco remained relatively stable in price during the same period with a slight inflation of 0.2% year-on-year, as per the GASTAT report.

On the other hand, price deflation has been recorded in clothing & footwear, miscellaneous goods & services, communications and furnishings & household equipment of 2.2%, 0.6%, 0.4% and 1.0% respectively in February 2023 against the same month of 2022.

In details, looking at CPI inflation in the country's biggest cities, Jeddah recorded an inflation above the average trend recording 6.7% increase in prices during the period. On the other hand, Makkah and Riyadh both recorded below average inflations of 2.9% in February 2023 against February 2022.

Housing, water, electricity, gas & other fuels increased in all three cities. An inflation of 19.8% year-on year was recorded in Jeddah, and inflation of 10.0% year-on-year was noticed in Riyadh during the period and in Makkah a 1% increase year-on-year was noticed between February 2023 and February 2022. Food & beverages increased above the average trend in Makkah (6.0% year-on-year) during the period. Additionally, inflation in transport prices were above trend in Makkah (5.8% year-on-year) and Jeddah (6.7%) during February 2023 as compared with the same month of the previous year. Prices for restaurants & hotels also saw an above average increase of 13.2% year-on-year in Makkah during the period while being registered slightly under average in Riyadh and Jeddah (6.2% and 5.9% year-on-year respectively), as per the GASTAT report.

SURVEYS

SAUDI ARABIA MAINTAINS TOP POSITION IN MENA REGION IN MINING RISK/REWARD INDEX, AS PER FITCH SOLUTIONS

Fitch Solutions released a new report titled "MENA Mining Risk/Reward Index (RRI)", in which the MENA region ranked third out of five regions in the world in the Mining Risk/Reward Index (RRI) in Q2 2023, with an average score of 53.5 compared to the global average of 50.

A closer look at individual countries shows that Saudi Arabia remained in the 1st position in the MENA region and ranked 4th globally in the Mining RRI, scoring 68.4 points out of 100.

MENA MINING RISK/REWARD INDEX

	Regional Rank	Global Rank	RRI	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks
Saudi Arabia	1	4	68.4	66.7	61.2	64.5	67.6	80.9	74.2
Morocco	2	26	53.8	43.7	71.6	54.9	56	48.4	53.8
Egypt	3	42	45.8	51.9	42.3	48.1	39.2	45.4	42.3

Sources: Fitch Solutions, Bank Audi's Group Research Department

Saudi Arabia has the most attractive mining sector in the MENA region from a Risk/Reward perspective. The government plans to make the sector the third pillar of the economy, alongside oil and downstream petrochemical production. The Ministry of Energy, Industry and Mineral Resources seeks to increase mining's contribution as well as generate more than 25,000 new jobs in the industry. In May 2022, the Ministry announced a US\$ 32 billion investment plan in the sector for a wide range of projects, including a plant to produce steel plant and a plant to produce battery metals.

The strongest aspect of Saudi Arabia's profile is the country's low risks relative to the rest of the region. Saudi Arabia has an overall risk score of 74.2, which is only slightly behind established mining markets such as Canada (83.5). This strong score is mainly due to low economic and political risk in the country, while the mining industry risks such as regulation are more challenging.

Morocco came in the second place in the Mining RRI, with an overall score of 53.8. The country's well-established mining industry is a top global producer of phosphates, in addition to modest volumes of gold, silver, zinc, copper and cobalt, which boosts its Rewards score, while a relatively stable operating and political environment accounts for the solid Risks score. Although State-run companies dominate the key phosphate sector, joint ventures with private firms are increasingly common, and foreign firms are allowed to operate non-phosphate mines.

Elsewhere in the region, Egypt came in the 3rd place with a score of 45.8 place. Political instability, high risk of government intervention and an underdeveloped mining sector would keep Egypt behind regional peers in the Mining RRI. The country also received the lowest score for Rewards and second lowest for Risks.

DUBAI'S INDUSTRIAL RENTS SOAR ON RISING DEMAND, AS PER KNIGHT FRANK

Industrial rents in Dubai have risen sharply over the last 12 months, as demand continues to outstrip supply, according to a report by real estate consultancy Knight Frank.

On average, warehouse lease rates continue to escalate across Dubai, specifically Grade A rents in Al Quoz (US\$ 15 per square feet), which have increased by 57% during 2022.

The severe shortage of Grade A warehouse spaces in Dubai is driving occupiers to settle for warehouses that do not meet all their requirements. In time, this will undoubtedly result in an increase in operational costs and inefficiencies, but with no meaningful supply on the horizon, this scenario may well become a reality for many businesses.

Also, as demand increases in Grade B assets, capital values and rental rates are increasing in secondary grade properties, a property type which has been steadily declining for the past five years.

A closer look at the structure of demand shows that Dubai recorded an increase in space requirements in the final three months of 2022 to almost 9.5 million square feet, taking the total for the year to 12.2 million square feet. This represents 17.7% increase in requirements from 2021 over the same period.

Excluding confidential requirements, the biggest contributor to the surging level of demand was the manufacturing sector (36%), followed by the logistics sector (16%) and the business services sector (14%).

In Abu Dhabi, of the 1.9 million square feet of requirements in 2022, just under 50% was linked to demand from the manufacturing sector.

The industrial sector is rapidly emerging as a core pillar in Abu Dhabi's economic diversification strategy and the last 18-24 months has seen a raft of new occupiers establishing large-scale facilities at KEZAD, while existing occupiers are expanding their footprint.

Knight Frank highlights factors such as the strategic location of the UAE, world-class infrastructure, pro-business policies, economic stimulus and e-commerce trends, that continue to make the UAE a popular destination for industrial and manufacturing companies.

Increased online shopping has also put upward pressure on warehouse rents in Dubai, with demand for well-located, internationally specified warehouses experiencing sharp rental uplifts amid a dearth of high-quality stock in the emirate.

The restoration of international travel and initiatives aimed at bolstering the private sector coupled with promoting foreign investment, would continue to support strong economic growth in the UAE.

As a result, the industrial and logistics market is expected to benefit from the UAE's continued economic growth in 2023.

The shortage of industrial and logistics property supply continued to fuel rent rises. Well-maintained or newly developed properties that benefit from higher specifications are expected to continue experiencing increases in achievable rents and capital values. On the contrary, more dated properties in poorer condition are likely to see rents remain stable, or at best, record marginal rent rises.

CORPORATE NEWS

ACWA POWER SIGNS DEALS TO INVEST NEARLY US\$ 3 BILLION IN GREEN PROJECTS IN UZBEKISTAN

ACWA Power, Saudi Arabia's largest private sector power and water entity, signed three Power Purchase and investment agreements with Uzbekistan's utility National Electric Grid of Uzbekistan (NEGU) and Ministry of Investment, Industry, and Trade to develop solar and battery storage projects with a combined value of US\$ 2.5 billion that would potentially help offset 16 million tons of carbon dioxide emissions a year in the Central Asian republic, as reported in a company's statement.

The agreements include the development of three solar photovoltaic (PV) projects in Tashkent and Samarkand and three Battery Energy Storage Systems (BESS) in Tashkent, Bukhara and Samarkand, with a total capacity of 1.4 GW of additional renewable energy and 1.5 GWh of additional battery storage capacity.

These projects have tremendous socio-economic benefits for Uzbekistan by providing power to over one million households in Tashkent, Samarkand, and Bukhara, and would offset around 1.6 million tons of carbon emissions annually.

It is worth highlighting that Uzbekistan has set targets to generate 35%, or 15,000 MW, of its electricity from renewable sources by 2030, with 10,000 MW coming from solar and 5,000 MW from wind power.

MUBADALA AND ARES CREATE US\$ 1 BILLION JOINT VENTURE TO INVEST IN CREDIT SECONDARIES

Ares Management Corporation, a leading global alternative investment manager based in Los Angeles, and Mubadala, a sovereign investor managing a diverse portfolio of assets in the UAE, formed a joint venture that would invest in global secondary market private credit opportunities, as revealed in a company's statement.

The joint venture, anchored by Mubadala, would initially aim to deploy US\$ 1 billion as it seeks to capitalize on the anticipated growth and substantial demand from General and Limited Partners for customized liquidity solutions for the credit secondaries asset class.

This represents a key milestone for both organizations and would enhance Mubadala's positioning within the secondaries credit market, while enabling Ares to significantly scale its offering.

Also, the JV underscores its view that private credit secondaries offer a compelling opportunity for investors seeking diversified exposure to the attractive return profile of private credit assets.

AD PORTS GROUP TO INVEST US\$ 200 MILLION IN EGYPT'S SAFAGA PORT

AD Ports Group, the premier global trade, logistics and transport enabler and operator of 10 ports and terminals in UAE, signed a 30-year concession agreement to develop and operate a multi-purpose port in Safaga, a strategic location on the Red Sea coast of Egypt, as mentioned in a company's statement.

The Safaga Port terminal would be developed over an approximate area of 810,000 square meters and is set to be operational in Q2 2025.

AD Ports Group would invest around US\$ 200 million in superstructure and equipment, buildings, and other real estate facilities and utilities' network inside the concession area. The majority of this capital expenditure would be spent in 2024 and 2025.

The Abu Dhabi group has also signed two additional 15-year agreements, a memorandum of understanding, and three heads of terms concerning ports located in Egypt's Red Sea region and the Mediterranean Sea.

These arrangements would facilitate access to multipurpose terminals, cruise routes, and logistics capabilities in Safaga, Ain Sokhna, Port Said, Hurghada, Sharm El Sheikh and Al Arish.

The 15-year agreements pertained to two cement terminals with an investment value of LE 1 billion. The terminals would double Egypt's cement exports to global markets and would become operational in the fourth quarter of this year.

As for the MOU, it would focus on the development of the East Port Said multipurpose terminal, as well as enable potential collaborations in numerous transportation and infrastructure schemes.

It is worth noting that AD Ports Group is committed to not only enabling new trade connections but also to providing strategic infrastructure solutions to boost tourism to aid the diversification of both nation's economies.

SAMANA LAUNCHES US\$ 55 MILLION RESIDENTIAL TOWER IN JUMEIRAH

Samana Developers, one of the fastest growing and award winning private developers in the UAE, launched the second of its twin-tower complexes within the Samana Waves development located at Jumeirah Village Circle, at an investment of US\$ 55 million (AED 200 million), as reported in a company's statement.

The Waves-2 residential project is a 23+-storey residential tower being developed over a 263,636 square feet area with plenty of water features, private pools, water cascades, a leisure deck, a health club, valet parking and retail spaces.

The Waves twin towers complex features a total of 170 apartments, including studios, studios with pools, one-bedroom with pool, one-bedroom duplex with pool, two-bedroom with pool and two-bedroom duplex with pool, with apartment prices starting from US\$ 122,229 (AED 449,000) onwards. The handover of the project is scheduled for Q1 2026.

It is worth noting that the launch of the AED 200 million tower, was followed by the successful sellout of the AED 165 million Waves-1 residential project in March 2022.

INFINITY POWER BUYS FULL STAKE IN AFRICA'S LEKELA POWER

Infinity Power, a joint venture between UAE's Masdar and Egypt's Infinity, has completed the acquisition of Lekela Power, an Africa-based wind power platform, as indicated in a company's statement.

The transaction makes Infinity Power the largest renewable energy company on the African continent.

Lekela currently operates one gigawatt (GW) of wind power projects in South Africa, Egypt and Senegal, and has a 1.8 GW project pipeline in various stages of development.

The transaction was funded through equity investment from shareholders and debt from Absa Corporate and Investment Banking and Mauritian Commercial Bank.

Through this investment in Infinity Power, Masdar is able to extend its reach across Africa and support developing nations on their clean energy transitions, as stated by UAE's officials.

Also, this acquisition would give Infinity Power greater scale to deploy practical climate solutions that deliver measurable outcomes, in line with the COP28 objective of being inclusive, transparent, pragmatic, and results oriented.

ARAMCO AND SAMSUNG SIGN MOU ON INDUSTRIAL 5G NETWORKS

Saudi Aramco, the world's leading integrated energy and chemicals company, signed a non-binding Memorandum of Understanding (MoU) with Samsung Electronics Company, which sets forth preliminary plans for a strategic collaboration that would localize an industrial 5G technology ecosystem, starting with private networks, in Saudi Arabia, as mentioned in a company's statement.

The proposed collaboration aims to contribute to the digital transformation of various industrial sectors in Saudi Arabia, such as energy, petrochemical, and manufacturing, by leveraging advanced 4G and 5G technologies capable of providing secure, fast and reliable communications to satisfy business critical requirements of industries.

The MoU follows the recent launch of Aramco Digital Company, which aims to accelerate the digital transformation in the country and in the MENA region.

CAPITAL MARKETS

EQUITY MARKETS: PRICE REBOUNDS IN MENA EQUITIES AS BANKING CRISIS FEARS ABATE

MENA equity markets shifted to a positive territory this week, as reflected by a 2.8% rise in the S&P Pan Arab Composite index, mainly tracking global equity strength (+1.3%) as global bank crisis fears eased after Swiss authorities engineered Credit Suisse takeover and the US Federal Reserve coordinated with other leading Central Banks to keep the US dollar flowing around the financial system, and the US Treasury Secretary vowed to safeguard deposits at small banks if required. Weekly regional equity price gains were also supported by oil price rebounds as the rollout of multi-billion-dollar lifelines for troubled lenders in Europe and the US lifted overall sentiment.

The heavyweight Saudi Exchange bounced back this week, as reflected by a 4.9% surge in the S&P Saudi index, mainly mirroring global equity price gains, and supported by Brent oil price rebounds (+2.8% week-on-week, touching the US\$ 75 per barrel level on Friday) as global bank worries abated, in addition to some favorable company-specific factors.

A closer look at individual stocks shows that petrochemicals giant Saudi Aramco's share price surged by 3.9% week-on-week to SR 32.15. Petro Rabigh's share price increased by 4.5% to SR 9.90. SABIC's share price climbed by 5.6% to SR 90.30. Advanced Petrochemical Company's share price rose by 1.0% to SR 46.95. Sipchem's share price closed 2.9% higher at SR 36.00.

Also, Saudi National Bank, Credit Suisse's largest shareholder, registered an 11.9% weekly jump in its share price to reach SR 46.45. SABB's share price closed 4.3% higher at SR 35.10. Al Rajhi Bank's share price went up by 4.1% to SR 73.50. Banque Saudi Fransi's share price surged by 5.9% to SR 35.90. Dar Al Arkan's share price jumped by 9.9% to SR 14.82. Dar Al Arkan reported 2022 net profits of SR 442 million versus net profits of SR 133 million a year earlier. Mouwasat's share price skyrocketed by 12.2% to SR 218.80. Mouwasat announced a 3.6% year-on-year rise in its 2022 net profits to reach SR 599 million. Arabian Contracting Services Company's share price surged by 3.3% to SR 118.00. Arabian Contracting Services Company reported 2022 net profits of SR 275 million against net profits of SR 206 million a year earlier.

The Qatar Stock Exchange operated on a positive territory this week, as reflected by a 0.9% rise in the S&P Qatar index, mainly on improved risk appetite after the world's top Central Banks tried to reassure investors about the health of the global banking system. 33 out of 50 traded stocks registered price gains, while 14 stocks recorded price drops and three stocks saw no price change week-on-week. A closer look at individual stocks shows that Industries Qatar's share price rose by 1.9% to QR 12.950. Gulf International Services' share price jumped by 9.0% to QR 1.722. Ezdan Holding Group's share price surged by 7.5% to QR 0.858. Ooredoo's share price climbed by 7.3% to QR 9.349. QNB's share price closed 0.9% higher at QR 15.910. Doha Bank's share price increased by 1.3% to QR 1.580. Masraf Al Rayan's share price expanded by 4.4% to QR 2.609.

EQUITY MARKETS INDICATORS (MARCH 19 - MARCH 25, 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	166.4	-10.8%	29.0%	15.4	16.0%	0.3	18,807	4.3%	-	0.33
Jordan	392.4	-3.0%	0.9%	44.9	11.9%	17.8	25,736.8	9.1%	8.3	1.45
Egypt	207.6	5.5%	-12.3%	177.1	-25.1%	1,715.8	31,670.6	29.1%	6.9	1.72
Saudi Arabia	462.3	4.9%	-0.8%	4,959.4	-15.1%	497.18	2,637,675.1	9.8%	13.0	3.95
Qatar	163.9	0.9%	-7.2%	490.8	-16.9%	621.8	158,571.3	16.1%	11.4	1.50
UAE	128.9	-0.2%	-6.3%	1,834.1	-33.6%	1,521.4	877,930.1	10.9%	12.6	1.73
Oman	263.2	-1.1%	1.1%	34.4	-62.7%	49.9	22,624.3	7.9%	13.5	1.09
Bahrain	196.2	0.0%	1.7%	10.7	-65.6%	16.9	17,348.5	3.2%	10.2	1.35
Kuwait	134.0	0.0%	-3.4%	520.7	-45.2%	445.8	133,862.1	20.2%	18.7	1.85
Morocco	218.8	0.7%	-1.4%	19.2	-36.0%	1.6	52,582.4	1.9%	19.3	3.13
Tunisia	62.7	0.5%	1.0%	4.0	-82.1%	1.5	7,619.1	2.7%	10.1	2.03
Arabian Markets	887.3	2.8%	-2.8%	8,110.7	-23.6%	4,890.1	3,984,426.8	10.6%	13.0	3.20

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

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

The Egyptian Exchange rebounded this week, as reflected by a 5.5% surge in the S&P Egypt index, mainly on improved investor sentiment after the World Bank approved a US\$ 7 billion partnership agreement with Egypt for 2023-2027, and on news that the Egyptian government is pushing ahead with plans to offer stakes in State-owned companies as it seeks to raise funds to support its economy. This compounded with some favorable company-specific factors, and attractive market pricing ratios, as Egyptian stocks traded at a P/E of 6.6 times as compared to a much higher regional P/E of 12.7 times.

A closer look at individual stocks shows that Talaat Mostafa Group's share price rose by 2.2% over the week to LE 8.700. Talaat Moustafa Group's Board of Directors proposed the distribution of dividends for the year 2022 at a rate of LE 0.19 per share to be paid over two tranches on 31 May and 31 July 2023. e-Finance for Digital and Financial investments' share price jumped by 14.9% to LE 16.770. The shareholders of e-finance for Digital and Financial Investments approved the Board's recommendation to disburse a dividend of LE 0.22 per share for 2022. EFG Hermes' share price went up by 3.1% to LE 16.500. EFG Hermes announced an 18% year-on-year rise in net profits in FY 2022 to reach LE 1.8 billion. ElSwedy Electric's share price jumped by 9.2% to LE 13.100. Commercial International Bank's share price surged by 6.2% to LE 50.990. Ezz Steel's share price skyrocketed by 20.9% to LE 32.490.

FIXED INCOME MARKETS: ACROSS-THE-BOARD PRICE GAINS ON MENA BOND MARKETS, TRACKING US TREASURIES MOVE

Activity in MENA fixed income markets was mostly tilted to the upside this week, mainly tracking US Treasuries move on bets that the turmoil in the US banking system might tighten credit conditions and hurt the US economy, potentially stoking interest rate cuts later this year.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 registered price expansions of 0.13 pt, 0.88 pt and 1.13 pt respectively week-on-week. Mubadala'26 and '27 closed up by 1.0 pt and 0.75 pt respectively. Prices of ADNOC'29 increased by 0.13 pt. Taqa'26 and '28 traded up by 0.25 pt and 0.38 pt respectively. Amongst financials, Abu Dhabi Islamic Bank Perpetual (offering a coupon of 7.125%) registered price retreats of 1.50 pt.

In the Dubai credit space, DP world'30 was up by 0.38 pt. Emirates NBD Perpetual (offering a coupon of 6.125%) registered price decreases of 2.63 pts. As to credit ratings, Moody's affirmed the "Aa2" long-term local and foreign currency issuer ratings of the Government of the UAE, with a "stable" outlook. The rating affirmation is underpinned by Moody's assessment that the UAE federal government's debt level would remain very low, supported by its continued adherence to balanced budget targets and limited spending needs due to the scale of fiscal decentralization within the country. The "stable" outlook reflects Moody's expectation that continued efforts by the governments across the UAE to expand non-hydrocarbon revenue, promote the development of nonhydrocarbon sectors and attract foreign businesses and talent may reduce the federal government's indirect exposure to oil price cycles and a potential acceleration in global carbon transition over the medium term, further strengthening its credit profile.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price gains of up to 1.25 pt this week. Saudi Aramco'25 was up by 0.50 pt. Prices of SABIC'28 increased by 0.50 pt. Standard and Poor's raised its long-term and short-term issuer credit ratings on SABIC to "A/A-1" from "A-/A-2" and related debt ratings to "A" from "A-", with a "stable" outlook. S&P sees a high likelihood of SABIC receiving extraordinary support in the event of stress, as it considers that the company's link with the Saudi Arabian government as very strong.

Concomitantly, prices of SEC'24 and '28 traded up by 0.25 pt and 0.13 pt respectively week-on-week. Standard and Poor's raised its long-term issuer credit rating on SEC and related debt ratings to "A" from "A-". SEC's rating reflects S&P's opinion that there is an almost certain likelihood that the Saudi Arabian government would provide timely and sufficient extraordinary support to SEC in the event of financial distress.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 posted price expansions of 1.38 pt and 0.38 pt respectively this week. Amongst financials, prices of QNB'26 went up by 0.50 pt.

In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 registered price increases of 0.31 pt, 0.55 pt and 0.88 pt respectively week-on-week. Prices of Omantel'28 declined by 0.50 pt.

In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 registered weekly price gains up to 0.75 pt this week. NOGA'27 retreated by 0.25 pt.

In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 posted weekly price expansions of up to 1.75 pt. In the Kuwaiti credit space, sovereigns maturing in 2027 traded up by 0.44 pt week-on-week. In the Iraqi credit space, prices of sovereigns maturing in 2028 went up by 0.88 pt this week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 recorded price expansions of 0.25 pt to 1.63 pt this week. Euro-denominated sovereigns maturing in 2026 and 2031 traded up by 0.11 pt and 0.30 pt respectively.

All in all, regional bond markets saw mostly upward price movements this week, as market players started pricing in interest rate cuts later this year although the US Fed Chair said that rate cuts are not in the Central Bank's "base case", mainly on concerns that the banking system turmoil could result into tighter bank lending standards in the US, which may reduce economic growth this year.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	24-Mar-23	17-Mar-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	49	46	44	3	5
Dubai	86	84	84	2	2
Kuwait	57	52	50	5	7
Qatar	51	47	48	4	3
Saudi Arabia	69	67	61	2	8
Bahrain	255	256	231	-1	24
Morocco	194	175	162	19	32
Egypt	1,403	1,477	877	-74	526
Iraq	471	448	467	23	4
Middle East	293	295	225	-2	68
Emerging Markets	137	161	140	-24	-3
Global	507	514	533	-7	-26

Sources: Bloomberg, Bank Audi's Group Research Department

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

Base Jan 2010 = 100



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/Stable/A-1	A1/Positive	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\$)	24-Mar-23	17-Mar-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)	30.85	30.85	24.71	0.0%	24.8%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,460.00	0.0%	-10.3%
GULF					
Saudi Riyal (SAR)	3.76	3.76	3.76	0.0%	-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%	0.3%
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)	250.09	250.24	250.24	-0.1%	-0.1%
NORTH AFRICA					
Algerian Dinar (DZD)	135.79	135.95	137.35	-0.1%	-1.1%
Moroccan Dirham (MAD)	10.28	10.37	10.44	-0.9%	-1.5%
Tunisian Dinar (TND)	3.10	3.11	3.11	-0.4%	-0.3%
Libyan Dinar (LYD)	4.80	4.84	4.83	-0.7%	-0.5%
Sudanese Pound (SDG)	583.94	583.96	573.81	0.0%	1.8%

Sources: Bloomberg, Bank Audi's Group Research Department

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