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## Economy

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Economies in the Middle East and North Africa (MENA) are expected to grow at a slower pace in 2023, as double-digit food inflation adds pressure on poorer households and the impact of food insecurity can span generations, according to the World Bank's latest economic update.

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## Markets In Brief

### p.9 MARKETS IN BRIEF: WEEKLY PRICE GAINS ACROSS MENA CAPITAL MARKETS AFTER FITR HOLIDAYS

MENA equity markets registered extended price gains this week, as reflected by a 1.1% increase in the S&P Pan Arab Composite index, mainly supported by some favorable company-specific factors. Also, activity in MENA fixed income markets was mostly skewed to the upside, mainly tracking US Treasuries move as global recession fears intensified after the US Consumer Confidence Index fell to a nine-month low in April 2023, and US banking concerns resurfaced after First Republic Bank released a first quarter troubling earnings report.

### MENA MARKETS: APRIL 23 - APRIL 29, 2023

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	+1.1%	Weekly Z-spread based bond index	+1.05%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+2.7%	YTD Z-spread based bond index	+59.8%

## ECONOMY

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### MENA'S GDP TO SLOW TO 3.0% IN 2023, FROM 5.8% IN 2022, AS PER WORLD BANK

Economies in the Middle East and North Africa (MENA) are expected to grow at a slower pace in 2023, as double-digit food inflation adds pressure on poorer households and the impact of food insecurity can span generations, according to the World Bank's latest economic update.

Titled "Altered Destinies: The Long-Term Effects of Rising Prices and Food Insecurity in the Middle East and North Africa," the report forecasts MENA's GDP will slow to 3.0% in 2023, from 5.8% in 2022. Oil exporters, who benefited from a windfall in 2022, will experience slower growth, but a large gap remains between high-income countries and the rest of the region. Real GDP per capita growth, a better proxy for living standards, is expected to slow down to 1.6% in 2023 from 4.4% in 2022.

Inflation in the region rose dramatically in 2022, especially in countries that experienced currency depreciations. The report focused specifically on the impact of food price inflation on food insecurity, finding that eight out of 16 countries suffered from double-digit food price inflation or higher, affecting poorer households the most as they spend more of their budgets on food than those that are better off.

The twice-yearly report found that average year-on-year food inflation across 16 MENA economies between March and December 2022 was 29%. This was higher than headline inflation, which rose on average to 19.4% year-on-year during that period, compared to 14.8% between October 2021 and February 2022, the month of Russia's invasion of Ukraine. Across all four MENA subgroups covered in the report — developing oil importers, developing oil exporters, conflict countries and the GCC — inflation accounts for 24% to 33% of 2023's forecasted food insecurity.

According to the report, the increase in food prices from March-June 2022, may have increased the risk of childhood stunting by 17%-24% in developing countries in MENA, which translates to about 200,000 to 285,000 newborns who are at risk of stunting. More generally, research shows that child malnutrition leads to poor performance in school, lower incomes and poorer health.

Projected financing needs to address severe food insecurity run into billions of dollars annually, but the report makes clear that money alone is not enough. The report suggests policy tools that could help to alleviate food insecurity before it escalates into a full-blown crisis, including targeted cash and in-kind transfers that could be introduced immediately to stem acute food insecurity. Mothers, who play a vital role both in utero and in early childhood, would benefit from improved parental leave, childcare, and medical care, which are important for a child's development.

Improved and more current data on the state of childhood health and nutrition are needed along with better access to administrative information that would help target priorities and reach vulnerable populations more easily. Making food systems more resilient and strengthening supply chains, especially in the face of climate and future market shocks, is essential, the World Bank report concluded.

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**EGYPT'S PUBLIC INVESTMENT IN NORTH AND SOUTH SINAI AMOUNTS TO US\$ 553 MILLION FOR FY 2022/2023**

As part of Egypt's Sustainable Development Plan (SDP) for fiscal year (FY) 2022/2023, a total of EGP 17.1 billion (US\$ 553.4 million at the FX rate of EGP 30.9/US\$) of public investment were put towards development projects in North and South Sinai, as per the Egyptian Minister of Planning and Economic Development.

The SDP focuses on spatial programs and policies that work towards a convergence of incomes and living standards across regions. This is done through addressing existing development gaps as well as increasing efforts of development in accordance with each region's components, priorities and characteristics. Therefore, and in order to reduce rural migration to urban areas, the efforts of the program were focused on taking advantage of existing opportunities in the target governorates as well as provide additional job opportunities for the youth. In turn, this is expected to reduce the income gap within the framework of an integrated and coherent development program.

In details, when looking at North Sinai, the governorate saw the number of development projects reach 152 during the period. In turn, the valuation of public investments directed towards North Sinai increased by 27.4% in FY 2022/2023 with regards to FY 2021/2022 to reach EGP 7.9 billion (US\$ 255.7 million) in the former.

The sectoral distribution of the investment in the governorate came as such: The biggest share was given to the Transport sector with EGP 2.5 billion (US\$ 80.9 million or 31.7%), followed by the Housing sector with EGP 2.3 billion (US\$ 74.4 million or 29.1%). The Local Development sector and the Water Sources and Irrigation sector both received investments of EGP 1.1 billion (US\$ 35.6 million or 13.9%), the Higher Education and Scientific Research sector received 2.9% of the investment or EGP 225.4 million (US\$ 7.3 million) and other sectors received the remaining amount of investments valued at EGP 674.6 million (US\$ 21.8 million or 8.5%). As for the most important development goals for FY 2022/2023 in the North Sinai governorate, they were the following: EGP 691.8 million (US\$ 22.4 million) were directed towards 39 drinking water and sanitation services projects, EGP 749.5 million (US\$ 24.3 million) were directed towards paving local roads and EGP 237.9 million (US\$ 7.7 million) were directed towards supporting electricity networks, as per the Egyptian Minister of Planning and Economic Development.

In parallel, looking at South Sinai, the governorate saw the number of development projects reach 208 during the period. In turn, the valuation of public investments directed towards South Sinai increased by 124.0% in FY 2022/2023 with regards to FY 2021/2022 to reach EGP 9.2 billion (US\$ 297.7 million) in the former.

The sectoral distribution of the investment in the governorate came as such: The biggest share was given to the Local Development sector with EGP 2.5 billion (US\$ 80.9 million or 27.2%), followed by the Housing sector with EGP 2.0 billion (US\$ 64.7 million or 21.7%). The Higher Education and Scientific Research received investments of EGP 1.9 billion (US\$ 61.5 million or 20.7%), the Health sector received 6.5% of the investment or EGP 593.8 million (US\$ 19.2 million), the Agricultural sector received 5.5% of the investment amounting to EGP 509.6 million (US\$ 16.5 million) and other sectors received the remaining amount of investments valued at EGP 1.7 billion (US\$ 55.0 million or 18.5%).

As for the most important development goals for FY 2022/2023 in the South Sinai governorate, they were the following: EGP 1.8 billion (US\$ 58.3 million) were directed towards paving local roads, EGP 60.0 million (US\$ 1.9 million) were directed towards improving the environment and EGP 1.3 billion (US\$ 42.1 million) were directed towards drinking water and sanitation services. Additionally, 18 Health sector projects were implemented including the Al-Tur Medical Complex and the Dahab Central Hospital, as per the Egyptian Minister of Planning and Economic Development.

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**WB HAS PROVIDED JORDAN WITH US\$ 143 MILLION SINCE THE START OF 2023 FOR SEVERAL GOVERNMENT PROJECTS AND VITAL PROGRAMS**

Since the start of 2023, Jordan received US\$ 142.5 million from the World Bank (WB) for the financing of four government projects and crucial programs in several sectors. The funds were sent to accounts for the Emergency Cash Transfer program for families and workers affected by the coronavirus pandemic, the National Employment Program, the Agriculture Resilience, Value Chain Development and Innovation (ARDI)

and Jordan's Emergency Health Project, as per WB data.

In details, the WB transferred US\$ 112.0 million for the Emergency Cash Transfer Program, since the start of 2023, which is implemented by the National Aid Fund in cooperation with the bank. The number of beneficiary workers that are part of the formal economy in companies most affected by the pandemic is set at 110,000 beneficiaries. Out of these beneficiaries, 109,327 benefit from wage subsidies. This brings the total amount of disbursement for the program to US\$ 558.0 million or 55% of the total project value.

In February 2023, the WB funded the Jordanian National Employment Program with a transfer of US\$ 4.5 million with the aim of stimulating skills development and employment in the private sector. In turn, 21,110 beneficiaries of the program signed work contracts with 972 private sector establishments.

In January 2023, the WB transferred US\$ 23.6 million to the ARDI program. The program has the goal of promoting development in the agricultural sector of the country through improving the sector's resilience to climate change, improving competitiveness and inclusiveness as well as ensuring food security in the medium to long term. During the project implementation period (2022-2027), ARDI is expected to provide 30,000 farming families with funding in order to adopt climate-friendly and water saving agricultural practices. Additionally, ARDI will provide a training program catered to the needs of the agricultural sector and create 12,000 job opportunities to Jordanian people.

Finally, in January, US\$ 2.0 million were transferred to the Emergency Health Project. The project is funded for the benefit of the Ministry of Health which in turn provides support for more than 4.9 million primary and secondary healthcare services in health facilities. The project makes it so that uninsured Jordanians as well as registered Syrian refugees can benefit from health services provided in more than 700 health centers and hospital tied to the Ministry of Health across the country. The total funding of the project is valued at US\$ 177.2 million ( with co-funding from the Global Concessional Financing Facility worth US\$ 72.8 million).

## SURVEYS

### SAUDI ARABIA REMAINS 1ST IN MENA REGION IN TELECOMMUNICATIONS RISK/REWARD INDEX, AS PER FITCH SOLUTIONS

Fitch Solutions released the 2023 update of the MENA Telecoms Risk/Reward Index, where the MENA region's average score fell by one point to 48.7 out of a potential 100 points.

Several changes to the ranking order have accompanied the contraction, with Egypt, Iraq, Tunisia and Yemen all seeing improvements, while Lebanon, the West Bank and Gaza, and Syria declined.

Saudi Arabia remained 1st in the MENA region and ranked 19th globally in the Telecommunications RRI (Risk/Reward Index), scoring 73.6 points out of 100, as per Fitch Solutions.

MENA TELECOMMUNICATIONS RISK/REWARD INDEX									
	Regional Rank	Global Rank	RRI	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks
Saudi Arabia	1	19	73.6	84.2	69.8	79.2	39.6	81.6	60.7
UAE	2	51	62.3	68.9	60.0	65.8	19.6	88.6	54.1
Qatar	3	57	61.2	65.5	67.8	66.3	19.6	79.0	49.3
Bahrain	4	59	59.9	67.7	66.3	37.2	19.6	65.9	42.8
Kuwait	5	64	58.8	65.6	70.4	67.2	6.5	71.7	39.1
Oman	6	67	57.6	49.3	70.7	56.8	39.6	79.7	59.7
Jordan	7	71	56.9	64.9	65.8	65.3	19.6	55.4	37.5
Morocco	8	72	56.3	62.2	47.6	57.1	55.0	53.9	54.5
Algeria	9	87	50.5	55.8	55.4	55.7	39.6	37.4	38.5
Egypt	10	121	43.1	46.3	42.2	44.9	27.6	50.3	39.0
Iraq	11	126	42.1	46.7	61.5	51.9	11.4	27.1	19.3
Tunisia	12	145	39.0	36.0	48.6	40.4	39.6	32.0	35.8
Lebanon	13	149	37.6	37.4	68.2	48.2	6.5	19.3	12.9
West Bank and Gaza	14	165	34.4	25.4	60.3	37.6	39.6	14.1	26.8
Libya	15	182	29.8	25.8	61.3	38.2	0.8	19.4	10.1
Yemen	16	196	25.0	33.1	37.7	34.7	2.9	2.1	2.5
Syria	17	197	23.2	27.8	37.7	31.2	2.9	6.2	4.5

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

A closer look at the Telecoms Industry Rewards Scores in 2023 shows that Saudi Arabia took the 1st place, scoring 97.5 points in the subscriber growth and 91.0 in the Average Revenue Per User (ARPU). As to the Telecoms Country Rewards score, Saudi Arabia scored 81.4 points in Urban/Rural Split and 50.8 points in terms of youth population (24 years old and under), noting that younger people have a higher proclivity to engage with and spend on premium telecoms services.

On the other hand, as to the Telecom Industry Risk scores, Saudi Arabia ranked 1st, scoring 37.2 in Regulatory Independence and 42.0 in Regulatory Resources and Openness. At the level of the Telecoms Country Risks Scores, Saudi Arabia scored 88.4 in the Long-Term Economic Risk Index and 53.3 in the Long-Term Political Risk Index.

Elsewhere in the region, the UAE ranked 2nd in the RRI in the MENA region, with a score of 73.6. The country's overall score was boosted by a higher subscriber growth score, with 2022 data seeing positive growth throughout the year and the market surpassing 20 million mobile subscribers for the first time since H1 2018.

Tourism tailwinds were particularly high in the final quarter of 2022, with the regulator recording 965,100 in terms of net additions. By 2032, Fitch expects the mobile market in the UAE to grow to 25 million subscribers, yielding a penetration rate of approximately 247%.

Finally, Syria came in the last place in the RRI in the MENA region, with an overall score of 23.2. Syria experienced a reduction to its Country Risk score, which resulted in the country sliding into last position on the index. Syria's Country Risk score was lowered largely due to the February 2023 earthquake and severe depreciation of the Syrian pound. Fitch forecasts that the Syrian economy would contract at a rate of 5.0% in 2023, down from an estimated contraction of 0.7% in 2022. The poor economic environment may also lead to further social unrest, adding downside risk to the forecasts. Additionally, the earthquake caused acute damage to critical infrastructure, which is likely to have affected mobile and internet connectivity in the country.

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## SAUDI ARABIA LEADS MEA HOTEL CONSTRUCTION ACTIVITY, AS PER STR

Saudi Arabia is leading the Middle East and Africa's hotel construction activity with over 40,000 rooms under construction as of March, according to March 2023 pipeline data from STR, the global hotel research firm.

Saudi Arabia, the largest economy in the Middle East, topped the regional MEA list with 42,033 hotel rooms. Accordingly, Saudi Arabia accounts for 35.2% of 119,505 total keys under construction in the region.

Saudi Arabia also has the third-highest number of rooms under construction in the world surpassing Europe's leaders Germany and the UK.

The UAE also played a role in the region's hotel sector growth, with 22,325 rooms under construction, accounting for 18.6% of the total number.

Overall, there were 119,505 rooms under construction in the MEA region in March 2023, down by 5.8% year-on-year.

Furthermore, the region has 45,529 rooms, up by 20.4% year-on-year, in the final planning stage, along with 84,116 rooms, an increase of 21.2% year-on-year, in the planning phase.

Moreover, Middle East and Africa was the only region to have an increase in total rooms under contract by 6.4% to 249,150 in March 2023, compared to the same period last year.

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## OMAN "BB/B" RATING AFFIRMED AND OUTLOOK REVISED TO "POSITIVE", AS PER S&P GLOBAL RATING

S&P Global Ratings revised its outlook on Oman to "positive" from "stable". At the same time, S&P affirmed its "BB/B" long-term and short-term foreign and local currency sovereign credit ratings. The transfer and convertibility assessment is "BB+".

The "positive" outlook reflects S&P's view that the government's fiscal and economic reform program could strengthen Oman's fiscal position beyond S&P's current assumptions, adding a greater degree of resilience against the economy's structural susceptibility to adverse oil price shocks.

Oman's fiscal and external positions are benefiting from government reforms and higher oil prices. The government used windfall oil revenue over 2022 to reduce debt to OMR 17.6 billion (US\$ 45.7 billion; 40% of GDP) from OMR 20.8 (US\$ 54.0 billion; 61% of GDP) at year-end 2021. Furthermore, the government repaid OMR 511 million in debt in January 2023 and made additional repayments in March. The credit rating agency estimates year-end 2023 government debt at OMR 16.5 billion (US\$ 42.9 billion; 37% of GDP).

The government returned to a fiscal surplus with a preliminary estimate of 5.3% of GDP in 2022 after seven years of deficits. While expenditure in 2022 was 8% over budget, this was largely due to increased subsidies for petroleum products, which rose along with oil prices. Large expenditure line items were contained, demonstrating ongoing fiscal consolidation efforts despite the oil revenue windfall.



## CORPORATE NEWS

### TAWAL TO ACQUIRE TOWER ASSETS IN EASTERN EUROPE FOR US\$ 1.3 BILLION

Saudi Telecom Company (STC)'s subsidiary, TAWAL, which is the region's first and largest Telecommunications Tower Company, signed a Sale and Purchase Agreement (SPA) to acquire three tower companies in Eastern Europe for US\$ 1.35 billion (Euro 1.22 billion), as mentioned in a company's statement.

The SPA for the towers in Bulgaria, Croatia and Slovenia was signed with the United Group, a multi-play telecoms and media provider in southeast Europe.

The transaction, which translates to approximately SR 5 billion, would be in cash and funded through bank loans.

Following the completion of the acquisition, TAWAL would own and operate more than 4,800 sites across the three countries, providing the full range of passive infrastructure services ranging from ground-based towers, rooftops small cells to in-building-solutions. As part of the 20-year master services agreement with United Group, TAWAL would deploy over 2,000 additional sharable sites.

This agreement supports TAWAL's international expansion, in addition to those it currently operates in Pakistan.

### FAIRFAX TO ACQUIRE ADDITIONAL US\$ 860 MILLION KIPCO STAKE IN GULF INSURANCE GROUP

Gulf Insurance Group (GIG), one of the leading insurance group in the MENA region, announced that one of its key subsidiaries - Fairfax Financial Holdings Limited - is set to acquire its entire 46.3% stake in Kuwait Projects Company (KIPCO) for US\$ 860 million (KWD 263.7 million at a rate of KWD 2 per share), as reported in a company's statement.

After this acquisition, Fairfax would become the largest shareholder of the company with an aggregate ownership of 90.01%.

According to KIPCO, the deal is contingent on the buyer obtaining the necessary regulatory approvals and, depending on the timing of the execution of the off-market trade. Profit from the sale is expected to be in the range of KWD 70-80 million.

This move further benefits GIG in many ways, given Fairfax's extensive global insurance experience in over 40 countries, as stated by GIG.

Fairfax's substantial presence across five continents enables the Group to further enhance its exciting customer experience with increased focus on digitalized products and services while addressing the need for innovative insurance solutions for customers through multiple global network backed by Fairfax's strong underwriting expertise.

### SOBHA LAUNCHES US\$ 762 MILLION LUXURY VILLA COMMUNITY IN DUBAI

Sobha Realty, a leading luxury real estate developer in Dubai, launched "Sobha Reserve" project, valued at US\$ 762.49 million (AED 2.8 billion) in the heart of Wadi Al Safa 2, Dubailand, as indicated in a company's statement.

Sobha Reserve, which covers a 3.47 million square feet area, is set to offer a luxurious villa community with lush forest landscape, comprising over 300 villas of four- and five-bedroom configurations, each with its own private luxury pool adjoining garden.

These exquisite villas range in size from 4,900 square feet, offering the highest levels of palatial villa luxury, with its modern architecture and amenities, superior finishes and interior design.

Sobha Reserve would raise the benchmark for luxury villa communities in Dubai, adhering to the highest standards of modern architecture and urban design.

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## SALALAH FREE ZONE TO BUILD A US\$ 230 MILLION PRODUCTION PLANT

Salalah Free Zone, a subsidiary of Asyad Group, signed a new investment agreement valued at US\$ 230 million, with Besto Hengda Oman, a subsidiary of a Chinese silicon industry company, for the establishment of a major ferroalloy and high-quality packaging paper production plant in Salalah, as revealed in a company's statement.

The project would be built on an area of 300,000 square meters area.

In the first phase development, the plant would have annual production capacity of 90,000 tons of ferrosilicon alloys. The output would be doubled in the second phase to 180,000 tons per annum.

The production capacity for recycled packaging paper would be about 300,000 tons annually in the first phase.

It is worth highlighting that the Salalah Free Zone, situated adjacent to the Port of Salalah, is managed and operated by Salalah Free Zone Company and is one of Oman's most important industrial hubs.

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## SAUDI FUND FOR DEVELOPMENT SIGNS TWO AGREEMENTS TO FINANCE US\$ 130 MILLION PROJECTS IN KYRGYZSTAN

The Saudi Fund for Development (SFD) signed with the Ministry of Finance of the Republic of Kyrgyzstan two agreements funded by SFD through soft development loans worth US\$ 130 million, as mentioned in a company's statement.

The first agreement involves financing the construction of 3000 housing units covering an area of about 255,000 square meters, through a soft development loan of US\$ 100 million. The project aims to enhance the livelihoods of low-income families in Kyrgyzstan.

The second agreement contributes to the financing of the Taraz-Talas Road Project (Phase 4), which aims to reconstruct 93 km of road to improve road safety, reduce traffic accidents, and enhance the quality of the road. This US\$ 30 million project is jointly financed by several Arab Coordination Group funds.

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## LOOTAH BIOFUELS TO SET UP FIRST PLANT OUTSIDE UAE

Lootah Biofuels, one of the leading manufacturers in the waste-to-energy and alternative fuel industry in the UAE, signed an agreement with Fenaka Corporation, a State-owned utility company in the Maldives, to establish its first biofuel production plant from waste cooking oil outside the UAE, as indicated in a company's statement.

The plant would contribute to the promotion of sustainable and innovative solutions, as the use of used cooking oils contributes to recycling waste, enhancing resource efficiency, reducing waste, increasing the use of environmentally friendly clean energy sources, reduce greenhouse gas emissions, improve air quality and reduce costs through the use of biofuels in trucks, which supports the efficiency and effectiveness of sustainable transport.

The signing of the agreement underscores Lootah Biofuels' commitment to expanding its reach beyond the UAE and its range of innovative sustainable solutions to meet long-term energy needs through clean alternatives, that are compatible with the pillars of circular economy and sustainable development.

It is worth noting that Lootah Biofuels produces a total of more than 60 million liters of biofuels per year and exports them to European countries such as the Netherlands, Germany and the UK, in addition to India, and is working to export them to many countries in the Gulf region and Asia in the coming years, given the increasing global demand.



## CAPITAL MARKETS

### EQUITY MARKETS: EXTENDED WEEKLY EQUITY PRICE GAINS IN MENA REGION AFTER FITR HOLIDAYS

MENA equity markets registered extended price gains this week, as reflected by a 1.1% increase in the S&P Pan Arab Composite index, mainly supported by some favorable company-specific factors.

The heavyweight Saudi Exchange, whose market capitalization represents two-thirds of the total regional market capitalization, pursued its upward streak during this three-day week that has followed Fitr holidays, as reflected by a 0.6% rise in the S&P Saudi index, mainly helped by some favorable financial results and company-specific factors.

A closer look at individual stocks shows that Arab National Bank's share price closed 0.7% higher week-on-week at SR 27.30. Arab National Bank announced a 64% year-on-year rise in its 2023 first quarter net profits to reach SR 1.1 billion, exceeding average analysts' estimate. Al Rajhi Bank's share price nudged up by 0.4% to SR 76.80. Al Rajhi Bank posted flat year-on-year 2023 first quarter net profits of SR 4.2 billion. Acwa Power's share price increased slightly by 0.4% to SR 156.60. Acwa Power signed a financing package to develop 200 megawatt Kom Ombo project, a utility-scale solar power plant in Egypt. Saudi Telecom Company's share price surged by 5.8% to SR 45.00. Saudi Telecom Company agreed to buy a portfolio of tower assets from United Group for €1.22 billion (the equivalent of US\$1.3 billion) in its first foray into Europe's telecoms market.

Also, some petrochemicals stocks followed an upward trajectory, with Brent oil prices hovering around US\$ 80 per barrel at end-week. Petrochemicals giant Saudi Aramco, whose market capitalization represents more than two-thirds of the total regional market capitalization, expanded by 3.9% over the week to SR 36.00. Petro Rabigh's share price rose by 1.3% to SR 11.16. SABIC's share price edged up by 0.3% to SR 92.30.

The UAE equity markets posted price gains of 3.1% week-on-week, mainly on improved overall sentiment after two largest listed banks in Dubai and Abu Dhabi posted strong 2023 first quarter net profits. In Dubai, Emirates NBD's share price jumped by 6.9% week-on-week to reach AED 14.10. Emirates NBD unveiled that its 2023 first quarter net profits more than doubled year-on-year to reach AED 6 billion, beating analysts' estimates. Commercial Bank of Dubai's share price climbed by 4.8% to AED 4.42. Amlak Finance's share price closed 3.9% higher at AED 0.846. Tecom Group's share price surged by 4.5% to AED 2.42.

In Abu Dhabi, First Abu Dhabi Bank's share price jumped by 6.3% week-on-week to AED 14.18. First Abu Dhabi Bank announced 2023 first quarter net profits of AED 3.9 billion, down by 24% year-on-year, yet still exceeding average analysts' estimates. ADCB's share price increased by 1.1% to AED 8.82. ADIB's share price surged by

#### EQUITY MARKETS INDICATORS (APRIL 23 - APRIL 29, 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	173.6	-0.9%	34.6%	4.5	20.8%	0.1	19,617	1.2%	-	0.32
Jordan	375.4	0.0%	-3.5%	38.5	-13.0%	13.8	24,558.7	8.2%	8.1	1.31
Egypt	230.5	0.9%	-2.6%	150.7	24.8%	1,081.7	36,275.8	21.6%	7.9	2.03
Saudi Arabia	496.5	0.6%	6.6%	5,160.0	282.6%	613.18	2,923,884.3	9.2%	14.1	4.81
Qatar	164.9	1.9%	-6.7%	275.5	-9.2%	344.6	161,387.4	8.9%	11.7	1.56
UAE	137.5	3.1%	0.0%	2,167.7	73.4%	2,014.5	918,161.2	12.3%	16.2	3.07
Oman	257.5	0.0%	-1.1%	14.4	-27.7%	27.8	22,655.3	3.3%	12.7	1.09
Bahrain	202.0	1.1%	4.7%	3.9	-45.2%	7.1	17,544.3	1.1%	10.3	1.37
Kuwait	135.5	0.4%	-2.3%	215.9	-60.2%	263.9	136,188.2	8.2%	17.8	1.88
Morocco	226.4	0.9%	2.0%	18.6	-25.5%	2.4	54,083.0	1.8%	18.6	3.04
Tunisia	64.7	0.2%	4.4%	12.5	179.0%	4.1	7,848.5	8.3%	11.0	2.02
<b>Arabian Markets</b>	<b>937.1</b>	<b>1.1%</b>	<b>2.7%</b>	<b>8,062.1</b>	<b>119.7%</b>	<b>4,373.1</b>	<b>4,322,204.1</b>	<b>9.7%</b>	<b>14.4</b>	<b>4.10</b>

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

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

4.4% to AED 11.36. ADIB posted 2023 first quarter net profits of AED 1.1 billion, up by 48% year-on-year. National Bank of Fujairah's share price soared by 6.2% to AED 5.00. Etisalat's share price went up by 2.7% to AED 24.00.

The Qatar Stock Exchange reported a 1.9% increase in prices during this week that was shortened to two working days due to Fitr holidays, mainly helped by some favorable company-specific factors and high oil prices. 40 out of 47 traded stocks registered price gains, while six stocks posted price falls and one stock saw no price change week-on-week. A closer look at individual stocks shows that Industries Qatar's share price surged by 3.5% to QR 12.760. JP Morgan raised its recommendation on Industries Qatar to "Overweight" from "Neutral", with a price target of QR 14.40, which implies a 15% increase from last price. Gulf International Services' share price jumped by 5.1% to QR 2.097. QNB's share price rose by 1.9% to QR 15.360. Qatar Islamic Bank's share price closed 2.6% higher at QR 17.900. The Commercial Bank's share price went up by 1.9% to QR 5.862.

The Egyptian Exchange shifted to a positive territory during this two-day week, as reflected by a 0.9% rise in the S&P Egypt index, amid attractive market valuations. In fact, Egyptian stocks traded at a P/E of 7.9 times as compared to a much regional P/E of 14.4 times. A closer look at individual stocks shows that Eastern Company's share price rose by 2.3% to LE 17.40. Abu Qir Fertilizers and Chemical Industries Company's share price surged by 4.0% to LE 50.39. Fawry for banking & payment technology services' share price jumped by 5.3% to LE 5.96. EFG Hermes' share price went up by 3.8% to LE 18.25. Sidi Kerir Petrochemicals Company's share price climbed by 4.0% to LE 23.41.

## FIXED INCOME MARKETS: ACTIVITY ON MENA BOND MARKETS MOSTLY TILTED TO UPSIDE, ON GLOBAL GROWTH CONCERNS

MENA fixed income markets saw mostly upward price movements this week, mainly tracking US Treasuries move as global recession fears intensified after the US Consumer Confidence Index fell to a nine-month low in April 2023, and US banking concerns resurfaced after First Republic Bank released a first quarter troubling earnings report.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price increases of 0.38 pt to 0.63 pt this week. Saudi Aramco'25 closed up by 0.38 pt. SABIC'28 saw no price change week-on-week. Fitch Ratings upgraded SABIC's long-term foreign currency and local currency Issuer Default Ratings to "A+" from "A", with a "stable" outlook. The upgrade follows the upgrade of SABIC's majority parent (Saudi Aramco; "A+/Stable"), which in turn followed the upgrade of the Saudi Arabian sovereign rating to "A+/Stable".

In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 registered price expansions of 0.33 pt, 0.38 pt and 0.63 pt respectively week-on-week. Prices of Omantel'28 edged down by 0.10 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 posted price rises of 0.50 pt each this week. In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 registered price increases of up to 1.13 pt week-on-week. NOGA'27 traded up by 0.25 pt.

In the Kuwaiti credit space, KIPCO'27 posted price drops of 1.00 pt week-on-week. In the Iraqi credit space, prices of sovereigns maturing in 2028 decreased by 0.88 pt this week.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 recorded weekly price expansions of 0.50 pt, 0.75 pt and 1.13 pt respectively. Mubadala'26 was up by 0.75 pt. Prices of Etisalat'26 rose by 0.13 pt. Taqa'28 traded up by 1.25 pt. Prices of ADNOC'29 increased by 0.13 pt. In the Dubai credit space, DP world'30 closed up by 0.38 pt this week. Majid Al Futtaim'29 registered price gains of 0.75 pt. Amongst financials, Emirates NBD Perpetual (offering a coupon of 6.125%) saw price expansions of 0.50 pt week-on-week. The UAE launched this week a dirham-denominated Islamic treasury Sukuk with a benchmark auction size of AED 1.1 billion. The Ministry of Finance on-boarded eight banks as primary dealers to participate in the T-Sukuk primary market auction and to actively develop the secondary market.

In the Moroccan credit space, sovereigns maturing in 2028 and 2033 registered weekly price increases of 0.78 pt and 0.88 pt respectively. Fitch Ratings affirmed Morocco's long-term foreign currency Issuer Default Rating at "BB+" with a "stable" outlook. Morocco's "BB+" ratings reflect, as per Fitch, a record of sound macroeconomic policies and an institutional framework that has supported resilience to shocks, a

favorable debt composition, including a moderate share of foreign-currency debt in central government debt, official creditor support and a comfortable external liquidity buffer.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030 and 2032 posted price decreases of up to 3.88 pts this week, while sovereigns maturing in 2040 registered price rises of 1.25 pt. Euro-denominated sovereigns maturing in 2026 and 2031 recorded price falls of 3.69 pts and 2.33 pts respectively.

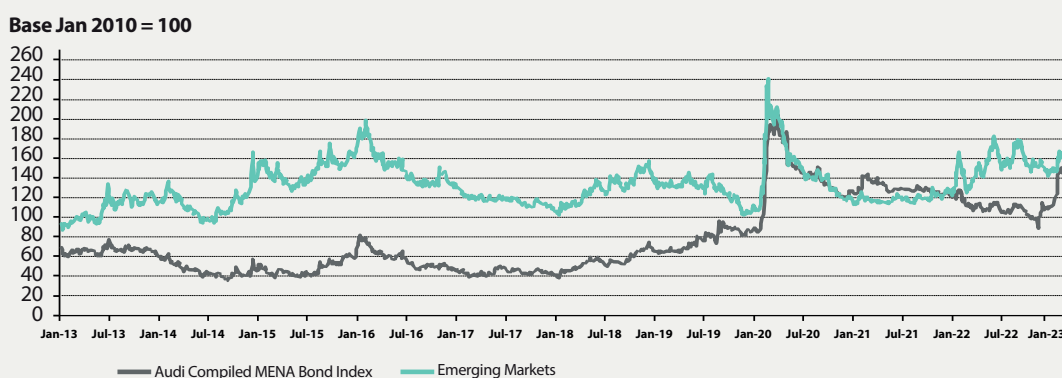
All in all, activity in regional bond markets was mostly tilted to the upside this week, mainly tracking increases in US Treasuries after the US Consumer Confidence Index dropped for the third time in four months, hitting its lowest point since July 2022, and First Republic Bank disclosed that its customers withdrew more than US\$ 100 billion in the first quarter of 2023, prompting fears of further bank collapses.

### MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	28-Apr-23	21-Apr-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	42	42	44	0	-2
Dubai	79	80	84	-1	-5
Kuwait	47	46	50	1	-3
Qatar	42	43	48	-1	-6
Saudi Arabia	62	63	61	-1	1
Bahrain	259	256	231	3	28
Morocco	166	178	162	-12	4
Egypt	1,624	1,601	877	23	747
Iraq	437	406	467	31	-30
Middle East	306	302	225	4	81
Emerging Markets	123	128	140	-5	-17
Global	668	455	533	213	135

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
<b>LEVANT</b>			
Lebanon	SD/-/SD	C/-	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Positive	BB-/Stable/B
Egypt	B-/Negative/B	B3/Stable	B+/Negative/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
<b>GULF</b>			
Saudi Arabia	A/Stable/A-1	A1/Positive	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa3/Positive	AA-/Positive/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	B+/Stable/B
Oman	BB/Positive/B	Ba3/Positive	BB/Positive/B
Yemen	NR	NR	NR
<b>NORTH AFRICA</b>			
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\$)	28-Apr-23	21-Apr-23	30-Dec-22	Weekly change	Year-to-date
<b>LEVANT</b>					
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)	30.90	30.80	24.71	0.3%	25.0%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,460.00	-55.1%	-59.7%
<b>GULF</b>					
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	0.1%	0.1%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	-0.3%	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)	250.26	250.24	250.24	0.0%	0.0%
<b>NORTH AFRICA</b>					
Algerian Dinar (DZD)	135.09	135.25	137.35	-0.1%	-1.6%
Moroccan Dirham (MAD)	10.05	10.12	10.44	-0.7%	-3.7%
Tunisian Dinar (TND)	3.04	3.06	3.11	-0.7%	-2.4%
Libyan Dinar (LYD)	4.76	4.77	4.83	-0.1%	-1.4%
Sudanese Pound (SDG)	588.23	588.23	573.81	0.0%	2.5%

Sources: Bloomberg, Bank Audi's Group Research Department

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