

Bank Audi

CONTACTS

Treasury & Capital Markets

Bechara Serhal
(961-1) 977421
bechara.serhal@bankaudi.com.lb

Corporate Banking

Carol Ayat
(961-1) 959675
carol.ayat@bankaudi.com.lb

Mohamad Baydoun
(961-1) 959703
mohamad.baydoun@bankaudi.com.lb

Marketing and Communications

Marion Abou Jaoudé
(961-1) 977356
marion.abou-jaoude@bankaudi.com.lb

RESEARCH

Dr. Marwan Barakat
(961-1) 977409
marwan.barakat@bankaudi.com.lb

Salma Saad Baba
(961-1) 977346
salma.baba@bankaudi.com.lb

Michèle Khoury Sakha
(961-1) 977102
michele.sakha@bankaudi.com.lb

Stephanie Bou Sleiman
(961-1) 952397
stephanie.bousleiman@bankaudi.com.lb

Elias G. Missi
(961-1) 959747
elias.missi@bankaudi.com.lb

Economy

p.2 PWC SAYS MIDDLE EAST ECONOMY STAYS ROBUST DESPITE CHALLENGES

The Middle East economy remains resilient despite challenges from oil cuts and geopolitical turbulence, says the latest PwC Middle East Economy Watch.

Also in this issue

- p.3** Tourist influx into Qatar increases by 53% year-on-year in February
- p.4** IMF releases staff country report for first and second review of Egypt's EFF arrangements
- p.4** Dubai's Authorities approved new passenger terminal in Al Maktoum International Airport
- p.4** Oman intends to procure 0.8 million MTPA from TotalEnergies starting 2025

Surveys

p.5 UAE REMAINS REGIONAL TOP-PERFORMER IN MENA POWER RRI (RISK/REWARD INDEX) IN Q1 2024, AS PER FITCH SOLUTIONS

The UAE remained the best performing market in the MENA region's Power Risk/Reward Index (RRI) during Q1 2024, due to its large and rapidly expanding power market, with the region's highest operational capacity exceeding 40 GW, and a diverse competitive landscape, as per Fitch Solutions.

Also in this issue

- p.6** Dubai's residential real estate market witnesses record-breaking growth in Q1 2024, as per Savills

Corporate News

p.7 QATARENERGY ENTERS US\$ 6 BILLION DEAL FOR 18 LARGEST LNG VESSELS

QatarEnergy signed an agreement with China State Shipbuilding Corporation (CSSC) for the construction of 18 ultra-modern QC-Max size LNG vessels, valued at around US\$ 6 billion, marking a significant addition to its historic LNG fleet expansion program, as reported in a company's statement.

Also in this issue

- p.7** ACWA Power's Omani subsidiary secures US\$ 356 million contract extension
- p.7** Saudi PIF's Alat launches new business units to tap into AI
- p.8** Rua Al Madinah signs deal with Hilton for 3 hotels
- p.8** Al Ojaimi Industrial launches JV with REPL in Riyadh
- p.8** Abu Dhabi wealth fund ADQ buys 49% stake in Australia's Plenary Group
- p.8** Masdar and Bapco Energies to develop 2GW of wind power in Bahrain

Markets In Brief

p.9 MARKETS IN BRIEF: WEEKLY PRICE GAINS IN MENA CAPITAL MARKETS

MENA equity markets bounced back this week, as reflected by a 0.6% rise in the S&P Pan Arab Composite index, mainly supported by price gains in the heavyweight Saudi Exchange given some robust corporate earnings, while also tracking global equity strength (+1.0%) after the US Federal Reserve Chief ruled out the possibility of an interest rate hike this year despite stubborn inflation. In parallel, activity in regional fixed income markets was mostly tilted to the upside this week, mainly tracking US Treasuries move as investors digested the US Federal Reserve's move to ease the pace of balance sheet reduction, and the US Fed Chair downplayed the likelihood of an interest rate hike at its next policy meeting in June 2024.

MENA MARKETS: APRIL 28 - MAY 04, 2024

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+0.6%	Weekly Z-spread based bond index	-1.1%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↑
YTD stock price performance	-1.4%	YTD Z-spread based bond index	-4.8%

Bank Audi

ECONOMY

PWC SAYS MIDDLE EAST ECONOMY STAYS ROBUST DESPITE CHALLENGES

The Middle East economy remains resilient despite challenges from oil cuts and geopolitical turbulence, says the latest PwC Middle East Economy Watch.

The non-oil sector's growth is anticipated to stay robust, buoyed by a stronger-than-expected non-oil GDP performance in 2023 and Purchasing Manager Indices (PMI) in Saudi Arabia and the UAE, which are solidly in expansionary territory in early 2024.

The report emphasises the potential of green finance to hasten economic diversification and job creation across the region, while also attracting Foreign Direct Investment (FDI). It delves into three themes:

Oil cuts are extended, but the non-oil sector remains robust: Opec+ members have agreed to extend production cuts into the second quarter of this year, recognising slower growth in demand for oil, alongside the risk of increasing supply from non-Opec+ countries. The production cuts mean that the oil sector will likely contract in 2024 compared to last year. Saudi Arabia has also paused its plans to increase oil production capacity given supply/demand dynamics. However, this move will free up capital for investment in alternative energy projects, including gas and renewable energy sources.

Currently, Qatar has announced ambitious plans for the expansion of its liquefied natural gas (LNG) capabilities, particularly with the introduction of the North Field West project. This initiative marks a significant phase in Qatar's strategy to enhance its LNG production capacity, further cementing its position in the global LNG market, and is in line with the more optimistic prospects for gas compared to oil, and its appeal due to the lower carbon emissions associated with gas.

The disruption to Red Sea trade has revived discussions around the need for alternative trade corridors. Two major trade routes proposed in recent years are the India-Middle East-Europe Economic Corridor (IMEC) and Iraq's Development Road, both having their challenges and advantages. Progress on either initiative is unlikely until the current conflict is resolved.

There is a growing momentum around green financing following the success of COP28 and the introduction of green finance frameworks in the region. In 2023, the issuance of green bonds and sukuk in the Middle East doubled to \$24 billion, led by the UAE and Saudi Arabia. This momentum continues in 2024, with Oman publishing a Sustainable Finance Framework, while Qatar's finance minister announced at Davos that its debut green bond would be coming soon. Saudi Arabia is also considering a sovereign green issuance, in addition to the large sums raised by the PIF.

PwC Middle East Chief Economist commented: "Oil demand plays a key role in influencing the growth of oil-exporting Middle East countries. Nonetheless, strong growth in the non-oil sector is expected to counterbalance these impacts."

The Middle East Strategy Leader at PwC Middle East, said: "The region is increasingly focusing on sustainability, aligning with net zero ambitions and the imperative for economic diversification. The growth in green finance is a strong indication of this focus and has the potential to enhance the region's appeal to foreign investors."

Bank Audi

TOURIST INFLUX INTO QATAR INCREASES BY 53% YEAR-ON-YEAR IN FEBRUARY

Total tourist influx into Qatar for February 2024 recorded 595,934 individuals during the month. This figure shows an increase of 53.1% year-on-year up from 389,222 individuals in the same month of the year prior, as per data from Qatar’s Planning and Statistics Authority (PSA).

In details, looking at the distribution of tourist influx into Qatar by nationality, individuals from Gulf Cooperation Council (GCC) countries took the lion’s share with 42.4% (252,760 individuals) of all tourists during the month. Europe and Asian countries outside the GCC followed with 27.1% (161,223 individuals) and 16.1% (96,036 individuals) of the total during the month respectively. Arab countries outside the GCC came in fourth with 8.3% (49,250 individuals) of the total number of tourists. The Americas and African countries outside the GCC followed with 4.9% (28,971 individuals) and 1.3% (7,694 individuals) respectively in February 2024.

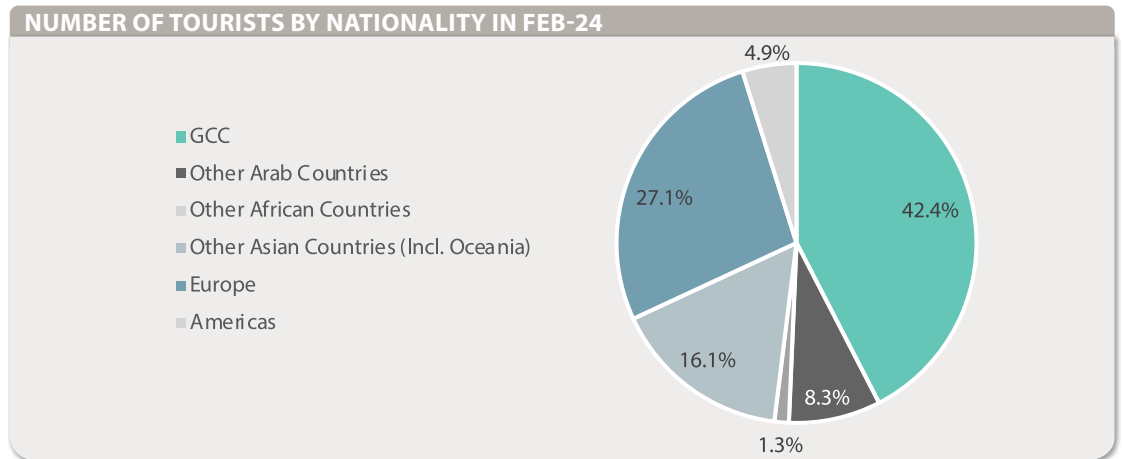
The majority (47.8%) of tourists coming into Qatar in February 2024 came in through air travel, 38.9% of tourists came into the country by land and 13.3% of tourists came into the country by sea, as per data from Qatar’s PSA.

In parallel, looking at the hotel sub-sector in Qatar, occupancy rate within the country jumped up to 85% in February 2024, up by 28 percentage points from 57% in February 2023. The three types of establishments with the highest occupancy rates during February 2024 in the country were 2&1 Star Hotels (102%), 3 Stars Hotels (93%) and Deluxe Hotel Apartments (85%).

Additionally, Qatar’s Hotel & Hotel Apartment Average Room Rate (ARR) recorded QAR 531 (US\$ 145.9) in February 2024, up by 23.2% year-on-year from QAR 431 (US\$ 118.4) in the same month of the year prior. The three highest year-on-year increases in ARR were recorded in 3 Stars Hotels (47.9%), Standard Hotel Apartments (42.3%) and 4 Stars Hotels (32.9%).

In turn, Qatar’s Hotel & Hotel Apartment Revenue Per Available Room (RevPAR), recorded QAR 453 (US\$ 124.5)/Available room, up by 83.4% year-on-year from QAR 247 (US\$ 67.9)/Available room. The three highest year-on-year increases in RevPAR during the period were recorded in Standard Hotel Apartments (110.5%), 4 Stars Hotels (106.0%) and Deluxe Hotel Apartments (96.6%), as per data from Qatar’s PSA.

NUMBER OF TOURISTS BY NATIONALITY IN FEB-24



Source: Qatar PSA, Bank Audi Group’s Research Department

Bank Audi

IMF RELEASES STAFF COUNTRY REPORT FOR FIRST AND SECOND REVIEW OF EGYPT'S EFF ARRANGEMENTS

The International Monetary Fund (IMF) has recently released a staff country report on the first and second reviews of Egypt's Extended Fund Facility (EFF) arrangement. This comes following a prior approval of the IMF Executive Board for an augmentation of the original loan program worth US\$ 5 billion. This prior decision enables Egypt to access circa US\$ 820 million immediately.

During the review process, the board noted that the majority of quantitative performance targets for the end of June 2023 were met with the exception of a single criterion regarding net international reserves. However, the board granted a waiver for non-observance of this criterion based on corrective actions taken by authorities.

According to the Managing Director and Chair of the IMF, there is a necessity for new financing to improve reserves, clear foreign currency backlogs and reduce government debt. Additionally, it is crucial to continue efforts to entrench macroeconomic stability while protecting vulnerable populations, emphasizing the need for revenue-based fiscal consolidation and targeted social spending. In parallel, the importance of structural reforms to attract private investment and manage risks associated with domestic and external uncertainty were also tackled.

Concurrently, external uncertainty remains high while locally, sustaining the shift to a liberalized foreign exchange system, maintaining tight monetary & fiscal policies and integrating transparently off-budget investment into macroeconomic policy decision making remains crucial. Managing the resumption of capital inflows prudently will also be crucial to contain inflationary pressures and limit the risk of future external pressures, as per the Managing Director and Chair of the IMF.

DUBAI'S AUTHORITIES APPROVED NEW PASSENGER TERMINAL IN AL MAKTOUM INTERNATIONAL AIRPORT

Authorities in Dubai have approved the construction of a new passenger terminal in Al Maktoum International Airport (DWC) with a value of AED 128 billion (US\$ 34.9 billion). DWC will become the largest airport in the world with the new addition with a capacity of up to 260 million passengers. The airport will also be five times larger than Dubai International Airport with all operation at Dubai International Airport being transferred to DWC in the coming years, as per the Ruler of Dubai.

According to the Ruler of Dubai, DWC will include 400 terminal gates and five runways with the airport set to become the new home of flagship carrier Emirates and its sister company, low-cost airline, Flydubai. This comes in addition to all airline partners connecting the world to and from Dubai also be tied to DWC in the future.

OMAN INTENDS TO PROCURE 0.8 MILLION MTPA FROM TOTALENERGIES STARTING 2025

State-owned Oman LNG has announced its intention to procure 0.8 million Metric Tonnes Per Annum (MTPA) from TotalEnergies starting 2025. Additionally, Oman has launched the Marsa LNG Project giving way for significant developments in the Liquefied Natural Gas (LNG) sector. The agreement between Oman and TotalEnergies marks a significant strategic collaboration aiming to enhance LNG production and distribution capacities.

The acquisition of 0.8 million MTPA from TotalEnergies is set to strengthen Oman's standing as a key player in the global LNG market as well as facilitate the country's energy transition goals. Additionally, the launch of the Marsa LNG project highlights Oman's commitment to expanding LNG infrastructure as well as meeting growing demands for clean energy solutions.

Bank Audi

SURVEYS

UAE REMAINS REGIONAL TOP-PERFORMER IN MENA POWER RRI (RISK/REWARD INDEX) IN Q1 2024, AS PER FITCH SOLUTIONS

The UAE remained the best performing market in the MENA region's Power Risk/Reward Index (RRI) during Q1 2024, due to its large and rapidly expanding power market, with the region's highest operational capacity exceeding 40 GW, and a diverse competitive landscape, as per Fitch Solutions.

In details, the UAE has one of the fastest growing power markets in the MENA region, underpinned by its conventional thermal capacity and rapidly expanding renewables segment. Fitch forecasts an additional 11.2 GW between 2024 and 2028, split among conventional thermal (31%), renewables (64%), and nuclear power (5%). This growth trajectory, coupled with the UAE's strategic location, political stability, diversified economy, supportive government policies, and strong commitment to sustainability and technological innovation, culminate in its top Industry Rewards score of 26.72 in the regional index (with lower rankings signifying higher score), which cements its position as an attractive investment destination for power market investment.

Elsewhere in the region, Oman ranked 2nd in the MENA region owing to the market's strong power market growth outlook. According to Oman's Ministry of Energy and Minerals, renewable installations would increase by 3.05 GW by 2025. Although the market's transmission and distribution losses and financial barriers weigh down the Country Risk score, the market's energy policy and competitive landscape boost the overall Risks score. While the privatization of the State-owned power utility Muscat Electricity Distribution Company has been placed on hold, Oman has seen an increase in private power investments, particularly in the renewable segment.

MENA POWER RISK/REWARD INDEX

	Regional Rank	Global Rank	RRI	Industry Rewards	Country Rewards	Rewards	Industry Risks	Country Risks	Risks
UAE	1	6	24.23	26.72	43.10	15.52	20.43	26.72	16.38
Oman	2	23	32.30	21.34	1.72	39.66	43.62	21.34	12.93
Qatar	3	24	32.36	29.96	4.31	40.52	33.79	29.96	32.76
Saudi Arabia	4	26	32.73	29.53	38.79	9.48	47.84	29.53	40.52
Kuwait	5	39	41.64	45.47	42.24	37.93	45.00	45.47	45.69
Egypt	6	43	44.21	23.92	37.93	10.34	72.33	23.92	17.24
Morocco	7	49	45.76	38.79	20.69	49.14	44.74	38.79	33.62
Iraq	8	59	51.09	20.47	37.07	11.21	79.14	20.47	30.17
Bahrain	9	66	52.83	72.84	95.69	54.31	45.86	72.84	36.21
Algeria	10	70	54.41	51.08	81.90	26.72	59.74	51.08	18.97
Jordan	11	76	56.30	56.03	44.83	67.24	53.45	56.03	39.66
Tunisia	12	91	63.72	62.93	76.72	62.93	58.02	62.93	43.97
Lebanon	13	102	69.45	73.49	80.17	68.97	72.24	73.49	58.62
Regional Average	-	-	46.40	43.70	49.80	37.50	51.30	43.70	36.00

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

At the level of the MENA region, the strong rewards scores are supported by a large installed electricity capacity, as well as strong forecasted growth between 2024 and 2028. This growth forecast would be driven by the region's large power markets namely the UAE, Saudi Arabia and Egypt. These markets have significant thermal power sources, which take advantage of domestic reserves.

In addition, these markets have plans to expand the renewables segment of their power markets, thus presenting an upside risk to electricity generation growth in the region and a boost to the Industry Rewards score. In addition, the region's country rewards segment also performs well against the global average. This is due to the market's electricity consumption and electricity access scores, which are low, meaning there are opportunities to expand the region's power generation and capacity.

In parallel, the region's risks profile weighs on the region's RRI score, as the region's performance in the competitive landscape, long-term and short-term economic risks, as well as the political risks scores

Bank Audi

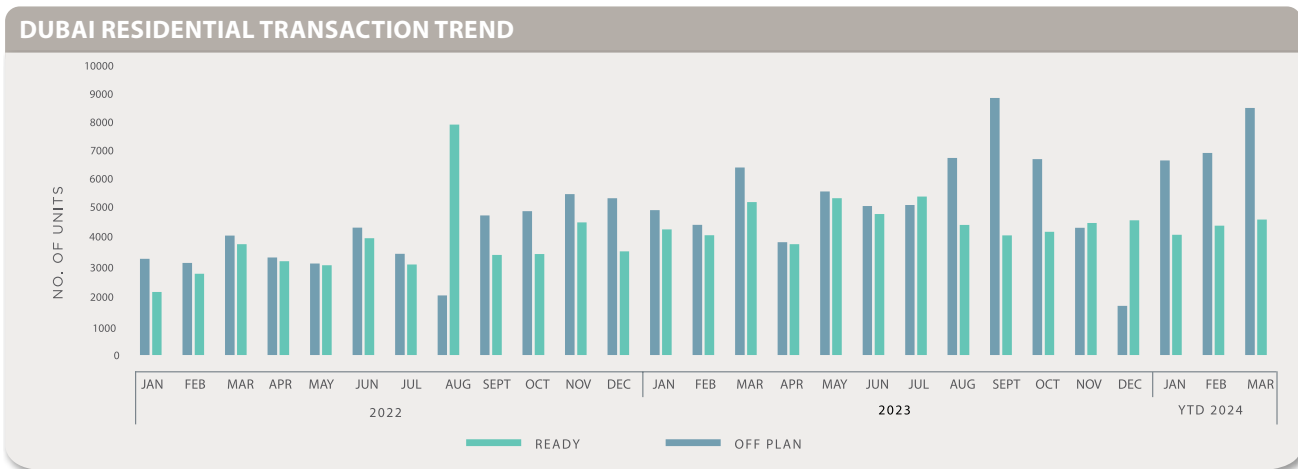
contribute to this score. While many markets are making reforms to liberalize their power markets, power generation is still largely dominated by State-owned utilities. This pulls down the competitive landscape score in the region. The economic challenges facing markets such as Jordan, Tunisia and Lebanon contributed to a weaker Risk profile. Furthermore, the ongoing geopolitical tensions in the Middle East elevates the political risk in the region, which weighs down the regional risk profile.

DUBAI'S RESIDENTIAL REAL ESTATE MARKET WITNESSES RECORD-BREAKING GROWTH IN Q1 2024, AS PER SAVILLS

Dubai's real estate market has seen exponential growth over the first quarter of 2024, driven by the increase in expatriate population, real estate investor policy changes to the Golden Visa and a strong performance in non-oil sectors, according to "Dubai Residential Market Q1 2024" report issued by Savills, the global real estate services provider.

During the first quarter of 2024, the Dubai residential real estate market demonstrated remarkable resilience and growth. Transaction volumes remained robust, supported by sustained demand for both off-plan and ready properties. The quarter witnessed a substantial 35% quarter-on-quarter increase in transaction volumes.

It is worth highlighting that Dubai's real estate sector remained dynamic, attracting both investors and end-users. Factors such as population growth, economic resilience, business confidence and a thriving tourism and hospitality sector contribute to its ongoing appeal.



Sources: Reidin, Savills Research

In details, off-plan sales experienced a remarkable 73% jump compared to the previous quarter and accounted to 63% of the total transaction in Q1 2024. This surge in interest can be attributed to strong demand for high-quality assets from reputable developers, coupled with attractive incentives offered to buyers during project launches.

Unprecedented transaction levels were observed in the quarter, with a total of 35,100 units sold (the highest on record) surpassing the average quarterly transaction volume of 18,700 units recorded since 2020.

Concurrently, apartments continued to dominate the real estate market, accounting for 83% of all transactions during the current review period. Notably, 63% of apartment transactions were primary sales, and intriguingly, under construction apartments constituted 63% of the demand. Core locations near transportation hubs and office centres, such as Downtown Dubai and Dubai Marina, witnessed secondary transactions surpassing primary ones.

Amidst robust transaction volumes, the demand for villas and townhouses continued to surge. Notable locations for villa transactions included Damac Lagoons, Damac Hills 2, The Valley, and Tilal al Ghaf. Among these, off-plan projects were particularly sought after, constituting 63% of all villa transactions.

Bank Audi

CORPORATE NEWS

QATARENERGY ENTERS US\$ 6 BILLION DEAL FOR 18 LARGEST LNG VESSELS

QatarEnergy signed an agreement with China State Shipbuilding Corporation (CSSC) for the construction of 18 ultra-modern QC-Max size LNG vessels, valued at around US\$ 6 billion, marking a significant addition to its historic LNG fleet expansion program, as reported in a company's statement.

The new vessels, with a capacity of 271,000 cubic meters each, would be constructed at China's Hudong-Zhonghua Shipyard, a CSSC wholly-owned subsidiary, and would feature state of the art technological innovation and environmental performance.

Eight of the 18 QC-Max size LNG vessels would be delivered in 2028 and 2029, while the other 10 would be delivered in 2030 and 2031.

ACWA POWER'S OMANI SUBSIDIARY SECURES US\$ 356 MILLION CONTRACT EXTENSION

ACWA Power's subsidiary, Barka Water and Power Company, received a letter of award from Oman's Nama Power and Water Procurement Company (PWP) for extending the power and water purchase agreement, as mentioned in a company's statement.

The award includes extending the operation of the power plant for eight years and nine months, with operations starting from June 1, 2024.

Additionally, the three-year extension of water plant operations would start from September 1, 2024. It is worth noting that the PWP can grant an extension for a further term of three years and another term of two years and nine months.

The total value of the agreement is US\$ 356 million (SR 1.34 billion).

SAUDI PIF'S ALAT LAUNCHES NEW BUSINESS UNITS TO TAP INTO AI

Alat, a major company of Saudi sovereign wealth fund PIF focused on transforming global industries (electronics and industrials), launched two new business units, Electrification and AI Infrastructure, as reported in a company's statement.

Alat pointed out that the two business units would address global demand for AI infrastructure and the need to support global energy transition by strengthening electricity grid technology.

The Electrification business unit would focus on transmission and distribution technologies. It would also include the connection of renewable energy sources to the grid and latest technologies for gas and hydrogen generation and compression.

In parallel, the AI Infrastructure business unit would focus on technology necessary for AI capabilities and encompasses network and communications equipment, servers, data center networking equipment, data center storage, industrial edge servers and industry 4.0 computing.

It is worth noting that the company currently has nine business units focused on sustainable technology manufacturing. The PIF company would be investing US\$ 100 billion by 2030 across these business units to develop key partnerships and build advanced manufacturing capabilities in Saudi Arabia to bring jobs and economic diversification to the country.

Bank Audi

RUA AL MADINAH SIGNS DEAL WITH HILTON FOR 3 HOTELS

Rua Al Madinah Holding, a wholly-owned subsidiary of Saudi Arabia's Public Investment Fund, signed an agreement with Hilton, a leading global hospitality company, to open three hotels comprising over 1,600 keys at Rua Al Madinah mega-project in Saudi Arabia, as revealed in a company's statement.

The hotels include Conrad Rua Al Madinah, DoubleTree by Hilton Rua Al Madinah and Hilton Garden Inn Rua Al Madinah.

The agreement is set to create more than 1,100 jobs locally.

AL OJAIMI INDUSTRIAL LAUNCHES JV WITH REPL IN RIYADH

Saudi-based Al Ojaimi Industrial Group, a pioneer in the electrical manufacturing sector, entered into a new joint venture with REPL International, the REPL Industry Company factory in Riyadh, as mentioned in a company's statement.

The new REPL factory, with an initial annual production capacity of 150,000 termination and cable joints (with plans for future expansion), aims to serve both the local market and regional customers.

This expansion is expected to increase national exports and contribute to the gross national product, further enhancing Saudi Arabia's economic diversification efforts.

This strategic initiative is set to enhance the country's industrial capabilities in alignment with Vision 2030.

ABU DHABI WEALTH FUND ADQ BUYS 49% STAKE IN AUSTRALIA'S PLENARY GROUP

Abu Dhabi's sovereign wealth fund ADQ announced its first Australian venture with the acquisition of a 49% stake in the US\$ 25 billion infrastructure developer Plenary Group, one of the world's leading investors, developers and managers of public-private partnership infrastructure projects, as indicated in a company's statement.

The acquisition includes all shares owned by Canadian pension fund Caisse de dépôt et placement du Québec (CDBQ), which would continue to be invested in Plenary's Australian assets and would remain the major shareholder of Plenary's separate Americas business.

ADQ's capital would be used for Plenary's growth plans in Australia, the Middle East, Asia, the UK and Europe.

The two organizations will form a partnership, which would include a co-investment platform focusing on public and social infrastructure opportunities in the GCC region, the Middle East and Central Asia.

MASDAR AND BAPCO ENERGIES TO DEVELOP 2GW OF WIND POWER IN BAHRAIN

UAE-based Masdar, one of the world's largest renewable energy companies, signed a deal with Bapco Energies of Bahrain to jointly explore the development and investment in wind projects in the country with a capacity of up to 2 Gigawatts (GW), as mentioned in a company's statement.

At up to 2 GW, this clean energy collaboration would support Bahrain to accelerate the decarbonization of critical industrial sectors and open avenues to develop new markets, as Bahrain aims to reduce emissions by 30% by 2035 and achieve net-zero emissions by 2060.

Bank Audi

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES BOUNCING BACK DURING EARNINGS SEASON AND AS US FED CHAIR DOWNPLAYED ODDS OF A RATE HIKE

MENA equity markets bounced back this week, as reflected by a 0.6% rise in the S&P Pan Arab Composite index, mainly supported by price gains in the heavyweight Saudi Exchange given some robust corporate earnings, while also tracking global equity strength (+1.0%) after the US Federal Reserve Chief ruled out the possibility of an interest rate hike this year despite stubborn inflation.

The Saudi Exchange, whose market capitalization represents about two-thirds of the total regional market capitalization, registered price rebounds this week, as reflected by a 1.1% increase in the S&P Saudi index, mainly driven by some strong financial results and tracking global risk-on mood following the US Federal Reserve Chair's less hawkish comments.

A glance on individual stocks shows that Al Rajhi Bank's share price surged by 3.0% week-on-week to SR 79.80. Al Rajhi Bank reported 2024 first quarter net profits of SR 4.4 billion, up by 6.3% year-on-year. Bank AlBilad's share price went up by 2.7% to SR 35.75. Bank AlBilad announced a 15% year-on-year expansion in its 2024 first quarter net profits to reach SR 643 million, exceeding average analysts' estimate. Arab National Bank's share price climbed by 7.0% to SR 30.60. ANB posted a 16% year-on-year rise in its 2024 first quarter net profits to reach SR 1.2 billion.

Also, Yansab's share price jumped by 6.7% over the week to SR 39.15. Yansab reported 2024 first quarter net profits of SR 100 million against a net loss of SR 370 million during the corresponding period of the previous year. Yamama Cement Company's share price closed 3.6% higher at SR 29.05. Yamama Cement Company reported 2024 first quarter net profits of SR 115 million against net profits of SR 112 million a year earlier. Al-Dawaa Medical's share price surged by 4.2% to SR 95.40. Al-Dawaa Medical reported 2024 first quarter net profits of SR 95 million against net profits of SR 76 million during the same period of the previous year.

In contrast, activity on the Qatar Stock Exchange remained tilted to the downside (-0.4%) this week, bucking global equity strength, mainly dragged by some unfavorable corporate earnings and a 6.0% week-on-week fall in Brent oil prices to reach US\$ 82.96 per barrel on Friday amid rising US Stockpiles, which have raised concerns about weakening global demand. 30 out of 52 traded stocks registered price falls, while 21 stocks posted price gains and one stock saw no price change week-on-week.

A closer look at individual stocks shows that Qatar Aluminum Manufacturing's share price shed 3.4% over the week to QR 1.368. Qatar Aluminum Manufacturing reported a 7.5% year-on-year contraction in its 2024 first quarter

EQUITY MARKETS INDICATORS (APRIL 28 - MAY 04, 2024)

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	153.3	2.1%	-15.9%	4.8	15.1%	0.1	17,321.7	1.4%	-	0.35
Jordan	356.6	-2.0%	-3.6%	19.7	-51.3%	22.3	22,714.8	4.5%	8.6	1.10
Egypt	228.5	0.5%	-32.3%	285.3	32.8%	4,016.8	36,126.3	41.1%	8.1	2.51
Saudi Arabia	529.6	1.1%	1.2%	7,548.9	-13.3%	1,593.7	2,867,543.7	13.7%	16.5	4.28
Qatar	155.4	-0.4%	-12.1%	529.1	0.3%	983.6	153,934.9	17.9%	12.4	1.48
UAE	129.5	-0.5%	-6.0%	2,189.2	-4.9%	2,829.7	940,753.2	12.1%	13.0	2.41
Oman	262.5	1.4%	4.6%	32.7	15.7%	214.8	24,122.8	7.1%	13.1	1.04
Bahrain	234.8	2.1%	4.6%	11.9	31.0%	31.2	20,548.5	3.0%	13.0	1.38
Kuwait	130.6	0.2%	3.9%	599.9	-4.9%	1,159.2	132,598.9	23.5%	17.1	2.00
Morocco	282.8	1.3%	7.4%	106.8	-51.5%	10.2	69,312.6	8.0%	19.9	3.24
Tunisia	65.6	0.7%	2.2%	6.3	-20.5%	3.1	7,979.5	4.1%	11.3	1.98
Arab Markets	960.8	0.6%	-1.4%	11,334.8	-10.7%	10,864.5	4,292,956.9	13.7%	15.4	3.60

Values in US\$ million; volumes in millions

* markets cap-weighted averages

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

Bank Audi

net profits to reach QR 86 million. Al Meera Consumer Goods Company's share price plunged by 5.5% to QR 13.050 despite announcing an 18% year-on-year expansion in its 2024 first quarter net profits to reach QR 50.8 million. Masraf Al Rayan's share price contracted by 1.8% to QR 2.430 despite announcing a 5.5% expansion in its 2024 first quarter net profits to reach QR 406 million. Qatar Navigation's share price fell by 2.4% to QR 10.350 after posting a relatively flat net income during the first quarter of 2024 of QR 365 million.

Also, the UAE equity markets extended their downward this week, as reflected by a 0.5% decline in the S&P UAE index, mainly pressured by some unfavorable corporate earnings, and given an oil price slump. A glance on individual stocks on the Abu Dhabi Securities Market shows that Etisalat's share price shed 4.7% week-on-week to AED 16.18. Etisalat reported 2024 first quarter net profits of AED 2.3 billion, up by 6.6% year-on-year, yet still missing average analysts' estimate. Alpha Dhabi's share price dropped by 3.4% to AED 13.70. Alpha Dhabi reported 2024 first quarter net profits of AED 3.4 billion against net profits of AED 6.6 billion during the same period of the previous year, down by 48% year-on-year. First Abu Dhabi Bank's share price contracted by 2.2% to AED 12.18 despite announcing a 6.4% year-on-year rise in its 2024 first quarter net profits to reach AED 4.2 billion. Taqa's share price decreased by 1.8% to AED 2.75. ADNOC's share price retreated by 0.6% to AED 3.46. ADNOC Gas's share price nudged down by 0.3% to AED 2.96. In the Dubai Financial Market, Agility's share price shed 7.7% over the week to AED 12.00. Emaar Properties' share price dropped by 4.2% to AED 7.80. Emaar Development's share price fell by 5.3% to AED 8.10.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS MOSTLY TILTED TO UPSIDE, TRACKING US TREASURIES MOVE ON US FED PLANS TO SLOW BALANCE SHEET RUNOFF

Activity in MENA fixed income markets was mostly tilted to the upside this week, mainly tracking US Treasuries move as investors digested the US Federal Reserve's move to ease the pace of balance sheet reduction, and the US Fed Chair downplayed the likelihood of an interest rate hike at its next policy meeting in June 2024.

In the Abu Dhabi credit space, Abu Dhabi's sovereign wealth fund ADQ raised this week US\$ 2.5 billion from the sale of a dual-tranche bond under ADQ's Global Medium Term Note Program. The fund sold US\$ 1.25 billion five-year bonds at 80 basis points over US Treasuries and US\$ 1.25 billion 10-year bonds at 90 bps over UST. The dual-tranche bond sale was more than 4.4 times oversubscribed. The proceeds from the offering would serve as growth capital and facilitate further investments in strategic initiatives that contribute to the realization of ADQ's mandate and expansion in key sectors. The move comes after Abu Dhabi raised US\$ 5 billion last week from the sale of its first Eurobonds since 2021.

Concurrently, sovereigns maturing in 2027 and 2031 saw weekly price retreats of up to 0.05 pt. Prices of Taqa'26 and '28 contracted by 0.05 pt and 0.07 pt respectively. Mubadala'26 closed up by 0.04 pt. Amongst financials, FAB'25 traded up by 0.06 pt.

In the Dubai credit space, sovereigns maturing in 2029 posted price increases of 0.16 pt week-on-week. Amongst financials, Emirates NBD Perpetual (offering a coupon of 6.125%) registered price declines of 0.13 pt.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price expansions of up to 0.21 pt this week. SABIC'28 traded down by 0.18 pt. SEC'28 posted price rises of 0.14 pt. Prices of Saudi Aramco'25 went up by 0.23 pt. As to new issues, Arab Petroleum Investments Corporation (APICORP, recently rebranded as The Arab Energy Fund "TAEF"), raised US\$ 750 million from the sale of a five-year Rule 144A/Regulation-S green bond offering at SOFR mid-swaps plus 95 bps against an initial price target of SOFR mid-swaps plus 115 bps.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price drops of 0.05 pt and 0.15 pt respectively this week. Amongst financials, QNB'25 and '26 traded up by 0.07 pt and 0.23 pt respectively.

In the Iraqi credit space, sovereigns maturing in 2028 recorded weekly price rises of 0.73 pt. In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 registered price declines of up to 0.29 pt this week.

Bank Audi

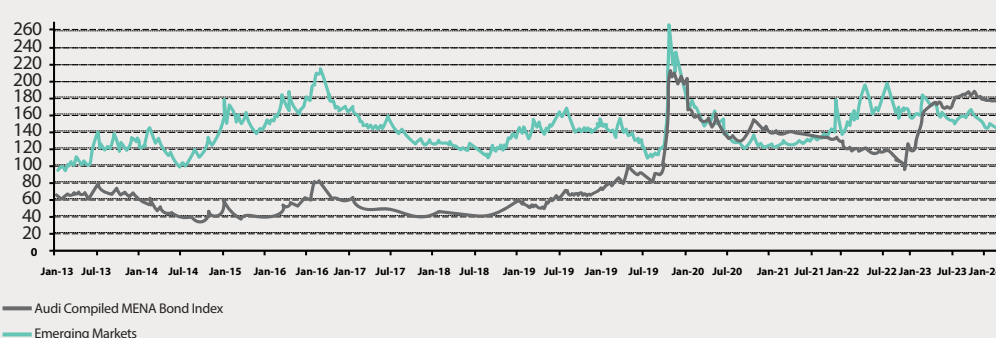
In the Bahraini credit space, sovereigns maturing in 2026, 2027 and 2032 posted weekly price expansions of up to 0.09 pt. In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded price gains of up to 0.38 pt this week. In the Kuwaiti credit space, prices of sovereigns maturing in 2027 decreased by 0.05 pt week-on-week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 recorded price rises of up to 0.47 pt week-on-week. Euro-denominated sovereigns maturing in 2026 and 2031 traded up by 0.66 pt and 0.09 pt respectively. As to credit ratings, Fitch Ratings revised this week the outlook on Egypt's long-term foreign currency Issuer Default Rating to "positive" from "stable", and affirmed the IDR at "B-". The revision of the outlook reflects, according to Fitch, reduced external vulnerability, as near-term external financing risks have markedly reduced due to the Ras El-Hekma deal with the UAE, the move to a flexible exchange rate and the tightening of monetary policy, which also unlocked additional IFI financing and the return of sizeable non-resident inflows to the domestic debt market.

All in all, regional bond markets saw mostly upward price movements this week, mainly tracking increases in US Treasuries after the US Federal Reserve announced that it will significantly curtail its quantitative tightening program- that's the selling off of its assets to decrease money supply and increase interest rates- beginning in June 2024, and as the Central Bank's Chair ruled out the possibility of a rate hike next month despite sticky inflation.

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

Base Jan 2010 = 100



Sources: Bloomberg, Bank Audi's Group Research Department

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	03-May-2024	26-Apr-24	31-Dec-23	Week-on-week	Year-to-date
Abu Dhabi	39	44	41	-5	-2
Dubai	68	72	63	-4	5
Kuwait	62	62	46	0	16
Qatar	39	45	46	-6	-7
Saudi Arabia	50	55	54	-5	-4
Bahrain	188	197	204	-9	-16
Morocco	90	92	111	-2	-21
Egypt	624	668	1,152	-44	-528
Iraq	401	433	450	-32	-49
Middle East	173	185	241	-12	-68
Emerging Markets	47	55	42	-8	5
Global	307	312	379	-5	-72

Sources: Bloomberg, Bank Audi's Group Research Department

Bank Audi

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS

	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD/-/SD	C/Stable	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Positive	BB-/Stable/B
Egypt	B-/Negative/B	Caa1/Positive	B-/Positive/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
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+	Aa2/Stable	AA/Positive/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	B+/Stable/B
Oman	BB+/Positive/B	Ba1/Stable	BB+/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Positive/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	Caa2/Stable	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\$)	03-May-24	26-Apr-24	31-Dec-23	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	89,500.00	89,500.00	15,000.00	0.0%	496.7%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	47.96	47.88	30.89	0.2%	55.2%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,310.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.0%
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%	-0.6%
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)	250.29	250.24	250.27	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	134.28	134.39	134.17	-0.1%	0.1%
Moroccan Dirham (MAD)	10.05	10.14	9.88	-0.9%	1.7%
Tunisian Dinar (TND)	3.13	3.15	3.07	-0.4%	2.0%
Libyan Dinar (LYD)	4.86	4.86	4.77	0.0%	1.8%
Sudanese Pound (SDG)	647.81	647.81	647.81	0.0%	0.0%

NR = Not Rated

RWN = Rating Watch Negative

RUR = Ratings Under Review

*Emirate of Abu Dhabi Ratings

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

DISCLAIMER

The content of this publication is provided as general information only and should not be taken as an advice to invest or engage in any form of financial or commercial activity. Any action that you may take as a result of information in this publication remains your sole responsibility. None of the materials herein constitute offers or solicitations to purchase or sell securities, your investment decisions should not be made based upon the information herein.

Although Bank Audi sal considers the content of this publication reliable, it shall have no liability for its content and makes no warranty, representation or guarantee as to its accuracy or completeness.