

## Bank Audi

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Defying regional and global geopolitical challenges, GCC project awards increased by 20.3% y-o-y during Q1-2024 to reach US\$ 45.0 billion as compared to US\$ 37.4 billion during Q1-2023 according to a new report by Kamco Invest.

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#### p.9 MARKETS IN BRIEF: MENA CAPITAL MARKETS REMAIN UNDER DOWNWARD PRICE PRESSURES

MENA equity markets continued their nosedive for the fourth week in a row, as reflected by a 2.6% fall in the S&P Pan Arab Composite index, mainly pressured by heightened geopolitical tensions, oil price retreats and some unfavorable company-specific factors, while also tracking global equity weakness (-0.7%) on concerns about restrictive US monetary policy. In parallel, activity in MENA fixed income markets remained tilted to the downside this week, mainly tracking US Treasuries declines, as softer US Treasury sales and an unexpected improvement in US consumer confidence in May 2024 raised concerns about interest rate cuts by the US Federal Reserve this year.

#### MENA MARKETS: MAY 26 - JUNE 1, 2024

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-2.6%	Average weekly bond price change	-0.17 bps
Stock market year-to-date trend	↓	Bond market year-to-date trend	↑
YTD stock price performance	-6.4%	Average yearly bond price change	+0.80 bps

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## ECONOMY

### ROBUST GROWTH IN GCC PROJECT AWARDS DESPITE ONGOING CHALLENGES AS PER KAMCO INVEST

Defying regional and global geopolitical challenges, GCC project awards increased by 20.3% y-o-y during Q1-2024 to reach US\$ 45.0 billion as compared to US\$ 37.4 billion during Q1-2023 according to a new report by Kamco Invest. The trend also defies oil production cutbacks which have all weighed on economic growth in the region as seen from IMF's latest forecast that slashed GCC economic growth forecast for 2024 to 2.4% from its previous forecast of 3.7%. The consistent elevated trend in GCC contract awards underlines the entrenched resolve of GCC governments to see through their diversification projects, as well as state funding support.

Growth in GCC contract awards was evenly distributed during Q1-2024 as three out of the six countries in the GCC recorded y-o-y growth in their project's awards, including two of the largest projects markets in the region, Saudi Arabia and Qatar, while the remaining three countries witnessed declines. Saudi Arabia alone comprised more than half of the contracts awarded in the GCC region during Q1-2024 with aggregate awards of US\$ 23.5 billion in Q1-2024 against US\$ 19.1 billion in Q1-2023 shrugging off underwhelming GDP growth projections by the IMF and continuing its strong non-oil growth rate run.

Comparatively, total contracts awarded in the UAE witnessed a marginal dip of 1% y-o-y to reach US\$ 11.5 billion during Q1-2024 as compared to US\$ 11.6 billion in Q1-2023. On the other hand, aggregate value of contracts for Qatar jumped 68.5% y-o-y during Q1-2024 to reach US\$ 6.1 billion against US\$ 3.6 billion in Q1-2023.

In terms of sectors, Q1-2024 witnessed a jump in the value of projects awarded in the Gas and Oil sectors. Total GCC Gas Sector contracts awarded during the quarterumped more than 19 times to reach USD 7.4 billion as compared to US\$ 382 million during Q1-2023. On the other hand, the total value of contracts awarded in the GCC Oil Sector increased nearly seven times to reach USD 9.0 billion during the similar period, making the sector the biggest contributor in terms of absolute growth in value of contracts awarded in the GCC region during the quarter as per Kamco Invest.

### JORDAN'S TRADE DEFICIT WIDENS BY 6% IN Q1

According to data recently released by the Jordanian Department of Statistics (DoS), Jordan's Balance of Trade (BoT) deficit has widened by 5.8% in the first quarter (Q1) of 2024 against the same quarter of the year prior. This comes on the back of and 11.6% decrease in total exports and partially offset by a 2.8% decrease in exports during the period.

In details, national exports recorded JOD 1.8 billion (US\$ 2.5 billion) in Q1 2024, down by 14.8% from JOD 2.1 billion (US\$ 2.9 billion) in Q1 2024. On the other hand, re-exports registered a 34.0% jump year-on-year reaching JOD 193 million (US\$ 272.1 million) in Q1 2024. This resulted in an 11.6% decrease in total exports during the period to reach JOD 2.0 billion (US\$ 2.8 billion) in Q1 2024, down from JOD 2.2 billion (US\$ 3.1 billion) in Q1 2023. This decrease in exports was mainly due to decreases in Ornaments & Precious Jewelry (weight of 11.0%), Nitrogenous or Chemical Fertilizer (weight of 7.9%), Crude Phosphates (weight of 6.9%) and Crude Potash (weight of 6.6%) of 4.9%, 61.2%, 14.1% and 40.6% respectively between Q1 2023 and Q1 2024.

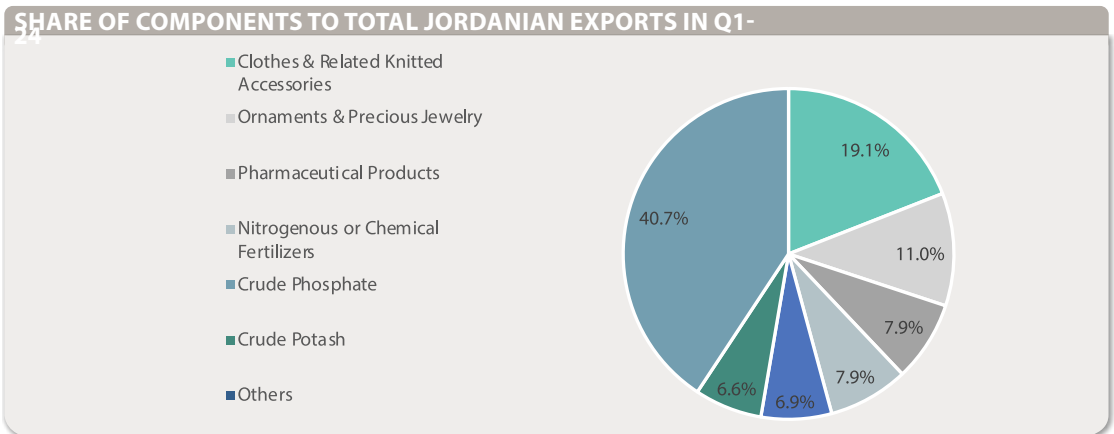
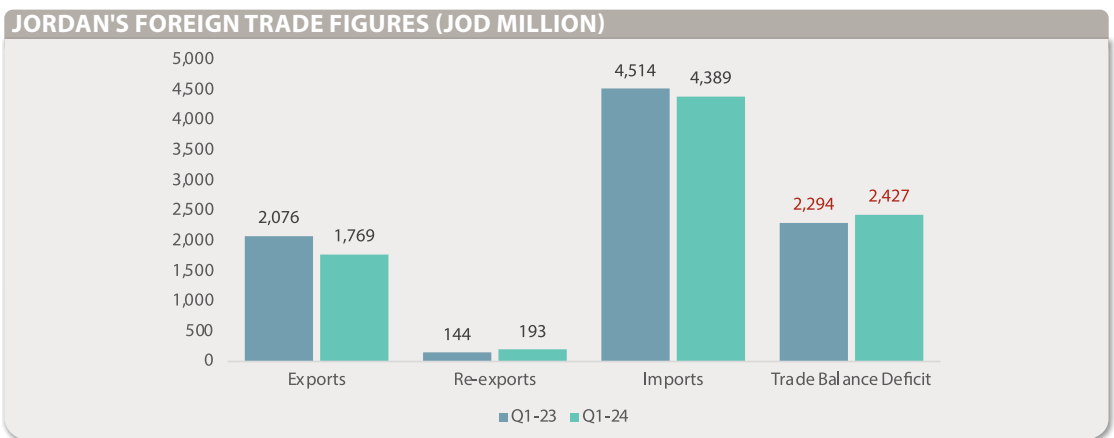
In parallel, total imports into Jordan registered JOD 4.4 billion (US\$ 6.2 billion) in Q1 2024, down by 2.8% year-on-year from JOD 4.5 billion (US\$ 6.4 billion) in Q1 2023, as per the Jordanian DoS.

In turn, Jordan's BoT deficit recorded JOD 2.4 billion (US\$ 3.4 billion) in Q1 2024, widening by 5.8% year-on-year from a deficit of JOD 2.3 billion (US\$ 3.2 billion) in Q1 2023.

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Looking at the geographical distribution of Jordanian exports, the Greater Arab Trade Zone Countries comprised 39.2% of recipients of total Jordanian exports during the period. North American Free Trade Agreement Countries comprised 28.4% of total exports from Jordan in Q1 2024. Additionally, Non-Arab Asian Countries comprised 16.6% of total while European Union Countries comprised 4.7% of the total during the period. Other Economic Cartels were responsible for 11.1% of total exports in Jordan, as per the Jordanian DoS.

It is worth noting that Iraq comprised 10.0% of Jordanian exports and India comprised 8.5% of total during Q1 2024.



Source: Jordanian Department of Statistics, Bank Audi Group's Research Department

## ADNOC ANNOUNCES INCREASE IN LOCAL MANUFACTURING TARGET TO AED 90 BILLION

The Abu Dhabi National Oil Company (ADNOC) has recently announced an increase in its local manufacturing target for critical industrial products in its procurement pipeline to AED 90 billion (US\$ 24.5 billion) by 2030. This comes in a bid to propel the United Arab Emirates (UAE)'s economic diversification, strengthen the industrial sector and expand local manufacturing capabilities.

This new target is part of ADNOC's expanded In-Country Value (ICV) program aiming to drive an additional AED 178 billion (US\$ 48.5 billion) back into the UAE economy by 2028. ADNOC's previous 2027 target for local manufacturing of AED 70 billion (US\$ 19.1 billion) worth of products was already delivered ahead of schedule following the awarding of two contracts for metal pipes and valves worth AED 16.8 billion (US\$ 4.6 billion) to local manufacturers.

The contracts included AED 8.8 billion (US\$ 2.4 billion) for metal pipes to PM Piping Petroleum Equipment, Ajmal Steel and Al Gharbia Pipe Company. Additionally, the contracts included AED 8 billion (US\$ 2.2 billion) for mechanical valves.

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It is worth noting that since 2018, ADNOC has driven AED 187 billion (US\$ 51.0 billion) back into the UAE economy through the ICV program. The program has also created 11,500 job opportunities for Emiratis in the private sector in collaboration with strategic partners such as the NAFIS program. Through the program, AED 22.4 billion (US\$ 6.1 billion) in contracts were awarded to Emirati Small and Medium Enterprises (SMEs) across 600 companies.

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## RIYAD CAPITAL PROJECTS 5% GROWTH IN SAUDI ARABIA'S NON-OIL SECTOR IN 2024

According to Riyadh Capital's report, Saudi Arabia's non-oil sector is projected to expand at a rate of 4.8% in 2024 and is forecast to accelerate its growth further in 2025 reaching 5.2%. This comes amid growth-oriented fiscal policy focusing on increased investment spending.

This growth trend comes as a continuation of the trend seen in 2022 and 2023 where the Saudi non-oil sector noted growths of 5.6% and 4.4% respectively.

Additionally, Saudi Arabia's overall economy is set to rebound with an expected GDP growth of 2.3% in 2024 and 5.8% in 2025. In parallel, the country's projected fiscal deficit could shrink to 3% of GDP in 2024 and to 1.8% of GDP in 2025, as per the Riyadh Capital report.

Looking at inflation rate, the report expects CPI inflation to decrease to 2% in 2024 and accelerate moderately in 2025 to reach 2.4% during the year. Additionally, Saudi Arabia's oil production is expected to reach more than 10 million barrels per day over the next year and a half.

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## EGYPT SET TO INCREASE TAXES IN FY 2024-25

Egypt is set to sharply increase taxes in the Fiscal Year (FY) 2024-25 as the government pushes towards the austerity measures mandated by the International Monetary Fund and other international creditors in exchange for more than US\$ 50 billion in financial assistance.

According to the Egyptian draft budget, tax revenue is expected to increase by 32% to reach EGP 2 trillion (circa US\$ 42 billion). This comes following a 38% increase between FY 2023-24 and FY 2022-23. This latest projection comes despite an increase in the income tax exemption threshold to EGP 60,000.

Significant contributors to the surge in tax revenues includes a 32.4% increase in VAT taxes and a 31.6% increase in income taxes. Additionally, tax revenue from the Suez Canal is also set to increase as the EGP has depreciated in turn inflating the dollar-denominated canal tolls in local currency terms. Property tax revenue is set to increase by 34% along with a 21.4% increase in taxes on cigarettes and tobacco. Taxes on Water, Electricity, Gas and Telephone contracts as well as levies on Gas, Electricity and Butane Gas Consumption are both expected to increase by 25% in FY 2024-25. International trade taxes are set to hike by 84.1% driven by a 70.8% rise in customs duties during the same period.

It is worth noting that income from the Income & Capital Gains tax is set to reach EGP 782 billion (US\$ 16.4 billion) in FY 2024-25, up from EGP 594 billion (US\$ 12.5 billion) in FY 2023-24.

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## SURVEYS

### MIDDLE EAST NAMED WORLD'S FASTEST-GROWING REAL-TIME PAYMENT MARKET IN 2023

The Middle East ranked as the fastest-growing real-time payment market for the second consecutive year in 2023, according to the "2024 Prime Time for Real-Time" report issued by ACI Worldwide and GlobalData.

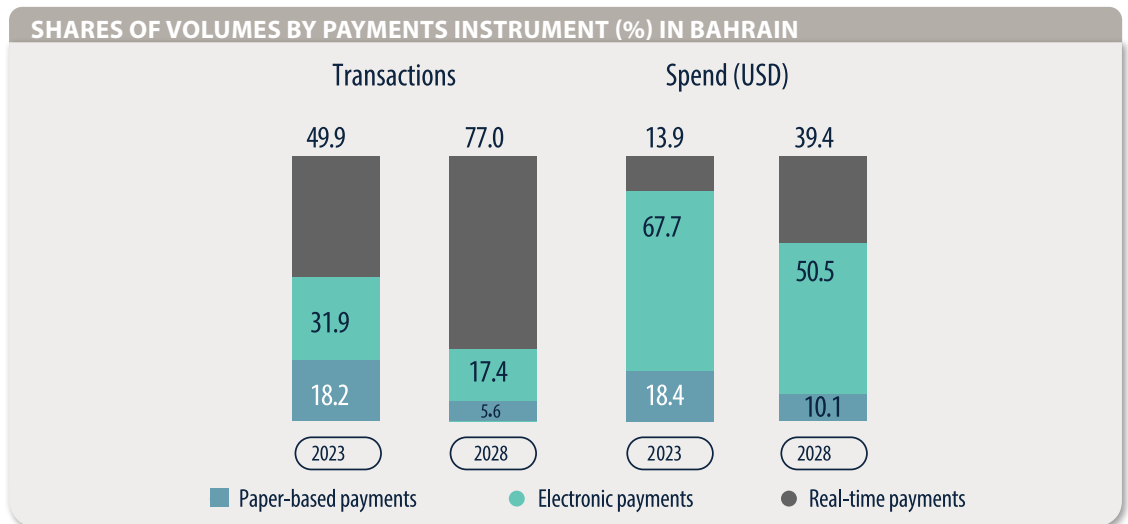
The term "real-time payment" is used to describe any account-to-account fund transfer that allows for the immediate availability of funds at any time to the beneficiary of the transaction.

Within this context, the region's real-time payment market surged by 33.60% year-on-year in 2023, with 855 million transactions. This number is projected to grow to three billion by 2028, reflecting a Compound Annual Growth Rate (CAGR) of 28.80%.

Real-time payments are swiftly becoming a cornerstone of modern economies in the Middle East. Governments in the region are implementing real-time payment schemes that benefit businesses and consumers and drive financial transformation.

In 2023, Oman, Kuwait, and Qatar launched national real-time payment schemes, joining Saudi Arabia, Bahrain and the UAE. With all six GCC member states now operating real-time payment programs, the transaction value in the Middle East is expected to soar from US\$ 230 billion in 2023 to US\$ 903 billion by 2028.

In details, Bahrain stands out as one of the most developed payment markets in the Middle East, with real-time payments comprising nearly 50% of the total payment volume. Previously, Bahrain was a cash-dominated market, however, the COVID-19 pandemic was a pivotal moment in its transition to the widespread use of digital payments and this trend has continued into the post-pandemic years. The share of overall payments volume accounted for by real-time payment services is expected to reach 77% of all transactions in the market by 2028.



Source: ACI Worldwide, GlobalData

Elsewhere in the region, Saudi Arabia is one of the latest entrants to the real-time payments space, having launched its sarie system in April 2021. The scheme is supported by all banks operating in Saudi Arabia and enables instant fund transfers between domestic bank accounts through internet banking or mobile banking apps using the recipient's IBAN, mobile phone number, email address, national ID or residency number.

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Still at a nascent stage, the outlook for real-time payments in Saudi Arabia looks promising, with volumes expected to record a CAGR of 24.6% from 2023 to 2028. The Saudi government's initiatives to modernize the country's payments infrastructure and the accelerated shift toward cashless payments would promote adoption of real-time payments.

According to the report, by 2028, cash-based transactions would plummet to just 3% of all transaction value in the region, underscoring the Middle East's commitment to a cashless future.

The report also emphasizes the importance of widespread adoption and collaboration with fintechs for continued growth. It positions real-time payments as a key driver of financial inclusion, economic growth and a more efficient global payments system.

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## GCC HEALTHCARE MARKET SET TO REACH US\$ 124 BILLION BY 2028, AS PER JLL

Investors are getting more upbeat about the healthcare market in the GCC region, as Gulf States push for transformation within this critical sector, according to JLL.

The real estate and investment management firm noted that more regional players in the healthcare sector are acquiring either local companies or international brands to expand their portfolios.

The surge in investor confidence is driving demand across the healthcare value chain in the region, with the market forecast to hit US\$ 124 billion by 2028.

Under the economic diversification agenda, countries in the GCC are driving the transformation of this critical sector within infrastructure development, clinical capabilities, human capital development, digital transformation and establishment of healthcare innovation hubs.

This has attracted more private equity companies and witnessed an increase in active deal making, further positioning the region as a key healthcare player on the global stage.

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## FITCH RATINGS AFFIRMS JORDAN AT "BB-" WITH "STABLE" OUTLOOK

Fitch Ratings affirmed Jordan's long-term foreign-currency Issuer Default Rating (IDR) at "BB-" with a "stable" outlook.

Jordan's ratings are supported, according to Fitch, by a record of macroeconomic stability, progress in fiscal and economic reforms, and resilient financing linked to the liquid banking sector, public pension fund and international support.

In details, the government maintains its commitment to advancing its three-pillar (economic, public administration and political) reform agenda despite the external challenges, for example, by starting gradually increasing water utility tariffs in 2023 following the removal of temporary fuel subsidies in 2022. Jordan would also hold parliamentary elections in September, in which about 30% of the 150 seats would be selected by party list. Fitch expects that the pace of reform progress would continue to depend on the objective of preserving social stability, the resistance of vested interests and institutional capacity constraints.

However, the ratings are constrained by high government debt, weak growth, risks stemming from domestic and regional politics, and current account deficits and net external debt that are higher than rating peers. Furthermore, a prolonged or expanded Gaza conflict, even if it does not involve Jordan directly, could weaken growth prospects and increase the challenges for debt reduction, as per Fitch Ratings.

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## CORPORATE NEWS

### LENOVO TO ESTABLISH TECH AND MANUFACTURING HUB IN SAUDI ARABIA

Lenovo Group, a Chinese multinational technology company, signed a strategic collaboration framework agreement and a bond subscription agreement with Alat, a Public Investment Fund (PIF) company focused on transformative technology investment and sustainable manufacturing, as indicated in a company statement.

The collaboration includes a planned establishment of a regional MEA headquarters in Riyadh, and a new PC and server manufacturing facility in the country to serve customers in the region.

Furthermore, under the bond subscription agreement, Lenovo would issue US\$ 2 billion in convertible bonds to Alat.

The strategic collaboration and investment would enable Lenovo to further accelerate its ongoing transformation, enhance its global presence, increase geographic diversification of its manufacturing footprint, and capitalize on the growth momentum of the IT and Business Services industry in the MEA region.

This collaboration is set to significantly contribute to Saudi Arabia's vision of becoming a global sustainable technology manufacturing hub focusing on sectors like semiconductors, smart devices and AI infrastructure.

### ADES UNIT SECURES US\$ 645 MILLION KUWAIT OIL COMPANY CONTRACTS

Saudi-based ADES Holding Company, a leading oil and gas drilling services provider, announced that one of its key subsidiaries secured onshore contracts from Kuwait Oil Company (KOC) for four of the company's current operating rigs in Kuwait, as well as two new build units.

The total estimated backlog for the award is US\$ 645 million (SR 2.4 billion), including both firm and optional periods.

All contracts under the award are expected to commence during the second and third quarters of 2025 and would run for a five-year firm term with a one-year optional extension.

According to ADES, all six contracts are for deep drilling rigs in the 3,000hp category, a growing market in Kuwait.

This contract award marks a three-fold increase in ADES' contracted fleet with Kuwait Oil Company over a 24-month period, rising from four rigs in early 2023 to a total of 12 rigs expected to be operating in Kuwait by 2025. Currently, the group has 10 onshore rigs operating with KOC in Kuwait.

### DP WORLD AND MAWANI BREAK GROUND ON US\$ 250 MILLION LOGISTICS PARK AT JEDDAH ISLAMIC PORT

DP World, an Emirati multinational logistics company, and Saudi Ports Authority (Mawani) commenced construction on a new US\$ 250 million (around SR 900 million) logistics park at Jeddah Islamic Port, which is set to provide state-of-the-art storage and distribution facilities, as well as boost trade in Saudi Arabia and the wider region, as reported in a company statement.

The 415,000 square meters greenfield facility would feature 185,000 square meters of warehousing space and a sprawling multipurpose storage yard, making it the largest integrated logistics park in the country.

It would have the capacity for more than 390,000 pallet positions, offering customers an efficient platform for the seamless flow of goods to and from Jeddah.

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This new logistics area would be connected to DP World's South Container Terminal at Jeddah Islamic Port, facilitating growth and increasing the number of containers handled at the terminal.

The project is part of Mawani's efforts to expand the number of logistics centers in Saudi ports, in partnership with major national and international companies, and in line with the objectives of the National Transport and Logistics Strategy and Vision 2030.

Established in 2022 as part of a 30-year concession, Jeddah Logistics Park would be developed in two phases with a planned opening in Q2 2025.

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## GAS ARABIAN SERVICES LANDS US\$ 203 MILLION ARAMCO EPC CONTRACTS

Saudi-based Gas Arabian Services Company (GAS), a key provider of project management services for the energy sector, secured two contracts worth US\$ 203 million (SR 761.2 million) from Saudi oil giant Aramco to provide Engineering, Procurement and Construction (EPC) services for its Master Gas System Expansion projects in the country, as revealed in a company's statement.

The first EPC contract is for the Master Gas System Expansion project from Shedgum to EWPS-1 valued at SR 345 million, while the second one worth SR 416.3 million is for Master Gas System Expansion in East & Qassim clusters.

The first and the second EPC contracts are expected to be completed within 40 months and 30 months respectively.

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## QATARENERGY SIGNS 15-YEAR UREA SUPPLY AGREEMENT WITH KOCH FERTILIZER

QatarEnergy signed a long-term urea supply agreement with Koch Fertilizer LLC, a leading US-based fertilizer producer and supplier, as indicated in a company statement.

The 15-year supply agreement, starting in July 2024, stipulates the supply of up to 0.74 million tons per annum of urea to Koch Fertilizer.

Under this agreement, urea of Qatari origin would be supplied into the agricultural sectors of the US and other international markets.

This agreement highlights QatarEnergy's strategy in establishing longstanding relationships with reliable leaders of the Fertilizers industry and its commitment to support the global agricultural sector.

It is worth noting that Qatar is the world's second largest global exporter of urea, with QatarEnergy's affiliate, Qatar Fertilizer Company (QAFCO) being the world's largest integrated single-site producer of urea and ammonia.



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## CAPITAL MARKETS

### EQUITY MARKETS: MENA EQUITIES NOSEDIVING AMID ELEVATED GEOPOLITICAL TENSIONS AND UNFAVORABLE FINANCIAL RESULTS

MENA equity markets continued their nosedive for the fourth week in a row, as reflected by a 2.6% fall in the S&P Pan Arab Composite index, mainly pressured by heightened geopolitical tensions, oil price retreats and some unfavorable company-specific factors, while also tracking global equity weakness (-0.7%) on concerns about restrictive US monetary policy.

The heavyweight Saudi Exchange plunged deeper into the red this week, as reflected by a 3.5% contraction in the S&P Saudi index, mainly weighed by mounting geopolitical tensions, an extended oil price slump (-0.9% to reach US\$ 81.11 per barrel on Friday) amid oversupply concerns, and some unfavorable company-specific factors, while also tracking a global risk-off mood stoked by softer US Treasury sales and US Fed rate hike prospects.

A glance on individual stocks shows that Petrochemicals giant Saudi Aramco's share price fell by 3.2% week-on-week to reach SR 29.00. SABIC's share price declined by 1.0% to SR 76.00. Saudi Kayan Petrochemical Company's share price shed 5.8% to SR 7.97. Petro Rabigh's share decreased by 1.9% to SR 6.84. Advanced Petrochemical Company's share price went down by 2.2% to SR 40.10. Sipchem's share price plummeted by 5.4% to SR 29.85. Yansab's share price retreated by 2.4% to SR 36.20.

Also, Saudi Hardware's share price contracted by 4.4% over the week to SR 38.10. Saudi Hardware reported a net loss of about SR 5 million during the first quarter of 2024 against a net loss of circa SR 17 million a year earlier. Alamar Foods' share price decreased by 1.4% to SR 78.50. Alamar Foods reported a net loss of SR 17.7 million for the first quarter of 2024 against net profits of SR 13.9 million a year earlier. Al Hammadi's share price dropped by 6.0% to SR 48.25. Al Hammadi announced a 21% year-on-year contraction in its 2024 first quarter net profits to reach SR 64 million. Tabuk Cement's share price closed 3.2% lower at SR 12.20. Tabuk Cement reported 2024 first quarter net profits of SR 16 million against net profits of SR 19 million a year earlier. Najran Cement's share price decreased by 1.9% to SR 9.63. Najran Cement reported a 26% year-on-year contraction in its 2024 first quarter net profits to reach SR 22 million.

The Qatar Stock Exchange extended its downward streak during this week, as reflected by a 2.3% drop in the S&P Qatar index, mainly pressured by elevated geopolitical tensions and falling oil prices, while also tracking global equity price declines. 41 out of 52 traded stocks registered price falls, while nine stocks posted price gains and two stocks saw no price change week-on-week.

#### EQUITY MARKETS INDICATORS (MAY 26 - JUNE 1, 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	151.6	-0.6%	-16.8%	7.0	-43.9%	0.2	17,135.2	2.1%	-	0.36
Jordan	364.2	-0.3%	-1.5%	21.3	4.1%	22.1	23,026.8	4.8%	8.8	1.10
Egypt	240.5	-0.9%	-28.7%	389.0	9.0%	4,559.8	37,583.8	53.8%	9.7	2.49
Saudi Arabia	491.6	-3.5%	-6.0%	8,173.1	36.8%	1,705.7	2,735,778.2	15.5%	16.3	4.19
Qatar	151.0	-2.3%	-14.6%	760.3	37.3%	1,280.6	148,918.6	26.5%	11.9	1.43
UAE	124.0	-1.1%	-10.0%	3,723.3	11.6%	4,086.5	913,998.8	21.2%	11.5	2.09
Oman	265.6	0.6%	5.9%	29.5	35.7%	119.0	24,358.4	6.3%	12.0	1.07
Bahrain	239.4	1.9%	6.6%	8.7	-73.2%	125.7	20,809.9	2.2%	13.9	1.37
Kuwait	131.2	-1.2%	4.3%	908.2	38.8%	1,688.8	133,252.7	35.4%	17.2	1.97
Morocco	283.6	-0.3%	7.7%	112.4	-40.4%	7.2	69,360.2	8.4%	19.4	3.07
Tunisia	66.0	0.3%	2.9%	14.1	30.0%	6.8	8,080.2	9.1%	10.3	1.70
<b>Arab Markets</b>	<b>911.9</b>	<b>-2.6%</b>	<b>-6.4%</b>	<b>14,146.9</b>	<b>26.7%</b>	<b>13,602.3</b>	<b>4,132,302.9</b>	<b>17.8%</b>	<b>14.9</b>	<b>3.45</b>

Values in US\$ million; volumes in millions

\* markets cap-weighted averages

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

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A closer look at individual stocks shows that Masraf Al Rayan's share price shed 6.7% week-on-week to QR 2.303. The Commercial Bank's share price fell by 3.4% to QR 3.880. Al Ahli Bank's share price plunged by 6.1% to QR 3.475. Doha Bank's share price dropped by 4.7% to QR 1.370. Industries Qatar's share price decreased by 1.6% to QR 11.550. Qatar Fuel's share price nosedived by 9.3% to QR 13.450. Mesaieed Petrochemical Holding Company's share price went down by 2.3% to QR 1.720. Qatar Gas Transport's share price declined by 3.6% to QR 3.962. Qatar Navigation's share price declined by 1.1% to QR 10.800. Barwa Real Estate's share price plunged by 5.4% to QR 2.820. Ooredoo's share price decreased by 1.3% to QR 9.425.

Boursa Kuwait registered further price retreats this week, as reflected by a 1.2% decrease in the S&P Kuwait index, mainly dragged by deepened geopolitical tensions, lower oil prices and global equity weakness, and as some market players sought to leave room for new bond issues in the Kuwaiti credit space.

A glance on individual stocks shows that National Bank of Kuwait's share price edged down by 0.7% to KWF 857. Kuwait International Bank's share price decreased by 2.2% to KWF 175. Kuwait Finance House's share price dropped by 1.9% to KWF 730. Commercial Bank of Kuwait's share price went down by 1.8% to KWF 500. National Industries Group Holding's share price fell by 5.8% to KWF 226. Mobile Telecommunications' share price shed 2.4% to KWF 448. Independent Petroleum Group's share price fell by 2.4% to KWF 480. Agility Public Warehousing's share price declined by 3.0% to KWF 293.

The Egyptian Exchange slid into the red (-0.9%) this week, mainly driven by some unfavorable company-specific factors. A closer look at individual stocks shows Talaat Moustafa Group's share price plunged by 9.1% to LE 54.08. TMG reported 2024 first quarter net profits of SR 2.4 billion against net profits of SR 748 million a year earlier. Credit Agricole Egypt's share price fell by 2.9% to LE 18.94. EFG Holding's share price shed 4.5% to LE 15.40. Abu Qir Fertilizers & Chemical Industries' share price fell by 4.6% to LE 62.00. Alexandria Container and Cargo Handling Company's share price retreated by 0.7% to LE 37.59. Egypt Kuwait Holding's share price declined by 3.5% to LE 31.15. Telecom Egypt's share price went down by 3.3% to LE 30.84. Sidi Kerir Petrochemicals Company's share price decreased by 1.4% to LE 29.98. Emaar Misr's share price went down by 4.6% to LE 6.01.

### FIXED INCOME MARKETS: MENA BOND MARKETS UNDER DOWNWARD PRICE PRESSURES, TRACKING US TREASURIES MOVE AFTER SOFTER UST SALES

Activity in MENA fixed income markets remained tilted to the downside this week, mainly tracking US Treasuries declines, as softer US Treasury sales and an unexpected improvement in US consumer confidence in May 2024 raised concerns about interest rate cuts by the US Federal Reserve this year.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price drops of 0.08 pt and 0.40 pt respectively week-on-week. Amongst financials, prices of QNB'26 went down by 0.10 pt.

In the Saudi credit space, Saudi Arabia raised US\$ 5 billion this week from the sale of a US dollar-denominated triple-tranche Sukuk: a three-year US\$ 1.25 billion Sukuk issued at 60 bps over US Treasuries compared to an initial price guidance of 85 bps over UST; a six-year US\$ 1.5 billion Sukuk at 75 bps over UST compared to an initial price guidance of 100 bps over UST; and a 10-year US\$ 2.25 billion Sukuk at 85 bps over UST compared to an initial price guidance of 110 bps over UST. The triple-tranche Sukuk sale was four times oversubscribed. Concurrently, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price contractions of up to 0.65 pt week-on-week. SABIC'28 recorded price decreases of 0.09 pt. SEC'28 closed down by 0.35 pt. As to plans for new issues, Gulf International Bank plans to sell US dollar-denominated senior unsecured five-year bonds under its GIB's existing US\$ 2.5 billion Euro Medium Term Note program.

In the Dubai credit space, sovereigns maturing in 2029 were down by 0.06 pt this week. DP World'30 closed down by 0.32 pt. Majid Al Futaim'29 closed up by 0.14 pt. As to plans for new issues, Mashreqbank mandated banks to arrange a series of investor calls and physical fixed income investor meetings in London ahead of the sale of a benchmark US dollar-denominated Regulation S Perpetual Non-Call 5.5-year Basel III compliant Additional Tier 1 Notes.

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In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 saw weekly price contractions of up to 0.40 pt. ADNOC'29 was down by 0.28 pt. Mubadala'26 closed down by 0.36 pt. Prices of Taqa'28 went down by 0.12 pt. Amongst financials, FAB'25 traded up by 0.12 pt.

In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 recorded price declines of up to 0.25 pt week-on-week. Prices of NOGA'27 fell by 0.20 pt. As to credit rating, S&P Global Ratings affirmed its "B+/B" long-term and short-term foreign and local currency sovereign credit ratings on Bahrain, with a "stable" outlook. The "stable" outlook indicates that S&P expects the government would continue implementing measures to reduce the budget deficit, while benefiting from additional support from other GCC sovereigns, if needed. Regarding new issues, Bank of Bahrain and Kuwait raised US\$ 500 million from the sale of five-year bonds at a yield of 6.875%.

In the Omani credit space, sovereigns maturing in 2026 posted price increases of 0.10 pt, while sovereigns maturing in 2027 and 2029 resgistered price drops of 0.12 pt and 0.23 pt respectively this week.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 fell by 0.20 pt week-on-week. KIPCO'27 edged up by 0.05 pt. Regarding new issues, National Bank of Kuwait raised US\$ 500 million from the sale of its first five-year non-callable for five-year green bonds at 95 bps over US Treasuries compared to an initial price guidance of 130 bps over UST.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 recorded price contractions of up to 0.83 pt week-on-week. Euro-denominated sovereigns maturing in 2026 recorded price gains of 0.24 pt.

All in all, regional bond markets remained under downward price pressures this week, mainly tracking US Treasuries move after weak US Treasury sales raised concerns that funding the US deficit would drive up yields at a time when the US Federal Reserve is in no rush to cut rates, and as US consumer confidence rose for the first time in four months in May, while inflation across Germany, Japan and Australia remained sticky curbing rate cut hopes.

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

in basis points	31-May-2024	24-May-24	31-Dec-23	Week-on-week	Year-to-date
Abu Dhabi	38	37	41	1	-3
Dubai	61	60	63	1	-2
Kuwait	62	62	46	0	16
Qatar	39	37	46	2	-7
Saudi Arabia	50	50	54	0	-4
Bahrain	176	173	204	3	-28
Morocco	87	87	111	0	-24
Egypt	575	586	1,152	-11	-577
Iraq	333	312	450	21	-117
Middle East	158	156	241	2	-83
Emerging Markets	50	47	42	3	8
Global	303	303	379	0	-76

Sources: Bloomberg, Bank Audi's Group Research Department

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## SOVEREIGN RATINGS & FX RATES

### SOVEREIGN RATINGS

	Standard & Poor's	Moody's	Fitch
<b>LEVANT</b>			
Lebanon	SD/-/SD	C/Stable	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	Ba3/Stable	BB-/Stable/B
Egypt	B-/Negative/B	Caa1/Positive	B-/Positive/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+	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
<b>NORTH AFRICA</b>			
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\$)	31-May-24	24-May-24	31-Dec-23	Weekly change	Year-to-date
<b>LEVANT</b>					
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)	47.28	47.14	30.89	0.3%	53.0%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,310.00	0.0%	0.0%
<b>GULF</b>					
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)	250.31	250.27	250.27	0.0%	0.0%
<b>NORTH AFRICA</b>					
Algerian Dinar (DZD)	134.61	134.30	134.17	0.2%	0.3%
Moroccan Dirham (MAD)	9.96	9.95	9.88	0.0%	0.8%
Tunisian Dinar (TND)	3.12	3.12	3.07	-0.1%	1.4%
Libyan Dinar (LYD)	4.85	4.84	4.77	0.1%	1.6%
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&amp;P, Bloomberg, Bank Audi's Group Research Department.

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