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The ICAEW Economic Update Middle East predicts that growth prospects for the GCC weaken in Q2 2023 on deeper oil output cuts. The ICAEW Economic Update: Middle East, is a quarterly economic forecast for the region.

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MENA equity markets dipped further into the red this week, as reflected by a 0.4% retreat in the S&P Pan Arab Composite index, mainly tracking global equity weakness after China's economic activity data for July 2023 missed forecasts, fueling concerns over a longer-lasting slowdown in growth, and on prospects of further US Fed interest rate hikes. This was exacerbated by an oil price slump, stoked by worries about weakening fuel demand in the world's two largest economies, in addition to ex-dividend activity and some unfavorable financial results. In parallel, regional bond markets came under downward price pressures, mainly tracking declines in US Treasuries after July 2023 FOMC meeting minutes cited significant upside risks to US inflation, which could require further tightening of monetary policy.

MENA MARKETS: AUGUST 13 - AUGUST 19, 2023

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-0.3%	Weekly Z-spread based bond index	-0.5%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+3.9%	YTD Z-spread based bond index	+67.6%

ECONOMY

GCC GROWTH PROSPECTS WEAKEN IN Q2 2023

The ICAEW Economic Update Middle East predicts that growth prospects for the GCC weaken in Q2 2023 on deeper oil output cuts. The ICAEW Economic Update: Middle East, is a quarterly economic forecast for the region.

Indeed, GCC oil quotas weigh on growth prompting the agency to revise down the GCC growth forecast by 0.5pp, to 2.1%. Nevertheless GCC countries continue to perform strongly but the drag from oil cuts will deepen. As to inflation outlook, it is improving but housing price pressure on the up.

Economic performance in much of the Middle East has been robust, but the outlook for the region has weakened and ICAEW thinks the pace of GDP growth will slow to just 2.1% this year (0.5pp down on three months ago), from over 6% last year.

ICAEW expectations for GCC growth were lowered by 0.9ppts to 1.9%. The latest survey indicators across the GCC remain at high levels. Although the pace of expansion has eased slightly since the start of the year, strong domestic demand continues to drive growth in employment and new orders. That said, domestic demand will increasingly be constrained by tighter policies, while the drag from oil production cuts deepens. Middle East:

Global demand fears have prompted deeper production cuts from OPEC+ countries, contrary to expectations of a status quo. In the June meeting, Saudi Arabia voluntarily agreed to cut production by 1m b/d for the month of July, which will likely lead to a tighter market in H2.

Furthermore, the group will now stick to output quotas agreed in April through to 2024, while the additional voluntary cut from Saudi Arabia may also be sustained beyond July if the downward pressure on oil prices persists.

The updated OPEC+ agreement implies a greater drag on GCC energy output growth this year, which is now expected to decline by 2.1%. The oil sector will then likely stagnate in most countries in 2024.

ICAEW believes non-oil sectors will continue to lead the GCC recovery, growing 3.9% this year, thanks to a resilient domestic market. Travel and tourism are recovering strongly, supporting non-oil activity.

NON-OIL PRIVATE SECTOR PERFORMANCE IN QATAR CONTINUES ITS ROBUST IMPROVEMENT

Qatar's Purchasing Managers' Index (PMI) for July 2023 registered 54.0, up by 0.2 points against June's 53.8. This increase denotes a further improvement in non-oil sector performance in July 2023 and remains firmly above the long-term trend of 52.3, as per the Qatar Financial Center's (QFC) PMI report for May 2023.

It is worth noting that the Qatar PMI indices are compiled from responses to a survey by a panel consisting of 450 companies. These firms are from the manufacturing, construction, wholesale & retail and services sectors, which reflects the structure of the country's non-oil sector according to national accounts. PMI is derived from multiple components of which: new orders, output, employment, suppliers' delivery times as well as stocks of purchases.

This improvement came amid growth in new orders, output, employment and purchasing during July. Additionally, inflationary pressures eased further during the month and backlogged work continued to decrease.

In details, new business intake has expanded sharply during July albeit at a continually softer rate since May while also remaining among the fastest seen over the past year. The financial services sector also saw a sharp increase in new business during the month, as per as per the QFC PMI report for July 2023.

Business activity also noticed a boost in performance during the month. Output levels have been following an upward trend for the past three years with the exception of January 2023 which saw a brief correction caused by the conclusion of the World Cup. Output level growth noticed during July was the second sharpest seen in 2023 so far and has accelerated against the month prior.

Data for July shows a continued increase in employment levels within the Qatari non-oil private sector and at the fastest rate since July 2022. This recruitment campaign aims at both new workloads and the clearing of backlogged work.

Consequently, work backlogs further decreased in July following a 12-month trend of consecutive decreases. Looking at supply chains performance for July 2023, average lead times continued to decrease for the 15th consecutive month. In parallel, input inventories saw only a marginal increase during the month suggesting proper stock level management, as per the QFC PMI report for July 2023

Inflationary pressures eased in July as a result of a decrease in the overall input price index since June which only noted a marginal rate of inflation. Additionally, a marginal decrease in output prices was noticed for the third consecutive month.

At the level of future outlook, firms in Qatar's non-oil private sector remained positive in July. This comes as a higher volume of business is expected due to new sales strategy, new hires, tourism and new products. The positive outlook in Qatar's non-oil private sector remained broad-based with the highest degree of optimism noted among service providers and goods producers, as per the QFC PMI report for July 2023.

Looking at the performance in the financial services sector, an increase in new business and total activity was noticed with outlook remaining firmly optimistic.

In details, new business expanded at the second-fastest rate in nearly a year and remained well above the long-term trend.

An increase in overall financial services activity was noted in July in line with a 25 month upwards trend at a relatively fast pace.

These factors have led to an increasingly optimistic outlook towards future activity, which in turn prompted the highest increase in employment levels in Qatar's financial services sector in 14 months.

In parallel, July data showed an increase in charges levied by finance companies in the country while overall cost pressures saw a marginal increase, as per the QFC PMI report for July 2023.

EGYPT'S NON-OIL PRIVATE SECTOR BUSINESS CONDITIONS REMAINS ON A SOFT DOWNTURN

Egypt's Headline Purchasing Managers' Index recorded 49.2 in July 2023. This shows a marginal increase of 0.1 points from the month prior, which indicates a softer downturn in business conditions in the country's non-oil private sector. This stands above the long-run average for the second month running, as per S&P Global's Egypt PMI report for July 2023.

The main drivers behind the softening downturn of business conditions are a relative stabilization of the demand environment amid softening output price inflation. Although, exchange rate weakness led to a continued sharp increase in purchase prices. In turn, additional pressure was put on business margins. Additionally, new order inflow decreased only marginally during the month with a noted uptick in backlogs. Staffing levels and inventories saw a near stabilization with renewed improvement in supply conditions boosting the latter's performance, as per S&P Global's Egypt PMI report for July 2023.

In details, output levels and new orders saw only a modest contraction as compared to those noted at the start of 2023 with output levels witnessing the softest downturn since September 2021. This decrease remained broad-based among all four sectors surveyed. New business intake decreased at the softest rate in one-and-a-half years with some firms mentioning higher prices and broader inflationary pressures having stunted spending. Some companies even noted a recovery in market demand. A robust downwards trend was continuous for Orders from foreign customers although at a softer rate than the month prior.

Amid a weak exchange rate against the US\$, purchase prices increased leading to a slight increase in input cost pressures. Additionally, wage inflation was comparatively mild during the month and at a three-month low, as per S&P Global's Egypt PMI report for July 2023.

Selling prices on average noted the softest uptick since April 2022 and remained modest. This comes as firms continued to temper price rises in an effort to increase sales. Additionally, the softening of cost pressures in recent months also aided in the softening of output prices.

Employment levels were practically stable in July amid a softer downturn in sales. This encouraged companies to retain staff. Additionally, an increase in backlogged work was noticed for the first time since January, as per S&P Global's Egypt PMI report for July 2023.

Purchasing activity continued to record a decline in July albeit at the softest rate in nearly one-and-a-half years. This led to stock levels relatively stabilizing during the month. Additionally, lead times showed a marginal shortening for the first time since October 2022, which supported stock level stabilization.

At the level of future outlook for companies in Egypt's non-oil private sector, despite relative improvements in the overall conditions, outlook for future output remained subdued although recording an increase from figures recorded in June while remaining among the lowest recorded in the series history, as per S&P Global's Egypt PMI report for July 2023.

SURVEYS/REPORTS

UAE TOPS GCC AS AFRICA'S KEY FDI PROVIDER, AS PER KNIGHT FRANK

The UAE has emerged as one of Africa's largest provider of Foreign Direct Investment (FDI) among the GCC countries, investing US\$ 59.4 billion in the continent's key growth sectors in a decade, according to a report issued by Knight Frank titled "Africa Horizons 2023/24".

In particular, the UAE remains focused on high-growth sectors, including infrastructure, energy, transport, logistics and technology.

On the other hand, Saudi Arabia has equally made significant investments in energy and mining projects in Africa, with total FDI reaching up to US\$ 25.6 billion, followed by Qatar (US\$ 7.2 billion), Kuwait (US\$ 5.0 billion) and Bahrain (US\$ 4.2 billion). Saudi Arabia signed significant agreements with South Africa to foster the growth of the country's hydrogen industry, along with other renewable energy and oil initiatives.

Overall, the agreements totaled around US\$ 15 billion in Saudi financing. These developments served as a continuation of the pledge made by Saudi energy company ACWA Power to invest in South Africa's green hydrogen sector and to collaborate on the establishment of a renewable energy facility within the country.

IPO ACTIVITY CONTINUES TO BE DRIVEN BY UAE AND KSA MARKETS IN Q2 2023, AS PER EY

The UAE and Saudi Arabia continue to be the most active markets in the MENA region in terms of both the number and size of IPOs (Initial Public Offering), as per EY recent report titled "MENA IPO Eye: Q2 2023 report".

MENA Initial Public Offering markets saw 13 IPOs during Q2 2023, raising up to US\$ 1.8 billion in proceeds. This represents a 44% increase in the number of IPOs, but an 80% decrease in proceeds compared with Q2 2022.

The MENA region continues to have strong economies and low debt, coupled with reforms and deregulations in the region, which makes it an attractive environment for new listings.

The Abu Dhabi Securities Exchange (ADX) had the largest IPO of the quarter. In details, first-day returns were promising in the region, with 10 out of the 13 listings for Q2 2023 having a gain and ADNOC L&S being the highest one and raising up to US\$ 769.5 million. Its first closing day share price traded 55% higher than its listing price (US\$ 0.55).

Concurrently, Saudi Arabia dominated the region's IPO activity in terms of the number of listings in Q2 2023, with seven IPOs on the Tadawul (Nomu) parallel market with proceeds of US\$ 0.1 billion and four listings on the Tadawul main market raising US\$ 0.8 billion.

As part of Vision 2030, Saudi Arabia is continuing to focus on diversifying its economy by reducing its focus on oil-related activities. The IPOs during Q2 2023 came from a range of companies in the Tadawul main market spanning a number of sectors.

SAUDI ARABIA'S REAL ESTATE SECTOR GROWTH MOMENTUM CONTINUES IN Q2 2023, AS PER CBRE

CBRE, the global leader in commercial real estate services and investments, released its Saudi Arabia Real Estate Market Review Q2 2023 report, which revealed that Saudi Arabia maintained its growth momentum in the second quarter of 2023, with most sectors recording high levels of activity across the country's major cities.

In the office sector, office rents in Riyadh maintained strong performance levels, with Grade A rents growing by 12.2% year-on-year in Q2 2023, reaching SR 1,839 per square meter.

Furthermore, Grade B average rents reached SR 1,471 per square meter, marking a 14.4% annual rise over the same period. During the second quarter, average occupancy for both segments also rose, with Grade A occupancy reaching 99.9% and Grade B offices now standing at 99.4%.

In Jeddah, the Grade A segment recorded the highest rate of growth in rents among CBRE's tracked cities, as average rents grew by 20.7% in the year to Q2 2023, standing on average at SR 1,313 per square meter.

Jeddah's Grade B office rents improved marginally by 1.0% over the same period, with average rents standing at SR 707 per square meter. Average occupancy for both segments rose, as Grade A and Grade B occupancies currently stand at 92.5% and 80.0%, up by 4.8% and 5.4% from a year earlier respectively.

As to the residential sector, the total number of residential transactions fell by 38.1% in year-on-year in June 2023, while the total value of these transactions, which reached SR 26.8 billion, fell by 30.4% over the same period. In parallel, the total number and total value of transactions fell by 34.0% and 24.4%, respectively.

Concurrently, in Q2 2023, apartment prices grew year-on-year in Riyadh and Dammam, while contracting in Khobar and Jeddah. The average prices for apartments in Riyadh rose by 22.9% to reach SR 4,664 per square meter, while prices in Dammam increased by 2.4% to stand at SR 2,852 per square meter.

Khobar and Jeddah saw price declines of 4.3% and 3.5%, resulting in average apartment prices of SR 3,417 and SR 3,982 per square meter, respectively.

A closer look at Saudi Arabia's industrial sector, suggests average industrial and logistics rents in Riyadh, Khobar and Dammam have seen rental growth in the year to Q2 2023. Jeddah was the only location to defy this trend.

During this period, Dammam and Khobar recorded the highest average rent among the tracked cities at SR 250 per square meter, which represents an increase of 20.2% in Khobar and 18.7% in Dammam in Q2 2023 compared to the same period last year. Riyadh's average rent saw a marked improvement by 36.9%, standing at SR 198 per square meter.

In Jeddah, average rents softened by 10.4% during the year to Q2 2023, with average rents standing at SR 181 per square meter. While rents have fallen on an annual basis, average rents grew on a quarterly basis by 1.1%.

CORPORATE NEWS

ARAMCO EXTENDS US\$ 800 MILLION CONTRACTS FOR ARABIAN DRILLING COMPANY

Saudi oil giant Aramco extended several onshore and one offshore rig contracts that were due to expire in 2023, with Arabian Drilling Company (ADC), a leading Saudi Arabian drilling contractor, as revealed in a company's statement.

The contracts, which are worth around US\$ 799.5 million (SR 3 billion riyals), were extended from three to 10 years.

The company noted that the financial impact of this extension is expected to be reflected in the results of the third quarter of the fiscal year 2023.

AL DAHRA INKS WITH ADEX US\$ 500 MILLION DEAL TO SUPPLY WHEAT TO EGYPT

UAE-based Al Dahra, one of the biggest grain-trading hub in the Middle East, signed a five-year agreement worth US\$ 500 million with the Abu Dhabi Exports Office (ADEX) to supply Egypt with wheat, as indicated in a company's statement.

The deal, which is effective from this year, aims to provide imported milling wheat to Egypt at competitive prices valued up to US\$ 100 million a year.

It is worth noting that the low-cost financing package from ADEX helps to procure high-quality wheat at the lowest cost financing available, with flexible payment terms.

AL GIHAZ CONTRACTING WINS US\$ 198 MILLION NEOM SUBSTATION ORDER

Saudi Electricity Company (SEC) awarded a major contract for the construction of new indoor 380/132kV Gas Insulated Substation (GIS) within the NEOM city in the north west of Saudi Arabia, as mentioned in a company's statement.

The contract, worth US\$ 198.3 million (SR 744 million), for the NEOM Mountain Bluk Supply Point (BSP) was awarded to Al Gihaz Contracting Company, one of Saudi Arabia's leading Engineering, Procurement, and Construction (EPC) companies.

OMAN LNG INKS SUPPLY DEAL WITH GERMAN COMPANY

Oman LNG signed a binding term-sheet agreement with German-based SEFE Secure Energy for Europe (SEFE) Company, to supply 0.4 million metric tons per annum (mtpa) of LNG starting 2026, as reported in a company's statement.

The four-year contract is part of the firm's strategy to tap new opportunities in the European energy markets.

The deal aims to enhance the partnership between Oman LNG and international energy firms, where SEFE has become the latest beneficiary of Omani LNG, marking the first LNG term deal with a German firm.

RSG AND ZAIN KSA TO LAUNCH FIRST ZERO-CARBON 5G AT RED SEA

Red Sea Global (RSG), the multi-project developer behind the world's most ambitious regenerative tourism destinations, partnered with Zain KSA, the leading telecom and digital services provider in Saudi Arabia, to launch the world's first zero-carbon 5G network at the Six Senses Southern Dunes resort at The Red Sea, as revealed in a company's statement.

The zero-carbon 5G network, designed exclusively for The Red Sea, is the latest technological innovation at the resort.

The 5G network would bring guests the highest speeds for 5G connectivity in the region and be powered by 100% renewable energy from over 760,000 solar panels, which the Red Sea Global has built to power the entire destination.

The creation of the 5G network aligns with Vision 2030's goals of elevating clean energy reliance, curbing carbon emissions, and safeguarding the environment.

ZAMIL AC AND SAMSUNG SET UP PLANT TO MANUFACTURE VRF TECH ACS IN DAMMAM

Zamil Air Conditioners, a leading international manufacturer of air conditioning systems and the number one in the Middle East, partnered with Samsung Electronics to launch its first specialized factory in Saudi Arabia for the production of indoor and outdoor ACs using advanced VRF (Variable Refrigerant Flow) technology at Dammam, as reported in a company's statement.

This is Samsung's first step towards manufacturing HVAC (Heating, Ventilation, and Air Conditioning) systems in the country through an alliance with Zamil Air Conditioners.

This partnership aims to improve and expand the qualitative cooperation between the two companies including the production of VRF air conditioners locally.

This venture also supports industry localization and knowledge transfer of advanced technologies in the field of air conditioning.

It is worth noting that indoor and outdoor air conditioning systems that operate with advanced VRF technology offer energy efficiency, zoning capability, flexibility, quiet operation, improved indoor air quality, and enhanced control and monitoring.

ADNOC GAS SEALS 5-YEAR LNG SUPPLY DEAL WITH JAPANESE GROUP

ADNOC Gas, the world-class integrated gas processing company, announced a five-year Liquefied Natural Gas (LNG) supply agreement with Japan Petroleum Exploration Company (JAPEX), a Japan-based hydrocarbon exploration, production, and transportation company, as indicated in a company's statement.

The agreement, valued between US\$ 450 million and US\$ 550 million, fosters the bilateral relationship between the two countries and ADNOC's track record of developing mutually beneficial strategic partnerships with Japanese energy companies.

It is worth noting that the agreement reinforces ADNOC Gas' position as a global LNG exporter and highlights the company's growing global presence, particularly in the Asian LNG market.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES DIP FURTHER INTO RED, TRACKING GLOBAL EQUITY WEAKNESS AND ON OIL PRICE SLUMP AND UNFAVORABLE CORPORATE EARNINGS

MENA equity markets dipped further into the red this week, as reflected by a 0.4% retreat in the S&P Pan Arab Composite index, mainly tracking global equity weakness (-2.7%) after China's economic activity data for July 2023 missed forecasts, fueling concerns over a longer-lasting slowdown in growth, and on prospects of further interest rate hikes by the US Federal Reserve. This was exacerbated by an oil price slump, stoked by worries about weakening fuel demand in the world's two largest economies, in addition to ex-dividend activity and some unfavorable financial results.

The Qatar Stock Exchange continued to trace a downward trajectory this week, as reflected by a 1.4% drop in the S&P Qatar index, mainly tracking global sell-off mood as China's economic growth concerns and prospects of further US monetary tightening soured investor sentiment, and driven by falling oil prices. 30 out of 50 traded stocks registered price falls, while 19 stocks posted price gains and one stock saw one price change week-on-week.

A closer look at individual stocks shows that Industries Qatar's share price dropped by 3.7% week-on-week to QR 13.00. Mesaieed Petrochemical Holding Company's share price retreated by 0.9% to QR 1.911. Qatar Electricity & Water' share price edged down by 0.1% to QR 18.160. Qatar Gas Transport's share price declined by 2.4% to QR 3.825. QNB's share price closed 2.1% lower at QR 16.220. Qatar Islamic Bank's share price went down by 0.7% to QR 20.10. Doha Bank's share price decreased by 0.4% to QR 1.710. Masraf Al Rayan's share price shed 2.1% to QR 2.440. Ezdan Holding Group's share price dropped by 1.2% to QR 1.103. Ooredoo's share price fell by 1.5% to QR 10.980.

Boursa Kuwait extended its downward trajectory this week, as reflected by a 0.5% retreat in the S&P Kuwait index, mainly tracking declines in global equities, and driven by an oil price slump and some unfavorable company-specific factors.

A glance on individual stocks shows that Agility Public Warehousing's share price decreased by 0.8% over the week to Kwf 614. Agility Public Warehousing announced net profits of KWD 14 million during the second quarter of 2023, compared to net profits of KWD 16 million a year earlier. Human Soft Holding's share price declined by 2.4% to Kwf 3.252. Human Soft Holding reported 2023 second quarter net profits of KWD 9 million versus net profits of KWD 12 million a year earlier. Boubayan Petrochemical Company's share price closed 0.4% lower at Kwf 712. Arkan Al Kuwait Real Estate's share price plunged by 5.0% to Kwf 91.7. Commercial Bank of Kuwait's share price went down by 0.7% to Kwf 720. Gulf Bank's share price shed 4.1% to Kwf 261. Borgan Bank's share price retreated by 0.5% to Kwf 197. Al Ahli Bank of Kuwait's share price fell by 2.8% to Kwf 243.

EQUITY MARKETS INDICATORS (AUGUST 13- AUGUST 19, 2023)

Market	Price Index	week-on-week	Year-to-Date	Trading Value	week-on-week	Volume Traded	Market Capitalization	Turnover ratio	P/E*	P/BV*
Lebanon	166.5	-0.5%	29.1%	4.9	-67.5%	0.3	18,819.0	1.3%	-	0.44
Jordan	357.8	-1.6%	-8.0%	18.9	16.0%	8.2	23,459.9	4.2%	7.8	1.20
Egypt	234.1	2.0%	-1.1%	320.5	-1.3%	3,322.1	38,277.1	43.5%	8.4	2.22
Saudi Arabia	496.5	0.0%	6.6%	6,013.7	-8.2%	804.5	3,079,506.5	10.2%	16.7	5.02
Qatar	173.0	-1.4%	-2.1%	437.7	4.7%	566.2	170,893.8	13.3%	12.9	1.60
UAE	140.0	-1.0%	1.8%	2,257.8	-1.7%	2,414.9	950,540.6	12.4%	16.1	3.09
Oman	265.1	0.7%	1.8%	27.8	62.4%	35.2	22,321.8	6.5%	15.6	1.07
Bahrain	227.5	-0.4%	18.0%	11.4	78.4%	11.6	18,650.6	3.2%	12.4	1.43
Kuwait	130.9	-0.5%	-5.7%	371.9	-34.3%	502.3	134,482.7	14.4%	16.6	1.80
Morocco	259.4	-1.5%	16.9%	30.3	-70.2%	1.6	61,718.9	2.6%	20.3	3.57
Tunisia	65.0	-0.8%	4.8%	4.9	-87.4%	2.3	8,012.1	3.2%	10.8	1.68
Arabian Markets	944.9	-0.4%	3.5%	9,499.9	-8.2%	7,669.0	4,526,683.1	10.9%	16.3	4.27

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

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

The heavyweight Saudi Exchange closed the week with a nil change in prices, as price gains in petrochemicals giant Saudi Aramco's shares (+3.1% to SR 35.05) sparked by news that the firm has once again been ranked as the most profitable company in the world according to Forbes despite announcing a 38% year-on-year contraction in its 2023 second quarter net profits, were balanced by falling Brent oil prices (-2.3% to US\$ 84.80 per barrel), ex-dividend activity, some unfavorable corporate earnings, and global equity weakness fueled by concerns about China's economic growth and prospects of further US monetary tightening to tame inflation.

A closer look at individual stocks shows that Petro Rabigh's share declined by 0.4% to SR 10.34. Advanced Petrochemical Company's share price shed 4.0% to SR 41.95. Sipchem's share price closed 1.6% lower at SR 36.50. SABB's share price fell by 3.6% to SR 35.30. Marafiq's share price went down by 4.8% to SR 72.90. Stocks of SABB and Marafiq traded ex-dividend on August 14, 2023.

Also, Savola Group' share price edged down by 0.3% week-on-week to SR 36.25. Savola Group reported 2023 second quarter net profits of SR 132 million, down by 38% year-on-year, missing average analysts' estimate. Jabal Omar Development Company's share price plunged by 7.2% to SR 23.62. Jabal Omar Development Company announced a narrowing net loss of SR 80 million during the second quarter of 2023. Northern Region Cement Company's share price declined by 2.1% to SR 11.24. Northern Region Cement Company announced a 21% year-on-year fall in its 2023 second quarter net profits to reach SR 20 million. Maaden's share price dropped by 1.7% to SR 40.35. Maaden reported a 91% year-on-year contraction in its 2023 second quarter net profits to reach SR 351 million, missing average analysts' estimate.

FIXED INCOME MARKETS: MENA BOND MARKETS UNDER DOWNWARD PRICE PRESSURES, TRACKING US TREASURIES MOVE

MENA fixed income markets came under downward price pressures this week, mainly tracking declines in US Treasuries after July 2023 FOMC meeting minutes cited significant upside risks to US inflation, which could require further tightening of monetary policy.

In the Dubai credit space, sovereigns maturing in 2029 posted price retreats of 0.50 pt this week. DP World'30 closed down by 0.88 pt. Majid Al Futtaim'29 registered price contractions of 0.13 pt. Emirates Airlines'28 traded down by 0.25 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 saw weekly price contractions of 0.63 pt to 1.88 pt. Mubadala'26 and '27 closed down by 0.13 pt each. Prices of Taqa'28 declined by 0.63 pt. ADNOC'29 was down by 0.88 pt.

In the Bahraini credit space, prices of sovereigns maturing in 2026, 2027, 2031 and 2032 dropped by 0.90 pt to 2.49 pts this week. NOGA'27 traded down by 0.50 pt. In the Kuwaiti credit space, prices of sovereigns maturing in 2027 contracted by 0.50 pt week-on-week.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price declines of 0.13 pt and 1.50 pt respectively this week. Ooredoo'26 was down by 0.25 pt. In the Iraqi credit space, prices of sovereigns maturing in 2028 decreased by 1.00 pt.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price contractions of 0.69 pt to 1.25 pt this week. Saudi Aramco'25 closed down by 0.38 pt. SABIC'28 traded down by 0.38 pt.

In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 posted price increases of 0.84 pt, 1.20 pt and 2.19 pts respectively week-on-week. Omantel'28 traded down by 0.60 pt.

In the Jordanian credit space, sovereigns maturing in 2026 saw price increases of 0.25 pt, while sovereigns maturing in 2027 and 2030 registered price declines of 0.63 pt and 1.00 pt week-on-week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 posted price decreases of 3.38 pts, 0.61 pt, 3.68 pts and 3.88 pts respectively this week. Euro-denominated sovereigns

maturing in 2026 and 2031 recorded price drops of 3.37 pts and 2.85 pts respectively. Moody's continues the review for downgrade of the Government of Egypt's "B3" long-term foreign currency and local currency issuer ratings. The continuation of the review balances, as per Moody's, progress on the government's privatization, fiscal, and structural reform agenda against evidence of a further weakening in external liquidity through a drawdown of commercial banks' net foreign assets at a scale that exceeds recently concluded asset sales, potentially undermining the goal to sustainably replenish the economy's foreign exchange liquidity buffers ahead of increased debt service payments in fiscal 2024 and 2025.

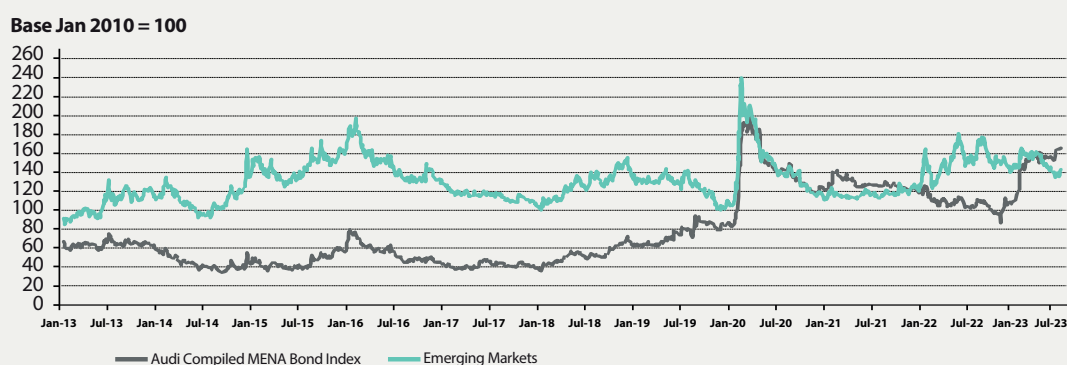
All in all, regional bond markets saw across-the-board downward price movements this week, mainly tracking US Treasuries move after recent US Fed minutes showed concerns about the pace of inflation, fueling concerns about interest rates staying higher for longer.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	18-Aug-23	11-Aug-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	37	34	44	3	-7
Dubai	73	76	84	-3	-11
Kuwait	39	39	50	0	-11
Qatar	38	34	48	4	-10
Saudi Arabia	50	49	61	1	-11
Bahrain	233	234	231	-1	2
Morocco	132	132	162	0	-30
Egypt	1,559	1,391	877	168	682
Iraq	426	396	467	30	-41
Middle East	287	265	225	22	62
Emerging Markets	105	95	140	10	-35
Global	441	402	533	39	-92

Sources: Bloomberg, Bank Audi's Group Research Department

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



Sources: Bloomberg, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD/-/SD	C/-	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Positive	BB-/Stable/B
Egypt	B/Negative/B	B3/Stable	B/Negative/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A/Stable/A-1	A1/Positive	A+/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	Ba2/Positive	BB/Positive/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	Caa2/Negative	CCC-/C
Libya	NR	NR	NR
Sudan	NR	NR	NR

NR= Not Rated

RWN= Rating Watch Negative

RUR= Ratings Under Review

* Emirate of Abu Dhabi Ratings

FX RATES (per US\$)	18-Aug-23	11-Aug-23	30-Dec-22	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	15,000.00	15,000.00	1,507.50	0.0%	895.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	30.85	30.90	24.71	-0.2%	24.8%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,460.00	0.0%	-10.3%
GULF					
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	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	0.3%	0.5%
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	250.20	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	135.85	135.62	137.35	0.2%	-1.1%
Moroccan Dirham (MAD)	9.99	9.88	10.44	1.1%	-4.3%
Tunisian Dinar (TND)	3.09	3.07	3.11	0.4%	-0.8%
Libyan Dinar (LYD)	4.82	4.79	4.83	0.6%	-0.2%
Sudanese Pound (SDG)	557.14	549.89	573.81	1.3%	-2.9%

Sources: Bloomberg, Bank Audi's Group Research Department

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