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MENA equity markets slid into the red this week (-1.5%), mainly tracking global equity weakness, as surging oil prices following OPEC+ leaders' decision to extend voluntary supply cuts till year-end 2023 reignited global inflationary concerns, and lower-than-forecast China's service sector data added to worries over a fragile post-pandemic economic recovery in the world's second largest economy. Concomitantly, activity in regional bond markets was mostly skewed to the downside, mainly tracking US Treasuries move following a rush of bond issuance by US investment grade-rated companies, and as an oil price rally and stronger-than-expected August 2023 US services sector data, fueled inflation concerns and cemented bets that the US Federal Reserve would keep interest rates higher for longer.

MENA MARKETS: SEPTEMBER 3 - SEPTEMBER 9, 2023

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-1.5%	Weekly Z-spread based bond index	+0.1%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+1.5%	YTD Z-spread based bond index	+71.5%

ECONOMY

SOLID BUFFERS HELP GCC BANKS WITHSTAND GLOBAL FINANCIAL TURMOIL

The banking sector in the GCC is well-positioned to withstand the shocks emerging from financial markets in Europe and North America, Economist Intelligence said in a recent report.

Underpinned by solid financial buffers, stringent financial sector regulation, and the willingness of governments to step in and provide support in times of need, banking sectors in the region's key business and finance hubs, especially Dubai, Abu Dhabi, Doha, Bahrain, Riyadh, and Kuwait City, have recorded impressive growth.

The EI report said these hubs hold the region's key financial institutions and most developed banking industries and have started 2023 on a strong financial footing. "For instance, total assets, customer deposits, net loans and net interest income for GCC-listed banks have been on an upward trajectory since the start of 2021 and these performance measures reached record highs in the fourth quarter of 2022."

Commercial banks in the GCC had less than 5.0% of total assets and less than 3.0% of total liabilities involving US counterparts at the end of 2022, and although they have increased their financial links to European financial services providers in recent years — especially Saudi Arabia following an aggressive outreach strategy — their overall exposure remains manageable, the EI report said.

Across the Middle East, banks retain the backing of governments with an active presence in the financial services sector, which can prove crucial in times of need to curtail runs on banks caused by depositors and investors seeking to withdraw funds or exit their investment positions.

"This is especially the case in the GCC, where governments have a track record of stepping in with considerable support during times of need, as seen during the global financial crisis of 2008 and the early stages of the Covid-19 pandemic in 2020," it said.

The outlook for the banking industry in 2023 across the GCC looks reasonably bright, given the expectation of strong international energy demand and associated investment and exports, recovering tourism industries, buoyant non-energy business activity, major public and private investment programmes, and continued boom in initial public offerings (IPOs), which had a bumper year in 2022, the report added.

Following a 31% rise in net profits and a 10.6% increase in assets in 2022, the UAE's banking sector is projected to remain stable, according to a KPMG report. The banking sector posted better-than-second-quarter 2023 profits on the back of a fast-rebounding economy as the outlook remained upbeat on improving ratios around asset quality, returns on equity, and assets alongside strengthening capital positioning.

QATAR'S PSA PUBLISHED ITS MONTHLY STATISTICS REPORT FOR JULY

Qatar's Planning and Statistics Authority (PSA) has published its monthly statistics report for the month of July 2023. The report offers a comprehensive look into major economic indicators within Qatar's economy for the month.

In details, Qatar's Consumer Price Index (CPI) which is an indicator of price variations, noted an inflation of 3.1% year-on-year between July 2022 and July 2023. Additionally, between June 2023 and July 2023, a month-on-month inflation in prices of 1.1% was recorded.

Looking at the usage and production of water and electricity, Gross Generated Electricity in July 2023 was recorded at 6,008.0 GigaWatt/hour (GWh). This figure shows a year-on-year increase in gross electricity generation of 2.6%, up from 5,856.5 GWh in July 2022. Gross Generated Electricity also increased by 9.7% between July 2023 and June 2023. In parallel, energy usage in Qatar reached 5,690.0 GWh in July 2023 increasing by 2.5% year-on-year up from 5,548.6 GWh in July 2022 and increasing by 10.0% month-on-month against June 2023.

The level of water production during July 2023 was registered at 59,447.6 m³ showing a 1.6% increase year-on-year up from 58,511.2 m³ in July 2022 and a month-on-month increase of 1.5% against June 2023. Concurrently, water consumption levels increased also to reach 58,412.0 m³ in July 2023 noting a 1.7% increase against levels recorded in the same month of the year prior, as per PSA's monthly statistics report for July 2023.

At the level of the banking sector, commercial banks' deposits reached QAR 927.8 billion (US\$ 254.9 billion) in July 2023 showing a 3.8% decline, down from QAR 964.9 billion (US\$ 265.1 billion) in July 2022. This decrease was mainly driven by decreases of 15.3% and 4.9% in commercial banks' deposits from non-residents and the public sector respectively year-on-year during the period. These decreases were partially offset by a 2.6% increase in commercial banks' deposits from the private sector which holds the biggest proportional weight (48.1%).

On the other hand, commercial banks' total credits saw a year-on-year increase of 2.8% reaching QAR 1,244.2 billion (US\$ 341.8 billion) in July 2023, up from QAR 1,210.9 billion (US\$ 332.7 billion) in the same month of the year prior. Increases in commercial banks' credits to the private and public sectors of 4.9% and 1.0% respectively stand as the main drivers for this boost. Commercial banks' credits to non-residents partially offset these increases with a year-on-year decrease of 13.2% between July 2022 and July 2023.

This increase in credits was mainly boosted by the sectors of services and real estate which constituted 70% of the credit base in July 2023 reflecting an increase in business activity within the Qatari economy boosted by the FIFA World Cup and diversification efforts.

Looking at supply and demand in Qatar's real estate sector, an increase was noticed year-on-year of 15.3% in total issued building permits to reach 634 in July 2023, up from 550 in July 2022. This comes as a result of increases in issued building permits in 75% of municipalities, a stagnation in 12.5% and a decrease in 12.5%. The three municipalities having noticed the highest increase in issued building permits are Al Shamal, Al Daayen and Al Khor & Al Thakhira with jumps of 175.0%, 75.4% and 52.2% between July 2023 and July 2022. Looking at the total number of properties sold the report notes a 7.1% year-on-year increase to reach 258 properties in July 2023, up from 241 properties in July 2022. The three municipalities having noted the highest increase during the period are Al Rayyan (70.9%), Doha (32.6%) and Al Daayen (12.2%), as per the PSA's monthly statistics report for July 2023.

The number of tourists coming into Qatar saw a substantial increase of 91.4% in July 2023 as compared to July 2022 to reach 287,963 visitors in the former, up from 150,456 in the latter. The main contributing nationalities to tourism towards Qatar in July 2023 are GCC countries (46.8%), Asia & Oceania (22.3%) and Europe (14.7%).

On the other hand, the hospitality sector noted a relatively sluggish performance in July 2023 with occupancy rate increasing only slightly by 1 percentage point (pp) on average, Average Room Rate (ARR) decreasing by 17.9% year-on-year on average in July 2023 and Revenue Per Available Room decreased by an average of 16.7% year-on-year during the same period. Between July 2023 and July 2022 occupancy rates in standard

hotel apartments, deluxe hotel apartments and 1&2 stars hotels noticed increases of 1pp, 10pps and 1pp respectively while occupancy rates for 3 star hotels and 5 star hotels noticed decreased of 8pps and 4pps respectively with a stagnation in occupancy rate within 4 star hotels noted during the period, as per PSA's monthly statistics report for July 2023.

CBE RELEASES ITS AUDITED FINANCIAL STATEMENTS UNTIL END-JUNE 2023

The Central Bank of Egypt (CBE) has released its audited statements of financial position, of income and of comprehensive income.

Looking at CBE's financial position statement as at June 30th 2023, total assets were recorded at circa US\$ 145.0 billion (EGP 4,480.7 billion at the FX rate of EGP 30.9/US\$ as at June 30th 2023) showing a decrease of 8.8% down from US\$ 158.9 billion (EGP 2,987.0 billion at the FX rate of EGP 18.8/US\$ as at June 30th 2022) as at June 30th 2022. Total liabilities were recorded at US\$ 145.0 billion (EGP 4,480.7 billion) as at end-June 2023 showing an 8.8% decrease year-on-year against end-June 2022. Total equity and net losses were recorded at US\$ 647,249.2 as at end-June 2023 noting a decrease of 41.2% down from US\$ 1.1 million (EGP 20.0 million) as at end-June 2022.

It is worth noting that due to Egypt's economic crisis, a devaluation of the Egyptian Pound was noted with the local currency reaching EGP 30.9/US\$ at the end of June 2023, up from EGP 18.8/US\$ at end June 2022.

Looking at CBE's Income statement for the year ended June 30th 2023, net interest income was recorded at US\$ 248.6 million (EGP 7.7 billion) for the year ended June 30th 2023 noting an increase from a deficit of US\$ 4.5 billion (EGP 84.3 billion) for the year ended June 30th 2022. Net loss for the year ended June 30th 2023 was recorded at US\$ 2.8 billion (EGP 86.3 billion) showing an improvement from the net loss of US\$ 6.6 billion (EGP 123.5 billion) for the year ended June 30th 2022.

It is worth highlighting that when taking into account other comprehensive income, total comprehensive income for the financial year ended June 30th 2023 was recorded at a loss of US\$ 2.1 billion (EGP 66.0 billion) showing an improvement from a loss of US\$ 6.3 billion (EGP 118.7 billion) for the financial year ended June 30th 2022.

SURVEYS/REPORTS

UAE RANKS 2ND IN LIST OF NEW DUBAI CHAMBER OF COMMERCE MEMBERS DURING H1 2023

Dubai Chamber of Commerce, one of the three chambers operating under the umbrella of Dubai Chambers, revealed that UAE investors ranked 2nd in the list of nationalities of the number of new companies joining the chamber during the first half of 2023, with 4,445 new companies registered.

Other countries with large increases in terms of new memberships included Egypt, with 2,154 new companies joining the chamber. This represents an increase of 102% compared to H1 2022 and brings the total number of Egyptian member companies to 18,028.

Elsewhere in the region, 1,184 new Syrian-owned companies joined during H1 2023, an increase of 24% from the 956 recorded during H1 2022. The overall number of Syrian companies registered with the chamber now stands at 10,678.

Concurrently, a total of 639 new Jordanian companies joined during H1 2023, a 36% increase from the 469 recorded during H1 2022 that brings the number of Jordanian businesses registered with the chamber to 8,368.

In parallel, the number of Lebanese businesses witnessed y-o-y growth of 26% in H1 2023, with 588 new members compared to the 468 businesses that joined during the same period last year. This brought the total number of Lebanese businesses registered as members of the chamber at the end of June 2023 to 6,175.

As to the top business sectors, trading and repair services accounted for 42.4% of the total activities among new member company registrations during H1 2023, followed closely by the real estate, renting, and business service sector, which made up 30.8% of new member companies.

Furthermore, businesses in the construction industry took third place with 7.2%, while the transport, storage, and telecommunications sector ranked fourth, accounting for 6.3% of the total activity among new companies joining the chamber during the first half of the year.

DUBAI PROPERTY TRANSACTIONS VALUE GROWS BY 43% Y-O-Y IN AUGUST, AS PER PROPERTY FINDER

Property Finder, the leading property portal in the MENA region, revealed key trends shaping Dubai's booming property market in August 2023.

According to the latest data, the month saw 11,818 real estate transactions, recording a 25% increase in volume compared to 9,450 in August 2022.

The value of the transactions witnessed a sharp hike of 43% compared to the same month last year, reaching AED 33.7 billion. This marks by far the highest transaction volume and value for the month of August in a decade. The market broadly followed the previous month's trends in property preferences for owners and tenants alike.

According to Property Finder's data for August 2023, 59% of property buyers were looking for an apartment, while 41% were interested in villas/townhouses. For tenants, 81% were looking for apartments, while 19% were found to be interested in villas. The most commonly searched apartment size for purchase was two-bedroom, accounting for 34%, closely followed by one-bedroom apartments at 33%.

On the other hand, around 63.9% of those seeking apartments favored furnished properties, while 34.5% were searching for unfurnished options. Among the tenants who can afford to rent a villa or townhouse, 54% preferred unfurnished units, while 45% favored furnished options.

Concurrently, the off-plan segment played an even bigger role in driving the uptick in Dubai's real estate market last month, jumping to 58% of the total number of sales transactions and 50% of total transaction value. The volume of off-plan property sales rose by 63% y-o-y, with 6,837 transactions recorded, compared to 4,189 in August 2022. This increase was reflected in the value of off-plan properties, which surged by almost 103% to AED 17 billion, vastly surpassing the AED 8.2 billion recorded in August 2022.

Ten areas contributed to almost 65.3% of the total sales value and 53% of the total number of transactions in the off-plan market. These included Business Bay, Dubai Harbour, Dubai Creek Harbour, Jumeirah Lakes Towers, and Jumeirah Village Circle, as well as newcomers Sobha Heartland, Al Yufrah 1, Arjan, Jumeirah Village Triangle, and Madinat Al Matar.

The existing property segment in August 2023 experienced another y-o-y rise in value and experienced a notable growth at around 11% y-o-y, reaching AED 16.9 billion, compared to AED 15.3 billion in August 2022, as per Property Finder. Palm Jumeirah, Burj Khalifa, Emirates Living, Dubai Marina, Al Hebiah Fifth, Palm Deira, Arjan, Jumeirah Village Circle, Business Bay, and Dubai Hills contributed to more than 40% of the sales value and 34% of the volume.

In parallel, the list of top areas searched to own apartments in August 2023 remained unchanged for the past couple of months and includes Dubai Marina, Downtown Dubai, Jumeirah Village Circle, Business Bay, and Palm Jumeirah.

HOSPITALITY MARKET IN CAIRO CITY AND RIYADH OBSERVE AN ANNUAL GROWTH ACROSS KPIS OVER FIRST FIVE MONTHS OF 2023, AS PER EY

Ernst & Young (EY) published its “Middle East Hotel Benchmark Survey Report”, covering the performance of 4 and 5 star hotels in key hotel markets across selected countries and cities in the Middle East region. Cairo City’s hospitality sector witnessed an ADR growth of 110.7% from US\$ 66 in 5M 2022 to US\$ 139 in 5M 2023 together with an occupancy increase of 4.6% in 5M 2023 compared to the same period last year to reach 70.8%. This led to a notable RevPAR growth of 125.3 % from US\$ 44 in 5M 2022 to US\$ 99 in 5M 2023.

The campaign launch “In Egypt, your expectations are history” by Egyptian tourism authority partnering with MENA’s online travel marketplace Wego to boost the region’s tourism, coupled with the return of Chinese travelers post the ease on travel restrictions due to the COVID-19 pandemic by China could have attributed to the sector’s growth.

Initiatives to boost bilateral tourism between Nepal and Egypt, Eid Al-Adha celebrations and hosting of several MICE (Meetings, Incentives, Conventions and Exhibitions) events such as 21st EgyMedica 2023 and sporting events like men’s Africa Nations Volleyball Championship are expected to promote the sector performance. Moreover, plans to restore monasteries and archaeological sites to promote religious tourism may boost the long-term sector performance.

Concurrently, Riyadh’s hospitality sector observed a RevPAR increase of 12.8%, from US\$ 111 in 5M 2022 to US\$ 125 in 5M 2023. The average room rate rose by 9.5% from US\$ 176 in 5M 2022 to US\$ 193 in 5M 2023, along with an occupancy rate expansion of 1.8% to reach 64.8% over the covered period.

Riyadh’s hospitality sector performance could be mainly attributed to the launch of Saudi Arabia’s largest tourism promotion event “Riyadh Travel Fair (RTF) 2023” and the opening of the luxurious entertainment destination “Via Riyadh”. Hosting of several MICE events such as the third Riyadh International Luxury Week, SFA Health and Fitness Expo and E3 Customer Experience Conference 2023 may have also supported the sector growth.

Elsewhere in the region, Manama’s hospitality sector witnessed a RevPAR expansion of 22.2%, from US\$ 73 in 5M 2022 to US\$ 90 in 5M 2023, according to the report. This was driven by an occupancy increase of 11.4% in 5M 2023 when compared to the same period last year to reach 56.3%, coupled with a drop in average room rate of 2.5% from US\$ 163 in 5M 2022 to US\$ 159 in 5M 2023.

Finally, Kuwait’s hospitality market saw an expansion in occupancy rate of 13.9% during the first five months of 2023 when compared to the same period last year, to attain 55.9%, as per EY. This was coupled with a 25.7% drop in the average room rate, moving from US\$ 245 during the first 5M 2022 to US\$ 182 in 5M 2023. Accordingly, RevPAR went down by 1.2%, from US\$ 103 in 5M 2022 to US\$ 102 in 5M 2023.

Reduced business activity in the wake of cuts in oil production as announced by OPEC, along with a quiet MICE calendar and market’s heavy reliance on business travelers could have resulted in a softened hospitality sector performance.

CORPORATE NEWS

PIF, SABIC AND RAJHI IN US\$ 3.3 BILLION DEAL TO CREATE SAUDI STEEL GIANT

Saudi Arabia's Public Investment Fund (PIF) signed a share purchase agreement to acquire a 100% shareholding in the Saudi Iron & Steel Company (Hadeed) from the Saudi Basic Industries Corporation (SABIC), as reported in a company's statement.

Based on a cross-conditional share exchange agreement, Hadeed would also acquire a 100% shareholding in AlRajhi Steel Industries Company (Rajhi Steel) from Mohammed Abdulaziz AlRajhi & Sons Investment Company (Rajhi Invest), in exchange for newly issued shares in Hadeed.

The deal is expected to close before the end of the first quarter of 2024.

The transactions would allow Hadeed and Rajhi Steel to bring together their world-class steel plants in the steel industry, in order to improve their respective production capabilities and to increase their operational efficiency.

The transactions are also in line with PIF's broader efforts to accelerate Saudi Arabia's industrial development, and would contribute to meeting the growing local demand for steel and improving Saudi Arabia's steel production capabilities. Furthermore, the transactions would contribute towards the growth of key downstream sectors, such as local construction, automotive, utilities, renewables, transport and logistics, in line with Saudi Vision 2030.

STC GROUP PAYS US\$ 2.3 BILLION FOR 9.9% SHARE OF TELEFONICA

STC Group, a leading operator in Saudi Arabia, acquired a 9.9% interest in Telefónica, one of the largest telecommunications companies in the world with significant presence in Spain, Germany, the UK, and Brazil, for a total consideration of US\$ 2.26 billion (SR 8.5 billion), since the struggling Madrid-based carrier prepares to lay out a new strategy for future growth, as revealed in a company's statement.

STC's holding consists of 4.9% of Telefonica's shares and financial instruments that give it another 5% in so-called economic exposure to the company. STC also plans to secure voting rights for that 5% interest held through financial instruments after receiving regulatory approvals.

This acquisition represents another milestone in STC Group's expansion and growth strategy, and reflects STC Group's confidence in Telefónica's sustainable growth and upside potential.

It is worth noting that Telefónica and STC Group share many similarities, with a vision to use technology to connect people and a strategy to drive growth in vital technology and digital infrastructure sectors across promising markets globally.

GLOBAL INVESTMENT HOLDING ACQUIRES 30% STAKE IN EGYPT TOBACCO COMPANY FOR US\$ 625 MILLION

Global Investment Holding Ltd, a UAE investment firm, acquired a 30% stake in Eastern Company, Egypt's largest tobacco company, for US\$ 625 million, as indicated in a company's statement.

Global Investment Holding would also provide Eastern Company with US\$ 150 million for the purchase of raw materials for manufacturing.

State-run Chemical Industries, the holding company of Eastern Company, would retain a 20.9% stake. It earlier owned 50.95% of the company.

The agreement aligns with the current trends of offering State-owned companies on the Egyptian Exchange (EGX) to expand the ownership base, stimulate trading in the stock exchange, enhance investment

opportunities, benefit from the returns of offering shares in development, renovation, and restructuring operations, as well as improving the financial position of companies and achieving better governance.

OMAN LNG SIGNS AGREEMENTS TO SUPPLY LNG TO SHELL AND OQ TRADING

Oman LNG signed two binding term-sheet agreements to supply LNG to Shell International Trading Middle East FZE and to OQ Trading, as mentioned in a company's statement.

The first agreement was signed for a period of four years and would see Oman LNG supply 0.75 million metric tons per annum (mmtpa) of LNG to OQ Trading, starting from 2026.

Under the second agreement, Oman LNG would supply Shell International Trading Middle East FZE with 0.8 mmtpa of LNG starting from 2025. The contract duration is 10 years.

With these latest agreements, Oman LNG has committed to 10.4 mmtpa of its output so far this year, covering a total commitment of 80 mmtpa over a period of 10 years.

MASDAR AND JINKO SHORTLISTED FOR 1500 MW SAUDI SOLAR PROJECTS

The Saudi Power Procurement Company (SPPC) announced that consortiums of Abu Dhabi Future Energy Company (Masdar) and China's Jinko Power have been shortlisted for the development of the fourth round (R4) of the 1,500 MW solar PV projects in Saudi Arabia, as revealed in a company's statement.

The fourth round of the solar projects are being implemented under the National Renewable Energy Program (NREP), which includes the 1,100MW Al Henakiyah Solar PV and the 400 MW Tabrajal Solar PV.

As per the contract, each project would be developed on a Build, Own, and Operate (BOO) basis by the winning consortium and would be fully owned by the group. The winning consortium would also enter into a 25-year power purchase agreement with SPPC.

These projects would attract investments worth more than US\$ 1.06 billion (SR 4 billion) and would cater to 265,000 residential units annually.

The work on the project is expected to commence in 2024. Subsequent to that it would enter into commercial operation by 2026.

ACWA POWER INKS DEALS WITH ITALIAN COMPANIES TO EXPLORE GREEN HYDROGEN PROJECTS

Saudi-listed ACWA Power, a Saudi-listed company and the world's largest private water desalination company, signed strategic agreements with six Italian partners to bolster cooperation in the fields of green hydrogen, water desalination, and Research and Development (R&D), as reported in a company's statement.

The six Italian entities include the small, medium, and large enterprises federation Confindustria, major energy firm Eni, and utility and waste management firm A2A.

The remaining three firms are industrial solutions provider Industrie De Nora, specialty additives manufacturer Italmatch Chemicals, and classification and engineering solutions provider RINA.

This cooperation would lead to a greater localization of Italian companies in Saudi Arabia and establish the foundation for a robust partnership in research and development. The deal also cements ACWA Power's goal to create transformative opportunities for Italian and European enterprises in Saudi Arabia, while driving sustainable progress by supplying green hydrogen as well as technical expertise.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES SLIDE INTO RED, TRACKING GLOBAL EQUITY WEAKNESS

MENA equity markets slid into the red this week, as reflected by a 1.5% fall in the S&P Pan Arab Composite index, mainly tracking global equity weakness (-1.4%), as surging oil prices following OPEC+ leaders' decision to extend voluntary supply cuts till year-end 2023 reignited global inflationary concerns, and lower-than-forecast China's service sector data added to worries over a fragile post-pandemic economic recovery in the world's second largest economy.

The heavyweight Saudi Exchange, whose market capitalization represents around two-thirds of the total market capitalization, shifted to a negative territory this week, as reflected by a 2.4% drop in the S&P Saudi index, mainly tracking price falls in global equities amid rising inflation worries after Saudi Arabia and Russia prolonged their unilateral oil supply curbs by three months, a more aggressive move than traders had been expecting. This compounded with concerns about a slowdown in China's economic growth after the Caixin China General Services purchasing managers' index (PMI) hit an eight-month low in August 2023.

A closer look at individual stocks shows that petrochemicals giant Saudi Aramco's share price shed 2.2% week-on-week to SR 34.15. Advanced Petrochemical Company's share price fell by 3.9% to SR 40.90. Sipchem's share price closed 1.4% lower at SR 35.95. Petro Rabigh's share price went down by 0.8% to SR 10.24. Also, Aslak's share price retreated by 3.4% to SR 27.20. Arabian Drilling's share price plunged by 11.2% to SR 164.80. Maaden's share price contracted by 5.9% to SR 38.10. Najran Cement's share price decreased by 2.4% to SR 12.20. STC's share price decreased by 1.8% to SR 39.10. As to banking stocks, SNB's share price declined by 1.8% to SR 35.10. SABB's share price fell by 3.6% to SR 34.55. Alinma Bank's share price plummeted by 4.5% to SR 35.25. SAIB's share price dropped by 2.8% to SR 16.14. Banque Saudi Fransi's share price shed 3.3% to SR 37.10.

The Qatar Stock Exchange continued to follow a downward streak this week, as reflected by a 0.3% retreat in the S&P Qatar index, mainly following global equity weakness as surging oil prices stoked global inflation worries and after recent data showed that the Chinese service sector activity grew at a slower-than-expected pace in August 2023, stoking concerns about China's post-pandemic economic recovery.

A closer look at individual stocks shows that QNB's share price closed 2.7% lower over the week at QR 15.180. Qatar Islamic Bank's share price dropped by 4.6% to QR 19.050. Masraf Al Rayan's share price declined by 2.7% to QR 19.050. Leshia Bank' share price decreased 0.3% to QR 1.406. The Commercial Bank's share price went down by 1.4% to QR 5.598. Qatari Investors Group's share price retreated by 1.1% to QR 1.720. Qatar Electricity & Water's share price decreased by 0.5% to QR 17.820. Qatar Navigation's share price edged down by 0.2% to QR 9.555. Qatar Insurance's share price fell by 3.4% to QR 2.270. Vodafone Qatar's share price closed 0.5% lower at QR 1.840. Gulf Warehousing's share price retreated by 1.1% to QR 3.202. Ezdan Holding Group' share price shed 0.7% to QR 1.033.

EQUITY MARKETS INDICATORS (SEPTEMBER 3 - SEPTEMBER 9, 2023)

Market	Price Index	Price week-on-week	Year-to-Date	Trading Value	Trading Value week-on-week	Volume Traded	Market Capitalization	Turnover ratio	P/E*	P/BV*
Lebanon	166.7	0.8%	29.2%	31.0	305.2%	0.4	18,832.9	8.6%	-	0.47
Jordan	360.4	-0.2%	-7.3%	19.6	-33.6%	17.0	23,679.0	4.3%	7.8	1.23
Egypt	258.6	3.4%	9.2%	271.8	-14.2%	3,284.7	40,733.4	34.7%	8.4	2.36
Saudi Arabia	486.4	-2.4%	4.4%	6,357.8	-5.8%	788.0	3,006,403.0	11.0%	16.1	4.84
Qatar	166.5	-0.3%	-5.8%	586.2	-16.2%	861.0	165,748.8	18.4%	12.9	1.58
UAE	138.1	-0.6%	0.4%	1,750.7	-3.1%	1,393.0	974,401.9	9.3%	16.1	3.09
Oman	261.2	-2.0%	0.3%	22.2	-35.7%	31.9	22,217.8	5.2%	15.8	1.07
Bahrain	223.3	-1.1%	15.8%	11.1	87.4%	9.8	18,542.3	3.1%	12.4	1.43
Kuwait	128.5	-0.2%	-7.4%	480.0	4.1%	605.6	132,486.2	18.8%	16.4	1.77
Morocco	249.2	-1.5%	12.3%	72.2	28.5%	13.1	59,207.7	6.3%	19.5	3.48
Tunisia	65.0	0.2%	4.8%	5.2	19.8%	1.9	7,950.6	3.4%	12.0	1.67
Arabian Markets	926.6	-1.5%	1.5%	9,607.8	-5.6%	7,006.5	4,470,203.6	11.2%	15.8	4.13

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

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

Bursa Kuwait registered further price retreats this week, as reflected by a 0.2% decline in the S&P Kuwait index, mainly tracking a global sell-off mood as surging oil prices raised bets about further global monetary tightening. A glance on individual stocks shows that Mobile Telecommunications' share price decreased by 1.2% to Kwf 504. Al Ahli Bank of Kuwait's share price plunged by 4.0% to Kwf 215. Gulf Bank's share price shed 1.2% to Kwf 249. Kuwait International Bank's share price declined by 1.2% to Kwf 159. National Real Estate Company's share price decreased by 2.8% to Kwf 79. Arkan Al Kuwait Real Estate's share price shed 4.9% to Kwf 95. Kuwait Real Estate Company's share price declined by 0.2% to Kwf 161.

The UAE equity markets remained on the fall this week, as reflected by a 0.6% decline in the S&P UAE index, mainly tracking price falls in global stock markets China's economic woes and on renewed inflation concerns following a spike in Brent oil prices. A glance on individual stocks shows that Amlak Finance's share price shed 4.7% to AED 0.840. Commercial Bank of Dubai's share price edged down by 0.6% to AED 4.67. Deyaar's Development share price dropped by 2.7% to AED 0.688. Emaar Properties' share price closed 1.1% lower at AED 7.00. Tabreed's share price went down by 3.5% to AED 3.56. Taaleem Holdings' share price decreased by 1.4% to AED 4.12.

In Abu Dhabi, International Holding Company's share price declined by 1.5% over the week to AED 400.80. Taqa's share price closed 1.4% lower at AED 3.40. Alpha Dhabi Holding's share price nudged down by 0.5% to AED 19.84. Etisalat's share price went down by 1.2% to AED 19.36. First Abu Dhabi Bank's share price dropped by 1.8% to AED 13.36. ADNOC Drilling's share price fell by 1.5% to AED 4.03.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS MOSTLY SKEWED TO DOWNSIDE, TRACKING US TREASURIES MOVE

Activity in MENA fixed income markets was mostly skewed to the downside this week, mainly tracking US Treasuries move following a rush of bond issuance by US investment grade-rated companies, and as a surge in oil prices after OPEC+ leaders decided to extend supply curbs till year-end 2023, and stronger-than-expected August 2023 US services sector data, fueled inflation concerns and cemented bets that the US Federal Reserve would keep interest rates higher for longer.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 saw weekly price drops of 0.25 pt to 0.75 pt. Mubadala'27 closed up by 0.25 pt. Prices of ADNOC'29 went up by 0.63 pt.

Regarding plans for new issues, the UAE Federal government mandated Citigroup, Mashreqbank, Goldman Sachs Group, Mizuho, Emirates NBD Capital, HSBC Holdings, Abu Dhabi Commercial Bank, BNP Paribas and First Abu Dhabi Bank for the sale of US dollar Reg S/144A bonds.

In the Bahraini credit space, prices of sovereigns maturing in 2026, 2027, 2031 and 2032 contracted by 0.31 pt, 0.49 pt, 0.88 pt and 0.83 pt respectively this week. Prices of NOGA'27 rose by 0.75 pt.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 contracted by 0.28 pt week-on-week. In the Qatari credit space, sovereigns maturing in 2026 saw price increases of 0.13 pt, while sovereigns maturing in 2030 registered price drops of 1.00 pt week-on-week. Ooredoo'26 was down by 0.25 pt.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 posted price falls of 0.13 pt to 0.88 pt this week. Saudi Aramco'25 traded up by 0.38 pt. In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 posted price declines of 0.38 pt, 0.60 pt and 0.72 pt respectively week-on-week. Regarding plans for new issues, Energy Development Oman mandated JPMorgan and Standard Chartered Bank as GCs and together with Abu Dhabi Commercial Bank, Bank ABC, Dubai Islamic Bank, First Abu Dhabi Bank, KFH Capital and Mashreq as JLMs and JBRs to arrange a global investor call as well as a series of fixed-income investor calls for the sale of a US dollar benchmark 144A/Reg S 10-year Sukuk.

In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded price decreases of up to 1.38 pt this week. S&P Global Ratings affirmed its "B+/B" long-term and short-term foreign and local currency sovereign credit ratings on Jordan. The outlook remains "stable". The "stable" outlook reflects that S&P

expects Jordan's reform momentum and donor support would remain strong, offsetting the risk that external headwinds could undermine the country's fiscal consolidation trajectory and push the already-elevated debt burden even higher.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 recorded price contractions of 0.13 pt, 0.41 pt, 0.26 pt and 0.13 pt respectively this week. Euro-denominated sovereigns maturing in 2026 recorded price falls of 0.07 pt, while sovereigns maturing in 2031 posted price increases of 0.07 pt.

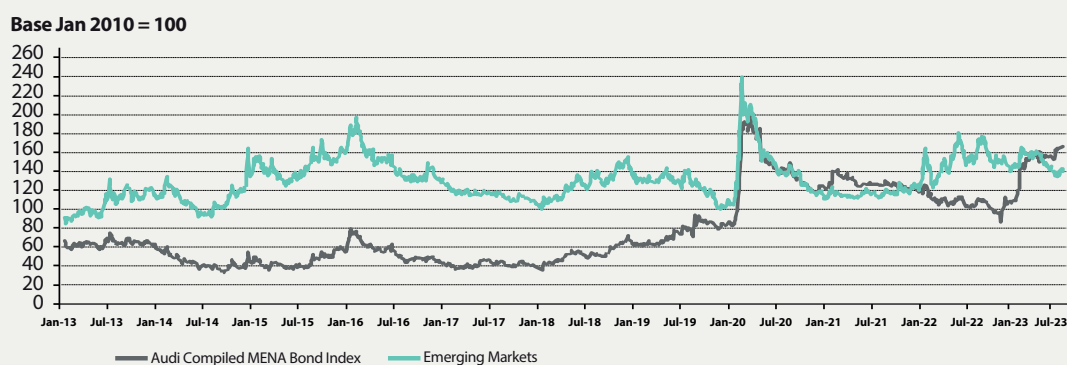
All in all, regional bond markets saw mostly downward price movements this week, mainly tracking declines in US Treasuries as investors sought to make room for new top-rated corporate debt offering higher yields than those on government bonds, and on bets that US Fed rate would remain higher for longer following a rally in oil prices and a higher-than-surveyed US services sector data for August 2023.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	08-Sep-23	01-Sep-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	35	36	44	-1	-9
Dubai	63	66	84	-3	-21
Kuwait	40	40	50	0	-10
Qatar	35	36	48	-1	-13
Saudi Arabia	47	47	61	0	-14
Bahrain	211	214	231	-3	-20
Morocco	131	131	162	0	-31
Egypt	1,528	1,545	877	-17	651
Iraq	395	413	467	-18	-72
Middle East	276	281	225	-5	51
Emerging Markets	84	82	140	2	-56
Global	433	419	533	14	-100

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\$)	08-Sep-23	01-Sep-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	0.2%	0.7%
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)	250.25	250.20	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	136.89	136.23	137.35	0.5%	-0.3%
Moroccan Dirham (MAD)	10.16	10.20	10.44	-0.4%	-2.7%
Tunisian Dinar (TND)	3.13	3.09	3.11	1.2%	0.7%
Libyan Dinar (LYD)	4.85	4.82	4.83	0.6%	0.6%
Sudanese Pound (SDG)	604.21	566.02	573.81	6.7%	5.3%

Sources: Bloomberg, Bank Audi's Group Research Department

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