Bank Audi

MENA WEEKLY MONITOR

NOVEMBER 13 - NOVEMBER 19, 2022
WEEK 46

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Activity in MENA equity markets remained tilted to the downside this week, as reflected by a 0.7% decline in the S&P Pan Arab Composite index, mainly dragged by falling oil prices, while also tracking global equity weakness (-0.6%) amid mounting global economic concerns, noting that JP Morgan projected in a recent note the US economy to enter into a "mild" recession later 2023. In contrast, regional bond markets continued to register across-the-board upward price movements despite recent hawkish comments from US Fed officials, mainly on bets about a slower pace of global monetary tightening following a cooler-than-expected US inflation in October 2022 and as traders are pricing for a recession in the US next year.

MENA MARKETS: NOVEMBER 13 - NOVEMBER 19, 2022

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-0.7%	Weekly Z-spread based bond index	-4.0%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↑
YTD stock price performance	-2.6%	YTD Z-spread based bond index	-17.9%

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ECONOMY

IMF REGIONAL ECONOMIC OUTLOOK FORECASTS MENA REAL GDP GROWTH AT 5% IN 2022

The regional economic outlook of the IMF was released last week. It says real GDP in MENA is forecasted to grow 5.0 percent in 2022, unchanged from April, and up from 4.1 percent in 2021. For oil exporters, high oil prices and robust non-oil GDP growth are offsetting the negative impact of high food prices and rising global interest rates in 2022, with their economies growing at 5.2 percent (following 4.5 percent growth in 2021). Oil exporters also benefit from some degree of trade diversion from the war in Ukraine, as European countries look to replace their reduced oil purchases from Russia. In addition, the impact of tighter global conditions on some oil exporters has been limited, given excess banking system liquidity amid high oil prices.

Worsening global conditions will weigh on the MENA outlook, with growth slowing to 3.6 percent in 2023, unchanged relative to April. Growth in oil-exporting countries is expected to moderate to 3.5 percent as OPEC+ production increases wane, oil prices decline, and global demand slows.

Headline inflation for MENA (excluding Sudan) is expected to remain elevated at 12.1 percent in 2022 (1.7 percentage point higher than 2021 and 1.1 percentage point above the April forecast) and 11.2 percent in 2023—an upward revision of 2.6 percentage points. These revisions mainly reflect the lagged effects of higher food prices and, in some cases, exchange rate depreciations with broadening inflationary pressures.

The external accounts of MENA oil-exporting countries are projected to improve further in 2022–23 as oil and gas prices remain considerably higher than their 2020–21 levels. The outlook for GCC countries is even brighter. The average current account surplus for oil exporters (for GCC countries) is expected to increase from 4.6 percent of GDP (8.2 percent) in 2021 to 9.7 percent of GDP (16.7 percent) in 2022—an additional surplus of US$ 275 billion (US$ 208 billion)—before receding to 7.8 percent of GDP (13.7 percent) in 2023.

Robust non-oil growth in GCC countries is expected to continue supporting remittance flows to the broader region, somewhat offsetting external headwinds. The past relation between GCC countries' non-oil growth and remittance flows to MENA EM&MIs and LICs indicates remittances from the GCC could grow in the range of 1.9 percent to 3.4 percent annually over the medium term.

Continued high current account deficits and declining foreign exchange reserves in MENA EM&MIs and Pakistan indicate higher external vulnerabilities. External financing needs of these countries will increase from 109 percent of gross international reserves (US$ 232 billion) in 2021 to 242 percent in 2022 (US$ 275 billion) before receding to 163 percent in 2023 (US$ 265 billion). GCC countries and associated financial institutions are stepping in to fill in part of these higher financing requirements, including to help countries address food security concerns. For example, the Arab Coordination Group has launched a food security action plan with an initial US$ 10 billion package. In addition, GCC countries have pledged in total US$ 41 billion to Egypt, Jordan, Pakistan, and Yemen in official support and investments, disbursing or rolling over more than US$ 22 billion to date.

The divergent effects of high commodity prices and tightening global financial conditions are also driving trends in fiscal balances for MENA countries. For oil exporters, primary fiscal balance and oil revenue projections indicate that most countries have saved the increase in oil revenues in 2021–22. This is reflected in the near one-to-one or even greater improvement in the projected overall primary fiscal balance for most MENA oil exporters. Over 2022–26, higher oil prices relative to projections at the time of the October 2021 Regional Economic Outlook: Middle East and Central Asia imply a cumulative windfall of about US$ 1 trillion for these economies. Governments in GCC countries are expected, on average, to save about 33 percent of oil revenues—a significantly higher saving rate relative to those that breached into negative territory following past declines in oil prices—a stark contrast to the procyclical fiscal policies of the past. However, in other oil-exporting countries (Algeria), public savings rates are projected to fall sharply, reflecting continued procyclical policies.

JORDAN'S REAL GDP GROWTH EXPECTED AT 2.7% IN 2022

Jordan's real GDP growth is expected at around 2.7% in 2022 marking an upwards revision from the 2.4% growth expectation of the last review. This increase is attributed to positive regional spillovers from GCC countries as well as increased tourism arrivals, said the Head of the IMF Jordan Mission in a statement.

In the medium term growth is expected to reach around 3% but due to a slowing global economy some downside risks present themselves. Jordan's unemployment while having decreased slightly is still sitting at a considerable 22.6% and as of end-October inflation has also increased by 5.2%. Moreover, the rebound in tourism arrival and strong exports was offset by an increase in the price of food and oil imports leading to a forecasted current account deficit of 7.8% of GDP in 2022, added the Head of the IMF Jordan Mission.

Fiscal policy reforms continue centering themselves on the broadening of the tax base, the recent passage of legislations regarding fiscal policy constitute important reforms in this regard. Also, the removal of untargeted fuel price subsidies while protecting the vulnerable population against the rise in prices through additional cash transfers is a welcomed move to save needed resources for priority spending, stated the Head of the IMF Jordan Mission.

The country's monetary policy should continue its safeguarding of the peg that still serves the economy. The Central Bank of Jordan will continue taking the necessary monetary policy adjustments to adjust to actions taken by the US Federal Reserve as well as adequate international reserves that serve as an essential buffer in a highly volatile environment.

The banking system remains liquid and well-capitalized with non-performing loans remaining at low levels, continued the Head of the IMF Jordan Mission in the statement.

While long-term gas import contracts for electricity generation have softened the blow of increasing global natural gas prices, NEPCO's deficit increased in 2022 which shows the struggle of the electricity sector in facing international oil and gas prices hiking. The authorities with the help of development partners are working on an action plan to address NEPCO's financial challenges decisively, said the Head of the IMF Jordan Mission in his statement.

Moreover, the water sector through the cabinet's approval of a financial sustainability roadmap has taken an important step in addressing the issue of water scarcity as well as containing the sector's deficit and eliminating its dues.

Jordan has maintained a healthy amount of wheat and barley reserves which through a rise in international prices has led to the government shouldering a heavy fiscal burden through subsidizing these commodities. An agreement aiming for a central government primary deficit of 2.9% of GDP excluding grants was reached for the 2023 fiscal targets. This balances the need to support debt sustainability and recovery imperatives against the massive external pressures, the Head of the IMF Jordan Mission added in his statement.

The likelihood for durable, inclusive and strong growth bases itself on continuous steady progress on structural reforms that aim to enhance labor market flexibility, to boost female and youth employment, enhance governance and transparency as well as promote competition which highlights why it is crucial to pass the tabled labor law amendments, improve national statistics to monitor progress as well as strengthen the competition framework.

After the completion of this review, total IMF disbursements over 2020-24 to SDR 1.4 billion (around US$ 2 billion) in addition to SDR 329 million (US$ 469 million) disbursed as Jordan's share of the IMF General SDR allocation of august 2021. Strong donor support is crucial for Jordan including aid for the harboring of circa 1.3 million Syrian refugees, noted the Head of the IMF Jordan Mission in his statement.

It is worth noting that the IMF Jordan Mission reached a staff-level agreement surrounding the fifth review of the authorities' economic reform program with the support of the Extended Fund Facility (EFF).

Despite turbulent global economic conditions , macroeconomic stability and access to international markets were maintained with the help of appropriate and logical monetary and fiscal policies, the central government is forecasted to narrow primary deficit without the inclusion of grants to 3.7% of GDP revised downwards by 0.7% of GDP from the last review as the costly fuel and food subsidy costs were offset by the rationalization of non-priority spending and a considerable revenue over-performance showing the government's efforts to find a solution for tax evasion and avoidance, said the Head of the IMF Jordan Mission in his statement.

BAHRAIN EXPORTS INCREASE BY 9% YEAR-ON-YEAR IN OCTOBER 2022

Bahrain's exports scored a rise in value of 9.3% reaching BHD 400 million (US$ 1.1 billion) in October 2022, up from BHD 366 million (US$ 970 million) in the same month of 2021. The top 10 countries that Bahrain exports to accounted for 77% of the country's total exports value with Saudi Arabia being the biggest importer with a valuation of BHD 85 million (US$ 225.3 million) in October 2022, the US and the UAE came in second and third respectively. Unwrought aluminum alloys were the top exported product with a valuation of BHD 141 million (US$ 373.7 million) in October 2022, agglomerated iron ores and concentrates alloyed as well as unwrought aluminum not alloyed came in second and third respectively, said the Information & eGovernment Authority (iGA) in a report.

Imports increase in value by 10.6% totaling BHD 500 million (US$ 1.3 billion) in October 2022 as compared to BHD 452 million (US$ 1.2 billion) in the same month of last year. With the top 10 countries that Bahrain imports from accounting for 68% of the total amount for the month, from these countries China was the top exporter to Bahrain with a valuation of BHD 65 million (US$ 172.3 million) during the month. The top imported product was non-agglomerated iron ores and concentrates valued at BHD 65 million (US$ 172.3 million), added the (iGA) in a statement.

Re-exports total value increased by 44% year-on-year reaching BHD 83 million (US$ 220 million) in October 2022

The trade balance scored a deficit of BHD 17 million (US$ 45.1 million) in October 2022, a 41% drop from the deficit in same month of 2021 that was at BHD 29 million (US$ 76.9 million), stated the (iGA).

IRAQ TO INCREASE OIL PRODUCTION CAPACITY BY 140% IN 2027

Oil output capacity is planned to increase by 7 million barrels per day (bpd) in 2027, representing 140% of its current production. This increase will come with the usage of giant fields currently undergoing development notably including Rumaila with a joint venture between BP Plc and PetroChina Co Ltd. managing it as well as the Lukoil's West Qurna 2, said the head of state-owned oil marketer SOMO in a statement.

It is worth highlighting that the current crude oil production in Iraq is bordering 5 million bpd, with a dip in output noted in October with a production of 4.7 million bpd which is in line with the output quota set by the OPEC+ agreement.

SURVEYS

STRONG HOSPITALITY MARKET PERFORMANCE IN DUBAI IN 8M 2022, AS PER EY

According to EY, Dubai's hospitality market saw an occupancy expansion of 13.6% during the first eight months of 2022 when compared to the same period last year, coupled with an average room rate rise by 34.8% from US$ 228.8 in the first 8M 2021 to US$ 308.5 in 8M 2022. Accordingly, RevPAR went up by 66.8% from US$ 130.9 in 8M 2021 to US$ 218.3 in 8M 2022.

Furthermore, the Asia Cup 2022, the 25th edition of Dubai Summer Surprises (DSS) 2022, and the FIFA World Cup 2022 along with other events including MENA Attractions & Destinations Forum 2022 and 27th Global Village Festival, could attract domestic and international travelers to Dubai and boost the sector's performance in the next few months.

Abu Dhabi's hospitality market witnessed a slight rise in occupancy rate of 0.3% in 8M 2022 when compared to 8M 2021, coupled with an increase in the average room rate of 16.8% from US$ 67.0 in 8M 2021 to US$ 78.2 in 8M 2022.

Consequently, RevPAR went up by 17.3% from US$ 49.3 in 8M 2021 to US$ 57.8 in 8M 2022. New measures to attract international tourists, such as new visa rules offering flexible and multi-entry visit visa along with the upcoming Al Dhafra festival and events on Yas Island, the Formula 1 Grand Prix and World Triathlon Championship Finals 2022, could enhance the sector's performance in the short to medium term.

Based on the report, Kuwait's hospitality sector witnessed a RevPAR expansion of 18.1%, from US$ 85.5 in 8M 2021 to US$ 101.0 in 8M 2022. This was driven by an occupancy increase of 4.5% in 8M 2022 when compared to the same period last year, coupled with an increase in average room rate of 5.8% from US$ 220.0 in 8M 2021 to US$ 232.8 in 8M 2022.

Hosting several MICE (meeting, incentive, convention, and exhibition) events such as the Gulf Defense & Aerospace (GDA) exhibition 2022 and Kuwait Aviation Show 2023, as well as other projects associated to Vision 2035 and the new "Entertainment City" are anticipated to support the hospitality sector in the medium and long run.

On the other hand, Doha's hospitality sector observed a 15.1% contraction in occupancy rate in 8M 2022 when compared to the same period a year earlier. The average room rate surged by 19.5% over the covered period, moving US$ 92.9 in 8M 2021 to US$ 111.0 in 8M 2022. RevPAR declined by 5.2%, from US$ 68.1 in 8M 2021 to US$ 64.5 in 8M 2022.

Several activities that are upcoming in November 2022, including the FIFA World Cup and the opening of tourist destinations such as "Winter Wonderland", are expected to assist Doha's sector performance.

MANUFACTURING AND LOGISTICS SECTORS FUEL 22% INCREASE IN RIYADH WAREHOUSE RENTS, AS PER KNIGHT FRANK

According to Knight Frank, the demand for high quality and specialized warehouse facilities across Saudi Arabia is significantly increasing due to the enhanced activity in the manufacturing and logistics sectors. Hence, the annual rate of change in rents in cities like Riyadh went up by 22% at the end of Q3 2022.

Moreover, the pandemic stimulated online retailing which is fueling an ongoing buoyancy in warehousing requirements. The same trend has been observed in Saudi Arabia, where it has witnessed a 90% increase in online shopping volumes over the last 12 months.

The manufacturing sector is a vital component in the government's industrial strategy, which accounts for 8.3% of the GDP.

Manufacturing industries such as the pharmaceuticals and automobile production sectors are contributing to rising levels of warehouse requirements.

Government led incentives to boost domestic production of goods is attracting local and international investors, as well as boosting overall activity in this subsector, as stated by the Head of Middle East Research.

Yet, these initiatives are also contributing to the mismatch between demand and supply, particularly for internationally specified, high-quality warehouse facilities and last mile logistics facilities.

The high demand combined with the lack of supply of high-quality warehouses, has put upward pressure on rents. Rents in cities like Riyadh now stand as high as SR 250 per square meter, representing an increase of 22% over the last 12 months, with occupancy standing at 96%.

Warehouse rents in Jeddah have also expanded by 22% over the same period and now average SR 179 psm, with occupancy levels of around 96% at the end of Q3 2022, as per Knight Frank.

Furthermore, as Saudi Arabia emerges as a logistics powerhouse, re-exports are growing, rising in value by 23% during 2021 alone. Indeed, demand for logistics hubs is now a significant driver of demand.

However, with the speed in construction and with no delays in deliveries announced, a marginal 5% increase in Riyadh's warehousing supply is expected by 2025.

UAE CEOS REMAIN OPTIMISTIC ABOUT BUSINESSES, AS PER KPMG

Based on the report issued by KPMG, about 86% of Chief Executives of the world's largest businesses, polled in a survey, agree about the economy's prospects heading towards a recession in the next 12 month, compared to only 24% of UAE's CEO expecting it.

The KPMG 2022 CEO Outlook Survey was conducted in the second half of 2022, and it polled 1,325 CEOs from 43 countries including 25 from the UAE.

The 25 UAE-based CEOs all worked for companies with earnings higher than US$ 500 million, and 44% have revenues higher than US$ 10 billion. They are also remaining optimistic concerning their businesses, with 60% of them anticipating earnings to rise from 2.5% to 4.5% yearly, over the next three years, which is more than twice the number of CEOs globally.

This comes from the fact that the UAE has several advantages that would allow the country to stand firm against global economics shocks. These consist of a strategic location, strong financial reserves, a large sovereign wealth fund, a number of free zones, and a progressive policy of economic diversification, alongside with heavy investments in infrastructure and public works projects, as per KPMG.

On the other hand, 96% of UAE CEOs indicated having an aggressive digital strategy in place, which was much higher than the global figure of 72%, as mentioned in the report.

With the rising threat of cyber-attacks, 92% of the UAE respondents stated that their organizations were well prepared against cyberattacks, compared to 56% of the global CEOs.

The UAE is set for unprecedented growth, supported by a hybrid workforce, enhanced digital capabilities as a result of improved IT infrastructure, a focus on cybersecurity and diversified supply chains, as reported by the Chairman and CEO of KPMG Lower Gulf.

CORPORATE NEWS

AL FANAR TO INVEST NEARLY US$ 1.8 BILLION IN FIRST PHASE OF GREEN HYDROGEN STATION

Saudi Arabia Al Fanar is heading towards investing nearly US$ 1.8 billion in the first phase of the green hydrogen station to be established in the Suez Canal Economic Zone (SC Zone), as revealed by the Chief Investment Officer of the Saudi Al-Fanar Group.

The framework agreement was signed by four parties including the Egyptian Sovereign Fund, the Economic Zone, the Renewable Energy Authority, and the developer, ETC.

It is worth highlighting that in the first phase of the project, around 250,000 tons of green ammonia would be produced, knowing that the construction work would be finalized within two years. Additionally, this move is for the purpose of exporting its products to Europe, and double exports in the next 10 years.

Al Fanar is also taking into consideration the launching of a factory for electrical appliances in the Suez Canal to replace imports, noting that the necessary studies for the project are currently underway.

Al Fanar establishes projects for the generation and transmission of energy, including renewable energy. Currently, it is operating a 50 MW solar energy project in the Benban Solar Park in Egypt's Aswan.

EIB TO INVEST US$ 1.5 BILLION IN WATER PROJECTS IN EGYPT

The European Investment Bank is planning to provide US$ 1.5 billion to Egypt to fund projects that are dedicated for water treatment, as mentioned in a statement.

It is worth noting that the bank would also corporate with Egypt in transport and energy sectors, given their association with carbon dioxide emissions.

The bank collaborates with the Egyptian government to link water, food, and energy projects, with the aim to actualize a strategy that is considerate of climate change in several aspects, pertaining to the economy and the impact on the population, according to the bank’s officials.

ACWA POWER AND EGYPT WEALTH FUND SIGNS A MOU WORTH US$ 1.5 BILLION FOR WIND ENERGY PROJECT

ACWA Power, a leading Saudi developer, investor, and operator of power generation, water desalination and green hydrogen plants worldwide, signed a memorandum of Understanding (MoU) with The Sovereign Fund of Egypt (TSFE) to explore a joint investment, worth US$ 1.5 billion, in the 1.1 GW Wind Energy project, located in the Gulf of Suez in Egypt.

By 2026, the 1.1 GW Wind Energy project would supply energy to over a million households and replace 2.4 million tons of carbon dioxide emissions yearly.

ACWA Power and TSFE would now engage in discussions for TSFE’s Infrastructure & Utilities Subfund to own up to 10% of the project.

Currently, project investors include Hassan Allam Holdings, an Egyptian engineering, construction and Infrastructure Company (25% stake) and ACWA Power.

It is worth noting that this is the first instance of The Sovereign Fund of Egypt (TSFE) investing in ACWA Power’s Egyptian or worldwide portfolio.

Furthermore, ACWA Power also signed a memorandum of understanding to develop another 10 GW wind project with Egyptian Electricity Transmission Company (EETC), which is likely to be expanded in phases.

NAIA REAL ESTATE DEVELOPMENT PLANS TO INVEST US$ 1.2 BILLION OVER THREE YEARS

Naia Real Estate Development, Egyptian Developer, intends to invest US$ 1.2 billion (LE 30 billion) in real estate projects over the next three years.

Naia West project is expected to be launched in the first quarter of 2023, drawing on the experiences and learnings from its under-construction Naia Bay project in Ras El Hikma, as per company's official.

Naia West would be built on a 140 acres land in New Sheikh Zayed for a total investment of US$ 450 million (LE 11 billion), including villas, apartments and commercial units.

Phase one, which includes 70 residential units on a 50 acres land, would add to the company's total investment in Naia Bay and Naia West US$ 777 million (LE 19 billion).

Naia Bay's construction is on track with Phase one and is anticipated to be delivered by 2024. It is worth noting that around 30% of the total units in Phase one are already sold out.

The rest of the phases are expected to be launched from summer 2023, and the entire project would be completed within three years. Moreover, the company is negotiating with an international operator to manage a 300-key 5-star hotel along with a commercial area with 30 brands in Naia Bay.

SAUDI'S RCJY SIGNS US$ 266 MILLION INVESTMENT AGREEMENTS

The Royal Commission for Jubail and Yanbu (RCJY), which is a Saudi Organization with the objective of boosting investments, developing and managing industrial cities, signed investment and construction agreements worth over US$ 266 million (SR 1 billion) with several investors in Jazan City.

Over SR 660 million worth of investment agreements were signed with several companies, including Public Investment Fund-owned Saudi Coffee Company, in order to develop and build a coffee processing factory.

The new deals provided an infrastructure attracting investments in the food and mining manufacturing industries, establishing a vibrant community, increasing GDP output, creating new direct and indirect jobs, and boosting self-sufficiency in the targeted sectors, as revealed by RCJY's officials.

In details, a SR 300 million agreement was signed with United Feed Company to establish a grain and animal feed factory.

Another agreement was signed with Namariq Arabian Services, worth approximately SR 145 million, to build a residential complex that can accommodate 7,000 people. Also, a deal was signed to build 320 housing units at an investment of over SR 143 million.

It is important to note that the two residential projects would cover 250,000 square meters.

Moreover, the RCJY would invest SR 400 million in developing the city's infrastructure, which will create more than 300 direct and indirect jobs.

IFC TO FUND US$ 83 MILLION IN EGYPT'S LARGEST WIND FARM

International Finance Corporation (IFC) is looking forward to offer US$ 83 million to part-fund the planned 500-megawatt wind farm in Egypt's Ras Ghareb.

The financing, which is a pending approval, would include up to US$ 75 million loan and approximately US$ 8 million of interest rate swaps.

The construction is anticipated to start in March 2023, with the operations likely to begin in September 2025. Huadong PowerChina Consortium, comprising Huadong PowerChina Engineering Corporation, PowerChina International Group and HDEC Middle East Co DMCC, would be the engineering, procurement and construction (EPC) contractor, while China-based Envision would be the turbine supplier.

CAPITAL MARKETS

EQUITY MARKETS: ACTIVITY IN MENA EQUITIES REMAINS TILTED TO DOWNSIDE, ON OIL PRICE SLUMP AND LINGERING GLOBAL ECONOMIC CONCERNS

Activity in MENA equity markets remained tilted to the downside this week, as reflected by a 0.7% decline in the S&P Pan Arab Composite index, mainly dragged by falling oil prices, while also tracking global equity weakness (-0.6%) amid mounting global economic concerns. Within this context, JP Morgan projected in a recent note the US economy to enter into a "mild" recession later 2023 on expectations the US Fed would tighten monetary policy further in its battle against inflation and ease up on policy by early 2024.

The heavyweight Saudi Exchange pursued its downward trajectory this week, as reflected by a 0.5% retreat in the S&P Saudi index, mainly on ex-dividend activity and due to an extended oil price slump, with Brent prices shedding 8.7% to reach US$ 87.62 per barrel on Friday, mainly on cooling geopolitical jitters after a pipeline carrying Russian oil to Europe was reported to have restarted and tensions over Poland eased, while rising COVID-19 cases in China added to demand concerns in the world's largest crude importer, and as OPEC cut its forecast for 2022 global oil demand growth for a fifth time since April 2022 and further trimmed next year's figure.

A closer look at individual stocks shows that petrochemicals giant Saudi Aramco's share price fell by 1.5% week-on-week to SR 33.70. Advanced Petrochemical Company's share price dropped by 1.5% to SR 42.50. Saudi Kayan Petrochemical Company's share price plummeted by 7.4% to SR 11.20. Sipchem's share price fell by 1.0% to SR 38.0. Jarir Marketing's share price retreated by 0.3% to SR 161.0. The stock traded ex-dividend on November 15, 2022. Theeb rent a car's share price closed 1.6% lower at SR 67.90. The stock went ex-dividend on November 16, 2022. As to banking stocks, SNB's share price decreased by 0.7% to SR 54.50. Alinma Bank's share price shed 5.2% to SR 36.15. SNB's share price retreated by 5.3% to SR 54.90. Banque Saudi Fransi's share price fell by 4.9% to SR 40.25.

The Qatar Stock Exchange slid back into negative territory this week, as reflected by a 3.0% fall in the S&P Qatar index, mainly as concerns over a worsening oil demand outlook filtered through the crude market and on mounting worries about a global economic downturn in the midst of a global monetary tightening environment. 34 out of 47 traded stocks on the QSE posted price drops, while 11 stocks recorded price gains and two stocks saw no price change week-on-week. A closer look at individual stocks shows that QNB's share price shed 4.9% to QR 19.140. Qatar Islamic Bank's share price retreated by 2.0% to QR 24.50. The Commercial Bank's share price closed 1.8% lower at QR 6.090. Industries Qatar's share price fell by 3.1% to QR 15.310. Gulf International Services' share price went down by 3.0% to QR 1.708. Barwa Real Estate's share price declined by 2.6% to QR 3.339. Ezdan Holding Group's share price dropped by 3.7% to QR 1.112. Ooredoo's share price plunged by 6.1% to QR 9.845.

EQUITY MARKETS INDICATORS (NOVEMBER 13 - NOVEMBER 19, 2022)

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	126.1	1.4%	34.1%	3.7	31.5%	0.3	14,250	1.4%	-	0.30
Jordan	386.2	1.8%	10.8%	21.2	-20.6%	13.5	25,094.7	4.4%	9.4	1.52
Egypt	208.9	6.1%	-31.4%	344.1	68.9%	2,837.7	32,719.6	54.7%	7.5	1.58
Saudi Arabia	496.0	-0.5%	-3.3%	5,498.9	-7.0%	501.78	2,750,603.9	10.4%	14.1	4.67
Qatar	199.6	-3.0%	0.2%	448.9	-12.6%	398.0	185,672.5	12.6%	14.1	1.89
UAE	144.0	-2.1%	-2.4%	2,847.1	5.6%	3,013.7	830,897.1	17.8%	11.7	1.86
Oman	248.8	0.7%	14.2%	24.9	19.4%	61.0	20,934.5	6.2%	11.8	1.01
Bahrain	189.1	0.6%	3.5%	6.8	73.5%	7.3	16,996.1	2.1%	10.1	1.32
Kuwait	145.1	0.4%	8.8%	713.7	-10.2%	924.0	144,852.9	25.6%	21.0	2.56
Morocco	219.4	5.5%	-30.8%	24.4	-64.9%	1.5	52,277.5	2.4%	18.6	2.89
Tunisia	59.6	-1.1%	-6.9%	6.7	-16.0%	2.7	7,480.5	4.7%	9.8	1.63
Arabian Markets	**967.4**	**-0.7%**	**-2.6%**	**9,940.4**	**-3.0%**	**7,761.5**	**4,081,779.1**	**12.7%**	**13.7**	**3.78**

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

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

The UAE equity markets plunged into the red this week, registering price falls of 2.1%, mainly tracking declines in global equities on prospects of a global recession in 2023, and driven by an oil price slump. In Dubai, Dubai Islamic Bank's share price fell by 1.5% to AED 5.84. Emaar Properties' share price dropped by 3.1% to AED 6.17. Tecom Group's share price closed 1.3% lower at AED 2.33. Shuaa Capital's share price retreated by 1.2% to AED 0.415. In Abu Dhabi, Taqa's share price shed 3.6% to AED 3.75. ADNOC's share price decreased by 1.3% to AED 4.44. ANOC Drilling's share price retreated by 0.6% to AED 3.39. First Abu Dhabi Bank's share price went down by 4.4% to AED 17.66. ADIB's share price closed 3.0% lower at AED 9.29.

In contrast, the Egyptian Exchange continued to benefit from improved sentiment after Egypt reached a staff-level agreement with the IMF on comprehensive economic policies and reforms last October, and given some upbeat corporate earnings. This was reflected by a 6.1% surge in the S&P Egypt index.

A closer look at individual stocks shows that Emaar Misr's share price jumped by 8.9% over the week to LE 2.69. Emaar Misr reported 2022 third quarter net profits of LE 1.8 billion versus net profits of LE 1.5 billion a year earlier. ElSewedy Electric's share price climbed by 6.3% to LE 8.93. ElSewedy Electric reported 2022 third quarter net profits of LE 1.2 billion versus net profits of LE 704 million a year earlier. Talaat Moustafa Group's share price rose by 2.4% to LE 8.57. Talaat Moustafa Group reported net profits LE 2.0 billion during the first nine months of 2022 versus net profits of LE 1.7 billion a year earlier. Commercial International Bank's share price rose by 8.2% to LE 37.34. Telecom Egypt's share price increased by 2.6% to LE 22.06. Juhayna Food Industries' share price closed 1.7% higher at LE 7.20.

FIXED INCOME MARKETS: FURTHER ACROSS-THE-BOARD PRICE GAINS IN MENA BOND MARKETS, ON BETS OF SLOWER MONETARY TIGHTENING AND LATE-2023 US RECESSION

MENA fixed income markets continued to register across-the-board upward price movements this week despite recent hawkish comments from US Fed officials, mainly on bets about a slower pace of global monetary tightening following a cooler-than-expected US inflation in October 2022 and as traders are pricing for a recession in the US next year.

In the Saudi credit space, sovereigns maturing in 2026 and 2030 recorded price expansions of 0.63 pt and 1.75 pt respectively this week. SABIC'28 was up by 2.38 pts. Saudi Aramco'25 closed up by 1.0 pt. Prices of SEC'24 increased by 0.50 pt. Regarding new issues, Banque Saudi Fransi raised US$ 700 million through the sale of five-year Reg S senior unsecured conventional bonds at an annual rate of 5.50%, which came under its US$ 4 billion MTN program. The bond sale attracted more than US$ 3.2 billion in orders.

In the Dubai credit space, sovereigns maturing in 2029 registered price rises of 0.75 pt week-on-week. Prices of DP world'30 increased by 1.50 pt. Regarding new issues, Mashreq raised US$ 500 million from the sale of Tier 2 bonds maturing in February 2033 at a coupon of 7.875%. The bonds are non-callable for 5-1/4 years. As to plans for new issues, Dubai Islamic Bank mandated Bank ABC, Dubai Islamic Bank, Emirates NBD Capital, First Abu Dhabi Bank, KFH Capital, HSBC, Sharjah Islamic Bank and Standard Chartered Bank as Joint Lead Managers and Bookrunners and Standard Chartered Bank as sole sustainability structuring bank, to arrange a series of fixed income investor meetings ahead of the sale of a fixed rate five-year benchmark Regulation S only, US dollar-denominated, senior unsecured inaugural Sustainable Sukuk.

In the Abu Dhabi credit space, prices of sovereigns maturing in 2026 and 2031 went up by 0.75 pt and 2.38 pts respectively this week. Mubadala'26 was up by 0.38 pt. Prices of ADNOC'29 increased by 1.68 pt. Prices of Etisalat'24 edged up by 0.38 pt. Taqa'26 closed up by 1.38 pt. ADCB'23 was up by 0.25 pt. First Abu Dhabi Bank'24 registered price gains of 0.12 pt.

In the Qatari credit space, prices of sovereigns maturing in 2026 and 2030 increased by 0.88 pt and 2.13 pts respectively week-on-week. Ooredoo'26 traded up by 1.75 pt. Prices of QNB'25 went up by 0.88 pt. Commercial Bank of Qatar'23 posted price rises of 0.38 pt.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 rose by 0.72 pt this week. KIPCO'27 closed up by 1.75 pt. In the Bahraini credit space, sovereigns maturing in 2026 and 2031 registered weekly price expansions of 1.30 pt and 3.75 pts respectively. Prices of NOGA'27 went up by 1.75 pt.

In the Jordanian credit space, sovereigns maturing in 2026 posted weekly price contractions of 0.50 pt, while prices of sovereigns maturing in 2030 remained unchanged. Moody's affirmed the government of Jordan's long-term local and foreign currency issuer ratings at “B1” and changed the outlook to “positive” from “stable”. The foreign currency senior unsecured debt and MTN program ratings are also affirmed at “B1” and “(P)B1” respectively. The change in outlook to “positive” is driven by the government's strong commitment to wide-ranging structural reforms and track record of effective implementation at least on the fiscal front, which have the potential to raise the resilience of its credit profile.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2025 and 2040 posted price expansions 2.50 pts and 3.63 pts respectively, while prices of sovereigns maturing in 2030 contracted by 0.19 pt this week. Prices of Euro-denominated sovereigns maturing in 2026 and 2031 went up by 4.97 pts and 6.30 pts respectively this week.

In the Iraqi credit space, prices of sovereigns maturing in 2028 increased by 0.98 pt week-on-week. In the Omani credit space, sovereigns maturing in 2026 and 2029 registered price expansions of 0.80 pt and 2.88 pts respectively this week. Omantel’28 traded up by 1.38 pt.

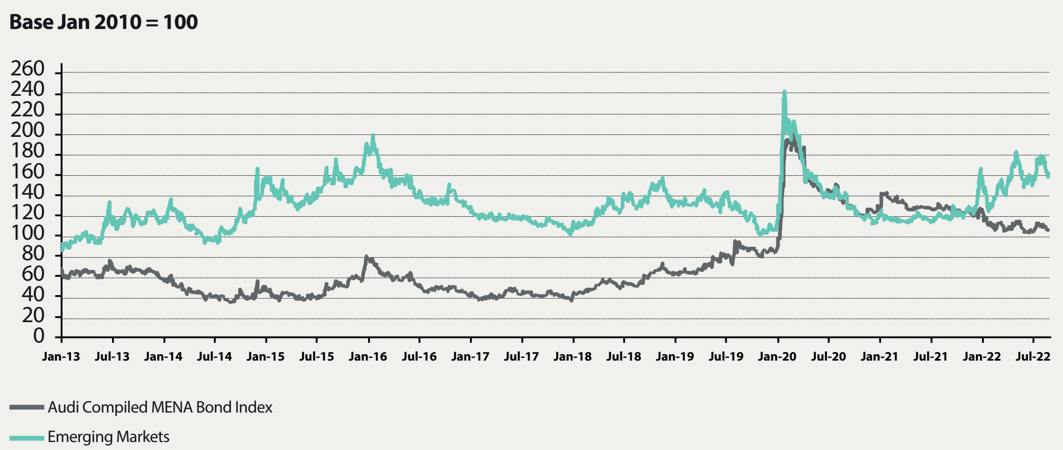
All in all, activity in regional bond markets remained skewed to the upside this week, mainly on bets that the US yield curve inversions would persist into 2023 and may not reverse until a recession forces a shift in monetary policy.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	18-Nov-22	11-Nov-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	48	48	43	0	5
Dubai	100	110	94	-10	6
Kuwait	52	55	45	-3	7
Qatar	48	48	44	0	4
Saudi Arabia	62	57	49	5	13
Bahrain	243	244	294	-1	-51
Morocco	274	287	95	-13	179
Egypt	899	922	498	-23	401
Iraq	529	526	554	3	-25
Middle East	251	255	191	-4	60
Emerging Markets	155	146	141	9	14
Global	639	595	183	44	456

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

Bank Audi

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/Stable/B	B2/Negative	B+/Negative/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A-/Positive/A-2	A1/Stable	A/Positive/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa3/Positive	AA-/Stable/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	B+/Stable/B
Oman	BB-/Stable/B	Ba3/Positive	BB/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	Caa1/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-Nov-22	11-Nov-22	31-Dec-21	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,507.50	1,507.50	1,507.50	0.0%	0.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	24.47	24.37	15.72	0.4%	55.6%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.76	3.76	3.76	0.0%	0.1%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.67	0.0%	-0.9%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	-0.5%	1.7%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.39	0.0%	-0.1%
Yemeni Riyal (YER)	250.22	250.23	250.00	0.0%	0.1%
NORTH AFRICA					
Algerian Dinar (DZD)	138.96	139.06	138.89	-0.1%	0.0%
Moroccan Dirham (MAD)	10.71	10.70	9.25	0.1%	15.8%
Tunisian Dinar (TND)	3.17	3.19	2.87	-0.7%	10.2%
Libyan Dinar (LYD)	4.89	4.98	4.60	-1.9%	6.3%
Sudanese Pound (SDG)	573.11	572.31	442.60	0.1%	29.5%

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER