Bank Audi

MENA WEEKLY MONITOR

NOVEMBER 20 - NOVEMBER 26, 2022
WEEK 47

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A new report has been released by ESCWA entitled "COVID-19 and its impact on Arab economic integration". The report starts by saying that the global economy has witnessed a tectonic shift in economic geography over the past few decades. The G7 nations, which used to account for around half of global gross domestic product (GDP) (in purchasing power parity terms), have seen their share decline to less than a third in recent years.

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Saudi Aramco, one of the largest energy producers in the world, signed 59 Corporate Procurement Agreements (CPAs) with 51 local and global companies, worth approximately US$ 11 billion, as it seeks to secure its supply chains and expand local manufacturing, as mentioned in a company's statement.

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p.9 MARKETS IN BRIEF: MENA EQUITIES REMAIN IN NEGATIVE TERRITORY, BOND MARKETS ON THE RISE

MENA equity markets remained in negative territory this week, as reflected by a 1.4% fall in the S&P Pan Arab Composite index, bucking a global equity strength (+1.5%), as an extended oil price slump and ex-dividend activity continued to pressure regional equities. In contrast, activity in MENA fixed income markets remained skewed to the upside, mainly tracking US Treasuries move after November 2022 FOMC minutes showed that a substantial majority of participants judged that "a slowing in the pace of increase would likely soon be appropriate".

MENA MARKETS: NOVEMBER 20 - NOVEMBER 26, 2022

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-1.4%	Weekly Z-spread based bond index	-1.7%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↑
YTD stock price performance	-4.0%	YTD Z-spread based bond index	-19.3%

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ECONOMY

ESCWA SAYS THE REGION NEEDS TO REDUCE SECTOR CONCENTRATION SO AS MOVE TO SECTORS THAT RESULT IN HIGHER PRODUCTIVITY LEVELS

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The report starts by saying that the global economy has witnessed a tectonic shift in economic geography over the past few decades. The G7 nations, which used to account for around half of global gross domestic product (GDP) (in purchasing power parity terms), have seen their share decline to less than a third in recent years.

Arab countries display large differences in natural resources and factor endowments. The convergence hypothesis suggests that other things equal, countries with lower per capita incomes grow faster than higher per capita income countries, leading to a secular convergence of per capita income between countries.

Arab countries did not substantially benefit from greater global or regional integration during the pre-COVID-19 period. A tectonic shift to Asia is an important change, given that Asia is a leading trade and economic partner.

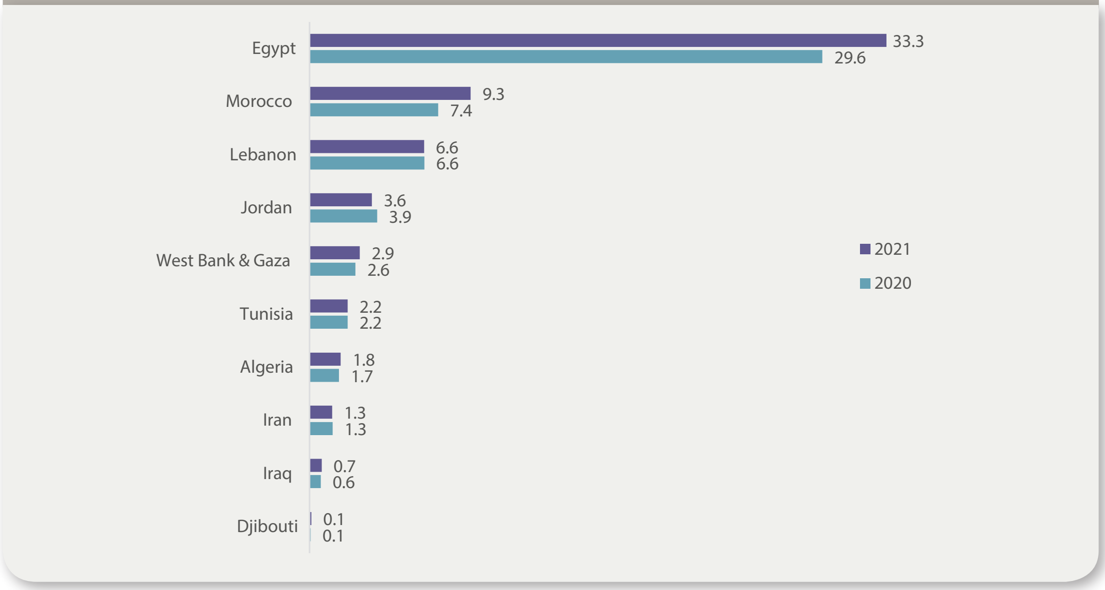
As China increases its investments in the Gulf Cooperation Council (GCC) subregion and the wider Arab region as part of its Belt and Road Initiative, the Arab region should build on those linkages to further integrate into global value chains.

The COVID-19 pandemic resulted in a sharp deterioration in fiscal balances in the Arab region: across all countries, decline in economic activity and domestic demand meant a decline in revenues, while oil-exporting countries also suffered a massive drop in oil revenues.

While some sectors can be considered more resilient during the pandemic years, in the long-term, the region needs to rethink its strategy and reduce sector concentration so as move to sectors that result in higher productivity levels according to ESCWA.

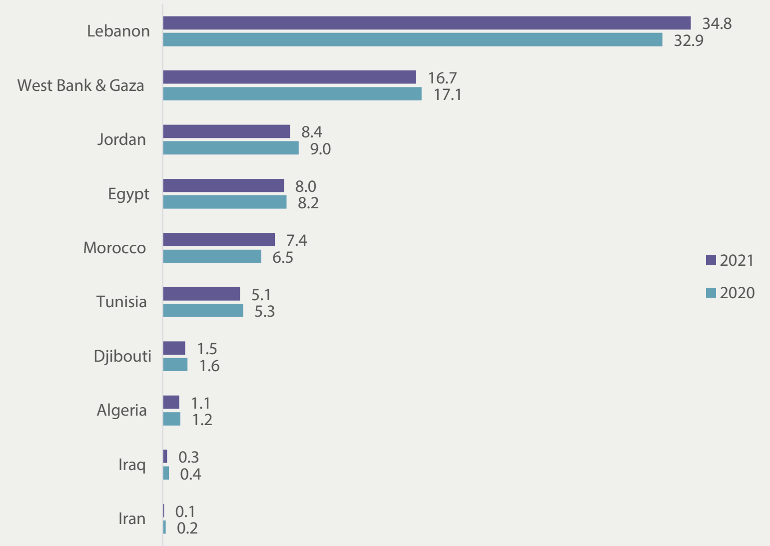
With respect to remittances, in line with their status as top migrant nations, the United States, the United Arab Emirates and Saudi Arabia saw the largest outflows of remittances. Remittances fell in the second quarter of 2020, but recovered quickly and remained resilient (including into 2021). Egypt continued to see a surge in remittances: a trend seen since the liberalization of the currency (+11 per cent to a record high $30 billion). Lebanon saw a decline in reported remittances in 2020 to $6.6 billion from $7.4 billion the year before, given the economic and political turmoil in the country. Actual remittances were likely higher and in cash to avoid the banking system and frozen deposits. The country still tops the list in terms of remittances as a percentage of GDP (at 32.9 per cent in 2020 and an estimated 34.8 per cent this year), given the sharp drop in GDP.

TOP REMITTANCE RECIPIENTS IN THE ARAB REGION (BILLIONS OF DOLLARS) 2021 VS. 2020



Source: World Bank, Migration and development brief 35, 2021.

TOP REMITTANCE RECIPIENTS IN THE ARAB REGION (PERCENTAGE OF GDP)



Source: World Bank, Migration and development brief 35, 2021.

EGYPT SIGNS US$ 83 BILLION WORTH OF GREEN ENERGY DEALS AT COP27

Nine agreements along with US$ 83 billion worth of green energy deals were signed by Egypt's Suez Canal Economic Zone at the UN climate summit Cop27. The subject deals will be split into 20% monetary investments and 80% technology transfer investment, said Egypt's Minister of Planning and Economic Development in a statement.

The aforementioned framework agreements were signed during the summit's Energy Day with international power companies for the building of green hydrogen and ammonia facilities in the Suez Canal Economic Zone. Before final investments are made, companies will be conducting the necessary research but at operation, the facilities would produce collectively an amount of up to 7.6 million tons of green ammonia and 2.7 million tons of hydrogen per annum, said the Egyptian cabinet in a statement.

It is forecasted that in 2035 all project would have begun operations which will aid Egypt's goal of becoming a green hydrogen hub, stated Egypt's Minister of Planning and Economic Development.

It is worth noting that Egypt's goal is to be able to source 42% of its energy from renewable sources by 2035. Moreover, by 2050 Africa has the opportunity to capture up to 10% of the global green hydrogen market as demand for more sustainable fuel rises continuously.

Egypt's efforts at Cop27 shows the path of the country to become a global powerhouse in the green energy value chain, said FFI president of MENA in a statement.

Among these agreements stand agreements made with Masdar along with Egyptian partners Infinity Power Holding and Hassan Allam Utilities, a consortium planning the building of two facilities with the capacity of one of them to produce up to 480,000 tons of green hydrogen per year and is forecasted to start operation in 2026, both facilities are two Gigawatt capacity facilities as well as a 10 Gigawatt wind project in Egypt. These agreements have strengthened UAE-Egypt ties and highlight both countries' efforts to deliver sustainable zero-carbon energy solutions, said UAE Minister of Industry and Advanced Technology in a statement.

AMEA Power was also part of an agreement surrounding a project to develop a 1,000 Megawatt green hydrogen facility with a capacity of 800,000 tons of green ammonia per annum, the first stages of the project are set to begin in 2027.

EDF Renewables along with Egypt's ZeroWaste have also signed an agreement for a facility valued at US$ 3 billion with the capability of producing 350,000 tons of green fuel for ships with operations forecasted to start in 2026.

THE IMF FORECASTS OMAN GDP GROWTH AT 4.3% IN 2022

GDP growth in Oman is forecasted at 4.3% in 2022 following a 3% growth in 2021 with the aid of increased hydrocarbon production as well as the recovery of economic activity in the non-hydrocarbon sector. An improvement of 12.8 percentage points in general central government balance was recorded in 2022 against the 3.2% deficit in 2021 due in large to an increase of hydrocarbon revenue, the introduction of VAT and a reduction in expenditures, said the Executive Board of the International Monetary Fund (IMF).

Authorities stay committed to fiscal consolidation in spite of the unexpected gains from oil revenues and social pressures. Fiscal adjustment is being adopted in 2022 which allowed for an increase in social spending without sacrificing a substantial surplus. On the other hand, to achieve and strengthen fiscal sustainability on the medium run, and to create a space for net reforms surrounding social safety and higher capital expenditure both require additional measures such as the strengthening of tax administration and withdrawing untargeted energy and water subsidies as priorities. Fiscal and external surpluses are forecasted to reach 44% of GDP in 2022 against 62.9% in 2021, stated the IMF team.

Financial soundness indicators for the banking system appear healthy as they benefit from close oversight from the Central Bank of Oman (CBO) and strong buffers present from before the crisis. Financial system risks are low, but a recommendation was made to the CBO to continue the close monitoring of bank asset quality along with the strengthening of its regulatory frameworks. Private sector credit growth has remained slow, added the IMF team in a statement.

Fiscal frameworks would help lay the foundation for the adoption of a fiscal rule based on the structural primary balance of the non-hydrocarbon sector which is virtually indifferent to hydrocarbon price instability as well as economic fluctuations which would be appropriate in the current environment. Therefore the establishment of strong fiscal frameworks with a long lasting anchor and defined objectives would aid in achieving fiscal sustainability, said the IMF team in a statement.

The peg of the exchange rate which has provided a credible monetary anchor that helps keep low and stable levels of inflation along with official foreign reserves, structural reforms and fiscal prudence which will continue reinforcing the peg, remain appropriate in this climate, added the IMF team in a statement.

It is worth noting that Oman's economic recovery is gaining traction, elevated global inflationary pressures along with recovering economic activity are forecasted to raise average inflation in the country to 3% in 2022 with direct effects of the war in Ukraine being limited on the Omani economy. Uncertainties keep an ambiguity surrounding the outlook with negative environmental risks controlling the short-run. Moreover, in order to secure more inclusive, diverse and sustainable growth, it is critical to implement structural reforms under Vision 2040 as well as an upgrade in worker skills which will facilitate the digital economy transformation, stated the IMF team.

ENERGY AND TOURISM AGREEMENTS SIGNED BETWEEN SAUDI ARABIA AND THAILAND

Saudi Arabia's Crown Prince met with Thai King as a sign of improving ties, the meeting included a discussion surrounding bilateral agreements of cooperation in multiple sectors and most notably the energy and tourism sectors as well as ways to improve and develop them followed by discussions aimed at issues of common interest.

The visit aimed to strengthen economic and trade relations between the two countries in addition to the explorations of available opportunities and areas of investment that are in line with Saudi Arabia's Vision 2030 plan which aims to reduce the country's income dependence on oil and Thailand's development priorities, said Saudi Arabia's Ambassador to Thailand in a statement.

It is worth noting that the diplomatic relation between the two countries soured in 1989 over a theft known as the "Blue Diamond Affair" worth US$ 20 million that happened in the palace of a Saudi Prince by a Thai janitor. Earlier this year, Saudi Arabia and Thailand agreed to fully restore diplomatic ties.

SURVEYS

CAPITAL PROJECTS AND INFRASTRUCTURE SECTOR REBOUNDING ACROSS MIDDLE EAST IN 2022, AS PER PWC

The Capital Projects and Infrastructure sector witnessed an activity rebound in 2022 to near pre-pandemic levels after the sudden pullback of public funding that accompanied the COVID-19 pandemic, according to the PwC Middle East Capital Projects and Infrastructure 2022 Survey.

Survey sought the perspectives of project sponsors, developers, functional/technical experts, contractors, financiers and asset managers from over 100 organizations across the region.

Over half (57%) of the organizations that contributed in the survey were headquartered in the UAE, and 15% from Saudi Arabia. The large majority work as regional businesses operating in multiple territories, primarily in the UAE (78%), Saudi Arabia (47%), Qatar (31%) and Oman (27%).

The key findings of the survey are as follows:
- 71% expected to increase their investment over the next two years.
- 55% expected the proportion of their portfolio funded by private finance to increase, where it would act as a catalyst for skills development and an increased focus on sustainability.
- Only 11% of respondents considered environmental and/or societal impact to be key metrics for determining project success.
- 15% identified ESG (Environmental, Social & Governance) as their priority investment area and 23% identified environmental/sustainability as the functional skills in greatest demand.
- 58% plan to increase internal investment over the next 12 months in order to modernize their business and positively exploit the market growth opportunity.

The survey reveals an emerging direction of optimism in the market, driven by major investments in capital assets over the next two years.

The results are significantly better than those of two years ago (with more than half of organizations experiencing a major delay in projects in 2021, and 38% of organizations who had seen projects run over budget in the preceding 12 months), as per PwC.

However, with the return of higher growth levels, some obstacles are emerging.

Based on the report, 43% of the survey's respondents indicated that the conversion of strategy into implementation is the major internal obstacle affecting the "health" of their capital investment portfolio, program or projects. While 37% of respondents, included "risk and change management" as their main challenges. Additionally, "improving the technologies and tools to the workforce" were addressed by 34% of respondents.

These challenges of strategic implementation, technology and change management are inextricably linked. The 2022 survey reported that in order to exploit growth potential within the sector and achieve greater efficiencies, it must modernize by embracing digitization, localization and privatization. Moreover, organizations need to invest in decarbonization of the sector since it is considered the main area where the region is lagging behind its global peers.

MOODY'S CHANGES OUTLOOK ON JORDAN'S RATING FROM "STABLE" TO "POSITIVE"

Moody's affirmed the government of Jordan's long-term local and foreign currency issuer ratings at "B1" and changed the outlook from "stable" to "positive". The foreign currency senior unsecured debt and MTN program ratings are also affirmed at "B1" and "(P) B1", respectively.

The change in outlook from "stable" 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.

Besides the ongoing widening of government revenue that provides greater fiscal flexibility in the face of still elevated global inflation, the latest set of economic and administrative reforms may also increase the economy's growth prospects over time and increase its shock absorption capacity. This assessment further reflects governance strengths that support Jordan's resilience to the significant global economic shocks.

According to Moody's, the rating affirmation at "B1" balances credit strengths from Jordan's solid and credible macroeconomic policymaking institutions, coupled with strong international support and access to sizeable domestic savings that contain liquidity and external vulnerability risks, against challenges posed by the government's still high debt levels, structural rigidities contributing to low economic growth, high unemployment and social pressures that the reforms aim to address, and a volatile regional geopolitical environment.

Jordan has established a track record of fiscal reform implementation and prudence, which would likely contribute to a further narrowing of its fiscal deficit and decline in government debt over the next few years, despite global headwinds. In particular, Moody's anticipates the general government fiscal deficit to narrow to around 2-2.5% of GDP in 2023-24, compared to around 5% in 2020 and 3% in 2021, while the central government fiscal deficit will likely average 4.5% of GDP in 2023-24, compared to 7% in 2020 and 5.3% in 2021. Moody's fiscal forecasts imply that the government's debt burden would decline over the next few years to pre-pandemic levels of around 78% of GDP by 2026, although it remains high compared to similarly rated peers. General government debt likely peaked at just above 90% of GDP at the end of 2021.

The narrowing of the deficit would be driven by revenue gains that are likely to prove durable, as the tax administration-related reforms target increasing tax compliance. These include digitalization and e-invoicing, using technology to track compliance and flag inconsistencies including for cigarette taxes, and unifying and lowering customs duties.

Meanwhile, the government has largely avoided increasing central government expenditure despite the focus on social protection with higher global food and energy prices. The policy of stockpiling wheat, which started in 2020 as the government foresaw food security risks, and long-term gas contracts with limited price sensitivity to global oil price benchmarks that the government entered into with neighboring countries have prevented a material increase in spending on these essentials. While the government suspended its fuel levy to offset the increase in pump prices since April 2022, it was able to cut development spending commensurately to avoid significant fiscal deterioration.

ABU DHABI LAUNCHES SMART MANUFACTURING INDEX

The Abu Dhabi Department of Economic Development (ADDED) launched the Abu Dhabi Smart Manufacturing Index that guides and facilitates private sector players' transition to Industry 4.0 technologies, applications, and methods as part of its rolling out of the initiatives and objectives set forth by the Abu Dhabi Industrial Strategy.

It is worth highlighting that the Abu Dhabi Industrial Strategy, which was launched in June, was a leap forward by the Government of Abu Dhabi to accelerate the adoption of Industries 4.0 across all the manufacturing and industries sector, which aims to align the sectors with international benchmarks and best practices.

During the first six months of 2022, ADDED's Industrial Development Bureau (IDB) has assessed readiness of 76 facilities to transition to Industry 4.0 technologies.

The launch of the Abu Dhabi Smart Manufacturing Index offers a critical, comprehensive framework for assessing capabilities of industrial facilities, identifying gaps, and suggesting possible strategies to reach the targeted Industry 4.0 maturity.

The index would assist manufacturers with the necessary knowledge and training to initiate an Industry 4.0 transformation journey and scale up with speed and quality. Hence, enhancing innovation and increasing competitiveness in the industrial sector.

The index consists of sophisticated concepts into six building blocks to provide a clear and easy-to-follow roadmap, which starts by evaluating a production facility's current state, followed by ways to raise readiness levels, proposed steps necessary for transforming their facilities, and identifying optimal production solutions to help reap gains of shifting to advanced manufacturing.

Since the launch of Abu Dhabi Industrial Strategy, ADDED has been rolling out initiatives and partnering with leading global institutions to deliver the strategy's ambitious objectives, including the targeted growth of the sector to AED 172 billion, creating 13,600 new jobs, and increasing the Emirate's non-oil exports to AED 178.8 billion by 2031.

CORPORATE NEWS

ARAMCO SIGNS CORPORATE PROCUREMENT DEALS WORTH US$ 11 BILLION

Saudi Aramco, one of the largest energy producers in the world, signed 59 Corporate Procurement Agreements (CPAs) with 51 local and global companies, worth approximately US$ 11 billion, as it seeks to secure its supply chains and expand local manufacturing, as mentioned in a company's statement.

Among the companies signing the agreements were Baker Hughes, Cameron Al Rushaid, Halliburton, SLB, and TechnipFMC.

The 59 CPAs cover a range of products including drilling chemicals, wellheads, switchgears, vibration monitoring systems, pipes, compressors, structure steel, fittings and flanges, and air-cooled heat exchangers.

The CPA holders will be the future strategic manufacturing partners for these commodities, and the agreements will further broaden localization infrastructure across the Aramco network, as affirmed by Aramco Vice President of Procurement and Supply Chain Management.

It is worth highlighting that the agreements are anticipated to drive inward investment and create 5,000 jobs over the next decade.

Moreover, the CPAs are expected to support Aramco's in-Kingdom Total Value Add program (iktva), which aims to grow a localized manufacturing sector, increase global competitiveness by supporting a diverse economic environment, and drive future prosperity within the Kingdom.

ALKHORAYEF SIGNS WATER CONTRACTS WORTH US$ 92 MILLION

Alkhorayef Water and Power Technologies Company (AWPT), the leading company in the Saudi Arabian market with excellent track record in water and wastewater field, signed three Operation and Maintenance (O&M) contracts with State-owned National Water Company (NWC), worth SR 345 million (US$ 91.80 million), as mentioned in a company's statement.

The largest one is a 60-month O&M contract worth SR 228.2 million for water networks in Jeddah.

The other deal's objective, which is 36-month contract valued at SR 60.8 million, is to operate and maintain Phases 1 and 2 of Madinah sewage treatment plant.

This in addition to a 36-month O&M contract for water networks in the Jazan region, worth SR 55.93 million.

ARÇELIK TO BUILD US$ 100 MILLION FACTORY IN EGYPT

Arçelik, Turkish household appliances manufacturer, is planning to develop a new factory in Egypt, with investments worth US$ 100 million, as cited by the Egyptian Minister of Trade and Industry.

The project would have a production capacity of 1.5 million devices annually and create 2,000 direct jobs, the Minister noted.

The Minister added that Arçelik's investment in Egypt comprised the transference of technology and knowledge to Egypt, along with products with high added value.

Moreover, the company is planning to dedicate 60% of its output in Egypt for exports.

WADI DEGLA DEVELOPMENTS LAUNCHES US$ 61 MILLION RESIDENTIAL PROJECT

Wadi Degla Developments, an Egyptian developer, launched its Club Town new residential project in New Degla, Maadi, South Cairo, valued at LE 1.5 billion (US$ 61 million), the developer said in a press statement.

The project would be developed on a 70 acres area, to include 550 residential units, and a commercial area, as stated by the company.

The project would be delivered in three phases. The delivery of Breeze, which is phase one of Club Town, is expected to take place between 2024 and 2026.

Furthermore, the developer plans to deliver more than 1,500 units between 2022 and 2023.

KORRA ENERGI IS IMPLEMENTING MORE THAN US$ 50 MILLION WORTH OF ENERGY PROJECTS

Korra Energi, a highly specialized company in providing engineering solution in Egypt and the region, is investing more than US$ 50 million in Egypt in a 27-megawatt (MW) power plant in Abu Rawash and flare gas recovery projects, as mentioned in a statement.

The US$ 25 million power plant project, located in an industrial complex in Abu Rawash, would be finalized by the first quarter of 2023, as revealed by the company's Chairperson.

The other two flare gas recovery projects are worth around US$ 21 million (LE 500 million).

The project for Amreya Petroleum Refining Company (APRC) in cooperation with the Egyptian Maintenance Company (San Masr) involves the recovery and use of flared gas to generate butane and condensates.

The company is also working on flare gas recovery project for Esh El Mallaha Petroleum Company (ESHPETCO) in Hurghada, where it would start operating within the next two month. It will produce nearly 16 tons of steam per hour and 430 tons of refrigeration, as indicated by the chairperson.

The recovered flare gas would be utilized for electricity production, heating and Natural Gas Liquids.

DEPA SECURES NEW DEALS WORTH US$ 42.7 MILLION

Depa, an interior construction and manufacturing firm headquartered in Dubai, secured deals for hospitality projects worth AED 157 million (US$ 42.7 million), as indicated in a company's statement.

The deals, ensured through the firm's business unit specializing in the provision of interior solutions, include an AED 120 million hospitality package within the Red Sea island development in Saudi Arabia.

Furthermore, the company also secured two other projects, estimated at AED 37 million, one at the Red Sea in Tabuk Province and the other in the City of Neom.

TATWEER MISR SIGNS US$ 16.3 MILLION FUNDING FACILITY WITH CIB

Tatweer Misr, an Egyptian real estate Company, signed a LE 400 million (US$ 16.3 million) facility from Egypt's Commercial International Bank to step up the pace of construction works for the developer's Fouka Bay project in Ras Al-Hikma, as revealed in a company's statement.

The facility was granted against Commercial Papers for the delivered units in Fouka Bay, Tatweer Misr said in the press statement.

The company has delivered the first and second phases of the project. The funds would help accelerating the construction of phases three and four to enable their delivery in 2023 and 2024 respectively.

CAPITAL MARKETS

EQUITY MARKETS: EXTENDED WEEKLY PRICE DROPS IN MENA EQUITIES, ON FALLING OIL PRICES

MENA equity markets remained in negative territory this week, as reflected by a 1.4% fall in the S&P Pan Arab Composite index, bucking a global equity strength (+1.5%) stoked by prospects of a slower pace of US interest rate hikes, as an extended oil price slump and ex-dividend activity continued to pressure regional equities.

The heavyweight Saudi Exchange remained under downward price pressures during this week that was shortened to four working days due to a national holiday announced by the Kingdom after the Saudi soccer team won a football game World Cup. Saudi equity price drops (-1.9%) were mainly explained by ex-dividend activity and falling oil prices for the third consecutive week. In fact, Brent prices contracted by 4.6% week-on-week, reaching US$ 83.63 per barrel on Friday, on growing concerns about the global oil demand outlook due to surging COVID cases in China, and on eased fears of supply disruptions following news that the Group of Seven nations are considering a high price cap on Russian oil.

A closer look at individual stocks shows that petrochemicals giant Saudi Aramco's share price fell by 1.5% week-on-week to SR 33.20. Advanced Petrochemical Company's share price dropped by 2.9% to SR 41.25. Saudi Kayan Petrochemical Company's share price plummeted by 6.4% to SR 11.08. Sipchem's share price went down by 4.5% to SR 36.30. Arabia Insurance Cooperative Company's share price shed 5.4% to SR 11.12. The stock traded ex-dividend on November 21, 2022. Abdullah Al Othaim Markets' share price closed 12.2% lower at SR 112.00. The stock went ex-dividend on November 21, 2022. Al Masane Al Kobra Mining Company's share price declined by 3.8% to SR 73.30. The stock went ex-dividend on November 22, 2022. As to banking stocks, SNB's share price decreased by 2.8% to SR 53.00. Al Rajhi Bank's share price shed 2.0% to SR 82.80. SABB's share price fell by 1.6% to SR 41.40.

The Qatar Stock Exchange plunged deeper into the red this week, as reflected by a 2.3% fall in the S&P Qatar index, mainly dragged by an extended oil price slump and lingering concerns about a global economic downturn. 39 out of 46 traded stocks posted price drops, while six stocks recorded price gains and one stock saw no price change week-on-week. A closer look at individual stocks shows that Doha Bank's share price shed 1.1% to QR 2.175. Qatar Islamic Bank's share price tumbled by 5.6% to QR 23.140. The Commercial Bank's share price closed 0.7% lower at QR 6.050. Industries Qatar's share price decreased by 4.2% to QR 14.660. Gulf International Services' share price plunged by 5.9% to QR 1.608. Barwa Real Estate's share price declined by 2.7% to QR 3.250. Ezdan Holding Group's share price dropped by 1.1% to QR 1.10. Ooredoo's share price plummeted by 7.6% to QR 9.095.

EQUITY MARKETS INDICATORS (NOVEMBER 20 - NOVEMBER 26, 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	123.7	-1.9%	31.6%	9.4	152.1%	0.2	13,978	3.5%	-	0.30
Jordan	383.7	-0.7%	10.1%	21.8	3.0%	15.3	25,093.7	4.5%	9.4	1.53
Egypt	211.9	1.5%	-30.4%	289.5	-15.9%	2,349.9	33,436.3	45.0%	7.6	1.57
Saudi Arabia	486.4	-1.9%	-5.2%	3,601.1	-34.5%	328.13	2,711,610.6	6.9%	13.9	4.59
Qatar	195.1	-2.3%	-2.1%	519.1	15.6%	536.7	181,057.0	14.9%	13.8	1.84
UAE	143.3	-0.5%	-2.8%	2,681.9	-5.8%	2,268.7	831,605.8	16.8%	11.7	1.86
Oman	250.0	0.5%	14.7%	20.1	-19.3%	38.0	21,048.7	5.0%	11.8	1.02
Bahrain	188.9	-0.1%	3.4%	2.7	-60.3%	3.3	16,936.2	0.8%	10.0	1.32
Kuwait	144.8	-0.2%	8.6%	481.3	-32.6%	527.6	144,527.6	17.3%	21.0	2.56
Morocco	220.4	0.5%	-30.5%	21.6	-11.6%	1.2	52,418.1	2.1%	18.7	2.87
Tunisia	60.0	0.7%	-6.3%	7.9	16.6%	3.2	7,291.9	5.6%	9.9	1.64
Arabian Markets	**953.8**	**-1.4%**	**-4.0%**	**7,656.4**	**-23.0%**	**6,072.3**	**4,039,004.0**	**9.9%**	**13.6**	**3.71**

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

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

Boursa Kuwait registered shy price decreases of 0.2% this week amid an extended oil price slump and on some profit-taking operations following year-to-date price gains of 8.8%. A closer look at individual stocks shows that Zain's share price shed 3.9% to KWf 593. Agility's share price closed 1.5% lower at KWf 775. Gulf Petroleum Investment's share price dropped by 1.9% to KWf 15.4. Boursa Kuwait's share price shed 1.7% to KWf 2.231. Kuwait International Bank's share price retreated by 1.5% to KWf 201. Aayan Leasing and Investment's share price decreased by 3.5% to KWf 138. KIPCO's share price plummeted by 14.5% to KWf 124. KIPCO registered a 98% year-on-year contraction in its 2022 third quarter net profits to reach KWD 0.5 million.

In contrast, the Egyptian Exchange remained on the rise this week, as reflected by a 1.5% increase in the S&P Egypt index, noting that Egyptian stocks went on a bullish run since the country devalued its currency and agreed on a US$ 3 billion loan from the International Monetary Fund last month. A closer look at individual stocks shows that Commercial International Bank's share price increased by 1.4% to LE 37.85. EFG Hermes' share price surged by 3.8% to LE 14.01. Talaat Moustafa Group's share price went up by 0.9% to LE 8.65. Telecom Egypt's share price climbed by 6.0% to LE 23.38. ElSewedy Electric's share price rose by 1.2% to LE 9.04. Abou Kir Fertilizers & Chemical Industrials' share price jumped by 4.6% to LE 30.81. Emaar Misr's share price closed 0.4% higher at LE 2.70.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS REMAIN SKEWED TO UPSIDE THIS WEEK, ON PROSPECTS OF SLOWING PACE OF US FED RATE HIKES

Activity in MENA fixed income markets remained skewed to the upside this week, mainly tracking US Treasuries move after November 2022 FOMC minutes showed that a substantial majority of participants judged that "a slowing in the pace of increase would likely soon be appropriate".

In the Saudi credit space, sovereigns maturing in 2026 saw weekly price retreats of 0.25 pt, while sovereigns maturing in 2030 saw price increases of 1.13 pt. Saudi Aramco'25 traded up by 0.50 pt. SEC'24 traded up by 0.13 pt. Prices of SABIC'28 increased by 0.13 pt.

In the Omani credit space, prices of sovereigns maturing in 2026 and 2029 registered price expansions of 0.13 pt and 0.33 pt respectively week-on-week. As to credit ratings, S&P Global Ratings raised its foreign and local currency long-term sovereign credit ratings on Oman to "BB" from "BB-". S&P also revised its transfer and convertibility assessment to "BB+" from "BB" and affirmed its "B" short-term sovereign credit rating on Oman. The "stable" outlook balances the recent and expected strengthening in Oman's fiscal and balance-of-payments positions against the economy's structural susceptibility to adverse oil price shocks. As to new issues, National Bank of Oman raised US$ 134 million from the sale of PerpNC5 Reg S Additional Tier 1 notes at a yield of 6.75%. Proceeds from the bond sale would go to capital adequacy requirements.

In the Iraqi credit space, prices of sovereigns maturing in 2028 increased by 0.50 pt this week. In the Bahraini credit space, sovereigns maturing in 2026 and 2031 saw weekly price rises of 0.14 pt and 1.25 pt respectively. Prices of NOGA'27 went down by 0.75 pt. S&P Global Ratings revised its outlook on Bahrain to "positive" from "stable". At the same time, S&P affirmed its "B+/B" long-term and short-term foreign and local currency sovereign credit ratings. The transfer and convertibility assessment on Bahrain remains "BB-". The "positive" outlook indicates that S&P expects the government would continue implementing fiscal reforms to reduce the budget deficit and benefit from additional support from other GCC sovereigns, if needed.

In the Dubai credit space, sovereigns maturing in 2029 posted price increases of 0.25 pt week-on-week. Prices of DP world'30 expanded by 0.75 pt. Regarding new issues, Dubai Islamic Bank raised this week US$ 750 million from the sale of a five-year senior unsecured Sukuk at 155 bps over US Treasuries, tightening from initial guidance of around 175 bps over UST. The Sukuk sale attracted more than US$ 1.6 billion in orders.

In the Abu Dhabi credit space, prices of sovereigns maturing in 2026 and 2031 went up by 0.38 pt and 1.25 pt respectively this week. Mubadala'26 was up by 0.50 pt. Prices of ADNOC'29 expanded by 0.88 pt. Prices of Etisalat'24 went up by 0.50 pt. Taqa'26 closed up by 0.63 pt.

In the Qatari credit space, sovereigns maturing in 2030 posted price increases of 0.88 pt week-on-week. In the Jordanian credit space, prices of sovereigns maturing in 2030 posted price expansions of 0.50 pt this week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2025, 2030 and 2040 posted price expansions of 0.75 pt, 0.10 pt and 2.0 pts respectively this week. Prices of Euro-denominated sovereigns maturing in 2026 and 2031 increased by 0.72 pt and 1.67 pt respectively this week.

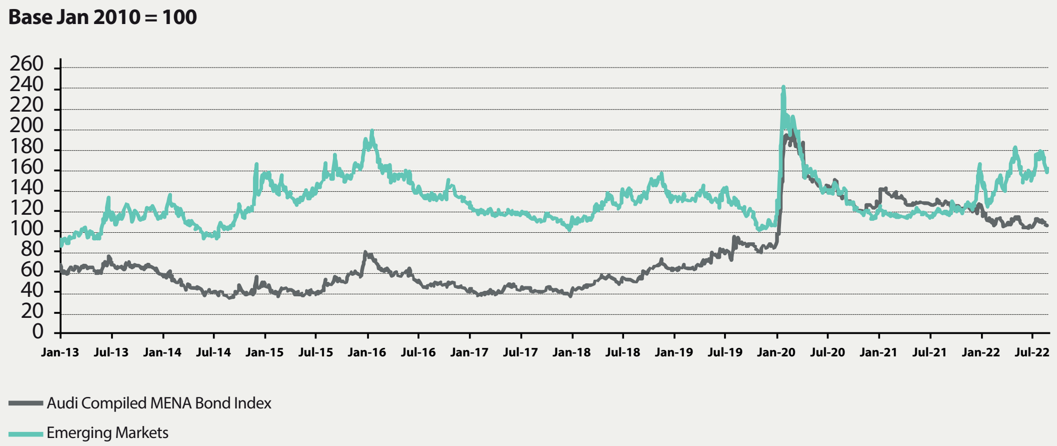
All in all, regional bond markets continued to register upward price movements this week, tracking increases in US Treasuries, after recent US Fed minutes showed support for more moderate interest rate hikes, while pointing that "a slower pace in these circumstances would better allow the Committee to assess progress toward its goals of maximum employment and price stability".

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	25-Nov-22	18-Nov-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	44	48	43	-4	1
Dubai	95	100	94	-5	1
Kuwait	50	52	45	-2	5
Qatar	44	48	44	-4	0
Saudi Arabia	58	62	49	-4	9
Bahrain	234	243	294	-9	-60
Morocco	264	274	95	-10	169
Egypt	831	899	498	-68	333
Iraq	529	529	554	0	-25
Middle East	239	251	191	-12	48
Emerging Markets	129	155	141	-26	-12
Global	630	639	183	-9	447

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+/Positive/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$)	25-Nov-22	18-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)	24.53	24.47	15.72	0.3%	56.0%
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%	0.0%
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	-0.1%	1.6%
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)	250.21	250.22	250.00	0.0%	0.1%
NORTH AFRICA					
Algerian Dinar (DZD)	138.44	138.96	138.89	-0.4%	-0.3%
Moroccan Dirham (MAD)	10.69	10.71	9.25	-0.2%	15.5%
Tunisian Dinar (TND)	3.24	3.17	2.87	2.4%	12.9%
Libyan Dinar (LYD)	4.88	4.89	4.60	-0.2%	6.1%
Sudanese Pound (SDG)	573.07	573.11	442.60	0.0%	29.5%

Sources: Bloomberg, Bank Audi's Group Research Department