Bank Audi

MENA WEEKLY MONITOR

DECEMBER 11 - DECEMBER 17, 2022
WEEK 50

CONTACTS

Treasury & Capital Markets

Bechara Serhal
(961-1) 977421
bechara.serhal@bankaudi.com.lb

Corporate Banking

Carol Ayat
(961-1) 959675
carol.ayat@bankaudi.com.lb

Mohamad Baydoun
(961-1) 959703
mohamad.baydoun@bankaudi.com.lb

Marketing and Communications

Marion Abou Jaoudé
(961-1) 977356
marion.abou-jaoude@bankaudi.com.lb

RESEARCH

Dr. Marwan Barakat
(961-1) 977409
marwan.barakat@bankaudi.com.lb

Salma Saad Baba
(961-1) 977346
salma.baba@bankaudi.com.lb

Michèle Khoury Sakha
(961-1) 977102
michele.sakha@bankaudi.com.lb

Stephanie Bou Sleiman
(961-1) 952397
stephanie.bousleiman@bankaudi.com.lb

Elias Missi
(961-1) 959 747
elias.missi@bankaudi.com.lb

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MENA equity markets remained on the fall this week, as reflected by a 0.4% retreat in the S&P Pan Arab Composite index, mainly tracking a global sell-off mood on mounting concerns that the resolve of major global Central Banks to continue their fight against inflation would tip the global economy into a recession, and as some market players sought to reshuffle their portfolios before year-end. In contrast, MENA fixed income markets continued to register across-the-board upward price movements, as hawkish for longer US Fed comments fueled recession fears, flocking demand for safety.

MENA MARKETS: DECEMBER 11 - DECEMBER 17, 2022

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-0.4%	Weekly Z-spread based bond index	+0.7%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↑
YTD stock price performance	-8.4%	YTD Z-spread based bond index	-20.3%

Bank Audi sal - Group Research Department - Bank Audi Plaza - Bab Idriss - PO Box 11-2560 - Lebanon - Tel: 961 1 994 000 - email: research@bankaudi.com.lb

ECONOMY

GCC BANKS WILL ENTER AN UNCERTAIN 2023 ON SOLID FOOTING AS PER S&P

S&P Global Ratings believes that the earnings performance of banks in the Gulf Cooperation Council (GCC) will recover almost to pre-pandemic levels in 2022, thanks to the economic recovery. Banks are also getting a boost from high oil prices, improving confidence, and for some countries--specifically Saudi Arabia--large government-sponsored projects. They expect cost of risk to return to normalized levels for most countries and higher interest rates to support banks' bottom lines, and foresee no major regional merger or acquisitions on the horizon.

But things look less certain for 2023. They see three main sources of risk:

1 The expected slowdown of the global economy, which could affect the region primarily through commodity prices. Under their base-case scenario, they assume the Brent oil price will average US$ 85 per barrel in 2023 and US$ 55 in 2024 and beyond, resulting in lower growth for the GCC economies and fewer opportunities for their banking systems.

2 Banks' exposure to riskier countries. A few GCC banks have ventured into countries with higher credit risk, particularly Turkiye and Egypt. Given the significant challenges these two countries face, they expect to see some impact on GCC banks. In Turkiye, for example, the lira's depreciation has resulted in significant unrealized losses for exposed GCC banks. Moreover, the application of International Accounting Standard 29 on financial reporting in hyperinflationary countries has hit the bottom line of exposed Gulf banks. The impact has been manageable so far and banks have benefited from revaluation gains on their non monetary position, reported in comprehensive income.

3 Potential liquidity constraints to fund growth as local and global liquidity becomes less abundant. In Qatar, for example, the proportion of external funding is declining due to lower and more expensive liquidity globally. Non-resident deposits dropped by US$ 19.5 billion at Aug. 31, 2022 from year-end 2021. This was offset by an increase in resident deposits of about US$ 19.2 billion (60% public sector and 40% private sector). In Saudi Arabia, the channeling of oil receipts to the Public Investment Fund rather than to the banking sector, alongside strong lending growth, resulted in some temporary liquidity constraints in first-half 2022.They expect periodic episodes of liquidity pressure counter balanced by central bank actions or the deployment of deposits by government-related entities.

Despite these risks, at Oct. 15, 2022, their outlook bias was firmly positive, with about 35% of ratings carrying positive outlooks either for potential improvement in their respective sovereign's creditworthiness or idiosyncratic reasons. The remaining 65% of ratings had a stable outlook, mirroring banks' expected resilience and still-supportive operating environment. Nevertheless, risks to global and local economic prospects are increasing.

Based on the data reported by the top 45 GCC banks, lending growth accelerated slightly in first-half 2022 to an annualized 9.5%, compared with 7.8% in 2021, due to greater economic activity and improving sentiment related to high oil prices. Saudi Arabia continued to propel the sample numbers with lending up almost 10% in the first half. They expect corporate lending to contribute to future growth as projects related to Vision 2030 are implemented. We also expect mortgages to continue contributing to growth, although more slowly than in the past couple of years, as the sector matures and increased interest rates reduces demand somewhat.

Lending growth remained muted in Qatar as projects related to the World Cup have been delivered and no significant new projects are being launched for now. They expect to see some lending growth for working capital and consumption in 2022. They then expect lending to accelerate slightly from 2023 as investment resume. For Kuwait, they expect to see accelerated lending growth from stronger economic growth and investment from the government. Finally, for the United Arab Emirates (UAE), lending growth has sped up thanks to improving sentiment. In 2023-2024, they expect to see slower overall lending growth in the region from the expected slowdown in economic growth.

82% OF QATAR'S EXECUTIVES BULLISH ABOUT THE ECONOMY'S FUTURE

Future prospects for Qatar receive a primarily bullish outlook from the country's executives with around 82% of them expecting economic growth to comply with or exceed forecasts over the next five years, as per the Qatar Investment Outlook Pulse 2022 from EY.

It is worth highlighting that the report consists of extensive one-on-one interviews with executives across the largest businesses in Qatar between the fourth quarter of 2021 and the first quarter of 2022.

As the country's GDP is expected to grow significantly from 2020, sentiments from the oil and gas sector and consumer services sector scored the highest positive sentiments with 64% and 45% respectively of those interviewed expecting sectorial growth to exceed the general economy's for the next five years, according to the report.

Great confidence is developed in executives and investors as Qatar has been resilient to the contemporary challenges and especially the Covid-19 pandemic. Along with the confidence comes optimism around opportunities to come throughout the country, said Qatar Country Market Leader at EY in a statement.

When it comes to the growth of the construction sector, sentiments were majoritarily bearish with 55% of those interviewed having negative outlooks towards the growth of the sector as the majority of mega projects were completed or nearly completed in the early months of 2022. Although, new mega projects such as the planned expansion of the airport and the Sharq Crossing could potentially help in reducing worries around the sector's prospects, added Qatar Country Market Leader at EY in their statement.

Moreover, executives' sentiment towards investment performance in Qatar for 2022 and early 2023 remained highly bullish in the face of geopolitical crises and international inflation with 91% of those interviewed expecting their investment performance to improve relative to 2021 and early 2022. However, a difficulty of access to capital has been recorded with 64% of interviewed executives noting them. However, recent initiatives show regulators taking action to ease the access to capital through the launch of Qatar Venture Market which will help make the process of investing in SMEs easier along with Qatar Fintech Hub's wider initiative to better innovation and access to capital in Qatar's economy, stated the Qatar Country Market Leader at EY.

The FIFA World Cup is perceived as an opportunity to strongly shift Qatar's international perception as a global tourism hub by 82% of interviewed executives leading to increased tourism flows and spending.

It is worth noting that Qatar has become an attractive investment destination by drawing the attention of foreign investors through the hosting of the world cup, the start of the North Field South expansion as well as the diversification of the economy to make it more sustainable by lowering reliance on the hydrocarbon industry, said the Qatar Country Market Leader at EY in a statement.

SAUDI ARABIA'S NOVEMBER PMI HITS HIGHEST LEVEL SINCE SEPTEMBER 2021

The Purchasing Managers' Index (PMI) in Saudi Arabia has reached 58.5 in November 2022, the highest level since September 2021's 58.6 with readings above 50 marks signifying growth. Amidst rising inflationary pressures, the country's non-oil sector continues to expand as well for the 27th month in a row, according to the Riyad Bank Saudi Arabia PMI report.

Business conditions across the board have improved in light of the increasing demand. Saudi Arabia's non-oil sector output has risen at the fastest pace seen since 2015 increasing cost pressures and therefore the price paid by customers. Following the execution of Vision 2030 initiatives, confidence towards the outlook on non-oil activities output was given, said the Chief Economist at Riyad Bank.

Rate of sales growth for non-oil companies increased faster than was seen in over a year with 41% of surveyed companies expressing an increase from the month prior this came along fast increase in new export business unseen since November 2015 prompted by robust domestic conditions, as stated in the Riyad Bank report.

A rise in inflationary pressures was reported with the increase of average input costs and prices to the highest level recorded since July. Non-oil businesses have also been seen expanding their purchasing during November as demand grows leading to a strong increase in inventories helped by the betterment of supplier performance. Furthermore, staff costs were noticed on the rise again in November after decreasing in October leading in cooperation with inflationary pressures, to an increase in output charges the aforementioned changes saw an increase in the manufacturing, wholesale & retail and services sectors but a decline in the construction sector, as reported by Riyad Bank.

It is worth noting that although non-oil activity has seen robust growth and output has been increasing, due to falling backlogs and strong capacity levels, job creation remained mild, as per the PMI report of Riyad Bank.

NUMBER OF TOURIST ARRIVALS IN JORDAN UP BY 95% Y-O-Y IN THE FIRST 11 MONTHS

The number of tourists arriving to Jordan in the first 11 months of 2022 increased by 95% year-on-year to reach a total of 4.6 million arrivals, up from 2.2 million in the same period of 2021. This increase lead to a 115% hike in tourism income reaching US$ 5.3 billion in the first 11 months of 2022 as compared with the same period of 2021, as stated by the Central Bank of Jordan's (CBJ).

In November 2022 alone, the number of tourist arrivals jumped by 48.9% year-on-year compared with November 2021 reaching 450,700 arrivals which is the highest figures for the month of November in the country since 2013. Moreover, tourism income in November 2022 rose by 50.3% as compared with figures in the same month of 2021 reaching US$ 514 million up from US$ 342 million, as said by the CBJ in their statement.

UAE GOVERNMENT REVENUES INCREASED BY 17.3% Y-O-Y IN Q3 2022

Revenues for the UAE government in the third quarter of 2022 increased by 17.3% year-on-year. Revenues went from AED 126.3 billion (US$ 34.4 billion) in Q3 2021 to AED 148.1 billion (US$ 40.3 billion) in Q3 2022, according to the UAE Ministry of Finance's (MoF) preliminary statistics.

Social contributions revenues went up by 10% year-on-year going from AED 3.4 billion (US$ 926.4 million) in Q3 2021 to AED 3.8 billion (US$ 1.0 billion) in Q3 2022, as stated by the Emirati Ministry of Finance.

On the other hand, government expenditures in the UAE increased by 5.1% year-on-year in Q3 2022 as compared to the same period of 2021. Expenditures reached AED 96.5 billion (US$ 26.3 billion) in Q3 2022 up from AED 91.8 billion (US$ 25.0 billion) in Q3 2021. Current expenditures (workers' wages, use of goods and services, consumption of fixed capital, paid interest, subsidies, social benefits and other transfers), grew by 7% year-on-year in Q3 2022 reaching AED 93.0 billion (US$ 25.3 billion).

Moreover, the country's fiscal and external surplus increased this year mainly because of the higher oil prices, as shown in the UAE MoF's preliminary statistics.

SURVEYS

DUBAI RANKS FIRST IN MIDDLE EAST AND AFRICA IN TERMS OF URBAN MOBILITY READINESS INDEX

Dubai ranks first in the Middle East and Africa in terms of urban mobility readiness (UMR) index, according to the newest edition of an annual global study of 60 cities by the Oliver Wyman Forum and the University of California, Berkeley Institute of Transportation Studies (ITS).

The 2022 Index includes a selection of 60 global cities across five regions: Asia Pacific, Europe, Latin America, the Middle East and Africa and North America. Mobility readiness is measured by 57 KPIs across social impact, infrastructure, innovation, system efficiency, and market attractiveness.

Findings of the index show that efficient and equitable mobility networks are key engines of economic vitality and environmental sustainability.

Other measures in the overall index include electric vehicle (EV) charging station network investment and incentives, the number of car-free zones, autonomous vehicle adoption, and public transport ridership and affordability.

Dubai ranks 30th globally, up from the 32nd place in 2021.

Based on the report, Dubai is institutionally friendly to new paradigms in mobility. The city has invested significantly in urban air mobility and scooter-sharing pilots over the last year.

The city aims as well to develop fast, affordable, and sustainable public transit, with a multimodal app and automated operation on the metro lines, with plans for the system to be net-zero by 2050.

However, car ownership is currently preferred to public transit due to Dubai's geographical spread. Residents have not fully embraced cycling or walking, due to the high summer temperatures and the current small number of bike lanes and car-free zones.

Most cities in the Middle East are developing, whereas African cities are currently lagging in their mobility maturity. On the other hand, some cities, including Dubai, Doha, Riyadh, and Jeddah, are rising in our UMR Index ranks, driven by substantial investments in mass transit.

STRONG HOSPITALITY MARKET PERFORMANCE IN DUBAI IN 9M 2022, AS PER EY

According to EY, Dubai's hospitality market saw an expansion in occupancy rate of 12.5% during the first nine months of 2022 when compared to the same period last year, to attain 70.3%. This was coupled by a 34.1% rise in the average room rate, moving from US$ 219.9 during the first 9M 2021 to US$ 294.9 in 9M 2022. Accordingly, RevPAR went up by 63.0%, from US$ 127.2 in 9M 2021 to US$ 207.3 in 9M 2022.

Furthermore, primarily events like the Dubai Shopping Festival, Dubai International Film Festival and Emirates Airlines Dubai 7's, and the opening of Dubai Expo City in October are expected to retain the momentum of visitors in the short term, and the future looks more promising with initiatives such as the Dubai Metaverse strategy aiming to turn Dubai into a global hub for the metaverse community, as per EY.

In parallel, Abu Dhabi's hospitality market witnessed a drop in occupancy rate of 1.0% in 9M 2022 when compared to 9M 2021 to reach 73.4%, coupled by an increase in the average room rate of 16.9% from US$ 66.6 in 9M 2021 to US$ 77.9 in 9M 2022. Consequently, RevPAR went up by 15.4% from US$ 49.5 in 9M 2021 to US$ 57.1 in 9M 2022.

Looking forward, events like Formula 1 Grand Prix, NBA Abu Dhabi Games 2022 and several other musical events lined up at Yas Bay Island along with the launch of new flight routes to Kuwait and Maldives from Abu Dhabi, flexible and multi entry visit visa option offered for foreign visitors and the world cup overflows, are expected to further boost the sector's performance in the next few months, according to EY.

Based on the report, Kuwait's hospitality sector witnessed a RevPAR expansion of 17.1%, from US$ 85.7 in 9M

2021 to US$ 100.4 in 9M 2022. This was driven by an occupancy increase of 5.2% in 9M 2022 when compared to the same period last year to reach 43.9%, coupled by an increase in average room rate of 3.4% from US$ 221.0 in 9M 2021 to US$ 228.5 in 9M 2022.

Long-term initiatives like the new beach project and the sustainable tourism project like "XZero City" along with other projects associated with vision 2035, and upcoming MICE (Meeting, Incentive, Convention, and Exhibition) events are expected to accelerate Kuwait's hospitality sector performance.

On the other hand, Doha's hospitality sector observed a 15.4% contraction in occupancy rate in 9M 2022 when compared to the same period a year earlier to reach 58.6%. The average room rate surged by 18.8% over the covered period, moving US$ 93.6 in 9M 2021 to US$ 111.2 in 9M 2022. RevPAR declined by 5.9%, from US$ 69.2 in 9M 2021 to US$ 65.2 in 9M 2022.

Doha's sector performance could be attributed to the increased rentals associated with the upcoming FIFA World Cup Qatar 2022, and the announcement from the Ministry of Interior of Qatar about the suspension of entry into Qatar for all visitors not attending the FIFA World Cup tournament, which is expected to have impacted the travel for other leisure purposes, as per EY.

LIMITED STOCK CONSTRAINS ACTIVITY LEVELS IN SAUDI ARABIA'S REAL ESTATE MARKET, SAYS CBRE

Lack of stock availability has affected activity levels in Saudi Arabia's real estate sector during the third quarter of this year, according to CBRE's Saudi Arabia Real Estate Market Review Q3 2022.

During Q3 2022, performance in Saudi Arabia's office market recorded more uniformly trends when compared to the previous quarter in 2022.

Riyadh's office market witnessed an increase in both Grade A and Grade B rents in the year to September 2022. Constrained supply levels have continued to support growth in rental rates, where in the year to September 2022, average Grade A and Grade B rents in Riyadh increased by 5.9% and 3.5% respectively. Concurrently, occupancy levels rose for Grade A and Grade B stock, where the average occupancy rates now stand at 99.0% and 98.7%, an increase of 1.0% and 3.2% from a year earlier, respectively.

Looking at the residential sector, total transaction volumes across Saudi Arabia dropped by 15.5% in Q3 2022 when compared to Q3 2021. Overall, the number of residential transactions totaled 37,743 and the value of the transactions is around SR 25.6 billion in the third quarter, which declined by 0.8% compared to a year earlier.

As to transaction volumes, the Dammam Metropolitan Area (DMA) was the only region to record growth in transaction volumes, with an increase of 12.0% in the year to Q3 2022, as per CBRE.

Riyadh and Jeddah have maintained their downward trend in their total transaction volumes with their total diminishing by 31.1% and 19.3% respectively over the same period.

Average apartment prices across Saudi Arabia have increased by 7.8% in the 12 months to September 2022, with prices in Riyadh, Jeddah, Dammam and Khobar increasing by 13.1%, 8.9%, 5.6% and 3.7% respectively.

As reported by CBRE, the hospitality sector in the second half of 2022 has seen a strong rate of recovery.

In Riyadh, in the year to September 2022, the average occupancy rate has improved by 5.0 percentage points when compared to the year to September 2021. In terms of ADR and RevPAR, Riyadh boasted notable rates of growth of 23.4% and 35.1% over the same period.

In Jeddah, the hospitality market has also fared well. Its ADR and occupancy rate have seen growth of 19.6% and 6.5% year-on-year in the year to September 2022, where its RevPAR grew by 35.2%.

CORPORATE NEWS

EGYPT'S URBAN DEVELOPMENT FUND LAUNCHES US$ 24 BILLION NATIONAL MEGA HOUSING PROJECT

Egypt's Urban Development Fund (UDF) launched a nation-wide mega urban housing project at a total investment of approximately US$ 24 billion (LE 600 billion), as revealed by the Fund's chairperson.

The project consists of the development of 230 urban sites in the capitals of the governorates and major cities of the country with a combined area of more than 14,422 acres. The whole project would be finalized in five years.

Additionally, 35 sites representing a total area of 1,750 acres would be developed on urgent basis, 60 sites with a combined area of 2,600 acres on priority basis and the remaining 135 sites with a total area of 10,149 acres would be accorded second priority.

The Urgent Project comprises of 61,000 units housing units in 13 governorates (Cairo-Suez-Damietta- Kafr El Sheikh- Gharbia-Qalyubia-Fayoum-Sharqia-Menoufia-Qena-Minya-Sohag-Dakahlia) at a cost of US$ 4.9 billion (LE 120 billion).

SAUDI ARAMCO AND TOTALENERGIES TO BUILD US$ 11 BILLION PETROCHEMICAL COMPLEX IN SAUDI ARABIA

Saudi Aramco and TotalEnergies announced their intent to build a petrochemical complex in Saudi Arabia with an estimated investment of around US$ 11 billion, as reported in the company's statement.

The Amiral petrochemical complex would be owned, operated and integrated with the existing SATORP (Saudi Aramco Total Refining and Petrochemical) refinery located in Jubail on Saudi Arabia's eastern coast.

Of the total cost, US$ 4 billion would be funded through equity by Aramco (62.5%) and TotalEnergies (37.5%). The construction is expected to start in the first quarter of 2023, with commercial operations to begin 2027.

This move will be able to support the establishment of key manufacturing industries, such as carbon fibers, lubes, drilling fluids, detergents, food additives, automotive parts and tires.

The overall complex, including adjacent facilities would create around 7,000 local direct and indirect jobs. The petrochemical complex would also supply feedstock to other chemical plants in the Jubail industrial area, which will be built, owned and operated by globally renowned downstream investors, entailing an estimated additional US$ 4 billion of investments.

SAUDI ARABIA PLANS TO BUILD A 2 KM MEGA TALL TOWER IN RIYADH, MORE THAN DOUBLE THE HEIGHT OF THE WORLD'S TALLEST BUILDING

Saudi Arabia's Public Investment Fund (PIF) plans to build a 2 kilometer height tower, which would be over double the height of the world's tallest building, Dubai's Burj Khalifa, an 828 meters tall, as mentioned in the company's statement.

The tower, which is estimated to cost around US$ 5 billion, would be part of an 18-square-kilometer master planned development in the north of Riyadh on a site adjacent to King Khalid International airport.

It is worth noting that a design competition has also been announced with a participation fee of US$ 1 million for the record-breaking tower.

Eight firms of some of the world's leading names in architecture, developers, and construction specialist were invited to participate in the competition in order to take part and design the mega building.

The participants include firms such as Skidmore, Owings & Merrill (SOM), Adrian Smith & Gordon Gill Architecture, Kohn Pedersen Fox (KPF) and Gensler, 10 Design, and Dubai-based Killa Design.

RAFAL AND CITIC JV ENTERS INTO A STRATEGIC PARTNERSHIP WITH THE SAUDI NATIONAL HOUSING COMPANY TO ESTABLISH A US$ 3.2 BILLION INDUSTRIAL COMPLEX IN RIYADH

Saudi-based Rafal Real Estate Development declared its joint venture with Citic Construction, a subsidiary of China's State-owned conglomerate Citic group, and enters into an agreement with National Housing Company to establish an industrial complex in Riyadh, as revealed in a statement.

The complex offers fully integrated supply chains -ranging from advanced green pre-cast to modular housing solutions in addition to related industries spanning electro-mechanical installation and other finishing materials- that are essential for the construction of scalable social housing projects within the shortest time schedule.

The capital expenditure of the complex and construction of the houses is evaluated to surpass US$ 3.2 billion (SR 12 billion). Construction works is anticipated to start in Q3 2023 and the production and operations are targeted for January 2024.

The joint venture is designed to expand production to serve the Saudi market with a fully integrated solution that would achieve higher scalability, environmental sustainability, and cost efficiency, as mentioned by Rafal's CEO. Additionally, the project would generate jobs, provide training and support the local ecosystem to achieve the local content objectives.

AD PORTS GROUP'S KEZAD SETS UP US$ 1.9 BILLION STAFF HOUSING COMPANY

AD Ports Group's KEZAD Communities is merging with Al Eskan Al Jamae, a real estate development and management company, to create a multibillion-dirham staff accommodation company, based on the company's statement.

Abu Dhabi's AD Ports Group, owned by sovereign wealth fund ADQ, would retain a "controlling majority stake" in the new merged entity, which will have an equity value of nearly US$ 1.9 billion (AED 7 billion).
It is worth highlighting that this transaction would be conducted through an equity share swap with no cash exchange.

The new company would be the largest staff accommodation firm in the UAE capital with owned and managed capacity of 135,000 beds. It would assist KEZAD Group to offer customers with staff accommodation solutions that also feature amenities and facilities, including medical centers, gardens sports areas, dining halls, mosques and other services, such as supermarket and laundry.

HILL AWARDED CONTRACT FOR US$ 400 MILLION JORDAN HEALTHCARE PROJECT

Hill International, a leading construction consulting firm, has ensured a contract from Saudi Jordanian Investment Fund, which is majority owned by Saudi sovereign wealth fund PIF, for a US$ 400 million healthcare project in Jordan, as mentioned in a statement.

The project, which would be developed on an 110,000 square meter, would see the establishment of a university hospital with 330 beds, 72 outpatient clinics, a children's hospital, and a medical school with a total capacity for 600 students.

Hill International would offer project construction management services in partnership with Dar Al Omran, a multidisciplinary consulting firm that includes an integration of trusted planners, architects, designers, engineers, scientists and environmentalists.

At the end of the investment period, the ownership would be transferred to the Jordanian government.
It is important to point out that the healthcare facility would be implemented in partnership with two of the most prestigious global institutions in the fields of healthcare and medical education - the University College London (UCL) Medical School, as the academic partner, and UCLA Health in Los Angeles, California, as the clinical partner.

CAPITAL MARKETS

MENA EQUITIES ON FALL, TRACKING GLOBAL RISK-OFF MOOD ON MOUNTING GLOBAL RECESSION CONCERNS

MENA equity markets remained on the fall this week, as reflected by a 0.4% retreat in the S&P Pan Arab Composite index, mainly tracking a global sell-off mood on mounting concerns the resolve of major global Central Banks to continue their fight against inflation would tip the global economy into a recession, and as some market players sought to reshuffle their portfolios before year-end.

The Qatar Stock Exchange plunged deeper into the red this week, as reflected by a 4.2% fall in the S&P Qatar index, mainly tracking global equity weakness (-2.0%) following signs from the US Federal Reserve that it would keep rates higher for longer, and on reshuffling activity before year-end. 36 out of 47 traded stocks posted price drops, while nine stocks registered price gains and two stocks saw no price change week-on-week. Qatar Islamic Bank's shares led the decline on the Qatar Stock Exchange this week, shedding 10.5% to QR 20.670. The Commercial Bank's share price dropped by 8.5% to QR 5.030. QNB's share price decreased by 2.3% to QR 17.550. Qatar General Insurance & Reinsurance's share price plunged by 10.0% to QR 1.520. Barwa Real Estate's share price declined by 2.6% to QR 3.011. Ooredoo's share price fell by 2.3% to QR 9.040.

Boursa Kuwait registered price decreases of 1.8% this week, mainly following a de-risk global mood on mounting concerns about a global economic downturn after major Central Banks across the globe pointed that they would maintain a tight monetary policy for longer next year. A closer look at individual stocks shows that National Bank of Kuwait's share price decreased by 0.6% to KWf 1,087. Al Ahli Bank Kuwait's share price dropped by 1.5% to KWf 325. Agility's share price plunged by 5.7% to KWf 717. Gulf Petroleum Investment's share price declined by 2.0% to KWf 14.7. Boursa Kuwait's share price shed 7.0% to KWf 2.129. Kuwait Kuwait Projects Holding's share price fell by 3.4% to KWf 113.

In contrast, the heavyweight Saudi Exchange shifted to a positive territory this week, as reflected by a 0.4% rise in the S&P Saudi index, mainly supported by some favorable company-specific factors and on oil price rebounds. Brent prices surged by 3.9% to reach US$ 79.04 per barrel on Friday, after OPEC said it expects to see robust global oil demand growth in 2023 with potential economic upside coming from the relaxation of China's zero-COVID policies.

A closer look at individual stocks shows that Saudi Kayan Petrochemical Company's share price jumped by 13.2% week-on-week to SR 13.36. HSBC raised its recommendation on Saudi Kayan Petrochemical Company to "buy" from "reduce" with a price target at SR 14, which implies a 15% increase from last price. Petro Rabigh's

EQUITY MARKETS INDICATORS (DECEMBER 11 - DECEMBER 17, 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	121.7	0.1%	29.4%	35.7	231.6%	0.7	13,750	13.5%	-	0.31
Jordan	392.3	-0.1%	12.6%	24.2	-7.6%	15.0	25,316.2	5.0%	9.5	1.53
Egypt	250.1	0.7%	-17.9%	539.1	17.3%	5,467.5	38,571.4	72.7%	8.7	1.85
Saudi Arabia	457.0	0.4%	-10.9%	5,346.0	17.0%	536.91	2,549,631.9	10.9%	12.9	4.29
Qatar	180.1	-4.2%	-9.6%	556.0	23.8%	456.1	169,100.1	17.1%	13.0	1.69
UAE	139.7	0.5%	-5.3%	3,065.7	-71.8%	2,797.1	862,175.3	18.5%	11.4	1.78
Oman	265.9	0.5%	22.0%	32.0	-48.6%	68.8	22,261.8	7.5%	12.5	1.07
Bahrain	188.5	0.0%	3.2%	2.2	4.2%	3.4	16,741.6	0.7%	10.0	1.33
Kuwait	139.6	-1.8%	4.6%	642.0	8.0%	500.0	139,959.2	23.9%	20.3	2.52
Morocco	228.2	-1.5%	-28.0%	43.4	-28.2%	2.5	54,684.1	4.1%	19.0	2.94
Tunisia	62.1	2.7%	-3.1%	14.9	150.5%	4.3	7,584.9	10.2%	9.7	1.62
Arabian Markets	**909.4**	**-0.4%**	**-8.4%**	**10,301.2**	**-39.8%**	**9,852.3**	**3,899,776.5**	**13.7%**	**12.8**	**3.45**

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

Values in US$ million; volumes in millions
** market cap-weighted averages*
Sources: S&P, Bloomberg, Bank Audi's Group Research Department

share price increased by 0.7% to SR 10.82. Bahri's share price climbed by 10.9% to SR 29.95. Bahri signed a non-binding Memorandun of Understanding with Ajlan & Bros Holding Group, one of the largest private sector conglomerates in the Middle East region, to discuss ways of partnering to establish a new joint venture company that would specialize in owning and operating various models of vessels.

As to banking stocks, SNB's share price surged by 5.4% over the week to SR 49.45. Saudi National Bank achieved a 9.88% shareholding in Credit Suisse Group after the latter completed the final part of its CHF 4 billion fund raising by placing stock with a group of institutional investors led by SNB. SABB's share price closed 3.9% higher at SR 38.30. Banque Saudi Fransi's share price went up by 7.3% to SR 39.75.

The UAE equity markets ended on a positive note this week, as reflected by a 0.5% increase in the S&P UAE index, mainly supported by price gains on the Abu Dhabi Securities Exchange given oil price rebounds. ADNOC's share price jumped by 4.2% to AED 4.72. First Abu Dhabi Bank's share price surged by 3.4% to AED 17.10. Etisalat's share price went up by 1.5% to AED 24.0. Aldar Properties' share price rose by 0.9% to AED 4.48.

The Egyptian Exchange continued to trace an upward trajectory this week (+0.7%) ahead of the IMF's Executive Board meeting on Egypt on December 16, 2022. In fact, the IMF approved this week a US$ 3 billion loan for Egypt that would enable an immediate disbursement of about US$ 347 million. E-finance for digital and financial investments' share price jumped by 9.4% to LE 20.25. Talaat Moustafa Group's share price climbed by 7.3% to LE 10.35. Palm Hills Development's share price skyrocketed by 12.0% to LE 2.051. Ezz Steel's share price surged by 11.3% to LE 21.70. Juhayna Food Industries' share price rose significantly by 11.1% to LE 8.10. Eastern Company's share price went up by 7.2% to LE 15.00.

ACTIVITY IN MENA BOND MARKETS REMAINS SKEWED TO UPSIDE ON PROSPECTS OF HAWKISH FOR LONGER GLOBAL MONETARY STANCE

MENA fixed income markets continued to register across-the-board upward price movements this week, after the US Federal Reserve and the European Central Bank pointed that interest rates would need to go higher than previously expected in order to tame soaring inflation, fueling concerns about a global economic downturn next year and flocking demand for safety.

In the Saudi credit space, sovereigns maturing in 2030 saw weekly price increases of 0.75 pt. Prices of Saudi Aramco'25 rose by 0.25 pt. SABIC'28 closed up by 0.75 pt. SEC'24 was up 0.13 pt. STC'29 posted price gains of 1.0 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 posted price expansions of 0.50 pt and 1.25 pt respectively week-on-week. Prices of QNB'25 went up by 0.38 pt. Ooredoo'26 traded up by 0.50 pt. Fitch affirmed Ooredoo's long-term Issuer Default Rating and senior unsecured rating at "A-", with a "stable" outlook. The rating is driven, according to Fitch, by the strength of Ooredoo's links with the State of Qatar (AA-/Stable). The company is rated on a top-down basis, three notches below the sovereign rating of Qatar, in line with Fitch's Government-Related Entities (GRE) Rating Criteria.

In the Kuwaiti credit space, KIPCO'27 closed up by 0.50 pt this week. In the Bahraini credit space, sovereigns maturing in 2026 and 2031 saw weekly price rises of 0.13 pt and 0.25 pt respectively. Prices of NOGA'27 went up by 0.75 pt.

In the Iraqi credit space, prices of sovereigns maturing in 2028 increased by 0.13 pt this week. In the Omani credit space, sovereigns maturing in 2026 and 2029 registered price expansions of 0.35 pt and 0.63 pt respectively week-on-week.

In the Dubai credit space, sovereigns maturing in 2029 posted price rises of 0.88 pt week-on-week. Prices of Emirates Airline'28 traded up by 0.25 pt. Prices of DP world'30 expanded by 1.0 pt. Majid Al Futtaim'29 was up by 1.38 pt. Emirates NBD Perpetual (offering a coupon of 6.125%) recorded price expansions of 0.50 pt.

In the Abu Dhabi credit space, prices of sovereigns maturing in 2026 and 2031 went up by 0.13 pt and 0.38 pt respectively this week. Prices of ADNOC'29 rose by 0.38 pt. Taqa'26 closed down by 0.13 pt.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 posted price increases of 0.13 pt to 1.25 pt this week. Prices of Euro-denominated sovereigns maturing in 2026 and 2031 rose by 0.49 pt and 0.23 pt respectively this week.

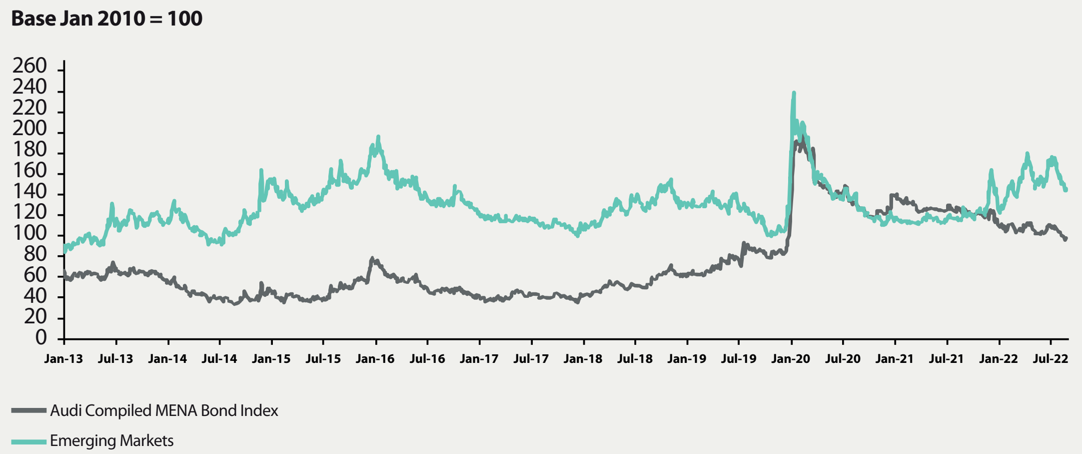
All in all, activity in regional bond markets remained skewed to the upside this week, after the US Federal Reserve rebuffed expectations for a dovish tilt and said interest rates would go higher for longer, with the terminal rate for the year 2023 revised upward to 5.1%.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	16-Dec-22	09-Dec-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	45	47	43	-2	2
Dubai	87	87	94	0	-7
Kuwait	50	50	45	0	5
Qatar	48	47	44	1	4
Saudi Arabia	62	60	49	2	13
Bahrain	228	233	294	-5	-66
Morocco	204	230	95	-26	109
Egypt	880	793	498	87	382
Iraq	452	452	554	0	-102
Middle East	228	222	191	6	37
Emerging Markets	143	141	141	2	2
Global	520	556	183	-36	337

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/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$)	16-Dec-22	09-Dec-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)	24.67	24.58	15.72	0.3%	56.9%
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	-0.2%	1.2%
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)	250.29	250.23	250.00	0.0%	0.1%
NORTH AFRICA					
Algerian Dinar (DZD)	137.49	138.12	138.89	-0.5%	-1.0%
Moroccan Dirham (MAD)	10.50	10.55	9.25	-0.5%	13.5%
Tunisian Dinar (TND)	3.13	3.21	2.87	-2.3%	9.0%
Libyan Dinar (LYD)	4.82	4.85	4.60	-0.6%	4.8%
Sudanese Pound (SDG)	572.98	572.31	442.60	0.1%	29.5%

NR = Not Rated
RWN= Rating Watch Negative
RUR=Ratings Under Review
** Emirate of Abu Dhabi Ratings*