Bank Audi

MENA WEEKLY MONITOR

DECEMBER 18 - DECEMBER 24, 2022
WEEK 51

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Economy

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The GCC Economic Update of the World Bank has been issued this week. It says the GCC countries were characterized by a robust economic rebound from the pandemic in 2021 and the first half of 2022 as well as restoration of external and fiscal positions following deep plunges in 2020.

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p.9 MENA EQUITIES ON FALL, BOND MARKETS UNDER DOWNWARD PRICE PRESSURES

MENA equity markets dipped further into the red this week, as reflected by a 0.8% fall in the S&P Pan Arab Composite index, mainly on mounting concerns about a global economic downturn following hawkish for longer comments from global major Central Banks to tame soaring inflation. In parallel, regional fixed income markets came under downward price pressures, mainly tracking US Treasuries move, following an upward revision for the US third quarter 2022 real GDP growth and after the US consumer confidence rose by more than forecast in December 2022 to reach its highest level since last April on eased inflation and lower gasoline prices.

MENA MARKETS: DECEMBER 18 - DECEMBER 24, 2022

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-0.8%	Weekly Z-spread based bond index	-0.6%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↑
YTD stock price performance	-9.1%	YTD Z-spread based bond index	-20.8%

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ECONOMY

WORLD BANK SAYS GCC COUNTRIES WERE CHARACTERIZED BY A ROBUST ECONOMIC REBOUND FROM THE PANDEMIC IN 2021 AND THE FIRST HALF OF 2022

The GCC Economic Update of the World Bank has been issued this week. It says the GCC countries were characterized by a robust economic rebound from the pandemic in 2021 and the first half of 2022 as well as restoration of external and fiscal positions following deep plunges in 2020. While COVID-19 has not vanished and short-lived surges still occur, the reduced lethality of new variants and the high vaccination rates among the six GCC countries have allowed the authorities to loosen restrictions on mobility and social interaction. Easing of pandemic restrictions and positive developments in the hydrocarbon market drove strong recoveries in 2021 and 2022 across the GCC. Deflation or very low inflation had been common amongst GCC countries during the global pandemic. But strong economic recovery and supply chain bottlenecks raised inflation in the GCC to an average rate of 2.1% in 2021—up from 0.8% in 2020. The effects of the war in the Ukraine in the first half of 2022 have continued to push inflation up in all GCC countries except Saudi Arabia. Rising interest rates, generous subsidies, and strong local currencies that are mostly pegged to the U.S. dollar have eased the full passthrough of higher imported prices to GCC consumers and businesses, resulting in muted inflation in comparison to other high-income countries.

The increase in oil and gas prices precipitated by the war in Ukraine is projected to provide a windfall for the GCC; it has also placed energy security at the forefront of major importers' agenda, which could accelerate the global green growth transition. The GCC region is projected to expand by 6.9% in 2022 before moderating to 3.7% in 2023 and 2.4% in 2024, driven by stronger hydrocarbon and non-hydrocarbon sectors. Higher oil prices will be reflected as strong twin surpluses (fiscal and external) in the GCC which should help to spur consumer confidence and investments.

However, high uncertainty surrounds the oil market outlook with recent decisions by the OPEC+ alliance of a more cautious production approach in light of a weakening global economic outlook to set a floor under softening oil prices. Reduction in oil output would not only risk slower economic growth but might shrink the anticipated fiscal and external surpluses in the near-term.

The faster and bolder efforts to decarbonize the global economy, which the war in Ukraine is likely to accelerate, imply that it is critical to invest the windfall in the GCC's economic and environmental transition. These global developments intensify the urgency to speed up the diversification of GCC economies to reduce the risk from their dependence on hydrocarbons, especially as countries around the world are committed to transitioning to greener development paths. The surge in hydrocarbon prices is already dramatically accelerating this trend in many countries. This presents a window of opportunity for the GCC countries to transition to a green growth strategy and accelerate economic diversification by investing their windfall into sustainable sectors.

The World Bank Special Focus elaborates on this saying that the world is locked in an existential crisis. Combatting climate change and global warming is the defining challenge of the 21st century. The evidence of the impending catastrophe is all around us, including wildfires raging, flooding on an unprecedented scale, increased tropical storms, regular droughts, and rising sea levels. Accordingly, many countries have announced their own emissions reduction targets including ambitious pledges by countries in the GCC. However, there has been a perception of a push back from several areas including oil exporting countries, beneficiaries of fossil fuel subsidies, and energy-intensive industries. Moving away from fossil fuels towards a greener future should not be seen as a threat but as a tremendous opportunity. The GCC countries stand to gain from this transition. The region already has the three record-breaking, low-cost auctions for solar energy supply and has the potential to be a lead producer and exporter of clean energy. This direction is entirely in line with GCC country vision documents that outline an image of the economy of the future that relies increasingly on the private sector playing a leading role in investment, job creation, and value addition, according to the World Bank.

REAL GDP GROWTH OF 8.8% FOR Q3 NOTED IN SAUDI ARABIA

Real GDP in Saudi Arabia exhibited a growth of 8.8% year-on-year in Q3 2022 with growth being attributed to increased oil activities. The country's oil activities and non-oil activities rose by 14.2% and 6% respectively in Q3 2022 as compared to the same period of 2021, as stated in the General Authority for Statistics' (GASTAT) report.

A growth of 2.5% year-on-year was also noticed in government activities in Q3 2022 as compared with the same period of last year. Crude petroleum and natural gas also noticed a 14.8% jump year-on-year in Q3 2022. Therefore crude petroleum and natural gas scored a 35.2% contribution to national GDP, as per the GASTAT report.

Furthermore, activity in the non-oil sector outside the government showed a contribution of 50.7% to GDP. Manufacturing with the exclusion of the refining of petroleum held a 7.8% share and stands as the most important sub-category in the non-oil sector, as said by GASTAT in the report.

The country's Industrial Production Index (IPI) also noticed an increase of 14.1% year-on-year in October 2022 as compared with the same month of 2021 mainly attributed to robust production in mining and quarrying as well as manufacturing activity. Manufacturing activity saw a 23.2% jump year-on-year compared to the same month last year. Moreover, mining and quarrying showed an increase of 12% year-on-year in October 2022 attributed to an increase in oil output reaching 10 million barrels per day (mbpd). However, electricity and gas supplies slightly decreased by 1.8% year-on-year in October 2022.

It is worth noting that the IPI is an economic indicator which highlights relative variation in the volume of industrial production.

SIGNIFICANT HIKE IN QATAR'S BUDGET SURPLUS YEAR-ON-YEAR

The Qatari budget surplus reached QAR 30 billion (US$ 8.2 billion) in Q3 2022, up from QAR 900 million (US$ 247.3 million) in Q3 2021.

Total revenues for the country reached QAR 81.8 billion (US$ 22.5 billion) in the third quarter of 2022. Oil and gas revenues stood at QAR 76.3 billion (US$ 21 billion) and accounts for 93.3% of total revenues in Q3 2022. Non-oil revenues accounted for 6.7% of total revenues and stood at QAR 5.5 billion (US$ 1.5 billion) in Q3 2022, as stated by Qatar's Ministry of Finance.

On the other hand, total expenditures reached QAR 51.8 billion (US$ 14.2 billion) in Q3 2022. Current expenses accounted for 34.8% of expenditures and amounted to QAR 18 billion (US$ 5 billion). Major projects were valued at QAR 18 billion (US$ 5 billion) and accounted for 34.8% of expenditures. Salaries and Wages have a valuation of QAR 14.6 billion (US$ 4 billion) and accounted for 28.2% of total expenditures. Moreover, incidental capital expenditures reached QAR 1.2 billion (US$ 329.7 million) and accounts for 2.3% of total government expenditures, added the Qatari Ministry of Finance in their statement.

It is worth highlighting that the budget's dependence on oil and gas revenues poses a threat on the future prospects of the Qatari economy. Oil prices have hiked and remained high since the start of the Russo-Ukrainian war but this high won't stay indefinitely. Therefore, to secure the future prospects of the country's economy, the Qatari government is making moves in order to diversify its sources of revenue and veer it towards independency on oil and gas. This in turn, if executed correctly, will have a positive impact on the overall revenues of the government and will ensure a more sustainable future for the economy of the country.

EXTENDED ARRANGEMENT FOR EGYPT WORTH US$ 3 BILLION APPROVED BY THE IMF OVER A 46-MONTH PERIOD

A 46-month arrangement was approved by the International Monetary Fund (IMF) Executive Board under the Extended Fund Facility (EFF) for Egypt. The subject arrangement is valued at SDR 2.4 billion (around US$ 3 billion) with an immediate disbursement of SDR 261.1 million (about US$ 347 million). This arrangement will aid Egypt in meeting the needs of its balance of payments and help support the country's budget. Moreover, further support will be mobilized by the EFF worth around US$ 14 billion over the 46-month period. The mobilization will take place with the help of Egypt's partners regionally and internationally, as said by the IMF in a press release.

The EFF supports the relevant authorities' economic program in the country. The program sees the implementation of an all-inclusive policy package targeting the preservation of macroeconomic stability, start building towards sustainable and inclusive growth lead by the private sector as well as restore strong buffers to the economy.

The aforementioned package aims to solve the economic problems seen in Egypt through multiple steps. Shifting the exchange rate regime permanently making it flexible is one move that the package will make. An anti-inflationary monetary policy by moving away from the subsidizing of lending schemes will be another step taken by the authorities. To solidify the decreasing rate of debt-to-GDP ratio, the package will also undertake debt management and fiscal consolidation efforts. This action also aims to contain gross financing needs, increase social spending and strengthen the social safety net to protect the vulnerable population as well as manage national investment in an externally sustainable way while staying consistent with economic stabilization efforts. Moreover, another step included in the package will be comprehensive structural reforms aimed at reducing the footprint of the state, as per the IMF press release.

It is worth noting that Egyptian authorities have also requested additional support worth an estimated SDR 1 billion (around US$ 1.3 billion) from the Resilience and Sustainability Facility (RSF) to aid in the country's climate-related policy goals.

Despite the momentum gained in 2021 in the country's economy, the year also saw imbalances tied to a stable exchange rate, delayed reforms to the structure of the economy as well as high public debt. This along with the war in Ukraine triggered the outflow of capital, reduced the central bank's net foreign assets and reserves in foreign currency as well as enlarged the dispositioning of the exchange rate of the local currency. With the aforementioned imbalances paired with the growing risks and uncertainties, it is crucial for authorities in Egypt to remain committed to warry macroeconomic policies and reforms to the economy's structure, said the Managing Director and Chairman of the Board of the IMF.

SURVEYS

UAE TOPS ARAB COUNTRIES IN GLOBAL KNOWLEDGE INDEX 2022

The UAE topped Arab countries in Global Knowledge Index 2022 and ranked 25th globally, with an average score of 58.9 in the index, compared to a global average of 46.5, according to a report released by Mohammed bin Rashid Al Maktoum Knowledge Foundation (MBRF) in collaboration with United Nations Development Programme (UNDP).

The Index covered 132 countries, which includes 11 Arab nations and 155 variables. The GKI consists of seven sub-indicators that covers the performance of six key knowledge sectors, which include pre-university education, technical and vocational education and training (TVET), higher education, research, development and innovation (RDI) information and communications technology (ICT), and economy and enabling environment.

The strong link between the quality of knowledge capital, on one hand, and the ability to build effective knowledge economies that deliver equitable and sustainable development, on the other, necessitates the assessment of human resource qualification systems and their outputs, which are captured in pre-university education, Technical and Vocational Education and Training (TVET), and higher education.

The investments in, and the outputs of, scientific research, development and innovation are also central to sustainable development, and are assessed within Research, Development and Innovation (RDI).

The progress achieved in developing technological infrastructure and applying its outputs is reflected in Information and Communications Technology (ICT), while the economy provides an assessment of economic openness and competitiveness.

Improvements in all these aspects of knowledge-based development require a suitable and supportive environment based on social and political freedoms, as well as sound environmental and health conditions, progress towards which is reflected in the enabling environment.

As per the index sub-indicators, the UAE has secured the first rank in the knowledge indicator, 11th in the economy indicator, 15th in the information and communications technology (ICT) indicator, 29th in the innovation and R&D, and 30th, 44th and 46th in pre-university education, higher education and enabling environment, respectively.

The areas of strength of the country are an active mobile-broadband subscriptions per hundred inhabitants, mobile upload and download speeds, educational attainment rate, bachelor's or equivalent, households with internet access at home and fixed broadband basket.

GLOBAL KNOWLEDGE INDEX (GKI) 2022 IN MENA REGION

Country	Global Rank	GKI	Pre-university education	TVET	Higher education	RDI	ICT	Economy	Enabling environment
UAE	25	58.9	75.9	70.1	50.5	33.5	66.7	67.9	61.4
Qatar	37	54.1	79.8	55.1	57.8	26.6	51.2	66.7	61.0
KSA	43	51.1	71.9	50.3	43.6	29.4	63.8	58.2	53.4
Kuwait	47	50.1	63.8	67.3	44.6	21.3	59.7	62.2	53.0
Oman	54	48	75.3	68.9	38.7	21.9	51.9	53.3	48.2
Bahrain	55	47.4	67.7	60.7	41.3	18.9	57.4	58.7	51.5
Tunisia	82	43.1	71.7	51.6	38.7	20.6	40.4	46.4	53.4
Morocco	85	42.4	59.6	50.5	37.0	21.4	44.1	48.8	51.1
Egypt	95	40.5	65.0	50.2	38.2	19.5	37.9	46.2	42.6
Jordan	96	40.0	55.3	44.7	33.6	21.1	39.9	49.8	51.2
Mauritania	123	29.2	32.4	36.6	22.4	21.9	26.0	37.1	34.5

Sources: UNDP, Mohammed Bin Rashid Al Maktoum Knowledge Foundation, Bank Audi's Group Research Department

HOUSING DEMAND IN SAUDI ARABIA TO SURGE 50% BY 2030, AS PER PWC

Saudi Arabia's housing demand is expected to increase by more than 50% to reach 153,000 houses by 2030 from 99,600 dwellings in 2021, according to PwC's new report titled "Transforming the Housing Sector in Saudi Arabia".

In 2017, more than 1.6 million Saudi nationals were on waiting lists for government housing programs.

Since then, the Ministry of Municipal and Rural Affairs and Housing (MoMRA) has rolled out a number of programs and initiatives to increase the availability of affordable housing and improve accessibility to financing options.

The Saudi Housing Program was created in 2018 with the objective of increasing access to affordable, quality, safe and well-located housing for first time buyers. The housing program replaced a government-led system that suffered from long processing times and low citizen satisfaction levels.

However, in achieving its objectives, the program would need to address challenges including a growing population, rapid urbanization, an insufficient supply of affordable housing, and an unregulated self-build market.

The report identifies some of the key initiatives that had a positive impact on the Kingdom's transformation. Access to sustainable financing solutions remains a vital key for the housing sector transformation.

The Saudi Real Estate Refinance Company (SRC) has injected more than SR 6.5 billion by the end of 2020, with plans to refinance 20% of the Kingdom's residential mortgage market by 2025. Additionally, the Saudi Central Bank had a significant impact on the growth of the housing sector, reducing the minimum down payment required for property purchases from 30% to 5% of the purchase price.

In addition to improving access to financing, the country has continued to increase the private sector's involvement particularly in the development of affordable, quality, safe, and well-located housing. Over the coming decade, the country would need to create approximately 1.2 million new homes to reach a housing stock of 4.96 million houses by 2030.

The introduction of a new central regulatory entity for the real estate sector, the General Authority for Real Estate, in 2017, also aims to regulate the sector, stimulate investment, and protect consumers, as per PwC.

The improved governance helps stabilize the real estate's rental and buyers' market supported through initiatives such as Ejar that regulate the relationships between all parties in the rental process.

Furthermore, the expected development rate of the real estate market offers an opportunity for off-plan transaction growth, which would be supported by additional security through initiatives such as the Wafi Program, which regulates off-plan property sales and rental process and transactions.

The Saudi housing market's transformation also focuses on enhancing beneficiaries' journey. This dimension is critical for addressing low customer satisfaction levels and consists of several key initiatives including the Mulak Program, Shrakat, and Sakani.

These initiatives enhance the partnership between government and private sector to provide solutions and residential products that meet the needs of citizens at affordable price, and digitally enable Saudi homebuyers to apply for their first home online.

CORPORATE NEWS

ADNOC BUYS MUBADALA'S OMV STAKE WORTH US$ 4 BILLION

ADNOC, Abu Dhabi National Oil Company, bought shares worth US$ 4 billion in OMV, an Austrian multinational integrated oil, gas and petrochemical company, as it aims towards increasing chemicals production, as mentioned in a company's statement.

ADNOC is acquiring a 24.9% stake in Austria's biggest energy company from wealth fund Mubadala.

ADNOC, which pumps almost all the oil in OPEC member United Arab Emirates, plans to invest US$ 150 billion over the next five years and expand its natural gas, chemicals and clean-energy operations globally.

HASSANA INVESTS US$ 2.4 BILLION IN DP WORLD'S UAE ASSETS

Hassana Investment Company (HIC), the investment arm of the General Organization of Social Insurance (GOSI) of Saudi Arabia, invested US$ 2.4 billion for a 10.2% stake in three of DP World's assets in the UAE, that are Jebel Ali Port, Jebel Ali Free Zone and National Industries Park, as indicated in the company's statement.

Following the investment, the three assets would remain fully consolidated businesses within the DP World Group.

The new partnership would enhance the company's assets and strengthen the balance sheet, and support the company's target of achieving a strong investment-grade rating for the DP World group, according to the DP World's CEO.

PIF TO ACQUIRE EGYPT-BASED UNITED BANK FOR US$ 600 MILLION

Saudi Arabia's Public Investment Fund (PIF) is in advanced talks to acquire Egypt's State-owned United Bank in a deal that could be worth about US$ 600 million, as mentioned in a company's statement.

The PIF is expected to carry out the acquisition through Saudi Egyptian Investment Company (SEIC). Final terms of the agreement are still being agreed upon, and the negotiations may be finalized at the end of the month.

Saudi Arabia is investing aggressively in Egypt and would continue to look at investment opportunities on the long-run, as per Saudi officials.

NATIONAL MARINE DREDGING WINS US$ 272 MILLION CONTRACT IN EGYPT

National Marine Dredging Company (NMDC), one of the Middle East's marine industry leaders, won a contract worth US$ 272 million (AED 1 billion) for dredging works (the process of removing the sediments from a water environment) in Egypt's Suez Canal, as mentioned in a company's statement.

The project is expected to be finalized in 2023.

NMDC's operations consists of ports and civil projects, refining and petrochemical operations, onshore operations, renewable energy, deep-sea operations and other related projects.

SAUDI WEALTH FUND BUYS 30% STAKE IN DISTRICT COOLING PROVIDER

Saudi Arabia's sovereign wealth fund bought a 30% stake in a district cooling provider in a deal that is valued at US$ 250 million, as revealed in a company's statement.

The Public Investment Fund acquired the holding in Saudi Tabreed, which is a pioneering District Cooling

Service Provider (DCSP) that develops sustainable district cooling schemes for some of the most important urban mega development projects in Saudi Arabia and across the Gulf region.

It is worth noting that Tabreed is the local venture of Dubai-listed National Central Cooling Company.

National Central Cooling Company also bought additional shares in Saudi Tabreed from Al Mutlaq Group for US$ 14.5 million (SR 54.6 million).

Currently, Tabreed holds 21.8% stake in its Saudi affiliate.

ARADA AWARDS TWO DEALS TO BUILD HOMES AT MASAAR IN SHARJAH WORTH US$ 256 MILLION

Arada, a property development company based in Sharjah in the United Arab Emirates, has awarded two major contracts worth around US$ 256 million (AED 939 million), to build 986 new homes across two residential districts at Masaar, Sharjah's woodland megaproject, as mentioned in a company's statement.

Valued at AED 401 million, the contract to construct 421 villas and townhouses in Masaar's second residential phase, Kaya, was won by Pivot Engineering & General Contracting, an Abu Dhabi-based firm with more than 44 years' experience in the local market.

Construction on Kaya would begin immediately and is scheduled to take 18 months.

Valued at AED 538 million, the contract to construct 565 villas and townhouses in Robinia, Masaar's third residential phase, was awarded to Intermass, a well-established Sharjah-based contractor that is already at work on the Masaar jobsite building part of the first residential phase, Sendian.

Construction on Robinia would begin immediately and is scheduled to take 17 months.

The award means that 1,416 homes are now under construction at Masaar, where the first phase is scheduled to be finalized by June 2023.

ALEC COMPLETED ACQUISITION OF TARGET FOR A DEAL WORTH US$ 100 MILLION

ALEC Engineering and Contracting, one of the region's leading building contractors, completed the acquisition of Target Engineering Construction Company, an Engineering, Procurement and Construction (EPC) contractor working on oil and gas projects, in a deal worth US$ 100 million, as revealed in a company's statement.

It is worth highlighting that Target is a significant addition to ALEC, since it has annual turnover of nearly AED 1.5 billion. Target will constitute about 30% of the total turnover, as mentioned by Alec's CEO.

This acquisition will help ALEC to enhance its capabilities in marine and industrial construction while enabling the construction company to mark its entry into the oil and gas sector.

Furthermore, Target has a workforce of 11,000, and together with ALEC's 10,000, the group has a total workforce of 21,000, which is now one of the largest in the region.

Even though both companies are working together, Target would continue to have its own management.

CAPITAL MARKETS

MENA EQUITIES DIP FURTHER INTO RED, ON LINGERING GLOBAL GROWTH WOES AND RESHUFFLING ACTIVITY BEFORE YEAR-END

MENA equity markets dipped further into the red this week, as reflected by a 0.8% fall in the S&P Pan Arab Composite index, mainly on mounting concerns about a global economic downturn following hawkish for longer comments from global major Central Banks to tame soaring inflation.

The heavyweight Saudi Exchange, whose market capitalization represents circa two-thirds of the total regional market capitalization, slid back into negative territory this week, as reflected by a 0.7% retreat in the S&P Saudi index, mainly on global growth concerns and reshuffling activity before year-end. This occurred despite extended Brent oil price gains (+6.2% to US$ 83.92 per barrel on Friday) following larger-than-expected draw in US crude stockpiles, which offset worries about rising COVID-19 cases in China.

A closer look at individual stocks shows that Petro Rabigh's share price fell by 1.1% week-on-week to SR 10.70. Advanced Petrochemical Company's share price decreased by 2.2% to SR 39.95. Nama Chemicals' share price plunged by 8.0% to SR 33.95. SNB's share price declined by 1.9% to SR 48.50. SABB's share price closed 2.1% lower at SR 37.50. Banque Saudi Fransi's share price fell by 3.4% to SR 38.40. Zoujaj's share shed 5.2% to SR 32.70. Maadeen's share price went down by 2.8% to SR 63.30. Arabian Construction Company's share price decreased by 1.1% to SR 31.75.

Activity in Boursa Kuwait remained skewed to the downside this week, as reflected by a 2.0% drop in the S&P Kuwait index, mainly on lingering global growth woes in a global tightening environment and on reshuffling activity before year-end. A closer look at individual stocks shows that National Bank of Kuwait's share price decreased by 1.1% to KWf 1,075. Al Ahli Bank Kuwait's share price dropped by 1.8% to KWf 319. Agility's share price plunged by 5.0% to KWf 681. Gulf Petroleum Investment's share price declined by 1.4% to KWf 14.50. Boursa Kuwait's share price shed 4.4% to KWf 2,035.

The UAE equity markets closed the week on a negative note, as reflected by a 0.4% decrease in the S&P UAE index, mainly driven by global recession fears. In Dubai, Commercial Bank of Dubai's share price closed 2.3% lower at AED 4.72. Dubai Islamic Bank's share price retreated by 1.1% to AED 5.62. TECOM's share price declined by 1.8% to AED 2.23. du's share price went down by 0.7% to AED 5.61. Air Arabia's share price shed 4.9% to AED 2.13. In Abu Dhabi, ADNOC's share price plunged by 5.1% to AED 4.48. ADCB's share price fell by 1.2% to AED 9.09. Etisalat's share price went down by 1.0% to AED 23.76. Aldar Properties' share price edged down by 0.4% to AED 4.46.

The Egyptian Exchange snapped a six-week winning streak, as reflected by a 5.4% drop in the S&P Egypt index, this week mainly as some market players sought to book profits after the IMF's Executive Board approved on

EQUITY MARKETS INDICATORS (DECEMBER 18 - DECEMBER 24, 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	127.3	4.7%	35.4%	6.1	-83.0%	0.2	14,391	2.2%	-	0.31
Jordan	384.7	-1.9%	10.4%	21.6	-10.7%	13.5	24,945.7	4.5%	9.4	1.50
Egypt	236.6	-5.4%	-22.3%	330.1	-38.8%	2,982.5	37,384.9	45.9%	8.4	1.81
Saudi Arabia	453.6	-0.7%	-11.6%	3,822.2	-28.5%	432.82	2,548,055.8	7.8%	12.9	4.29
Qatar	181.1	0.5%	-9.1%	351.3	-36.8%	327.8	170,516.6	10.7%	13.1	1.70
UAE	139.1	-0.4%	-5.7%	1,785.9	-41.7%	1,441.7	857,904.1	10.8%	11.4	1.77
Oman	263.3	-1.0%	20.8%	19.4	-39.6%	29.7	22,073.6	4.6%	12.3	1.06
Bahrain	187.6	-0.5%	2.6%	1.6	-27.3%	5.4	16,812.8	0.5%	10.1	1.33
Kuwait	136.8	-2.0%	2.6%	366.2	-43.0%	409.1	137,168.3	13.9%	19.8	2.46
Morocco	226.4	-0.8%	-28.6%	33.0	-23.8%	1.9	54,518.6	3.2%	18.8	2.93
Tunisia	62.0	-0.2%	-3.3%	12.4	-16.7%	3.5	7,550.8	8.6%	9.7	1.62
Arabian Markets	**902.5**	**-0.8%**	**-9.1%**	**6,749.8**	**-34.5%**	**5,648.0**	**3,891,322.0**	**9.0%**	**12.8**	**3.44**

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

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

December 16, 2022 a 46-month arrangement under the Extended Fund Facility for Egypt for an amount of US$ 3 billion. CIB's share price fell by 7.7% to LE 42. E-finance for digital and financial investments' share price shed 8.5% to LE 18.52. Eastern Company's share price went down by 3.3% to LE 14.5. Abou Kir Fertilizers's share price decreased by 1.4% to LE 37.34. QNB Alhali' share price retreated by 4.5% to LE 16.92. Talaat Moustafa Group's share price dropped by 5.7% to LE 9.76. Egypt Kuwait Holding's share price tumbled by 1.5% to LE 1.22.

In contrast, the Qatar Stock Exchange posted a 0.5% rise in prices this week, mainly supported by higher oil prices, some favorable company-specific factors and on improved sentiment after Qatar approved its 2023 fiscal year budget with revenues forecast to increase by 16.3% due to rising average oil prices. 23 out of 47 traded stocks posted price gains, while 22 stocks registered price falls and two stocks saw no price change week-on-week. QNB's share price surged by 3.1% to QR 18.090. Masraf Al Rayan's share price closed 3.1% higher at QR 3.285. Qatar Industrial Manufacturing's share price increased by 1.3% to QR 3.150. United Development Company's share price rose by 1.1% to QR 1.335. Ooredoo's share price went up by 1.5% to QR 9.176.

MENA BOND MARKETS UNDER DOWNWARD PRICE PRESSURES, TRACKING US TREASURIES MOVE AFTER STRONG ECONOMIC DATA

MENA fixed income markets came under downward price pressures this week, mainly tracking US Treasuries move, following an upward revision for the US third quarter 2022 real GDP growth, and after the US consumer confidence rose by more than forecast in December 2022 to reach its highest level since last April on eased inflation and lower gasoline prices.

In the Saudi credit space, sovereigns maturing in 2026 and 2030 saw weekly price contractions of 0.13 pt and 0.75 pt respectively. Prices of Saudi Aramco'25 declined by 0.75 pt. SABIC'28 closed down by 0.25 pt. SEC'24 was down by 0.13 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 posted price falls of 0.38 pt and 0.88 pt respectively week-on-week. QNB'25 traded down by 0.13 pt. In the Kuwaiti credit space, sovereigns maturing in 2027 registered price retreats of 0.34 pt this week.

In the Bahraini credit space, sovereigns maturing in 2026 and 2031 saw price declines of 0.50 pt and 1.18 pt respectively this week. Fitch Ratings affirmed Bahrain's long-term foreign currency Issuer Default Rating at "B+" with a "stable" outlook. Bahrain's ratings are supported, according to Fitch, by strong financial backing from partners in the GCC and high GDP per capita and human development indicators even relative to "BBB" medians.

In the Iraqi credit space, prices of sovereigns maturing in 2028 decreased by 0.58 pt week-on-week. Fitch Ratings affirmed Iraq's long-term foreign currency Issuer Default Rating at "B-" with a "stable" outlook. Iraq's "B-" rating reflects, as per Fitch, its high commodity dependence, weak governance, political risk, and an undeveloped banking sector, balanced by high FX reserves and low interest costs on government debt.

In the Omani credit space, sovereigns maturing in 2026 and 2029 registered price retreats of 0.11 pt and 0.50 pt respectively week-on-week. In the Jordanian credit space, sovereigns maturing in 2026 and 2030 saw price falls of 0.75 pt each this week.

In the Dubai credit space, sovereigns maturing in 2029 posted price declines of 0.75 pt week-on-week. Prices of DP world'30 decreased by 0.50 pt. In the Abu Dhabi credit space, prices of sovereigns maturing in 2026 and 2031 contracted by 0.13 pt and 1.0 pt respectively this week. Prices of ADNOC'29 decreased by 1.00 pt. Amongst financials, ADCB'23 closed down by 0.38 pt.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2025, 2030 and 2040 posted price decreases of 0.25 pt, 0.87 pt and 0.50 pt respectively this week. Prices of Euro-denominated sovereigns maturing in 2026 and 2031 contracted by 0.98 pt and 1.42 pt respectively this week.

All in all, regional bond markets saw across-the-board downward price movements this week, mainly tracking declines in US Treasuries after the US Commerce Department revised upward the US economic growth in the third quarter of 2022 to 3.2%, and after recent data released by the Conference Board showed that the US Consumer Confidence registered 108.3 in December 2022, which marks a significant jump from the upwardly revised measure of 101.4 in November 2022, mainly as inflation softened and gasoline prices dropped.

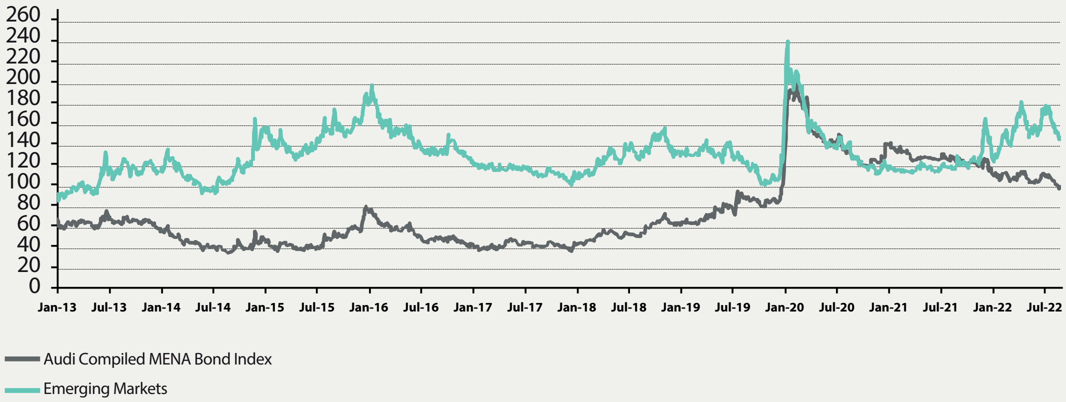
MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	23-Dec-22	16-Dec-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	46	45	43	1	3
Dubai	88	87	94	1	-6
Kuwait	50	50	45	0	5
Qatar	47	48	44	-1	3
Saudi Arabia	61	62	49	-1	12
Bahrain	236	228	294	8	-58
Morocco	168	204	95	-36	73
Egypt	866	880	498	-14	368
Iraq	463	452	554	11	-91
Middle East	225	228	191	-3	34
Emerging Markets	143	143	141	0	2
Global	516	520	183	-4	333

Sources: Bloomberg, Bank Audi's Group Research Department

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

Base Jan 2010 = 100



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$)	23-Dec-22	16-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)	24.70	24.67	15.72	0.1%	57.1%
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	0.1%	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	0.0%	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)	250.23	250.29	250.00	0.0%	0.1%
NORTH AFRICA					
Algerian Dinar (DZD)	137.45	137.49	138.89	0.0%	-1.0%
Moroccan Dirham (MAD)	10.50	10.50	9.25	0.0%	13.5%
Tunisian Dinar (TND)	3.13	3.13	2.87	-0.1%	8.9%
Libyan Dinar (LYD)	4.82	4.82	4.60	0.0%	4.8%
Sudanese Pound (SDG)	573.71	572.98	442.60	0.1%	29.6%

Sources: Bloomberg, Bank Audi's Group Research Department