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MENA WEEKLY MONITOR

DECEMBER 01 - DECEMBER 07,2024
WEEK 49

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Activity in MENA equity markets was tilted to the upside this week, as reflected by a 1.5% rise in the S&P Pan Arab Composite index, mainly tracking global equity strength (+1.2%) following the US Federal Reserve's Chair bullish comment on the US economy, and supported by price gains in the heavyweight Saudi Exchange. In parallel, regional fixed income markets saw mostly upward price movements, mainly tracking US Treasuries move following a mixed November US employment report, which showed that job creation and the unemployment rate both have increased, spurring bets about a US Federal Reserve interest rate reduction this month.

MENA MARKETS: December 01 - December 07, 2024

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+1.5%	Average weekly bond price change	+0.13 pt
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+0.3%	Average yearly bond price change	+3.81 pts

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ECONOMY

MENA GROWTH EXPECTED TO REMAIN SLUGGISH AT 2.1% IN 2024 AS PER IMF

The new Regional Economic Outlook of the IMF for the Middle East and Central Asia Region was out.

In the Middle East and North Africa (MENA) and Caucasus and Central Asia (CCA) regions, changes to regional landscapes have prompted new trade patterns according to the report. At the same time, economies are navigating frequent shocks. Conflicts, including in Gaza, Lebanon, and Sudan, cause immense human suffering, economic damage, and heightened uncertainty. Climate-related disasters add to the challenges. For many MENA and CCA economies, near-term growth is projected to remain subdued, and the medium-term growth forecast has deteriorated during the past two decades, partly reflecting still limited access to credit for the private sector, which is essential to boost investment.

In MENA economies, growth is expected to remain sluggish in 2024 at 2.1% amid global geo-economic fragmentation, conflicts, climate-related shocks, and country-specific factors. This is a downward revision of 0.6% point since the April 2024 Regional Economic Outlook in light of prolonged voluntary oil production cuts and continued conflicts. A rebound is expected in 2025, with growth projected at 4%, conditional on the expiration of oil production cuts and headwinds subsiding, including from conflicts. MENA oil exporters have navigated the global landscape well, but the twin surpluses that helped cushion recent shocks have started to narrow amid ambitious investment strategies and falling oil revenues. MENA oil importers continue to grapple with vulnerabilities related to conflicts and high gross financing needs. Even as these issues gradually abate, uncertainty remains high and structural gaps will likely hold back productivity growth in many economies over the forecast horizon.

In CCA economies, growth is projected to remain robust and broad-based at 4.3% in 2024 and 4.5% in 2025. Notwithstanding the positive outlook, growth remains subject to high uncertainty, mainly because of the region's exposure to broader geo-economic developments. Notably, there are tentative signs of a potential slowdown in some economies, as trade and other inflows—particularly remittances—related to Russia's war in Ukraine have started to moderate. Over the medium term, growth prospects for oil exporters in the CCA are weighed down by subdued oil production, whereas growth projections in oil importers are reliant on effective reform implementation.

Risks to the outlook for the MENA and CCA regions remain tilted to the downside. Adverse shocks could originate from within or close to the MENA and CCA regions. Notably, the continuation or further escalation of conflicts would result in even larger human tolls and further weigh on growth, as conflicts tend to have long-lasting adverse economic impacts. Other risks include insufficient reform implementation hindering growth and financial instability caused by an abrupt reversal of trade and financial flows associated with Russia's war in Ukraine.

In this context, adopting policies to bolster future growth prospects will be crucial. Lifting medium-term growth will require the acceleration of structural reforms, particularly in governance. Given labor market challenges, which are expected to intensify because of shifting demographics in the years ahead, decisive action is needed to enhance participation and job creation, including encouraging more female and youth employment, particularly in several economies in the MENA region. At the same time, implementing reforms to promote private sector investment and deepening financial development would help boost relatively low levels of capital per worker across the MENA and CCA regions. In this respect, financial sector policies that foster competition, reduce the dominance of state-owned banks, and encourage the broadening of the investor base can advance financial development and facilitate higher growth and inclusion. Moreover, countries should maintain a strong focus on ensuring fiscal sustainability and rebuilding fiscal buffers. Policies that put debt on a durable decline are essential for highly indebted economies. Despite a decline in inflation and expectations for continued moderation, policymakers also must remain vigilant and maintain their focus on achieving inflation targets in accordance with their frameworks as per the IMF report.

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SAUDI NON-OIL SECTOR'S NOTES THE STRONGEST ACTIVITY GROWTH IN 16 MONTHS DURING NOVEMBER

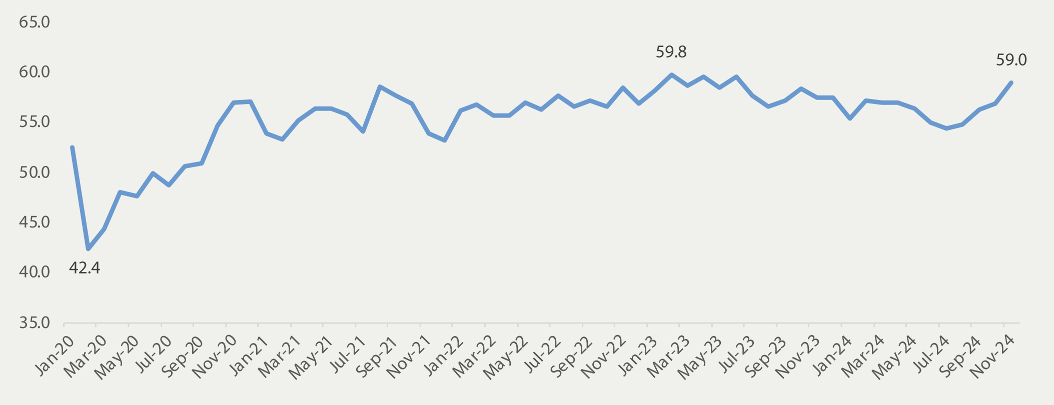
Saudi Arabia's Purchasing Manager' Index (PMI) posted 59.0 in November, increasing by 2.1 points from the figure noted in October. This came as business activity expanded at the sharpest pace since July 2023, helped by accelerated upturns in new orders, purchasing activity and staff recruitment. The strengthening of growth had an upside impact on inflationary pressures in November, as businesses experienced the fastest rise in input costs in over four years. Supported by rising order books, firms raised their selling charges to the strongest degree since January, as per Riyadh Bank's Saudi Arabia PMI report for November 2024.

In details, the PMI was driven higher by all five of its sub-components in November. Business activity rose at the sharpest pace for 16 months, which firms closely linked to a faster upturn in new order inflows compared to October. Stronger demand conditions were regularly cited, alongside higher customer numbers, greater investment spending and positive client reactions to marketing campaigns. Businesses also saw an increase in foreign sales, following a modest pull-back in the previous survey period. Improving sales growth led non-oil businesses to recruit additional staff in November. In fact, the rate of employment growth was the second-quickest in just over ten years, beaten only by October 2023. The pick-up in job creation reflected a need for stronger workforces, according to qualitative reports. This helped firms to keep on top of workloads and led to another marginal cut in outstanding business

Additionally, inventory volumes was another area to see growth strengthen in November. Non-oil firms bought inputs at the fastest pace since March, with many indicating a desire to boost stocks in the event that sales volumes increase. On this, companies stayed confident that demand volumes would continue to rise, which supported a positive outlook for business activity in 12 months' time. Stronger input buying nonetheless stretched supply chains in November, leading to the slowest improvement in vendor performance in 15 months, as per Riyadh Bank's Saudi Arabia PMI report for November 2024.

In parallel, although sharper purchasing growth and greater hiring efforts supported the non-oil economy during November, they also generated additional inflationary pressures. Wages saw a particularly marked rise, posting the fastest pace of pay inflation in just over ten years. Purchase prices increased to a sharper extent, with firms also citing the impact of wider geopolitical tensions on material prices and higher transport costs. Subsequently, average prices charged rose for the second month running, with the rate of increase the sharpest seen since the beginning of the year.

COMPOSITE PMI SAUDI ARABIA



Source: S&P Global, Bank Audi Group Research Department

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EGYPT'S NON-OIL SECTOR SLOWS ITS WORSENING IN OCTOBER

The latest Purchasing Managers' Index (PMI) business survey data signaled a further decline in operating conditions across the Egyptian non-oil sector in November. Output levels fell in response to weaker order inflows, but the downturn softened to its least marked in three months. Input prices rose at the slowest pace since July, despite some pressure on material costs from a stronger US dollar. Output charges likewise rose to a more modest degree. Nevertheless, firms were less confident about future business activity in November, which contributed to a renewed drop in headcounts, as per S&P Global's Egypt PMI report for November 2024.

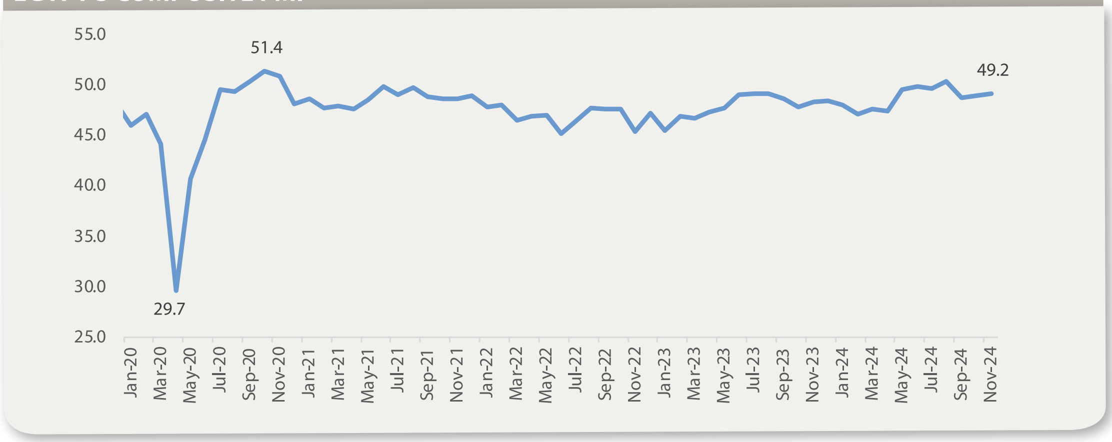
Egypt's composite Purchasing Managers' Index (PMI) recorded 49.2 in November, 0.8 points below the 50.0 no change mark and 0.2 points above the figure recorded in October (49.0) signaling a noticeable deterioration in non-oil private sector business conditions during the month of November albeit at a slower pace than the year prior.

In details, non-oil private sector activity fell for the third month in a row, which survey panelists generally attributed to persistently weak customer demand. New order volumes also decreased, following the trend since July. However, rates of contraction softened from the previous month, as some firms reported a pick-up in new work amid some signs of recovery. Sector data revealed a hint of growth in the manufacturing industry, as goods orders rose modestly, driving an increase in output. This helped offset further declines across construction, wholesale & retail and services, as per S&P Global's Egypt PMI report for November 2024.

Employment numbers decreased in November, after a four-month run of expansion. The reduction in jobs was also the quickest since February, albeit marginal. Lower staffing levels were mostly linked to firms not replacing voluntary leavers amid reduced sales volumes and weaker confidence. Indeed, output expectations for the year ahead were only just positive, representing the second-lowest degree of confidence in the series history. Reduced output contributed to some excess stocks at companies, in turn leading to a further curtailment of input purchases. A lack of pressure on vendors supported the first, albeit slight, shortening of delivery times in a year.

Non-oil businesses also highlighted a softening of input cost inflation during November, as the degree of price pressures slid to a four-month low. This was mainly due to lower wage growth, with overall staff pay rising at the slowest rate in 16 months. Nevertheless, purchase prices continued to rise strongly, which survey evidence partly attributed to a strengthening of the US dollar. Softer cost pressures led to a moderation of output price inflation. Selling charges increased modestly and to the least extent for four months. There was even a slight drop in average output prices across the construction sector, contrasting with higher charges elsewhere., as per S&P Global's Egypt PMI report for November 2024.

EGYPT'S COMPOSITE PMI



Source: S&P, Bank Audi Group's Research Department

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SURVEYS / REPORTS

VALUE OF TOP 30 EMIRATI AND SAUDI BRANDS REACH US$ 97 BILLION IN 2024, AS PER KANTAR BRANDZ

Fueled by a period of large-scale economic development, the Kantar BrandZ most valuable Emirati and Saudi Brands have collectively grown their brand value by 93% over the last five years and are currently worth US$ 97 billion. This compares to 66% brand value growth for the Global Top 100 over the same period.

In details, this year has seen the total value of the Kantar BrandZ Top 20 Most Valuable Saudi Arabian Brands grow by 7%. For the first time in five years there is a new number one Saudi brand, Al Rajhi Bank (US$ 14 billion; +11% year-on-year). Saudi Arabia's best domestic bank exemplifies the spirit of transformation that is driving the Saudi economy. Additionally, Al Rajhi Bank has greatly expanded its digital footprint and embraced new forms of marketing.

Telecom brand STC, which held the number one position for the last four years, moves to second place in the Saudi ranking. Considering how many new entrants have crowded into the Saudi telecom industry in recent years creating price wars, STC retained its position in the list.

Meanwhile, insurance brand Tawuniya has claimed the title of Saudi's Top Riser with 76% year-on-year growth. In a strong year for Saudi insurance brands overall, Tawuniya rose even further through an 'insurtech' approach that, among other applications, uses data analytics to offer clients more personalized products. The brand has also found new spaces by diversifying into financial services, health care and car maintenance.

2024 TOP 20 MOST VALUABLE SAUDI BRANDS

Rank	Brand	Category	Brand Value 2024 (US$ million)
1	Al Rajhi Bank	Financial Services	13,959
2	STC	Telecom Providers	13,673
3	Saudi National Bank	Financial Services	11,148
4	Mobily	Telecom Providers	3,480
5	Almarai	Food and Beverages	3,423
6	BUPA Arabia	Financial Services	2,598
7	Alinma Bank	Financial Services	2,250
8	Jarir Bookstore	Retail	1,843
9	Riyad Bank	Financial Services	1,787
10	SAB	Financial Services	1,590
11	Bank Albilad	Financial Services	1,506
12	Nahdi	Retail	1,464
13	Tawuniya	Financial Services	1,209
14	Al Othaim	Retail	986
15	BSF	Financial Services	900
16	Saudia	Food and Beverages	821
17	Panda	Retail	762
18	Al Rajhi Takaful	Financial Services	747
19	Aldrees	Energy	704
20	Arab National Bank	Financial Services	668

Sources:Kantar Brandz, Bank Audi's Group Research Department

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In parallel, although the total value of the Emirati Top 10 declined by 3% year-on-year, the 2024 rankings featured strong gains for brands connected to the UAE's residential and tourism boom. Telecom giant e& (etisalat and) led the list with a brand value of US$ 7.3 billion. Known worldwide for sponsoring Manchester City football club, e& also provides its Emirati users with some of the fastest 5G speeds worldwide, and has also become a major player in enterprise AI and CX support solutions.

Multi-specialty hospital brand Burjeel enters the Emirati brand ranking for the first time. As the UAE becomes a major destination for medical tourism, Burjeel is successfully building a global profile as a world-class and technically advanced hospital.

2024 TOP 10 MOST VALUABLE EMIRATI BRANDS

Rank	Brand	Category	Brand Value 2024 (US$ million)
1	e& (etisalat and)	Telecom Providers	7,287
2	Emirates	Travel Services	6,238
3	FAB	Financial Services	4,902
4	Emaar	Real Estate	4,406
5	ADNOC Distribution	Energy	2,815
6	DU	Telecom Providers	1,752
7	ADCB	Financial Services	1,175
8	Aldar	Real Estate	1,118
9	Emirates NBD	Financial Services	1,114
10	Burjeel	Hospitals	972

Sources:Kantar Brandz, Bank Audi's Group Research Department

MOODY'S UPGRADES SAUDI ARABIA'S RATINGS TO "AA3" AND CHANGES OUTLOOK TO "STABLE"

Moody's (Moody's Investors Service) upgraded the Government of Saudi Arabia's long-term local and foreign currency issuer and senior unsecured ratings from "Aa1" to "Aa3" and changed the outlook from "positive' to "stable".

The upgrade reflects Moody's assessment that economic diversification has continued to progress and the momentum would be sustained. Continued progress would, over time, further reduce Saudi Arabia's exposure to oil market developments and long-term carbon transition. In addition, the recent fiscal space exercise and recalibration and reprioritization of diversification projects would provide a more conducive environment for sustainable development of the country's non-hydrocarbon economy and help preserve the relative strength of the sovereign's balance sheet.

Alongside these improvements, the "Aa3" rating takes into account institutional challenges in particular regarding the concentration of power and decision-making, which can impair policy effectiveness. Moody's projections assume there would be no significant downward pressure to oil prices or production over the next few years. The credit rating agency also assumes that heightened geopolitical tensions in the region, which are having a limited impact on Saudi Arabia so far, would not escalate any further that could affect the country's ability to export oil or deter private sector investment supporting the diversification momentum.

On the other hand, the "stable" outlook indicates balanced risks to the rating at a higher level. Further progress in the large diversification projects may crowd-in the private sector and spur the development of non-hydrocarbon sectors at a faster pace, as per Moody's. At the same time, global growth and broader oil market developments are not conductive to high levels of public spending. A large decline in oil prices or production could intensify the tradeoff between progress in economic diversification and discal prudence potentially leading to a waeker soverign balance sheet. The ongoing geopolitical conflict in the region also poses a tail risk to economic developments in the near term.

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CORPORATE NEWS

SAUDI ARABIA AND WORLD BANK SIGN AGREEMENT TO ESTABLISH GLOBAL KNOWLEDGE HUB

Saudi Arabia's National Competitiveness Center (NCC) signed a strategic agreement with the World Bank Group to establish a global knowledge hub aimed at fostering international cooperation and advancing sustainable development, as reported in a company statement.

The knowledge hub's activities would include research, consultancy, knowledge exchange and capacity-building initiatives.

Key areas of focus would include improving the business environment, driving productivity growth, fostering entrepreneurship and innovation, and enhancing trade policies and investment promotion. These efforts would align with Saudi Arabia's economic transformation goals.

The hub would be steered by a committee comprising representatives from Saudi Arabia's ministries of commerce, finance, and economy and planning, alongside the NCC and the Saudi Business Center.

UAE'S ALDAR ACQUIRES TOWER IN DUBAI DIFC FOR US$ 626 MILLION

Aldar Properties, one of Abu Dhabi's biggest developers, acquired a commercial tower in Dubai's key financial district for US$ 626 million (AED 2.3 billion), in one of the largest acquisitions, as revealed in a company statement.

The tower is being acquired from Dubai developer H&H Development, which has built projects in DIFC, including the Four Seasons Hotel Dubai International Financial Center.

The project, with 40 floors of commercial and retail space, is set for completion in 2028.

SAUDI-LISTED RETAL AND ALBILAD CAPITAL LAUNCH US$ 532 MILLION REAL ESTATE FUND

Saudi-listed Retal Urban Development Company signed a memorandum of understanding (MoU) with Albilad Capital, to launch a US$ 532.3 million (SR 2 billion) closed-end real estate investment fund, as reported in a company statement.

The fund would be geared towards developing and managing a multi-use project.

The project covers an area of 192,000 square meters and is located in the Qurtoba district of Riyadh.

This integrated real estate destination would feature mixed-use spaces, supporting the objectives of Saudi Arabia's Vision 2030.

OMAN INVESTMENT AUTHORITY ANNOUNCES US$ 500 MILLION STRATEGIC COLLABORATION WITH TURKEY'S OYAK FUND

Oman Investment Authority (OIA), Oman's Sovereign Wealth Fund, announced a US$ 500 million collaboration with Turkey's State-owned OYAK Fund.

This partnership would focus on investments in Oman and Turkey, with prospects for expansion into other international markets.

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OYAK Fund brings significant resources and expertise to this collaboration, enhancing its potential to drive economic growth in both countries. Key industries targeted for investment include mining, metals, automotive manufacturing, logistics, chemicals, agriculture, food production and energy. It also aims to facilitate technology transfer and localize expertise in Oman, fostering capacity building and knowledge sharing.

This joint capital allocation, with equal contributions from both entities, underscores OIA's strategy to establish high-value investment alliances that deliver significant financial and strategic returns.

ARAMCO, LINDE AND SLB SIGN DEAL TO SET UP MAJOR CCS HUB

Saudi oil giant Aramco signed a shareholders' agreement with German-based Linde and US-based SLB, paving the way for development of a Carbon Capture and Storage (CCS) hub that is expected to become one of the largest globally, as indicated in a company statement.

Under the terms of the shareholders' agreement Aramco would take a 60% equity interest in the CCS hub, with Linde and SLB each owning a 20% stake.

With the support of the Ministry of Energy, phase one of the new CCS hub in Jubail, in Saudi Arabia's Eastern Province, is expected to capture and store up to nine million metric tons of CO2 annually, and construction is expected to be completed by the end of 2027. Later phases are expected to further expand its capacity.

The project would support the company's goals to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across its wholly-owned operated assets by 2050.

QATARENERGY SIGNS LONG-TERM LNG DEAL WITH SHELL FOR DELIVERY TO CHINA

State-owned QatarEnergy and Shell, a British multinational oil and gas company, entered into a new long-term Sale and Purchase Agreement (SPA) for the supply of Liquefied Natural Gas (LNG) to China, as indicated in a company statement.

The deal is for the supply of three million metric tons per annum year of LNG, starting from January 2025.

The agreement highlights the continued growth of China's LNG market, which is projected to be the largest globally.

ZAIN COMPLETES ACQUISITION OF TOP KUWAITI TOWER COMPANY IHS

Zain Group, one of the leading telecommunications operator operating across the Middle East and Africa, entered into a definitive agreement to acquire IHS Holding Limited's 70% interest in IHS Kuwait Limited, an independent licensed Tower Company that owns 1,675 sites and manages an additional approximate 700 sites in Kuwait, as indicated in a company statement.

IHS Towers is one of the largest independent owners, operators and developers of shared communications infrastructure in the world by tower count and is solely focused on the emerging markets.

The company has over 40,000 towers across its 10 markets, including Brazil, Cameroon, Colombia, Côte d'Ivoire, Egypt, Kuwait, Nigeria, Rwanda, South Africa and Zambia.

Under the terms of the deal, Zain agreed to increase its 30% ownership of IHS Kuwait Limited to 100%, at an equity value for the remaining 70% stake of US$ 134 million. IHS Kuwait Limited would continue to provide independent tower infrastructure services within the Kuwait market.

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CAPITAL MARKETS

EQUITY MARKETS: ACTIVITY IN MENA EQUITIES TILTED TO UPSIDE THIS WEEK, TRACKING GLOBAL EQUITY STRENGTH

Activity in MENA equity markets was tilted to the upside this week, as reflected by a 1.5% rise in the S&P Pan Arab Composite index, mainly tracking global equity strength (+1.2%) following the US Federal Reserve's Chair bullish comment on the US economy, and supported by price gains in the heavyweight Saudi Exchange given some favorable market and company-specific factors.

The Saudi Exchange, whose market capitalization represents about 64% of the total regional market capitalization, bounced back (+2.2%) this week, mainly on bets that Saudi Arabia would benefit from the portfolio flow rotation out of China following the US President-elect's threats to hike trade tariffs, and on improved overall investor sentiment after latest data showed that Saudi Arabia's non-oil business sector grew in November 2024 at its fastest rate since July 2023, with the seasonally adjusted Riyad Bank Saudi Arabia Purchasing Managers' index hitting 59.0 against 56.9 in October 2024. This compounded with some favorable company-specific factors, and relatively stable oil prices (US$ 71.12 per barrel on Friday) as supply glut fears were offset by OPEC+'s decision to extended oil production cuts until the end of the first quarter 2025.

A closer look at individual stocks shows that that petrochemicals giant Saudi Aramco's share price rose by 1.8% week-on-week to reach SR 27.95. Saudi Aramco completed the purchase of a 10% equity stake in Horse Powertrain Limited, based on an enterprise value of € 7.4 billion. Sipchem's share price expanded by 1.7% to SR 24.70. Yansab's share price closed 1.7% higher at SR 37.95 Saudi Kayan Petrochemical Company's share price edged up by 0.1% to SR 6.96.

Also, Almarai's share price surged by 5.9% to SR 59.20. Almarai plans to launch seafood and red meat facilities to help achieve the Vision 2030 goal of becoming food self-reliant. Tawuniya's share price climbed by 8.0% to SR 142.60. EFG-Hermes raised its recommendation on Tawuniya's stock to "Buy" from "Neutral", with a price target of SR 175, which implies a 32% increase from last price. Bupa Arabia's share price jumped by 8.1% to SR 200.00. EFG-Hermes raised its recommendation on Bupa Arabia's stock to "Neutral" from "Sell", with a price target of SR 206, which implies an 8.2% increase from last price.

EQUITY MARKETS INDICATORS (DECEMBER 01 - DECEMBER 07, 2024)

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	191.0	-1.2%	4.8%	24.6	126.6%	0.4	21,584.9	5.9%	-	0.55
Jordan	378.8	0.2%	2.4%	20.7	-22.6%	17.8	23,774.4	4.5%	8.9	1.17
Egypt	254.5	1.1%	-24.6%	330.7	37.5%	5,777.1	44,584.3	38.6%	9.0	2.34
Saudi Arabia	515.3	2.2%	-1.5%	6,529.5	-18.0%	2,269.7	2,723,044.7	12.5%	16.7	4.11
Qatar	170.8	-0.1%	-3.4%	298.8	-39.8%	623.7	169,169.5	9.2%	12.4	1.56
UAE	143.9	0.5%	4.4%	2,663.1	-29.4%	5,915.3	1,007,315.9	13.7%	19.3	3.57
Oman	253.2	0.5%	0.9%	47.5	4.8%	130.4	30,958.3	8.0%	11.2	0.98
Bahrain	234.8	-0.1%	4.6%	8.2	-19.0%	15.8	19,517.1	2.2%	11.2	1.32
Kuwait	134.4	0.8%	6.9%	798.6	-32.0%	1,962.5	138,426.3	30.0%	17.1	1.95
Morocco	314.6	-0.3%	19.5%	171.7	-14.3%	11.4	75,236.0	11.9%	19.5	2.81
Tunisia	67.3	0.7%	4.8%	9.2	-5.2%	3.0	7,772.7	6.2%	10.8	1.98
Arab Markets	**977.2**	**1.5%**	**0.3%**	**10,902.5**	**-21.8%**	**16,727.3**	**4,261,384.1**	**13.3%**	**16.9**	**3.70**

Values in US$ million; volumes in millions
** markets cap-weighted averages*
Sources: S&P, Bloomberg, Bank Audi'sGroup Research Departement.

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Concurrently, Solutions' share price went up by 4.5% to SR 288.00. JP Morgan raised its recommendation on Solutions' stock to "Neutral" from "Underweight", with a price target of SR 319, which implies a 14% increase from last price. Saudi Telecom Company's share price nudged up by 0.3% to SR 39.90. AlphaMena raised its recommendation on Saudi Telecom Company's stock to "Add" from "Reduce", with a price target of SR 45.50, which implies a 15% increase from last price. Almunajem Foods' share price closed 1.3% higher at SR 97.40. Almunajem Foods' Board of Directors recommended the distribution of dividends at a rate SR 2 per share for the second half of 2024.

The UAE equity markets, the second largest stock exchange in the MENA region by market capitalization, extended its upward trajectory (+0.5%) this week, mainly tracking a global risk-on mood and helped by relatively stable oil prices despite concerns about supply glut. In Abu Dhabi, First Abu Dhabi Bank's share price expanded by 3.1% to AED 13.26. Abu Dhabi Islamic Bank's share price increased by 1.2% to AED 13.23. Emirates Telecom's share price rose by 0.4% to AED 16.62. ADNOC Drilling's share price surged by 3.0% to AED 5.45. Taqa's share price went up by 2.7% to AED 2.99. In Dubai, Union Properties' share price jumped by 18.9% to AED 0.428. Emaar Properties' share price rose by 1.6% to AED 9.70. Emaar Development's share price expanded by 1.8% to AED 11.55. DEWA's share price surged by 5.7% to AED 2.79. Tabreed's share price went up by 2.8% to AED 2.98. du's share price closed 0.5% higher at AED 7.59. Drake & Scull International's share price jumped by 6.4% to AED 0.367.

Boursa Kuwait headed north this week, as reflected by a 0.8% rise in the S&P Kuwait index, mainly tracking price gains in global equities and as Brent oil prices remained stable despite oversupply concerns. A closer look at individual stocks shows that National Bank of Kuwait's share price went up by 1.4% to KWf 882. Kuwait International Bank's share price increased by 1.6% to KWf 191. Kuwait Investment Company's share price closed 1.7% higher at KWf 177. Al Masaken International Real Estate Development's share price surged by 8.8% to KWf 43.5. National International Holding's share price rose by 1.9% to KWf 373. Boubyan Petrochemical Company's share price closed 1.3% higher at KWf 701. Senergy Holding's share price rose by 0.7% to KWf 61.9. Heavy Engineering Industries and Shipbuilding's share price went up by 0.5% to KWf 824. Agility Public Warehousing's share price increased by 0.4% to KWf 267. The Commercial Real estate Company's share price expanded by 5.1% to KWf 164. Mobile Telecommunications Company's share price increased by 1.1% to KWf 466.

In contrast, the Qatar Stock Exchange closed relatively flat (-0.1%) this week, mainly as a global equity strength and stable oil prices were met with some profit taking operations. 35 out of 52 traded stocks posted price drops, while 16 stocks registered price gains, and one stock saw no price change week-on-week.

A closer look at individual stocks shows that Al Ahli Bank's share price went down by 1.9% to QR 3.491. Dukhan Bank's share price fell by 2.6% to QR 3.459. Industries Qatar's share price shed 1.4% to QR 12.800. Qatar Industrial Manufacturing' share price closed 0.9% lower at QR 2.515. Gulf International Services' share price contracted by 1.5% to QR 3.004. Ezdan Holding Group's share price decreased by 1.5% to QR 1.152. Qatar Navigation's share price went down by 1.1% to QR 10.800. Gulf Warehousing's share price declined by 1.4% to QR 3.141. On the other hand, QNB's share price rose by 0.6% to QR 17.200. The Commercial Bank's share price went up by 1.4% to QR 4.259. Doha Bank's share price increased by 1.3% to QR 1.855. Masraf Al Rayan's share price nudged up by 0.2% to QR 2.410. Barwa Real Estate's share price increased by 0.3% to QR 2.778. Qatar National Cement's share price advanced by 0.6% to QR 3.720.

FIXED INCOME MARKETS: MENA BOND PRICES MOSTLY UP WEEK-ON-WEEK, MAINLY TRACKING US TREASURIES MOVE

MENA fixed income markets saw mostly upward price movements this week, mainly tracking US Treasuries move following a mixed November US employment report, which showed that job creation and the unemployment rate both have increased, spurring bets about a US Federal Reserve interest rate reduction this month.

In the Saudi credit space, sovereigns maturing in 2030 registered price expansions of 0.17 pt. SEC'28 closed up by 0.05 pt. Prices of Saudi Aramco'25 went up by 0.07 pt. Prices of SABIC'28 rose by 0.20 pt. In contrast, STC'29 traded down by 0.11 pt.

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In the Dubai credit space, sovereigns maturing in 2029 posted price gains of 0.10 pt week-on-week. DP World'30 traded up by 0.19 pt. Emirates Airlines'28 closed up by 0.08 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2031 saw weekly price expansions 0.22 pt. Mubadala'27 was up 0.07 pt. Prices of Taqa'28 went up by 0.10 pt.

In the Bahraini credit space, sovereigns maturing in in 2027 and 2031 recorded price gains of 0.05 pt each this week. In the Iraqi credit space, sovereigns maturing in 2028 posted weekly price gains of 0.08 pt.

In the Omani credit space, sovereigns maturing in 2029 saw price gains of 0.09 pt this week. In the Jordanian credit space, sovereigns maturing in 2027 and 2030 recorded price expansions of 0.22 pt and 0.51 pt respectively week-on-week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2030 posted price contractions of 0.09 pt, while sovereigns maturing in 2027 and 2032 recorded price increases of 0.36 pt and 0.51 pt respectively this week. Euro-denominated sovereigns maturing in 2026 and 2031 traded up by 0.28 pt and 1.16 pt respectively.

All in all, activity in regional bond markets was mostly tilted to the upside this week, mainly tracking increases in US Treasuries after an unexpected increase in the US unemployment rate to 4.2% in November was seen justifying a December US Fed rate cut. Within this context, traders are currently pricing in approximately 85% chance of another quarter-point easing at the US Federal Reserve's December meeting, up from 64% before the data.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	06-Dec-24	29-Nov-24	31-Dec-23	Week-on-week	Year-to-date
Abu Dhabi	40	40	41	0	-1
Dubai	60	61	63	-1	-3
Kuwait	65	66	46	-1	19
Qatar	41	40	46	1	-5
Saudi Arabia	60	60	54	0	6
Bahrain	186	188	204	-2	-18
Morocco	95	99	111	-4	-16
Egypt	528	553	1,152	-25	-624
Iraq	298	318	450	-20	-152
Middle East	153	158	241	-5	-88
Emerging Markets	37	44	42	-7	-5
Global	280	282	379	-2	-99

Sources: Bloomberg, Bank Audi's Group Research Department

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SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD/-/SD	C/Stable	RD/-/C
Syria	NR	NR	NR
Jordan	BB-/Stable/B	Ba3/Stable	BB-/Stable/B
Egypt	B-/Negative/B	Caa1/Positive	B/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A/Positive/A-1	Aa3/Stable	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa2/Stable	AA/Positive/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	B+/Stable/B
Oman	BBB-/Stable/B	Ba1/Positive	BB+/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Positive/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	Caa2/Stable	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$)	06-Dec-24	29-Nov-24	31-Dec-23	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	89,500.00	89,500.00	15,000.00	0.0%	496.7%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	49.99	49.59	30.89	0.8%	61.8%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,310.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.76	3.76	3.75	0.0%	0.2%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	0.0%	-0.6%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	0.1%
Yemeni Riyal (YER)	249.86	249.92	250.27	0.0%	-0.2%
NORTH AFRICA					
Algerian Dinar (DZD)	133.19	133.23	134.17	0.0%	-0.7%
Moroccan Dirham (MAD)	9.96	10.00	9.88	-0.3%	0.8%
Tunisian Dinar (TND)	3.14	3.14	3.07	-0.1%	2.2%
Libyan Dinar (LYD)	4.88	4.88	4.77	-0.1%	2.2%
Sudanese Pound (SDG)	647.81	647.81	647.81	0.0%	0.0%

NR = Not Rated
RWN = Rating Watch Negative
RUR = Ratings Under Review
**Emirate of Abu Dhabi Ratings*
Sources: S&P, Bloomberg, Bank Audi'sGroup Research Departement.

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