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## Markets In Brief

### p.9 MARKETS IN BRIEF: WEEKLY PRICE GAINS ACROSS MENA CAPITAL MARKETS FOLLOWING US FED DOVISH PIVOT

MENA equity markets registered price rebounds this week, as reflected by a 2.3% rise in the S&P Pan Arab Composite index, mainly tracking global equity strength (+2.7%) as the US Federal Reserve sent risk assets rallying after revealing dovish projections in its December FOMC meeting. In parallel, regional fixed income markets continued to register across-the-board upward price movements, mainly tracking US Treasuries move after the US Fed kept interest rates unchanged in its December FOMC meeting, while projecting three-quarter point cuts in 2024.

#### MENA MARKETS: DECEMBER 10 - DECEMBER 16, 2023

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	+2.3%	Weekly Z-spread based bond index	+0.2%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+2.9%	YTD Z-spread based bond index	+65.2%

## ECONOMY

### IMF SAYS REGIONAL GROWTH TO SLOW DOWN THIS YEAR

The IMF regional outlook report indicated that across the Middle East and Central Asia, the combined effects of global headwinds, domestic challenges, and geopolitical risks weigh on economic momentum, and the outlook is highly uncertain. Growth is set to slow this year in the Middle East and North Africa region, driven by lower oil production, tight policy settings in emerging market and middle-income economies, the conflict in Sudan, and other country-specific factors.

In the Middle East and North Africa, real GDP growth is set to slow to 2.0% this year (a downgrade of 1.1 percentage points from April) as tight policies to safeguard macroeconomic stability, OPEC+ oil production cuts, and country-specific headwinds weigh on economic activity. As some of these factors fade, economic activity is forecast to improve in 2024, with growth reaching 3.4% (unchanged from April) according to the Fund— but to remain below its pre-pandemic historical average over the medium term.

Inflation is receding, but it remains elevated in some countries. Average inflation in MENA is forecast to peak at 17.5% in 2023 (partly reflecting high inflation in a few economies; 13.4 percent excluding Egypt and Sudan) before easing to 15.0% in 2024 (9.7 percent, excluding Egypt and Sudan). In the CCA, price pressures are expected to continue abating, falling from 11.0% in 2023 to 8.3% in 2024.

Financing conditions remain generally tight. MENA central banks have continued raising rates in 2023, albeit at a slower pace than last year. The monetary policy cycle appears to have peaked in the CCA. A higher-for-longer interest rate environment could strain ME&CA financial institutions, with implications for banking sector profitability, credit provision, economic growth, and financial stability as per the IMF.

The balance of risks has improved since April as adverse global challenges have receded. Still, risks remain tilted to the downside, and climate-related threats are rising.

Tight policies to reduce inflation and maintain debt sustainability and financial stability remain the priority. Macroprudential policy can ease tensions between price and financial stability objectives.

Structural reforms can help support near-term growth and longer-term growth prospects. Sequencing and packaging reforms strategically can magnify growth dividends.

Promoting inclusive growth will require substantial reforms to close the gap between the development models of the past and what is needed going forward according to IMF.

### SAUDI ARABIA'S NON-OIL ECONOMY CONTINUES TO IMPROVE IN NOVEMBER

A continued rapid expansion in the non-oil private sector in November was noted in Saudi Arabia, despite evidence that price pressures accelerated to their highest in nearly one-and-a-half years. Saudi Arabia's Riyadh Bank Purchasing Managers' Index (PMI) for November 2023 recorded 57.5, well above the long-term average, yet having decreased from 58.4 in October.

Such figures denote a marked improvement in business conditions across the Saudi Arabian non-oil private sector economy. The fall in the headline index was due to moderations in the rate of staff and inventory growth, as well as a sharp reduction in delivery times.

In details, the two largest contributors to the headline index saw upticks in November, with the New Orders Index posting its highest reading in five months. New order intakes continued to rise considerably as companies highlighted improvements in market conditions, customer numbers and investment spending. The uplift came despite weakness in foreign demand, as the latest data showed new export orders declining for the third time in four months, as per Riyadh Bank's PMI report for November 2023.

In parallel, non-oil companies reported a marked increase in business activity during November, one that was slightly faster than in October. The rapid expansion led to a continuation of the recent run of strong purchasing

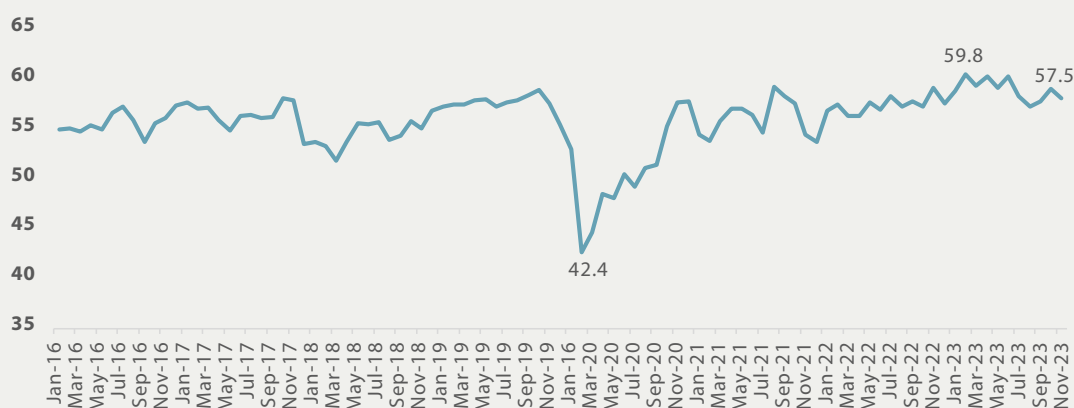
growth, with the latest upturn among the fastest in over eight years. Subsequently, input stocks rose again, albeit at a softer rate.

A further pick-up in cost inflation was noted across the non-oil economy. Overall input costs rose at their quickest pace since June 2022, led by increased purchase prices, especially in the construction sector. Wage inflation moderated but also remained above average, as some firms cited efforts to retain experienced staff and compensate workers for greater living costs. Higher salaries came amid another solid increase in employment across the non-oil sector, although the rate of growth eased from October's nine-year record, as per Riyadh Bank's PMI report for November 2023.

Increased cost burdens led non-oil companies to lift their selling charges for the first time in three months in November. Whilst the increase was still partly offset by competitive pressures, more companies highlighted the need to pass on rising input prices to their customers, leading to the quickest increase in charges since May.

Business expectations for the coming 12 months improved notably in November. The outlook was the strongest since June, amid broad hopes that new business inflows will remain robust and drive higher activity, as per Riyadh Bank's PMI report for November 2023.

## COMPOSITE PMI SAUDI ARABIA



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

## UAE'S PMI SHOWS SLOWER IMPROVEMENT IN NOVEMBER

A marked increase in purchasing activity across the UAE non-oil private sector economy was recorded in November. The UAE's Purchasing Managers' Index (PMI) registered 57.0 in November, after posting its highest reading in over four years in October (57.7). The index signaled that operating conditions improved rapidly midway through the final quarter, supported by strong trends for new business, output and inventories.

This strong performance in the sector was driven by a sharp rise in new business inflows and efforts to rapidly replenish and build stocks in the face of healthy demand conditions. The upturn culminated in the greatest expansion of inventory levels for close to six years, placing some pressure on supply chains and material prices. Overall, cost inflation remained stronger than recent trends but selling prices were largely stable, as per S&P Global's UAE PMI report for November 2023.

New orders remained well inside growth territory, with increased demand, new clients, project inquiries and marketing efforts reportedly driving growth. Although the expansion in total sales was one of the fastest seen in close to four-and-a-half years, it slowed markedly from October.

In details, output levels in the non-oil economy were up sharply over the course of November, and the rate of growth ticked up to the sharpest since June. However, the volume of orders left unfinished at businesses

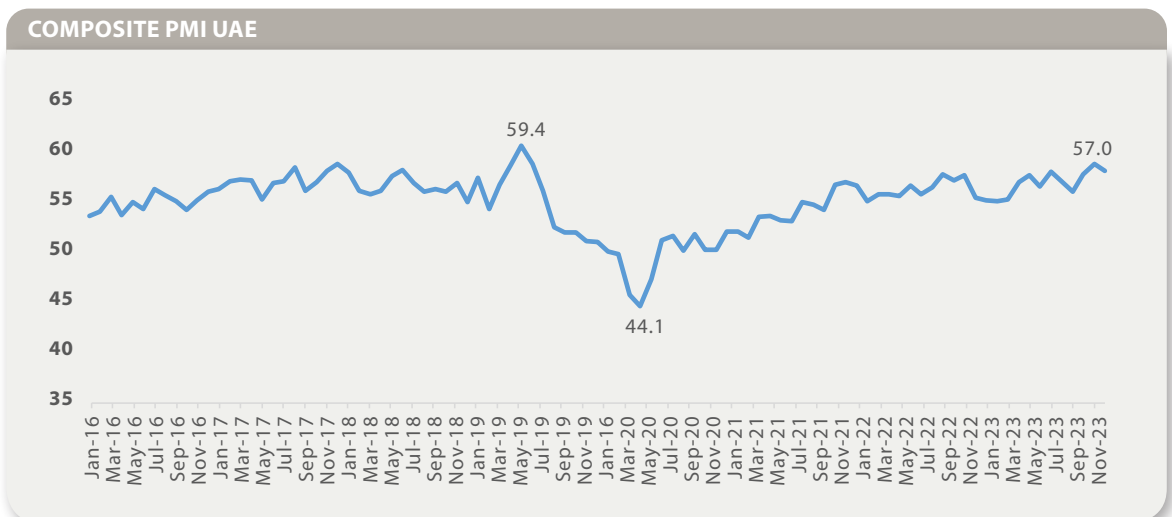
mounted, after October data signaled the first decrease for 28 months, as per S&P Global's UAE PMI report for November 2023.

Input purchasing expanded rapidly in November as firms looked to keep robust stock volumes amid strong demand. This expansion then led to the sharpest expansion of inventories for nearly six years. Vendors were generally able to cut delivery times when requested. However, while the drop in lead times was historically strong, it was also the slowest recorded in four months, as per S&P Global's UAE PMI report for November 2023.

Concurrently, firms saw another solid increase in purchase prices, which despite softening from October, was the second-quickest since mid-2022. A few companies opted to raise their output charges, though price discounting at other firms offset this and resulted in broadly stable aggregate output prices.

The latest data pointed to a clear drop in confidence levels. This was mainly due to concerns at some companies that competitive pressures could erode market share. However, non-oil businesses expect activity levels to remain on an upwards trajectory.

It is worth noting that in parallel, staffing growth stayed relatively mild, while salaries also ticked up only slightly.



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

## ANNUAL ECONOMIC GRANT AGREEMENT SIGNED BETWEEN JORDAN AND US

The Annual US grant to Jordan was signed by the Jordanian Prime Minister and the US Ambassador to Jordan. The grant amounted to JOD 599.4 million (US\$ 845.1 million) and signed on behalf of the Jordanian government by the Jordanian Minister of Planning and International Cooperation as well as the Director of the US Agency for International Development (USAID).

According to the Jordanian Prime Minister, this grant contributes to supporting governmental efforts to implement several developmental priorities and economic reforms within the executive program of the Economic Modernization Vision (2023-2025) and the roadmap for the modernization of the public sector.

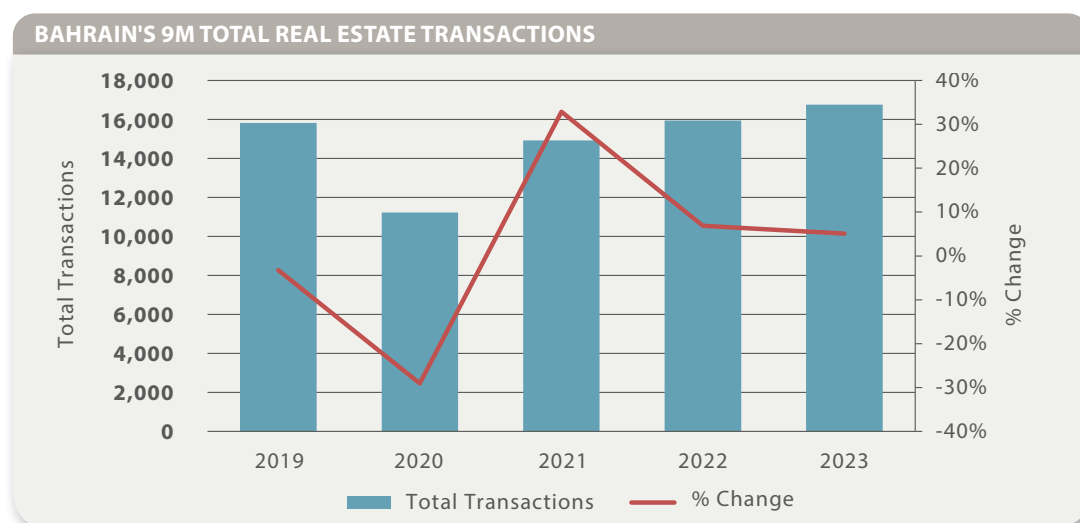
It is worth noting that the cash grant agreement is part of the US annual economic aid program to the Jordanian government and is listed in the General Budget Law for the year 2023 within the framework of the strategic memorandum of understanding with the US signed in September 2022, which covers a seven-year period. The value of US aid is expected to reach about JOD 7.1 billion (US\$ 10 billion) granted by the US in understanding of the challenges facing Jordan and its support for the economic development process, in addition to hosting a large number of Syrian refugees.

## SURVEYS/REPORTS

### BAHRAIN'S HOSPITALITY AND RESIDENTIAL MARKETS RECORD MARGINAL UPLIFTS IN Q3 2023, AS PER CBRE

Bahrain's hospitality and residential markets record marginal uplifts in Q3 2023, while other sectors remain stagnant, as per CBRE latest report titled "Bahrain Real Estate Market Review Q3 2023".

In details, real estate transactions in Bahrain totaled 5,145 in Q3 2023, down marginally by 2.5% from a quarter earlier. However, when comparing the volume of transactions in the year to date, there was an increase of 5.1% in the first 9 months of 2023, compared with the same period in 2022.



Source: CBRE Research / SLRB Data

At the level of the residential sector, quoted residential rates performance was mixed in Q3 2023. When compared to Q3 2022, all but quoted apartment sales, which fell by 1.7%, increased. Apartment rents increased by 3.2%, while villa rents and sales increased by 4.3% and 1.2% respectively.

Looking at quarter-on-quarter change, rental rates fell marginally across both apartments and villas, while sales rates grew, compared to Q2 2023. In the mid-to-high-end segment, apartment rents fell by 2.5% quarter on quarter, while villa rents fell by 0.3%. In terms of sales, apartment and villa rates grew by 1.0% and 3.9% quarter-on-quarter respectively.

As to the hospitality sector, key performance indicators for the hospitality sector demonstrated improvement. Smith Travel Research (STR) data y-o-y to September 2023 shows that average hotel occupancy in Manama is up by 5.9% compared to the same period in 2022, with RevPARs also up 4.9% y-o-y. This is despite Average Daily Rates (ADRs) falling slightly at 1.0%.

In the commercial office sector, average rents have remained constant in the Grade A category overall in the year to Q3 2023, as supply growth is not being met with the required demand from local or international occupiers and vacancy rates remain relatively high.

On the other hand, Bahrain currently has some of the lowest office occupancy costs in the region. CBRE anticipates that with new stock coming on stream in 2024 and 2025, average rental rates and occupancy are likely to be impacted, although flight to quality to continue. This is driven by office occupiers in lower grade space taking advantage of affordable commercial terms for Grade A space.

### HOSPITALITY MARKET IN CAIRO CITY AND ABU DHABI OBSERVE ANNUAL GROWTH ACROSS KPIS OVER FIRST NINE MONTHS OF 2023, AS PER EY

Ernst & Young (EY) published its "Middle East Hotel Benchmark Survey Report" for the first nine months of 2023, covering the performance of 4 and 5 star hotels in key hotel markets across selected countries and cities in the Middle East region.

Cairo City's hospitality sector witnessed an average room rate growth of 93.7% from US\$ 73 in 9M 2022 to US\$ 141 in 9M 2023 together with an occupancy increase of 1.6% in 9M 2023 compared to the same period last year to reach 70.7%. This led to a notable RevPAR growth of 98.2% from US\$ 50 in 9M 2022 to US\$ 100 in 9M 2023. Cairo City's hospitality sector performance likely benefited from the 35th International Agricultural Exhibition for Africa and the Middle East drawing over 20,000 visitors, Egypt's tourism promotion campaign during the English Premier League 2023-2024, and the 31st Citadel International Festival for Music and Singing.

Concurrently, Abu Dhabi's hospitality market witnessed an increase in occupancy rate of 4.6% in 9M 2023 when compared to 9M 2022, to reach 78.1%. This was coupled by a rise in the average room rate of 21.2% from US\$ 78 in 9M 2022 to US\$ 94 in 9M 2023. Consequently, RevPAR went up by 28.8% from US\$ 57 in 9M 2022 to US\$ 74 in 9M 2023.

Abu Dhabi's hospitality sector performance could be attributed to events such as the 20th Abu Dhabi International Hunting and Equestrian Exhibition (ADIHEX) 2023 with an anticipated turnout of over 150,000 visitors, and the NBA Abu Dhabi Games featuring national teams from different countries. Furthermore, the Abu Dhabi Summer Shopping Season 2023, coupled with attractions such as the Yas Gaming Festival and various offerings at Yas Island, including SeaWorld Yas Island and Ferrari World Yas Island, may have bolstered the sector growth.

Elsewhere in the region, Kuwait's hospitality market saw an expansion in occupancy rate of 11.6% in 9M 2023 when compared to the same period last year, to attain 55.5%, as per EY. This was coupled with a 26.2% drop in the average room rate, moving from US\$ 229 in 9M 2022 to US\$ 169 in 9M 2023. Accordingly, RevPAR went down by 6.8%, from US\$ 101 in 9M 2022 to US\$ 94 in 9M 2023.

Kuwait's softened hospitality sector performance could be linked to the limited number of events and festivals occurred during the period.

Finally, Doha's hospitality market observed a RevPAR contraction of 6.5% from US\$ 65 in 9M 2022 to US\$ 61 in 9M 2023. This was mainly driven by a decrease in average room rate by 2.3% from US\$ 111 in 9M 2022 to US\$ 109 in 9M 2023, along with a decline in occupancy rate of 2.5% to reach 56.1% in 9M 2023.

Doha's subdued hospitality sector performance, despite hosting events such as Doha International Basketball Championship 2023, could be linked to the surplus supply of hotel rooms from the FIFA World Cup 2022, which continues to surpass the current demand, as per EY.

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## EMIRATE OF SHARJAH AFFIRMED AT "BBB-/A-3" WITH "STABLE" OUTLOOK, AS PER S&P GLOBAL RATING

S&P Global Ratings affirmed its "BBB-/A-3" long-term and short-term foreign and local currency sovereign credit ratings on the Emirate of Sharjah, member of the UAE. The outlook is "stable".

The "stable" outlook reflects S&P's view that Sharjah's government would introduce sufficient measures to begin stabilizing its net general government debt burden as percentage of GDP over the next two years.

S&P Global Ratings expects Sharjah's budgetary performance to gradually stabilize over 2023-2026. The primary fiscal deficit (the deficit excluding debt interest payments) should trend toward balance, in line with the government's Medium-Term Fiscal Outlook (MTFO). The credit rating agency also expects the UAE's favorable macroeconomic fundamentals, on the back of buoyant oil and non-oil activity, to support economic growth in Sharjah and the government's fiscal objectives.

In parallel, Sharjah's GDP per capita remains moderate in a global context. S&P Global Ratings estimates that it would strengthen slightly to US\$ 21,500 in 2023 from US\$ 20,700 in 2022. Sharjah doesn't have a large hydrocarbon sector, so its economy is more diversified than that of most peers in the region, with a significant contribution from the cement, glass, petrochemicals and household goods sectors, among other manufacturing industries.

Finally, the rating on Sharjah reflects advantages from the Emirate's membership of the UAE, including contained external financing risks and the potential for financial support from the federation under a hypothetical scenario of financial distress.

## CORPORATE NEWS

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### ADNOC AND TABREED COMMENCE OPERATIONS AT REGION'S FIRST GEOTHERMAL ENERGY PROJECT

ADNOC, the State-owned oil company of the UAE, and the National Central Cooling Company PJSC (Tabreed), an Abu Dhabi based utility company, announced the start of operations at G2COOL, the first district cooling project in the gulf region to harness geothermal energy, as revealed in a company's statement.

The project is enabled by ADNOC's initial US\$ 15 billion (AED 55 billion) allocation towards low carbon solutions and would support its decarbonization plan and net zero by 2045 ambition.

The landmark plant would further decarbonize the way buildings are cooled in Masdar City, while diversifying the UAE's energy mix in support of the UAE National Energy Strategy 2050.

It is worth noting that the cooling of buildings accounts for up to 70% of the UAE's electricity consumption. District cooling offers a sustainable alternative to traditional cooling methods as it is around 50% more energy efficient in its standard operations. Integrating geothermal energy within district cooling operations can significantly reduce electricity demand for cooling from the grid.

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### PIF TO BUY 10% STAKE IN LONDON HEATHROW AIRPORT

PIF entered into a share purchase agreement to acquire a 10% stake in FGP TopCo (TopCo), the holding company of Heathrow Airport Holdings Ltd, from Ferrovial S.A, as mentioned in a company's statement.

After Ferrovial sold its 25% share in Europe's busiest airport, PIF would acquire 10% in TopCo, while French-based Ardian, through its infrastructure funds, would independently acquire a 15% stake.

PIF's investment in Heathrow is in line with its strategy to support the business as a long-term partner.

It is worth highlighting that Heathrow is one of the world's largest air traffic platforms, connecting the UK with global trading partners to help stimulate economic growth.

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### EAST PIPES WINS US\$ 45 MILLION SAUDI ARAMCO SUPPLY CONTRACT

Saudi-based East Pipes Integrated Company for Industry, a major manufacturer of spiral steel pipes, signed a supply contract valued at nearly US\$ 45 million (SR 170 million) with Saudi oil giant Aramco, as mentioned in a company's statement.

East Pipes would coat steel pipes owned by Aramco for a period extending over 20 months.

The financial impact of the contract would be reflected in the first quarter of Fiscal Year (FY) 2024/2025 through the second quarter of FY 2025/2026.

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### MASDAR SIGNS AGREEMENTS FOR 1GW WIND PROJECT AND POTENTIAL GREEN HYDROGEN PLANT IN JORDAN

Masdar, the UAE's clean energy powerhouse, signed a joint development agreement with the Jordanian Ministry of Energy and Mineral Resources, to develop a 1 Gigawatt (GW) wind project with a Battery Energy Storage System (BESS), and a memorandum to explore the feasibility of establishing a green hydrogen plant, as indicated in a company's statement.

The study would examine the feasibility of establishing a green hydrogen project near The Port of Aqaba to produce the most cost-competitive hydrogen, utilizing desalinated seawater, and dedicated renewable power.

Through the partnership, Masdar would bring its expertise in clean energy projects and technologies to help Jordan achieve its decarbonization plans.

The Jordanian government's efforts continue to enhance Jordan's role as a regional center for green energy production and provide high-quality, cost-competitive green hydrogen fuel by taking advantage of the abundance of renewable energy sources, along with the nation's strategic geographical location in the region to provide access to European markets.

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### AD PORTS AND KAZMUNAYGAS TO SET UP SHIPBUILDING AND REPAIR FACILITY

AD Ports Group, the exclusive developer and regulator of ports and related infrastructure in Abu Dhabi, and KazMunayGas (KMG), the State-owned oil and gas company of Kazakhstan, signed Heads of Terms (HoT), to establish a leading-edge ship building and repair facility in the Mangistau region of Kazakhstan, as reported in a company's statement.

Both companies are poised to reshape the maritime landscape, creating a multifaceted facility, which would offer a broad range of services including drydocking, afloat repairs, ship building and refurbishment. The facility would be strategically designed to accommodate diverse vessel types such as bulk carriers, container ships, tankers, offshore vessels and ferries.

The proposed shipyard is set to become a cornerstone for AD Ports Group and KMG's rapidly expanding joint venture, Caspian Integrated Maritime Solutions (CIMS). It would not only bolster CIMS fleet, but also extend its services to third party clients within Kazakhstan's shipping and offshore maritime sectors, substantially enhancing the maritime capabilities within the Caspian Sea Region, making it a main hub for maritime activities.

The HoT also outlines further collaborative initiatives and projects, including the launch of additional vessel services under CIMS, demonstrating both entities commitment to developing the Kazakhstan maritime sector.

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### RIYADH AIR AND TURKISH AIRLINES SIGN STRATEGIC COOPERATION MOU

Riyadh Air (RX) and Turkish Airlines (TK) signed a Strategic Cooperation Memorandum of Understanding (MoU) to offer a comprehensive range of benefits for guests traveling between the two countries and points beyond their Riyadh and Istanbul hubs, as well as lay the ground for deeper future collaborations, as indicated in a company's statement.

Guests of both airlines would be able to take full advantage of each carrier's worldwide network, through a comprehensive interline and codeshare agreement that would allow customers to seamlessly connect between and combine sectors operated by either Riyadh Air or Turkish Airlines.

This cooperation would allow members of each carrier's loyalty program to earn points or credits when traveling on codeshare services operated by the other, with both airlines also exploring opportunities to develop a broader loyalty agreement covering both global networks.

The benefits would be made available to guests after Riyadh Air launches operations in mid-2025.



## CAPITAL MARKETS

### EQUITY MARKETS: WEEKLY PRICE REBOUNDS IN MENA EQUITIES, TRACKING GLOBAL EQUITY STRENGTH

MENA equity markets registered price rebounds this week, as reflected by a 2.3% rise in the S&P Pan Arab Composite index, mainly tracking global equity strength (+2.7%) as the US Federal Reserve sent risk assets rallying after revealing dovish projections in its December FOMC meeting.

The heavyweight Saudi Exchange posted strong price gains of 3.2% week-on-week, mainly tracking a global risk-on mood after the US Federal Reserve signaled a dovish stance, with three interest rate cuts forecast in 2024.

A closer look at individual stocks shows that SNB's share price surged by 6.4% week-on-week to SR 36.80. Banque Saudi Fransi's share price climbed by 5.4% to SR 38.90. SNB's share price jumped by 6.1% to SR 36.80. SABB's share price closed 3.6% higher at SR 34.85. Alinma Bank's share price went up by 6.4% to SR 37.70. ANB's share price increased by 2.6% to SR 24.12. Al Rajhi's share price skyrocketed by 8.9% to SR 83.20. SAIB's share price increased by 3.1% at SR 15.28. Maaden's share price rose by 2.8% to SR 40.10. East Pipes' share price surged by 4.5% to SR 77.30. Saudi Paper Manufacturing Company's share price nudged up by 0.7% to SR 40.65. Jarir Marketing's share price increased by 1.8% to SR 14.98. STC's share price rose by 2.9% to SR 39.25. Zamil Industrial Investment Company's share price surged by 12.4% to SR 23.28

Activity in Bursa Kuwait was tilted to the upside this week (+2.4%), mainly tracking price rises in global equities after the new economic projections of Fed Board members US showed that policymakers penciled three-quarter points rate cuts next year.

A glance on individual stocks shows that National Bank of Kuwait's share price climbed by 3.3% over the week to Kwf 907. Gulf Bank's share price surged by 5.4% to Kwf 274. Burgan Bank's share price jumped by 6.6% to Kwf 178. Kuwait International Bank's share price rose by 2.7% to Kwf 150. Boubyan Bank's share price increased by 2.8% to Kwf 597. Kuwait Finance House's share price closed 2.1% higher at Kwf 716. Ahli United Bank's share price rose by 1.6% to Kwf 257. Mobile Telecommunication's share price edged up by 0.6% to Kwf 491. Gulf Insurance Group's shares posted price expansions of 1.4% to reach Kwf 1,875. Jazeera Airways' share price closed 0.9% higher at Kwf 540.

The UAE equity markets bounced back this week, as reflected by a 1.0% increase in the S&P UAE index, mainly tracking a global risk-on mood following the US Fed's dovish shift. In Dubai, Emaar Properties' share price increased by 1.6% to AED 7.50. Emaar Development's share price jumped by 8.3% to AED 7.15. Empower's share price surged by 6.2% to AED 1.71. Dubai Islamic Bank's share price went up by 2.5% at AED 5.75. Commercial

#### EQUITY MARKETS INDICATORS (DECEMBER 10 - DECEMBER 16, 2023)

Market	Price Index	Price week-on-week	Year-to-Date	Trading Value	Trading Value week-on-week	Volume Traded	Market Capitalization	Turnover ratio	P/E*	P/BV*
Lebanon	161.3	5.4%	25.0%	70.5	541.4%	1.0	18,228.4	20.1%	-	0.47
Jordan	362.7	0.6%	-6.8%	15.5	-28.6%	12.1	23,320.6	3.5%	7.9	1.18
Egypt	339.3	-0.4%	43.3%	495.6	-20.4%	6,665.2	53,121.9	48.5%	10.8	2.73
Saudi Arabia	502.1	3.2%	7.8%	7,198.4	17.4%	892.9	2,961,424.6	12.6%	16.9	4.68
Qatar	162.0	0.0%	-8.3%	652.0	59.1%	672.1	159,015.5	21.3%	12.6	1.44
UAE	134.8	1.0%	-2.0%	2,338.5	57.9%	2,239.3	957,362.1	12.7%	14.9	2.74
Oman	254.4	-0.7%	-2.3%	27.3	-1.9%	69.5	23,258.5	6.1%	14.0	1.02
Bahrain	221.3	-0.8%	14.7%	4.6	32.9%	4.6	18,136.6	1.3%	12.2	1.44
Kuwait	125.0	2.4%	-9.9%	892.3	45.0%	976.6	128,571.7	36.1%	15.3	1.73
Morocco	259.2	2.3%	16.8%	92.1	40.6%	5.0	61,387.2	7.8%	19.4	3.45
Tunisia	63.0	1.6%	1.5%	12.2	232.6%	2.8	7,741.6	8.2%	11.6	2.02
<b>Arabian Markets</b>	<b>939.2</b>	<b>2.3%</b>	<b>2.9%</b>	<b>11,799.0</b>	<b>25.6%</b>	<b>11,541.1</b>	<b>4,411,568.6</b>	<b>13.9%</b>	<b>16.0</b>	<b>3.94</b>

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

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

Bank of Dubai's share price increased by 2.5% to AED 4.97. TECOM Group's share price jumped by 5.5% to AED 2.69. Dubai Investments' share price rose by 3.6% to AED 2.32. Deyaar Development's share price went up by 1.5% to AED 0.670.

In Abu Dhabi, Ychsat' share price closed 3.1% higher over the week at AED 2.67. Alpha Dhabi's share price jumped by 9.5% to AED 20.60. First Abu Dhabi Bank's share price rose by 1.8% to AED 13.46. Etisalat's share price surged by 4.1% to AED 19.26. Taqa's share price went up by 2.5% to AED 3.23. AD Ports' share price increased by 1.6% to AED 6.15.

In contrast, the Qatar Stock Exchange ended flat this week, with a nil change in the S&P Qatar index, as a global risk appetite fueled by US Fed projected rate cuts in 2024 were offset by some profit taking operations toward the end of this year. 32 out of 50 traded stocks registered price rises, while 17 stocks posted price drops and one stock saw price change week-on-week.

A closer look at individual stocks shows that Qatar Islamic Bank's price surged by 4.1% week-on-week to QR 18.990. Qatar International Islamic Bank's share price closed 2.0% higher at QR 10.160. Masraf Al Rayan's share price rose by 0.8% to QR 2.40. The Commercial Bank's share price went up by 0.8% to QR 5.310. Industries Qatar's share price expanded by 2.6% to QR 12.410. Gulf International Services' share price increased by 3.0% to QR 2.648. Mesaieed Petrochemical Holding Company's share price closed 2.1% higher at QR 1.60. Qatar Navigation's share price climbed by 4.6% to QR 9.916.

In contrast, QNB's share price shed 3.9% over the week to QR 15.160. Qatar Fuel's share price declined by 2.1% to QR 15.570. Qatar Aluminum Manufacturing' share price dropped by 1.2% to QR 2.960. Qatar Electricity & Water's share price closed 0.9% lower at QR 16.800. Ooredoo's share price went down by 0.9% to QR 9.910. Qatar Gas Transport's share price decreased by 1.4% to QR 3.20.

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## FIXED INCOME MARKETS: ACROSS-THE-BOARD PRICE GAINS IN MENA BOND MARKETS, TRACKING US TREASURIES MOVE

MENA fixed income markets continued to register across-the-board upward price movements this week, mainly tracking US Treasuries move after the US Federal Reserve kept interest rates unchanged in its December FOMC meeting, while projecting three-quarter point cuts in 2024.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price gains of up to 1.25 pt this week. Prices of Saudi Aramco'25 rose by 0.63 pt. SEC'28 traded up by 0.50 pt. SABIC'28 recorded price increases of 1.00 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 saw weekly price gains of up to 1.63 pt. Mubadala'26 and '27 were up by 0.50 pt and 0.88 pt respectively. Prices of ADNOC'29 went up by 1.00 pt. Taqa'26 and '28 traded up by 0.80 pt and 0.63 pt respectively. Prices of Etisalat'26 rose by 0.50 pt.

In the Dubai credit space, sovereigns maturing in 2029 posted price increases of 0.75 pt week-on-week. DP World'30 closed up by 1.38 pt. Majid Al Futtaim'29 registered price gains of 0.88 pt. Emirates NBD Perpetual (offering a coupon of 6.125%) registered price increases of 1.25 pt.

In the Bahraini credit space, sovereigns maturing in 2026, 2027 and 2032 recorded price expansions of 0.47 pt to 1.50 pt this week. Prices of NOGA'27 increased by 0.75 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price rises of 0.75 pt and 1.00 pt respectively week-on-week. Ooredoo'26 traded up by 1.50 pt. Amongst financials, prices of QNB'25 and '26 increased by 0.38 pt and 0.50 pt respectively.

In the Iraqi credit space, sovereigns maturing in 2028 registered weekly price gains of 0.88 pt. In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded price gains of up to 1.00 pt week-on-week. In the Kuwaiti credit space, prices of sovereigns maturing in 2027 rose by 0.61 pt week-on-week. KIPCO'27 traded up by 2.50 pts. In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 posted price

expansions of 0.58 pt, 0.67 pt and 1.13 pt respectively this week. Omantel'28 traded up by 1.25 pt. Moody's upgraded the government of Oman's long-term issuer and long-term senior unsecured ratings to "Ba1" from "Ba2" and changed the outlook to "stable" from "positive". The upgrade reflects Moody's expectation that the further improvements in Oman's debt burden and debt affordability metrics during 2023 would last, as the government's actions amplify the oil prices windfall gains through spending restraint and prioritization of debt repayment.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 posted price gains of 2.38 pts to 11.04 pts this week. Euro-denominated sovereigns maturing in 2026 and 2031 recorded price rises of 1.79 pt and 2.20 pts respectively. The Egyptian government unveiled that it is currently in talks to boost its IMF credit line to more than US\$ 5 billion, from a current US\$ 3 billion, and the Fund's Chief says an increase is "very likely". Also, Egyptian officials said that the country won't default on any obligations, and any restructuring of Eurobond debt has been ruled out. Concomitantly, Morgan Stanley's emerging-market strategists has recently put Egypt's 30-year dollar notes on a list of nine bonds to buy. Under these circumstances, Egypt's five-year CDS spreads contracted by 150 bps week-on-week to reach 1,111 bps.

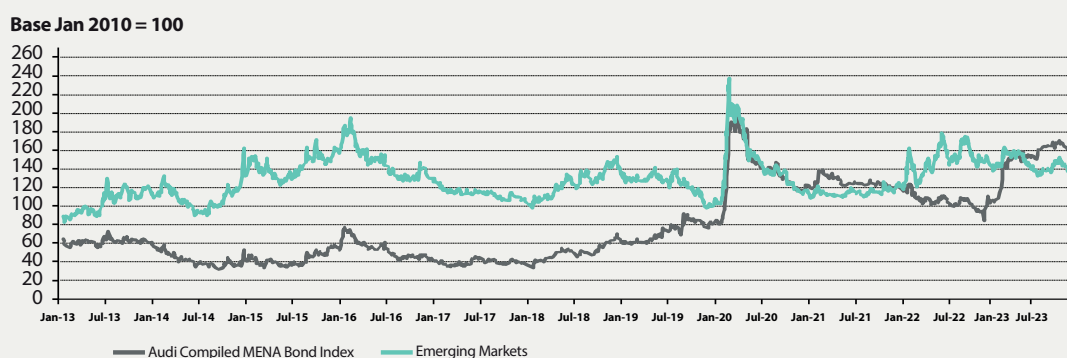
All in all, activity in regional bond markets remained tilted to the upside this week, mainly tracking increases in US Treasuries after the US Federal Reserve Chair said that the Central Bank is very focused on not making the mistake of keeping rates too high too long, sparking bets that the first rate cut would take place as soon as March 2024.

### MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	15-Dec-23	08-Dec-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	42	43	44	-1	-2
Dubai	65	63	84	2	-19
Kuwait	47	48	50	-1	-3
Qatar	45	45	48	0	-3
Saudi Arabia	52	53	61	-1	-9
Bahrain	207	220	231	-13	-24
Morocco	125	131	162	-6	-37
Egypt	1,111	1,261	877	-150	234
Iraq	455	496	467	-41	-12
Middle East	239	262	225	-23	14
Emerging Markets	46	53	140	-7	-94
Global	380	389	533	-9	-153

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
<b>LEVANT</b>			
Lebanon	SD/-/SD	C/Stable	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Positive	BB-/Stable/B
Egypt	B-/Negative/B	Caa1/Stable	B-/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
<b>GULF</b>			
Saudi Arabia	A/Stable/A-1	A1/Positive	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa3/Positive	AA-/Positive/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	B+/Stable/B
Oman	BB+/Stable/B	Ba1/Stable	BB+/Stable/B
Yemen	NR	NR	NR
<b>NORTH AFRICA</b>			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	Caa2/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\$)	15-Dec-23	08-Dec-23	30-Dec-22	Weekly change	Year-to-date
<b>LEVANT</b>					
Lebanese Pound (LBP)	15,000.00	15,000.00	1,507.50	0.0%	895.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	30.89	30.85	24.71	0.1%	25.0%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,460.00	0.0%	-10.3%
<b>GULF</b>					
Saudi Riyal (SAR)	3.75	3.75	3.76	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%	0.9%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	0.0%
Yemeni Riyal (YER)	250.29	250.29	250.24	0.0%	0.0%
<b>NORTH AFRICA</b>					
Algerian Dinar (DZD)	134.26	134.59	137.35	-0.3%	-2.3%
Moroccan Dirham (MAD)	10.13	10.16	10.44	-0.3%	-3.0%
Tunisian Dinar (TND)	3.09	3.13	3.11	-1.3%	-0.7%
Libyan Dinar (LYD)	4.82	4.83	4.83	-0.2%	-0.2%
Sudanese Pound (SDG)	647.81	647.81	573.81	0.0%	12.9%

Sources: Bloomberg, Bank Audi's Group Research Department

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