Bank Audi

MENA WEEKLY MONITOR

NOVEMBER 24 - NOVEMBER 30,2024
WEEK 48

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MENA equity markets dipped into the red this week, as reflected by a 0.8% decline in the S&P Pan Arab Composite index, mainly pressured by price falls in the heavyweight Saudi Exchange amid an oil price slump, ex-dividend activity and some unfavorable market-specific factors. In contrast, MENA fixed income markets saw across-the-board upward price movements, mainly tracking US Treasuries move after the US Federal Reserve's preferred measure of underlying inflation accelerated year-on-year in October 2024, helping explain policymakers' more cautious approach to lowering interest rates.

MENA MARKETS: November 24 -November 30, 2024

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-0.8%	Average weekly bond price change	+0.34 pt
Stock market year-to-date trend	↓	Bond market year-to-date trend	↑
YTD stock price performance	-1.2%	Average yearly bond price change	+3.62 pts

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ECONOMY

S&P LOOKS INTO WHAT WOULD AN ESCALATION OF THE WAR IN THE MIDDLE EAST MEAN FOR GCC BANKS

S&P continues to assume a protracted, direct Israel/U.S.-Iran conflict will not emerge, as per a new report on the region. However, the recent further cycle of escalation means they now think it is likely that the conflict will persist into 2025, with a higher potential for developments that could weigh on regional sovereign and banks credit ratings.
- They have outlined four scenarios--from modest to severe stress--on how the current regional stress level could evolve and what implication this could have on banking systems in the Gulf Cooperation Council (GCC) region.
- Under high and severe stress, banks appear capable of handling potential funding outflows by using their liquid assets. Government support could be necessary if assets are less liquid than we expect. If asset quality stress is as severe as we project, many of the top 45 banks in the region could display losses.

According to S&P, the recent escalation of the war in the Middle East has increased the risk of broader regional ramifications for sovereigns' and banks' creditworthiness. Against this backdrop, we have created four stress scenarios to assess how the risk could evolve and how it could affect banks in GCC countries. In our view, the risk could materialize in the form of:
- Outflows of foreign funding, with non-resident investors exiting the GCC region as risks increase;
- Outflows of local funding, although they assume that this would materialize only in the case of severe stress, as seen during the Gulf War over 1990-1991; and
- A spike in default rates among banks' corporates and retail clients as the geopolitical instability affects regional economies.

To quantify the risk, they have used data on local and external funding that were published by central banks on June 30, 2024, and data on asset quality that were reported by the top 45 banks in the GCC region. Under our standardized assumptions, external funding outflows could reach about US$ 221 billion, which translates into about 30% of the tested systems' cumulative external liabilities. That said, they think banks have sufficient external liquidity to cover these outflows in most cases. In the severe stress scenario, they assume a further US$ 275 billion in deposit outflows from local private sector deposits. They think banks can cope with this, thanks to their liquid assets and--if these prove to be less liquid than we assume--support from central banks.

Under their asset quality deterioration scenarios, 13 of the top 45 banks in the GCC region will likely display losses under the high stress scenario, based on banks' annualized reported net income as of June 30, 2024. This number increases to 25 for the severe stress scenario, with cumulative losses reaching US$ 24.6 billion.

The results of S&P's hypothetical stress test (high and severe) suggest potential external funding outflows of about US$ 221 billion from the region, or about 30% of the selected banking systems' cumulative external liabilities. These are concentrated in Qatar and the United Arab Emirates (UAE), followed by the offshore banking sector in Bahrain, because of the significant gross external debt of the banking systems in these countries. For the remaining banking systems, their assumed external funding outflows range from a limited US$ 3.9 billion in Oman to a manageable US$ 30 billion in Saudi Arabia. Most banking systems can manage these outflows by liquidating their external assets, with only Qatar showing a negligible deficit. In their view, this deficit is very manageable, given the Qatari government's track record of supporting banks. During the 2017 boycott by neighboring countries, when Qatar's banking system lost about $20 billion, banks received double the amount in support from the Qatari government and its related entities. They note that the banking system in the UAE stands out in terms of external assets accumulated over the past few years.

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Based on their hypothetical stress test, domestic deposit outflows could reach up to US$ 275 billion. Yet they are concentrated in the UAE and Saudi Arabia, both of which dominate the GCC banking systems due to their size. To meet these outflows, banks hold about US$ 284 billion in cash or at their respective central banks.

Banks may need to liquidate some of their investment portfolios or park them at central banks against liquidity to ride out withdrawals. Overall, the risk appears manageable. After liquidating their investment books with S&P's calibrated haircut, banks will still have about $264 billion that they can deploy.

The results of S&P's hypothetical stress test show that most banking systems in their sample will be resilient if regional conflicts escalate and investor confidence declines. However, it is important to note that the potential outcomes of the current situation are hard to predict and will depend on the actual outflows and asset liquidity as per S&P.

SAUDI ARABIA RECORDS A 29% DECREASE IN BOT SURPLUS IN THE FIRST NINE MONTHS OF 2024

According to data from the Saudi General Authority for Statistics (GASTAT), Saudi Arabia's Balance of Trade (BoT) recorded SAR 233.2 billion (US$ 62.2 billion) in the first nine months of 2024 noting a year-on-year drop of 29.3% from SAR 329.8 billion (US$ 88.0 billion) in the first nine months of 2023. This decrease was due to a 4.2% decrease in exports and a 10.3% increase in imports during the period.

In details, Saudi Arabia's exports during the first nine months of 2024 recorded SAR 866.6 billion (US$ 231.1 billion) noting a year-on-year decrease of 4.2% from QAR 904.1 billion (US$ 241.1 billion) during the same period of the year prior. This decrease was mainly due to a decrease in oil exports by 8.5% during the period to reach SAR 641.8 billion (US$ 171.1 billion) in the first nine months of 2024, down from SAR 701.7 billion (US$ 187.1 billion) in the same period of the year prior. Oil exports held a weight of 74.1% in the aforementioned period of 2024 against a weight of 77.6% in the same period of 2023.

However, this decrease in oil exports was slightly offset by a year-on-year increase of 2.2% in non-oil exports during the period reaching SAR 158.7 billion (US$ 42.3 billion) in the first nine months of 2024, up from SAR 155.3 billion (US$ 41.4 billion) in the first nine months of 2023. Additionally, a 40.5% increase in re-exports also contributed to partially offsetting the decrease in exports between the first nine months of 2023 and the first nine months of 2024.

Looking at the geographic distribution of exports from Saudi Arabia during the third quarter (Q3) of 2024, China took the lion's share with 15.2% of total exports. Japan, South Korea and India followed with 9.3%, 9.2% and 8.8% of the total respectively during the quarter. The United Arab Emirates (UAE) and the United States of America (USA) followed with shares of 8.3% and 4.3% of total exports respectively during Q3 2024. Poland and Egypt came next both with contributions of 2.9% of the total during the quarter. Bahrain and Taiwan followed with contributions of 2.9% and 2.5% of total exports respectively during Q3 2024. Other countries were responsible for 33.6% of total exports from Saudi Arabia during the aforementioned quarter.

On the other hand, Saudi Arabia's imports during the first nine months of 2024 recorded SAR 633.3 billion (US$ 168.9 billion) noting a year-on-year increase of 10.3% against SAR 574.3 billion (US$ 153.2 billion) in the first nine months of 2023, as per data from the Saudi GASTAT.

Looking at the geographic distribution of imports to Saudi Arabia during Q3 2024, China took the lion's share with 24.8% of total imports. USA, India and Germany followed with 8.1%, 5.1% and 4.8% of the total respectively during the period. UAE, Italy and Japan followed with shares of 4.5%, 3.6% and 3.5% of total imports respectively during Q3 2024. Egypt, South Korea and UK came next with contributions of 2.8%, 2.6% and 2.4% of the total respectively during the period. Other countries were responsible for 38.0% of total imports to Saudi Arabia during Q3 2024.

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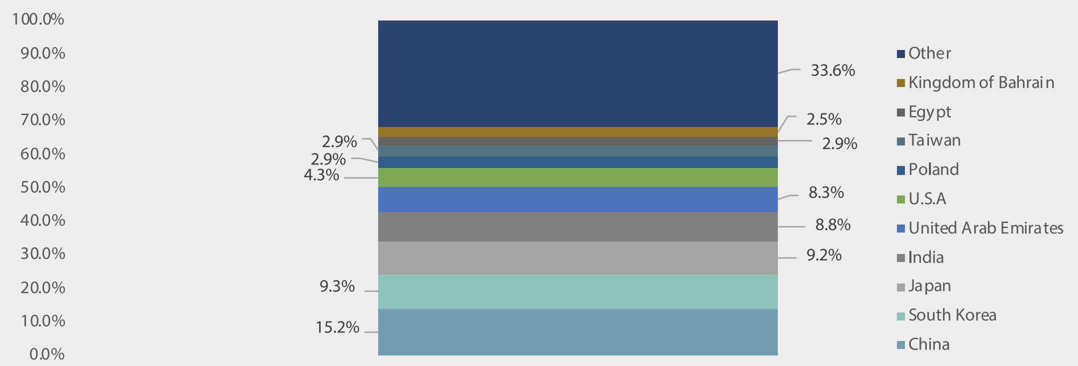
EXPORT BY RECIPIENT COUNTRY IN Q3 2024



Source: GASTAT, Bank Audi Group's Research Department

EGYPT'S FISCAL DEFICIT DECREASED BY 18% IN THE FIRST FOUR MONTHS OF FY 2024/25

According to data recently released by the Egyptian Ministry of Finance (MoF), Egypt's fiscal balance in the first four months of Fiscal Year (FY) 2024/25 recorded a deficit of EGP 453.2 billion (US$ 9.1 billion). This shows a tightening in Egypt's fiscal deficit by 17.6% year-on-year, up from a deficit of EGP 550.3 billion (US$ 11.1 billion) in the first four months of FY 2023/24.

It is worth noting that FYs in Egypt start on July 1 and ends on June 30 of the next year. In turn, the first four months of an FY in Egypt refers to the period between July and October.

This tightening in Egypt's deficit comes primarily amid a 36.8% year-on-year jump in Total Revenue and a circa threefold increase in Net Acquisition of Financial Assets between the first four months of FY 2023/24 and the first four months of FY 2024/25. These increases were partially offset by a 7.3% increase in Total Expenditures in the same period.

In details, in the first four months of FY 2024/25, total revenues reached EGP 648.3 billion (US$ 13.1 billion), up from EGP 474.0 billion (US$ 9.5 billion) in the same period of the prior fiscal year. This increase comes mainly on the back of a 38.3% increase year-on-year in Tax Revenue during the period to reach EGP 560.8 billion (US$ 11.3 billion) in the first four months of FY 2024/25. Non-Tax Revenue also increased between the first four months of FY 2023/24 and the first four months of FY 2024/25 by 27.8% year-on-year reaching EGP 87.5 billion (US$ 1.8 billion) in the latter. Additionally, Other Revenues increased during the period by 26.8% year-on-year to reach EGP 86.7 billion (US$ 1.8 billion) in the first four months of FY 2024/25.

In parallel, during the same period, Total Expenditures increased by 7.3% year-on-year to reach EGP 1.1 trillion (US$ 22.1 billion) in the first four months of FY 2024/25, up from EGP 1.0 trillion (US$ 20.6 billion) in FY 2023/24. This increase comes on the back of increases in Compensation of Employees; Purchases of Goods & Services; Subsidies, Grants & Social Benefits and Other Expenditures by between 12.1% and 50.5% year-on-year between FY 2023/24 and FY 2024/25. These increases were partially offset by decreases in Interest Payments and Purchases of Non-Financial Assets of 1.7% and 26.0% respectively during the period.

In turn, Egypt's Total Cash Balance for the first four months of FY 2024/25 recorded a deficit of EGP 449.9 billion (US$ 9.1 billion), up by 18.1% year-on-year from a deficit of EGP 549.5 billion (US$ 11.1 billion) in the first four months of FY 2023/24. Net Acquisitions of Financial Assets recorded EGP 3.3 billion (US$ 66.4 million) in the first four months of FY 2024/25 showing a circa threefold increase up from EGP 801 million (US$ 16.1 million) in the first four months of FY 2023/24.

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SURVEYS / REPORTS

EARLY SIGNS OF MACROECONOMIC STABILITY SUPPORT CAIRO'S REAL ESTATE PERFORMANCE, AS PER JLL

Egypt's progress toward macroeconomic stability, fueled by substantial Foreign Direct Investment (FDI) and the approval of a US$ 820 million loan from the International Monetary Fund (IMF), is creating significant growth opportunities in Cairo's real estate market through the last quarter of the year, according to Jones Lang LaSalle (JLL)'s Cairo Market Dynamics Overview for Q3 2024.

In the residential sector, the delivery of nearly 6,000 units in the third quarter, primarily in East Cairo and its expansion areas, has seen Cairo's total residential stock rise to around 288,000 units. Minimal project announcements took place in Cairo's residential sector as most new launches focused on the North Coast and Red Sea cities during their peak seasons. Meanwhile, an additional 7,000 units are slated for completion in Q4, with some handovers deferred to H1 2025.

During Q3, rental rates and sales prices rose significantly, surging by 115% and 146% respectively in 6th of October and 124% and 148% in New Cairo, compared to the same period last year. This upward trajectory is expected to further boost the rental market outlook, particularly in the short term.

CAIRO'S MAIN INDICATORS IN RESIDENTIAL SECTOR DURING Q3 2024

Total stock	288,000 units
Future supply	7,000 units
Sale prices Y-o-Y - 6th of october	+146%
Sale prices Y-o-Y - new cairo	+148%
Rental rates Y-o-Y - 6th of october	+115%
Rental rates Y-o-Y - new cairo	+124%

Source: JLL

In parallel, responding to growing demand for premium office space, Q3 2024 saw the addition of nearly 53,000 square meters of Grade A office space with the completion of Podium 2 and Headquarter MG. This brings Cairo's total office stock to over 2.1 million square meters GLA. Approximately 162,000 square meters of GLA is scheduled for completion in Q4, and upcoming business parks including One Ninety and Golden Gate in New Cairo, would further address current supply gaps in the market.

Cairo's favorable operational costs and a LE 85 billion boost to the ICT sector are expected to sustain strong demand for offices from the rapidly growing outsourcing market. Despite completion delays in the Central Business District (CBD) of the New Administrative Capital (NAC), the office sector's rental performance improved in Q3, driven by improved economic conditions, reduced vacancy rates (9%), and a positive PMI reading.

As to the retail sector, developers are introducing new entertainment concepts in an effort to boost footfall and spending levels. As market conditions stabilize, a new subsidy program and several strategic infrastructure projects are bolstering confidence in the hospitality sector.

New neighbourhood and community malls added nearly 28,000 square meters of GLA in Q3, increasing Cairo's total retail stock to around 3.1 million square meters. A further expansion of nearly 180,000 square meters is anticipated in Q4.

In terms of rental performance, average rates in both primary and secondary malls rose by approximately 6% and 14%, respectively, in Q3 compared to the same period last year. Rents in secondary malls outperformed the primary market due to their accessibility and convenience, and the citywide vacancy rate averaged at 7%. In contrast to Cairo, the North Coast's retail sector thrived, fueled by high spending levels and strong tourist arrivals.

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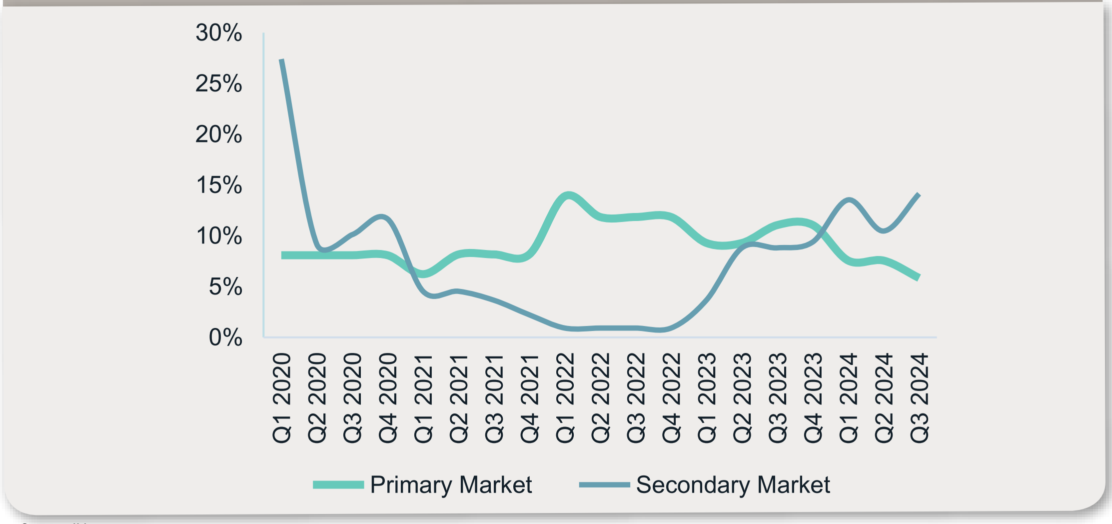
With inflation continuing to outpace average consumer purchasing power, landlords are differentiating their offerings with the integration of novel entertainment concepts to attract younger demographics and stimulate both foot traffic and expenditure.

CAIRO'S ANNUAL RENTAL % CHANGE IN RETAIL SECTOR



Source: JLL

QATAR AFFIRMED AT "AA/A-1+" WITH "STABLE" OUTLOOK, AS PER S&P GLOBAL RATING

S&P Global Ratings affirmed its "AA/A-1+" long- and short-term foreign and local currency sovereign credit ratings on Qatar. The outlook remains "stable".

The "stable" outlook reflects S&P's view that Qatar's fiscal and external buffers should continue to benefit from the country's position as one of the world's largest exporters of LNG over the next two years, further boosted by production increases through the NFE project over 2026-2030.

The ratings on Qatar remain supported by its sizable external and fiscal net asset positions, underpinned by funds accumulated within the sovereign wealth fund, the Qatar Investment Authority (QIA), from past exports of hydrocarbons, in particular LNG. S&P forecasts the government's liquid assets would average 165% of GDP over 2024-2027.

The credit rating agency expects Qatar to remain one of the largest exporters of LNG globally. The government plans to increase Qatar's LNG production capacity to 126 million tons per year (mtpa) by 2027 from 77 mtpa currently and further to142 mtpa before 2030, an almost 85% increase above the current capacity. In the forecast, S&P assumes that actual LNG production would be largely flat until 2025 but increase by about 35% from current levels by 2027. The strategic pivot away from Russian gas, particularly by European economies, suggests there would be demand for additional exports from Qatar.

At the same time, Qatar could be vulnerable to geopolitical developments in the Middle East, as per S&P. Almost all of Qatar's exports currently pass through the Strait of Hormuz and more than 70% of Qatar's LNG exports go to Asia. S&P expects this to remain broadly unaffected by the current regional geopolitical tensions and the incidents in the Red Sea.

On the other hand, S&P's ratings on Qatar remain constrained by the limited flexibility of monetary policy due to the exchange-rate regime, which pegs the Qatari riyal to the U.S. dollar. Another constraint is the domestic banks' high level of foreign liabilities (including non-resident deposits and interbank liabilities), and the relatively short-term profile of this funding, which continues to weigh on Qatar's external financing needs. Non-resident deposits could present balance-of-payment risks if there were to be a significant outflow.

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CORPORATE NEWS

ADNOC LAUNCHES US$ 80 BILLION UNIT FOR LOW-CARBON TRANSITION

State-backed energy major Abu Dhabi National Oil Company (ADNOC) launched a new global lower-carbon energy and chemicals investment company, XRG, valued at more than US$ 80 billion, as reported in a company statement.

XRG would aim to more than double its asset value over the next decade by capitalizing on the demand for low-carbon energy and chemicals. The three factors driving demand are energy transformation, the growth of artificial intelligence and the rise of emerging economies.

The company would commence operations in the first quarter of 2025 and initially focus on developing a global chemicals platform, producing and delivering chemical and specialty products to meet the projected 70% increase in global demand by 2050.

It also plans to build an integrated gas portfolio to meet the anticipated 15% rise in global natural gas demand over the next decade as a lower carbon transition fuel and meet the expected 65% increase in LNG demand by 2050.

Finally, XRG would invest in solutions to meet the increasing demand for low-carbon energies and decarbonisation technologies.

QATARI DIAR AND FTG BREAK GROUND ON US$ 3 BILLION TOURISM PROJECT

Qatari Diar, a real estate company established by the Qatar Investment Authority, and Turkey-based FTG Development announced the groundbreaking of its US$ 3 billion tourism and leisure development, Land of Legends, being set up within the Simaisma Project located 40 km north of capital Doha.

Once completed, Land of Legends would play a central role in advancing Qatar's tourism sector and supporting the nation's goals for economic diversification.

The project, which spans over 650,000 square meters, is expected to open by 2028.

QATARENERGY BREAKS GROUND ON US$ 1.2 BILLION AMMONIA PROJECT

Qatar’s State-owned energy giant QatarEnergy laid the foundation stone for the 1.2 million tons per annum (mtpa) blue ammonia facility, as mentioned in a company statement.

Involving an investment of US$ 1.2 billion (around QR 4.4 billion), the plant would be built in Mesaieed Industrial City, which offers a strategic location, integrated infrastructure, and a port that is considered one of the largest petrochemical export facilities in the Middle East.

The facility would consist of an ammonia production unit, and an additional unit for CO2 injection and storage, with a capacity of 1.5 mtpa. QatarEnergy also plans to provide the new plant with more than 35 MW of electricity from the solar power plant currently being built in Mesaieed Industrial City.

The plant is expected to start production in the second quarter of 2026.

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CHINA BANK OF COMMUNICATIONS OPENS DIFC BRANCH IN DUBAI

Bank of Communications Company Ltd. (BOCOM), one of the oldest financial institutions and first national State-owned joint-stock bank in China, expanded its global presence by setting up in Dubai International Financial Centre (DIFC), one of the leading global financial center in the Middle East, Africa and South Asia (MEASA) region, as revealed in a company statement.

BOCOM marks the fifth largest bank in China and the fifth Chinese lender to open an office in DIFC. The bank has chosen DIFC to launch its new office as it embodies a sound legal and regulatory framework, and a robust financial ecosystem.

The DIFC branch of BOCOM would be used to promote economic, trade and investment cooperation between China and the MEASA region.

MORGAN STANLEY TO PUT MIDEAST REGIONAL HQ IN SAUDI ARABIA

Morgan Stanley, an American multinational investment bank and financial services, received regulatory approval to establish its Middle East headquarters in Saudi Arabia, as indicated in a company statement. Establishing a regional HQ in Riyadh reflects the growth and development of Saudi Arabia.

It is worth noting that competition for investment banking fees has intensified between Saudi Arabia and the UAE this year, as both countries seek to build the leading regional hub for capital markets activity.

EMIRATES DEVELOPMENT BANK AND AJMAN BANK PARTNER TO DRIVE SME FINANCING AND INNOVATION IN UAE

Emirates Development Bank, one of the key financial engine of UAE economic development and industrial advancement, and Ajman Bank, one of the leading Islamic financial institutions in the UAE, renewed their strategic agreement offering innovative credit guarantees and co-lending solutions to Small and Medium-sized Enterprises (SMEs) across the UAE, as reported in a company statement.

The partnership aims to enhance access to finance for SMEs.

Through a joint Credit Guarantee Scheme, EDB would guarantee up to 50% of loans extended by Ajman Bank to SMEs, focusing on projects within EDB's five priority sectors: Manufacturing, Food Security, Advanced Technology, Healthcare and Renewables. This de-risking solution incentivizes commercial banks to lend to eligible SMEs who might otherwise face financing challenges.

OOREDOO QATAR SIGNS MOU WITH DOHA BANK TO DRIVE STRATEGIC COLLABORATION

Ooredoo Qatar, Qatar's leading provider of telecommunications and ICT services, partnered with Doha Bank, aimed at driving innovation and connectivity that would enhance individual and business experiences across Qatar, as revealed in a company statement.

The collaboration, which was formalized through a signing of a MoU, marks the beginning of a strategic partnership designed to benefit both parties' customers.

The MoU outlines joint initiatives such as employee services, cross-selling opportunities, loyalty programs and advanced customer analytics, which would meet the growing market demand through innovative business streams and enhanced customer experiences.

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CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES DIP INTO RED, MAINLY PRESSURED BY PRICE FALLS IN SAUDI EXCHANGE

MENA equity markets dipped into the red this week, as reflected by a 0.8% decline in the S&P Pan Arab Composite index, mainly pressured by price falls in the heavyweight Saudi Exchange amid an oil price slump, ex-dividend activity and some unfavorable market-specific factors.

The Saudi Exchange, whose market capitalization represents about two-thirds of the total regional market capitalization, shifted into a negative territory (-1.8%) this week, mainly dragged by falling Brent oil prices (-3.7% to reach US$ 71.84 per barrel on Friday) on eased supply risks following a ceasefire deal in the Middle East, and as the latest US Energy Information Administration's weekly report showed a sizable build in US gasoline stocks. This compounded with some ex-dividend activity and news that Saudi Arabia has approved its 2025 State budget, which revealed a budget deficit of SR 101 billion, representing 2.3% of GDP.

A closer look at individual stocks shows that that petrochemicals giant Saudi Aramco's share price shed 1.8% week-on-week to reach SR 27.45. Petro Rabigh's share price decreased by 1.9% to SR 8.24. Sipchem's share price retreated by 0.9% to SR 24.28. Yansab's share price closed 1.5% lower at SR 37.30. Advanced Petrochemical Company's share price fell by 1.9% to SR 33.95. Saudi Kayan Petrochemical Company's share price declined by 2.3% to SR 6.95.

Also, BinDawood Holding Company's share price plunged by 4.0% over the week to SR 6.57. BinDawood Holding Company's stock traded ex-dividend on November 26. Theeb Rent A Car's share price fell by 1.8% to SR 75.00. The stock went ex-dividend on November 26. Alamar Foods' share price went down by 0.9% to SR 75.30. Alamar Foods's stock traded ex-dividend on November 27. As to banking stocks, SNB's share price dropped by 2.0% to SR 32.45. Al Rajhi Bank's share price decreased by 2.6% to SR 91.10. Banque Saudi Fransi's share price closed 1.6% lower at SR 30.70.

In contrast, the UAE equity markets closed the week on a positive note, as reflected by a 1.3% rise in the S&P UAE index, mainly tracking global equity strength (+1.1%) and helped by some favorable company-specific factors.

EQUITY MARKETS INDICATORS (NOVEMBER 24 - NOVEMBER 30, 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	193.3	2.8%	6.0%	10.8	107.9%	0.3	21,840.9	2.6%	-	0.48
Jordan	378.0	0.2%	2.2%	26.8	4.2%	23.9	23,691.0	5.9%	8.8	1.16
Egypt	251.6	-0.5%	-25.4%	240.5	-0.5%	5,521.2	44,022.9	28.4%	8.8	2.31
Saudi Arabia	504.0	-1.8%	-3.7%	7,960.3	34.1%	3,146.0	2,665,890.6	15.5%	16.4	4.04
Qatar	170.9	0.1%	-3.3%	496.4	45.5%	724.9	169,744.3	15.2%	12.5	1.57
UAE	143.2	1.3%	3.9%	3,773.4	31.1%	3,850.6	1,004,161.5	19.5%	19.3	3.56
Oman	251.9	-0.6%	0.4%	45.4	183.0%	127.0	30,960.6	7.6%	11.2	0.97
Bahrain	235.0	-0.2%	4.6%	10.1	46.1%	15.2	19,483.9	2.7%	11.2	1.32
Kuwait	133.4	-0.6%	6.1%	1,174.6	31.7%	1,935.0	137,527.2	44.4%	17.1	1.94
Morocco	315.4	0.6%	19.8%	200.4	33.4%	12.9	75,395.6	13.8%	19.5	2.82
Tunisia	66.8	2.0%	4.1%	9.7	81.2%	4.4	7,720.0	6.5%	10.8	1.97
Arab Markets	**963.1**	**-0.8%**	**-1.2%**	**13,948.4**	**32.9%**	**15,361.4**	**4,200,438.5**	**17.3%**	**16.8**	**3.64**

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

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In Abu Dhabi, Abu Dhabi National Oil Company for Distribution's share price increased by 0.6% week-on-week to AED 3.45. AlphaMena raised its recommendation on Abu Dhabi National Oil Co. for Distribution's stock to "Add" from "Reduce", with a price target of AED 3.97, which implies a 14% increase from last price. Taqa's share price rose by 2.8% to AED 2.91. Borouge's share price closed 2.1% higher at AED 2.48. ADCB's share price surged by 6.0% to AED 10.02. ADIB's share price went up by 2.2% to AED 13.06.

In Dubai, Empower's share price jumped by 7.6% over the week to AED 1.83. Kepler Cheuvreux initiated coverage of Empower's stock with a recommendation of "Hold", and a price target of AED 2.10, which implies a 12% increase from last price. Dubai Islamic Bank's share price surged by 4.1% to AED 6.80. Air Arabia's share price expanded by 3.8% to AED 2.99. Emaar Properties' share price closed 1.6% higher at AED 9.55. Tecom' share price went up by 4.5% to AED 3.27.

The Qatar Stock Exchange traded between gains and losses this week, mainly as market players weighed global equity strength and some favorable company-specific factors against falling oil prices. This was reflected by a shy rise in the S&P Qatar index of 0.1%. 34 out of 51 traded stocks posted price drops, while 13 stocks registered price gains, and four stocks saw no price change week-on-week.

A closer look at individual stocks shows that Masraf Al Rayan's share price went up by 2.7% week-on-week to QR 2.405. EFG-Hermes raised its recommendation on Masraf Al Rayan's stock to "Buy" from "Neutral", with a price target of QR 2.79, which implies a 19% increase from last price. The Commercial Bank's share price increased by 1.2% to QR 4.199. EFG-Hermes raised its recommendation on The Commercial Bank's stock to "Buy" from
"Neutral", with a price target of QR 5.29, which implies a 27% increase from last price. Industries Qatar's share price edged up by 0.6% to QR 12.980. Qatar Electricity & Water's share price closed 0.5% higher at QR 15.860. Industries Qatar's share price rose by 0.6% to QR 12.980.

In contrast, Qatar Fuel's share price decreased by 0.6% week-on-week to QR 14.810. Qatar Gas Transport's share price went down 0.9% to QR 4.172. Qatar Industrial Manufacturing' share price closed 0.2% lower at QR 2.538. Ezdan Holding Group's share price dropped by 2.8% to QR 1.170. Qatar Navigation's share price fell by 2.1% to QR 10.920. Vodafone Qatar's share price shed 0.6% to QR 1.838. Qatar Insurance's share price contracted by 1.3% to QR 2.081.

FIXED INCOME MARKETS: ACROSS-THE-BOARD UPWARD PRICE MOVEMENTS IN MENA BOND MARKETS THIS WEEK

MENA fixed income markets saw across-the-board upward price movements this week, mainly tracking US Treasuries move after the US Federal Reserve's preferred measure of underlying inflation accelerated year-on-year in October 2024, helping explain policymakers' more cautious approach to lowering interest rates.

In the Qatari credit space, sovereigns maturing in 2030 saw price rises of 0.83 pt week-on-week. Prices of Ooredoo'26 went up by 0.10 pt. Amongst financials, QNB'26 nudged down by 0.04 pt.

In the Saudi credit space, sovereigns maturing in 2027 and 2030 registered price expansions of 0.22 pt and 0.69 pt respectively. As to credit rating changes, Moody's upgraded the long-term issuer ratings to "Aa3" from "A1" of Public Investment Fund, Aramco, SABIC, Saudi Electricity Company and Saudi Power Procurement Company, and changed their outlook of all entities to "stable" from "positive". The rating action is a direct consequence of Moody's upgrade of the sovereign rating of the Government of Saudi Arabia to "Aa3" from "A1" with a "stable" outlook. Concurrently, SEC'28 closed up by 0.37 pt. STC'29 traded up by 0.39 pt. Prices of Saudi Aramco'25 went up by 0.24 pt.

In the Dubai credit space, sovereigns maturing in 2029 posted price rises of 0.20 pt week-on-week. DP World'30 traded up by 0.31 pt. Emirates Airlines'28 closed up by 0.13 pt. Prices of Majid Al Futtaim'29 increased by 0.17 pt. In contrast, Emaar'26 registered price contractions of 0.11 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2027 and 2031 saw weekly price expansions of 0.21 pt and 0.82 pt respectively. Mubadala'27 was up 0.16 pt. Prices of Taqa'28 went up by 0.31 pt.

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In the Bahraini credit space, sovereigns maturing in 2027 and 2031 recorded price gains of 0.20 pt and 0.35 pt respectively this week. As to new issues, Bahrain raised US$ 1.25 billion this week from the sale of a seven-year 144A/Reg S senior unsecured Sukuk at a coupon rate of 5.875%, against an initial price guidance of 6.25%.

In the Omani credit space, sovereigns maturing in 2027 and 2029 saw price gains of 0.14 pt and 0.30 pt this week. In contrast, Omantel'28 traded down by 0.48 pt.

In the Iraqi credit space, sovereigns maturing in 2028 posted weekly price rises of 0.38 pt. As to credit ratings, Fitch affirmed Iraq's long-term foreign currency Issuer Default Rating at "B-" with a "stable" outlook. Iraq's "B-" rating reflects, according to Fitch, the country's high commodity dependence, weak governance and high level of political risk.

In the Jordanian credit space, sovereigns maturing in 2027 and 2030 recorded price expansions of 0.87 pt and 0.71 pt respectively week-on-week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030 and 2032 posted price expansions of 0.41 pt, 0.50 pt and 1.51 pt respectively. Euro-denominated sovereigns maturing in 2026 and 2031 traded up by 0.33 pt and 2.23 pts respectively.

All in all, activity in regional bond markets remained skewed to the upside over this week, mainly tracking increases in US Treasuries after the October PCE report showed an acceleration in year-on-year total PCE inflation to 2.3% from 2.1% in September and an acceleration in year-on-year core PCE inflation to 2.8% from 2.7%, while the US Federal Reserve is looking for clues on how much it should lower interest rates.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	29-Nov-24	22-Nov-24	31-Dec-23	Week-on-week	Year-to-date
Abu Dhabi	40	40	41	0	-1
Dubai	61	61	63	0	-2
Kuwait	66	65	46	1	20
Qatar	40	40	46	0	-6
Saudi Arabia	60	62	54	-2	6
Bahrain	188	191	204	-3	-16
Morocco	99	91	111	8	-12
Egypt	553	591	1,152	-38	-599
Iraq	318	338	450	-20	-132
Middle East	158	164	241	-6	-83
Emerging Markets	44	46	42	-2	2
Global	282	282	379	0	-97

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$)	29-Nov-24	22-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)	49.59	49.67	30.89	-0.2%	60.5%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,310.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.76	3.75	3.75	0.0%	0.1%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	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)	249.92	249.99	250.27	0.0%	-0.1%
NORTH AFRICA					
Algerian Dinar (DZD)	133.23	133.87	134.17	-0.5%	-0.7%
Moroccan Dirham (MAD)	10.00	10.07	9.88	-0.8%	1.2%
Tunisian Dinar (TND)	3.14	3.17	3.07	-0.9%	2.4%
Libyan Dinar (LYD)	4.88	4.88	4.77	0.0%	2.3%
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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