Bank Audi

MENA WEEKLY MONITOR

DECEMBER 22 - DECEMBER 28,2024
WEEK 52

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Economy

p.2 **QATAR'S ECONOMY HAS SHOWN SIGNS OF A GRADUAL REBOUND AS PER IMF**

An International Monetary Fund (IMF) staff team, led by Ms. Ran Bi, visited Doha during November 10–21, 2024 to conduct discussions for the 2024 Article IV consultation.

Also in this issue

p.3 Saudi Arabia's tourism sector indicators improve in Q2 2024
p.4 UAE's tax framework improves with 450k businesses registering for taxation and indirect taxes reaching circa US$ 3 billion per annum
p.4 European commission provides US$ 1 billion in macro-financial assistance to Egypt

Surveys / Reports

p.5 **ABU DHABI'S PROPERTY MARKET CONTINUES UPWARD MOMENTUM IN Q3 2024, AS PER JLL**

Abu Dhabi's property market continues upward momentum in Q3 2024, according to Jones Lang LaSalle (JLL)'s latest Abu Dhabi Markets Dynamics report.

Also in this issue

p.6 Fitch Ratings revises Oman's outlook from "stable" to "positive"

Corporate News

p.7 **SAUDI'S KINGDOM HOLDING BUYS US$ 400 MILLION STAKE IN MUSK'S AI COMPANY**

Kingdom Holding Company (KHC), a Saudi conglomerate with interests in key sectors such as hotel management, real estate and equity, announced that it has acquired a key stake in xAI Corporation, an artificial intelligence company founded by Elon Musk and a team of global engineers, for US$ 400 million (SR 1.5 billion) through participation in the Series C funding round.

Also in this issue

p.7 NEOM and Samsung C&T in US$ 350 million construction robotics deal
p.7 Snowflake launches in Saudi Arabia with new Middle East HQ
p.8 Agility to build major warehousing facility in Riyadh
p.8 7X signs MoU with SC Ventures to empower SMEs in MENA
p.8 Ceer and Schuler partner for building the most advanced press shop in MENA

Markets In Brief

p.9 **MENA EQUITIES CLOSE THE WEEK ON POSITIVE NOTE, BOND PRICES MOSTLY DOWN**

MENA equity markets closed the week on a positive territory this week, as reflected by a 0.3% rise in the S&P Pan Arab Composite index, mainly tracking global equity strength (+0.9%), while also supported by higher oil prices on China stimulus hopes. In contrast, regional fixed income markets continued to see mostly downward price movements this week, mainly tracking US Treasuries move as traders continued to digest the outlook for the US Federal Reserve policy next year, bearing in mind that policy makers forecast in December FOMC meeting two interest rate cuts instead of four predicted back in September.

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MENA MARKETS: December 22 - December 28, 2024

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	-0.7%	Average weekly bond price change	-0.05 pt
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+0.7%	Average yearly bond price change	+1.88 pt

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ECONOMY

QATAR'S ECONOMY HAS SHOWN SIGNS OF A GRADUAL REBOUND AS PER IMF

An International Monetary Fund (IMF) staff team, led by Ms. Ran Bi, visited Doha during November 10–21, 2024 to conduct discussions for the 2024 Article IV consultation. At the conclusion of the visit, Ms. Bi issued the following statement:

"Following the post-World Cup growth moderation in 2023, Qatar's economy has shown signs of a gradual rebound. Real GDP growth declined from 4.2% in 2022 to 1.2% in 2023, mainly due to contracting construction activities and moderating services growth after the 2022 FIFA World Cup. Tourism, on the other hand, strengthened significantly since the World Cup. Recent high frequency indicators and labor market development point to gradual growth strengthening in2024. The 2024-25 real GDP growth is expected to reach 2%, supported by public investment, spillovers from the ongoing LNG expansion project, and strong tourism. The medium-term outlook is more favorable, with the average annual growth projected to be around 4¾ percent, benefitting from the significant LNG production expansion and NDS3 reform implementation. Following the earlier monetary policy tightening, headline inflation is likely to ease to 1% in 2024 and gradually converge to 2%. The fiscal and current accounts are projected to remain in surpluses over the medium term. Risks to the outlook are broadly balanced.

"While some fiscal space was deployed to support the slowing economy in 2023, the fiscal stance remained consistent with the level that ensures intergenerational equity. Continued fiscal discipline is expected for 2024, and broadly prudent spending plans are envisaged under the upcoming 2025 budget. The extension of the medium-term budget to cover five years and progress in implementing program-based budgeting are commendable. The positive economic outlook provides an opportunity to accelerate revenue diversification especially to introduce a value-added tax, enhance spending efficiency and gradually align domestic and export energy prices, and reorient public spending to facilitate private sector growth. Adopting a full-fledged medium-term fiscal framework, with a fiscal anchor to ensure intergenerational equity and complemented by greater transparency and risk management, will enhance fiscal sustainability and support economic transformation.

"The Qatar Central Bank (QCB) has broadly maintained the monetary policy in line with the U.S. Federal Reserve, consistent with the currency peg to the U.S. dollar. Its progress in enhancing liquidity management is commendable, and continued efforts are important to further strengthen the effectiveness of the monetary operational framework. The banking sector remains healthy, thanks to robust buffers, diligent QCB supervision and ample hydrocarbon liquidity. Continued vigilance is important to ensure banking sector stability, including to manage banks' net foreign liabilities (although their average maturity have lengthened and external funding sources have become more diversified), address asset quality concerns in some banks, and monitor the interconnectedness between banks and the public sector. Moreover, formalizing the financial safety net would further enhance predictability, efficiency, and confidence. Keeping the momentum in domestic financial market deepening is also important, guided by the Third Financial Sector Strategy. Qatar's excellent progress in fighting financial crimes should continue.

"Achieving Qatar's vision to shift from a state-led growth model to a more knowledge-based and private sector-driven one requires enhancing human capital and economic complexity. Strong reform momentum created by NDS3 is encouraging and the success hinges on proper prioritization and enhanced inter-agency coordination in reform implementation. Priorities are to build a highly skilled labor force, foster innovation, promote trade diversification, FDI and domestic knowledge spillovers, and further enhance business efficiency. Qatar is well positioned to benefit from AI adoption and broader digitalization while due attention is needed to monitor their labor market impact. A concerted effort among stakeholders is critical to fulfill Qatar's climate goals. Enhancing data availability and quality would support the path forward.

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SAUDI ARABIA'S TOURISM SECTOR INDICATORS IMPROVE IN Q2 2024

According to data recently released by the Saudi General Authority for Statistics (GASTAT), the majority of key indicators for the tourism sector in Saudi Arabia noted a year-on-year improvement between the second quarter (Q2) of 2023 and Q2 2024.

In details, the total number of employees in Saudi Arabia's tourism and tourism related activities sector recorded 959,175 at the end of Q2 2024, up by 5.1% year-on-year against 912,917 employees at the end of Q2 2023.

However, the share of tourism activities employees against total employees in the private sector recorded a year-on-year decrease of 5.5% (0.5 percentage points) reaching a contribution of 8.6% at the end of Q2 2024, down from a share of 9.1% at the end of Q2 2023. This decrease in the contribution comes from a denominator side increase outpacing the nominator side increase noted above, as per data from GASTAT. Looking at the performance of hotels in Saudi Arabia during Q2 2024, an occupancy rate of 55.4% was noted, up by 0.9% (0.5 percentage points) year-on-year from 54.9% in Q2 2023. The average length of stay in Saudi hotels during Q2 2024 was 18.2% longer than Q2 2023, reaching 5.2 days on average in the former, up from 4.4 days on average in the latter. On the other hand, the Average Room Rate for hotels in Saudi Arabia recorded SAR 725.5/day in Q2 2024, noting a year-on-year decrease of 4.0% from SAR 756.1/day in Q2 2023.

In parallel, looking at the performance of serviced apartments and other hospitality facilities in Saudi Arabia during Q2 2024, an occupancy rate of 52.4% was noted, up by 2.9% (1.5 percentage points) year-on-year from 50.9% in Q2 2023. The Average Room Rate for hotels in Saudi Arabia recorded SAR 254.3/day in Q2 2024, noting a year-on-year jump of 15.2% from SAR 220.7/day in Q2 2023. On the other hand, the average length of stay in Saudi serviced apartments and other hospitality facilities during Q2 2024 was 12.5% shorter than Q2 2023, reaching 2.1 days on average in the former, down from 2.4 days on average in the latter, as per data from GASTAT.

KEY INDICATORS OF THE TOURISM SECTOR IN SAUDI ARABIA FOR Q2 2024

	Q2-2023	Q2-2024	Year-on-year variation
Total employees in tourism activities	912,197	959,175	5.1%
Share of tourism activities employees from total employees in the private sector (%)	9.1	8.6	-5.5%
Rooms occupancy rate of serviced apartments and other hospitality facilities (%)	50.9	52.4	2.9%
Rooms occupancy rate of hotels (%)	54.9	55.4	0.9%
Average room daily rate of hotels (SAR)	756.1	725.5	-4.0%
Average room daily rate of serviced apartments and other hospitality facilities (SAR)	220.7	254.3	15.2%

Source: GASTAT, Bank Audi Group' Research Department

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UAE'S TAX FRAMEWORK IMPROVES WITH 450K BUSINESSES REGISTERING FOR TAXATION AND INDIRECT TAXES REACHING CIRCA US$ 3 BILLION PER ANNUM

The United Arab Emirates (UAE)' tax framework in 2024 continues to improve following the implementation of corporate taxes. The number of companies registered for corporate tax in the UAE has surpassed 450,000, demonstrating a strong commitment from the business sector to align with the new tax system.

According to the Emirati Federal Tax Authority (FTA), work is ongoing to strengthen partnerships and expand the reach of awareness campaigns and training workshops, aiming to provide a clearer understanding of the tax system and facilitate compliance for businesses.

Additionally, according to the Emirati Undersecretary of the Ministry of Finance, indirect taxes in the UAE generate between AED 10 and 11 billion (between US$ 2.7 billion and US$ 3.0 billion) per annum. This amount covers a share of circa 16.2% of the government's federal budget of AED 65 billion (US$ 17.7 billion).

EUROPEAN COMMISSION PROVIDES US$ 1 BILLION IN MACRO-FINANCIAL ASSISTANCE TO EGYPT

The European Commission has recently adopted a decision to disburse EUR 1.0 billion (US$ 1.0 billion) in loans to Egypt following the fulfilment of the policy conditions agreed with the European Union (EU) under the ongoing Macro-Financial Assistance (MFA).

This financial support will help Egypt cover part of its financing needs for the fiscal year 2024/2025 and ensure macroeconomic stability, while supporting its homegrown reform agenda in conjunction with the ongoing International Monetary Fund (IMF) program.

This instalment comes after the Commission concluded that Egypt has taken measures to strengthen macro-economic resilience by unifying its fragmented exchange rate and improving its public financial management, while scaling up its social safety program. Progress has been made in the business and investment environment, through increased transparency on investment and import conditions as well as strengthening the role of the competition authority.

Advancements have also been achieved in promoting the green transition by adopting the updated Egyptian Sustainable Energy Strategy until 2040 and advancing private sector participation in renewable energy production.

It is worth noting that this MFA, along with the second operation of EUR 4.0 billion (US$ 4.2 billion) that is currently under discussion with co-legislators, forms a fundamental part of the EU-Egypt Strategic and Comprehensive Partnership. It comes in response to multiple economic challenges over the last years, exacerbated by the complex geopolitical situation in the Middle East, where Egypt is a key pillar of stability and a strategic partner of the EU.

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SURVEYS / REPORTS

ABU DHABI'S PROPERTY MARKET CONTINUES UPWARD MOMENTUM IN Q3 2024, AS PER JLL

Abu Dhabi's property market continues upward momentum in Q3 2024, according to Jones Lang LaSalle (JLL)'s latest Abu Dhabi Markets Dynamics report.

In the office sector the total number of rental registrations in Abu Dhabi's occupier market reached 12,957 during Q3 2024, marking an increase of 44.4% compared to the year prior. This growth has been supported by a 65.9% rise in new registrations and a 7.7% increase in the total number of renewed contracts registered. Although a significant share of occupier demand continues to stem from entities with direct government links, there have been strong demand from private businesses looking to expand their footprint within the capital. However, the limited availability of quality assets has led several entities to either commit to longer lease terms in their existing spaces or consider built-to-suit options. Given this supply shortage, there is also increased demand for serviced office spaces, predominantly from start-ups and SMEs.

With such growth in the levels of occupier demand and increased take-up, the average vacancy rate within the capital reached 4.1% in the third quarter of the year. This current market backdrop continues to drive performance, with average rents reaching AED 1,632 per square meters per annum in Q3 2024, while marking an increase of 10.8% compared to the year prior. Over this period, average Prime, Grade A, and Grade B rents registered year-on-year increases of 10.9%, 9.5% and 11.5%, respectively.

Performance within capital's occupier market is expected to remain robust over the upcoming period, this is expected to be underpinned by demand from both incumbent and new market entrants. Prime and Grade A assets are expected to continue outperforming the broader market, particularly given the elevated demand levels for these assets despite their limited availability.

ABU DHABI'S MAIN INDICATORS IN OFFICE SECTOR DURING Q3 2024

Total stock	3.97 m sq.m.
Future stock – Q4 2024	70,100 sq. m.
Average rents	10.8% Y-o-Y
Prime rents	10.9% Y-o-Y
Grade A rents	9.5% Y-o-Y
Grade B rents	11.5% Y-o-Y
Vacancy rate	4.1%

Source: JLL

In parallel, in the third quarter of 2024, the total number of rental registrations within the capital's retail market stood at 7,879, marking an increase of 10.1% compared to the year prior. Over this period, new rental registrations grew by 38.2%, whereas renewed registrations recorded a decline of 4.9%.

Alongside the Food and Beverage (F&B) sector, which continues to capture a significant portion of demand, there are a number of international retailers looking to establish and expand within the capital, as per JLL. Core and primary locations remain the central focus of those occupiers despite the limited availability of vacant quality assets within those areas.

Whilst these current market fundamentals have resulted in a more landlord-favored market, the landlords were willing to provide incentives and flexible terms to equity brands and businesses that can improve footfall levels. Given this, the vacancy rate within the capital's retail market stood at 15.0% in the third quarter of the year. The strong demand and increased activity levels continued to drive performance, where Abu Dhabi's average retail rents rose by 3.8% year-on-year in Q3 2024.

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As to the hospitality sector, Abu Dhabi's hospitality market continues to show robust visitation levels. According to the Department of Culture and Tourism, a total of 2.4 million hotel visitors were registered in the first five months of the year. Destinations, including the likes of Yas Island and Saadiyat Island, continue to capture a significant portion of international visitors, given their leading position as leisure and entertainment destinations.

These strong visitation figures are driving growth in the industry's Key Performance Indicators (KPIs), where year-on-year in the first nine months of 2024, the average occupancy registered an increase of 7.1%, and Abu Dhabi's ADR rose 12.2%, reaching AED 527. As a result, the capital's average RevPAR increased by 23.6% in 9M 2024 when compared to 9M 2023, standing at AED 406.

ABU DHABI'S MAIN INDICATORS IN HOSPITALITY SECTOR DURING Q3 2024

Total stock	32,800 keys
Future stock – Q4 2024	540 keys
ADR - Abu Dhabi (YT Sept)	12.2%
RevPAR - Abu Dhabi (YT Sept)	23.6%
Occupancy - Abu Dhabi	7.1 PP

Source: JLL

FITCH RATINGS REVISES OMAN'S OUTLOOK FROM "STABLE" TO "POSITIVE"

Fitch Ratings revised the outlook on Oman's long-term foreign-currency Issuer Default Rating (IDR) from "stable" to "positive" and affirmed the IDR at "BB+".

The "positive" outlook reflects the continued reduction of government and State-Owned Entities (SOEs) debt/GDP, lower net external debt and the accumulation of net sovereign foreign assets. The outlook also reflects greater confidence in the resilience of public finances, evidenced by a growing record of fiscal prudence, a lower fiscal break-even oil price (below US$ 70 per barrel), and the availability of more fiscal tools to respond to shocks than in the past.

Oman's ratings are supported by higher GDP per capita and World Bank Governance Indicators than peer group medians, the positive impact of recent budget reforms, and decreasing government debt/GDP.

Fitch projects Oman's budget surplus to narrow to 0.7% of GDP in 2025 and to turn to a minor deficit of 0.2% in 2026 from a forecast of a 2% surplus in 2024. This assumes Brent oil price of US$ 70 per barrel in 2025 and US$ 65 in 2026, as per Fitch. The credit rating agency assumes OPEC+ would gradually unwind production cuts from 2Q25 and domestic gas sales would rise, which would mitigate part of the revenue loss from lower oil prices, although overall hydrocarbon revenue would still drop by 10% in 2025.

Concurrently, Fitch projects Oman's non-oil primary balance to continue to gradually improve with spending moderation and strengthened tax collection. Fitch estimates the non-oil primary deficit as a share of non-oil GDP at 27% in 2024, down from 43% in 2020 and forecast it to reach close to 24% in 2026. The authorities continue to improve tax enforcement while streamlining taxes and fees, resulting in moderate growth of non-oil revenue. There are no plans to increase VAT, although this provides a revenue tool that was absent during the last oil price shock. Oman is making progress towards personal income tax, which could bring a small amount of additional revenue.

On the spending side, Oman maintains restraint on the public sector wage bill. The extension of the social safety in 2024 represents 1.3% of GDP, with the majority of funds going to old age and child support. This permanent increase in social transfers would be partly financed by lower spending on fuel subsidies as oil prices fall from 2025 (0.7% of GDP saving) and lower spending on interest (0.8% of GDP in saving over 2024-2026). The reform of electricity subsidies is slowly continuing, driven by rising technical efficiency and reorganization of the sector.

On the other hand, high dependence on oil revenue, modest financial buffers given high exposure to volatile hydrocarbon prices, and Oman's net external debtor position weigh on the ratings.

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CORPORATE NEWS

SAUDI'S KINGDOM HOLDING BUYS US$ 400 MILLION STAKE IN MUSK'S AI COMPANY

Kingdom Holding Company (KHC), a Saudi conglomerate with interests in key sectors such as hotel management, real estate and equity, announced that it has acquired a key stake in xAI Corporation, an artificial intelligence company founded by Elon Musk and a team of global engineers, for US$ 400 million (SR 1.5 billion) through participation in the Series C funding round.

This transaction follows KHC's previous investment at the same value in xAI during its Series B funding round.

According to KHC, xAI's financial statements for the last three years are unavailable as it is a newly established entity. However, it has been valued at US$ 45 billion in the recent Series C funding round, thus reflecting a significant increase from its valuation of US$ 25 billion during the Series B funding round.

NEOM AND SAMSUNG C&T IN US$ 350 MILLION CONSTRUCTION ROBOTICS DEAL

NEOM, the sustainable development taking shape in the northwest of Saudi Arabia, signed a Joint Venture (JV) agreement with Samsung C&T Corporation, a South Korean construction and engineering company, to unlock an initial investment of more than US$ 345 million (SR 1.3 billion) in construction robotics, as revealed in a company statement.

The agreement would accelerate the development and deployment of cutting-edge construction automation technology in Saudi Arabia.

The joint venture was coordinated by the Saudi group's strategic investment arm, NEOM Investment Fund (NIF), which plays a pivotal role in driving the development of NEOM's ecosystem by fostering new businesses and accelerating value creation across NEOM's 15 sectors.

The agreement would establish rebar cage assembly factories in NEOM, creating more than 2,000 highly skilled job opportunities locally, while meeting the extensive requirements for construction of THE LINE and other key developments in the region.

Through automation, adoption of rebar assembly technology can reduce manual workforce hours by up to 80%, based on global average installation metrics for traditional construction methods, improving safety and quality, reducing material waste and reducing cage assembly costs by up to 40%.

SNOWFLAKE LAUNCHES IN SAUDI ARABIA WITH NEW MIDDLE EAST HQ

US-based Snowflake, an AI Data Cloud company, announced its growing presence in the Middle East with the establishment of a new Regional Headquarters (RHQ) in Riyadh, Saudi Arabia, and general availability on Google Cloud in Saudi Arabia.

Snowflake's expansion in Saudi Arabia would support Saudi organizations to meet local data regulations with faster, cost-efficient, secure and compliant data solutions. Organizations such as Almarai are using Snowflake's AI Data Cloud to better access data to drive business decision making, all in a secure and governed platform.

Customers across the Middle East have already been using Snowflake's AI Data Cloud to discover and securely share data, as well as execute diverse analytic workloads, via Snowflake's existing regional deployment in Dubai. With the addition of Snowflake's deployment on Google Cloud in Saudi Arabia, regional customers have further flexibility of choice for deployment, and are able to choose a geographical region that best suits their operational needs.

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AGILITY TO BUILD MAJOR WAREHOUSING FACILITY IN RIYADH

Riyadh Development Company (ARDCO) signed an agreement with UAE-based Agility Logistics Parks (ALP), one of the largest private owners and developers of warehousing and light industrial parks in the Middle East, Africa and South Asia, for the construction of a major warehousing facility in Saudi Arabia at a total investment of US$ 60.3 million (SR 227 million), as indicated in a company statement.

The project involves construction of 58,000 square meters of Grade A warehousing on a 97,904 square meters parcel of land at a prime area in the Rimal district of Riyadh.

As per the deal, the integrated logistics center would be built by Agility on a land owned by ARDCO. Work on the project would begin in 2025 and the complex is expected to open in the first half of 2026.

7X SIGNS MOU WITH SC VENTURES TO EMPOWER SMES IN MENA

7X, the new brand identity of Emirates Post Group Company, signed a Memorandum of Understanding (MoU) with SC Ventures, Standard Chartered's innovation, fintech investment and ventures arm, as revealed in a company statement.

The partnership aims to combine the complementary strengths of both entities to power an innovation-driven, SME-focused venture in the MENA region. This initiative seeks to address market pain points and unlock new growth opportunities.

By focusing on extensive market insights and encouraging collaboration, the venture would deliver cutting-edge solutions tailored to the unique challenges faced by SMEs, such as access to funding, market entry barriers and operational inefficiencies.

Leveraging innovative business models, SME validation frameworks, and a strategic go-to-market approach, the initiative would develop and test a Minimum Viable Product (MVP), designed to empower SMEs with scalable, technology-enabled solutions that foster sustainable growth and market resilience.

CEER AND SCHULER PARTNER FOR BUILDING THE MOST ADVANCED PRESS SHOP IN MENA

Ceer, Saudi Arabia's first Electric Vehicle (EV) brand and Original Equipment Manufacturer (OEM), partnered with German-based Schuler to supply and install the first completely automatic press shop at its state-of-the-art Ceer Manufacturing Complex (CMC) in King Abdullah Economy City, the most advanced manufacturing facility in the MENA region.

The CMC encompasses every stage of vehicle production, from press shop and body shop to paint shop and general assembly. It also integrates comprehensive logistics, waste management, warehousing, offices, a water treatment system and a dedicated vehicle test track.

This landmark partnership with Schuler marks a crucial first step in Ceer's manufacturing process, and would form the backbone of its electric vehicle production, paving the way for a new era of smart manufacturing in the region.

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CAPITAL MARKETS

EQUITY MARKETS: ACTIVITY IN MENA EQUITIES MOSTLY SKEWED TO UPSIDE

MENA equity markets closed the week on a positive territory this week, as reflected by a 0.3% rise in the S&P Pan Arab Composite index, mainly tracking global equity strength (+0.9%), while also supported by higher oil prices on China stimulus hopes.

The heavyweight Saudi Exchange, whose market capitalization represents more than 60% of the total regional market capitalization, traded between gains and losses this week, mainly as global equity price gains, higher Brent oil prices (+0.8% to US$ 74.17 per barrel on Friday) and some favorable company-specific factors, were offset by some reshuffling activity towards the end of the year.

A closer look at individual stocks shows that SABIC's share price closed 1.1% higher at SR 67.20 this week. SABIC's Board of Directors recommended the distribution of dividends at a rate of SR 1.7 per share for the second half of 2024. SABIC Agri-Nutrients' share price rose by 0.9% to SR 109.20. SABIC Agri-Nutrients' Board of Directors recommended the distribution of dividends at a rate of SR 3 per share for the second half of 2024. Saudi Kayan Petrochemical Company's share price expanded by 1.5% to SR 6.90. Advanced Petrochemical Company's share price increased by 0.6% to SR 32.40. United International Holding Company's share price advanced by 1.4% to SR 175.00. EFG-Hermes initiated coverage of United International Holding Company's stock with a recommendation of "Neutral", and a price target of SR 169, which implies a 0.2% increase from last price.

As to banking stocks, Saudi National Bank's share price went up by 0.5% week-on-week to SR 33.15. Saudi Awwal Bank's share price surged by 3.0% to SR 32.85. Al Rajhi Bank's share price increased by 2.2% to SR 91.90. Arab National Bank's share price rose by 1.5% to SR 20.40. Alinma Bank's share price closed 1.3% higher at SR 28.35.

In contrast, Saudi Aramco's share price contracted by 3.5% week-on-week to SR 28.00. Petro Rabigh's share price retreated by 0.4% to SR 8.13. Sipchem's share price declined by 0.5% to SR 24.00. eXtra's share price shed 6.9% to SR 91.20. Almarai's share price went down by 1.9% to SR 56.90. Mouwasat's share price moved 0.8% lower to SR 86.90. Sulaiman Al Habib's share price dropped by 4.8% to SR 284.40. Saudi Paper Manufacturing Company's share price nudged down by 0.2% to SR 62.40. Arabian Drilling's share price decreased by 0.9% to SR 111.80. Najran Cement's share price retreated by 0.6% to SR 9.02.

EQUITY MARKETS INDICATORS (DECEMBER 22 - DECEMBER 28, 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	221.7	7.3%	21.6%	16.8	-19.9%	0.3	25,052.7	3.5%	-	0.56
Jordan	383.8	1.5%	3.8%	19.9	-32.1%	16.5	24,232.4	4.3%	9.0	1.22
Egypt	243.8	-1.9%	-27.8%	189.9	-34.0%	6,284.8	42,281.7	23.4%	9.2	2.36
Saudi Arabia	511.9	0.1%	-2.2%	3,866.7	-42.8%	3,250.3	2,712,692.9	7.4%	16.7	4.12
Qatar	170.9	-0.5%	-3.3%	349.5	19.1%	698.5	169,194.5	10.7%	12.5	1.56
UAE	151.0	1.2%	9.5%	2,409.0	-35.1%	2,555.2	1,041,910.4	12.0%	19.3	3.55
Oman	249.6	-0.5%	-0.5%	51.8	3.9%	191.5	31,379.3	8.6%	10.9	0.96
Bahrain	230.1	-0.5%	2.5%	5.6	-26.5%	10.0	19,063.9	1.5%	10.9	1.29
Kuwait	135.0	0.9%	7.4%	609.3	-24.4%	1,444.8	139,210.3	22.8%	17.2	1.91
Morocco	306.5	-1.0%	16.4%	317.4	19.5%	16.6	73,862.9	22.3%	19.2	2.77
Tunisia	66.2	0.2%	3.1%	41.3	47.3%	11.2	7,641.1	28.1%	10.7	1.96
Arab Markets	**981.4**	**0.3%**	**0.7%**	**7,877.2**	**-35.7%**	**14,479.6**	**4,286,522.1**	**9.6%**	**16.9**	**3.69**

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

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Boursa Kuwait registered price gains of 0.9% this week, mainly tracking a global risk-on sentiment, and driven by higher oil prices. A closer look at individual stocks shows that National Bank of Kuwait's share price went up by 1.0% to KWf 879. Al Ahli Bank of Kuwait's share price rose by 1.5% to KWf 270. Kuwait International Bank's share price increased by 1.1% to KWf 191. Kuwait Finance House's share price nudged up by 0.7% to KWf 749. Kuwait Investment Company's share price closed 0.6% higher at KWf 172. Heavy Engineering Industries and Shipbuilding's share price rose by 0.9% to KWf 820. National Industries Group's share price increased by 1.2% to KWf 252. Agility Public Warehousing's share price expanded by 2.4% to KWf 256. Mabanee's share price edged up by 0.9% to KWf 787. Kamco Invest's share price moved 2.4% higher to KWf 127. Independent Petroleum Group's share price went up by 1.7% to KWf 473.

In contrast, the Qatar Stock Exchange continued to trace a downward trajectory this week, as reflected by a 0.5% decrease in the S&P Qatar index, mainly on reshuffling activity towards the end of the year. 39 out of 51 traded stocks posted price drops, while 10 stocks registered price gains, and two stocks saw no price change week-on-week.

A closer look at individual stocks shows that QNB's share price decreased by 0.9% week-on-week to QR 17.090. Qatar International Islamic Bank's share price went down by 0.9% to QR 10.550. Al Ahli Bank's share price dropped by 1.1% to QR 3.440. Doha Bank's share price shed 1.6% to QR 1.969. The Commercial Bank's share price closed 0.9% lower at QR 4.260. Qatar Industrial Manufacturing's share price nudged down by 0.6% to QR 2.502. Ooredoo' share price contracted by 2.1% to QR 11.330. Qatar Insurance's share price moved 3.9% lower to QR 2.141. Qatar Aluminum Manufacturing' share price retreated by 0.9% to QR 1.224. Ezdan Holding Group's share price fell by 3.2% to QR 1.115. Barwa Real Estate's share price edged down by 0.2% to QR 2.817. Vodafone Qatar's share price declined by 0.5% to QR 1.848.

FIXED INCOME MARKETS: MENA BOND PRICES MOSTLY DOWN THIS WEEK, TRACKING US TREASURIES MOVE

MENA fixed income markets continued to see mostly downward price movements this week, mainly tracking US Treasuries move as traders continued to digest the outlook for the US Federal Reserve policy next year, bearing in mind that policy makers forecast in December FOMC meeting two interest rate cuts instead of four predicted back in September.

In the Saudi credit space, sovereigns maturing in 2027, 2030 and 2031 registered price contractions of up to 0.08 pt week-on-week. Prices of SABIC'28 dropped by 0.13 pt. In contrast, Saudi Aramco'25 traded up by 0.10 pt. Prices of STC'29 expanded by 0.52 pt. In the Qatari credit space, sovereigns maturing in 2030 saw price drops of 0.13 pt week-on-week. Amongst financials, QNB'26 traded up by 0.10 pt.

In the Dubai credit space, sovereigns maturing in 2029 posted price decreases of 0.07 pt week-on-week. DP World'30 was down by 0.05 pt. Prices of Majid Al Futtaim'29 went down by 0.16 pt. In contrast, prices of Emaar'26 rose by 0.26 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2026 saw weekly price rises of 0.08 pt, while sovereigns maturing in 2027 and 2031 saw price drops of 0.05 pt and 0.14 pt respectively. ADNOC'29 was down by 0.12 pt. In contrast, Mubadala'26 was up by 0.06 pt. Amongst financials, FAB'25 traded down by 0.13 pt.

In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 recorded price declines of up to 0.34 pt week-on-week. Prices of NOGA'27 fell by 0.11 pt. In the Jordanian credit space, sovereigns maturing in 2026 saw price rises 0.11 pt, while sovereigns maturing in 2027 and 2030 saw price contractions of 0.12 pt and 0.40 pt respectively week-on-week.

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In the Omani credit space, sovereigns maturing in 2029 registered price drops of 0.14 pt week-on-week. Omantel'28 traded down by 0.08 pt. Fitch Ratings revised Omantel's outlook to "Positive" from "Stable", while affirming its long-term Issuer Default Rating (IDR) at "BB+". The outlook revision follows the same rating action on Oman's "BB+" sovereign rating on 18 December 2024.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 rose by 0.06 pt week-on-week. KIPCO'27 traded down by 0.48 pt. Fitch Ratings revised KIPCO's outlook to "Negative" from "Stable", while affirming its long-term Issuer Default Rating at "BB-". The "Negative" outlook reflects, according to Fitch, increased leverage, with a forecast net loan-to-value ratio of 51.2% at end-2024, versus the 41.4% projected previously.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 recorded price drops of up to 0.50 pt week-on-week. Euro-denominated sovereigns maturing in 2026 and 2031 traded down by 0.05 pt and 0.17 pt respectively.

All in all, activity in regional bond markets remained mostly skewed to the downside this week, mainly tracking declines in US Treasuries on prospects of slower US Fed monetary easing pace in 2025 and as traders continued to digest the potential worsening of country's fiscal backdrop under President-elect's administration.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	27-Dec-24	20-Dec-24	31-Dec-23	Week-on-week	Year-to-date
Abu Dhabi	43	46	41	-3	2
Dubai	63	66	63	-3	0
Kuwait	64	65	46	-1	18
Qatar	44	45	46	-1	-2
Saudi Arabia	63	66	54	-3	9
Bahrain	187	188	204	-1	-17
Morocco	97	97	111	0	-14
Egypt	578	578	1,152	0	-574
Iraq	291	293	450	-2	-159
Middle East	159	161	241	-2	-82
Emerging Markets	44	47	42	-3	2
Global	280	280	379	0	-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+/Positive/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$)	27-Dec-24	20-Dec-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)	50.87	50.89	30.89	0.0%	64.7%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,310.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.76	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%	0.1%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	0.1%
Yemeni Riyal (YER)	249.62	249.66	250.27	0.0%	-0.3%
NORTH AFRICA					
Algerian Dinar (DZD)	135.57	134.74	134.17	0.6%	1.0%
Moroccan Dirham (MAD)	10.09	10.06	9.88	0.4%	2.1%
Tunisian Dinar (TND)	3.19	3.19	3.07	0.1%	3.8%
Libyan Dinar (LYD)	4.91	4.89	4.77	0.4%	2.9%
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.