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A GCC Economic Update was released by the World Bank. For Bahrain, the economy is gradually picking up as pandemic pressures fade, non-oil economy recovers, and hydrocarbon production increases. The fiscal deficit remains high as emergency crisis-spending persists but is expected to narrow gradually.

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p.9 MARKETS IN BRIEF: LIGHT ACTIVITY IN MENA EQUITIES DURING FITR HOLIDAY WEEK, BOND MARKETS ON DECLINE ON US FED AGGRESSIVE MONETARY APPROACH

MENA equity markets saw light trading volumes and mixed price movements throughout the Fitr holiday week that was characterized by partial closure of domestic stock exchanges across the region. This was reflected by a nil change in the S&P Pan Arab Composite index week-on-week. In parallel, regional fixed income markets drifted lower, as the yield on the benchmark 10-year note topped the 3.0% level for the first time since November 2018 after the US Federal Reserve raised as expected the Federal funds rate by a half percentage point, the biggest hike in two decades, underlining its commitment to bring down a 40-year high inflation.

MENA MARKETS: MAY 1 - MAY 7, 2022

Stock market weekly trend	↔	Bond market weekly trend	↓
Weekly stock price performance	+0.0%	Weekly Z-spread based bond index	+2.1%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+17.0%	YTD Z-spread based bond index	-11.8%

ECONOMY

WORLD BANK RELEASES ITS GCC ECONOMIC UPDATE

A GCC Economic Update was released by the World Bank.

For Bahrain, the economy is gradually picking up as pandemic pressures fade, non-oil economy recovers, and hydrocarbon production increases. The fiscal deficit remains high as emergency crisis-spending persists but is expected to narrow gradually. The external balance will noticeably improve. The debt-to-GDP-ratio is expected to remain elevated during the forecast period to meet fiscal needs. Downside risks arise from oil price volatility and insufficient fiscal adjustment, which could worsen fiscal and external positions and intensify pressure on already high public debt, thereby threatening macroeconomic sustainability.

Bahrain's economic outlook hangs on oil market prospects, pandemic conditions, and reform implementation. Growth is projected to accelerate to 3.5% in 2022, boosted by the surge in energy prices caused by the economic consequences the war in Ukraine and associated sanctions. Recovery of the non-oil economy is likely to continue thanks to successful vaccination rollout and further relaxation of restrictions on movement. Over the medium-term, however, non-oil economic activity will be dampened by fiscal consolidation. The expansion of the Sitra oil refinery and development of the Khaleej al Bahrain shale oil project will support the country's growth outlook going forward. Inflation is expected to increase to 2.5% in 2022, fueled by the doubling of VAT to 10% and continued recovery in domestic demand.

Kuwait exited a two-year recession in 2021, as COVID-19 restrictions and OPEC+ cuts gradually eased. Its fiscal deficit is expected to narrow with surging oil prices and its economic recovery projected to gather pace in 2022, due to the combined effects of fewer pandemic-related restrictions, higher oil production, and rising oil prices, boosting both oil and non-oil sectors. New coronavirus variants, volatile oil prices, and continued political deadlock over key reforms are, however, downside risks.

Kuwait's economic growth in 2022 is expected to accelerate to 5.7% due to higher oil output, as OPEC+ cuts are phased out, and as domestic demand strengthens. Oil production is expected to increase by 8.6% in 2022 as OPEC+ lifts quotas and new capacity at the Al Zour refinery comes online. In the medium-term, real GDP will expand (averaging 3% for 2023-2024), thanks to stronger oil exports and credit growth. Stronger domestic demand will lend momentum to inflation in 2022. However, a gradual tightening of monetary policy from 2022 onwards will moderate inflation over the medium-term.

After a difficult 2020, Oman's economy is on a solid path to recovery amid the easing of pandemic pressures, higher hydrocarbon outputs, and wide-ranging government reforms. Frontloaded fiscal reforms, including VAT, and cuts in spending are expected to turn the country's fiscal and current account deficits into surpluses, starting from 2022. Downside risks include any resurgent pandemic pressures, volatility in oil prices, and slower implementation of the government's reform program. On the upside, rising hydrocarbon production, improved non-oil revenues, and the rationalization of expenditure could strengthen fiscal and external positions.

Oman's economy is expected to improve gradually and to strengthen in the medium-term, supported by higher oil and gas production and ongoing structural reform. Growth is projected to pass 5% in 2022, underpinned by more than 8% growth in the hydrocarbon sector, boosted by the increased production of liquefied natural gas in the key Ghazeeer and Khazzan fields. The country's non-oil economy will continue to grow, exceeding 2% in 2022, as fast vaccine rollout strengthens domestic activity. Over the medium-term, growth will decelerate to an average of 2.7 % per year in 2023-2024, while the hydrocarbon sector will remain the main driver of growth.

The effects of the war in Ukraine on the commodity markets and of its associated economic sanctions are positive, on balance, for Qatar's economy, the largest exporter of Liquid Natural Gas in the world. That aside, preparations for the soccer World Cup, scheduled for December 2022, have intensified diversification of the country's economy and bolstered non-oil activity despite the COVID-19 pandemic. Overall, however, Qatar's hydrocarbon dependence is likely to expand this decade, as its North Field facilities begin production. The possibility of new outbreaks of COVID-19, a spike in consumer price inflation, and rising US interest rates are likely to be modest downside risks given Qatar's high vaccination rates and sizeable sovereign financial wealth and reserves.

Qatar's real GDP is estimated to rise in 2022 to 4.9% on the heels of boosted hydrocarbon exports of 10%. Growth in private consumption may be slightly lower, at 4.8%, driven by potentially fewer World Cup proceeds and higher prices. Consumer prices are projected to jump by an additional percentage point in the current year.

The United Arab Emirates (UAE) led the world in terms of its high vaccination rates against COVID-19, which, together with the gradual phasing out of OPEC+ oil production cuts and monetary and fiscal stimulus packages, led it to make a strong economic recovery in 2021. In the medium-term, the recovery will be bolstered by higher oil prices, triggered by the economic consequences of the war between Russia and Ukraine and its associated sanctions. The UAE authorities continue to make progress on fiscal and economic diversification. Risks include new coronavirus outbreaks, tightening global financial conditions, and oil sector volatility.

The economic consequences of the war between Russia and Ukraine and its associated sanctions have triggered an oil price surge, which will have positive implications for the UAE economy and its fiscal and external balances. However, tourism and the non-oil economy might face headwinds. Tourism and travel account for almost 20% of Dubai's GDP, and their revival is a policy priority. Russia became the third-largest source for Dubai's travel and tourism sector in 2021, while Ukrainian tourists were also among the top 20, which presents downside risks for its non-oil recovery.

MIDEAST PASSENGER TRAFFIC SOARS 245.8% IN MARCH, AS PER IATA

Middle Eastern airlines' traffic rose 245.8% in March compared to March 2021, a progress compared to the 218.2% rise in February 2022, versus the same month in 2021, as global air travel stays put on recovery mode. Middle Eastern March capacity rose 96.6% versus the year-ago period, and load factor climbed 31.1 percentage points to 72.1%, according to the International Air Transport Association (IATA), which announced passenger data for March 2022.

Impacts from the conflict in Ukraine on air travel demand were quite limited overall while Omicron-related effects continued to be confined largely to Asian domestic markets.

Total traffic in March 2022 (measured in revenue passenger kilometers or RPKs) was up 76.0% compared to March 2021. Although that was lower than the 115.9% rise in February year-over-year demand, volumes in March were the closest to 2019 pre-pandemic levels, at 41% below.

March 2022 domestic traffic was up 11.7% compared to the year-ago period, far below the 59.4% year-over-year improvement recorded in February. This largely was a result of the Omicron-related lockdowns in China. March domestic RPKs were down 23.2% versus March 2019.

International RPKs rose 285.3% versus March 2021, exceeding the 259.2% gain experienced in February versus the year-earlier period. Most regions boosted their performance compared to the prior month, led by carriers in Europe. March 2022 international RPKs were down 51.9% compared to the same month in 2019.

With barriers to travel coming down in most places, the report is seeing the long-expected surge in pent-up demand finally being realized. Unfortunately, long delays are seen at many airports with insufficient resources to handle the growing numbers.

SAUDI ARABIA'S GDP GROWS BY 9.6% IN Q1 2022

Saudi Arabia's real gross domestic product (GDP) rose 9.6% year-on-year in Q1 2022, achieving the highest growth rate since 2011, data issued by the General Authority for Statistics (GASTAT) showed.

The growth was fueled by oil activities that increased by 20.4% in Q1 2022. Non-oil activities saw a rise of 3.7%, with government services activities growing by 2.4% year-on-year.

The figures showed that the seasonally adjusted real GDP in the Kingdom grew by 2.2% in the first quarter of 2022 compared to the previous year. This increase was due to the positive growth in oil activities by 2.9%, and an increase in non-oil activities by 2.5%, while government services activities decreased by 0.9%.

According to the Methodology of Flash Estimates of Quarterly GDP Definition, a flash estimate of quarterly GDP is defined as a process of estimating the quarterly national accounts conducted during a short period after the end of the reference quarter and is published 30 days after the end of the reference quarter when the data relating to the quarter is still incomplete.

Also it is the same estimates that are performed in the quarterly national accounts, but it adopts simplified assumptions about the extrapolation of some indicators (monthly or quarterly) and uses many indicators related to production, expenditures, income, price and foreign trade.

Flash estimates are related to the quarterly GDP of the entire national economy and are presented without any details of economic sectors and activities.

UAE'S NON-OIL PRIVATE SECTOR MAINTAINS ROBUST GROWTH IN APRIL

The UAE's non-oil private sector maintained robust growth in April supported by improving demand and a sharp rise in exports but cost pressures were a matter of concern, a survey showed.

The seasonally adjusted S&P Global UAE Purchasing Managers' Index (PMI) slipped to 54.6 in April from 54.8 in March, a three-month low. The indicator however remained above the 50.0 mark that separates expansion from contraction.

There was a sharp rise in non-oil output at the start of the second quarter of the year as firms continued to benefit from increased new orders and project work. "In fact, the expansion in activity was the fastest registered since December last year, with just under a quarter of respondents seeing output increase since March," the report said.

New order growth remained on a strong footing during April, despite softening slightly to a three-month low. Exports also grew, with the latest data pointing to the fastest rise in foreign new business since January 2021. However, a solid increase in input costs during the month, largely associated with an increase in energy prices due to the Russia-Ukraine war, remained a concern weighed with survey participants pointing to higher fuel charges and a further increase in raw material prices. The rate of input price inflation was unchanged at its joint-highest for nearly three-and-a-half years.

The increase "will spur greater concern of an inflationary-led dip in demand, particularly as the positive efforts from the pandemic recovery and Expo 2020 fade", as per the same source.

Average output prices rose, albeit marginally, for the first time in nine months, as firms raised prices to shift part of the additional cost on to customers. They also boosted their inventories.

Meanwhile, employment numbers slipped slightly as firms trimmed labor costs.

Looking ahead to the next 12-month period, businesses were confident that growth in sales would continue to boost output. "That said, rising inflationary pressures, supply concerns and price-led competition meant that the degree of confidence in future activity slipped to the weakest since last December," the report said.

JORDAN'S OIL BILL INCREASED 43.6% IN FIRST TWO MONTHS OF 2022, AS PER THE DoS

Jordan's oil bill went up by 43.6% in the first two months of 2022, compared to the same period of 2021, the Department of Statistics (DoS) said. According to DoS data, the value of the oil bill in the January-February period of 2022 increased to JD 347 million against JD 242 million in the same period of 2021.

Diesel topped the list of Jordan's oil imports, amounting to JD 94 million followed by crude oil with JD85 million and petroleum gas with JD 78 million during the first two months of 2022.

SURVEYS

DUBAI RANKS FIRST GLOBALLY IN ATTRACTING FDI PROJECTS IN 2021

Dubai has achieved the top ranking globally in attracting foreign direct investment (FDI) in 2021, with a record number of 418 greenfield FDI projects.

The annual "DUBAI FDI Results and Rankings Highlights Report 2021" ranked Dubai first globally in attracting greenfield FDI projects in 2021, up from the third position last year, with a staggering 418 greenfield FDI projects. The report was based on data from the Financial Times Ltd. "fDi Markets", the world's leading source of data on greenfield FDI projects.

Moreover, "fDi Markets" data for the year 2021 showed that Dubai continued to maintain and improve on its lead position across key FDI attraction metrics, ranking first in the Middle East and North Africa region (MENA), and third globally, up from fourth place last year, in FDI capital inflows. In Reinvestment FDI projects, Dubai ranked first in the MENA region and third globally, (up from fourth place last year), and seventh globally, (up from eleventh-place last year), in FDI capital inflows. As for FDI job creation, Dubai ranked first in the MENA region and fifth globally, up from the sixth-place last year.

The "DUBAI FDI Results and Rankings Highlights Report 2021" is based on 'Dubai FDI Monitor,' which tracks, validates, and provides analysis on all types of FDI projects into Dubai, including greenfield FDI projects, data on FDI Reinvestment projects, Mergers and Acquisitions, Joint-Ventures, and New Forms of Investments (NFIs), along with the recently added Venture Capital (VC) Backed FDI. The report revealed significant growth in all key FDI indicators compared to the previous year, where the estimated value of FDI capital flows into Dubai exceeded AED 26 billion from a total of 618 announced FDI projects in 2021, with a growth rate of 5.5% compared to 2020. Both FDI projects and FDI job creation witnessed a significant increase of 36% in 2021 compared to 2020, with an estimated 24,868 jobs in 2021, compared to 18,325 jobs in the previous year.

DUBAI ONE OF THE MOST LIVABLE EXPAT CITIES IN THE WORLD

Constant improvements to the UAE's regulations are boosting business, cultural and social spheres, and cementing Dubai's position as an attractive destination for people from around the world, says managing director of Residential Communities at Dubai Asset Management.

The UAE leadership's readiness to evolve with the changing times and markets, paired with a series of economic strategies, have enhanced Dubai's already rising reputation as a city known for its high-quality lifestyles, as per the same source.

Dubai ranked in the top three best cities to live and work in the InterNations Expat City Ranking 2021, scoring higher than major cities such as Sydney, Prague, and Madrid, as per the same source. Dubai's appeal is only rising – the Dubai Statistics Centre's live population counter has passed the 3.5 million mark with the population rising since the end of 2020 by almost 100,000 new arrivals. The reasons to relocate here are aplenty – it is the reasons to stay that prove most important in preserving.

Dubai's location within the MENA region and its centrality between the East and the West make it ideal for expats who make frequent trips back home, as per the same source. Travel and tourism are already strong sectors, giving residents access to a variety of airlines and flight routes to virtually any place on Earth.

For the time not spent travelling, Dubai's plethora of retail and leisure experiences provide ample entertainment and happiness, he added. Leading retail destinations like Bluewaters, Al Seef and more bring homegrown and international restaurants, activities and excitement for all ages, interests and tastes.

This connectivity has been a key appeal for residents across Dubai Asset Management's portfolio of communities. Malls, recreational activities, dining hubs, business districts and all are easily and closely accessible via key ingress and egress routes. This convenience has only increased in neighborhoods like Ghorroob Square, Shorooq and Al Khail Gate, which offer retail centers featuring nurseries, grocery stores, cafes and salons within walking distance of residents, as per the same source.

In the InterNations study's "Finance and housing" index, Dubai received mixed results. Of those surveyed, 86% said it's easy to find housing in the emirate, however 41% consider it unaffordable. Traditionally, this has been a barrier to achieving the happiness agenda as well as retaining skilled talent and long-term residents, as per the same source.

JORDAN'S LONG-TERM INVESTMENT APPEAL WILL BE BOOSTED BY THE CONTINUED IMPLEMENTATION OF INVESTOR FRIENDLY POLICIES BY THE GOVERNMENT, AS PER FITCH SOLUTIONS

According to Fitch Solutions Trade & Investment Risk Report, Jordan's real GDP growth rate will accelerate from 2.2% year-on-year in 2021 to 2.7% year-on-year in 2022. This marks a downward revision from the 3.0% growth forecast prior to Russia's invasion of Ukraine.

Jordan's long-term investment appeal will be boosted by the continued implementation of investor friendly policies by the government. These policies have resulted in reduced barriers to trade, the removal of restrictions on foreign ownership and the improvement of bureaucratic, tax filing and legal procedures across most sectors of the economy. This has contributed to increased foreign direct investment and trade volumes since 2016.

Despite these positives, the country's bureaucratic and judicial inefficiencies will weigh on Jordan's investment appeal. The strict banking regulations and low access to international financial markets will limit the availability of credit for businesses compared to regional peers such as the UAE.

Given these considerations, Jordan scores 65.0 out of 100 for Trade and Investment Risk Index, ranking it fifth out of 18 MENA markets and 41st out of 201 markets globally.

At the Legal level, Jordan scored 60.8/100. Investors in Jordan will benefit from its lower legal risks in comparison to some of its MENA peers. The laws governing intellectual property rights in Jordan are relatively strong, boosting the country's investment appeal for firms in the pharmaceutical industry. Although the country has among the lowest levels of corruption in the region, the country's investment appeal will be dented by the rising levels of perceived corruption. The high costs and lengthy time delays associated with the settlement of a commercial dispute will also weigh on Jordan's investment appeal.

As for Government Intervention, the country scored 62.9/100. The governments continued efforts to privatize the economy has reduced the influence of State-owned entities. Over the long term, this will encourage private sector involvement in the economy, boosting the country's investment appeal, which is highlighted by the development of sectors such as banking, tourism and manufacturing. The regionally competitive tax rates and ongoing efforts to streamline the tax payment system will ease the fiscal burden to businesses.

Nonetheless, compared to markets such as the UAE and Saudi Arabia, Jordan has relatively underdeveloped capital markets. Limited penetration available to the banking sector will contribute to limited credit growth.

Regarding Economic Openness, Jordan scored 71.3/100. The implementation of economic reforms under King Abdullah II has opened the economy for foreign direct investment and trade as Jordan continues its efforts to engage in a wide range of trade agreements.

Jordan's limited natural resource wealth when compared to its MENA peers means that investment opportunities will be limited to the services, manufacturing and agricultural sectors. A successful rollout of vaccines and the ease of travel restrictions across the globe will support key sectors such as tourism, which contributes around 14.0% to Jordan's GDP. Trade plays a key role in the country's economy with chemical, industrial and fuel products making up the largest import and export category. Foreign investment, remittances and external financing are expected to remain key drivers of Jordan's economy.

CORPORATE NEWS

US\$ 32 BILLION INVESTMENT IN SAUDI MINING SECTOR

Nine projects worth US\$32 billion being invested in Saudi Arabia's mining and minerals sector that would generate more than 14,500 jobs, as mentioned in a statement.

In details, the biggest project is a steel plates' factory being set up at an investment of over US\$ 4 billion at King Salman Global Maritime Industries Complex in Ras Al Khair. Another factory is being set up for making inputs of electric vehicle batteries at a total value of US\$ 2 billion in addition to a copper and zinc refinery.

These nine projects are targeting to support the export of mineral products to local and international markets, where the ministry is currently studying 145 applications to receive exploration licenses by foreign companies, stated the Minister of Industry and Mineral Resources.

Saudi Arabia is attracting the above investments as part of the Kingdom Vision 2030 in cooperation with the Ministry of Investment and the Ministry of Energy that seeks to make the mining sector the third pillar for the national industry as per the targets of the National Industrial Development and Logistics Program (NIDLP).

US\$ 14 BILLION SOLAR PARK FOR DUBAI NET-ZERO EMISSIONS BY 2050

Dubai Electricity and Water Authority (Dewa) announced that Mohammed bin Rashid Al Maktoum Solar Park aims to support Dubai achieve net-zero emissions by 2050.

Mohammed bin Rashid Al Maktoum Solar Park is one of the largest single-site solar park in the world being built at an investment of AED 50 billion (US\$ 13.6 billion). It targets a capacity of 5,000 megawatts (MW) by 2030 that would reduce over 6.5 million tons of carbon emissions annually.

The solar park hosts two projects; the Innovation Centre and the R&D Centre, as per Dewa.

The Innovation Centre supports Dewa's efforts to enhance innovation and creativity in clean and renewable energy and raise awareness on sustainability, in addition to strengthening national capabilities and enhancing business competitiveness. It also provides visitors with a unique experience to explore one of the latest innovations in clean energy technologies.

The R&D Centre supports Dewa's efforts to anticipate the future, develop proactive, long-term plans to keep pace with the Fourth Industrial Revolution by developing disruptive technologies.

It pertains one of the largest, comprehensive solar testing and certification facility in the UAE that operates the longest continuous testing of photovoltaic panels in the UAE in desert climate conditions.

SAUDI ARABIA CONSIDERS US\$ 11 BILLION MINERAL PROJECTS

Saudi Arabia is seeking several projects to the private sector to tap its massive mineral wealth worth more than SAR 40 billion (US\$ 10.6 billion), according to a statement.

In details, the projects encompass construction a copper, zinc and lead smelter, an alumina refinery, the production of phosphorous and its derivatives and other products, the Saudi Industry and Mineral Resources Ministry said in a statement.

It is worth noting that Saudi Arabia began enforcing a law in 2020 to encourage investment in its metals sector, with an estimated value of US\$ 1.3 trillion. It awarded scores of exploration and industry permits for domestic and foreign investors in that field.

JABAL OMAR EYES US\$ 1.4 BILLION CAPITAL HIKE

Saudi-based Jabal Omar Development Company unveiled its intention for a capital hike by SAR 5.3 billion (US\$ 1.4 billion), awaiting the Saudi Capital Market Authority's approval.

The increase in the capital will be implemented through conversion of all debts towards the Alinma Makkah Real Estate Fund, Jabal Omar Development Company, as mentioned in a statement.

This includes the settlement of all rights and obligations owed by the company to the Fund and its related entities.

It is worth mentioning that this transaction is being reflected in unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended on September 30, 2021, as mentioned in a statement.

JADWA INVESTMENT SIGNS MOU TO INVEST IN MIXED-USE PROJECT IN MADINAH

Saudi Arabia's Jadwa Investment firm signed a memorandum of understanding (MOU) with Al Mqr Real Estate Development Company and Al Majdiah Residence to establish a new private real estate investment fund to undertake a mixed-use project in Madinah.

The fund would acquire and develop a 464,003 square meter land plot into a mixed-use masterplan comprising of residential and commercial segments.

The new investment fund would be a closed-end, Shariah-compliant real estate development fund with a target size of around SAR 700 million (US\$ 187 million), Jadwa Investment said in a statement.

It is worth noting that Jadwa Investment would serve as the fund manager, Al Mqr Real Estate Development Company as strategic partner and Almajdiah Residence as the development partner for the project.

ATM, BIGGEST MIDEAST TRAVEL SHOW, OPENS IN DUBAI

Arabian Travel Market (ATM) 2022 is taking place at Dubai World Trade Centre (DWTC) in collaboration with DET, marking its 29th edition of the Middle East's largest travel and tourism exhibition.

ATM 2022 is part of Arabian Travel Week, a 10-day festival of travel and tourism events.

The 29th exhibition is more than 85% larger than ATM 2021 in terms of floor space, with growth in every single region. In details, ATM 2022 includes 1,500 exhibitors, representatives from 158 global destinations and an anticipated 20,000 attendees. The live show will be followed by ATM Virtual.

ATM 2022 is running under theme 'The future of international travel and tourism' that is reflected throughout the show. The ATM Global Stage and ATM Travel Tech Stage will host 40 conference sessions comprising 150 speakers.

It is worth mentioning that ATM Draper-Aladdin Start-up competition generated a huge buzz since its launch. The initiative will see up to 15 travel, tourism and hospitality innovators pitch for up to US\$ 500,000 of funding, giving the opportunity to compete for additional US\$ 500,000 of investment as part of the hit TV show, as mentioned in a statement.

Moreover, ATM 2022 will introduce in-depth buyer forums dedicated to India and Saudi Arabia, live interviews with aviation and hospitality experts, debates on the future of sports, city and responsible tourism, the ITIC-ATM Middle East Summit on tourism investment, digital influencer networking, stand awards and the return of ILTM Arabia, with its focus on the rewarding luxury travel market.

CAPITAL MARKETS

EQUITY MARKETS: SLOW MOOD SWAYS OVER MENA EQUITIES DURING FITR HOLIDAY WEEK

MENA equity markets saw light trading volumes and mixed price movements throughout the Fitr holiday week that was characterized by partial closure of domestic stock exchanges across the region. This was reflected by a nil change in the S&P Pan Arab Composite index week-on-week.

The UAE equity markets posted a 0.9% decline in prices during this two-day week, mainly as some market players sought to book profits following strong year-to-date equity price gains of 15.4%. Equity price falls took place over this short week despite rising oil prices, as Brent prices crossed again the US\$ 110 level on Friday after OPEC and its allies maintained plans to boost oil supply by 400,000 bpd in June 2022 despite tightening global oil market, and despite prospects of increased banks' profitability due to the US Fed aggressive monetary hawkish approach. Within this context, it is worth mentioning that the Central Bank of the UAE followed the lead taken by the US Fed on May 3-4, raising its overnight deposit rate by 50 bps to 2.25%.

In Dubai, Emirates NBD's share price shed 1.3% week-on-week to AED 15.05. Amlak Finance's share price retreated by 0.8% to AED 0.704. Emaar Properties' share price decreased by 0.9% to AED 6.32. Emaar Development's share price closed 0.4% lower at AED 5.16. Aramex's share price went down by 2.5% to AED 3.98. Air Arabia's share price fell by 0.5% to AED 2.14. AlphaMena cut its recommendation on Air Arabia to "sell" from "reduce", with a price target of AED 1.81, which implies a 16% decrease from last price.

In Abu Dhabi, First Abu Dhabi Bank's share price edged down by 0.6% over the week to AED 22.30. Aldar Properties' share price retreated by 0.5% to AED 5.62. Etisalat's share price dropped by 2.1% to AED 34.28.

Boursa Kuwait registered a 1.4% rise in prices during this week that was restricted to one working day due to Fitr holidays, mainly supported by oil prices gains (+4.9% week-on-week to reach US\$ 112.39 per barrel). National Bank of Kuwait's share price rose by 2.2% to Kwf 1,075. Gulf Bank's share price surged by 6.2% to Kwf 362. Kuwait Finance House's share price increased by 1.0% to Kwf 995. Agility's share price closed 0.8% higher at Kwf 1,260.

The heavyweight Saudi Tadawul, whose market capitalization represents more than 70% of the total regional market capitalization, remained closed throughout the Fitr holiday week, maintaining strong year-to-date price gains of 21.3%. The latter was mainly supported by robust year-to-date oil price rally (+47%), favorable corporate earnings, IMF forecasts that Saudi Arabia would post in 2022 its first fiscal surplus in about a decade, and prospects of increased banks' profitability given the US Fed aggressive monetary tightening. Within this context, it is worth mentioning that the Saudi Central Bank tracked the US Fed aggressive monetary policy tightening, raising its repo and reverse repo rates by 50 bps each to 1.75% and 1.25% respectively.

EQUITY MARKETS INDICATORS (MAY 1 - MAY 7, 2022)

Market	Price Index	week-on-week	Year-to-Date	Trading Value	week-on-week	Volume Traded	Market Capitalization	Turnover ratio	P/E*	P/BV*
Lebanon	97.5	0.8%	3.7%	1.4	-85.9%	0.7	11,013.7	0.7%	-	0.37
Jordan	375.8	0.0%	7.9%	-	-	-	25,078.4	-	11.9	1.74
Egypt	235.1	0.0%	-22.8%	-	-	-	37,493.1	-	7.5	1.50
Saudi Arabia	622.4	0.0%	21.3%	-	-	-	3,335,052.2	-	23.0	3.29
Qatar	228.1	0.0%	14.5%	-	-	-	208,706.3	-	16.6	2.39
UAE	168.6	-0.9%	14.3%	1,047.3	-61.2%	855.3	678,960.9	8.0%	20.5	2.91
Oman	229.8	0.0%	5.5%	-	-	-	18,954.8	-	12.7	0.99
Bahrain	209.2	-0.1%	14.5%	0.6	-96.0%	0.7	31,147.4	0.1%	15.5	1.88
Kuwait	158.6	1.4%	18.9%	218.2	-69.5%	197.9	147,410.4	7.7%	19.1	1.98
Morocco	283.7	-0.7%	-10.5%	29.3	-40.1%	1.0	67,820.0	2.2%	23.0	2.95
Tunisia	60.0	0.2%	-6.3%	4.1	-19.7%	2.0	7,367.2	2.9%	10.5	1.55
Arabian Markets	1,162.2	0.0%	17.0%	1,300.9	-90.3%	1,057.5	4,569,004.2	1.5%	21.9	3.09

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

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

A closer look at individual stocks shows that petrochemicals giant Saudi Aramco's share price recorded a year-to-date price surge of 25.4% to SR 44.90. SABIC's share price rose by 12.9% since the beginning of the year 2022 to reach SR 131.0. Petro Rabigh's share price registered a year-to-date jump of 39.1% to close at SR 28.8. Also, SNB's share price climbed by 22.7% since the beginning of the year 2022 to reach SR 79.0. Al Rajhi's share price posted a year-to-date expansion of 24.5% to close at SR 176.60. SABB's shares recorded year-to-date price gains of 35.9% to SR 44.85.

Also, the Qatar Exchange remained closed throughout this week, keeping year-to-date price gains of 14.5%, mainly driven by oil price gains and some favorable financial results. QNB's share price jumped by 15.2% since the beginning of the year 2022 to close at QR 23.25. The Commercial Bank's share price posted year-to-date price gains of 13.9% to reach QR 7.689. Ooredoo's share price surged by 6.7% since the beginning of the year 2022 to reach QR 7.02. Industries Qatar's share price skyrocketed by 21.4% since the start of 2022 to reach QR 18.81. Nakilat's share price reported year-to-date price gains of 3.6% to reach QR 3.42.

FIXED INCOME MARKETS: MENA BOND MARKETS DRIFT LOWER ON AGGRESSIVE GLOBAL MONETARY TIGHTENING

MENA fixed income markets drifted lower this week, as the yield on the benchmark 10-year note topped the 3.0% level for the first time since November 2018 after the US Federal Reserve raised as expected the Federal funds rate by a half percentage point, the biggest hike in two decades, underlining its commitment to bring down a 40-year high inflation, while signaling similar moves over the next couple of meetings.

In the Saudi credit space, sovereigns maturing in 2026 and 2030 posted price falls of 0.81 pt and 2.0 pts respectively this week. Saudi Aramco'25 closed down by 0.75 pt. Prices of SEC'24 declined by 0.50 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 registered price decreases of 1.25 pt and 2.13 pts respectively this week. S&P Global Ratings affirmed its "AA-/A-1+" long-term and short-term foreign and local currency sovereign credit ratings on Qatar, with a "stable" outlook. The "stable" outlook reflects S&P's view that Qatar's fiscal and external buffers should continue to benefit from the country's status as one of the world's largest exporters of liquefied natural gas over the next two years, against a backdrop of high global energy demand. Ooredoo'26 was down by 0.50 pt. As to papers issued by financial institutions, QNB'25 closed down by 0.63 pt. Prices of Commercial Bank of Qatar'23 contracted by 0.25 pt.

In the Bahraini credit space, sovereigns maturing in 2026 and 2031 registered price declines of 0.70 pt and 2.0 pts respectively week-on-week. In the Omani credit space, sovereigns maturing in 2026 and 2029 saw price contractions of 0.80 pt and 0.88 pt respectively this week. Omantel'28 was down by 1.75 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2026 and 2031 recorded price drops of 0.75 pt and 2.13 pts respectively week-on-week. Etisalat'24 closed down by 0.75 pt. Mubadala'26 was down by 0.63 pt. ADNOC'29 posted price falls of 1.50 pt. Amongst financials, FAB'24 closed down by 0.31 pt.

In the Dubai credit space, sovereigns maturing in 2029 registered price declines of 0.63 pt week-on-week. DP World'30 was down by 2.0 pts. Majid Al Futtaim'29 registered price falls of 1.25 pt. As to papers issued by financial institutions, Emirates NBD Perpetual (offering a coupon of 6.125%) closed down by 1.0 pt.

In the Kuwaiti credit space, sovereigns maturing in 2027 were down by 0.77 pt this week. Prices of KIPCO'27 contracted by 1.0 pt. In the Jordanian credit space, sovereigns maturing in 2026 and 2030 were down by 1.50 pt and 1.88 pt respectively week-on-week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 registered price falls ranging between 0.88 pt and 4.13 pts week-on-week. Euro-denominated sovereigns maturing in 2026 and 2031 traded down by 1.25 pt and 2.64 pts respectively.

All in all, regional bond markets remained under downward price pressures over this week, mainly tracking a wide sell-off mood after the US Federal Reserve expectedly raised its benchmark interest rate by 50 bps, the most aggressive since 2000, to fight record-high inflation, and as the US Fed Chair said there was "a broad sense on the committee that additional 50 basis-point increases should be on the table for the next couple of meetings".

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	06-May-22	29-Apr-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	64	59	43	5	21
Dubai	105	102	94	3	11
Kuwait	57	58	45	-1	12
Qatar	65	61	44	4	21
Saudi Arabia	66	61	49	5	17
Bahrain	292	297	294	-5	-2
Morocco	115	111	95	4	20
Egypt	852	777	498	75	354
Iraq	401	351	554	50	-153
Middle East	224	208	191	16	33
Emerging Markets	377	353	141	24	236
Global	436	396	183	40	253

Sources: Bloomberg, Bank Audi's Group Research Department

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

Base Jan 2010 = 100



Sources: Bloomberg, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD/-/SD	C/-	RD-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Stable	BB-/Stable/B
Egypt	B/Stable/B	B2/Stable	B+/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A-/Positive/A-2	A1/Stable	A/Positive/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA-/Stable/A-1+	Aa3/Stable	AA-/Stable/F1+
Kuwait	A+/Negative/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	B+/Stable/B
Oman	BB-/Stable/B	Ba3/Stable	BB-/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Negative	BB+/Stable/B
Tunisia	NR	Caa1/Negative	CCC/C
Libya	NR	NR	NR
Sudan	NR	NR	NR

NR= Not Rated

RWN= Rating Watch Negative

RUR= Ratings Under Review

* Emirate of Abu Dhabi Ratings

FX RATES (per US\$)	06-May-22	29-Apr-22	31-Dec-21	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,507.50	1,507.50	1,507.50	0.0%	0.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	18.48	18.48	15.72	0.0%	17.6%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
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)	3.65	3.66	3.67	0.0%	-0.5%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	0.0%	1.4%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.39	0.39	0.39	0.0%	0.0%
Yemeni Riyal (YER)	250.00	250.00	250.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	144.93	144.93	138.89	0.0%	4.3%
Moroccan Dirham (MAD)	10.01	9.99	9.25	0.2%	8.2%
Tunisian Dinar (TND)	3.09	3.08	2.87	0.3%	7.7%
Libyan Dinar (LYD)	4.79	4.79	4.60	0.0%	4.2%
Sudanese Pound (SDG)	447.07	447.07	437.92	0.0%	2.1%

Sources: Bloomberg, Bank Audi's Group Research Department

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