Bank Audi

MENA WEEKLY MONITOR

APRIL 24 - APRIL 30, 2022
WEEK 17

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MENA MARKETS: APRIL 24 - APRIL 30, 2022

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+0.3%	Weekly Z-spread based bond index	-3.1%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+17.1%	YTD Z-spread based bond index	-13.6%

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ECONOMY

IMF FORECASTS MENA REGION REAL GDP GROWTH AT 5% FOR 2022

The regional Economic outlook of the IMF for the Middle East and Central Asia region was just released. The report argues that the war in Ukraine and sanctions on Russia are exacerbating the divergence in recovery prospects for the Middle East and Central Asia (ME&CA).

Despite better-than-expected upside momentum in 2021, the economic environment in 2022 is defined by extraordinary headwinds and uncertainties, particularly for commodity importers, with higher and more volatile commodity prices, rising inflationary pressures, faster-than-expected monetary policy normalization in advanced economies, and a lingering pandemic.

Prospects for oil exporters in the Middle East and North Africa (MENA) region have improved, while countries in the Caucasus and Central Asia (CCA) region face a particularly challenging outlook given their linkages to Russia and Ukraine. Downside risks dominate the outlook and include a prolonged war and further sanctions on Russia, tighter-than-expected global financial conditions, possible deanchoring of inflation expectations, a sharper slowdown in China, and new pandemic outbreaks. Policymaking has become increasingly complex, with dwindling macro policy space to deal with these extraordinary shocks, amid high debt and inflation.

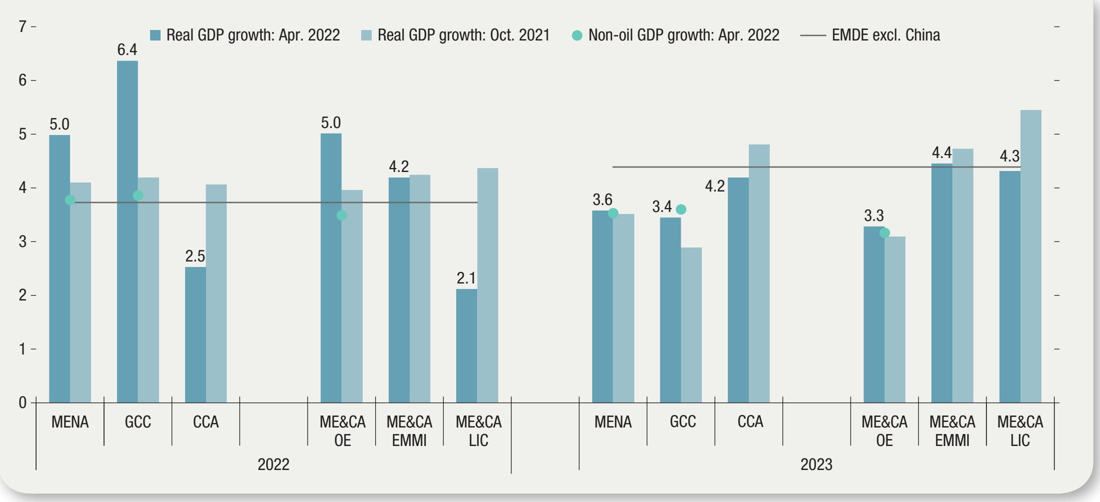
Given divergent outlooks, policies will need to be calibrated carefully to country circumstances to manage uncertainties, maintain macroeconomic stability, and support the recovery while protecting the most vulnerable and ensuring food and energy security. Structural reforms have become even more urgent to prevent scarring from the pandemic and the war, and ensure a private sector-led and inclusive recovery, including by embracing digitalization and investing in a greener future.

Mirroring the diversity of its economies, the recovery in the MENA region is expected to be uneven. The region's growth is expected to moderate from 5.8% in 2021 to 5.0% in 2022, still an upward revision of 0.9% from October. The upgrade reflects the improved outlook for oil exporters and better-than-expected growth in the first half of fiscal year 2022 for Egypt. Inflation in the region is foreseen to remain elevated at 13.9% in 2022 (following 14.8% in 2021), due to significant increases in food and energy prices, and in some cases, exchange rate depreciations and lax monetary and/or fiscal policies.

Oil-importing emerging markets and low-income countries in MENA are vulnerable through global commodity prices and supply chain disruptions, as well as their reliance on wheat and energy imports from Russia and Ukraine, and on tourism in some countries. Financial market uncertainty and tighter financial conditions may significantly impact countries with high debt through reduced capital flows and rising borrowing costs. In addition, a slowdown in Europe would amplify the negative effects on trade and tourism. If donors redirect support to emerging urgent needs and to countries that are directly impacted by the war, LICs could face aid diversion.

In contrast, MENA oil and gas exporters, and to a lesser extent those in CCA, would benefit from a rise in energy prices, offsetting the impact of tighter global financial conditions. They will, however, be exposed to higher volatility in oil and gas markets and, in some cases, lower tourism revenues.

REAL GDP GROWTH PROJECTIONS (PERCENTAGE CHANGE, YEAR-OVER-YEAR)



Sources: IMF World Economic Outlook database; and IMF staff calculations.
Note: CCA = Caucasus and Central Asia; EMDE = emerging market and developing economies; EMMI = emerging market and middle-income countries; GCC = Gulf Cooperation Council; LIC = low-income economies; ME&CA = Middle East and Central Asia; MENA = Middle East and North Africa; and OE = oil exporter. Country abbreviations are International Organization for Standardization country codes.

MOODY'S RAISES GULF BANKS' OUTLOOK TO "STABLE" ON HIGHER OIL PRICES

Moody's changed the outlook for banks in the six-country GCC bloc to "stable" from "negative", citing an improvement in operating conditions after the COVID-19 pandemic.

As higher oil prices aid the economic recovery, banks in the GCC region will record increasing profitability and accelerating credit growth, the rating agency said in a report.

Moody's changed banking outlooks in Gulf Co-operation Council states as the jump in oil prices is boosting economic activity and economies are recovering after the coronavirus shock. Non-oil activities including tourism will also contribute to the improvement in some areas, as per vice president and senior credit officer at Moody's.

Banks in the GCC stand to gain from higher energy prices and a rise in interest rates that will significantly improve their bottom lines as cost of risk continues to decline amid economic growth in the region, S&P Global Ratings said in a separate report last month.

On March 16, the Central Banks of the UAE, Saudi Arabia, Bahrain and Kuwait increased their benchmark interest rates after the US Federal Reserve raised its key rates to rein in inflation, which hit a 40-year high in the world's largest economy.

Banks in the UAE will maintain steady profitability and solid capital buffers, Moody's said. Loosened pandemic restrictions, a strong vaccination campaign and a rebound in oil prices are the crucial factors boosting economic activity in the Arab world's second biggest economy.

These factors will help rebuild business confidence, particularly in the large corporate segment and drive modest economic growth in the non-hydrocarbon sectors, Moody's said.

Higher oil prices will further support banks' funding and liquidity. The UAE government's willingness and capacity to support local banks if needed will remain high over the next 12 to 18 months, the rating agency said.

The UAE's real gross domestic product will grow 6.3% in 2022 and 4% in 2023, with the non-oil economy growing 4.4% and the hydrocarbon sector 11.4%, as oil production returns to pre-pandemic levels, Moody's said.

Credit growth in the country will remain solid at 5% for this year as credit demand from the government, businesses and individuals increases modestly, it said.

While uncertainty around global macroeconomic conditions has increased due to the Russia-Ukraine conflict, Moody's does not expect a significant effect on UAE banks given their limited direct exposures to these two countries, it said.

UAE banks' profitability will likely improve modestly in 2022 after a 60% increase in 2021, Moody's said.

Profitability will benefit from higher interest rates, partially offset by still-substantial loan-loss provisioning. The full benefit of rising rates will be evident towards the end of the outlook period in the form of higher interest income, as per the report.

Operating expenses will increase in tandem, however, but higher revenue generation balanced by costs and investments in staff and technology will drive strong and stable efficiency for UAE banks.

Banks in Saudi Arabia will see increasing profitability and accelerating credit growth as high oil prices boost the economy, Moody's said.

The pick-up in lending growth will partly offset pressure on banks' loan quality as central bank loan repayment deferral programs end.

The "stable" outlook also reflects Moody's expectations that the government's capacity to support banks in a crisis will remain intact, the report mentioned.

MOROCCO'S GDP GROWTH SEEN AT 1.5%-1.7% IN 2022, DOWN FROM 3.2% EXPECTED IN BUDGET

Morocco's GDP growth is seen averaging between 1.5% and 1.7% in 2022, down from the 3.2% that was predicted in the budget law, as per country officials.

OMAN'S ECONOMY ON A SOLID PATH TO RECOVERY, AS PER THE WORLD BANK

After a difficult 2020, the Sultanate of Oman's economy is on a solid path to recovery amid the easing of pandemic pressures, higher hydrocarbon outputs, and wide-ranging government reforms.

According to the World Bank's GCC Economic Update, 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.

The Sultanate of Oman's economy is recovering gradually from the dual impact of the pandemic and the temporary collapse in oil prices it caused. Estimates suggest that the country's overall growth reached 2.1% in 2021.

Hydrocarbon GDP grew by an estimated 2.2%, driven by higher oil production due to the easing of OPEC+ cuts and the coming on stream of a new liquefied gas plant in mid-2021.

Non-oil GDP is estimated to have rebounded by almost 2% in 2021, signaling the recovery of domestic and external demand, aided by increased vaccine penetration that boosted the sectors most impacted by the pandemic (tourism, hospitality and retail).

Annual inflation switched from negative territory in 2020 and picked up to an average of 1.5% in 2021, due to the introduction of VAT last April and improved domestic demand.

The economy is expected to improve gradually and 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 Ghazeer and Khazzan fields.

The country's non-oil economy will continue to grow, exceeding 2% in 2022, as a 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.

GCC GROWTH OUTLOOK IS POSITIVE DESPITE THREAT OF INFLATION, AS PER EMIRATES NBD

The outlook for the GCC economies is constructive, according to a new report by the Dubai-based lender, Emirates NBD.

Growth will be driven by increased investment and production in the hydrocarbon sectors, while the non-oil sectors will continue to recover from the pandemic contraction as restrictions have been eased, COVID-19 vaccination rates are high and international travel rebounds, the report noted.

The report however warned that higher inflation, slower global growth and rising interest rates are likely to prove headwinds to growth in the non-oil sectors.

Improved fiscal dynamics for GCC oil exporters will allow governments to cushion some of the impact of higher global energy and food prices on their consumers, if they choose to do so, as well as provide support to other MENA countries that are more vulnerable to global supply shocks.

By contrast, most of the rest of the MENA region is facing a far more challenging 2022. With most of the non-GCC countries reliant on oil imports, they will be hit by the higher global prices while their FX inflows from tourism remain below pre-pandemic levels.

The report noted that the UAE economy has had a strong start to 2022, with crude oil production up 12% year-on-year in the first quarter of this year. Survey data points to a solid expansion in non-oil sectors as well.

Inflation is expected to average 4.3% this year from 2.3% previously, significantly higher than last year's 0.2% average CPI, it said.

For Saudi Arabia, the bank said growth to set to accelerate from 3.2% in 2021 to 7.7% this year on higher oil production. Non-oil growth is likely to slow to 4.1% this year with government spending remaining disciplined.

SURVEYS

BANKS IN THE GULF ARE EMBRACING BLOCK CHAIN, FIN-TECH, CRYPTOCURRENCIES AND AI AS THEY LOOK TO CATER TO CHANGING CONSUMER DEMANDS AND A RAPIDLY EVOLVING FINANCIAL LANDSCAPE, AS PER PWC MIDDLE EAST

The Middle East has seen the launch of several digital-only banks over the last few years, with Saudi Arabia, the UAE and, to a lesser extent, Bahrain leading the charge. The licensing of digital-only players reflects the digital innovation targets set out in national development strategies, such as Saudi Arabia's Vision 2030 and the UAE's Smart Dubai. In turn, this is driving fin-tech opportunities across the region.

Today, growth strategies are generally focused on initiatives at ecosystem level to foster innovation and development of fin-techs, whether that be regulatory sandboxes or innovation hubs and accelerators, as per the director of financial services for PwC Middle East specializing in covering fin-tech and open banking. Indeed, digital transformation spending by Saudi Arabia alone reached SR 12 billion (US$ 3.2 billion) in 2021, according to the Kingdom's Digital Government Authority. Saudi's proactive stance has led to the introduction of laws covering a variety of fin-tech activities, including an instant payment system known as Sarie and the Capital Market Authority's (CMA) fin-tech lab, all of which has given the investment community the confidence and certainty to devote more capital to fin-tech startups. As a result, Saudi Arabia witnessed a 37% rise in new fin-tech launches in the 12 months to October 2021, with the number of active fin-techs increasing from 60 to 82. A record level of over SR 1.3 billion in venture capital investment was placed in fin-tech companies. With an increasing number of first-generation entrepreneurs competing with large financial institutions, Saudi fin-tech transaction values could top US$ 33 billion by 2023, according to data provider Statista. There is ample room for growth in the size of funding rounds, with the average investment deal size at US$ 2.7 million compared with the global average of US$ 7.3 million. Fintech Saudi, an initiative launched by the Saudi Arabian Monetary Agency (SAMA) in partnership with the CMA, conducted a national fin-tech adoption survey in mid 2021 that found that e-payments activity was the biggest contributor to fin-tech adoption. A major target of Saudi's Vision 2030 is to move towards a cashless society and increase the number of non-cash transactions to 70% in 2025, the survey said. The COVID-19 outbreak has led to an acceleration in cashless activity with digital payments increasing by 75% over the last year, whilst cash withdrawals from ATMs and other payment points have declined by 30% over the same period. The banking and finance industry in Saudi is stepping up its efforts to cater to this. Hot on the heels of STC Bank and Saudi Digital Bank, which both received licenses in June 2021, S|AMA announced in February this year that it had approved a license to launch the Kingdom's third digital bank – D360. All three banks have been granted universal digital licenses and aim to cater to both the retail and wholesale markets. D360 will start with an initial capital of SR 1.7 billion. It counts Derayah Financial Company, which owns close to a 20% stake, and the Kingdom's sovereign wealth fund, the Public Investment Fund, as its key backers. These firms will join a handful of incumbent Saudi banks that have also been prioritizing digitalization in recent years. National Commercial Bank announced a collaboration in August 2019 with Monsha'at to launch the Kingdom's first fin-tech accelerator program, while in June 2021, Riyad Bank launched a SR 100 million venture-capital fund targeting fintech investments.

The UAE has also adopted a proactive approach to greater digitalization. In July 2021, Dubai launched a Chamber of Digital Economy, which is set to develop a digital-centric economic growth plan focused on attracting investment, international talent and entrepreneurs, as well as proposing digital economy-friendly policies and legislation, as per the same source. Meanwhile, the UAE Central Bank has developed a regulatory framework to support the growth of digital banking that has led to a flurry of new challenger banks. Some of these have partnered with incumbent lenders in areas such as wallets, payments and robo-advisory, while others are delivering entirely new services or catering to customers not currently served by banks. In February 2022, Zand, which has been granted a license as the first fully independent digital bank in the UAE, announced that it had raised funding from a group of local and international financial institutions including global investment manager Franklin Templeton and India's Aditya Birla Group. It is awaiting final regulatory approval from the central bank before launch. Zand will target corporate customers, where it will focus primarily on supply-chain financing, including financing of small and medium-sized enterprises, as well as providing retail customers with products such as cards, loans, accounts and personal financial management. It will offer interest rates of around 2% on deposits – notably higher than the prevailing rates – in a bid to attract new customers.

Further more, Dubai-based YAP, the UAE's first digital finance app, was launched in March 2021 after partnering with the UAE's RAK Bank to provide IBAN and BIN sponsorship. It launched with the bold ambition of becoming a leader in the Middle East, Africa and south Asia. In August 2021, Abu Dhabi Islamic Bank (ADIB) launched a digital-only bank specifically targeting Generation-Z customers. The bank plans to spend about AED 400 million (US$ 109 million) on boosting its digital transformation and has already been delivering impressive results. On the retail front, digital money transfers were up 88% in 2021, while its digital corporate banking daily transactions clocked a high of 21,000 in June 2021, a 95% annual increase. ADIB currently has more than 700,000 digital customers and plans to allow customers to open accounts remotely through facial recognition, becoming the first in the UAE to do so.

In December 2021, Dubai Islamic Bank, the UAE's biggest Shariah-compliant lender, launched Rabbit, a "FunTech" app, to help the unbanked in the UAE and other heavily populated markets gain access to the formal financial system.

The UAE market will serve as a prototype, the plan is to introduce the app to other markets including Pakistan and Kenya.

These banks join other incumbent UAE firms that have already established neo-banks to capitalize on a growing digitally savvy and young demographic; the most notable examples include Emirates NBD's Liv, Abu Dhabi Commercial Bank's Hayyak and Mashreq Bank's Mashreq Neo.

QATAR TOPS US TO BECOME WORLD'S LARGEST LNG EXPORTER

The Gulf nation leads in LNG exports as the country looks to replace Europe's energy supply after Russia's invasion of Ukraine.

Qatar has reclaimed its title as the world's top liquefied natural gas (LNG) exporter, Bloomberg reported, after lowered winter demand took the US down to the second place.

In April, the Gulf nation's LNG exports surpassed 7.5 million metric tons, clinching the title from the US, according to ship-tracking data compiled by Bloomberg.

The Gulf state previously maintained its dominance in LNG exports before maintenance at Qatar Gas caused a reduction in the exports a month earlier. In 2019, the Middle Eastern nation was also on top of the list with exportation that amounted to 104.8 billion cubic meters (bcm) of LNG, according to BP's Statistical Review of World Energy 2019 report.

Over the last few months, several European countries have eyed Qatar as an LNG importer as part of an attempt to cut dependence on Russian energy as a response to its invasion of Ukraine.

Low temperatures and high demand has spiked the prices of fuel globally. European gas prices rose by as much as 20% as a result of the move before levelling out. As payment deadlines approach, governments and businesses throughout Europe must decide whether to comply with the new regulations or risk potential gas rationing.

This gave Qatar the green light to claim its crown once again with more energy deals. Following the invasion, which began in February, the Gulf state was approached by Austria, Italy, Germany, the UK, and France in an effort to reduce their reliance on Russian gas.

However, Doha has also stressed that it will not be able to unilaterally replace Europe's energy supply in the event of the Russian invasion of Ukraine. The Gulf state said that it could possibly divert 10-15% of its LNG shipping volumes, as Reuters reported in March.

As summer approached, some US export terminals have undergone maintenance during the time of softer demand and lower prices, lowing the US's LNG production for a period of time.

The North American country has had a gas revolution, packed with billions of dollars of investments in liquefaction facilities, transforming its title from importer to a top exporter in less than a decade.

Its LNG exports have lately averaged more than 12 billion cubic feet per day, and when further export capacity comes online, they are likely to reach a new high of 14 billion cubic feet per day.

Both leading LNG exporters are expected to compete to dominate the market of global gas energy after their major expansion projects are fully completed. Qatar is planning a gargantuan export project that is set to be completed soon and is expected to keep the nation as the top exporter.

Meanwhile, Golden Pass LNG, a liquefied natural gas project being built in Texas by QatarEnergy, Exxon Mobil Corporation, and Glenfarne Group LLC's Magnolia LNG project in Louisiana is expected to take U.S's LNG production capacity to 13.9 billion cubic feet of natural gas per day.

CORPORATE NEWS

ARAMEX TO ALLOW 100% FOREIGN OWNERSHIP OF SHARES

Dubai-listed logistics and courier, Aramex, announced it will raise the company's foreign ownership limit from 49% to 100% as it embarks on the next stage of its growth and expansion strategy, as mentioned in a statement.

It is worth noting that Aramex Board of Directors approved to amend the company's articles of association to remove restrictions related to foreign investment, making Aramex the first onshore UAE company to allow full ownership of its free-floating shares by foreign investors.

However, the decision is still subject to approvals from the Securities and Commodities Authority and all other relevant regulatory authorities.

Aramex mentioned earlier that it is targeting to expand its global footprint and further tap into the e-commerce market this year.

This decision comes in line with company's global growth ambitions and commitment to unlock greater value for all shareholders, Aramex said in a statement.

ABU DHABI ISLAMIC BANK NET PROFIT RISES 18% IN Q1 2022

Abu Dhabi Islamic Bank reported revenue for Q1 2022 rose 6% to AED 1.4 billion against AED 1.3 billion during Q1 2021.

Earnings per share in Q1 2022 was AED 0.17 against AED 0.14 in same period of previous year.

Provision for impairment for Q1 2022 was down by 15% at AED 113 million against AED 134 million in the same quarter in 2021.

Funded income picked up 1% year-on-year to reach AED 789 million, while non-funded income rose 12% year-on-year to AED 620 million.

DEWA PLANS US$ 11 BILLION CAPITAL EXPENDITURE OVER FIVE YEARS

Dubai Electricity & Water Authority, DEWA, is to invest AED 40 billion (US$ 10.9 billion) in capital expenditure over the next five years, as mentioned in a statement.

In details, DEWA would spend AED 16 billion to strengthen the water and electricity network, AED 12 billion on existing projects and AED 3 billion in district cooling services, with the remainder on further existing projects, especially smart systems and infrastructure, according to a statement.

It is worth noting that DEWA began trading on Dubai Financial Market earlier this month after raising AED 22.3 billion in its initial public offering (IPO).

ADNOC ACQUIRES 25% STAKE IN BOREALIS

Abu Dhabi National Oil Company (Adnoc) announced acquiring 25% stake in Borealis AG, one of the leading petrochemical companies, being Mubadala's share in the said company, as mentioned in a statement.

This investment, its financial details were not disclosed, goes inline with Adnoc's international expansion goals to cement its fast-growing in the chemicals and petrochemical sector, unlocking new opportunities in key markets where Borealis operates, particularly in Europe and the Americas.

Moreover, this transaction marks an important milestone as Adnoc accelerates the delivery of its Downstream and Industrial growth program and reinforces Adnoc's role as a catalyst for responsible and sustainable investment and value creation for Abu Dhabi and the UAE.

Finally, upon completion of the transaction, Borealis will be owned 25% by Adnoc and 75% by OMV, an Austrian multi-national integrated oil, gas and petrochemical company listed on the Vienna Stock Exchange.

Borealis is a leading global provider of advanced and circular polyolefin solutions and a European market leader in base chemicals, fertilizers and mechanical recycling of plastics.

SCATEC REFINANCES SIX POWER PLANTS IN EGYPT WITH GREEN BOND

Norway-headquartered renewable energy developer, Scatec, announced refinancing with its partners the non-recourse project debt for six solar power plants in Egypt, with a total capacity of 380 megawatts (MW), through the issuance of a US$ 334.5 million 19-year non-recourse Green Project Bond.

The bond benefits from a Climate Bond certificate.

The refinancing would provide increased leverage, extended tenor and reduced interest costs. Moreover, it would improve the company's and project partner's future cash distributions from the power plants, Scatec said in a statement.

The credit enhancement structure establishes an efficient precedent for future transactions, including the prospect of an investment grade credit rating for the green bond, according to the statement.

The said transaction was distributed among a consortium of development finance institutions, comprising of European Bank for Reconstruction and Development (EBRD), the US International Development Finance Corporation (DFC), the Dutch entrepreneurial development bank FMO and German Investment Corporation DEG, alongside private institutional investors from around the globe.

It is worth noting that Multilateral Investment Guarantee Agency (MIGA), a part of the World Bank Group, and EBRD risk mitigation instruments were incorporated into the structure to facilitate distribution to the private sector investors, including major institutions for whom these are first-ever investments in Egypt.

Mitsubishi UFJ Financial Group acted as arranger for the bond issue, the Scatec statement said.

ALDAR Q1 PROFIT AT US$ 187 MILLION, UP BY 26%

Aldar Group released its financial results reporting a net profit in Q1 2022 of AED 688 million (US$ 187.3 million), a 25.6% year-on-year growth.

Revenues stood at AED 2.7 billion in Q1 2022, a year-on-year growth of 31.5%, whereas gross profit reached AED 1.1 billion, a growth of 44%.

The group reported its liquidity position, with AED 5.6 billion of free cash and AED 4.9 billion of committed undrawn facilities.

Aldar attracted a major investment from Apollo Global Management, which is driving the accelerated expansion and diversification of its investment property business. Aldar also entered the high potential market of Ras Al Khaimah through two acquisitions in retail and hospitality, further increasing our geographic footprint, having entered the Egypt market at the end of last year, said the Group Chief Executive Officer of Aldar Properties in a statement.

Moreover, Aldar is expected to capitalize on a robust deal pipeline to further broaden our asset base. With demand for quality Abu Dhabi property remaining strong among investors and end-users, Aldar will also ramp up development activity and new project launches on the expanded land bank on Saadiyat Island, the Group Chief Executive Officer of Aldar Properties added in a statement.

AD PORTS SIGNS DEALS WITH RED SEA PORTS AUTHORITY ON EGYPT PROJECT

Abu Dhabi Ports Group and Egypt's Red Sea Ports Authority join forces and signed agreements for the development of major port projects along Egypt's coast, as mentioned in a statement.

The first agreement states that AD Ports Group will develop, operate, and manage a multipurpose terminal in Safaga seaport in a consortium with the Red Sea Ports Authority and the Egyptian Group for Multipurpose Terminals Company, the commercial arm of the Egyptian Ministry of Transportation.

The second agreement encompasses the development, operation and management of cruise ship berths and terminals at Sharm El Sheikh, Hurghada and Safaga ports, in addition to supporting services to extend cruise tourism in Egypt.

Moreover, AD Ports Group will progress plans for cruise ships lines linking Abu Dhabi, Hurghada, Sharm El Sheikh and Aqaba, the UAE-based port operator, backed by the sovereign wealth fund ADQ, as mentioned in a statement.

CAPITAL MARKETS

EQUITY MARKETS: SHY WEEKLY PRICE GAINS IN MENA EQUITY MARKETS

MENA equity markets managed to end the week on a positive note, as reflected by a 0.3% rise in the S&P Pan Arab Composite index, as market players weighed strong corporate earnings and prospects of increased banks' profitability in a global monetary tightening environment against some profit-taking operations and unfavorable company-specific factors.

The heavyweight Saudi Exchange, whose market capitalization represents 73% of the total regional market capitalization, bounced back this week, as reflected by a 1.0% increase in the S&P Saudi index, mainly supported by some strong corporate earnings and on prospects of increased banks' profitability given the US Fed aggressive hawkish monetary policy, in addition to bets that Saudi Arabia would post in 2022 its first fiscal surplus in about a decade on the back of elevated oil prices, rising crude production volumes and a tightening of spending.

A closer look at individual stocks shows that Saudi National Bank's share price surged by 8.1% week-on-week to SR 79.0. Saudi National Bank reported 2022 first quarter net profits of SR 4.5 billion versus net profits of SR 3.4 billion a year earlier. Riyad Bank's share price went up by 2.8% to SR 40.80. Riyad Bank reported 2022 first quarter net profits of SR 1.6 billion, up by 15% year-on-year. Amongst petrochemicals, petrochemicals giant Saudi Aramco, whose market capitalization represents around 72.0% of the total Saudi market capitalization, registered a 4.4% surge in its share price to reach SR 44.90. S-Oil Corp, Saudi Aramco's refining unit in South Korea, said that its 2022 first quarter net profits doubled year-on-year and expects regional refining margins in the second quarter of 2022 to stay firm, supported by seasonal demand and easing pandemic restrictions. SABIC's share price jumped by 4.3% to SR 131.0. Yansab's share price increased by 1.7% to SR 61.10.

The Egyptian Exchange registered strong price gains of 4.5% week-on-week, mainly on improved investor sentiment after Egypt announced plans to set a program for the private sector's participation in State-owned assets with a target of US$ 10 billion annually for four years. Commercial International Bank's share price climbed by 6.7% to LE 44.80. Abou Kir Fertilizers' share price skyrocketed by 14.4% to LE 28.29. EFG-Hermes' share price rose by 3.5% to LE 17.01. Talaat Mostafa Group's share price increased by 1.3% to LE 8.70. Ezz Steel's share price closed 5.4% higher at LE 14.71. Telecom Egypt's share price went up by 2.6% to LE 16.32.

In contrast, the Qatar Stock Exchange continued to operate on a negative territory this week, as reflected by a 2.6% drop in the S&P Qatar index, mainly dragged by some unfavorable financial results and oil price falls as China's spreading COVID-19 outbreak continued to weigh on the global oil demand outlook, while some market players sought to book profits ahead of Fitr holidays following strong year-to-date equity price gains of 17.5%. 29 out of 46 listed stocks posted price drops, while 15 stocks registered price gains and two stocks saw no price change week-on-week.

EQUITY MARKETS INDICATORS (APRIL 24 - APRIL 30, 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	96.7	3.1%	2.8%	10.3	36.6%	1.0	10,926.5	4.9%	-	0.36
Jordan	375.8	0.1%	7.9%	39.5	-14.4%	13.9	25,082.6	8.2%	11.9	1.74
Egypt	234.9	4.5%	-22.9%	137.1	-10.6%	822.9	37,483.7	19.0%	7.5	1.50
Saudi Arabia	622.4	1.0%	21.3%	8,775.1	-3.8%	666.2	3,334,963.0	13.7%	23.0	3.29
Qatar	228.1	-2.6%	14.5%	867.7	17.3%	760.4	208,563.7	21.6%	16.6	2.39
UAE	170.1	-0.6%	15.4%	2,697.1	-11.7%	1,868.5	677,505.3	20.7%	20.6	2.95
Oman	229.8	-1.9%	5.5%	53.8	50.5%	139.1	18,974.4	14.7%	12.8	0.98
Bahrain	209.5	-0.4%	14.6%	16.2	68.6%	19.6	31,115.3	2.7%	15.5	1.88
Kuwait	156.4	0.9%	17.3%	714.7	-15.6%	682.1	145,661.3	25.5%	18.8	1.95
Morocco	285.7	-1.6%	-9.9%	48.9	19.7%	3.5	68,335.8	3.7%	23.2	2.97
Tunisia	59.9	-1.1%	-6.5%	5.1	-51.6%	2.3	7,329.0	3.6%	10.2	1.52
Arabian Markets	**1,162.5**	**0.3%**	**17.1%**	**13,365.6**	**-5.0%**	**4,979.4**	**4,565,940.6**	**15.2%**	**21.9**	**3.10**

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 Industries Qatar's share price plunged by 6.9% over the month to QR 18.810 mainly on profit-taking operating after posting year-to-date price gains of 30.4%. This occurred despite an 87% year-on-year rise in its 2022 first quarter net profits to reach QR 2.7 billion. Mesaieed Petrochemical Holding's share price dropped by 6.5% to QR 2.590, as market players opted to book gains following year-to-date price gains of 32.5%. This took place despite a 17% year-on-year rise in its 2022 first quarter net profits to reach QR 443 million.

Also, Baladna's share price shed 6.7% to QR 1.465. Baladna reported 2022 first quarter net profits of QR 26 million versus net profits of QR 44 million a year earlier. Qatar Aluminum Manufacturing Company's share price fell by 5.9% to QR 2.40. Arqaam Capital Limited cut its recommendation on Qatar Aluminum Manufacturing Co. to "Hold" from "Buy", with a price target of QR 2.75, which implies a 15% increase from last price. Al Meera Consumer's share price declined by 1.1% to QR 19.0. Al Meera Consumer reported 2022 first quarter net profits of QR 43.2 million riyals, down by 12% year-on-year missing analysts' estimates. Mannai Corporation's share price plummeted by 12.8% to QR 8.890. Mannai Corporation reported 2022 first quarter net profits of QR 32 million, down by 4.5% year-on-year.

FIXED INCOME MARKETS: MENA BOND MARKETS ON DECLINE ON PROSPECTS OF MORE AGGRESSIVE US FED HAWKISH APPROACH

MENA fixed income markets continued to register across-the-board price contractions this week after the US Federal Reserve outlined a more aggressive approach to tame inflation, potentially endorsing two or more half percentage point interest rate hikes this year.

In the Saudi credit space, sovereigns maturing in 2026 and 2030 posted price falls of 0.88 pt and 0.50 pt respectively this week. Saudi Aramco'25 stood unchanged this week. Fitch Ratings revised Saudi Aramco's outlook to "positive" from "stable" following a similar rating action on Saudi Arabia and affirmed the long-term foreign and local currency Issuer Default Ratings at "A". Prices of SABIC'28 declined by 0.75 pt. Fitch Ratings revised SABIC's outlook to "positive" from "stable", and affirmed the chemicals company's foreign and local currency long-term Issuer Default Ratings at "A" following a similar rating action on its majority parent Saudi Aramco.

In the Abu Dhabi credit space, sovereigns maturing in 2026 and 2031 posted price drops of 0.38 pt and 1.25 pt respectively week-on-week. Etisalat'24 closed down by 0.13 pt. Mubadala'26 was down by 0.50 pt. ADNOC'29 posted price retreats of 0.50 pt. In the Dubai credit space, Emaar'26 saw price contractions of 2.50 pts this week. DP World'30 closed down by 1.50 pt. Emaar'26 was down by 0.38 pt.

Still in the UAE credit space, Sharjah'28 was down by 0.55 pt week-on-week. Prices of Sharjah'27 retreated by 0.33 pt. S&P Global Ratings revised to "negative" from "stable" its outlook on the Emirate of Sharjah, and affirmed its long-term and short-term foreign and local currency sovereign credit ratings on Sharjah at "BBB-/A-3". The "negative" outlook reflects what S&P views as rising risks to Sharjah's fiscal position over the next two years.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 registered price falls of 0.50 pt to 4.75 pts week-on-week. Euro-denominated sovereigns maturing in 2026 and 2031 closed down by 4.59 pts and 4.98 pts respectively. S&P Global Ratings affirmed its "B/B" long-term and short-term foreign and local currency sovereign credit ratings on Egypt, with a "stable" outlook. The "stable" outlook reflects S&P's expectation that the Egyptian authorities' policy response, alongside significant external support, should prevent a material deterioration in external and fiscal positions due to rising commodity prices.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 registered price falls of 0.25 pt and 1.63 pt respectively this week. Ooredoo'26 was down by 0.88 pt. As to papers issued by financial institutions, QNB'25 closed down by 0.25 pt. Prices of Commercial Bank of Qatar'23 contracted by 0.38 pt.

In the Bahraini credit space, sovereigns maturing in 2026 and 2031 registered price declines of 1.10 pt and 2.13 pts respectively week-on-week. Prices of NOGA'27 contracted by 0.50 pt. In the Omani credit space, sovereigns maturing in 2026 and 2029 saw price contractions of 0.70 pt and 1.31 pt respectively week-on-week. Omantel'28 was down by 0.88 pt.

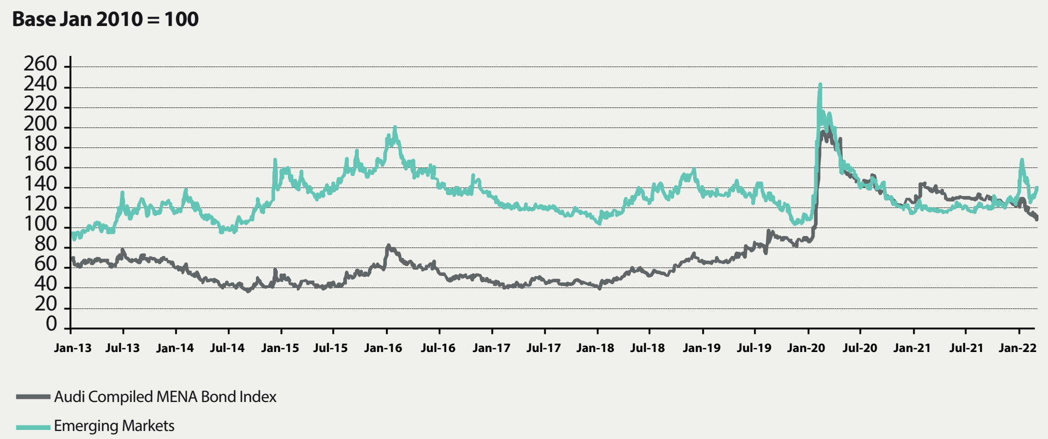
All in all, regional bond markets remained on the decline this week after the US Federal Reserve Chair said that a half percentage point interest rate hike "would be on the table" in May FOMC meeting, pointing to an aggressive set of Fed actions ahead as the Central Bank prepares to get inflation under control.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	29-Apr-22	22-Apr-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	59	53	43	6	16
Dubai	102	99	94	3	8
Kuwait	58	56	45	2	13
Qatar	61	55	44	6	17
Saudi Arabia	61	55	49	6	12
Bahrain	297	294	294	3	3
Morocco	111	109	95	2	16
Egypt	777	651	498	126	279
Iraq	351	326	554	25	-203
Middle East	208	189	191	19	17
Emerging Markets	353	372	141	-19	212
Global	396	519	183	-123	213

Sources: Bloomberg, Bank Audi's Group Research Department

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



Sources: Bloomberg, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
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$)	29-Apr-22	22-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	18.59	15.72	-0.6%	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)	3.66	3.66	3.67	0.0%	-0.4%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	0.4%	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	142.86	138.89	1.4%	4.3%
Moroccan Dirham (MAD)	9.99	9.84	9.25	1.5%	8.0%
Tunisian Dinar (TND)	3.08	3.02	2.87	2.0%	7.3%
Libyan Dinar (LYD)	4.79	4.71	4.60	1.7%	4.2%
Sudanese Pound (SDG)	447.07	447.07	437.92	0.0%	2.1%

Sources: Bloomberg, Bank Audi's Group Research Department