

CONTACTS

Treasury & Capital Markets

Bechara Serhal
(961-1) 977421
bechara.serhal@bankaudi.com.lb

Corporate Banking

Carol Ayat
(961-1) 959675
carol.ayat@bankaudi.com.lb

Mohamad Baydoun
(961-1) 959703
mohamad.baydoun@bankaudi.com.lb

Marketing and Communications

Marion Abou Jaoudé
(961-1) 977356
marion.abou-jaoude@bankaudi.com.lb

RESEARCH

Dr. Marwan Barakat
(961-1) 977409
marwan.barakat@bankaudi.com.lb

Salma Saad Baba
(961-1) 977346
salma.baba@bankaudi.com.lb

Farah Nahlawi Shaar
(961-1) 959747
farah.nahlawi@bankaudi.com.lb

Zeina Labban
(961-1) 952426
zeina.labban@bankaudi.com.lb

Michele Sakha
(961-1) 977102
michele.sakha@bankaudi.com.lb

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p.9 MARKETS IN BRIEF: MENA EQUITIES KEEP HEADING NORTH, TWO-WAY FLOWS IN BOND MARKETS

MENA equity markets kept heading north this week despite an oil price slump, mainly driven by some solid corporate earnings and favorable market-specific factors. This was reflected by a 1.1% rise in the S&P Pan Arab Composite index. In parallel, activity in MENA fixed income markets was mixed this week, as market players weighed rising global recession fears after the US economy contracted for the second straight quarter, against a pledge by US Fed officials to continue an aggressive fight to cool a four-decades high inflation even if higher rates cause the risk of recession.

MENA MARKETS: JULY 31 - AUGUST 6, 2022

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+1.1%	Weekly Z-spread based bond index	-4.3%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+4.8%	YTD Z-spread based bond index	-12.4%

ECONOMY

ICAEW: MIDDLE EAST OFFSETS INFLATION WITH RISING OIL PRICES

According to a new report by ICAEW, Middle East GDP growth in 2022 is projected at 5.2%, an increase of one percentage point on Oxford Economics' forecast in the first quarter, following inflated oil prices.

The Middle East faces a positive regional outlook underpinned by strong oil prices despite a darkening global landscape epitomised by mounting market pressures and heightened uncertainty, according to the latest Economic Insight report for the Middle East Q2, commissioned by ICAEW and compiled by Oxford Economics. Middle Eastern countries are having to adjust to pressures stemming from the ongoing Russia-Ukraine conflict, China's economic slowdown and the tightening of global market conditions, the report finds.

The rise in oil prices has provided strong support to the macroeconomic environment across the Gulf, offsetting the impact of rising inflation and supply chain disruptions to regional commodity importing countries. However, a scenario in which several large economies slide into recession would weigh on oil demand and test the resilience of the Gulf Cooperation Council (GCC).

Inflated oil prices have led to improved GDP growth prospects in Saudi Arabia, where output is forecast to expand by 7.1%, compared to 4% previously. There is also optimism in the UAE, where government reform agendas and a rise in oil output are expected to underpin growth of 6.7% this year.

The higher income from hydrocarbons means that all six GCC nations will likely post budget surpluses despite rising expenditures. However, this is unlikely to impact on spending plans, with some countries earmarking their oil windfalls for debt repayment. This should see debt-to-GDP ratios decline across the region.

Rising commodity prices caused by the Russia-Ukraine conflict have buoyed the GCC's fiscal and external balances but have subsequently caused inflation rates to increase. ICAEW predicts GCC inflation to average 3.1% this year (the forecast was 2.7% three months ago), up from 2.3% in 2021, before falling back to 2.5% in 2023.

"The GCC economy has seen an impressive bounce back from the disruption caused by the COVID-19 pandemic and has appeared steady despite global headwinds from prolonged market instability," according to ICAEW Economic Adviser, and Chief Economist and Managing Director, Oxford Economics Middle East.

"Growth in the oil sector has largely been the driver of the region's success, although Saudi Arabia recently gestured its willingness to help control rising oil prices – an indication that the region is concerned about the impact of a recession in key economies," he added.

The GCC's US dollar currency pegs have meant the region's monetary authorities have been forced to follow the United States Federal Reserve rate hikes in March and May. The Federal Reserve has displayed intent to tame the significantly high inflation in the US, with rate rise increases expected to total 2.5 percentage points this year.

The resulting rise in financing costs may dampen the non-oil recovery in 2023 but it should not pose an immediate risk to the region's growth or continued expansion, as per ICAEW.

EGYPT'S FOREIGN EXCHANGE RECEIPTS FALL 1.7% YEAR-ON-YEAR IN FY 2020/2021

Egypt's total foreign exchange receipts amounted to US\$ 126.7 billion in fiscal year (FY) 2020/2021, down by 1.7% from US\$ 128.9 billion in FY 2019/2020, according to the annual bulletin of foreign exchange statistics issued by the Central Agency for Public Mobilization and Statistics (CAPMAS).

This decline was driven by the decrease in government receipts which reached US\$ 0.5 billion in FY 2020/2021. Foreign cash payments totaled US\$ 129.5 billion in FY 2020/2021, versus US\$ 143.2 billion in the preceding FY. Members of the Arab League led the inward foreign exchange receipts by 42.4% of total receipts, with Saudi Arabia on top with US\$ 23.5 billion in proceeds.

On the other hand, Europe represented 38.6% of total outward foreign exchange payments at a value of around US\$ 50 billion, headed by the UK with payments worth US\$ 11.8 billion.

Meanwhile, the value of cash transactions, including receipts and payments, with members of the Common Market for Eastern and Southern Africa (COMESA) rose by 53%, recording US\$ 2.1 billion in FY 2020/2021, versus US\$ 4.1 billion in the prior year.

However, the value of cash transactions with the European Union's (EU) members dropped by 43.2% to US\$ 43 billion from US\$ 75.7 billion a year earlier.

UAE BANK DEPOSITS UP 1.6% IN MAY, AS PER THE CENTRAL BANK

The UAE Central Bank said that total bank deposits rose 1.6% to AED 2,040.5 billion (US\$ 655 billion) at the end of May 2022, from AED 2,008.4 billion at the end of April 2022 due to a 2% increase in resident deposits.

In a statement, the Central Bank said that aggregate money supply (M1), which includes currency in circulation outside banks plus monetary deposits, fell by 2.8% from AED 730.4 billion at the end of April 2022 to AED 710.1 billion at the end of May 2022.

Aggregate money supply M2, which includes longer-term deposits, rose slightly from AED 1,567.3 billion to AED 1,568.1 billion over the same period.

The aggregate money supply, M3, also increased by 1.7% from AED 1,858.6 billion to 1,890.2 billion.

SAUDI ARABIA'S GDP POSTS HIGHEST GROWTH IN 11 YEARS REACHING 11.8% IN Q2 2022

Saudi Arabia's real gross domestic product (GDP) jumped by 11.8% year-on-year in the second quarter of 2022, the highest in 11 years, while compared to the same quarter of 2021. The highest rate reached earlier was in the third quarter of 2011 when it posted 13.6%, according to the data issued on Sunday by the General Authority for Statistics (GASTAT).

The economic growth was driven by a significant increase in oil activities by 23.1% year-on-year and 5.4% rise in non-oil activities. Meanwhile, government activities increased by 2.2% year-on-year.

The seasonally adjusted real GDP increased by 1.8% in the second quarter of 2022, compared to the first quarter of this year. The rise is due to the positive growth witnessed by oil activities by 4.8%, in addition to an increase in government services activities by 0.2%, while non-oil activities decreased by 0.4%.

Saudi Arabia's real GDP grew by 9.9% in the first quarter of 2022 year-on-year. On a quarterly basis, seasonally adjusted GDP grew by 2.6%.

The authority attributed the economic growth, at the time, mainly to the significant rise in oil activities, which amounted to 20.3% year-on-year, and 2.9% on a quarterly basis, and the growth in non-oil activities reached 3.7% on an annual basis, and 0.9% on a quarterly basis.

MIDDLE EAST AIRPORTS' FINANCIAL MARGINS STILL FAR BELOW PRE-PANDEMIC LEVELS, AS PER THE ACI

Improvement in passenger and cargo air traffic continued in the Middle East and Asia-Pacific regions during the second quarter of 2022, but airport financial margins are still far below pre-pandemic levels, according to a new report.

The Airports Council International (ACI), Asia Pacific said despite the improving trend, quarterly revenues are still 60% below 2019, remaining at an unsustainably low level.

Total operating expenditures fell in the first quarter of 2022 compared to pre-crisis levels, although the decline narrowed slightly compared to last year.

The ACI's Industry Outlook, in partnership with Mott MacDonald, said the first quarter had been turbulent with rigid travel restrictions in some areas, and political instability in Eastern Europe contributing to ongoing headwinds.

Though 2022 looks to be a more positive year for the sector, there will be bumps in the road to recovery especially in consideration of the uncertain macroeconomic scenario, said ACI Asia-Pacific director general.

While the Middle East and South Asia have recovered to approximately 85% of Q2 2019 seat capacity, Emerging East Asia, which includes China, is at just 15% of 2019 Q2 level, as China adopted a zero-COVID strategy and renewed lockdowns, the outlook said. Most East Asian countries are heavily dependent on Chinese passengers.

Meanwhile, pent-up demand for leisure air travel will continue to buoy the industry's recovery even as the sector faces strong headwinds, with many airports already operating at capacity in peak periods, even though the overall footfall is below 2019 levels.

The Q2 2022 scheduled domestic seat capacity shows recovery of 89% of pre-pandemic levels compared to the same quarter of 2019, but international seat capacity is still down 59%, as travel restrictions, quarantine and testing requirements still continue to impact the market, particularly in China and partially in Japan.

Total domestic seat capacity is expected to exceed 2019 levels by the third quarter of 2022, with the overall traffic for the year likely to be on par with 2019 levels, the outlook said.

Actual cargo tonnage in the first quarter of 2022 was above the same quarter in 2019, the outlook showed.

EGYPT'S M2 MONEY SUPPLY UP 23.4% YEAR-ON-YEAR IN JUNE, AS PER THE CENTRAL BANK

Egypt's M2 money supply rose by 23.4% year-on-year in June, data from the Central Bank showed.

Money supply stood at LE 6.6 trillion (US\$ 349 billion), up from LE 5.4 trillion in the same month last year.

SURVEYS

EQUITIES STILL FAVORED INVESTMENT OPTION IN MIDDLE EAST, AS PER THE CONTINENTAL GROUP SURVEY

People in Middle East are wary of rising inflation, but over two-thirds are still behind equity markets, according to a survey of participants at a webinar conducted by the Continental Group.

While the survey respondents wholly agreed that rising inflation will impact their cost of living by at least 10%, over two-thirds said they still view equity markets favorably, denoting the continued uncertainties.

The inflation impact is seemingly not lost on the public as evident from the survey findings: 41% of respondents cited inflation as the biggest threat to the global economy this year, followed by rising crude oil prices (30%) and widespread uncertainties (30%). Furthermore, about 38% of respondents said inflation will impact their cost of living by more than 20%.

The last prominent inflation was in the 70s, the data of which is rather thin and inapplicable to modern-day circumstances. In previous inflationary cycles, the curves were flattened through rate hikes, etc. In today's case, however, with complex causal factors, the possibility of further steepening cannot be ruled out, as per the same source.

Directly, people are witnessing it through higher domestic fuel prices. Indirectly, the impact will be felt through a rise in transportation and food costs, etc. The impact is across the board.

In GCC, oil production has indeed led to cash surplus, and there are positive signs in local markets. However, because these are importing economies -- particularly food imports -- inflation is inescapable. And being pegged to the US dollar, they are essentially importing inflation. For investors, the solution hinges on strategic allocation, preferably in consumer staples, healthcare, tech, financials and energy, as per the Continental Group.

According to the survey conducted, 68% of respondents affirming their confidence in equity/stock markets. Conversely, the fixed income space found support from 21% of the polled.

Deconstructing the fixed income market, fixed income, especially core portfolios, carry high-rate risks. So, inflation and the naturally accompanying interest rate hikes run counterproductive to fixed income instruments. So, they should be strategically placed in the portfolio. Then there is the credit risk, where it gets murkier for companies.

Despite noticeable risks of recession, Central banks continue to remain hawkish. Apprehensions over aggressive interest rate hikes by Central Banks are now abating due to their potential impact on inducing a recession. Delving further afield, the yield curves are not the best indicators of recession probabilities.

The recession, if at all, is unlikely to cause widespread job losses or credit defaults. It'll be more like a victimless crime.

Economies with higher debt-to-GDP ratios will be more susceptible to commodity-price shocks. Governments will increase their investments into sustainable energies, as it is inevitable, but there are practical roadblocks in the near-to-medium term, as per the same source.

The Central Banks have a tough choice between excessive inflation or inducing recession. For the stocks and bond markets, this means that a greater part of the decline has already taken place and that a new rally phase could commence before long. A far greater decline would also be risky from the perspective of Central Banks as many assets serve as collaterals for the loan.

SAUDIS MAINTAIN GLOBAL TOP SPOT VIS-A-VIS ECONOMIC OUTLOOK CONFIDENCE

Saudis have maintained the top position of the world's highest confidence in the economic trends of their country over the past four months.

Saudi Arabia remained the most positive on the country's economic outlook with a 93% rating, up 61 percentage points, compared to a global average of 68%, according to Ipsos Global Advisor survey. The survey was conducted across 27 countries.

Saudi Arabia continued to maintain superiority over a number of major industrial countries that came in low ranks in terms of confidence, according to the Ipsos Index. The Kingdom came first in the index, which includes 27 countries, with a confidence rate of 93%, and a superiority of more than the world average 32% with 61 points, while countries such as the United States of America, Britain, France, Japan and Canada came in the second half of the index, with less than 50%.

In the survey, people of various countries reacted differently to major economic crises and problems faced by them such as inflation, poverty, unemployment, economy, crime, violence, or political corruption, Ipsos Index noted, while highlighting that Saudis were least concerned about most of the indicators.

The findings of Ipsos, which is the third largest research agency in the world, confirm the confidence of the Saudis in the Kingdom's Vision 2030, and the reforms it has carried out in the structure of the Saudi economy, the labor market, investment regulations, and the creation and enactment of legislation supporting all of these reforms. The survey also noted the overwhelming support for the strong war against corruption and drying up of its sources, which led to diversify sources of income, develop investment opportunities, and provide job opportunities for male and female citizens, which was reflected in enhancing the quality of life for the citizens, residents and visitors to Saudi Arabia.

The Ipsos Index focused on many important social and political issues in 27 countries around the world. The Kingdom came first with 93% of Saudis' confidence in the economic situation, with an advantage of more than 16 points over its nearest competitor, India, which ranked second with 77% and Sweden came third with 57%.

Major industrial countries came in the lower half of the index under 50%. Japan was the worst with only 10% followed by Britain 23%, France 24%, the United States of America 28% and Canada 38%.

Despite the strong inflation wave that affects all countries of the world, Saudis' concern about it was the lowest globally by only 13% while the general global concern about this problem was 38%.

The results of the growing confidence in the Kingdom's economic policies are an extension of previous results achieved during the past two years in a row according to the findings of the Edelman Trust Barometer, powered by Edelman Data & Intelligence.

According to this survey, Saudi Arabia maintained the top spot in the index covering 28 countries around the world in 2021, with an increase in confidence in the performance of the Kingdom's government from 78% in January 2020 to 82% in January 2021, adding to its credit four percent points that qualified it to be in the forefront of the countries included in the index as the highest government in the world with confidence in its performance.

CORPORATE NEWS

DEWA TO INVEST US\$ 11 BILLION IN ELECTRICITY AND WATER PROJECTS

The Dubai Electricity and Water Authority (DEWA) is to invest AED 40 billion (US\$ 10.8 billion) in electricity and water projects in the next five years targeting the expansion of renewable and clean energy projects, according to DEWA's CEO and Managing Director.

The Emirates Central Cooling Systems Corporation (Empower), where 70% of it is acquired by DEWA, also aims to invest AED 3 billion to expand district cooling capacity and network, as mentioned in statement.

It details, DEWA's capital expenditure allocation will be AED 16 billion in the expansion of electricity and water transmission and distribution networks, while AED 12 billion will be invested to complete the independent power producer projects (IPP) in the Mohammed bin Rashid Al Maktoum Solar Park, the Hassyan Power Complex and the Independent Water Producer (IWP) and other ongoing projects.

DEWA has strategic partnerships with various local and international companies to implement renewable energy and water desalination projects according to the IPP model, DEWA's CEO and Managing Director said in a statement.

OETC INVESTS US\$ 166 MILLION IN NEW POWER NETWORKS

Oman Electricity Transmission Company (OETC), member of Nama Group, announced the completion of network projects in various governorates of the Sultanate of Oman, as mentioned in a statement.

The projects aimed at contributing to enhancing the stability and reliability of electrical networks across the country.

The subject project will be implemented in two phases. The first phase, which is expected to be completed in the 1Q-2023, extending from the North to Duqm and the Wilayat of Mahout, is currently being implemented in five stages, involving the construction of five 400 kV grid stations and associated overhead lines running across more than 660 km.

The second phase, extended from phase one, currently in design, will feature three grid 400 kV grid stations and over 500 km of overhead lines. This phase is expected to be completed by the end of 2026.

It is worth noting that the North-South Interconnection Project (Rabt) will link the Main Interconnected System (MIS) of North Oman with the Dhofar System and integrate the Duqm System and that of Petroleum Development Oman (PDO), as mentioned in a statement.

Finally, the interconnection project will enhance investment inflows into Duqm Special Economic Zone and will attract investments in renewable and green energy projects in Al Wusta and Dhofar governorates, said the CEO of OETC in a statement.

HEGAZ DEVELOPMENT INVESTS US\$ 64 MILLION IN SOKHNA HILLS PROJECT

Egyptian-Hegaz Development is developing Sokhna Hills project over three phases whereby it will invest the sum of US\$ 64 million in its first phase which achieved 50% of completion, as mentioned in a statement.

Sokhna Hills project in Ain Sokhna is to be extended over an area of 100 feddans. The first phase includes 600 different units ranging from chalets, villas and townhouses, a hotel, a commercial mall and an athletic area, said Chairperson of Hegaz Development in a statement.

It is worth mentioning that the second phase of the project is scheduled to be fully delivered by the end of 2023, and the third phase in 2024.

Hegaz Development, founded in 1988, started its work in the real estate market in Ain Sokhna and the Gulf of Suez. The company has developed a number of projects including Hegaz Oasis and Dolphin Beach.

10 FIRMS TO BUILD 42 PUBLIC SCHOOLS IN OMAN

The Ministry of Finance (MOF) of Oman announced the qualified 10 bidders in the RFQ stage for the design, finance, construction and maintenance of 42 schools under the Public Private Partnership (PPP) Agreement.

The bidders are Aberdeen Standard Investcorp Infrastructure Partners, Tamasuk Holding, Al Madina Real Estate, Vision International Investment Company, Galfar Engineering & Contracting, Oman Investment Corporation, Lamar Holding, Renaissance Services, Muscat National Development & Investment (ASAAS), Alghanim International General Trading & Contracting, as mentioned in a statement.

The project implementation stages include feasibility study, request for qualification, request for proposal and contract.

DP WORLD SIGNS NEW DEVELOPMENT PROJECTS TO STRENGTHEN F&B CLUSTER, CAPABILITIES WITHIN JEBEL ALI

DP World UAE obtained two new development projects with multinational agricultural commodity processors, strengthening the F&B cluster and capabilities within Jabel Ali, as mentioned in a statement.

The two facilities will be initiated over a quayside plot of nearly 100,000 square meter, where the companies have leased an area of 61,000 square meter. The project consists of an integrated agri-storage and processing unit.

The new integrated quayside facilities aim to enhance year-round availability and production of essential grains and pulses. The concessions with Adroit Canada and Al Amir Foods in the Jabel Ali Port will ensure a reliable, consistent, and safe agricultural value chain within the region, as mentioned in a statement.

The facilities will have a singular eco-system for bulk silo storage and agri-processing. DP World will also invest in the most versatile and technologically advanced grain and pulses automated material handling and ferrying systems as part of the project.

The facilities are expected to account for annual trade of more than AED 900 million, contributing to Dubai's strategic plan of boosting foreign trade to AED 2 trillion. With their presence in the Jabel Ali Port and Jafza, the businesses will benefit significantly from multimodal connectivity, reduced logistics costs, a seamless business environment and access to over 3.5 billion consumers.

SODIC'S CONSOLIDATED PROFIT 31.1% HIGHER YEAR-ON-YEAR IN H1-2022

Sixth of October Development and Investment Company (SODIC) (OCDI), listed on the EGX, reported a 31.1% year-on-year increase in H1-2022 in consolidated profit attributed to the parent company during the first half (H1) of 2022.

The company's consolidated profit excluding minority interest grew to EGP 291.7 million in H1 2022, up from EGP 222.6 million in H1-2021.

Consolidated operating revenue rose to EGP 2.5 billion in H1-2022, up from EGP 1.7 billion in the same half of previous year.

It is worth noting that the company pertains consolidated net profit excluding minority interest stood at EGP 226.2 million in Q1 2022, compared to a profit of EGP 100.5 million in the same quarter of 2021.

CAPITAL MARKETS

EQUITY MARKETS: EXTENDED WEEKLY PRICE GAINS IN MENA EQUITIES, ON SOLID CORPORATE EARNINGS

MENA equity markets kept heading north this week despite an oil price slump, mainly driven by some solid corporate earnings and favorable market-specific factors. This was reflected by a 1.1% rise in the S&P Pan Arab Composite index.

The heavyweight Saudi Exchange, whose market capitalization represents more than 70% of the total regional market capitalization, registered extended price gains of 1.2% this week, mainly supported by some favorable financial results and on improved sentiment after recent data showed that the Saudi economy expanded by 11.8% year-on-year during the second quarter of 2022, maintaining its fastest pace of growth since 2011 amid higher oil prices and output. This occurred despite an 8.7% drop in Brent oil prices to reach US\$ 94.92 per barrel on Friday, after China's slowing economy stoked concerns over global oil demand outlook, overshadowing OPEC's recent decision to raise output at a much slower pace in September 2022.

A closer look at individual stocks shows that Bahri's share price jumped by 5.6% week-on-week to SR 24.36. Bahri reported 2022 second quarter net profits of SR 128 million as compared to net profits of SR 39 million a year earlier. Amlak International's share price rose by 1.8% to SR 18.40. Amlak International reported 2022 second quarter net profits of SR 29 million versus net profits of SR 28 million a year earlier. SABIC Agri-Nutrients' share price climbed by 5.1% to SR 139.80. SABIC Agri-Nutrients reported 2022 second quarter net profits of SR 3 billion versus net profits of SR 836 million a year earlier. Riyadh Bank's share price went up by 2.3% to SR 37.35. Riyadh Bank reported a 6.5% year-on-year increase in its 2022 second quarter net profits to reach SR 1.6 billion. SNB's share price rose by 2.0% to SR 71.50. SNB's share price rose by 2.0% to SR 71.50. Banque Saudi Fransi's share price surged by 3.7% to SR 52.90.

Also, Saudi Steel Pipe Company's share price rose by 2.7% over the week to SR 2.58. The Saudi Steel Pipe Company completed a SR 95 million deal to supply oil and gas steel pipes to Uruguay's Tenaris Global Services, a move that is expected to have a financial impact in the second half of 2022. Saudi Ceramics' share price surged by 6.4% to SR 38.85. Al Rajhi Capital raised its recommendation on Saudi Ceramic Company to "Overweight" from "Neutral" with a price target of SR 41 riyals, which implies an 11% increase from last price.

The Qatar Stock Exchange continued to follow an upward streak for the third consecutive week during the earnings season, as reflected by a 2.8% rise in the S&P Qatar index. 36 out of 46 listed stocks posted price gains, while ten stocks recorded price falls week-on-week. A closer look at individual stocks shows that Qatar National Cement's share price rose by 0.5% to QR 4.892. Qatar National Cement reported net profits of QR 111 million during the first half of 2022 as compared to net profits of QR 94 million a year earlier. Doha Insurance's share price closed 0.6% higher at QR 2.180. Doha Insurance announced net profits of QR 60 million during the first half of 2022 as compared to net profits of QR 40 million during the same period of last year. Ezdan Holding Group's share price skyrocketed by 17.3% to reach QR 1.245 ahead of a conference call with investors that would be held August 14, 2022 to discuss financial results for the first half of the year 2022.

EQUITY MARKETS INDICATORS (JULY 31 - AUGUST 6, 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	128.6	0.0%	36.8%	10.9	-23.9%	0.4	14,536.7	3.9%	-	0.31
Jordan	404.1	-2.2%	16.0%	73.8	26.0%	23.8	26,161.4	14.7%	10.9	1.67
Egypt	203.5	3.3%	-33.2%	250.8	-	1,946.3	33,725.2	38.7%	6.9	1.35
Saudi Arabia	544.5	1.2%	6.2%	8,020.1	9.0%	808.48	3,164,235.1	13.2%	19.1	2.68
Qatar	220.3	2.8%	10.6%	863.7	44.1%	1,245.1	202,523.4	22.2%	15.8	2.17
UAE	148.1	0.1%	0.4%	2,151.9	6.5%	1,665.8	698,129.1	16.0%	16.6	2.50
Oman	265.1	3.4%	21.6%	66.6	51.5%	76.2	21,426.8	16.2%	13.4	1.08
Bahrain	197.3	-0.3%	8.0%	5.6	-2.2%	8.5	27,794.9	1.0%	13.6	1.85
Kuwait	146.5	0.0%	9.8%	521.0	-17.7%	515.5	135,996.1	19.9%	20.4	2.40
Morocco	251.4	0.7%	-20.7%	27.3	61.4%	1.10	59,899.3	2.4%	22.5	3.08
Tunisia	59.9	0.1%	-6.6%	3.5	-55.8%	2.3	7,180.6	2.5%	10.1	1.52
Arabian Markets	1,040.3	1.1%	4.8%	11,995.2	9.6%	6,293.4	4,391,608.5	14.2%	18.4	2.59

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

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

The Egyptian Exchange continued to attract dip buyers for the third consecutive week following a large year-to-date price contraction of circa 35%, mainly supported by some favorable financial results and as Egypt is seeking a new IMF loan aimed to bolster an economy hit by the fallout from the war in Ukraine. This was reflected by a 3.3% rise in the S&P Egypt index. Sidi Kerir Petrochemical Company's share price rose by 1.2% to LE 7.44. Sidi Kerir reported net profits of LE 468 million during the first half of 2022 as compared to net profits of LE 283 million during the same period of the previous year. SODIC's share price jumped by 5.0% to LE 12.30. SODIC reported net profits of LE 292 million during the first half of 2022 as compared to net profits of LE 223 million a year earlier. Commercial International Bank's share price rose by 1.0% to LE 38.39. Telecom Egypt's share price surged by 3.8% to LE 14.35. Palm Hills Development's share price climbed by 5.1% to LE 1.384.

FIXED INCOME MARKETS: TWO-WAY FLOWS IN MENA BOND MARKETS THIS WEEK

Activity in MENA fixed income markets was mixed this week, as market players weighed rising global recession fears after the US economy contracted for the second straight quarter, against a pledge by US Fed officials to continue an aggressive fight to cool a four-decades high inflation even if higher rates cause the risk of recession.

In the Abu Dhabi credit space, sovereigns maturing in 2026 were slightly up by 0.03 pt, while sovereigns maturing in 2031 closed down by 0.23 pt this week. Prices of ADNOC'29 contracted by 0.17 pt. Etisalat'24 posted price falls of 0.20 pt. Taqa'26 traded down by 0.65 pt. In the Dubai credit space, sovereigns maturing in 2029 registered price increases of 0.39 pt week-on-week. DP World'30 was up by 0.87 pt. Prices of Emaar'26 rose by a shy 0.06 pt. In contrast, Majid Al Futtaim'29 posted price decreases of 0.17 pt. Emirates Airline'28 closed down by 0.56 pt.

In the Bahraini credit space, sovereigns maturing in 2026 and 2031 posted price expansions of 0.64 pt and 1.59 pt respectively this week. Prices of NOGA'27 increased by 0.79 pt. In the Qatari credit space, sovereigns maturing in 2026 recorded price rises of 0.36 pt, while sovereigns maturing in 2030 were down by 0.21 pt week-on-week. Prices of Ooredoo'26 declined by 0.19 pt.

In the Omani credit space, sovereigns maturing in 2026 and 2029 saw price rises of 0.98 pt and 2.18 pts respectively week-on-week. Omantel'28 traded down by 0.08 pt. Regarding plans for new issues, the State-backed company Energy Development Oman (EDO) plans to sell at least US\$ 1 billion of Ijara sukuk, as the Sultanate seeks to leverage its energy assets after oil prices soared. The Islamic bonds would be backed by gas-concession assets.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 contracted by 0.14 pt this week. Prices of KIPCO'27 increased by 1.81 pt. In the Saudi credit space, sovereigns maturing in 2026 and 2030 registered shy price retreats of 0.03 pt and 0.05 pt respectively this week. Saudi Aramco'25 closed down by 0.63 pt. Prices of SEC'24 contracted by 0.24 pt. In contrast, SABIC'28 was up by 0.10 pt. Prices of STC'29 increased by 0.72 pt.

In the Iraqi credit space, sovereigns maturing in 2028 closed up by 0.09 pt this week. In the Jordanian credit space, sovereigns maturing in 2026 and 2030 saw price expansions of 1.0 pt and 1.59 pt respectively week-on-week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023 and 2030 posted price decreases of 0.18 pt and 1.39 pt respectively, while sovereigns maturing in 2025 and 2040 registered price rises of 0.38 pt and 0.88 pt respectively this week. Euro-denominated sovereigns maturing in 2026 and 2031 saw price gains of 0.31 pt and 0.42 pt respectively.

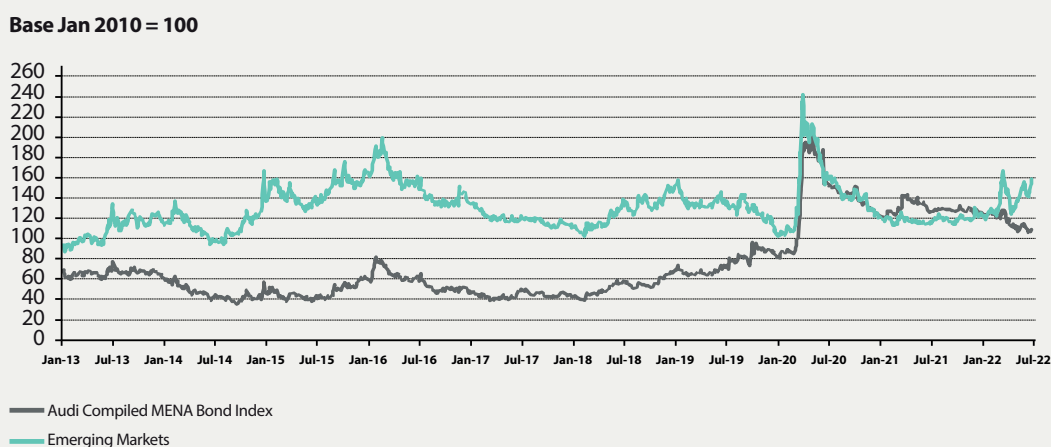
All in all, regional bond markets saw two-way flows this week, as market players balanced growing global recession fears against San Francisco Fed President's comments that the Central Bank's work of bringing down 40-year inflation is "nowhere near" done, quashing recent policy pivot talks.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	05-Aug-22	29-Jul-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	56	64	43	-8	13
Dubai	132	138	94	-6	38
Kuwait	72	72	45	0	27
Qatar	57	65	44	-8	13
Saudi Arabia	58	67	49	-9	9
Bahrain	316	326	294	-10	22
Morocco	301	311	95	-10	206
Egypt	1333	1372	498	-39	835
Iraq	776	801	554	-25	222
Middle East	344	357	191	-13	153
Emerging Markets	413	446	141	-33	272
Global	718	578	183	140	535

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/Negative	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+/Stable/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/Stable	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\$)	05-Aug-22	29-Jul-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)	19.12	18.94	15.72	1.0%	21.6%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.76	3.76	3.76	0.1%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.68	3.68	3.67	-0.1%	0.2%
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)	10.33	10.29	9.25	0.4%	11.7%
Tunisian Dinar (TND)	3.16	3.14	2.87	0.5%	9.9%
Libyan Dinar (LYD)	4.87	4.86	4.60	0.1%	5.9%
Sudanese Pound (SDG)	568.92	567.87	437.92	0.2%	29.9%

Sources: Bloomberg, Bank Audi's Group Research Department

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