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MENA equity markets pursued their upward trajectory for the second consecutive week, as reflected by a 1.2% rise in the S&P Pan Arab Composite index, mainly supported by upbeat corporate earnings and extended oil price gains. In parallel, activity in MENA fixed income markets remained mostly skewed to the upside, mainly tracking US Treasuries move after recent data showed an annual contraction in the US economy for the second straight quarter, which sent a strong signal of recession, while reaffirming the US Fed Chair's view that the Central Bank could slow the pace of its interest rate hikes in the coming months following its second 75 bps rate hike in July 2022.

MENA MARKETS: JULY 24 - JULY 30, 2022

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+1.2%	Weekly Z-spread based bond index	-1.5%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+3.7%	YTD Z-spread based bond index	-8.5%

ECONOMY

KPMG: HIGH INTERNATIONAL ENERGY PRICES WILL BOOST GCC ECONOMIC GROWTH

The global economic outlook has been issued by KPMG this week.

It says high international oil and gas prices will bolster Gulf Cooperation Council (GCC) economies, enabling the bloc to continue to lead the regional economic recovery. Unemployment rates will continue to decline, with the heavy use of foreign workers providing labor market flexibility. Upward price pressures in the GCC will remain restrained, but other countries in the region are likely to face difficulties preventing an upturn in domestic inflation.

In details, the economies of the Gulf Cooperation Council (GCC), whose membership is comprised of Saudi Arabia, the United Arab Emirates (UAE), Kuwait, Bahrain, Oman and Qatar, have been experiencing an upturn since the second quarter of 2021, owing in part to a healthy recovery in international oil and gas prices during the same period. A further fillip has been provided by a spike in international energy prices since the escalation in the conflict between Russia and Ukraine.

Although international energy prices are unlikely to remain at current levels, given that the spike in part reflects uncertainty over oil and gas supplies owing to the war in Ukraine, they are likely to remain elevated in 2022 as per KPMG. The positive impulse provided by GCC's oil and gas sector- through both increased production and prices- will further support the ongoing economic recovery during the remainder of 2022 and into 2023.

Private sector confidence and activity, already supported by the easing of COVID-19 related restrictions, will further benefit from the high international energy prices as they strengthen GCC fiscal and balance of payments accounts – improvements in these indicators signal that GCC governments are better-equipped to offset any potential negative economic shocks. On balance, current trends in the domestic and international economies will support robust economic growth in both the GCC's oil and non-oil economies, with the pick-up in economic activity reducing unemployment rates.

In parallel, non-GCC economies in the Middle East region are diverse in terms of their economic growth potential, but collectively many of these economies suffer from weak fiscal and balance of payments positions, volatile and weak economic growth rates, a low resilience to shocks and different degrees of political and/or social instability, according to KPMG.

Base effects have flattered the economic performance of this group since around mid-2021-many of these countries experienced significant economic contractions during the implementation of pandemic-related containment measures and, conversely respectable headline growth rates have been recorded since their domestic economies and those of their main trading partners started to reopen, with the latter supporting external demand.

KPMG baseline assumption is that further lockdown measures in both this group and its trading partners will be limited. However, the positive impact of the aforementioned base effects will filter out in 2022. The economic disruption caused by COVID-19 containment measures resulted in a deterioration of already weak fiscal positions, further undermining the ability of non-GCC governments to boost their domestic economies and provide social support.

Overall, real GDP growth rates likely to be constrained in non-GCC countries during 2022 and 2023, limiting a strengthening of local labor markets. At the same time, high global commodity prices are expected to continue feeding through into domestic inflation, adding to economic volatility and uncertainty across the group as per KPMG.

MOODY'S DOWNGRADES SHARJAH'S RATINGS TO "BA1" AND CHANGES OUTLOOK TO "STABLE"

Moody's Investors Service has downgraded the long-term foreign and local-currency issuer ratings and the foreign-currency senior unsecured ratings of the Government of Sharjah to "Ba1" from "Baa3", as it expects the emirate's fiscal strength to deteriorate over the next few years.

The rating agency also changed the outlook on the issuer to "stable" from "negative", indicating the risks to Sharjah's ratings are balanced.

The "Ba1" rating is consistent with further fiscal deterioration that Moody's expects in the medium term.

Downside credit risks stem from the deteriorating global macroeconomic environment. Sharjah's government liquidity and external vulnerability risks stem from the tightening global financing conditions and rising interest rates. These are, however, mitigated by the financial benefits that Sharjah derives from its membership in the UAE, including the highly credible currency peg and the government's reliable access to financing from the UAE's liquid and well-capitalized banking system.

Upside risks relate to potentially positive effects from the government-led infrastructure and real-estate development projects on Sharjah's growth and from the planned introduction of the federal corporate tax on revenue.

Moody's said the ratings downgrade also applies to the backed senior unsecured debt ratings of Sharjah Sukuk Limited and Sharjah Sukuk Programme Limited. It said the "payment obligations related to the notes issued by these entities, which are fully owned by the Government of Sharjah, are direct obligations of the government.

UAE CENTRAL BANK SAYS REAL GDP UP 8.2% IN Q1 2022

The UAE Central Bank's quarterly report indicated that total real GDP increased by 8.2% annually in the first quarter of 2022.

The Central Bank expects real GDP to grow by 5.4% in 2022 and 4.2% in 2023, the statement added, and expects non-oil GDP to increase by 4.3% and 3.9% in 2022 and 2023, respectively.

DUBAI RECORDS 25% GROWTH IN NEW BUSINESS LICENSES IN H1 2022

Dubai issued 45,653 new business licenses in the first half (H1) of 2022, registering a growth of 25% compared to same period last year.

The numbers reaffirm the success of the government's innovative new strategic approaches and policy amendments that have revitalized the economy and stimulated a strong flow of local and foreign investment, enabling the emirate to accelerate the pace of its sustainable economic growth and diversification.

According to the BRL sector data, 55% of the new business licenses issued during H1 2022 were professional and 45% were commercial. Bur Dubai accounted for the largest share with 31,604 of new licenses issued, followed by Deira with 14,022 licenses, and Hatta (27), while the top sub-regions were: Al Fahidi, Burj Khalifa, Al Marrar, Port Saeed, Dubai Investment Park 1, Naif, Al Quoz 3, Trade Centre 1, Al Barsha 1, and Jebel Ali Industrial 1.

A total of 261,958 business registration and licensing transactions were completed in H1 2022, a growth of 33% compared to H1 2021, when total transactions reached 197,052. Additionally, the number of renewal transactions during the first half of 2022 reached 92,948, a growth of 22% compared to the first half of 2021, in which 75,950 transactions were recorded.

The number of Initial Approvals reached 39,303, a growth of 54% compared to H1 of 2021 (25,491), while Trade Name Reservations reached 41,731, a growth of 32% compared to H1 of 2021 (31,693). Commercial Permits reached 5,805 permits in H1 2022.

The BRL sector reported that 14,654 Instant Licences were issued during H1 2022. Through the Instant Licence, which is issued within five minutes on invest.dubai.ae platform, with the option to issue an electronic MOA and a virtual site for the first year only, the DET aims to drive the sustainable economic development and competitiveness of Dubai.

SAUDI ECONOMY SET TO GROW AT 8.3% IN 2022 AS PER BELTONE

Saudi Arabia's economy is set to grow at 8.3% this year, according to Egypt based investment bank Beltone Financial, revising its earlier estimate of 4.9%.

The upward revision comes on the back of "higher oil production and further supported by a maintained positive trend in the non-oil sector, rebounding from the pandemic woes," the bank said.

According to the Saudi General Authority for Statistics, 1Q22 already saw a 9.9% growth.

The non-oil GDP registered a growth of 4.9% in 2021, slightly higher than our estimated 4.4% growth. Total GDP expanded 3.2% in 2021, above our estimate of 2.1%, due to a flat performance of the oil sector vs our expectations of a 1.2% contraction, Beltone said.

The report also highlighted the SR 20 billion Saudi stimulus package, return of international pilgrimage, and higher employment among Saudis as key drivers to an upward revision of private spending growth.

The brokerage expects headline inflation to be tamed at 2.5% this year, below global average.

The Saudi government should generate a budget surplus of 7.6% of GDP in FY22e, as revenue increases by SR 364 billion. Meanwhile, according to finance ministry, excess revenue from oil will be transferred to the government's current account until the end of this year, not to be deployed in the form of higher government expenditure.

The current account is expected to register a surplus of 17.5% of GDP, as trade balance almost doubles despite a crunch in net investment income and larger outflows of expat remittances.

INFLATION IN OMAN SURGES NEARLY 3% IN JUNE

The inflation rate in the Sultanate of Oman rose in June this year by 2.9% on an annual basis, driven mainly by the increase in food and beverage prices by 6.1%, according to the data of the monthly bulletin of the National Center for Statistics and Information (NCSI).

The prices of oils and fats increased by 19%, fruits by 9.2%, and meat 8%, compared to June of last year.

The transportation group prices rose by 4.2% in June, in conjunction with the rise in global oil prices.

On a monthly basis, the inflation rate in Oman increased by 0.5% in June compared to the previous month of May. The annual inflation rate last May in Oman was 2.4%.

SURVEYS

UAE HOTEL RATES TO SEE 20% INCREASE DURING QATAR WORLD CUP

UAE hotels and homestays are witnessing a major upswing before the final kick-off of the biggest sporting event in the region. Experts see at least a 20% increase in room rates, and many expect 100% occupancy during the Qatar World Cup. Industry experts expect the football spectacle to boost the hospitality industry in the country.

The demand for rooms during the World Cup is causing a surge in prices, with a 20% increase in room rates, especially during the group stages, as per an Industry expert.

The 2022 Fifa world cup which is scheduled to take place in Qatar from November 21 to December 18 is expected to attract millions of spectators from all across the world. The country, with its limited accommodation, had previously announced shuttle services from neighboring countries to meet the influx of visitors.

Several hotels and homestays are expecting a full or near full occupancy rate during the period of the World Cup.

MIDEAST SOVEREIGNS TURN TO PRIVATE MARKETS AMID INFLATION SURGE

Surging inflation has prompted sovereign investors to re-examine their asset allocation, with private markets the main beneficiary, according to the latest Invesco Global Sovereign Asset Management Study.

Now in its tenth year, the study details the views of 139 chief investment officers, heads of asset classes and senior portfolio strategists at 81 sovereign wealth funds and 58 central banks around the globe, who together manage US\$ 23 trillion in assets.

After a long period of low interest rates and low inflation, sovereign investors have been forced to reconsider their macroeconomic assumptions and adjust their investments accordingly.

The majority of sovereigns in the Middle East (55%) have repositioned their portfolios in anticipation of further rate rises, though the sharp correction in equities and failure of bonds to shelter portfolios have presented difficult choices.

While most markets ended 2021 with a cautiously optimistic outlook for 2022, the start of the year presented a perfect storm of challenges for investors. Inflation is surging, global growth is slowing, and geopolitical tensions are rising, as per Head of the Middle East and Africa and Senior Executive at Invesco.

Where the macro environment had once been relatively predictable, it is now more uncertain, sending sovereigns to rethink how to position their portfolios as they look ahead, as per the same source.

Invesco's study affirms that while global sovereigns' fixed income allocations have declined steadily in recent years, they are no longer being redirected to listed equities. Instead, they are going to private market alternatives, notably real estate, private equity and infrastructure.

In the Middle East, most (82%) respondents agree that real assets are effective hedges against inflation and higher yields.

While there are some concerns about deal flow and supply driving valuations higher, private markets remain attractive to long-term investors in the region because they provide a long-duration play and shelter from volatility.

Interest in private assets looks set to continue, with 50% of sovereign wealth funds in the Middle East citing an intention to increase allocations to private equity, 20% to real estate and 20% to infrastructure over the next 12 months, as per the same source.

Globally, private assets now constitute, on average, 22% of sovereigns' portfolios, the highest proportion on record. In total, sovereign investors now own US\$ 719 billion in private assets, up from US\$ 205 billion in 2011.

Although the increased interest in private markets has come at the expense of reduced allocations in fixed income for sovereign funds globally, some respondents, including those in the Middle East, are looking to take advantage of opportunities arising from the equity market correction, as well as right entry-points for fixed income as rates begin to rise.

Invesco's study reveals that 40% of Middle East sovereigns plan to reduce allocations to developed Europe and 30% to Emerging Europe over the next 12 months. Regional respondents are most likely to increase exposure to North America (70%), the Middle East (40%) and Emerging Asia-Pacific (40%).

This study has previously noted sovereigns' high levels of capital flows into China, however, views this year are mixed.

The majority (52%) of sovereigns said that China was a more challenging place to invest than last year, with regulatory risk and government interventions in certain sectors such as technology viewed as having an impact on asset prices.

However, others noted that China's level of integration into global trade and markets – notably the interdependence of the American and Chinese economies – could mitigate the geopolitical risk posed by the Russian invasion of Ukraine.

Many Central Banks sought liquidity following the outbreak of COVID-19 leading to an increase in cash deposits. Invesco's study shows that this trend has now reversed, as demand for greater liquidity of reserves had dried up post-COVID.

As Central Banks navigate within a rising global inflationary environment, cash deposits are being reallocated into government bonds.

Central Banks are looking to diversify into new asset classes, including equities and real assets, valuing their diversification benefits and potential for higher returns.

Despite the widespread anticipation that institutional investors will embrace digital assets, Invesco's study unveils that sovereign funds do not yet see them as investable. Just 7% of global sovereign investors have any exposure to digital assets, and much of this is through investments in underlying block chain companies.

Volatility (78%), regulatory pressure (78%) and transparency (67%) are the most common concerns among Middle East sovereigns, with just 20% thinking that digital assets have a role in asset allocation as a diversifier. For many Middle East sovereigns (70%), there is more interest in investing in companies involved in the infrastructure behind digital assets as the largest growth opportunity than the digital assets themselves.

However, research into digital assets is increasing. In 2018, just 12% of global sovereigns were conducting research into the area; now, the figure is 41%, including 40% of those in the Middle East.

Sovereigns generally feel comfortable about investing in the underlying technology via private equity and venture capital products, and 55% said they would consider investing in the industry if the right opportunity were to present itself.

Most Central Banks around the world are still deep in the research and development stage of their digital currency journeys: 71% of central banks in the Middle East are either conducting research into Central Bank Digital Currencies or considering launching one themselves.

CORPORATE NEWS

JCDC AWARDS DESIGN AND ENGINEERING CONTRACTS FOR KEY STADIUM

Subsidiary of Saudi sovereign wealth fund PIF, Jeddah Central Development Company (JCDC), awarded design and engineering contracts for stadium at Jeddah Central Project to GMP International Spain GMBH and urban development consultants Khatib and Alami, as mentioned in a statement.

The subject project is worth SAR 75 billion (US\$ 20 billion). It will be initiated over 5.7 kilometer strategic area in central Jeddah.

The stadium comes as part of its strategic plan to create a local attraction and global destination in Saudi port city, JCDC said in a statement.

The project overlooks a waterfront location where it will boast a marina to accommodate local and international yachts in addition to 2.1 km of sandy beaches, as mentioned in a statement.

The stadium's design is unique to Jeddah and is based on international standards that highlight the sports, entertainment and cultural destination. With its open spaces, green parks and a dynamic platform that brings together international events, the stadium will promote a healthier and more active lifestyle in the city's community, as mentioned in a statement.

The stadium is expected to be one of four major landmarks of the Jeddah Central Project, besides a Museum, an Opera House and an Oceanarium.

GMP International is an architectural consultancy that built internationally acclaimed stadiums in South Africa, Russia and Brazil, as well as sports cities in China and other countries.

It is worth noting that the engineering work will be done by Khatib & Alami, the multidisciplinary urban and regional planning, architectural and engineering consulting company with five decades.

DUBAI WASTE MANAGEMENT CENTER TO GENERATE 80 MWH OF CLEAN ELECTRICITY PER DAY

Dubai Waste Management Centre (DWMC), one of the largest waste-to-energy projects, will initiate operations in the beginning of 2023, where it will initially operate two out of the five treatment lines, generating 80 megawatt-hours (MWh) of renewable energy by processing 2,000 tons of solid waste per day, Dubai Municipality announced in a press release.

Upon completion in 2024, DWMC will be able to process 5,666 tons of solid waste per day via five lines, producing and feeding 200 MWh of clean energy into the local power grid, as mentioned in a statement.

It is worth mentioning that the subject project is worth US\$ 1.2 billion and is being developed by a consortium comprising BESIX, Hitachi Zosen Inova, Dubai Holding, DUBAL Holding, Itochu Corporation and Tech Group.

TDF LAUNCHES US\$ 400 MILLION FUND TO DEVELOP NEW LIFESTYLE HOTELS

Saudi-based Tourism Development Fund (TDF) signed an agreement with Ennismore, one of the reputable lifestyle hospitality companies and Al Rajhi Capital, one of the leading asset manager in Saudi Arabia, to establish a hospitality investment fund with a capital of SAR 1.5 billion (US\$ 400 million) to enhance lifestyle hotels, as mentioned in a statement.

The agreement is aimed at advancing and developing this promising sector-leading opportunities in various tourist destinations within Saudi Arabia.

TDF will invest in the newly established investment fund, while Ennismore will lead on developing and operating these projects under the umbrella of its lifestyle brands. Al Rajhi Capital will manage the investment fund and attract investments, according to a statement.

Under this agreement, the companies will identify locations and provide financing options for projects throughout Saudi Arabia.

Ennismore is a joint venture between Sharan Pasricha, founder and Co-CEO and Accor, bringing together a lifestyle powerhouse of 14 brands with 101 operating properties globally and 137 in the pipeline. The Ennismore brands include: 21 Museum Hotel, 25hours, Delano, Gleneagles, Hyde, JO&JOE, Mama Shelter, Mondrian, Morgans Originals, SLS, SO/, The Hoxton, Tribe and Working From.

NATIONAL PETROLEUM CONSTRUCTION AND TECHNIP SET UP NEW JOINT VENTURE

A subsidiary of UAE-based National Marine Dredging Company, National Petroleum Construction Company (NPCC) and Technip Energies, one of the leading engineering and technology company for energy transition, established a new venture (JV)- NT Energies headquartered in Abu Dhabi, as mentioned in a statement.

NT Energies is to support energy transition in the UAE, the region and North Africa. However, the main target behind this JV is to provide added value services in blue and green hydrogen and related de-carbonization projects, CO2 capture, in addition to industrial projects in the fields of waste-to-energy, bio-refining, biochemistry, as well as other energy transition related themes, said the NPCC in a statement.

NT Energies would also provide onshore and offshore oil and gas fields and facilities services, building and energy efficiency services, oil tanks installation and repair, installation, maintenance and manufacturing of alternative energy equipment as well as oil and gas facilities consultancy and engineering consultations on alternative energy and research, as mentioned in a statement.

Moreover, the subject JV aims to promote a culture of sustainability and supports the best environmental practices in light of NPCC rational government's commitment to moving toward clean energy sources, the Chief Executive Officer of NPCC said in a statement.

ADNOC WINS US\$ 2 BILLION CONTRACTS FOR GAS PROJECT

Abu Dhabi National Oil Company (Adnoc Drilling) obtained two substantial contracts valued at AED 7.5 million (US\$ 2 billion) for the Hail and Ghasha Development Project, as mentioned in a statement.

The contracts comprise US\$ 1.3 billion for integrated drilling services and fluids and US\$ 711 million for providing four Island Drilling Units. In addition to a contract valued at US\$ 681 million that was awarded to Adnoc Logistics & Services for providing offshore logistics and marine support services.

Production from the Ghasha Concession is expected to start around 2025, ramping up to produce more than 1.5 billion standard cubic feet per day (scfd) of natural gas before the end of the decade. Four artificial islands are already complete, and development drilling is underway.

It is worth noting that Adnoc and its partners awarded earlier two engineering, procurement & construction (EPC) contracts for the Dalma Gas Development Project, within the Ghasha Concession. Moreover, Adnoc awarded a contract to update the front-end engineering and design (FEED) for the Hail and Ghasha project. The updated design is expected to be completed by the end of the year and aims to further optimize costs and timing, as well as potentially accelerate the integration of carbon capture.

The Hail and Ghasha Development Project is part of the Ghasha Concession, which is the world's largest offshore sour gas development and a key component of Adnoc's integrated gas masterplan as well as an important enabler of gas self-sufficiency for the UAE.

CAPITAL MARKETS

EQUITY MARKETS: FURTHER WEEKLY PRICE GAINS IN MENA EQUITIES ON UPBEAT CORPORATE EARNINGS AND RISING OIL PRICES

MENA equity markets pursued their upward trajectory for the second consecutive week, as reflected by a 1.2% rise in the S&P Pan Arab Composite index, mainly supported by upbeat corporate earnings and extended oil price gains.

The heavyweight Saudi Exchange, whose market capitalization represents 72.3% of the total regional market capitalization, remained on the rise this week, as reflected by a 1.3% increase in the S&P Saudi index, mainly driven by some favorable financial results and as Brent oil prices rose by 5.7% week-on-week, touching the US\$ 104 per barrel level on Friday, following a big draw in US crude inventories and as the prospect of a slower pace of interest rate hikes from the US Federal Reserve filtered through markets, buoying commodities.

A closer look at individual stocks shows that petrochemicals giant Saudi Aramco's share price increased by 2.7% week-on-week to SR 39.70. Petro Rabigh's share price rose by 2.8% to SR 18.30. Sipchem's share price closed 2.8% higher at SR 47.05. Sipchem announced net profits of SR 2.3 billion during the first half of 2022, up by 89% year-on-year. Advanced Petrochemical Company's share price surged by 6.8% to SR 48.95. Saudi Kayan Petrochemical Company's share price went up by 0.9% to SR 15.0. Also, SNB's share price edged up by 0.7% to SR 70.10. SNB reported 2022 second quarter net profits of SR 4.6 billion as compared to net profits of SR 2.3 billion a year earlier. Alinma Bank's share price rose by 1.2% to SR 38.05. Alinma Bank posted 2022 second quarter net profits of SR 925 million, up by 30% year-on-year. Al Rajhi Bank's share price increased by 0.7% to SR 89.60. Etihad Etisalat's share price closed 2.0% higher at SR 37.80. Etihad Etisalat reported 2022 second quarter net profits of SR 360 million, up by 48% year-on-year. Bahri's share price surged by 6.3% to SR 23.06. Bahri signed a one-year contract with Caterpillar to extend its line service to Jakarta.

The Qatar Stock Exchange registered extended price gains this week, as reflected by a 2.4% rise in the S&P Qatar index, mainly supported by strong corporate earnings and an oil price rally. 34 out of 46 listed stocks posted price increases, while eight stocks recorded price falls and four stocks saw no price change week-on-week.

A closer look at individual stocks shows that Qatar Islamic Bank's share price went up by 2.8% over the week to QR 25.710. Qatar Islamic Bank announced a 14% year-on-year increase in its net profits during the first half of 2022 to reach QR 1.8 billion. The Commercial Bank's share price climbed by 5.6% to QR 7.296. The Commercial Bank of Qatar reported net profits of QR 1.4 billion during the first half of 2022 as compared to net profits of QR 1.3 billion during the same period of the previous year. QIIB's share price closed 1.5% higher at QR 11.80. QIIB reported net profits of QR 571 million during the first half of 2022, up by 5% year-on-year. Masraf Al Rayan's share price jumped by 11.2% to QR 4.40, on bets the bank would recover from a 10% yearly fall in its 2022 first half net profits caused by increased credit costs after the merger with Al Khaliji. Ooredoo's share price surged by 6.6% to QR 9.299. Ooredoo reported net profits of QR 1.5 billion during the first half of 2022 versus a net loss of QR 956 million a year earlier.

EQUITY MARKETS INDICATORS (JULY 24 - JULY 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	128.7	-1.3%	36.9%	14.3	145.3%	0.6	14,543.6	5.1%	-	0.31
Jordan	413.2	0.0%	18.6%	58.6	38.2%	20.6	26,793.4	11.4%	11.5	1.80
Egypt	196.9	0.5%	-35.4%	183.5	-	1,771.3	32,303.8	29.5%	6.6	1.29
Saudi Arabia	538.2	1.3%	4.9%	7,356.6	3.5%	786.81	3,151,427.3	12.1%	19.1	2.64
Qatar	214.3	2.4%	7.6%	599.2	5.1%	702.5	196,668.1	15.8%	15.4	2.11
UAE	148.0	0.5%	0.4%	2,020.2	4.7%	1,209.3	685,078.4	15.3%	16.4	2.43
Oman	256.4	7.3%	17.6%	44.0	11.6%	69.1	20,825.0	11.0%	12.9	1.05
Bahrain	197.9	2.8%	8.3%	5.7	-19.5%	11.1	27,847.7	1.1%	14.9	1.84
Kuwait	146.5	0.3%	9.8%	632.9	-4.0%	700.4	135,535.8	24.3%	20.3	2.41
Morocco	249.7	-1.5%	-21.3%	16.9	-20.0%	0.96	59,338.7	1.5%	22.0	2.99
Tunisia	59.8	0.7%	-6.6%	7.9	74.7%	5.0	7,174.0	5.7%	9.9	1.50
Arabian Markets	1,029.4	1.2%	3.7%	10,939.6	3.3%	5,277.8	4,357,535.8	13.1%	18.3	2.54

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

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

The UAE equity markets pursued their upward slope this week, as reflected by a 0.5% rise in the S&P UAE price index, mainly supported by some favorable company-specific factors and extended oil price gains. In Dubai, Commercial Bank of Dubai's share price went up by 1.3% to AED 4.85. Commercial Bank of Dubai reported 2022 second quarter net profits of AED 435 million, up by 24% year-on-year. Emirates NBD's share price surged by 7.8% to AED 13.80. Emirates NBD reported net profits of AED 5.3 billion during the first half of 2022 versus net profits of AED 4.8 billion a year earlier. Deyaar Development's share price rose by 2.5% to AED 0.50. Deyaar Development reported 2022 second quarter net profits of AED 33 million versus net profits of AED 8 million a year earlier. In Abu Dhabi, ADNOC's share price went up by 1.7% to AED 4.28. Etisalat's share price increased by 0.4% to AED 27.90. Aldar Properties' share price closed 1.4% higher at AED 4.90.

Boursa Kuwait posted shy price gains of 0.3% week-on-week, mainly supported by some favorable financial results and extended oil price gains. National Bank of Kuwait's share price nudged up by 0.2% to KWF 1,066. National Bank of Kuwait reported net profits of KWD 238 million during the first half of 2022 as compared to net profits of KWD 161 million for the same period in 2021. Gulf Bank's share price increased by 2.3% to KWF 359. Gulf Bank reported 2022 second quarter net profits of KWD 15 million versus net profits of KWD 5 million a year earlier. Commercial Bank of Kuwait's share price went up by 1.2% to KWF 510. Boubayan Bank's share price rose by 1.4% to KWF 828. The Energy House Holding's share price closed 0.9% higher at KWF 43.4.

FIXED INCOME MARKETS: MENA BOND MARKETS MOSTLY UP, TRACKING US TREASURIES MOVE AFTER US ECONOMY SHRINKS FOR SECOND STRAIGHT QUARTER

Activity in MENA fixed income markets remained mostly skewed to the upside this week, mainly tracking US Treasuries move after recent data showed an annual contraction in the US economy for the second straight quarter, which sent a strong signal of recession, while reaffirming the US Fed Chair's view that the Central Bank could slow the pace of its interest rate hikes in the coming months following its second 75 bps rate hike in July 2022.

In the Abu Dhabi credit space, sovereigns maturing in 2026 and 2031 closed up by 0.75 pt and 1.38 pt respectively this week. Taqa'26 was up by 1.25 pt. Mubadala'26 posted price gains of 0.50 pt. Prices of ADNOC'29 expanded by 1.50 pt. In the Dubai credit space, sovereigns maturing in 2029 registered price increases of 0.63 pt week-on-week. DP World'30 was up by 1.75 pt. Majid Al Futtaim'29 posted price decreases of 0.25 pt.

In the Bahraini credit space, sovereigns maturing in 2026 and 2031 posted price rises of 0.55 pt and 1.15 pt respectively this week. Prices of NOGA'27 increased by 0.75 pt. In the Qatari credit space, sovereigns maturing in 2026 and 2030 recorded price rises of 0.88 pt and 0.63 pt respectively week-on-week.

In the Omani credit space, sovereigns maturing in 2026 and 2029 saw price rises of 0.70 pt and 1.0 pt respectively week-on-week. Omantel'28 traded up by 1.0 pt. In the Kuwaiti credit space, prices of sovereigns maturing in 2027 expanded by 0.44 pt this week.

In the Jordanian credit space, sovereigns maturing in 2026 and 2030 saw weekly price increases of 2.0 pts and 3.50 pts respectively. In the Iraqi credit space, sovereigns maturing in 2028 closed up by 1.25 pt this week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023 and 2040 posted price increases of 0.50 pt and 2.0 pts respectively, while sovereigns maturing in 2025 and 2030 saw price declines of 0.50 pt and 0.91 pt respectively this week. Euro-denominated sovereigns maturing in 2026 saw price retreats of 0.90 pt, while sovereigns maturing in 2031 registered price rises of 0.68 pt.

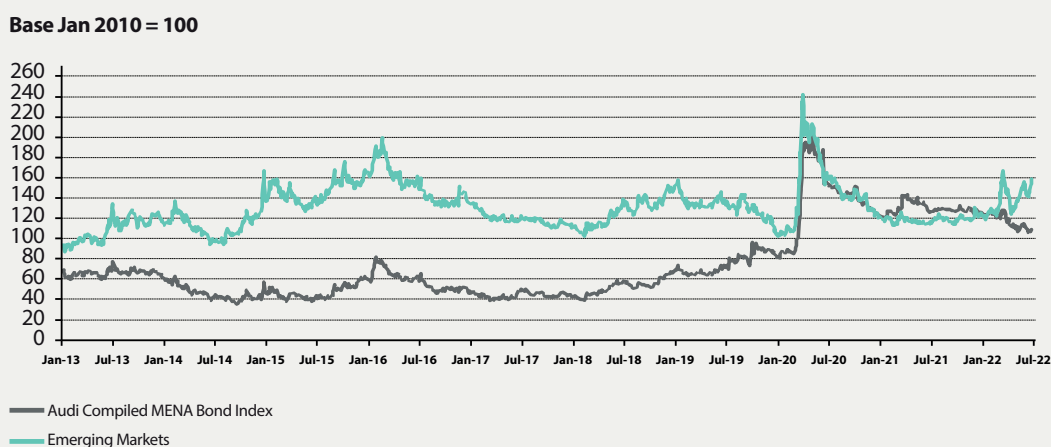
All in all, regional bond markets saw mostly upward price movements this week, mainly tracking increases in US Treasuries, after recent data from the US Commerce Department showed that the US economy shrank at an annual rate of 0.9% in the second quarter of 2022 following a 1.6% annual contraction in the previous quarter, hitting a widely accepted rule of thumb for a recession, while the US Fed Chair hinted that the pace of interest rate hikes is likely to slow at some point.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	29-Jul-22	22-Jul-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	64	69	43	-5	21
Dubai	138	139	94	-1	44
Kuwait	72	71	45	1	27
Qatar	65	70	44	-5	21
Saudi Arabia	67	71	49	-4	18
Bahrain	326	340	294	-14	32
Morocco	311	321	95	-10	216
Egypt	1372	1354	498	18	874
Iraq	801	847	554	-46	247
Middle East	357	365	191	-8	166
Emerging Markets	461	460	141	1	320
Global	578	573	183	5	395

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\$)	29-Jul-22	22-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)	18.94	18.90	15.72	0.2%	20.5%
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	0.0%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.68	3.68	3.67	0.0%	0.3%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	-0.3%	1.3%
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)	10.29	10.24	9.25	0.5%	11.2%
Tunisian Dinar (TND)	3.14	3.15	2.87	-0.3%	9.4%
Libyan Dinar (LYD)	4.86	4.88	4.60	-0.3%	5.8%
Sudanese Pound (SDG)	567.87	566.36	437.92	0.3%	29.7%

Sources: Bloomberg, Bank Audi's Group Research Department

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