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MENA equity markets bounced back this week, as reflected by a 1.1% rise in the S&P Pan Arab Composite index, bucking global equity weakness (-4.0%), mainly on bets that hawkish for longer US Federal Reserve approach would lead to a significant improvement in net interest margins and bank profitability in the region. In contrast, regional bond markets dipped further into the red, as the 10-year US Treasury yield hit more than a decade high level, after higher-than-expected US inflation in August 2022 fueled bets that the US Federal Reserve would hike interest rates by 75 bps for the third time in row in its September FOMC meeting.

MENA MARKETS: SEPTEMBER 11 - SEPTEMBER 17, 2022

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+1.1%	Weekly Z-spread based bond index	-0.4%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+2.3%	YTD Z-spread based bond index	-15.0%

ECONOMY

WORLD BANK SAYS 4 POLICIES COUNTRIES CAN ADOPT TO COMBAT INFLATION IN MENA

A new report was issued by the World Bank entitled MENA: 4 policies countries can adopt to combat inflation. Here are the four policies that tackle high inflation and low growth while supporting the less well off:

1. Improve the “quality” of public spending.

Many MENA countries, especially oil importers, have high public debt and little fiscal space, but they still have spending needs, like expansion of modern social protection systems and investing in climate adaptation. They need to improve the quality of current public spending and reorienting it.

Currently, public sector wages, untargeted subsidies, and debt service dominate public spending, all contributing to budget rigidities. While there may be little choice in the short-term, countries must improve their spending quality by:

1. making public spending more performance-oriented
2. reducing untargeted energy subsidies
3. reforming infrastructure State-Owned Enterprises (SOEs)
4. and managing debt more effectively to reduce debt service costs (through, for instance, less reliance on high-cost, short-term funding).

2. Enhance debt transparency and avoid “hidden debt.”

For countries active on sovereign finance markets, which is most of MENA, it is important not to surprise international market actors. Especially in the existing context of high debt and (emerging market) risk aversion, countries need to ensure confidence in their debt data. Global experience shows that “hidden debt” often becomes known at the worst possible time – when there is already a crisis.

While data transparency is a general challenge across the MENA, the region has fairly good debt statistics; hidden debt, such as what has become known in countries like Mozambique, has not occurred in MENA. But countries need to be on guard for contingent liabilities, whether arising from government guarantees to SOEs or public sector projects; implicit guarantees, such as when an SOE borrows based on perceived government backstopping; or other liabilities. Power Purchase Agreements (PPAs) are an important cross-cutting example: often they're not disclosed in detail and taken on in contexts of poor cost recovery, with potential to become liabilities for the government.

3. Avoid “fiscal dominance” and overreliance on Central Banks.

Fiscal dominance refers to a situation where it becomes expected that public deficits and debt will be “monetized” – meaning, financed by “printing money.” Under ordinary circumstances, public debt remains sustainable and under control through a combination of economic growth and taxation. But shocks and bad policies can push debt to unsustainable levels, and lead to expectations or hopes that the public treasury will call on the Central Bank. This is not a good situation to be in. Lebanon—is the best example of fiscal dominance in the MENA region.

Central Banks can only do so much with their foreign reserves and management of the currency and banking systems; they cannot preserve price stability (control inflation) if they become the fallback lender to governments. Once stability is undermined, foreign reserves disappear quickly. And to stave this off, Central Banks must resort to highly distortionary forex rationing that only postpones the inevitable, such as when Sri Lanka defaulted on its foreign debt for the first time in its history last month.

4. Protect the poor and vulnerable

Soaring inflation already drives households across MENA towards poverty because food expenditures constitute a major part of household budgets. Food constitutes more than 30% of household budgets in Djibouti, Algeria, Morocco, and Egypt.

While several MENA countries evaluate what measures they can take to reallocate spending, others have already implemented subsidy reform programs in favor of targeted compensatory mechanisms to protect the poor from rising food and energy prices. Egypt, for example, announced in March 2022 additional spending of EGP 130 billion (1.6% of FY 2023 GDP) to increase public sector wages and pensions as well as expand the coverage of their “Takaful and Karama” cash transfer programs, adding 450,000 families to the programs. Such programs need analysis to ensure the intended populations are reached and given the right amount of support.

DUBAI'S REAL ESTATE TRANSACTIONS HIT US\$ 822 MILLION

Dubai recorded real estate transactions worth AED 3.0 billion (US\$ 822.2 million) in September 2022, according to the Dubai Land Department (DLD).

It is worth noting that existing properties lead the deals with a combined value of US\$ 705 million.

Whereas, total sales amounted to AED 2.8 billion (US\$ 757 million) , representing 91% of the deals, while mortgaged properties reached AED 191.9 million (US\$ 52.2 million).

DUBAI'S INTERNATIONAL VISITORS NEARLY TRIPLE TO 8 MILLION IN THE FIRST SEVEN MONTHS

Dubai witnessed a total of 8.1 million international visitors in the first seven months of 2022, (184% increase) up from 2.9 million during same period of previous year, as per Dubai's Department of Economy and Tourism.

Traffic from all major source markets went up, with the UK, Australia and Italy registering the biggest year-on-year leap in arrivals at 780%, 730% and 329%, respectively.

However, India was the biggest with more than 1.1 million visitors, up by 131% during first seven months of 2021. Oman came second with 602,000 visitors, followed by Saudi Arabia (924,000), United Kingdom (667,000 and Russia (392,000) in the top five.

It is worth highlighting that visitor numbers by region went as follows; the GCC region accounted for 23% of total international visitor arrivals, followed by Western Europe (21%), South Asia (16%), Middle East and North Africa (12%) and Eastern Europe (11%).

EGYPT'S TRADE DEFICIT FELL BY 12.4% IN JUNE

Egypt's trade deficit dropped by 12.4% year-on-year to reach US\$ 3.2 billion in June 2022, down from US\$ 3.7 billion in same period of previous year, according to the Central Agency for Public Mobilization and Statistics (CAPMAS).

At the exports level, Egypt's exports surged US\$ 3.8 billion in June 2022, representing an annual decline of 3.3%.

In details, the value of exports of fertilizers as well as flat-rolled products of iron and steel posted a yearly decline in June 2022 of 20.9% and 31.7% respectively.

However, Egypt posted a jump in the value of petroleum in addition to natural and liquefied gas products by 49.4%, plastic materials by 29.4% and crude oil by 15.6%.

At the imports level, Egypt's imports amounted to US\$ 7.0 billion in June 2022, down BY 7.7% year-on-year, down from US\$ 7.5 billion.

In details, the value of imported goods like soybeans, plastic materials and pharmaceutical supplies retreated annually in June 2022 by 35.3%, 9.9% and 3.5% respectively.

On the other hand, imports of wheat, petroleum products and corn surged by 238.4%, 165.8%, and 50.1%, respectively.

UAE TOURISM REVENUES REACH US\$ 5 BILLION IN THE FIRST HALF OF THE YEAR

The UAE tourism sector's revenues surpassed AED 19 billion (US\$ 5.2 billion) in the first half of 2022, as mentioned in a statement.

It is worth mentioning that the total number of hotel guests reached 12 million, witnessing 42% growth.

The increase in tourism's revenues have contributed to the national economy by 12%, as per Wam news agency report.

SAUDI CONSUMER PRICES UP 3% IN AUGUST

Saudi Arabia's consumer price index rose 3% yearly in the first eight months of 2022 when compared to same period of previous year, accelerating from a 2.7% pace in July.

Prices were up 0.4% on a monthly basis in August, a fractional slowdown from the 0.5% month-on-month rise in July.

Food and beverages and transport prices were again the main driver of inflation in August, both rising 4%, as per the General Authority for Statistics said in a statement.

In details, meat prices were up 6.7% creating an impact, as it constitutes 18.8% of the consumer basket.

It is worth noting that the monthly CPI was affected by the increase of food and beverage prices by 0.8%, mainly due to the increase in food prices by 0.9%, as per a statistics agency.

JORDAN-US TRADE BALANCE POSTS SURPLUS

Jordan exports to the US reached JOD 825 million in the first half of 2022, representing an increase of 22% when compared to same half of previous year, as per foreign trade data released by the Department of Statistics.

Similarly, the Jordan's imports from the US rose by 12.0% in the first half of 2022, reaching about JOD 527 million, in comparison with the figures post during the same half of 202, according to a statement.

Accordingly, Jordan's trade balance with the US recorded a surplus in the first half of 2022, amounting to about JOD 298 million, as mentioned in a statement.

EGYPT-QATAR TRADE UP BY 76% YEARLY IN 2021

The trade exchange between Egypt and Qatar increased significantly by 76.4% year-on-year during year 2021, as per Central Agency for Public Mobilization and Statistics (CAPMAS).

Trade between the two countries reached US\$ 44.8 million in 2021, up from US\$ 25.4 million in 2020.

At the export's level, Egypt's exports to Qatar witnessed a yearly hike from US\$ 350 thousand in 2020 to US\$ 4.5 million in 2021.

Similarly, Qatari exports to Egypt jumped to US\$ 40.3 million in 2021, up from US\$ 25 million in previous year. It is worth noting that President of Egypt flew to Doha to begin an official two-day visit, which is his first to Qatar.

SAUDI ISSUES INDUSTRIAL PROJECT PERMITS WORTH US\$ 260 MILLION IN JULY

Saudi Arabia issued permits for new industrial projects with a combined value of around SAR 973 million (US\$ 260 million) in July, according to official data.

It is worth highlighting that the new permits brought the total industrial projects in the world's largest oil exporter to 10,685 with a combined value of nearly SAR 1.4 trillion (US\$ 365 billion) at the end of July.

Small factories accounted for nearly 86% of the licensed projects in July and the rest covered medium industries, adding that foreign-owned projects constituted 20% of those licensed in July.

Moreover, Riyadh dominated industrial permits in July, attracting 15 projects, followed by the Eastern region, with 7 licenses and the Western Mecca city with 6 projects.

SURVEYS

THE UAE RANKS IN THE TOP 10 GLOBALLY FOR THE READINESS OF MARKETS FOR ELECTRIC MOBILITY

Based on a new study conducted by Arthur D. Little (ADL), the management consultancy firm with the longest-standing presence in the Middle East region, interest in electric mobility has increased due to the escalated threat of climate change. The report also analyzes market drivers for electric vehicles (EVs) and evaluates overall readiness across markets.

The Global Electric Mobility Readiness Index – Gemrix 2022 reveals that the adoption for Electric Vehicle (EV) worldwide has accelerated significantly. Governments across the Middle East region are working on developing EV technology with Saudi Arabia's pledge to become carbon neutral by 2060 and have 30% of vehicles in Riyadh electric by 2030. The UAE, with an aim to become carbon neutral by 2050, ranks 8th globally based on readiness for electric mobility.

Based on the study, the UAE EV market is currently in the initial stages and is forecasted to expand at a CAGR of 30% between 2022 and 2028. Moreover, because of the elevated rental car services and limited scope for commercial vehicles in transport and logistics, passenger vehicle makes up to 95% of the EV market in the UAE. On the other hand, under the UAE Vision 2021, the government has encouraged EV adoption across the nation. It has converted 20% of government agency cars to EVs and further plans to reach 42,000 EVs on the streets by 2030. Additionally, the UAE has one of the biggest charging-station-to-vehicle-ratios in the world.

Dubai's EV Green Charger initiative was successfully implemented in 2015 to boost the number of charging stations. Since then, the network has developed and, as of this writing, the country has approximately around 325 charging stations.

Furthermore, to promote the use of EVs, Dubai Electricity & Water Authority and Road Transport Authority collaborated to work on incentives such as free parking, exemption from toll, and lowered registration fees in order to make public transport emission-free by 2050. The region's first EV and battery logistics hub has been opened in Dubai's Jebel Ali Free Zone, in line with the UAE's transition to a circular economy by ensuring a reliable supply chain for sustainable mobility solutions.

Around 30% of the UAE residents would consider buying an EV to assist in the green transition and believe that they offer better value for money than traditional vehicles for the long run. People in the age group of 20-25 are more likely to be influenced by environmental factors and can be the youngest potential adopters.

UAE AMONG TOP TEN IN 432 GLOBAL INDICATORS, AS PER FEDERAL COMPETITIVENESS AND STATISTICS CENTER

According to the Federal Competitiveness and Statistics Centre (FCSC) estimates, the UAE tops 156 world competitiveness indicators, and is among the top 10 in 432 global indicators.

These indicators, which account for 30% of such global indexes, show that the UAE is excelling in various vital areas, including education, environment, climate change, security and safety, cybersecurity, infrastructure, flexibility of regulations, prosperity, governance and more.

These included indicators are published by the International Institute for Management Development (IMD)'s World Competitiveness Yearbook (WCY) and the Legatum Institute.

FCSC revealed that based on the IMD's WCY, the UAE ranks 12th globally, with a grade of 88.67 (out of 100) and is leading the MENA region. The UAE ranks within the top five countries in 65 indicators and ranks first globally in 19 indicators.

Concerning its performance in the Yearbook's four main axes: the UAE ranks the sixth in economic performance, the 3rd in government efficiency, the 17th in business efficiency, and the 26th in infrastructure.

The Global Competitiveness Yearbook by the IMD categorizes 64 countries around the world and bases its classification typically on four main axes: Economic Performance, Government Efficiency, Business Efficiency, and Infrastructure, under which sub-axes fall, covering competitive indicators in several economic, financial, legislative, administrative and social fields. The book also uses 338 indicators to assess how nations and enterprises manage to attain prosperity.

As stated by the Global Competitiveness Yearbook, the top five countries in 2022 run as the following, respectively: Denmark, Switzerland, Singapore, Sweden and Hong Kong.

DUBAI'S REAL ESTATE SET TO DEFY GLOBAL RECESSION FEARS

Despite global recession fears, Dubai real estate will continue on a growth path since the government's time actions to ensure stability in the market have boosted investor confidence. Dubai has established its position as a global business, tourism and financial hub and high net worth individuals, thus investors will continue to invest in the property sector.

Moreover, visa reforms, investor-friendly policies and ease of doing business will keep Dubai real estate market firm and it will swiftly navigate through global recessionary trend in the wake of Russia-Ukraine crisis, rising energy cost and worldwide inflation.

The director and head of Real Estate Research at ValuStrat reported that the strategic decisions put into action by the government since 2019, such as balancing supply, increasing demand in addition to the 2040 urban plan, and improving market transparency by openly sharing transactional data, will help to drive the property market towards a successful and sustainable growth.

The Dubai property market's sales transactions reaches nearly AED 160 billion in first eight months of this year in spite of geopolitical tensions, higher worldwide inflation and oil prices. The market is anticipated to sustain the upward trend but experts warned of slower growth amid fear of recession in major economies such as the United States, China and Europe.

The head of Agency at real estate consultancy Core said that with strong transaction activity along with rising occupancy levels, the supply-demand dynamics is at a relative equilibrium. Furthermore, buyers have the option to choose from a wide array of products across entry points with property-linked visas, making Dubai an influx of foreign investment.

According to the founder and CEO of Quatro Properties, Dubai real estate will not be hit by global economic recession, even though policymakers in Europe took several moves to control the inflation. Dubai property market demonstrated its resilience as they have recorded massive transactions this year. Additionally, the Emirate recorded massive transactions in luxury segment that this growth in luxury properties have not been witnessed in past 10 years. As well, he indicated that this outcome is due to the government launching new initiatives to ease the residency rules offering golden visa, investor's visa, and extensions for after expiry residency, among others.

There have been various positive indicators such as higher number of mortgages, rental deals, and rising demand of properties in the Emirate. Many new exhibitions are going to be held in Dubai by 2025 and new job seekers will be allowed six-month visa compared to Canada, US and Europe.

CORPORATE NEWS

DANAH BAY PROJECT IN RAS AL KHAIMAH FOR US\$ 272 MILLION

Dubai Investments is to initiate construction of Danah Bay for a value of AED 1 billion (US\$ 272 million), a mixed-use beachfront community and lifestyle project on Al Marjan Island in Ras Al Khaimah, as mentioned in a statement.

Danah Bay project would be developed over a total area of 86,000 square meters, 40,000 square meters of beaches and 32,000 square meters of man-made breakwater. The total built up area will be around 2 million square feet.

The project encompasses beachfront townhouses, villas with 2 to 4 bedrooms and residential waterfront apartments, a 200-key 4-star hotel to be managed by the Millennium Hotels & Resorts, 100 serviced apartments, 120 residential apartments and community retail. The residential apartments consist of studio apartments to 4-bedroom penthouse apartments.

The whole project will be delivered in phases with the first phase consisting of 131 villas out of a total 190 villas.

Finally, Dubai Investments, a diversified investment company listed on the Dubai Financial Market (DFM), already launched sales of the flagship freehold premium beach community.

ACWA POWER SELLS STAKE IN UZBEKISTAN PLANT TO SILK ROAD FUND FOR US\$ 130 MILLION

ACWA Power, owned partially by the Saudi sovereign Public Investment Fund (PIF), is to sell more than 40% stake in its power plant project in Uzbekistan to Silk Road Fund, China's sovereign investment body, for a value of US\$ 130 million, as mentioned in a statement.

The purchase deal was made with CVXF Inc., a subsidiary of the Silk Road Fund, where transaction is expected to close in the last quarter of 2022, according to a statement.

The purchase agreement states that Silk Road Fund would acquire 49% in ACWA Power Uzbekistan Project Holding Company, while ACWA will continue to be the majority shareholder, owning the remaining 51% stake. ACWA Power Uzbekistan Project Holding Company is developing the US\$ 1 billion combined cycle gas turbine (CCGT) project in Uzbekistan, according to a statement.

The Uzbekistan facility, is currently being developed under a build, own, operate, transfer scheme. It is scheduled for completion in early 2024.

With a capacity of 1,500 megawatts, the plant is expected to meet 15% of Uzbekistan's electricity demand.

A US\$ 40 MILLION DEAL FROM SAUDI ARAMCO TO SAUDI STEEL PIPE

Saudi Aramco, one of the world's biggest oil exporter, awarded a contract worth SAR 149.8 million (US\$ 39.8 million) to Saudi Steel Pipe Company, according to a statement.

The deal, a 15-month period, is for the supply of oil and gas steel pipes to Saudi Aramco.

The financial impact of the contract is expected to materialize in the second and third quarters of fiscal year 2023, as mentioned in a statement.

It is worth noting that Saudi Steel Pipe Company posted a net profit of SAR 11.7 million for the second quarter of 2022, a turnaround from the SAR 8.1 million loss a year ago.

MIPCO, TAQA'S SUBSIDIARY, SECURES MORE THAN US\$ 1 BILLION IN FINANCING

Mirfa International Power & Water Company (MIPCO), a subsidiary of Abu Dhabi National Energy Co. (TAQA), secured a AED 4 billion (US\$ 1.1 billion) financing for restructuring of existing debt for Abu Dhabi-based power and water company, as mentioned in a statement.

The long-term financing's maturity is on September 30, 2024, where Abu Dhabi Commercial Bank, Bank of China (Dubai) Branch, First Abu Dhabi Bank, KfW IPEX-Bank GMBH, The Norinchukin Bank, Saudi National Bank, Shinsei Bank, Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank were the lead arrangers of the financing, according to a statement.

MIPCO, 60% owned by TAQA, with ENGIE and Sojitz owning a 20% stake each, is a combined-cycle gas turbine power plant with gross installed power capacity of 1.7 gigawatts (GW) and 53 million imperial gallons per day (MIGD) gross water desalination capacity.

NEW GENERATION DEVELOPMENTS UNVEILS INVESTMENTS IN EGYPT'S NEW ALAMEIN, NAC

New Generation Developments (NGD) launched a project in New Alamein City at an estimated value of EGP 1 billion, in participation with the New Urban Communities Authority (NUCA) of Egypt's Ministry of Housing, Utilities, and Urban Communities, as mentioned in a statement.

The project extends over 75 feddans, on which 400 housing units will be built, in addition to 80 hotel apartments, an 80-key hotel and a three-feddan commercial zone. The development will also comprise a sports club under the umbrella of the French Roland Garros Tennis Academy, according to a statement.

New Generation Developments targets EGP 4 billion in sales proceeds from the project, Chairman of NGD said in a statement.

It is worth noting that the project will be self-funded and carried out in accordance with an implementation plan that begins by the end of 2022, as per General Manager of NGD.

New Alamein project is scheduled to be delivered by the end of 2025, with target sales worth EGP 1.5 billion from the first offering of units, he added.

EIPICO AWARDED ROWAD MODERN ENGINEERING A US\$ 22 MILLION CONTRACT TO BUILD NEW PHARMA PLANT

Rowad Modern Engineering, an Egyptian construction company, was awarded an EGP 418 million (US\$ 22 million) construction contract to develop a new factory by Egyptian International Pharmaceutical Industries (EIPICO), over an area of 10,500 square meters in 10th of Ramadan City, as mentioned in a statement.

It is worth highlighting that EIPICO is investing EGP 2 billion (US\$ 103 million) in EIPICO 3 plant, which will be the first and largest biologicals and biosimilars alternatives and medicines manufacturing plant in Egypt and the Middle East, the company said in a statement.

In details, the plant will include the complete production cycle starting with genetically modified cells and the use of tissue culture techniques to induce the cells to produce the required proteins upstream, followed by the purification of the produced proteins downstream to obtain the active or drug substance, which would be followed by Formulation & Filling stage involving preparation and manufacturing of the Drug Substance to the final pharmaceutical product.

CAPITAL MARKETS

EQUITY MARKETS: WEEKLY PRICE REBOUNDS IN MENA EQUITIES, ON BETS OF HIGHER MARGINS IN A GLOBAL MONETARY TIGHTENING ENVIRONMENT

MENA equity markets bounced back this week, as reflected by a 1.1% rise in the S&P Pan Arab Composite index, bucking global equity weakness (-4.0%), mainly on bets that hawkish for longer US Federal Reserve approach would lead to a significant improvement in net interest margins and bank profitability in the region. The Qatar Stock Exchange saw a price rebound this week, posting price gains of 3.1%, mainly on prospects of higher bank profitability due to the confluence of lower cost of risk and higher interest rates, which is set to result into higher margin spreads in an aggressive global monetary tightening environment, in addition to some favorable company-specific factors. 25 out of 47 traded stocks posted price gains, while 21 stocks recorded price falls and one stock saw no price change week-on-week.

A closer look at individual stocks shows that QNB's share price jumped by 6.2% week-on-week to QR 20.70. The Commercial Bank's share price surged by 3.6% to QR 7.311. Qatar International Islamic Bank's share price nudged up by 0.8% to QR 11.50. Qatar Islamic Bank's share price advanced by 8.8% to QR 26.650. National Leasing's share price went up by 2.0%, closing at QR 0.867. Barwa Real Estate's share price increased by 1.2% to QR 3.485. Qatar Insurance's share price rose by 0.8% to QR 2.365. Ooredoo's share price climbed by 4.9% to QR 9.076. Ooredoo entered into an agreement to sell 100% of its equity in Singapore-based Ooredoo Asian Investments, the parent company that owns 100% of Ooredoo Myanmar Ltd and 100% of Ooredoo Myanmar Fintech to Nine Communications for an enterprise value of approximately US\$ 576 million and total equity consideration of US\$ 162 million.

The UAE equity markets registered strong price gains of 5.2% this week, mainly on speculation that anticipated interest rate hikes would feed through to margins, and on improved investor sentiment after Dubai road-toll operator Salik increased the size of its IPO to 24.9% from 20% due to stronger-than-expected demand, which underscored continued interest in Middle Eastern listings despite lower oil prices and a weak global backdrop. In Dubai, Emirates NBD's share price increased by 1.2% to AED 13.0. Dubai Islamic Bank's share price surged by 4.1% to AED 6.03. Air Arabia's share price jumped by 3.9% to AED 2.15. Aramex's share price closed 3.1% higher at AED 3.95. Tabreed's share price skyrocketed by 14.7% to AED 3.28. Tabreed signed a AED 306 million agreement with developer Egyptians for Healthcare Services (EHCS) to provide district energy services to CapitalMed, its new healthcare city project, in a move aimed to expand the company's presence in Egypt. In Abu Dhabi, First Abu Dhabi Bank's share price climbed by 5.9% to AED 19.48. ADCB's share price closed 3.41 higher at AED 9.34. ADIB's share price jumped by 9.8% to AED 9.73.

Bursa Kuwait registered a trend reversal this week, posting price gains of 0.5%, mainly on bets that banks would be well positioned for anticipated interest rate hikes. National Bank of Kuwait's share price increased by 0.5% to Kwf 1,035. Kuwait Finance House's share price went up by 1.8% to Kwf 900. Zain's share price rose by 0.5% to Kwf 591. Burgan bank's share price edged up by 0.4% to Kwf 241. Arabi Group Holding KSCP's share price closed 0.7% higher at Kwf 280. Future Kid Entertainment and Real Estate's share price increased by 0.9% to Kwf 118. Boubyan Petrochemical Company's share price rose by 0.8% to Kwf 907.

EQUITY MARKETS INDICATORS (SEPTEMBER 11 - SEPTEMBER 17, 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	128.0	9.9%	36.1%	8.4	7.8%	0.2	14,465.1	3.0%	-	0.32
Jordan	393.0	0.1%	12.8%	31.0	-5.8%	13.9	25,853.3	6.2%	10.0	1.64
Egypt	203.4	-1.8%	-33.2%	300.8	-	2,641.7	34,855.4	44.9%	7.1	1.47
Saudi Arabia	527.7	0.0%	2.9%	5,957.9	4.6%	537.12	2,956,838.3	10.5%	15.8	5.35
Qatar	216.7	3.1%	8.8%	846.6	49.3%	665.6	200,120.2	22.0%	15.3	2.12
UAE	147.5	5.2%	0.0%	6,675.1	208.1%	3,921.0	745,388.0	46.6%	17.4	2.48
Oman	251.4	-1.2%	15.4%	16.5	-8.5%	29.4	20,731.9	4.1%	13.3	1.04
Bahrain	198.5	0.2%	8.6%	4.6	-21.3%	2.8	28,963.7	0.8%	13.4	1.83
Kuwait	142.5	0.5%	6.8%	621.0	23.1%	748.1	132,607.2	24.4%	20.2	2.44
Morocco	245.7	0.5%	-22.5%	37.4	-52.8%	2.31	58,518.8	3.3%	22.7	3.15
Tunisia	61.7	-0.7%	-3.7%	7.5	-80.3%	4.6	7,211.8	5.4%	9.7	1.57
Arabian Markets	1,015.7	1.1%	2.3%	14,506.8	53.6%	8,566.8	4,225,553.6	17.9%	16.1	4.45

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

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

The heavyweight Saudi Exchange, whose market capitalization represents more than 70% of the total regional market capitalization, closed flat this week amid mixed price movements, as market players weighed falling oil prices stoked by escalating global demand concerns and stronger US dollar against bets that Saudi banks would benefit from an expected interest rate hike by the US Federal Reserve. Within this context, it is worth recalling that Standard and Poor's said in a previous note released in April 2022 that for every parallel shift upward in interest rates of 100 basis points, Saudi banks' net income is likely to rise 13% and return on equity an additional 1.5 percentage points.

A closer look at individual stocks shows that Petrochemicals giant Saudi Aramco's share price edged down by 0.1% over the week to SR 36.50. SABIC's share price dropped by 4.2% to SR 93.70. Petro Rabigh's share price shed 2.2% to SR 15.44. Yansab's share price closed 0.8% lower at SR 48.60. In contrast, Al Rajhi Bank's share price closed 2.2% higher at SR 87.60. Bank Al Jazira's share price increased by 2.0% to SR 22.62. Alinma Bank's share price went up by 1.0% to SR 36.85. Al Bilad Bank's share price jumped by 5.6% to SR 51.90. ANB's share price surged by 3.0% to SR 31.40.

FIXED INCOME MARKETS: MENA BOND MARKETS DIP FURTHER INTO RED, ON EXPECTATIONS OF AGGRESSIVE US MONETARY APPROACH TO QUELL INFLATION

MENA fixed income markets dipped further into the red this week, as the 10-year US Treasury yield hit more than a decade high level, after higher-than-expected US inflation in August 2022 fueled bets that the US Federal Reserve would hike interest rates by 75 bps for the third time in row in its September FOMC meeting.

In the Saudi credit space, sovereigns maturing in 2026 and 2030 posted price declines of 1.13 pt and 1.38 pt respectively this week. Saudi Aramco'25 saw price falls of 0.50 pt. Prices of STC'29 dropped by 0.50 pt. Prices of SABIC'28 went down by 0.63 pt. Prices of SEC'24 decreased by 0.50 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 recorded price contractions of 0.88 pt and 1.25 pt respectively this week. In the Abu Dhabi credit space, sovereigns maturing in 2026 and 2031 declined by 1.0 pt and 1.38 pt respectively week-on-week. Prices of ADNOC'29 decreased by 0.88 pt. Mubadala'26 saw price retreats of 0.88 pt. Taqa'26 closed down by 0.63 pt. Prices of FAB'24 went down by 0.38 pt. ADCB'23 saw price declines of 0.25 pt.

In the Dubai credit space, sovereigns maturing in 2029 recorded price declines of 0.25 pt week-on-week. Emirates NBD Perpetual (offering a coupon of 6.125%) registered price decreases of 0.50 pt. Prices of DP world'30 went down by 1.13 pt. Majid Al Futtaim'29 traded down by 0.25 pt.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 fell by 0.62 pt this week. In the Bahraini credit space, sovereigns maturing in 2026 and 2030 saw weekly price drops of 0.60 pt and 0.75 pt respectively. Prices of NOGA'27 decreased by 1.25 pt.

In the Omani credit space, sovereigns maturing in 2026 and 2029 registered price declines of 1.15 pt and 1.25 pt respectively.

In the Jordanian credit space, sovereigns maturing 2030 saw weekly price expansions of 0.25 pt. In the Iraqi credit space, prices of sovereigns maturing in 2028 went up by 2.25 pts this week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 posted price contractions of 0.13 pt, 1.25 pt, 0.67 pt and 2.50 pts respectively this week. Prices of Euro-denominated sovereigns maturing in 2026 and 2031 dropped by 0.66 pt and 1.48 pt respectively.

All in all, regional bond markets remained under downward price pressures this week, mainly tracking US Treasuries move after firmer-than-expected August US inflation cemented odds of jumbo interest rate hike by the US Federal Reserve in September 2022 FOMC meeting.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	16-Sep-22	09-Sep-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	46	46	43	0	3
Dubai	117	118	94	-1	23
Kuwait	54	56	45	-2	9
Qatar	47	47	44	0	3
Saudi Arabia	48	48	49	0	-1
Bahrain	302	305	294	-3	8
Morocco	256	256	95	0	161
Egypt	968	895	498	73	470
Iraq	794	891	554	-97	240
Middle East	293	296	191	-3	102
Emerging Markets	265	417	141	-152	124
Global	514	480	183	34	331

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\$)	16-Sep-22	09-Sep-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)	19.41	19.28	15.72	0.7%	23.4%
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)	3.64	3.64	3.67	0.0%	-0.9%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	0.0%	2.0%
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)	250.27	250.23	250.00	0.0%	0.1%
NORTH AFRICA					
Algerian Dinar (DZD)	140.43	140.82	138.89	-0.3%	1.1%
Moroccan Dirham (MAD)	10.76	10.75	9.25	0.1%	16.4%
Tunisian Dinar (TND)	3.21	3.20	2.87	0.2%	11.7%
Libyan Dinar (LYD)	4.96	4.95	4.60	0.2%	7.9%
Sudanese Pound (SDG)	575.87	574.30	442.60	0.3%	30.1%

Sources: Bloomberg, Bank Audi's Group Research Department

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