Bank Audi

MENA WEEKLY MONITOR

SEPTEMBER 25 - OCTOBER 1, 2022
WEEK 39

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Oil continues to buffer GCC economies despite the easing of prices with countries in the region expected to report a surplus of 9.7 per cent of their combined gross domestic product in 2022, driving a decline in their debt-to-GDP ratios while posting a GDP growth of 6.7 per cent, the fastest since 2011.

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p.9 MARKETS IN BRIEF: MENA CAPITAL MARKETS REMAIN ON FALL THIS WEEK, ON MOUNTING WORRIES ABOUT GLOBAL ECONOMIC SLOWDOWN

MENA equity markets sank deeper into the red this week, as reflected by a 1.5% fall in the S&P Pan Arab Composite index, mainly tracking a global risk-off mood after major global Central Banks ramped up their efforts to throttle soaring inflation, sparking global recession fears. In parallel, regional bond markets continued their nosedive after the US 10-year benchmark yield touched the 4% level for the first time since October 2008, since market players weighed hawkish comments from US Federal Reserve officials, reiterating that the Central Bank would have to keep boosting its benchmark interest rate to a point that raises unemployment and gets inflation down from unusually high levels.

MENA MARKETS: SEPTEMBER 25 - OCTOBER 1, 2022

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-1.5%	Weekly Z-spread based bond index	+2.1%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↑
YTD stock price performance	-2.4%	YTD Z-spread based bond index	-9.8%

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ECONOMY

GCC TO POST 6.7% GDP GROWTH DESPITE OIL PRICE EASING AS PER ICAEW

Oil continues to buffer GCC economies despite the easing of prices with countries in the region expected to report a surplus of 9.7 per cent of their combined gross domestic product in 2022, driving a decline in their debt-to-GDP ratios while posting a GDP growth of 6.7 per cent, the fastest since 2011.

While mounting recession fears across the globe pose a downside risk to the GCC outlook, most economies in the GCC retain plenty of fiscal headroom, with fiscal breakeven oil prices remain below $80 barrels per day (bpd) in all member countries except Bahrain, suggesting economic growth across the region will remain supported in the coming quarters, analysts observed in ICAEW Economic Update.

The analysts at the Institute of Chartered Accountants in England and Wales (ICAEW), revised their 2022 oil price projection downwards to US $103.8 bpd, against their forecast of US$ 112bpd three months ago, while warning that a positive resolution to Iran nuclear deal negotiations could see oil prices fall further. Oil prices have been trending down since the beginning of June and Brent crude prices now stand below $100bpd.

In the face of mounting risks to global demand, the Opec+ alliance decided to lower the group's oil production target for October back to August level, a 100,000bpd cut relative to September. Several producers have faced capacity constraints while others have been unable to meet quotas.

The outlook for the Middle East remains positive despite a significant downgrade in global GDP growth, rising inflation and rising interest rates. ICAEW analysts project GCC economies to grow by 6.7 per cent in 2022, the fastest since 2011.

The growth is not only driven by higher oil production but also the recycling of government revenues into investment initiatives and, to a lesser extent, household and business spending.

"The possibility of a global recession limiting oil demand is a key downside risk to this view. Meanwhile, the outlook is much more challenging in the rest of the Middle East region, especially for countries like Jordan and Lebanon, where domestic demand is under pressure from high inflation," they said.

According to the International Monetary Fund, countries in the Middle East are expected to gain up to US$ 1.3 trillion in the next four years from additional oil revenues due to high oil prices. The region's oil and gas exporters, especially the Gulf Cooperation Council (GCC) countries, "will see additional cumulative oil revenues of US$ 1.3 trillion through 2026," IMF director for the Middle East and North Africa, Jihad has said. For the GCC, the growth rate has been estimated at 6.4 per cent in 2022 by the IMF. In 2021, its growth rate was 2.7 per cent. In the GCC, travel and tourism activity has gathered momentum, shrugging off the impact of strong dollar-pegged regional currencies and underpinning non-oil recovery. Inbound travel to the region is outpacing global trends, in part thanks to major international events in the region in 2022, including the forthcoming Fifa World Cup in Qatar, which the authorities hope will attract 1.5 million visitors. Recent tourism statistics point to a 19 per cent increase in visitor numbers in Qatar in H1 compared to 2021 overall, thanks to a surge in arrivals from other GCC countries but also India, the US and the UK.

"Qatar looks set to surpass 2019 visitor levels this year (2.1 million), with other countries, the UAE in particular, also benefiting. That said, in Dubai, the number of visitors was still about 15% lower than in first half of 2019, despite the boost from the delayed Expo 2020," the ICAEW report said.

The analysts forecast GCC inflation at 3.1% this year, before it slows to 2.7% in 2023. The latest inflation figures for several of GCC's economies lineup with price pressures peaking in the region. Inflation slowed in Kuwait, Oman and Qatar in July, thanks to easing food prices, though it edged up in Bahrain and Saudi Arabia. Inflation data for the UAE economy have not been released since December 2021, and the jump in Dubai inflation may overstate country trends.

DOMESTIC LIQUIDITY IN EGYPTIAN BANKING SECTOR INCREASES TO OVER US$ 348 BILLION IN AUGUST 2022

Domestic liquidity in the Egyptian banking sector increased to EGP 6.808 trillion in August 2022, compared to EGP 6.708 trillion in July, representing a growth of EGP 99.7 billion, as per Zawya.

It was revealed that the size of the money supply reached EGP 1.613 trillion in August, compared to EGP 1.575 trillion in July, as per a report by the Central Bank of Egypt (CBE).

Moreover, the volume of cash circulating outside the banking system amounted to EGP 798.274 billion in August, compared to EGP 8000.997 billion in July.

In details, the total non-governmental bank deposits in local currency increased to about EGP 5.128 trillion in August 2022, compared to about EGP 5.036 trillion in July, a growth of EGP 91.5 billion. The demand deposits recorded EGP 814.964 billion in August, compared to EGP 774.428 billion in July. The public business sector acquired about EGP 56.325 billion of the August demand deposits, the private sector EGP 511.547 billion and the household sector EGP 247.301 billion, according to CBE.

It is worth adding that the time deposits and savings certificates amounted to EGP 4.313 trillion in August, compared to EGP 4.262 trillion in July, the public business sector's share amounted to EGP 51.678 billion, the private sector EGP 251.822 billion and the household sector EGP 4.009 trillion in August. It is also indicated that non-governmental bank deposits in foreign currencies increased to about EGP 882.016 billion in August, compared to about EGP 871.071 billion in July.

It is worth highlighting that the public business sector acquired about EGP 12.093 billion of demand deposits in foreign currencies, the private business sector EGP 153.342 billion and the household sector EGP 75.839 billion, as per CBE.

Moreover, the public business sector acquired the equivalent of about EGP 41.261 billion of time deposits and savings certificates in foreign currencies, the private business sector about EGP 127.932 billion and the household sector EGP 471.6 billion.

MOVE TOWARDS 5% PAY RISE IN 2023 TO OFFSET INFLATION IN UAE

In response to two thirds of firms' employees' requests for higher compensation to inflation, UAE companies are planning for budgeted annual salary raises at 5% for year 2023 higher than the 3-4% witnessed in recent years, as mentioned in a statement.

In details, 67% of businesses have received requests from employees regarding compensations and allowances to offset the rising inflation in the UAE, according to global consulting firm Mercer.

It is worth mentioning that almost 84% of businesses have yet to adjust employee compensation this year in response to higher than normal inflation, the survey revealed.

SAUDI ARABIA'S GDP GREW BY 12.2% IN Q2-2022

Saudi Arabia's GDP grew by 12.2% in Q2-2022, compared to 9.9% GDP growth recorded in Q1-2022, considered one of the fastest growing economy in over a decade in Q2-2022, as mentioned in a statement.

The above figure is mainly due to o the rise in energy prices continued to benefit the oil-exporting nation, according to Al Rajhi Capital Research.

Saudi Arabia's economy is foreseen to be one of the world's fastest-growing economies, with a GDP set to grow by 7.6% this year, as per International Monetary Fund (IMF).

Moreover, Saudi Arabia's rating affirmed at "A-/A-2" with a positive outlook citing higher oil revenues, rising oil production and the government's robust reform program, as per Standard & Poor Global Ratings.

It is worth highlighting that the unemployment rate at Saudi Arabia recorded 9.7% in Q2-2022, when compared to 10.1% in Q1-2022. While overall unemployment came in at 5.8% in Q2-2022 as compared to 6% in Q1-2022. Furthermore, the Saudi labor force working rate increased to 51.8% in Q2-2022 (50.1% in Q1-2022).

It is worth noting, the average monthly wages of Saudi nationals increased 6.3% quarter-on-quarter to reach around SAR 10,430; while the overall monthly wages rose 4.3% quarter-on-quarter to reach SAR 6,722.

On the non-oil exports level, Saudi Arabia's exports in month of July increased by 26.4% year-on-year, when compared to the increase of 29.5% year-on-year in June of the same year.

In details, shipment of chemical products and transport equipment rose 46.9% year-on-year and 317.1% year-on-year, respectively; while that of plastics & rubbers declined 3.8% year-on-year.

On the other hand, Merchandise imports increased 18.3% year-on-year in July as compared to the increase of 31.0% year-on-year in June of the same year. It is worth mentioning that China stood as the top export destination and continued to be the largest import country in July.

Mining & Quarrying increased 23.3% year-on-year, followed by Wholesale & Retail Trade, Restaurants & Hotels' (16.4% year-on-year), Manufacturing (13.4% year-on-year), Construction (8.8% year-on-year), Finance, Insurance, Transport, Storage & Communication (7.8% year-on-year), Electricity, Gas and Water (3.0% year-on-year) and Real estate and Business services (2.0% year-on-year).

At the banking sector level, net profit before Zakat and tax increased 21.8% year-on-year to SAR 6.6 billion in August as compared to an increase of 54.3% year-on-year in July of the same year. It is worth noting that the banking sector profits rose by 13.5% in August (+3.5% month-on-month in July).

Banking sector credit growth continued to witness a growth of 15.8% year-on-year in August (1.6% month-on-month), versus the growth of 14.9% year-on-year in (0.6% month-on-month) in July.

Meanwhile, deposits grew by 10.3% year-on-year in August, versus the growth of 9.3% year-on-year in July. Business and Individual deposits, which constitute for ~65% of the total deposit base, grew 5.1% year-on-year, while Government Entities deposits increased 20.1% year-on-year.

GULF-JORDANIAN TRADE EXCHANGE REACHED US$ 7 BILLION IN 2021

The size of the gulf-Jordanian trade exchange in 2021 reached US$ 6.6 billion, with Jordanian exports of US$ 1.7 billion representing 20% of total Jordanian exports, whereas Jordan's imports from gulf countries reached US$ 4.9 billion constituting 23% of total Jordanian imports, Commerce and Industry Minister of Jordan mentioned in a statement.

During the Gulf-Jordanian economic forum held in capital city of Amman, it was highlighted that the size of trade exchange between gulf countries and Jordan during 2013-2020 reached US$ 57 billion, as per Secretary General of the Gulf bloc.

It is worth highlighting that the Gulf countries are at the top of list of investors in Jordan in fields of transport, infrastructure, energy, finance, commerce and touristic developments, all investments that contributed to Jordanian economic growth and increased job opportunities.

In details, gulf investments in Jordan amounted to US$ 40 million and the trade exchange US$ six billion annually, while the transactions from Jordanians working in GCC countries is US$ 3.5 billion, as per the Head of the Federation of GCC Chambers and the Federation of Saudi Chambers.

SURVEYS

UAE TOPS MENA COUNTRIES IN INTERNATIONAL PROPERTY RIGHTS INDEX, AS PER ALLIANCE

The International Property Rights Index (IPRI) is the flagship publication of the Property Rights Alliance (PRA), and is committed to the development of property rights.

The yearly IPRI edition has served as a barometer for the status of property rights, ranking the strength of the protection of both physical and intellectual property rights in countries around the world, as per Alliance.
The IPRI is built up from 11 factors, gathered under three categories: Legal and Political Environment (LP), Physical Property Rights (PPR), and Intellectual Property Rights (IPR).

According to Alliance, the Legal and Political Environment (LP) component offers information about the strength of a country's institutions: the respect for the "rules of the game" among citizens. It includes four elements: the independence of its judicial system, the strength of the rule of law, the stability of its political system, and the control of corruption.

As for the Physical Property Rights (PPR), a strong regime increases people's confidence in its effectiveness to protect private property rights. Moreover, it provides an integrated and efficient system for registering the property, and it permits access to the required credit to become an owner or to convert that property into capital. As a result, the following components are selected to measure private physical property rights protection: protection of physical property rights, registering process, and access for financing.

On the other hand, the assignment of intellectual property (IP) rights does not confer exclusive possession, but rather the benefits of its economic exploitation, boosting the generation of economic incentives towards research and innovation, as well as encouraging the open exposure of ideas. The Intellectual Property Rights component assesses the protection of this kind of property. Additionally, it evaluates protection of three major forms of intellectual property rights (patents, trademarks and copyrights).

The overall grading scale of the all the components ranges from 0 till 10, where 0 is the lowest value for a property rights system, and 10 is the highest value.

The 2022 IPRI ranks 129 countries, accounting for 98.12% of the world GDP.

The average IPRI scored 5.19 in 2022. The Legal and Political Environment was the weakest component (5.06), followed by Intellectual Property Rights (5.24), while Physical Property Rights is the strongest component (5.27).

In 2022, Finland took the lead in IPRI (8.17) as well as the PPR (8.53), whereas New Zealand led the LP (8.76), and the USA led the IPR component (8.73). Singapore ranks 2nd in its IPRI score (7.97) followed by Switzerland (7.94) and New Zealand (7.93).

At the level of the Mena region, the UAE topped the countries with an IPRI score of 6.79. While Qatar, Oman, Saudi Arabia, and Bahrain followed with the score of 6.51, 6.20, 6.06, and 5.96 respectively. The UAE scored 6.99 in the LP component, 7.11 in the PPR, and 6.28 in the IPR.

The findings continue to indicate that countries with high IPRI scores reveals high levels of income and development, implying a positive relationships between a robust property rights system and citizen quality of life.

DUBAI RANKS FIRST REGIONALLY IN GLOBAL FINANCIAL CENTRES INDEX 32

Dubai reigned "supreme in the Middle East" sitting in the 17th place globally as per the Global Financial Centres Index 32, which provides evaluations of competitiveness and rankings for the major financial centres around the world.

It is worth noting that 128 centres were researched for this edition of the Global Financial Centres Index (GFCI 32). The number of financial centres in the main index has remained at 119.

GFCI 32 was compiled using 151 instrumental factors. These quantitative measures are provided by third parties including the World Bank, The Economist Intelligence Unit, the OECD, and the UN. The instrumental factors were combined with 66,121 assessments of financial centres provided by 11,038 respondents to the GFCI online questionnaire.

New York and London retained their positions as world's top two financial centers. Singapore came in the third position, surpassing Hong Kong, which was pushed down to the fourth rank, after being negatively affected by its strict COVID-19 protocols and vast migration of talents.

At the level of the MENA region, Dubai and Abu Dhabi took the first and second places, with Dubai stable its ranking place (17th position) and Abu Dhabi dropping one ranking place to the 32nd position globally. DIFC, which is considered the leading global financial hub in the Middle East, Africa and South Asia, witnessed a significant growth this year, with the total number of companies working in DIFC increasing from 3,297 to 4,031 at the end of June 2022. DIFC has also expanded its Innovation Hub proposition, by launching a global Venture Studios hub and introducing a US$ 100 million Venture Debt Fund, in order to promote the development of fintech and innovation companies in the region.

Concomitantly, Doha jumped eight places to the 57th position, and Bahrain moved three places higher to the 81st position. Riyadh went down to the 98th position. Concurrently, Kuwait city moved eight places higher to the 108th position. Casablanca continues to be the leading African Centre, maintaining its 54th position.

OVERSUPPLY PERSISTS IN QATAR'S COMMERCIAL REAL ESTATE MARKET, AS PER FITCH SOLUTIONS

Qatar's commercial real estate market is sustained by a stable political and financial situation and high per capita incomes. The market is mainly dominated by the capital, Doha, which offers a large supply of premium office and retail space. Nonetheless, recent years have seen expansion in other areas, notably the planned city of Lusail, north of Doha, which is adding significantly to the country's stock of residential, hospitality, retail and office space, as per Fitch Solutions.

However, oversupply persists to be a problem across much of the market, holding back rental rate rises. On the long run, the government is working on diversifying the economy under Qatar National Vision 2030 project, which should increase private-sector involvement and create new demand across the commercial real estate market.

Based on the report, office rental rates would continue to decline especially outside the prime market in 2022, with rents in Doha down by an average of 2.90% y-o-y. Oversupply is set to remain an issue across the market, but over the longer term, with the tertiary services sector developing, there is scope for demand to grow. Hence, in 2023 the market is expected to return to growth, as demand rises, particularly in Doha. Moreover, the recent reforms to foreign ownership and visa regulations would attract international investors.

Supply is continuing to outpace demand, particularly in Doha, where the average rental rate in the retail real estate market will decrease by 2.72% in 2022, and would minimally grow in 2023. Vast amounts of premium retail space have come onto the market in recent years, driving up the profile of Qatar's retail real estate but also creating oversupply. For example, new space in the planned city of Lusail, notably the luxury Place Vendôme Mall, which opened in April 2022, tends to be at the premium end of the market.

Over the medium term, total household spending growth would support the retail market, although rising inflation and the probably introduction of a new 5% VAT rate could weaken their purchasing power. Additionally, Qatar is set to host the 2022 FIFA World Cup in November and December 2022, which will give a short-term boost to the retail industry.

According to Fitch Solutions, the small industrial real estate market rents are set to expand fairly strongly in 2022. Government efforts at economic diversification and the creation of two free zones, one in Doha and the other in Al Wakra, as well as the Jahiz programme that supports SMEs and start-ups would further promote more industrial-focused investment in the longer term.

CORPORATE NEWS

SAVVY GAMES GROUP INVESTS US$ 38 BILLION IN VIDEO GAMES INDUSTRY

Crown Prince of Saudi Arabia, Chairman of the Board of Savvy Games Group, unveiled the Savvy Group's intention to invest SAR 142 billion (US$ 37.8 billion) via four programmers each with specific objectives, as mentioned in a statement.

It is worth mentioning that an amount for SAR 50 billion is allocated for the acquisition and development of a leading game publisher to become a strategic development partner, while mount of SAR 70 billion is allocated to make a series of minority stake investments in key companies that support Savvy's game development agenda, in addition to SAR 2 billion is invested in diversified investments in industry disruptors to grow early-stage games and e-sports companies and SAR 20 billion in industry partners who add value and expertise to Savvy's portfolio, as reported in a press release.

SAUDI ARABIA INKS US$ 11 BILLION CITY INFRASTRUCTURE DEAL

Saudi Ministry of Municipal and Rural Affairs and Housing (Momra) signed an agreement worth more than SAR 40 billion (US$ 10.6 billion) for the development of infrastructure in 11 cities across Saudi Arabia and financing and developing a project portfolio between Momra and the National Housing Company (NHC), as reported in a press release.

The subject project targets to secure over 150,000 residential units of various size and design in addition to 54 million square meter of green and open spaces as well as other key public facilities, road networks and public transport, as mentioned in a statement.

It is worth noting that NHC, one of the Saudi's largest real estate developers, is currently working with a range of real estate developers on comprehensive infrastructure projects, as well as delivering key amenities in residential communities.

QIA TO INVEST US$ 2 BILLION IN RWE

Qatar Investment Authority (QIA), the sovereign wealth fund of the Qatar, is to invest EUR 2.4 billion (US$ 2.4 billion) in RWE AG (RWE), a German power provider, for supporting RWE's accelerated Growing Green strategy, as mentioned in a statement.

In details, a subsidiary of QIA is to acquire convertible bonds of RWE that will be converted into new ordinary bearer shares expected to represent just under 10% of RWE's existing share capital (and approximately 9.1% of the enlarged share capital post conversion), RWE said in a statement.

It is worth noting that the proceeds of the bond will be used for the acquisition of Con Edison Clean Energy Businesses.

QIA's long-term capital commitment enables RWE to finance the acquisition of Con Edison Clean Energy Businesses and hence will drive our additional green growth in the years to come, CEO of RWE AG said in a statement.

QIA is actively investing in companies that can have positive impact on society and shape the future of sustainability by making energy transition a reality, CEO of QIA mentioned in a statement.

QIA was established in 2005 to protect and grow Qatar's financial assets, and to help diversify the economy.

RWE AG is a German-based holding company that is engaged in the orientation, transmission, distribution and trading of electricity and gas.

AMOC'S EXPORTS IN FY21/22 HIT US$ 294 MILLION

Alexandria Mineral Oils Company (AMOC) exports during fiscal year (FY) 2021/2022 reached US$ 294 million, as mentioned in a statement.

AMOC's production during FY21/22 hit 189,000 tons of oils and wax and 1.4 million tons of diesel, naphtha, butane and mazut.

AMOC's sales during FY21/22 reached 1.5 million tons, up from 55,500 tons during the previous fiscal year, bringing the total value of sales volume to EGP 18.2 billion, representing an annual rise of EGP 8.2 billion.

It is worth mentioning that AMOC announced its ordinary general meeting (OGM) approving a cash dividend distribution of EGP 710.3 million, equivalent to EGP 0.55 per share to shareholders for FY21/22.

UAE MINISTRY OF ECONOMY AND PLANNING AND SAUDI DATA & AI AUTHORITY SIGN MOU

The UAE Ministry of Economy and Planning and the Saudi Data & AI Authority (SDAIA) to explore ways AI and data signed a MoU, as mentioned in a statement.

The above agreement targets to create a framework for closer strategic cooperation in key areas, including developing indicators monitoring the impact and effectiveness of social and economic policies in the kingdom. The Ministry's strategic agreement with SDAIA reinforces to support and develop economic policy and development by turning data into a strategic asset that can be applied to pursue the public good.

Moreover, it would enable the kingdom to keep pace with the latest developments in data analytics and artificial intelligence, supporting economic growth in line with Saudi Vision 2030.

BANK MUSCAT TO GRANT GALFAR WITH US$ 100 MILLION CREDIT FACILITY

Bank Muscat is to provide an additional project-specific credit facilities to Galfar Engineering and Contracting Company up to a RO 39 million financing line, as mentioned in a statement.

Galfar is pleased to further strengthen its partnership with Bank Muscat by concluding this bespoke agreement to facilitate execution of three major projects, which are part of the infrastructure development of the nation. This will also support our further growth and enable Galfar to play an integral role in the sustainable development of Oman in the coming years, CEO of Galfar said in a statement.

This agreement reflects the keen support of Bank Muscat and the banking sector in harnessing their capabilities to play a very active role in supporting corporates and aiding economic growth and development, he added.

KERYAS GROUP TO INVEST US$ 40 MILLION IN NEW KRAFT PACKAGING PAPER PLANT IN THE UAE

Oman-based Keryas Paper Industry unveiled its intention to set up 200,000 metric tons per annum Kraft Liner project in UAE, at a value of US$ 40 million, as mentioned in a statement.

The said agreement encompasses design and engineering services for the proposed project which aims to fill the gap in market for the lower GSM ranges.

The mill's product portfolio will include low GSM Kraft packaging paper with a basis weight of 60 to 80 as anchor GSM, and 150 GSM basis weight Kraft packaging paper, the statement said.

It is worth noting that the project is expected to commence the production within 18 months to 20 months.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES SINK DEEPER INTO RED THIS WEEK, TRACKING GLOBAL RISK-OFF MOOD

MENA equity markets sank deeper into the red this week, as reflected by a 1.5% fall in the S&P Pan Arab Composite index, mainly tracking a global risk-off mood after major global Central Banks ramped up their efforts to throttle soaring inflation, sparking global recession fears.

The heavyweight Saudi Exchange, whose market capitalization represents more than 70% of the total regional market capitalization, continued its nosedive this week, as reflected by a 0.6% decline in the S&P Saudi index, mainly tracking global equity weakness (-2.5%) on prospects of a global economic downturn amid an aggressive fight against rampant inflation, and on reduced sentiment after Standard & Poor's said in a recent note that GCC banks' strong momentum so far in 2022 may not be enough to shield them from adverse developments in 2023, signaling that GCC banks face a less certain next year amid lower expected oil prices and risks to economic growth in the US and Europe.

A closer look at individual stocks shows that SABB's share price closed 0.3 % lower week-on-week at SR 39.15. Al Rajhi Bank's share price declined by 3.8% to SR 81.30. Al Bilad Bank's share price decreased by 3.8 % to SR 47.50. Alinma Bank's share price sank by 1.4 % to SR 36.25. Riyad Bank's share price retreated by 2.3 % to SR 31.75. Amongst petrochemicals, Saudi Aramco's share price edged down by 0.4% to SR 35.85. Petro Rabigh's share price fell by 1.7% to SR 13.72. SABIC's share price contracted by 1.6% to SR 88.80. Yansab's share price dropped by 2.7 % to SR 46.30. Advanced Petrochemical Company's share price went down by 2.9% to SR 44.65. Also, Saudi Ceramic Company's share price decreased by 2.6% to SR 39.15. Saudi Cement's share price shed 4.7% to SR 52.20. Walaa Cooperative Insurance Co share's price decreased by 0.4% to SR 14.84.

The UAE equity markets remained on the fall this week amid a broad-based sell-off, mainly as growing concerns about a global economic downturn soured overall investor sentiment. This was reflected by a 3.1% drop in the S&P UAE index.

In Dubai, Emirates NBD's share price decreased by 2.0% over the week to AED 12.85. Ajman Bank's share price fell by 4.5% to AED 0.696. Tabreed's share price plunged by 8.1% to AED 2.82. Emaar Properties' share price plummeted by 6.9% to AED 5.79. In Abu Dhabi, First Abu Dhabi Bank's share price declined by 2.4% to AED 17.86. Etisalat's share price shed 5.8% to AED 23.86. International Holding Company's share price nudged down by 0.7% to AED 356. Aldar Properties' share price dropped by 5.4% to AED 4.21.

EQUITY MARKETS INDICATORS (SEPTEMBER 25 - OCTOBER 1, 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	117.2	-6.5%	24.7%	9.4	121.5%	0.4	13,248.6	3.7%	-	0.30
Jordan	385.5	-1.2%	10.6%	36.7	-1.4%	15.4	25,422.5	7.5%	9.9	1.59
Egypt	197.2	-1.9%	-35.2%	220.9	-	2,239.8	34,341.4	33.5%	6.9	1.44
Saudi Arabia	507.4	-0.6%	-1.1%	6,938.1	88.2%	675.22	2,892,375.4	12.5%	15.5	5.27
Qatar	207.5	0.5%	4.2%	700.2	47.8%	794.2	192,054.9	19.0%	14.7	2.03
UAE	138.7	-3.1%	-5.9%	3,916.6	-17.8%	2,568.3	739,367.9	27.5%	13.9	2.15
Oman	251.2	0.8%	15.3%	35.0	179.0%	56.2	21,218.1	8.6%	13.3	1.03
Bahrain	194.1	-2.0%	6.2%	2.1	-69.5%	3.5	27,935.2	0.4%	13.3	1.81
Kuwait	131.5	-5.6%	-1.5%	569.6	5.3%	506.1	122,436.2	24.2%	18.9	2.30
Morocco	229.6	-6.1%	-27.6%	133.3	192.0%	6.69	54,913.3	12.6%	21.7	2.88
Tunisia	61.7	2.5%	-3.7%	13.6	43.5%	6.0	7,238.1	9.8%	9.9	1.61
Arabian Markets	**969.5**	**-1.5%**	**-2.4%**	**12,575.6**	**28.7%**	**6,871.7**	**4,130,551.7**	**15.8%**	**15.2**	**4.32**

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

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

Boursa Kuwait dived into the red this week, posting a 5.6% contraction in the S&P Kuwait index, mainly as investors fled risk assets on fears that hawkish global monetary approach would crush global economic growth. National Bank of Kuwait's share price fell by 4.6% to KWf 976. Kuwait Finance House's share price plummeted by 6.2% to KWf 841. Kuwait Telecommunication's share price slumped by 8.6% to KWf 554. Burgan bank's share price sank by 7.5% to KWF 222. Arabi Group Holding's share price closed 4.3% lower at KWf 269. Future Kid Entertainment and Real Estate's share price tumbled by 4.4% to KWf 109. Boubyan Petrochemical Company's share price dropped by 5.9% to KWf 830.

FIXED INCOME MARKETS: MENA BOND MARKETS CONTINUE NOSEDIVE ON STRONG GLOBAL COMMITMENT TO QUELL RUNAWAY INFLATION

MENA fixed income markets continued their nosedive this week after the US 10-year benchmark yield touched the 4% level for the first time since October 2008, since market players weighed hawkish comments from US Federal Reserve officials, reiterating that the Central Bank would have to keep boosting its benchmark interest rate to a point that raises unemployment and gets inflation down from unusually high levels.

In the Saudi credit space, sovereigns maturing in 2026 and 2030 posted price declines of 0.88 pt and 2.13 pts respectively this week. Saudi Aramco'25 closed down by 1.0 pt. Prices of STC'29 fell by 3.75 pts. SABIC'28 was down by 1.38 pt. Prices of SEC'24 decreased by 1.13 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 recorded price contractions of 1.13 pt and 2.31 pts respectively this week. Ooredoo'26 traded down by 2.0 pts. As to papers issued by financial institutions, QIB'24 posted price decreases of 0.63 pt. Prices of QNB'25 fell by 1.0 pt.

In the Omani credit space, sovereigns maturing in 2026 and 2029 registered price declines of 1.20 pt and 2.38 pts respectively week-on-week. Omantel'28 was down by 2.25 pts. S&P Global Ratings affirmed its "BB-" long-term and "B" short-term foreign and local currency sovereign credit ratings on Oman, with a "stable" outlook. The "stable" outlook balances, as per S&P, the recent strengthening in Oman's fiscal and balance of payments positions against the economy's structural susceptibility to adverse oil price shocks at a time of heightened global economic uncertainty.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 declined by 1.76 pt this week. KIPCO'27 closed down by 1.0 pt. In the Bahraini credit space, sovereigns maturing in 2026 and 2031 saw weekly price drops of 0.90 pt and 2.97 pts respectively. Prices of NOGA'27 contracted by 1.63 pt.

In the Iraqi credit space, prices of sovereigns maturing in 2028 went down by 1.80 pt over the week. In the Jordanian credit space, sovereigns maturing in 2026 and 2030 saw price falls of 2.50 pts and 4.0 pts respectively week-on-week.

In the Abu Dhabi credit space, prices of sovereigns maturing in 2026 and 2031 declined by 1.0 pt and 1.88 pt respectively week-on-week. Mubadala'26 was down by 1.25 pt. Prices of ADNOC'29 decreased by 1.88 pt. Taqa'26 closed down by 1.25 pt. Etisalat'24 posted price contractions of 1.0 pt. Amongst financials, prices of FAB'24 went down by 0.75 pt.

In the Dubai credit space, sovereigns maturing in 2029 posted price falls of 1.50 pt week-on-week. Prices of DP world'30 contracted by 1.75 pt. Majid Al Futtaim'29 traded down by 4.0 pts. Prices of Emirates Airline'28 went down by 0.25 pt. Amongst financials, Emirates NBD Perpetual (offering a coupon of 6.125%) registered price retreats of 1.0 pt.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 posted price contractions of 0.25 pt to 4.88 pts this week. Prices of Euro-denominated sovereigns maturing in 2026 and 2031 dropped by 5.23 pts and 5.42 pts respectively.

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In the Tunisian credit space, US dollar-denominated sovereigns maturing in 2025 posted weekly price contractions of 3.0 pts. Prices of Euro-denominated sovereigns maturing in 2026 declined by 2.98 pts. Moody placed the Government of Tunisia's "Caa1" long-term foreign-currency and local-currency issuer ratings on review for downgrade.

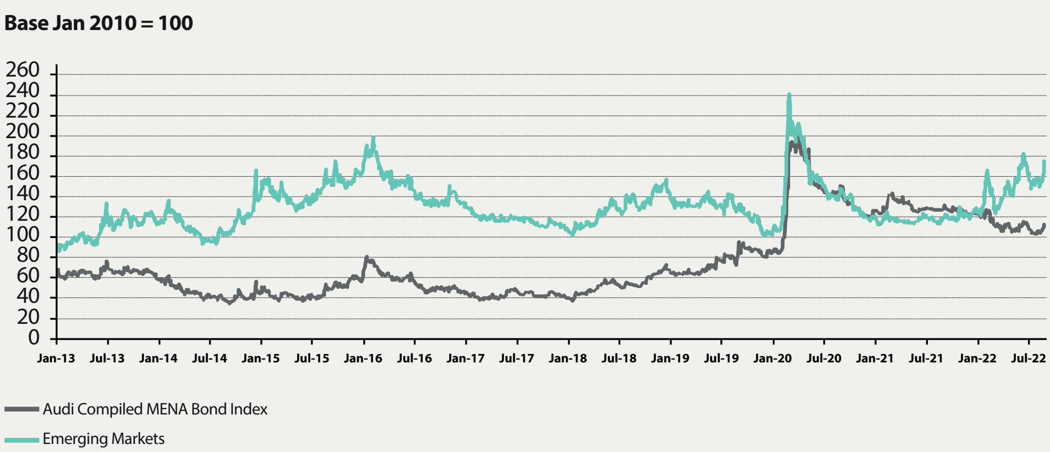
All in all, regional bond markets plunged further into the red this week, tracking declines in US Treasuries after two US Federal Reserve officials struck a hawkish tone, reiterating that the Central Bank would have to keep raising interest rates to quell runaway inflation.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	30-Sep-22	23-Sep-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	59	54	43	5	16
Dubai	121	126	94	-5	27
Kuwait	70	59	45	11	25
Qatar	59	55	44	4	15
Saudi Arabia	61	57	49	4	12
Bahrain	312	321	294	-9	18
Morocco	296	264	95	32	201
Egypt	1,369	1105	498	264	871
Iraq	850	804	554	46	296
Middle East	355	316	191	39	164
Emerging Markets	228	286	141	-58	87
Global	484	463	183	21	301

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$)	30-Sep-22	23-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)	19.52	19.48	15.72	0.2%	24.1%
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	0.1%	0.1%
Omani Riyal (OMR)	0.39	0.39	0.39	0.0%	0.0%
Yemeni Riyal (YER)	250.21	250.25	250.00	0.0%	0.1%
NORTH AFRICA					
Algerian Dinar (DZD)	140.88	140.85	138.89	0.0%	1.4%
Moroccan Dirham (MAD)	10.95	10.87	9.25	0.8%	18.4%
Tunisian Dinar (TND)	3.27	3.28	2.87	-0.5%	13.7%
Libyan Dinar (LYD)	5.05	5.01	4.60	0.9%	9.9%
Sudanese Pound (SDG)	577.39	576.50	442.60	0.2%	30.5%

Sources: Bloomberg, Bank Audi's Group Research Department