

CONTACTS

Treasury & Capital Markets

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

Corporate Banking

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

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

Marketing and Communications

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

RESEARCH

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

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

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

Stephanie Bou Sleiman
(961-1) 952397
stephanie.bousleiman@bankaudi.com.lb

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

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The Middle East region saw international arrivals grow almost four times year-on-year in January-July 2022 (+287%), exceeding pre-pandemic levels in July (+3%), according to the latest UNWTO World Tourism Barometer.

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MENA equity markets bounced back this week, as reflected by a 2.8% rise in the S&P Pan Arab Composite index, mainly supported by a strong oil price rebound after OPEC+ agreed to the biggest production cut since the start of the pandemic, while tracking global equity strength (1.8%) as lower-than-surveyed September 2022 US manufacturing data stoked bets that the US Federal Reserve could slow down its hawkish monetary stance in its next FOMC meeting. In parallel, MENA fixed income markets saw two-way flows, as market players weighed a strong oil price rebound and weak US manufacturing data against prospects of aggressive global monetary tightening aimed to quell scorching inflation.

MENA MARKETS: OCTOBER 2 - OCTOBER 8, 2022

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+2.8%	Weekly Z-spread based bond index	-1.6%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+0.3%	YTD Z-spread based bond index	-11.3%

ECONOMY**MIDDLE EAST SAW INTERNATIONAL ARRIVALS GROW ALMOST FOUR TIMES YEAR-ON-YEAR IN JANUARY-JULY 2022**

The Middle East region saw international arrivals grow almost four times year-on-year in January-July 2022 (+287%), exceeding pre-pandemic levels in July (+3%), according to the latest UNWTO World Tourism Barometer.

The regional recovery was boosted by the extraordinary results posted by Saudi Arabia (+121%) following the Hajj pilgrimage according to Trade Arabia News Service.

Europe and the Middle East showed the fastest recovery in January-July 2022, with arrivals reaching 74% and 76% of 2019 levels respectively. Europe welcomed almost three times as many international arrivals as in the first seven months of 2021 (+190%), with results boosted by strong intra-regional demand and travel from the US.

The region saw particularly robust performance in June (-21% over 2019) and July (-16%), reflecting a busy summer period. Arrivals climbed to about 85% of 2019 levels in July. The lifting of travel restrictions in a large number of destinations also fuelled these results (44 countries in Europe had no Covid-19 related restrictions as of 19 September 2022).

International tourist arrivals almost tripled in January to July 2022 (+172%) compared to the same period of 2021, reflecting a recovery of almost 60% of pre-pandemic levels, said the UNWTO in the report.

The steady recovery reflects strong pent-up demand for international travel as well as the easing or lifting of travel restrictions to date (86 countries had no Covid-19 related restrictions as of 19 September 2022).

An estimated 474 million tourists travelled internationally over the period, compared to the 175 million in the same months of 2021. An estimated 207 million international arrivals were recorded in June and July 2022 combined, over twice the numbers seen in the same two months last year. These months represent 44% of the total arrivals recorded in the first seven months of 2022. Europe welcomed 309 million of these arrivals, accounting for 65% of the total.

The Americas (+103%) and Africa (+171%) also recorded strong growth in January-July 2022 compared to 2021, reaching 65% and 60% of 2019 levels respectively. Asia and the Pacific (+165%) saw arrivals more than double in the first seven months of 2022, though they remained 86% below 2019 levels, as some borders remained closed to non-essential travel.

Several subregions reached 70% to 85% of their pre-pandemic arrivals in January-July 2022. Southern Mediterranean Europe (-15% over 2019), the Caribbean (-18%) and Central America (-20%) showed the fastest recovery towards 2019 levels. Western Europe (-26%) and Northern Europe (-27%) also posted strong results. In July arrivals came close to pre-pandemic levels in the Caribbean (-5%), Southern and Mediterranean Europe (-6%) and Central America (-8%).

Among destinations reporting data on international arrivals in the first five to seven months of 2022, those exceeding pre-pandemic levels were: the US Virgin Islands (+32% over 2019), Albania (+19%), Saint Maarten (+15%), Ethiopia and Honduras (both +13%), Andorra (+10%), Puerto Rico (+7%), United Arab Emirates and Dominican Republic (both +3%), San Marino and El Salvador (both +1%) and Curaçao (0%).

Among destinations reporting data on international tourism receipts in the first five to seven months of 2022, Serbia (+73%), Sudan (+64%), Romania (+43%), Albania (+32%), North Macedonia (+24%), Pakistan (+18%), Türkiye, Bangladesh and Latvia (all +12%), Mexico and Portugal (both +8%), Kenya (+5%) and Colombia (+2%) all exceeded pre-pandemic levels in January-July 2022.

On a scale of 0 to 200, the UNWTO Panel of Tourism Experts rated the period May-August 2022 with a score of 125, matching the bullish expectations expressed by the Panel in the May survey for the same 4-month period (124).

Prospects for the remainder of the year are cautiously optimistic. Although above-average performance is expected, tourism experts rated the period September-December 2022 with a score of 111, below the 125 score of the previous four months, showing a downgrade in confidence levels. Almost half of experts (47%) see positive prospects for the period September-December 2022, while 24% expect no particular change and 28% consider it could be worse. Experts also seem confident about 2023, as 65% see better tourism performance than in 2022 as reported by Trade Arabia News Service.

UAE CABINET APPROVES THE FEDERAL BUDGET FOR 2023-2026 WITH A TOTAL OF US\$ 69 BILLION

The UAE cabinet approved the Federal General Budget for 2023-2026 with a total of estimated expenditures of AED 252.3 billion (US\$ 68.7 billion) and estimated revenues of AED 255.7 billion (US\$ 69.6 billion), as mentioned in a statement.

Allocated budget for the year 2023 estimates total expenses of AED 63.1 billion and total revenues of AED 63.6 billion.

UAE estimates that growth in revenues in the fiscal year 2023 is to reach 11% with a growth rate of 3.9% in expenditures.

It is worth highlighting that social development and benefits represent the largest proportion of the UAE Federal Budget 2023 at 39.3% followed by the government affairs with 38% of the budget.

The remaining of the budget was distributed to the infrastructure and economic resources by 3.8% and the financial assets and investments by 3.4%.

BAHRAIN ATTRACTS US\$ 921 MILLION DIRECT INVESTMENT IN THE FIRST NINE MONTHS

Bahrain's Economic Development Board (EDB) attracted US\$921 million investments in the first nine months of 2022, aiming to create 4,700 jobs in the next three years in sectors including financial services, ICT and tourism.

In details, US\$ 290 million of direct investment in manufacturing and logistics in the first nine months of 2022 that targets to secure 1,200 jobs within the next three years.

It is worth noting that manufacturing constitutes more than 13% of Bahrain's GDP, as per EDB.

Manufacturing and logistics constituted more than 30% of all the subject direct investment, US\$ 921 million, up from US\$ 839 million for the whole of 2021, according to the EDB's.

The medium-term fiscal plan is tied to a 2018 US\$ 10 billion aid package from Kuwait, Saudi Arabia and UAE that helped it avert a credit crunch.

Bahrain's economic recovery plan, which includes US\$ 30 billion in projects, aims to grow non-oil GDP by 5% this year and create 20,000 jobs for Bahrainis each year for the next two years.

REAL ESTATE DEALS IN OMAN HIT US\$ 499 MILLION IN FIRST EIGHT MONTHS

Oman registered real estate transactions worth over OMR 192 million (US\$ 499 million) by end-August 2022 where around 22,775 title deeds were issued during the same period, as per the Ministry of Housing and Urban Planning.

In details, the value of real estate transactions in Oman until end of August 2022 exceeded OMR 192 million, including OMR 107 million in mortgages, OMR 82 million in sales contracts and OMR 47 million in swap contracts.

It is worth noting that the fees collected from these legal transactions amounted to more than OMR 5 million, of which OMR 579,000 came from real estate mortgages, OMR 47,000 from swap contracts and OMR 2 million from sales contracts.

The number of title deeds executed during the period reached 22,775 across all governorates of Oman, of which 110 titles issued in favour of citizens of the Gulf Cooperation Council (GCC) countries, as per the report by Ministry of Housing and Urban Planning.

GERMANY ANNOUNCES OVER US\$ 403 MILLION IN ASSISTANCE FOR JORDAN IN 2022-2023

Germany announced granting Jordan the sum of Euro 413.9 million in assistance to for the 2022-2023 period, the Ministry of Planning and International Cooperation of Jordan mentioned in a statement.

In details, the grant of Euro 413.9 million includes Euro 95.5 million euros to support the hosting of Syrian refugees and Euro 318.4 million in development assistance, of which Euro 179 million in financial cooperation grants for development projects, Euro 89.4 million in technical cooperation grants and Euro 50 million in development loans for the water sector, the Jordanian Minister of Planning and International Cooperation, said in a statement.

The assistance also includes an additional grant worth Euro 15 million for the National Water Carrier Project, increasing German support for the project to a total 65 million euros in 2022, he added.

Negotiations went over economic development projects focused on training and employment as a means to improve the private and financial sectors. Talks also covered digital transformation, expanding electronic skills and entrepreneurship and its role in employment, as mentioned in a statement.

Moreover, besides the negotiations, another Euro 26 million-grant agreement was signed from the German government via the German Development Bank to finance the second phase of the vocational and technical training program at Al Hussein Technical University.

EGYPT'S INFLATION RISES TO FOUR-YEAR HIGH IN SEPTEMBER

Inflation increased in August to 15% year-on-year, up from 14.6%; highest record in four years since November 2018, as per CAMPAS data.

The inflation rate for all of Egypt was at 15.3% in September, the same as August's level, data revealed.

It is worth noting that Egypt's central bank, targets a rate between 5% and 9%. However, the central bank expected in June that inflation is to exceed the target in the fourth quarter before subsequently declining.

OMAN'S ECONOMIC RECOVERY IS FORESEEN, GDP AT 4.3%

Oman's economic recovery is projected to grow at 4.3% in 2022, as per IMF.

Overall GDP growth rebounded from -3.2% in 2020 to 3.0% in 2021 and is projected at 4.3% in 2022, supported by increased hydrocarbon production and continued recovery of non-hydrocarbon economic activity, as per the multilateral agency.

The central government balance improved by 12.8 basis points of GDP to a deficit of 3.2% in 2021, largely due to higher oil revenue, expenditure restraint and the introduction of VAT, the multilateral agency added in a statement.

Government finances improved and fiscal where external surpluses are expected in 2022.

Central government debt declined to 62.9% of GDP in 2021 and it is forecasted to decline to about 44% of GDP in 2022, IMF said in a statement.

It is worth mentioning that Oman is exploring investment opportunities worth AED 30 billion and higher bilateral economic cooperation in strategic sectors with the UAE.

SURVEYS

UAE HOTEL PIPELINE SURGES TO 48,000 ROOMS, AS PER KNIGHT FRANK

According to the real estate consultancy Knight Frank, the UAE's hospitality market is set to expand by 25% by 2030, with a further 48,000 rooms adding to the current stockpile of 200,000 rooms, noting that around 70% of all the rooms planned would be in the four-star category or above. The delivery of the planned hotel room supply is forecast to cost approximately US\$ 32 billion.

Dubai is set to account for the lion's share of this total, with 76% of all new rooms coming to the emirate, which already has over 130,000 rooms. This stockpile of hotel rooms is already higher than cities like London or New York.

Dubai has the world's busiest international airport and the highest hotel occupancy globally, which strongly points to room for further growth and development of this vital pillar in the economy. By 2030, the Accor Group that owns Hilton, Fairmont, Ibis, and Pullman hotels, would cement its place as the largest hotel room operator in the UAE, with close to 25,000 rooms under management.

The head of hospitality, tourism and leisure advisory in the MENA region reported that the UAE's three biggest cities - Dubai, Abu Dhabi and Sharjah – continue to outpace the region in terms of hotel performance.

Knight Frank noted that international operators continue to flock to the Emirates, seeking to be part of one of the world's most successful hospitality markets. The success of the UAE's hospitality market means international operators are keen to continue cementing their presence. Indeed, the proportion of international operators to local ones is set to rise to 60%, from a current level of 56%, as per Knight Frank.

RIYADH'S REAL ESTATE SECTOR SHOWING POSITIVE GROWTH TRENDS IN FIRST HALF OF 2022, AS PER KPMG

KPMG, the global network of professional firms providing audit, tax and advisory services, published an interactive overview of the latest developments in the Riyadh real estate market for the first half of 2022, assessing four important real estate sectors: residential, retail, hospitality, and office.

KPMG indicated that regardless of the global economic slowdown, the residential market remained strong, in particular the demand for smaller units that is increasing at a relatively higher pace. This is mainly due to affordability, coupled with rising population, growing urbanization, and declining household size. In line with Vision 2030, the government is continuously working on the provision of affordable housing units for Saudi nationals to increase home ownership, which stands at just above 62%, as per the latest published statistics.

Saudi retail market, the largest market in the GCC, showed signs of stability in the first half of 2022, after being negatively affected by the pandemic.

Retail sales are anticipated to increase at a CAGR of 5% between 2022 and 2025, which is likely to have a positive impact on the intake of retail space in the Kingdom. However, it would take some time to be back on the growing pace due to the increasing competitiveness that is exerting pressure on rental rates.

On the other hand, Riyadh's hospitality sector is indicating a positive outlook after experiencing a downtrend due to the closure of borders and tourist attractions since the pandemic.

Currently, the market is witnessing an upsurge in occupancy rates by tourists. KPMG expects healthy performance of budget hotels (3 and 4 stars) in the upcoming years, owing to the current market dynamics. On the long run, the market outlook is likely to be positive, backed by the government's measures to boost the industry's contribution to the economy.

Riyadh as the capital and commercial hub benefits from overall commercial activities in the region. The primary demand drivers including macro-economic indicators, population, and workforce are expected to remain affirmative, hence a positive outlook for office space demand is expected.

Contrary to its historical performance, Riyadh office market has witnessed a healthy rise in the rental rates of both Grade A & B categories in the first half of 2022.

Moreover, since the international companies are working on moving out to their headquarters in the Kingdom by 2024 under Regional Headquarters Program (RHQ), the office sector is expected to expand, particularly in the Grade A division.

GCC BANKS' PROFITABILITY TO RETURN TO PRE-PANDEMIC LEVELS BY END-2022, AS PER S&P GLOBAL RATINGS

The profitability across the four largest GCC banking systems-Kuwait, Saudi Arabia, Qatar, and the UAE- would almost reach pre-pandemic levels by the end of year 2022, due to escalated oil prices, interest rate hikes, and new public-sector-backed projects, according to S&P Global Ratings.

Saudi banks' financial performance has retrieved to pre-COVID-19 levels. The average return on assets (ROA) is expected to increase from 2.1% in 2019 to 2.0% in 2022, as per S&P. The credit to the private sector grew by 8.5% over the first half of this year, and is expected to reach about 15% in 2022. This momentum is mostly due to stronger-than-expected performance in the mortgage portfolio. Yet, S&P expects that higher interest rates and market saturation would ultimately restrain mortgage origination.

The strong economic rebound also kept aggregated cost of risk low, at about 46 basis points (bps), and the share of Stage 3 loans broadly flat, estimated at about 2%, as per S&P Global Ratings. Moreover, the bank's nonperforming loan (NPL) coverage stood at approximately 160% in 2022.

The Saudi economy, and consequently the banking sector, have been supported by a dual rebound in oil production and oil prices.

However, the increasing risk of recessions in the U.S. and Europe, along with higher interest rates, could pressure the operating environment, especially if oil prices drop. S&P also noted that higher interest rates could result in a shift away from non-commission bearing deposits, which may pressure banks' margins.

In Kuwait, higher oil prices have supported the nation's economic recovery and banks' earnings, which encouraged faster lending growth of 9% y-o-y in the first half and lower cost of risk.

As reported by S&P Global Ratings, the cost of risk is expected to decline, from 90 bps in 2021 to 85 bps in 2022, partly due to adequate provision coverage of NPLs (close to 200%). It is also anticipated that residential and retail real estate prices would gradually recover but concerns in other parts of the market could hinder banks' asset quality since banks' exposure to real estate and construction was around 25% of total lending at end-June 2022.

In the UAE, higher interest rates would support banking sector profitability. Banks' performance improved in the first half of 2022 on the back of lower cost of risk and higher interest rates. The Central Bank of the UAE's COVID- 19-related Targeted Economic Support Scheme (TESS) assisted the system through a period of stress, limiting the increase in NPLs, as per S&P. Concurrently, the macroeconomic environment has started to improve as a result of higher oil prices and recovery of the non-oil sector.

GCC banks' strong momentum so far in 2022 may not be enough to shield them from adverse developments in 2023. In fact, GCC banks may face uncertainty in 2023 amid unstable oil prices and risks to economic growth in the US and Europe.

CORPORATE NEWS

ADNOC AWARDS ADNOC DRILLING A RIGS CONTRACT WORTH US\$ 1.5 BILLION

Abu Dhabi National Oil Company (ADNOC) awarded a rigs contract worth US\$ 1.53 billion to its subsidiary, ADNOC Drilling Co., for the provision of rigs, as mentioned in a statement.

In details, the project aims to support the expansion of ADNOC's crude oil production capacity to five million barrels per day (mmbpd) by 2030 and gas self-sufficiency for the UAE.

It is worth highlighting that around 80% of the subject award's value will flow back into the UAE's economy under ADNOC's In-Country Value (ICV) program, supporting local economic growth and diversification, as mentioned in a statement.

SIEMENS ENERGY INNOVATION CENTER IN ABU DHABI

In partnership with the Abu Dhabi Investment Office (ADIO), Siemens Energy AG is to set up its Middle East Innovation Center in Abu Dhabi to accelerate the journey to net zero in the UAE and globally, as mentioned in a statement.

It is worth mentioning that ADIO will grant Siemens Energy a financial support for around AED 2 billion (US\$ 545 million) to set up the center as part of ADIO's Innovation Program that creates growth opportunities for businesses in UAE.

The Innovation Center is to incubate and commercialize CleanTech solutions.

Siemens Energy chose Abu Dhabi for its Middle East Innovation Center because of the UAE's efforts to decarbonize the economy, become a global hub for green energy and grow the knowledge ecosystem, as mentioned in a statement.

It is worth highlighting that the Innovation Center aims to contribute to the UAE's goals of generating 50GW of renewable energy by 2050 and becoming a global energy center of excellence.

The subject project in Abu Dhabi would be one of only four globally that Siemens Energy has created, with the other locations in Orlando in the US, Shenzhen in China and Berlin in Germany.

The Siemens Energy Innovation Center in Abu Dhabi will leverage the company's expertise in developing sustainable, reliable and affordable clean energy technologies. It will also act as an incubator for new startups and technologies, bringing together customers, industrial partners, academia and research centers to accelerate the commercialization of innovative solutions driving the energy transition.

US\$ 400 MILLION FOR FREIGHT RAILWAY PROJECT IN EGYPT BY THE WORLD BANK

The World Bank Group (WBG) approved granting Egypt a US\$ 400 million development credit line to finance the transition towards low-carbon transport along the Alexandria–the 6th of October–Greater Cairo Area (GCA) railway corridor, Egypt's Ministry of International Cooperation mentioned in a statement.

The railway, subject of the loan, aims to provide freight trains between the Alexandria Sea Port and the newly constructed 6th of October Dry Port, with an alternative route to the west of Greater Cairo, the ministry said in a statement.

The project would allow 15 container trains per day by 2030 and 50 trains by 2060 to the dry port, along with additional freight trains flowing between the Alexandria Port, Upper Egypt, and the Red Sea, according to a statement.

The WBG is also participating in discussions on the Egypt Country Platform for NWFEE Program, a nexus of water, food and energy, which reflects COP27 objectives in going from pledges to implementation, as mentioned in a statement.

The granted credit facility has 29 years tenor, out of which 7 years grace period, the Minister of International Cooperation said in a statement.

It is worth noting the Egypt benefits from ongoing development finance portfolio with WBG that includes 15 projects worth US\$ 5.7 billion in the sectors of health, entrepreneurship and SMEs, transport and social protection, among many other areas.

US\$ 100 MILLION FOOD SECURITY AGREEMENT BETWEEN JORDAN AND OPEC FUND

The Jordanian Ministry of Planning and International Cooperation and OPEC Fund signed an agreement to finance Jordan's emergency food security project with a total value of US\$ 100 million, as mentioned in a statement.

In details, the agreement aims to fund the provision of strategic wheat and barley reserves to enhance Jordan's food security system and avoid risks that might arise as a result of upheavals in the supply chain and price fluctuations that come as a consequence of global challenges, according to the Minister of Planning and International Cooperation.

The subject project is part of a four-decade long partnership with Jordan, whereby the fund have financed 21 projects with a total value of over US\$ 475 million in the energy, health and agriculture fields, the Director General of OPEC Fund said in a statement.

ZENHR TO SCALE UP OPERATIONS AFTER RAISING US\$ 10 MILLION

Saudi Arabian start-up, ZenHR, raised a US\$ 10 million fund in a new fund rounding for scaling up its regional operations in 12 markets, as mentioned in a statement.

It is worth noting that the funding is led by Riyadh-based venture capital firm Rua Growth Fund, with participation of existing funds and investors, including Endeavor Catalyst, as mentioned in a statement.

ZenHR offers a cloud-based human resources management system for companies in the region. It has presence in 12 markets in the Middle East and Africa, including Saudi Arabia, UAE, Egypt, Qatar, Kuwait, Bahrain, Oman, Iraq, Jordan, Lebanon, Yemen and Palestine.

ZenHR currently has 100,000 users and 1,000 customers in the Middle East and North Africa region.

MENASSAT DEVELOPMENTS AWARDS US\$ 33 MILLION CONSTRUCTION CONTRACT FOR PODIA TOWER

Egyptian developer, Menassat Developments, awarded Solid Construction and Detac Construction & Trading the structural works contract for Podia Tower Project in the New Administrative Capital, for a value at EGP 650 million (US\$ 33 million), the Chairman of Menassat Development said in a statement.

Moreover, Menassat Developments appointed EHAF as the project management consultant for a value of EGP 2.5 billion (US\$127 million) mixed-use tower in March, he added.

The Podia Tower project is going to be a 25-storey encompassing shops, offices, clinics and incorporate smart building technologies.

Finally, the project is scheduled to be delivered by 2025, as mentioned in a statement.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES BOUNCING BACK, ON OIL PRICE REBOUND AND GLOBAL EQUITY STRENGTH

MENA equity markets bounced back this week, as reflected by a 2.8% rise in the S&P Pan Arab Composite index, mainly supported by a strong oil price rebound after OPEC+ agreed to the biggest production cut since 2020, while tracking global equity strength (+1.8%) as lower-than-surveyed September 2022 US manufacturing data stoked bets that the US Federal Reserve could slow down its hawkish monetary stance in its next FOMC meeting.

The heavyweight Saudi Exchange, whose market capitalization represents more than 70% of the total regional market capitalization, registered a price recovery this week, as reflected by a 3.4% surge in the S&P Saudi index, mainly driven by robust oil price gains, as Brent prices jumped by 15.0% week-on-week, touching the US\$ 98 per barrel level on Friday, following OPEC+'s decision to cut oil production by 2 million barrels per day starting November 2022, in a move aimed to halt a slide in oil prices caused by the weakening global economy, and as Russia warned that a proposed oil price cap by the EU and the US could lead it to cut its production by as much as 3 million barrels per day.

A closer look at individual stocks shows that petrochemicals giant Saudi Aramco's share price edged up by 0.4% to SR 36.0. Petro Rabigh's share price skyrocketed by 10.1% to SR 15.10. SABIC's share price surged by 6.6% to SR 94.70. Yansab's share price increased by 3.5% to SR 47.90. Advanced Petrochemical Company's share price jumped by 4.6% to SR 46.70. Saudi Kayan Petrochemical Company's share price closed 3.4% higher at SR 14.20. Sipchem's share price climbed by 5.1% to SR 44.0.

As to banking stocks, SNB's share price rose by 2.7% to SR 64.80. SABB's share price closed 2.4% higher at SR 40.10. Al Rajhi Bank's share price surged by 3.6% to SR 84.20. Banque Saudi Fransi's share price increased by 1.7% at SR 42.70. Alinma Bank's share price advanced by 4.0% to SR 37.70.

The UAE equity markets shifted into a positive territory this week, as reflected by a 1.9% increase in the S&P UAE index, mainly tracking increases in global equities, and on strong oil price rally after OPEC+ announced the biggest oil production cut since the start of the pandemic, and Russia warned that a proposed price cap could lead it to lower its output. In Dubai, Emirates NBD's share price went up by 2.7% to AED 13.20. Dubai Islamic Bank's share price edged up by 0.3% to AED 6.0. Emaar Properties' share price rose by 3.1% to AED 5.97. Deyaar Development's share price closed 1.1% higher at AED 0.458. In Abu Dhabi, ADIB's share price surged by 5.9% to AED 9.58. ADCB's share price increased by 3.7% to AED 9.35. Taqa's share price jumped by 6.6% to AED 2.57. ADNOC's share price went up by 0.5% to AED 4.46. ADNOC Drilling's share price closed 2.4% higher at AED 3.47.

EQUITY MARKETS INDICATORS (OCTOBER 2 - OCTOBER 8, 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	117.6	0.3%	25.1%	2.8	-69.9%	0.1	13,292.2	1.1%	-	0.30
Jordan	385.3	0.0%	10.6%	26.4	-28.3%	13.0	25,394.8	5.4%	9.8	1.58
Egypt	200.5	1.7%	-34.2%	148.9	-	1,483.2	34,462.1	22.5%	6.8	1.45
Saudi Arabia	524.7	3.4%	2.3%	6,805.3	-1.9%	705.65	2,930,910.3	12.1%	15.7	5.28
Qatar	213.1	2.7%	7.0%	623.6	-10.9%	827.8	197,733.1	16.4%	15.1	2.08
UAE	141.3	1.9%	-4.2%	2,169.3	-44.6%	1,865.7	750,914.6	15.0%	14.2	2.21
Oman	253.9	1.1%	16.5%	21.7	-37.9%	28.7	21,360.7	5.3%	13.5	1.04
Bahrain	193.8	-0.2%	6.0%	3.7	75.9%	5.1	27,937.6	0.7%	10.3	1.35
Kuwait	134.0	1.9%	0.5%	1,447.8	154.2%	1,044.1	134,895.0	55.8%	19.9	2.46
Morocco	231.8	1.0%	-26.9%	41.0	-69.3%	2.86	55,426.7	3.8%	22.0	2.98
Tunisia	59.9	-3.0%	-6.5%	13.7	0.9%	7.1	7,077.0	10.1%	9.8	1.68
Arabian Markets	996.3	2.8%	0.3%	11,304.2	-10.1%	5,983.4	4,199,404.1	14.0%	15.4	4.34

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

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

The Qatar Stock Exchange pursued its upward trajectory this week, as reflected by a 2.7% increase in the S&P Qatar index, mainly supported by strong oil price gains, and tracking global equity strength. 35 out of 45 traded stocks registered price gains, while nine stocks posted price falls and one stock saw no price change week-on-week.

A closer look at individual stocks shows that Lesha Bank's shares (previously known as Qatar First Bank) led the advance on the QSE this week, posting price jumps of 12.5% to reach QR 1.381. QNB's share price rose by 3.0% to QR 20.50. Qatar International Islamic Bank's share price surged by 4.6% to QR 11.40. Ezdan Holding Group's share price climbed by 6.5% to QR 1.331. Industries Qatar's share price went up by 4.4% to QR 17.640. Qatar Navigation's share price rose by 1.8% to QR 10.280. Ooredoo's share price closed 3.4% higher at QR 9.20. Qatar Insurance's share price increased by 2.7% to QR 2.414. Qatar Aluminum Manufacturing's share price climbed by 7.4% to QR 1.781.

Bursa Kuwait saw a price rebound this week, as reflected by a 1.9% rise in the S&P Kuwait index, mainly driven by a strong oil price recovery and tracking rises in global equities. National Bank of Kuwait's share price climbed by 5.1% to Kwf 1,026. Commercial Bank of Kuwait's share price rose by 1.2% to Kwf 491. Boubyan Bank's share price surged by 5.6% to Kwf 808. Kuwait Telecommunications Company's share price increased by 1.3% to Kwf 561. Kuwait Remal Real Estate's share price skyrocketed by 9.7% to Kwf 12.5. International Financial Advisors Holding's share price went up by 2.4% to Kwf 92.7.

FIXED INCOME MARKETS: MIXED PRICE MOVEMENTS IN MENA BOND MARKETS THIS WEEK

MENA fixed income markets saw two-way flows this week, as market players weighed a strong oil price rebound and weak US manufacturing data against prospects of aggressive global monetary tightening aimed to quell scorching inflation.

In the Saudi credit space, sovereigns maturing in 2030 posted price increases of 0.56 pt week-on-week. SABIC'28 was down by 0.25 pt. Prices of SEC'24 retreated by 0.13 pt. In contrast, prices of Saudi Aramco'25 rose by 0.50 pt. As to new issues, Saudi Arabia's Public Investment Fund tapped for the first time international debt markets through the sale of a US\$ 3 billion three-tranche green bond: a US\$ 500 million 100-year tranche offering a yield of 6.7% versus an initial price guidance in the 7-7.25% area; a US\$ 1.25 billion five-year tranche priced at 125 bps over US Treasuries; and a US\$ 1.25 billion 10-year tranche priced at 165 bps over US Treasuries, noting that the initial price guidance for the five-year and 10-year notes was tightened by 25 bps. The three-tranche bond sale attracted orders of more than US\$ 22 billion, with the five-year notes drawing more than US\$ 10.3 billion in orders, the 10-year notes attracting over US\$ 8.5 billion and the 100-year more than US\$ 3.2 billion.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 recorded price expansions of 0.38 pt each this week. Ooredoo'26 traded up by 0.25 pt. Amongst financials, QIB'24 posted price decreases of 0.25 pt. Commercial Bank of Qatar'24 closed down by 0.25 pt. In contrast, prices of QNB'25 rose by 0.13 pt.

In the Omani credit space, sovereigns maturing in 2026 and 2029 registered price increases of 0.10 pt and 0.80 pt respectively week-on-week. Omantel'28 was up by 2.13 pts. As to credit ratings, Moody's changed the outlook on the Government of Oman's issuer rating to "positive" from "stable" and affirmed its long-term issuer and senior unsecured ratings at "Ba3". The change of outlook to "positive" reflects, as per Moody's, the strengthening of Oman's debt burden and debt affordability metrics during the year 2022, mainly as a result of elevated oil prices, and the prospect that this improvement could be sustained in the medium term.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 declined by 0.10 pt this week. KIPCO'27 closed down by 0.50 pt. In the Bahraini credit space, sovereigns maturing in 2026 saw weekly price drops of 0.27 pt, while prices of sovereigns maturing in 2031 rose by 0.23 pt.

In the Iraqi credit space, prices of sovereigns maturing in 2028 increased by 0.98 pt this week. In the Jordanian credit space, sovereigns maturing in 2026 and 2030 saw weekly price increases of 0.75 pt each. In the Abu Dhabi credit space, prices of sovereigns maturing in 2031 rose by 0.38 pt. In contrast, Mubadala'26 was down by 0.13 pt. Prices of ADNOC'29 decreased by 0.75 pt. Regarding new issues, First Abu Dhabi Bank raised US\$ 700 million from the sale of five-year green bonds at 125 bps over US Treasuries, as compared to an initial price guidance of 145-150 bps over US Treasuries. The bond sale attracted more than US\$ 1.65 billion in orders.

In the Dubai credit space, sovereigns maturing in 2029 posted price falls of 0.38 pt week-on-week. Prices of DP world'30 contracted by 0.63 pt. Emirates Airline'28 traded down by 0.75 pt. Emaar Properties'26 registered price retreats of 4.00 pts.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 posted price expansions of 0.50 pt to 4.00 pts this week. Prices of Euro-denominated sovereigns maturing in 2026 and 2031 rose by 1.63 pt and 2.57 pts respectively week-on-week.

All in all, activity was mixed in regional bond markets this week, as traders balanced an oil price recovery and a slowdown in US manufacturing against a global monetary hawkish environment.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	07-Oct-22	30-Sep-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	59	59	43	0	16
Dubai	125	121	94	4	31
Kuwait	71	70	45	1	26
Qatar	59	59	44	0	15
Saudi Arabia	63	61	49	2	14
Bahrain	308	312	294	-4	14
Morocco	304	296	95	8	209
Egypt	1,258	1,369	498	-111	760
Iraq	839	850	554	-11	285
Middle East	343	355	191	-12	152
Emerging Markets	213	228	141	-15	72
Global	478	484	183	-6	295

Sources: Bloomberg, Bank Audi's Group Research Department

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

Base Jan 2010 = 100



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/Positive	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\$)	07-Oct-22	30-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)	19.65	19.52	15.72	0.7%	25.0%
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	0.3%	2.3%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.1%
Omani Riyal (OMR)	0.39	0.39	0.39	0.0%	0.0%
Yemeni Riyal (YER)	250.24	250.21	250.00	0.0%	0.1%
NORTH AFRICA					
Algerian Dinar (DZD)	140.67	140.88	138.89	-0.2%	1.3%
Moroccan Dirham (MAD)	10.98	10.95	9.25	0.2%	18.7%
Tunisian Dinar (TND)	3.27	3.27	2.87	0.1%	13.8%
Libyan Dinar (LYD)	4.99	5.05	4.60	-1.3%	8.5%
Sudanese Pound (SDG)	572.50	577.39	442.60	-0.8%	29.3%

Sources: Bloomberg, Bank Audi's Group Research Department

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