Bank Audi

MENA WEEKLY MONITOR

MAY 22 - MAY 28, 2022

WEEK 21

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Activity in MENA equity markets remained skewed to the downside this week, as reflected by a 0.5% decline in the S&P Pan Arab Composite index, mainly dragged by persistent global growth concerns amid a hawkish global monetary environment, and driven by some unfavorable company-specific factors. In contrast, MENA fixed income markets saw across-the-board upward price movements, mainly tracking US Treasuries move following weaker-than-surveyed US economic data for the month of April 2022, which prompted market players to reassess the expected pace of the US Federal Reserve interest rate hikes.

MENA MARKETS: MAY 22 - MAY 28, 2022

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-0.5%	Weekly Z-spread based bond index	-3.2%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+5.9%	YTD Z-spread based bond index	-11.1%

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ECONOMY

NEW WORLD BANK REPORT SAYS MENA LABOR MARKETS NEED LEVEL PLAYING FIELD

Ensuring the private sector can gain access to markets and compete equally with government-run businesses is vital for countries across the Middle East and North Africa (MENA) to create jobs in a region with the highest youth unemployment in the world, according to a new World Bank report.

The report, titled "Jobs Undone: Reshaping the Role of Governments Toward Markets and Workers in the Middle East and North Africa," offers policy recommendations for how MENA governments can overcome continuing labor market stagnation that undermines economic development and social progress a decade after the Arab Spring uprising.

Crippling joblessness, especially among MENA youth and women, requires a more prominent and vibrant private sector as well as regulatory reforms for the labor and product markets, says the report.

Employment in MENA countries grew one percent per year on average within private sector firms, which is much lower than the five percent average among middle-income peers. Female labor force participation of 20% is the lowest in the world, along with the high youth unemployment rate estimated at 26%.

Using two rounds of World Bank Enterprise Surveys (WBES) available for the first time for the MENA region, the report offers a new perspective on the challenges facing private sector development that is crucial for job creation.

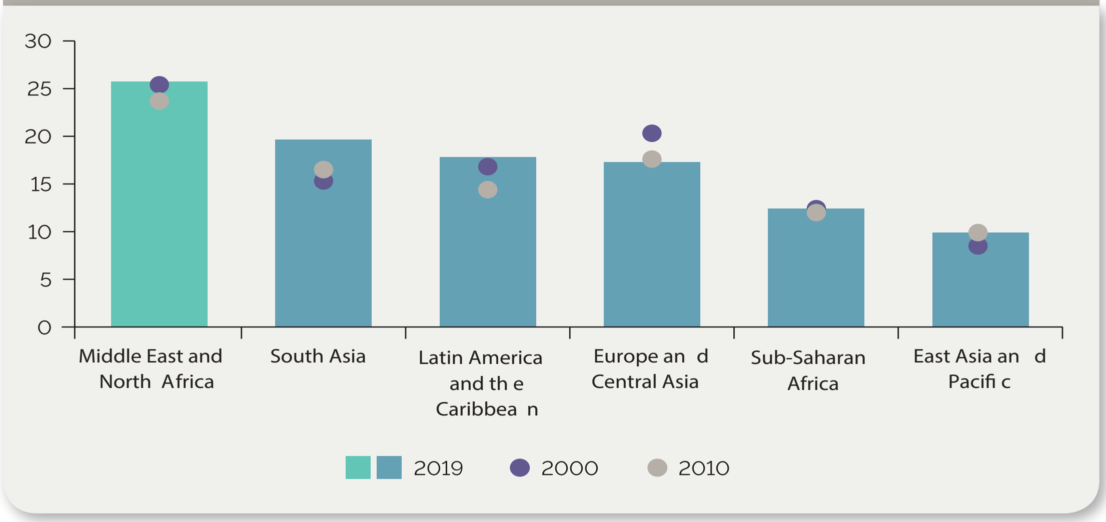
In particular, the report shows how the number and quality of jobs in the economy depend on contestable markets – those in which there is ease of entry and exit of firms, and where the pressure of potential competition always exists. It presents new evidence on product market regulations — which cover policies promoting or inhibiting market contestability — in Egypt, Jordan, Kuwait, Morocco, Saudi Arabia, Tunisia, the United Arab Emirates, and West Bank/Gaza that for the first time enables comparisons within MENA and with 51 countries outside the region.

Most of the region's economies lack market contestability, the report says, and a major reason is state-owned enterprises that play a dominant role and receive preferential treatment regarding taxes, financing, and subsidies. In addition, many MENA countries have agencies that act as both government regulators and operators in state-owned enterprises, which weakens competition, while price controls and subsidies reduce incentives for private sector participation.

MENA countries also still rely on middle-skill occupations, arguably driven by their very large public sectors, with workers performing significantly fewer tasks that require skills essential for the jobs of the future, such as higher-order cognitive (technical) and socio-behavioral skills, according to the report.

To improve market contestability, the report says governments should reduce the dominance of state-owned enterprises, for example, by eliminating exclusions and exceptions from competition, procurement and tax laws that are applied to private operators.

YOUTH UNEMPLOYMENT RATE (%)



Source: International Labour Organization (ILO) ILOSTAT database.
Note: Data for Europe and Central Asia exclude high-income countries.

The report also calls for reforms in some countries to address restrictions on women working in specific industries, as well as limited working hours for women, unequal pay compared to men, and the need for women to obtain spousal permission to get jobs.

Noting the potential political and social opposition to such reforms, the report advocates an incremental approach to structural changes and focusing initially on emerging sectors such as the digital economy and green economy — which have fewer incumbents and powerful interest groups — to minimize the political challenges.

To demonstrate the opportunities that already exist, the report includes seven case studies of young entrepreneurs who have launched job-creating businesses in recent years, despite the challenging environment compounded by the COVID-19 pandemic. The case studies document how these men and women from Egypt, Jordan, Lebanon, Morocco, Saudi Arabia, Tunisia, and West Bank/Gaza overcame obstacles, including difficulty obtaining financing and onerous regulations to launch their businesses.

At the same time, given the challenging political economy of undertaking and instituting reforms in MENA, the report argues that it is important to carefully sequence reforms to promote greater market contestability and sometimes to adopt an incremental approach. Another possible approach to finding a politically feasible path to reform is to focus first on emerging sectors where there are few incumbents and where interest groups have less power, so there is less disruption to current workers and vested interests. This focus can facilitate the emergence of new occupations—and the new activities can even be complementary to existing jobs, rather than replacing them. The digital economy and the green economy are good examples of rapidly emerging new sectors where incremental reforms might set in motion structural transformations. Last, but certainly not least, the road to contestability needs better data and transparency, which are lacking in most MENA economies, constraining both evidence-based policy making and effective implementation.

MOODY'S CUTS EGYPT'S OUTLOOK TO "NEGATIVE" ON RISING DOWNSIDE RISKS

Moody's changed Egypt's outlook to "negative" from "stable", reflecting the rising downside risks to the sovereign's ability to meet upcoming external debt service payments amid tightening global financing conditions.

While the economy's external position remains supported by significant financial commitments pledged by Gulf Cooperation Council (GCC) oil-exporting sovereigns and the prospect of a new IMF program, "tightening global financing conditions increase the risk of weaker recurrent inflows" than it anticipates, the ratings agency said in a note.

In addition, the country, which is a major food importer trying to deal with spiraling wheat prices due to the Ukraine-Russia conflict, faces political risk. Moody's said, adding, if not mitigated, this could raise social tensions.

Also, while rising domestic borrowing costs, if sustained, will exacerbate liquidity risks and debt affordability challenges, both long-standing weaknesses of Egypt's credit profile, it said.

Moody's however affirmed Egypt's long-term foreign- and local-currency issuer ratings at B2 and. It also affirmed Egypt's foreign-currency senior unsecured ratings at "B2", and its foreign-currency senior unsecured MTN program rating at "(P)B2".

The "B2" rating remains supported by the government's pro-active crisis response and track record of economic and fiscal reform implementation over the past six years.

Egypt's broad and dedicated domestic funding base helps weather tightening financing conditions. Egypt's strong trend GDP growth supports economic resiliency and the prospect of attracting foreign direct investments in line with the government's privatization strategy."

UAE'S NON-OIL FOREIGN TRADE SURGED TO US$ 143.7 BILLION BY END OF THE FIRST QUARTER OF 2022

The UAE's non-oil foreign trade amounted to AED 527.5 billion by the end of Q1-2022, Minister of State for Foreign Trade revealed.

Despite rapid shifts taking place globally, the UAE is working according to an ambitious strategy to boost its foreign trade and usher in a new era of economic growth and prosperity in line with the requirements of the next stage of the UAE's development journey, and its objectives to enhance the competitiveness of the national economy and its position as a leading global trade hub, as per the same source.

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The Minister added that the UAE's exports grew around 18% year-on-year to AED 91 billion by end of Q1-22, noting that exports have doubled over the past five years.

The UAE's non-oil imports grew 25% during Q1-22 to AED 292 billion, with re-exports hitting AED 144 billion, up 19% on the corresponding period last year.

The top trading partners list during Q1 2022 included China, India, Saudi Arabia, the US, Iraq, Switzerland, Turkey and Japan, with significant growth rates compared to the volume of trade exchange during Q1-21, as per the same source.

The UAE's FDI inflows saw a growth of about 4%, noting that such impressive growth rates indicate an upward trajectory in the UAE's drive to woo investments and international businesses, supported by the country's stable and conducive investment environment.

BAHRAIN GROWTH TO HIT 3.4% ON BACK OF REFORMS AND OIL PRICES, AS PER THE IMF

Bahrain is experiencing a gradual post-COVID recovery, while the renewed fiscal reform momentum and high oil prices are mitigating Bahrain's fiscal and external vulnerabilities, said an IMF mission at the end of a visit to Bahrain.

Growth is projected to accelerate to 3.4% in 2022, with non-oil GDP increasing by 4% driven by stronger manufacturing and the full reopening of the economy. Thereafter, growth is projected to stabilize at around 3% over the medium term, as per the IMF.

Nevertheless, significant uncertainty clouds the forecast, including from the uncertain evolution of the pandemic and the war in Ukraine, as well as the global inflation outlook.

Bahrain has implemented a commendable pandemic policy response, which successfully mitigated the health and economic impact of the COVID-19 crisis, the statement said.

The strong vaccination campaign covered all residents, was one of the fastest globally, and allowed the broad reopening of the economy in summer 2021. The support package provided relief to the private and banking sectors, helping to contain job losses and corporate strains, the mission said.

The Bahraini economy grew by 2.2% in 2021, driven by 2.8% growth in non-hydrocarbon GDP while hydrocarbon GDP contracted by -0.3%. The recovery was supported by a strong performance in non-hydrocarbon manufacturing as well as by the retail trade and hospitality sectors. CPI inflation remained negative at -0.6% on average in 2021.

With the economic recovery and higher oil prices, the state budget deficit narrowed to -6.8% of GDP in 2021, while the overall fiscal deficit narrowed to -11.1% of GDP, from -17.9% of GDP in 2020.

Government debt declined slightly to 129% of GDP in 2021 from 130% of GDP in 2020. The current account improved markedly and posted a surplus of 6.7% of GDP in 2021, after a deficit of -9.3% of GDP in 2020.

The authorities are strongly committed to their reform agenda outlined in the Economic Recovery Plan and the revised Fiscal Balance Program, including ambitious reforms to reduce the fiscal deficit and public debt, it said.

The current oil price outlook provides an opportunity to proceed with ambitious reforms under favorable macroeconomic and financing conditions and deliver a sizeable medium-term fiscal consolidation that reduces reliance on oil revenue and puts debt on a firm downward path. A stronger fiscal position would also promote the growth of foreign exchange reserves to continue supporting the exchange rate peg, which remains an appropriate monetary anchor, said the statement.

The financial sector support package cushioned the impact of the pandemic on the real economy but might have masked some vulnerabilities in the banking sector. Phasing out financial sector pandemic support measures would contain the buildup of vulnerabilities and reduce financial stability risks. Continued support of fin-tech and digitalization could provide a source of growth that needs to be balanced against possible risks. Targeted labor market policies would help the recovery and provide employment opportunities for Bahrainis. Staff welcomed the authorities' revamped strategy to address labor market challenges, as detailed in the recently introduced National Employment Program. Continuing to address skills mismatches and boosting labor market mobility could improve productivity. Finally, incentivizing access to finance for women entrepreneurs and promoting the use of digital solutions to boost work flexibility could further improve women's labor force participation, the mission statement said.

SURVEYS

DUBAI RANKED AMONG SAFEST, BUT MOST OVERWORKED CITIES IN THE WORLD

Dubai has been ranked among the safest cities in the world to live in, however its residents are among the most overworked, according to a new study on work-life balance published by mobile tech company Kisi.

Kisi's study compared data on work intensity, institutional support, legislation, and livability, ranking cities based on their success in promoting work-life balance, in the "context of rampant inflation, the fallout from the pandemic and war in Ukraine."

Within the category of work intensity, Dubai came out highest for most overworked population, meaning full-time employees work more than 48 hours per working week. The UAE recently became one of the first countries to have a 4.5 work week for public sector employees, in a move towards promoting a healthier work-life balance.

Dubai came up first in terms of the number of vacations days offered to employees and having the lowest unemployment levels.

Echoing the overworked score, the emirate was on par with Buenos Aires for the percentage of employees who have more than one job.

The emirate performed well in terms of remote job opportunities coming up sixth out of the 49 global and 51 US cities surveyed, for number of such opportunities and having solid infrastructure in place to support remote work.

Under the category for society and institutions, Dubai ranked first place for mitigating the impact of coronavirus on the economy, the public healthcare sector and society (when it comes to the effects of imposed restrictions).

It however scored the least on the income support provided by governments to workers affected by the economic effects of the pandemic. Results of the study did not take into account Dubai's recent unemployment scheme where both residents and UAE citizens who lose their jobs are eligible to receive 60% of their basic salary, or up to AED 20,000, each month.

Within the same category, the emirate came up second lowest for mental healthcare, a ranking which reflects the accessibility and effectiveness of governments' implementation of mental health policies catering for individuals with mental health illnesses.

Under the city livability category, Dubai ranked second after Singapore in terms of safety, scoring high on environmental, social and infrastructural security.

The emirate, however, came up last for "the prevalence and accessibility of a city's urban green infrastructure," and for air quality. It is worth mentioning that Dubai is the only GCC city included in the study.

DUBAI'S CREATIVE ECONOMY RANKS TOP IN FDI DRAW IN 2021

Dubai consolidated its status as a global cultural hub and investment destination, ranking first in Middle East and North Africa (MENA) region and second in the world in attracting foreign direct investment (FDI) in cultural and creative industries (CCI) in 2021, Chairperson of Dubai Culture and Arts Authority (Dubai Culture) and member of the Dubai Council revealed.

According to the Dubai FDI Monitor report, published by the Dubai Investment Development Agency (Dubai FDI), an agency of the Department of Economy and Tourism (DET), Dubai attracted 233 new projects in the creative economy in 2021.
Surpassing other major cities such as New York, Singapore and Berlin, Dubai improved its rankings from fifth in the previous year. The report was based on data from the Financial Times' "fDi Markets", the world's leading data source on greenfield FDI projects.

These results reflect the maturity and stability of the investment environment in the emirate's creative economy. Dubai has created outstanding FDI opportunities in the sector by building a robust ecosystem and an advanced business-enabling infrastructure for creative entrepreneurs.

By fostering an environment that promotes learning, development, and innovation, Dubai has developed a vibrant global creative community. Its unique social fabric that has evolved out of the emirate's remarkable cultural diversity and its comprehensive human-centered development process has further supported the growth of Dubai's creative economy, as per the Data from Dubai FDI Monitor indicates significant growth in foreign investment in the cultural and creative industries.

The sector's estimated value of FDI capital flows exceeded AED 4.9 billion in 2021. The rise in FDI inflow and rankings reflect the enhanced attractiveness of the emirate's creative economy. In terms of the number of new jobs in the creative economy, Dubai held on to its top rank regionally and fourth globally with 6,204 new jobs created from FDI.

According to Dubai FDI Monitor' data, Greenfield FDI accounted for 71% of the total FDI projects in Dubai's cultural and creative industries in 2021, followed by Mergers and Acquisitions projects (12% of the total), Reinvestment FDI projects (9%), New Forms of Investments (5%) and Joint Venture (2%).

Dubai Culture is working with its strategic partners to develop an effective framework that will enhance the growth of Dubai's culture and arts sector and raise its contribution to the emirate's GDP. It is supported by the full activation of Dubai Culture's founding law, which stipulates its role as a policymaker, regulator, and enabler of this sector in the emirate.

DUBAI'S HOUSING SUPPLY TO HIT NEARLY 700,000 BY END OF YEAR, AS PER JLL

Dubai's total residential stock will rise to nearly 700,000 units by the end of the year, with tens of thousands of new apartments and villas slated for delivery in the coming months, according to a new report issued by Jones Lang Lasalle (JLL).

The first three months of the year saw almost 17,000 new units delivered, raising the emirate's housing supply to 657,000, while an additional 42,000 units are expected to be completed over the remainder of the year, according to JLL.

Dubai's growth in housing supply continues to outpace that of Abu Dhabi, which saw the handover of 1,000 homes between January and March this year.

So far, Abu Dhabi's residential stock has reached 274,000 units, although an additional 9,000 are scheduled to enter the market over the rest of the year. Most of Abu Dhabi's upcoming supply will be apartments within master-planned communities.

The UAE will continue to see more investments into the real estate market. Dubai and Abu Dhabi have recently witnessed a series of off-plan launches offering units both in master-planned and high-rise developments.

CORPORATE NEWS

ADQ TO INVEST U$ 10 BILLION FOR PROJECTS IN EGYPT AND JORDAN

Abu Dhabi state holding firm, ADQ, is to assign US$ 10 billion in investment for projects with Egypt and Jordan, as per the Minister of Industry and Advanced Technology.

The partnerships will focus on several sectors including agriculture, pharmaceuticals, minerals, petrochemicals and textiles, as mentioned in a statement.

ADQ has become the leading vehicle for outbound investments from Abu Dhabi, managing around US$ 110 billion in assets. ADQ recently acquired a 45% stake in commodities trader Louis Dreyfus Co (LDC).

SAUDI SHIPYARD EXPECTS US$ 5 BILLION INDUSTRIAL INVESTMENT

King Salman Global Maritime Industries Complex is to witness two projects for the production of steel and drilling machinery with a combined value at around US$ 4.6 billion, according to a statement.

The steel plates plant worth a value of US$ 2.6 billion, while investments in the other factory are estimated at US$ 2 billion, said the CEO of the International Maritime Industries Company (IMIC) in a statement.

IMIC expects to attract additional direct investments for nearly US$ 4.6 billion in construction of steel plates and drilling equipment plants, the CEO added in a statement.

IMIC is a joint venture between Saudi Aramco, the UK Lamprell Company, the Saudi Bahri and Hyundai Heavy Industries of South Korea.

IFC GRANTS AVERDA INTERNATIONAL A US$ 30 MILLION FACILITY

International Finance Corporation (IFC) is granting a US$ 30 million facility to UAE-based waste management company, Averda International, to support its expansion in Oman, Morocco and South Africa, according to a statement.

Averda provides services to around 12 million residents across the Middle East, Africa and South Asia. It is seeking sustainable solutions in waste management.

It is worth noting that the said investment is IFC's first investment in the private waste management sector in Africa and the Middle East, the World Bank member institution and Averda said in a joint statement.

DAMAC ENTERS US REAL ESTATE MARKET WITH LUXURIOUS PROJECT

Dubai's Damac Properties announced its entrance into the US real estate market after it was awarded a US$ 120 million bid for acquiring a land in Miami neighborhood of Surfside, as mentioned in a statement.

Damac Properties aims to initiate a Cavalli-branded condominium project. The property is located on Collins Avenue, offers residents 200 feet of direct beach frontage and access to south beach and Bal Harbour.

It is worth highlighting that the Surfside area is currently considered a hotspot for ultra-luxury condominium developments, including the Four Seasons Private Residences, the Fendi Chateau Residences and the Arte Surfside buildings. Moreover, it has a collection of high-end hotels, including the Four Seasons, the St. Regis Bal Harbour and the Ritz-Carlton Bal Harbour and the Bal Harbour Shops.

It is worth mentioning that Damac is also developing a luxury resort in Maldives that would be operational by Mandarin International, in addition to current projects in Canada, the UK and across the Middle East.

OMAN MINISTRY SIGNS US$ 96 MILLION LAND DEVELOPMENT DEALS

Oman's Ministry of Housing and Urban Planning unveiled 23 land development agreements worth RO 37 million (US$ 95.8 million) with several private sector companies, aiming to stimulate the economy and boost investments, as mentioned in a statement.

The ministry affirmed its willingness to help investors overcome challenges in those fields, Undersecretary of the Ministry of Housing and Urban Planning for Urban Planning said in a statement.

The agreements encompass various sectors, including business, sports, education, rehabilitation, agriculture, health and fuel filling station. Moreover, the projects are expanded over the governorates of Muscat, South Al Batinah, North Al Batinah, North A'Sharqiyah, A'Dhahirah, A'Dakhiliyah and Al Wusta. More lands will be offered for bidding in the coming period, including several locations for integrated stations in the Wilayats of Barka, Haima, Saham and Liwa, added Al Mutawa.

Finally the agreements were signed with the companies by Undersecretary of the Ministry of Housing and Urban Planning for Urban Planning.

AL SEER MARINE ACQUIRES LPG TANKERS FOR US$ 67 MILLION

Al Seer Marine, a subsidiary of UAE conglomerate International Holding Company (IHC), acquires two additional tankers valued at AED 246 million (US$ 66.9 million) to cater increased demand for shipping liquified petroleum gas (LPG) after recent geopolitical developments, as mentioned in a statement.

It is worth noting that several international banks including ING and Bank of America facilitated the acquisition of the two vessels.

The gas carriers, MT Alcor and MT Alkaid, each with a capacity of 20,700 cubic meters, are expected to provide an internal rate of return (IRR) of 25%, Al Seer Marine mentioned in a statement.

Such transactions are building significant scale in Al Seer Marine operations and providing attractive returns to the company and its shareholders, said the CEO of Al Seer Marine in a statement.

Finally, Al Seer Marine's target is to acquire up to 15 vessels this year, as it seeks expansion in its business to become one of the major leader in commercial shipping.

ACWA POWER, OQ AND AIR PRODUCTS SIGN GREEN HYDROGEN AGREEMENT

Saudi Arabia's ACWA Power along with Oman's state-owned energy company OQ and US-based Air Products signed a joint development agreement (JDA) to set up the H2Oman Project in Dhofar to produce green hydrogen and one million tons of green ammonia annually, as mentioned in a statement.

This project is considered a multibillion-dollar project planned for Oman's Salalah Free Zone, it includes the integration of renewable power from solar, wind and storage; production of hydrogen by electrolysis; production of nitrogen by air separation and production of green ammonia, as per a joint statement by three companies.

It is worth noting that ACWA Power along with Air Products are developing a US$ 5 billion green hydrogen-based ammonia production facility powered by renewable energy in the futuristic, zero-carbon city Neom.

CAPITAL MARKETS

EQUITY MARKETS: ACTIVITY IN MENA EQUITIES SKEWED TO DOWNSIDE, ON PERSISTENT GLOBAL GROWTH CONCERNS AND UNFAVORABLE COMPANY-SPECIFIC FACTORS

Activity in MENA equity markets remained skewed to the downside this week, as reflected by a 0.5% decline in the S&P Pan Arab Composite index, mainly dragged by persistent global growth concerns amid a hawkish global monetary environment, and driven by some unfavorable company-specific factors.

The UAE equity markets plunged in the red this week, as reflected by a 3.4% fall in the S&P UAE index, mainly on lingering concerns over slowing global economic growth especially after the latest US Federal Reserve minutes reaffirmed the need to raise interest rates quickly and possibly more than markets anticipate to tame surging inflation, while some market players sought to leave room for chemical producer Borouge's US$ 2 billion IPO. In Abu Dhabi, ADCB's share price dropped by 4.1% to AED 9.51. Etisalat's share price plummeted by 6.2% to AED 29.10. Aldar Properties' share price shed 6.3% to AED 4.92. RAK Properties' share price went down by 3.3% to AED 0.678. Alpha Dhabi Holding's share price fell by 2.2% to AED 25.88.

In Dubai, Emirates NBD's share price decreased by 1.9% week-on-week to AED 13.0 this week. Dubai Islamic Bank's share price declined by 1.5% to AED 5.90. Commercial Bank of Dubai's share price closed 2.8% lower at AED 4.80. Emaar Properties' share price shed 7.5% to AED 5.46. Deyaar Development's share price tumbled by 5.3% to AED 0.407. Union Properties' share price retreated by 1.1% to AED 0.263.

Boursa Kuwait registered a 2.5% drop in prices week-on-week, mainly on lingering global growth concerns amid a global monetary tightening environment. National Bank of Kuwait's share price declined by 1.4% to KWf 1,006. Gulf Bank's share price shed 8.6% to KWf 341. Kuwait Finance House's share price fell by 4.4% to KWf 8.60. Agility's share price closed 2.6% lower at KWf 1,101.

In contrast, the heavyweight Saudi Exchange, whose market capitalization represents more than two-thirds of the total regional market capitalization, registered price gains of 0.7% this week, mainly supported by some favorable company-specific factors and as Brent oil prices surged by 6.1% to reach the US$ 119 per barrel on tighter market ahead of the US summer driving season.

A closer look at individual stocks shows that Arab National Bank's share price jumped by 9.1% over the week to SR 30.55. Goldman Sachs raised its recommendation on Arab National Bank to "buy" from "neutral", with a price target of SR 34, which implies an 11% increase from last price. Saudi Automotive Services Company's share price climbed by 6.9% to SR 35.60. Saudi Automotive Services Company signed contracts with KSA-based Al Jazira Capital for the sale and leaseback of some sites. Al Hammadi's share price surged by 4.4% to SR 48.0. Al Hammadi reported 2022 first quarter net profits of SR 62 million, up by 74% year-on-year, exceeding analyst estimates.

EQUITY MARKETS INDICATORS (MAY 22 - MAY 28, 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	135.5	18.9%	44.1%	25.6	210.5%	0.6	15,309.2	8.7%	-	0.36
Jordan	392.9	1.7%	12.7%	33.3	-43.0%	10.9	26,242.3	6.6%	11.8	1.93
Egypt	218.6	-3.8%	-28.2%	129.4	-11.4%	1,252.1	34,861.3	19.3%	6.7	1.37
Saudi Arabia	558.9	0.7%	9.0%	8,070.3	-17.6%	697.1	3,235,842.4	13.0%	20.4	2.81
Qatar	212.3	0.3%	6.6%	658.3	-25.2%	508.2	196,614.2	17.4%	15.5	2.21
UAE	149.2	-3.4%	1.2%	2,664.6	15.3%	1,820.7	652,258.0	21.2%	16.8	2.45
Oman	228.3	-1.0%	4.8%	34.0	-55.8%	62.9	18,765.6	9.4%	12.5	0.99
Bahrain	188.0	-2.1%	2.9%	5.0	-1.8%	12.0	28,582.3	0.9%	13.8	1.71
Kuwait	144.6	-2.5%	8.4%	931.5	-19.3%	803.4	134,172.1	36.1%	21.2	2.56
Morocco	269.4	-1.2%	-15.0%	28.7	-47.1%	2.2	64,843.0	2.3%	22.7	3.10
Tunisia	58.9	0.1%	-8.0%	5.2	-1.6%	2.6	7,241.3	3.7%	9.9	1.47
Arabian Markets	**1,051.4**	**-0.5%**	**5.9%**	**12,586.0**	**-13.2%**	**5,172.6**	**4,414,731.7**	**14.8%**	**19.4**	**2.68**

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

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

Enaya Insurance's share price closed 2.9% higher week-on-week at SR 26.75. Enaya Insurance's Board of Directors recommended a 300 million capital increase that would be used to support company's future plans and enhance the solvency margin. SABB's share price jumped by 10.7% to SR 42.50. SABB had previously announced a 3.5% year-on-year rise in its 2022 first quarter net profits to reach SR 1 billion.

The Qatar Stock Exchange posted shy price increases of 0.3% week-on-week, mainly supported by rising oil prices and some favorable market-specific factors. Germany and Qatar signed a declaration to deepen their energy partnership, with a focus on trade in hydrogen and liquefied natural gas, as Europe's biggest economy looks for alternative supplies amid Russia's invasion of Ukraine. 27 out of 46 listed stocks registered price increases, while 19 stocks posted price falls. A closer look at individual stocks shows that Qatar Gas Transport's share price surged by 5.5% to QR 3.586. Industries Qatar's share price closed 0.9% higher at QR 17.480. Gulf International Services' share price edged up by 0.4% to QR 1.868. Qatar Islamic Bank's share price rose by 1.0% to QR 24.250. Masraf Al Rayan's share price increased by 3.2% to QR 4.799.

FIXED INCOME MARKETS: ACROSS-THE-BOARD UPWARD PRICE MOVEMENTS IN MENA BOND MARKETS, TRACKING US TREASURIES MOVE

MENA fixed income markets saw across-the-board upward price movements this week, mainly tracking US Treasuries move following weaker-than-surveyed US economic data for the month of April 2022, which prompted market players to reassess the expected pace of the US Federal Reserve interest rate hikes.

In the Kuwaiti credit space, sovereigns maturing in 2027 posted price rises of 1.0 pt this week. Moody's affirmed the government of Kuwait's long-term local and foreign currency issuer ratings at "A1", with a "stable" outlook. The decision to affirm the ratings is underpinned by Moody's assessment that Kuwait's balance sheet and fiscal buffers would remain strong for the foreseeable future, which preserve macroeconomic and external stability and anchor the credit profile.

In the Dubai credit space, sovereigns maturing in 2029 were up by 0.38 pt week-on-week. In the Abu Dhabi credit space, sovereigns maturing in 2026 and 2031 posted price expansions of 0.88 pt and 1.63 pt respectively this week. Mubadala'26 closed up by 0.50 pt. Prices of ADNOC'29 increased by 1.0 pt. Regarding plans for new issues in the UAE, Arada Developments, the largest developer in the UAE's Sharjah, hired Dubai Islamic Bank, Emirates NBD Capital and Standard Chartered Bank as joint global coordinators, and together with ADCB, Ajman Bank, Al Rajhi Capital, Kamco Invest, Mashreq, Sharjah Islamic Bank and Warba Bank, as joint lead managers and bookrunners to arrange a series of fixed income investor calls.

In the Saudi credit space, sovereigns maturing in 2026 and 2030 posted shy price rises of 1.19 pt and 2.13 pts respectively week-on-week. Saudi Aramco'25 closed up by 1.0 pt. Prices of SABIC'28 increased by 1.25 pt. In the Omani credit space, sovereigns maturing in 2026 and 2029 saw price expansions of 1.94 pt and 3.0 pts respectively this week. Omantel'28 was up by 1.50 pt.

In the Bahraini credit space, sovereigns maturing in 2026 and 2031 registered price rises of 0.94 pt and 4.50 pts respectively week-on-week. NOGA'27 traded up by 0.75 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 recorded price expansions of 1.0 pt and 2.25 pts respectively this week. As to papers issued by financial institutions, QNB'25 closed up by 0.25 pt.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 registered price gains of 0.31 pt to 5.75 pts week-on-week. Euro-denominated sovereigns maturing in 2026 and 2031 were up by 3.42 pts and 4.23 pts respectively. Moody's affirmed this week the long-term foreign currency and local currency issuer ratings of the Government of Egypt at "B2" and changed the outlook to "negative" from "stable". Moody's also affirmed Egypt's foreign-currency senior unsecured ratings at "B2", and its foreign-currency senior unsecured MTN program rating at "(P) B2". The "negative" outlook reflects, as per Moody's, the rising downside risks to the sovereign's external shock absorption capacity in light of a significant narrowing in the foreign exchange reserve buffer to meet upcoming external debt service payments.

All in all, activity in regional bond markets was tilted to the upside this week, mainly tracking rises in US Treasuries following lower-than-expected new US home sales and soft US durable goods orders in April 2022.

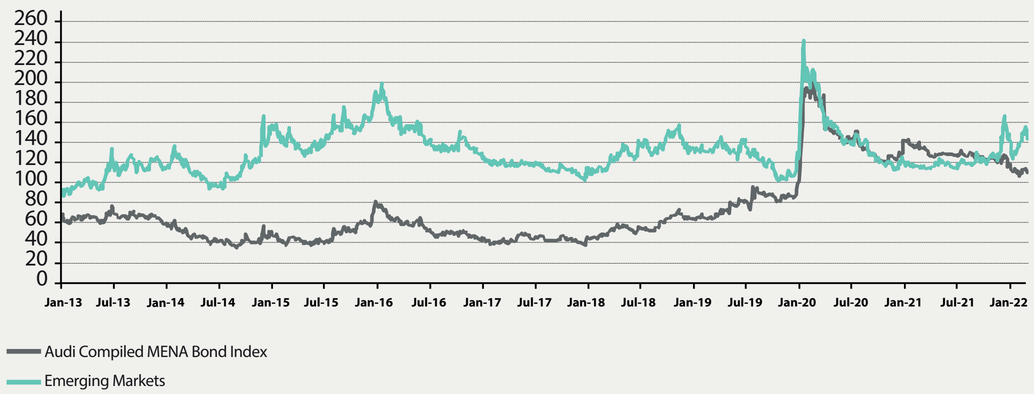
MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	27-May-22	20-May-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	59	68	43	-9	16
Dubai	119	123	94	-4	25
Kuwait	70	67	45	3	25
Qatar	60	68	44	-8	16
Saudi Arabia	61	69	49	-8	12
Bahrain	318	338	294	-20	24
Morocco	206	202	95	4	111
Egypt	751	923	498	-172	253
Iraq	520	448	554	72	-34
Middle East	241	256	191	-15	50
Emerging Markets	393	415	141	-22	252
Global	565	540	183	25	382

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+/Negative/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/Negative	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$)	27-May-22	20-May-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	0.1%	0.1%
Egyptian Pound (EGP)	18.59	18.28	15.72	1.7%	18.2%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.76	0.0%	-0.2%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.66	3.66	3.67	0.1%	-0.2%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	-0.2%	1.0%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	-0.1%
Omani Riyal (OMR)	0.39	0.38	0.39	0.0%	0.0%
Yemeni Riyal (YER)	250.00	250.00	250.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	144.93	144.93	138.89	0.0%	4.3%
Moroccan Dirham (MAD)	9.90	10.02	9.25	-1.2%	7.0%
Tunisian Dinar (TND)	3.04	3.10	2.87	-1.7%	5.9%
Libyan Dinar (LYD)	4.77	4.81	4.60	-0.7%	3.8%
Sudanese Pound (SDG)	567.80	567.35	437.92	0.1%	29.7%

Sources: Bloomberg, Bank Audi's Group Research Department