

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

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

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

Elias Missi
(961-1) 959747
elias.missi@bankaudi.com.lb

Economy

p.2 GAZA CONFLICT SHAKES MIDDLE EAST ECONOMIES AS PER BROOKINGS INSTITUTION

The war in Gaza will have dire repercussions on the countries in the region which start in a weaker situation as per a report by Brookings Institution. Lebanon is still mired in a financial crisis of extreme severity, with a GDP decline exceeding 50% since 2018.

Also in this issue

p.3 Oman's FDI increases by 4% in Q3

p.4 Qatar's Industrial Production Index increases by 1% year-on-year in Q3

Surveys/Reports

p.5 UAE TOPS MENA REGION IN GLOBAL KNOWLEDGE INDEX 2023

The UAE topped the MENA region in Global Knowledge Index 2023 and ranked 26th globally, with an average score of 60.5 in the index, compared to a global average of 47.5, according to a report released by Mohammed bin Rashid Al Maktoum Knowledge Foundation (MBRF) in collaboration with United Nations Development Programme (UNDP).

Also in this issue

p.6 Cairo is top destination for MENA travelers during winter 2023, as per Wego

p.6 Bahrain affirmed at "B+/B" with revised outlook from "positive" to "stable", as per S&P Global Rating

Corporate News

p.7 ACWA POWER SEALS US\$ 4 BILLION EGYPT GREEN HYDROGEN PROJECT

Saudi-listed ACWA Power, the world's largest private water desalination company and leader in energy transition and first mover into green hydrogen, signed the framework agreement to outline the development of the first phase of the green hydrogen project in Egypt, with an investment that exceeds US\$ 4 billion, as reported in a company's statement.

Also in this issue

p.7 ADNOC to acquire OCI's stake in Fertiglode US\$ 3.6 billion

p.7 Bahrain Steel announces launch of US\$ 250 million big projects

p.8 Kings Aluminium Industries starts work on US\$ 204 million Abu Dhabi plant

p.8 Tabreed secures US\$ 163 million debut green revolving credit facility

p.8 Mubadala and Hyundai to develop sustainable automotive supply chain

Markets In Brief

p.9 MARKETS IN BRIEF: PRICE GAINS ACROSS MENA CAPITAL MARKETS IN 2023, ON US FED DOVISH STANCE

MENA equity markets registered price rebounds in 2023, as reflected by a 6.3% rise in the S&P Pan Arab Composite index, mainly tracking a global risk appetite (+19.2%) following the US Federal Reserve's dovish shift as policymakers penciled three-quarter points rate cuts next year, and driven by some favorable market-specific factors. In parallel, activity in MENA fixed income markets was mostly tilted to the upside in 2023, mainly tracking US Treasuries move after the US Federal Reserve revealed dovish projections in its December FOMC meeting, and as a downward revision for the US real GDP growth in the third quarter of 2023 pointed to mildly softer economic momentum.

MENA MARKETS: DECEMBER 24 - DECEMBER 30, 2023

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	+2.3%	Weekly Z-spread based bond index	+0.1%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+6.3%	YTD Z-spread based bond index	+65.5%

ECONOMY

GAZA CONFLICT SHAKES MIDDLE EAST ECONOMIES AS PER BROOKINGS INSTITUTION

The war in Gaza will have dire repercussions on the countries in the region which start in a weaker situation as per a report by Brookings Institution. Lebanon is still mired in a financial crisis of extreme severity, with a GDP decline exceeding 50% since 2018. Jordan has high external debt (its net external liabilities exceed 110% of GDP) and persistent regional strife could take a severe toll on domestic stability and tourism, which is an important source of foreign exchange.

Indeed, Jordanian tourism which accounts for 10 per cent of gross domestic product took a hit from the war. One tour operator said the war had triggered a string of cancellations: "Just like that, months and months of bookings have disappeared," he said.

Egypt is similarly dependent on tourism flows for hard currency receipts, and is facing a difficult macroeconomic outlook, with wide spreads on its external debt and pressures on its heavily managed exchange rate. The economic situation in Gaza, which was very difficult to start with, is dramatic, with large short-run needs of emergency aid and daunting prospects for reconstruction and future economic activity more generally.

"We're already seeing reports of cancelled bookings in Egypt," said Goldman Sachs's regional economist. "We think it could cost Egypt billions in lost tourism revenues this fiscal year alone... Egypt doesn't have the foreign exchange buffers to absorb that sort of hit."

The Gaza war will affect the Israeli economy through lower private consumption, investment, and net exports, which would be aggravated by the strained labour supply, as the government has mobilised about 350,000 reservists – about 8 per cent of the working population.

A large departure of the labour force will damage several sectors of the economy, including the technology sector, the main driver of growth, according to analysts. Private consumption, investment and tourism will take a hit amid uncertainty and security concerns.

S&P has lowered Israel's credit outlook to negative, from stable, citing the risk that the conflict could broaden, with a more pronounced effect on the economy.

The ongoing conflict in Gaza could set back Palestine's economy by as much as 16 years according to a report by the United Nations Development Programme (UNDP) and the Economic and Social Commission for Western Asia (ESCWA).

A sharp decline is expected in the Human Development Index (HDI), setting the State of Palestine back by between 11 and 16 years, depending on the intensity of the conflict.

The report revealed that around 390,000 jobs have already been lost since the start of the war. It said early estimates indicate that the gross domestic product (GDP) loss in 2023 could range between 4% and 12% and between 4% and 9% of GDP in 2024 compared with pre-war estimates. These figures are dependent on the conflict's duration.

Poverty is also expected to rise sharply by between 20% and 45%, depending on the duration of the war, it said.

The economic impact of the conflict is expected to exacerbate humanitarian crises, including widespread displacement.

"The economic consequences of the war will have direct and indirect effects on the humanitarian situation, and vice versa, including large-scale displacement," the report said.

It also cautioned that economic recovery in Gaza following a cease-fire will not be immediate, citing large-scale destruction and uncertain access to resources.

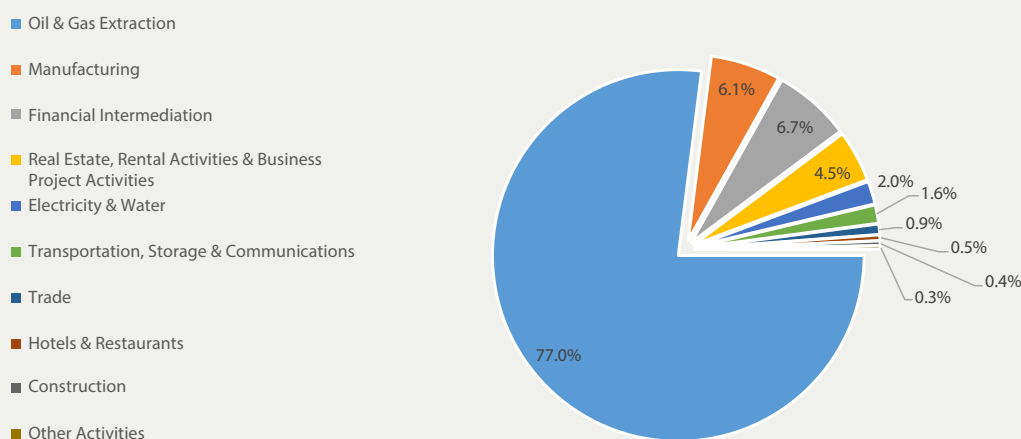
OMAN'S FDI INCREASES BY 4% IN Q3

Foreign Direct Investment (FDI) into Oman reached OMR 23.0 billion (US\$ 59.6 billion) in the third quarter (Q3) of 2023. This figure denotes a 3.8% increase of FDI inflow, up from OMR 22.1 billion (US\$ 57.5 billion) in Q2 2023, as per data from the Omani National Center for Statistics and Information (NCSI).

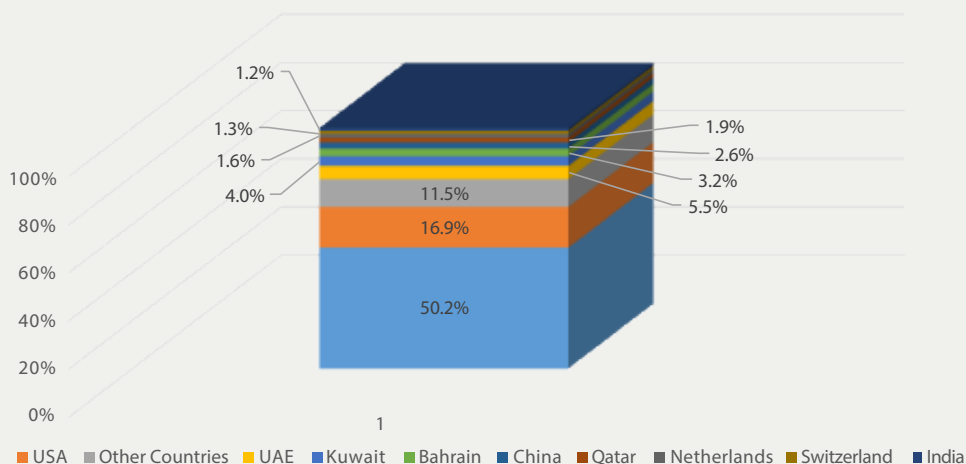
Looking at the sectoral distribution of FDI inflow in Q3, Oil & Gas Extraction took the lion's share with funding received of OMR 17.7 billion (US\$ 45.9 billion) or 77.0% of total FDI inflow during the period. Influx of capital into the Financial Intermediation and Manufacturing sectors followed with 6.7% and 6.1% of total respectively at the end of Q3 2023. Real Estate, Rental Activities and Business Project Activities accounted for 4.5% of total while FDI inflow into the Electricity & Water sector accounted 2.0% of total by the end of Q3 2023. Transportation, Storage & Communications and Trade sectors followed with 1.6% and 0.9% of total respectively. The Hotels & Restaurants sector accounted for 0.5% of total FDI inflow while the Construction sector accounted for 0.4% of total at the end of Q3 2023. Other activities accounted for 0.3% of total FDI inflow at the end of Q3 2023.

At the level of geographical source of FDI funding during Q3 2023, the United Kingdom took the lion's share with 50.2% of the total. The United States of America came in second accounting for 16.9% of total followed by the United Arab Emirates, Kuwait and Bahrain accounting for 5.5%, 4.0% and 3.2% of total FDI funding towards Oman during Q3 2023. China's FDI funding towards Oman accounted for 2.6% of total while Qatar accounted for 1.9% of total. The Netherlands, Switzerland and India followed accounting for 1.6%, 1.3% and 1.2% of total FDI funding into Oman respectively during Q3 2023. Funding from Other Countries accounted for 11.5% of the total during the period, as per data from Oman's NCSI.

SECTORAL DISTRIBUTION OF FDI INFLOW IN OMAN DURING Q3 2023



GEOGRAPHICAL DISTRIBUTION OF FDI FUNDING INTO OMAN DURING Q3 2023



Source: NCSI, Bank Audi Group Research Department.

QATAR'S INDUSTRIAL PRODUCTION INDEX INCREASES BY 1% YEAR-ON-YEAR IN Q3

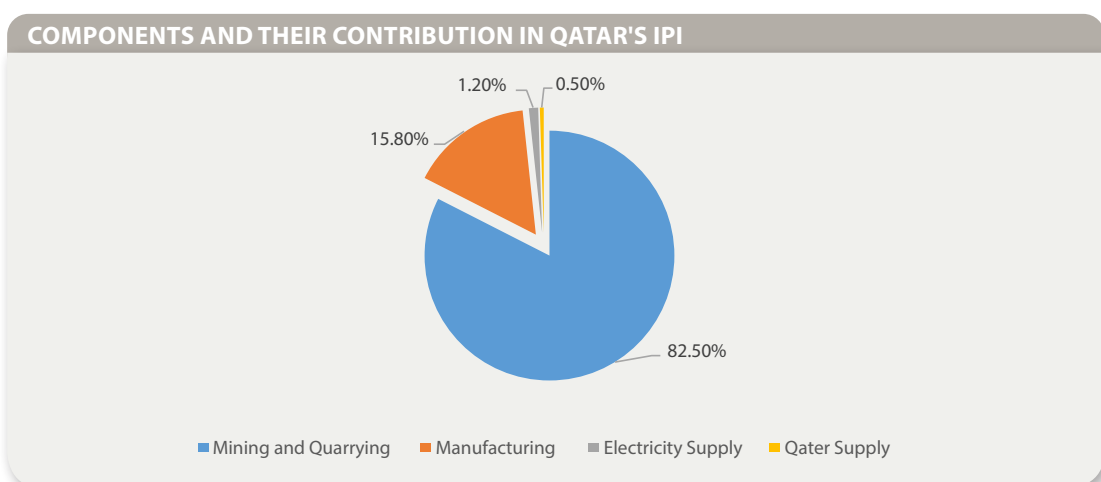
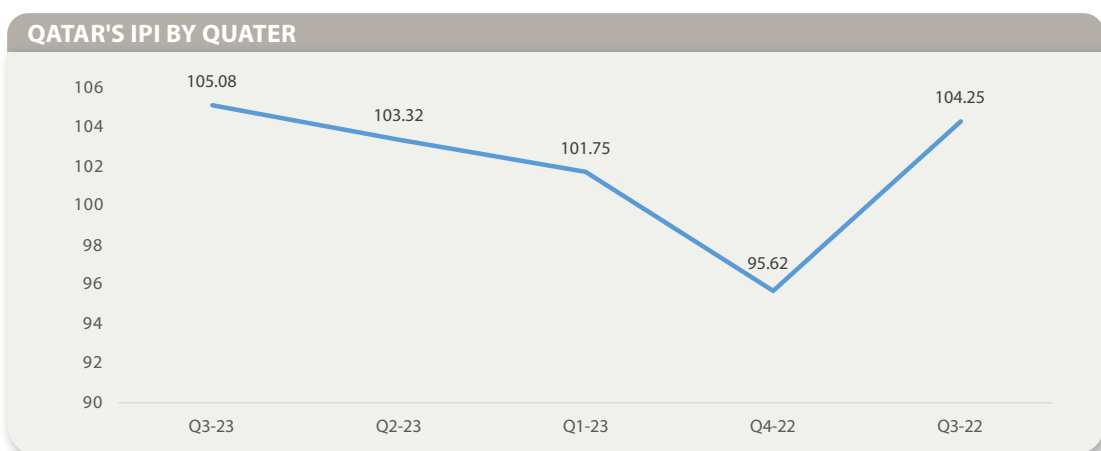
Qatar's Industrial Production Index (IPI) reached 105.08 points in Q3 2023, up from 104.25 in Q3 2022 noting a 0.8% increase year-on-year. This increase was mainly driven by improvements in the Mining & Quarrying and the Electricity Supply sub-indices and partially offset by a contraction in the Manufacturing sub-index.

In details, the Mining & Quarrying sub-index with a weight of 82.5% was recorded at 104.39 in Q3 2023, up by 1.1% year-on-year from 103.22 in Q3 2022. The increase in the sub-index was mainly driven by the activity of Extraction of Crude Petroleum and Natural Gas.

Additionally, the Electricity Supply sub-index with a weight of 1.2% recorded an increase of 7.6% year-on-year to reach 150.29 in Q3 2023, up from 139.69 in Q3-2022. The Water Supply sub-index with a weight of 0.5% also expanded during the period reaching 109.54 in Q3-2023, up from 108.00 in Q2-2022 reporting an increase of 1.4% year-on-year.

On the other hand, the Manufacturing sub-index with a weight of 15.9% witnessed a year-on-year contraction of 1.6% to reach 105.19 in Q3-2023, down from 106.89 in Q3-2022. This decrease was mainly driven by year-on-year contractions in Manufacture of Coke & Refined Petroleum Products (weight of 2.7%), Manufacture of Chemicals & Chemical Products (weigh of 9.1%) and Manufacture of Cement and Other Non-Metallic Mineral Products (weight of 1.6%) ranging between 1.4% and 12.6%, as per data from Qatar's Planning and Statistics Authority (PSA).

It is worth noting that the IPI measures relative changes and reflects the development in the volume of production of materials and commodities.



Source: PSA, Bank Audi Group Research Department.

SURVEYS/REPORTS

UAE TOPS MENA REGION IN GLOBAL KNOWLEDGE INDEX 2023

The UAE topped the MENA region in Global Knowledge Index 2023 and ranked 26th globally, with an average score of 60.5 in the index, compared to a global average of 47.5, according to a report released by Mohammed bin Rashid Al Maktoum Knowledge Foundation (MBRF) in collaboration with United Nations Development Programme (UNDP).

The Index covered 133 countries, which includes 11 Arab nations and 155 variables. The GKI consists of seven sub-indicators that covers the performance of six key knowledge sectors, which include pre-university education, technical and vocational education and training (TVET), higher education, research, development and innovation (RDI) information and communications technology (ICT), and economy and enabling environment.

The strong link between the quality of knowledge capital, on one hand, and the ability to build effective knowledge economies that deliver equitable and sustainable development, on the other, necessitates the assessment of human resource qualification systems and their outputs, which are captured in pre-university education, Technical and Vocational Education and Training (TVET), and higher education.

The investments in, and the outputs of, scientific research, development and innovation are also central to sustainable development, and are assessed within Research, Development and Innovation (RDI).

The progress achieved in developing technological infrastructure and applying its outputs is reflected in Information and Communications Technology (ICT), while the economy provides an assessment of economic openness and competitiveness.

Improvements in all these aspects of knowledge-based development require a suitable and supportive environment based on social and political freedoms, as well as sound environmental and health conditions, progress towards which is reflected in the enabling environment.

As per the index sub-indicators, the UAE has secured the second rank in the TVET indicator, 13th in the economy indicator, 14th in the information and communications technology (ICT) indicator, 29th in the innovation and R&D, and 37th, 45th and 47th in pre-university education, enabling environment and higher education, respectively.

The areas of strength of the country are an active mobile-broadband subscriptions per hundred inhabitants, mobile upload and download speeds, educational attainment rate, bachelor's or equivalent, entrepreneurial employee activity rate and individuals with standard Information and Communication Technologies (ICT) skills.

GLOBAL KNOWLEDGE INDEX (GKI) 2023 IN MENA REGION

Country	Regional Rank	Global Rank	GKI	Pre-university education	TVET	Higher education	RDI	ICT	Economy	Enabling environment
UAE	1	26	60.5	76.2	69.1	51.0	37.9	70.0	66.9	62.9
Qatar	2	39	54.8	79.8	52.8	57.4	30.8	50.8	65.0	63.1
KSA	3	40	54.5	70.9	57.0	44.7	37.9	65.4	58.8	53.6
Kuwait	4	44	52.4	66.8	68.2	44.7	24.4	62.4	65.0	54.1
Bahrain	5	56	48.1	67.9	62.2	35.7	22.1	59.3	58.6	53.1
Oman	6	66	47.1	71.9	54.9	39.6	23.7	53.0	53.4	49.6
Tunisia	7	81	44.5	71.2	50.4	39.1	26.0	43.1	45.8	50.6
Egypt	8	90	42.5	64.8	55.9	37.7	24.0	39.8	45.9	42.1
Morocco	9	92	42.5	58.6	49.8	33.1	26.0	45.4	45.3	51.3
Jordan	10	97	41.1	58.3	42.4	35.3	25.3	38.1	49.7	51.5
Mauritania	11	125	29.2	31.7	33.5	22.1	21.9	28.0	37.2	36.4

Sources: UNDP, Mohammed Bin Rashid Al Maktoum Knowledge Foundation, Bank Audi's Group Research Department

CAIRO IS TOP DESTINATION FOR MENA TRAVELERS DURING WINTER 2023, AS PER WEGO

Wego, the largest online travel marketplace in MENA region, revealed the top booking trends during winter 2023 among MENA travelers. The winter season witnesses families and travelers gearing up for trips, either for leisurely vacations or for expat residents to return home.

The report indicates that more MENA travelers are flying this winter compared to last year, where airfares across the region have witnessed a spike, with an 11.37% year-on-year increase in international flight bookings for the travel period between November 2023 and January 2024.

Wego has also observed a steady rise in booking numbers every year since the post-pandemic period of 2021, reflecting a growing appetite for winter travel among MENA travelers.

In details, Cairo stands out as the top destination among MENA residents, followed closely by Jeddah, Dubai, Istanbul and Kuwait.

Flights to Cairo from several GCC countries notably saw some of the steepest price drops, averaging up to 35% cut compared to last year's winter period. Moreover, these same Cairo routes are now cheaper than during this year's summer holiday, between 5 to 43.56% decrease, depending on the departure city.

Even compared to pre-pandemic rates, Cairo routes now have cheaper price tags. For instance, the average ticket price from Riyadh to Cairo in 2023 has dropped by 112.81% compared to the winter period toward the end of 2019. Similarly, the Kuwait to Cairo route shows a decline of 62% compared to the average price before the pandemic.

BAHRAIN AFFIRMED AT "B+/B" WITH REVISED OUTLOOK FROM "POSITIVE" TO "STABLE", AS PER S&P GLOBAL RATING

S&P Global Ratings revised its outlook on Bahrain from "positive" to "stable". At the same time, S&P affirmed its "B+/B" long-term and short-term foreign and local currency sovereign credit ratings.

The "stable" outlook reflects S&P's expectation that the government would implement measures to reduce the budget deficit and benefit from additional support from other Gulf Cooperation Council (GCC) sovereigns if needed.

In details, the outlook revision reflects S&P's projection of wider fiscal deficits of 3%-4% of GDP over 2023-2026, compared with 2%-3% in their previous review, largely on account of increased spending on social subsidies, debt-servicing and capital expenditure. S&P doesn't expect the government would achieve its fiscal balance target by 2024, but believes it would continue pursuing fiscal and structural reforms to strengthen its non-oil revenue.

Preliminary fiscal data for the first nine months of 2023 point to an annualized deficit of 4.4% of GDP, compared to 3.0% under the government's 2023 budget. This captures parliament's approval of a one-off social support disbursement for 2023 and upward adjustment in pensioners' inflationary allowance over 2023-2024. In addition, higher interest payments and slowing oil revenue due to temporary maintenance at the Abu Safa oil field have weighed on finances.

CORPORATE NEWS

ACWA POWER SEALS US\$ 4 BILLION EGYPT GREEN HYDROGEN PROJECT

Saudi-listed ACWA Power, the world's largest private water desalination company and leader in energy transition and first mover into green hydrogen, signed the framework agreement to outline the development of the first phase of the green hydrogen project in Egypt, with an investment that exceeds US\$ 4 billion, as reported in a company's statement.

The framework agreement lays out the development of the first phase of a green ammonia project with a capacity of 600,000 tons-per-year powered by wind and solar plants, with the intention of scaling up to a second phase with a potential capacity of 2 million tons-per-year.

This latest project brings the total number of ACWA Power's assets in operation, under construction, and in advanced development in Egypt to five renewable energy projects, with a total power generation capacity of 1.4 GW.

ADNOC TO ACQUIRE OCI'S STAKE IN FERTIGLOBE US\$ 3.6 BILLION

ADNOC, the State-owned oil company of the UAE, and OCI Global, a global producer and distributor of nitrogen, methanol and hydrogen products and solutions, entered into a Sale and Purchase Agreement (SPA) for the acquisition by ADNOC of OCI's entire majority shareholding in Fertiglobe, as reported in a company's statement.

It is worth noting that Fertiglobe is listed on the Abu Dhabi Securities Exchange (ADX) and is the world's largest seaborne exporter of urea and ammonia combined, the largest nitrogen fertilizer producer in the MENA region, and an early mover in sustainable ammonia, with production facilities in Egypt, Algeria and the UAE.

Under the terms of the Agreement, ADNOC would purchase OCI's "50% + 1 share" stake in Fertiglobe at a price of US\$ 0.87 (AED 3.20) per share, representing a total purchase price of US\$ 3.62 billion (AED 13.28 billion).

Following the completion of the transaction, ADNOC's shareholding in Fertiglobe would increase to 86.2%, while the free float traded on ADX would remain at 13.8%.

This transaction supports Fertiglobe's future growth plans, enabling it to accelerate the pursuit of new market and product opportunities and expand its focus on clean ammonia, a key lower carbon fuel and hydrogen carrier that is expected to play an important role in the energy transition.

BAHRAIN STEEL ANNOUNCES LAUNCH OF US\$ 250 MILLION BIG PROJECTS

Bahrain Steel Company, a fully owned unit of Foulath Holding Company, an industrial group with major steel investments across the country, launched projects worth US\$ 250 million, as indicated in a company's statement.

The projects, including building a roof to cover the iron ore materials area, establishing a solar energy project, and allocating an industrial land plot to support the company's operations on a larger scale, aim to achieve environmental and societal sustainability.

These projects are in line with the objectives of the Bahrain Industrial Sector Strategy (2022-2026) aimed at enhancing the industrial sector's contribution to Bahrain's GDP, as well as increasing exports of national origin, and creating job opportunities for the citizens in the industrial sector.

KINGS ALUMINIUM INDUSTRIES STARTS WORK ON US\$ 204 MILLION ABU DHABI PLANT

UAE-based Kings Aluminium Industries has broken ground on its new manufacturing and recycling plant at Khalifa Economic Zones Abu Dhabi (KEZAD), being built at a total investment of US\$ 204 million (AED 750 million), as mentioned in a company's statement.

The new facility would be spread across 100,000 square meters of land leased from KEZAD Group for a 50-year tenure and would source its raw material from Emirates Global Aluminium (EGA), which is the region's largest aluminum smelter from within the Abu Dhabi free zone.

In a major boost to the sustainability efforts of the UAE capital, the new plant would transform virgin aluminum and its waste into reusable materials, thus cutting the carbon footprint associated with aluminum production.

The Kings Aluminium facility marks a significant step in the UAE's efforts to localize manufacturing of various supply chains, utilize local raw material, enhance environmental as well as sustainability aspects in the production process, and promote the circular economy.

TABREED SECURES US\$ 163 MILLION DEBUT GREEN REVOLVING CREDIT FACILITY

Tabreed, a leading district cooling company in the UAE, announced the successful closure of its inaugural US\$ 163.4 million (AED 600 million) green revolving credit facility, as indicated in a company's statement.

The facility is designed to introduce highly efficient cooling solutions into the GCC market, meeting the growing demand for sustainable and innovative technologies.

The five-year agreement was signed by Tabreed, with First Abu Dhabi Bank (FAB) as the green co-ordinator, alongside Abu Dhabi Commercial Bank (ADCB) and Emirates NBD.

The AED 600 million raised would be exclusively allocated to finance projects and investments that adhere to Tabreed's Green Finance Framework, established in 2022. These encompass diverse initiatives, including the development, procurement, and operation of District Cooling schemes.

The funds would also support projects dedicated to enhancing Energy and Water Efficiency and those focused on proficient Wastewater Management.

MUBADALA AND HYUNDAI TO DEVELOP SUSTAINABLE AUTOMOTIVE SUPPLY CHAIN

Mubadala Investment Company, an Emirati State-owned holding company that acts as one of the sovereign wealth funds of the Emirate of Abu Dhabi, signed a deal with Hyundai Motor Company, a South Korean multinational automotive manufacturer, to pursue business opportunities in future mobility and clean technologies, as revealed in a company's statement.

The Memorandum of Understanding (MoU) would see both companies jointly invest and share expertise in various fields, including green steel production, green aluminum production, recycling, advanced air mobility and infrastructure for electric vehicles.

The agreement would also enable Mubadala to further diversify its portfolio across sectors, including mobility, green technology and energy.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES CLOSE THE YEAR 2023 ON POSITIVE NOTE, MAINLY SUPPORTED BY HEAVYWEIGHT SAUDI EXCHANGE

MENA equity markets registered price rebounds in 2023, as reflected by a 6.3% rise in the S&P Pan Arab Composite index, mainly tracking a global risk appetite (+19.2%) following the US Federal Reserve's dovish shift as policymakers penciled three-quarter points rate cuts next year, and driven by some favorable market-specific factors.

The heavyweight Saudi Exchange, whose market capitalization represents two-thirds of total regional capitalization, ended the year 2023 on a positive note, as price gains registered over the November-December period swept away all previous price falls over the year, mainly tracking global equity strength following the US Federal Reserve dovish projections for 2024, and on bets that Saudi banks would do well in 2024 as potential interest rate cuts could lead to corporate loan growth while the lenders' robust asset quality would moderate any downward risks. This compounded with some favorable company-specific factors. Within this context, the S&P Saudi index expanded by 11.9% in 2023.

A closer look at individual stocks shows that petrochemicals giant Saudi Aramco, whose market capitalization represents circa 71.1% of the total Saudi market capitalization, registered strong price gains of 13.3% in 2023, closing the year at SR 33.05, despite falling oil prices. In fact, Saudi Aramco declared a base dividend of SR 73.2 billion (US\$ 19.5 billion) for the third quarter of 2023, and disclosed plans to share additional upside with investors through performance-linked dividends to be calculated based on the Group's combined full-year results for 2022 and 2023. The first distribution was paid in the third quarter of 2023, and Aramco's Board of Directors also approved the second distribution of these performance-linked dividends in the amount of SR 37.0 billion (US\$ 9.87 billion). Also, Saudi National Bank's share price increased by 2.7% in 2023 to reach SR 38.70. Al Rajhi Bank's share price surged by 15.7% to SR 87.00. Alinma Bank's share price closed 19.1% higher at SR 38.75. Bahri's share price jumped by 10.6% to SR 21.76. Saudi Cement's share price went up by 2.9% to SR 52.50. Zoujaj's share price climbed by 18.5% to SR 38.80.

The Egyptian Exchange registered strong price rebounds in 2023, as reflected by a 42.6% jump in the S&P Egypt index, mainly as market players sought to add Egyptian equities to their holdings to hedge against currency devaluation and soaring domestic inflation. A closer look at individual stocks shows that some stocks posted triple-digit price gains in 2023. For instance, Credit Agricole Egypt's share price skyrocketed by 145.4% to LE 20.76. Abu Qir Fertilizers & Chemical Industries' share price more than doubled in 2023, closing the year at LE 83.35. Egypt Aluminum Company' share price surged by 125.3% to LE 64.4. ElSewedy Electric Company's share price skyrocketed by 138.4% to LE 28.61. Ezz Steel's share price closed 286.9% higher at LE 89.95. Sidi Kerir Petrochemicals Company's share price jumped by 158.1% to LE 28.22.

Also, CIB's share price jumped by 75.8% in 2023 to reach LE 72.94. EFG Hermes Holding's share price surged by 16.5% to LE 16.67. QNB Al Ahli' share price jumped by 61.9% to LE 28.17. Egypt Kuwait Holding's share price

EQUITY MARKETS INDICATORS (DECEMBER 24 - DECEMBER 30, 2023)

Market	Price week-on-Index	Price week-on-week	Year-to-Date	Trading Value	week-on-week	Volume Traded	Market Capitalization	Turnover ratio	P/E*	P/BV*
Lebanon	182.3	2.3%	41.3%	4.9	-91.1%	0.1	20,596.9	1.2%	-	0.47
Jordan	369.6	0.1%	-5.0%	23.4	-7.2%	17.5	23,584.7	5.2%	8.3	1.16
Egypt	337.5	1.6%	42.6%	409.3	-20.3%	4,716.5	50,570.2	42.1%	9.8	2.56
Saudi Arabia	521.4	3.0%	11.9%	7,612.9	21.8%	899.6	3,005,935.9	13.2%	17.0	4.70
Qatar	172.8	2.8%	-2.2%	857.3	95.4%	828.2	168,257.6	26.5%	13.1	1.53
UAE	137.8	1.7%	0.2%	2,162.8	-45.7%	2,018.1	986,879.2	11.4%	15.4	2.80
Oman	250.6	-1.2%	-3.7%	22.8	122.8%	55.2	23,038.2	5.1%	13.8	1.02
Bahrain	224.1	1.0%	16.2%	46.3	765.3%	97.9	18,334.6	13.1%	12.5	1.45
Kuwait	125.7	-0.5%	-9.4%	631.9	115.7%	713.3	129,720.8	25.3%	15.3	1.74
Morocco	263.3	-0.6%	18.7%	248.2	93.9%	10.1	63,206.8	20.4%	19.1	3.38
Tunisia	64.2	1.9%	3.5%	28.9	558.1%	8.8	7,901.0	19.0%	11.4	1.95
Arabian Markets	970.3	2.3%	6.3%	12,048.7	2.9%	9,365.4	4,498,026.0	13.9%	16.3	3.96

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

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

climbed by 24.0% to LE 39.1. Palm Hills Development's share price increased by 35.0% to LE 2.68. Telecom Egypt's share price rose by 46.1% to LE 36.67.

In contrast, the Qatar Stock Exchange plunged deeper into the red in 2023, as reflected by a 2.2% drop in the S&P Qatar index, bucking price gains in global equities. This was mainly driven by downbeat financial results, as listed companies reported a 10.5% y-o-y contraction in total net profits over the first nine months of 2023, and given an oil price slump as Brent oil prices moved from US\$ 82.8 per barrel on average in 2022 to an average price of US\$ 79.4 per barrel in 2023, mainly on concerns that extended and deepened OPEC+ oil production cuts for the first quarter of 2024 would not be enough to offset rising supply from countries outside the cartel and waning global demand.

24 out of 51 traded stocks registered price declines, while 24 stocks recorded price gains and three stocks saw no price change in 2023. A glance on individual stocks shows that Masraf Al Rayan's share price plunged by 18.3% to QR 2.592. QNB's share price decreased by 10.8% to QR 16.05. Doha Bank's share price shed 6.6% to QR 1.825. Mesaieed Petrochemical Holding Company's share price tumbled by 16.8% to QR 1.77. Qatar Fuel's share price fell by 8.9% to QR 16.35. Qatar Gas Transport's share price went down by 5.5% to QR 3.46. Qatar Navigation's share price retreated by 5.4% to QR 9.6. Mazaya Real Estate's share price decreased by 10.0% to QR 0.725. Ezdan Holding Group's share price plummeted by 14.7% to QR 0.854.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS MOSTLY TILTED TO UPSIDE IN 2023, ON US FED DOVISH PIVOT

Activity in MENA fixed income markets was mostly tilted to the upside in 2023, mainly tracking US Treasuries move after the US Federal Reserve revealed dovish projections in its December FOMC meeting, and as a downward revision for the US real GDP growth in the third quarter of 2023 pointed to mildly softer economic momentum.

In the Abu Dhabi credit space, sovereigns maturing in 2026 and 2031 posted price increases of 1.26 pt and 2.23 pts respectively in 2023. Mubadala'26 registered price rises of 2.02 pts. Prices of ADNOC'29 went up by 1.33 pt. Etisalat'24 closed up by 1.04 pt. Amongst financials, First Abu Dhabi Bank'24 recorded price gains of 1.27 pt. In contrast, Taqa'26 was down by 0.76 pt 2023.

In the Dubai credit space, sovereigns maturing in 2029 registered price gains of 0.74 pt in 2023. DP World'30 closed up by 1.90 pt. Majid Al Futtaim'29 saw price increases of 0.46 pt. Emaar'26 was up by 0.62 pt. Amongst financials, Emirates NBD Perpetual (offering a coupon of 6.125%) saw price expansions of 1.30 pt. In contrast, Emirates Airline'28 posted price falls of 0.12 pt in 2023.

Regarding new bond issues, the UAE returned in September 2023 to international debt markets for the first time since July 2022 through the sale of a 10-year US\$ 1.5 billion bond priced at 60 bps over US Treasuries of similar maturity versus an initial price guidance of 85 bps over UST. The bond sale attracted more than US\$ 6.8 billion in orders. Within this context, it is worth mentioning that the UAE Federal Government issued US\$ 8.5 billion on international markets since October 2021.

In the Saudi credit space, sovereigns maturing in 2026 and 2030 saw price rises of 1.15 pt and 1.66 pt respectively in 2023. Prices of Saudi Aramco'25 rose by 3.29 pts. SABIC'28 closed up by 0.49 pt. SEC'24 was up by 0.91 pt. In contrast, STC'29 posted price declines of 0.50 pt. As to credit rating changes, S&P Global Ratings raised in 2023 its unsolicited long-term and short-term foreign and local currency sovereign credit ratings on Saudi Arabia to "A/A-1" from "A-/A-2", with a "stable" outlook. As to new issues, Saudi Arabia raised US\$ 10 billion in January 2023 from the sale of a triple-tranche bond. KSA sold US\$ 3,250 million bond at a coupon rate of 4.750%, US\$ 3,500 million bond at 4.875% and US\$ 3,250 million bond at 5.00%. The bond sale attracted more than US\$ 35 billion in orders.

In the Bahraini credit space, sovereigns maturing in 2026 saw price drops of 0.60 pt, while sovereigns maturing in 2031 posted price gains 2.61 pts in 2023. NOGA'27 traded up by 3.51 pts. S&P Global Ratings revised in 2023 its outlook on Bahrain to "stable" from "positive". At the same time, S&P affirmed its "B+/B" long-term and short-term foreign and local currency sovereign credit ratings. The "stable" outlook indicates that S&P expects the government would implement measures to reduce the budget deficit and benefit from additional support from other Gulf Cooperation Council sovereigns if needed. As to new issues, Bahrain raised in 2023 US\$ 2

billion from the sale of US\$ 1 billion 7-year Sukuk at a yield of 6.25%, and US\$ 1 billion 12-year conventional bonds at a yield of 7.75%.

In the Qatari credit space, sovereigns maturing in 2026 saw price increases of 0.15 pt, while sovereigns maturing in 2030 posted price drops of 2.81 pts in 2023. QNB'25 traded up by 2.47 pts. Ooredoo'26 was up by 1.09 pt. Amongst financials, prices of Qatar Islamic Bank'24 rose by 1.28 pt. In the Kuwaiti credit space, sovereigns maturing in 2027 registered price gains of 0.39 pt in 2023. KIPCO'27 closed up by 4.49 pts in 2023.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2030 posted price expansions of 1.88 pt, while sovereigns maturing in 2040 recorded price contractions of 5.23 pts in 2023. Prices of Euro-denominated sovereigns maturing in 2026 and 2031 decreased by 2.21 pts and 5.57 pts respectively in 2023. Moody's and Fitch downgraded the long-term foreign and local currency issuer ratings of the Government of Egypt twice in 2023, to "Caa1" and "B-" respectively. Concurrently, Standard and Poor's reduced Egypt's credit rating once in 2023 to "B-". This mainly reflects worsening debt affordability trend, the persistence of foreign currency shortages in the face of increasing external debt service payments over the next two years, the slow progress on reforms, and increased risks to Egypt's macroeconomic stability. Within this context, Egypt's five-year CDS spreads expanded by 275 bps in 2023 to reach 1,152 bps at year-end.

All in all, regional bond markets saw mostly upward price movements in 2023 after December economic projections of US Fed Board members showed that policymakers penciled three-quarter points rate cuts in 2024, and after recent data showed that the US real economy grew slower than previously estimated in the third quarter of 2023, which cemented bets about dovish stance next year.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	29-Dec-23	22-Dec-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	41	42	44	-1	-3
Dubai	63	65	84	-2	-21
Kuwait	46	46	50	0	-4
Qatar	46	46	48	0	-2
Saudi Arabia	54	52	61	2	-7
Bahrain	204	203	231	1	-27
Morocco	111	112	162	-1	-51
Egypt	1,152	1,144	877	8	275
Iraq	450	456	467	-6	-17
Middle East	241	241	225	0	16
Emerging Markets	42	40	140	2	-98
Global	379	377	533	2	-154

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/Stable	RD-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Positive	BB-/Stable/B
Egypt	B-/Negative/B	Caa1/Stable	B-/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A/Stable/A-1	A1/Positive	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa3/Positive	AA-/Positive/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	B+/Stable/B
Oman	BB+/Stable/B	Ba1/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	Caa2/Negative	CCC-/C
Libya	NR	NR	NR
Sudan	NR	NR	NR

NR= Not Rated

RWN= Rating Watch Negative

RUR= Ratings Under Review

* Emirate of Abu Dhabi Ratings

FX RATES (per US\$)	29-Dec-23	22-Dec-23	30-Dec-22	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	15,000.00	15,000.00	1,507.50	0.0%	895.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	30.89	30.85	24.71	0.2%	25.0%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,460.00	0.0%	-10.3%
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)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	0.0%	0.9%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	0.0%
Yemeni Riyal (YER)	250.27	250.24	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	134.17	134.05	137.35	0.1%	-2.3%
Moroccan Dirham (MAD)	9.88	9.92	10.44	-0.4%	-5.3%
Tunisian Dinar (TND)	3.07	3.08	3.11	-0.3%	-1.3%
Libyan Dinar (LYD)	4.77	4.80	4.83	-0.6%	-1.1%
Sudanese Pound (SDG)	647.81	647.81	573.81	0.0%	12.9%

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER

The content of this publication is provided as general information only and should not be taken as an advice to invest or engage in any form of financial or commercial activity. Any action that you may take as a result of information in this publication remains your sole responsibility. None of the materials herein constitute offers or solicitations to purchase or sell securities, your investment decisions should not be made based upon the information herein.

Although Bank Audi sal considers the content of this publication reliable, it shall have no liability for its content and makes no warranty, representation or guarantee as to its accuracy or completeness.