The MENA WEEKLY MONITOR

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p.2 REFINITIV SAYS MENA M&A TRANSACTIONS REACHED US$ 14.8 BILLION IN Q1 2020

Refinitiv issued its first quarter report whereby the investment banking fees in the MENA reached an estimated US$ 188.8 million in Q1 2020, up by 11% from last year's slow start.

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Malaysian group Serba Dinamik Holdings secured an engineering, procurement and construction (EPC) services contract worth US$ 1.8 billion from US-based Block 7 Investments for an innovation hub and academic campus besides related facilities and information technology (IT) infrastructure in Abu Dhabi.

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MENA equity markets bounced back this week, mainly supported by an oil price rebound and as several countries around the world started easing coronavirus-induced lockdowns, in addition to some favorable market-specific and company-specific factors. This was reflected by a 6.2% surge in the S&P Pan Arab Composite index. Also, MENA fixed income markets saw price gains across the board, mainly on improved sentiment following an oil price rebound, triggered by OPEC+ record output cuts and signs of global oil demand recovery.

MENA MARKETS: WEEK OF APRIL 26 - MAY 02, 2020

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+6.2%	Weekly Z-spread based bond index	-6.2%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-18.7%	YTD Z-spread based bond index	+108.4%

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ECONOMY

REFINITIV SAYS MENA M&A TRANSACTIONS REACHED US$ 14.8 BILLION IN Q1 2020

Refinitiv released the 2020 first quarter investment banking analysis for the Middle East, according to which the investment banking fees in the Middle East and North Africa reached an estimated US$ 188.8 million during the first quarter of 2020, up by 11% from last year's slow start, with triple-digit gains recorded across mergers and acquisitions (M&A) advisory and equity underwriting fees.

Advisory fees earned from completed M&A transactions generated US$ 58.4 million, up 266% year-on-year and the highest first quarter total since 2017. Equity capital markets underwriting fees more than tripled to reach US$ 15.9 million, while bond underwriting fees declined by 47% to a four-year low of US$ 45.4 million. Syndicated lending fees increased 9% to US$ 69.1 million.

The financial and industrial sectors each accounted for 25% of total investment banking fees earned in the region during the first quarter of 2020, and almost half of all fees were generated by companies located in the United Arab Emirates.

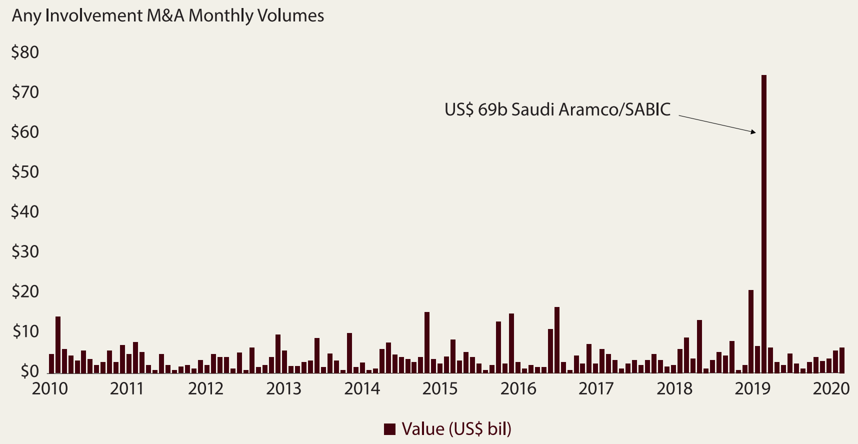
The value of announced M&A transactions with any MENA involvement reached US$ 14.8 billion during the first three months of 2020, 85% less than the value recorded during the same period in 2019 which reached a record high with Saudi Aramco's agreement to buy a 70% stake in Saudi Basic Industries Corp from the Kingdom's wealth fund for US$ 69.1 billion.

The number of deals has increased by 4% over the same period. Monthly M&A has increased in value for the third consecutive month, with March 2020's US$ 6.1 billion marking the highest monthly total in 11 months. At the beginning of March, Austrian oil company OMV announced that it would increase its stake in plastics maker Borealis in a deal worth US$ 4.7 billion, the largest deal of the quarter.

Deals in the industrials sector accounted for 43% of MENA target M&A activity during the first quarter of 2020. The United Arab Emirates was the most targeted nation, followed by Egypt and Qatar, as per Refinitiv.

MENA equity and equity-related issuance totaled US$ 782.9 million during the first quarter of 2020, more than four times the value recorded during the same period last year, despite a 50% decline in the number of deals. One initial public offering was recorded during the first quarter. Saudi Arabian private healthcare operator, Dr. Sulaiman Al Habib Medical Group, raised US$ 699.7 million on the Saudi Stock Exchange at the beginning of March.

MENA MERGERS & ACQUISITIONS



Source: Refinitiv

As to debt markets, MENA debt issuance totaled US$ 19.5 billion during the first quarter of 2020, down 40% from the value recorded during the same period in 2019, and a four-year low, said Refinitiv. After a strong start, with over US$ 9 billion raised in both January and February, March issuance slowed to just US$ 571.9 million, marking the lowest monthly total since August 2019.

Saudi Arabia and Qatar were the most active issuer nations with US$ 9.9 billion and US$ 5.0 billion in bond proceeds, respectively. Saudi Arabia's US$ 4.9 billion bond sale in January was both the largest MENA bond sale and the only government bond sale in the region during the first quarter of 2020, added Refinitiv.

MOODY'S CHANGED THE OUTLOOK TO "NEGATIVE" FROM "STABLE" ON SAUDI ARABIA

Moody's changed the outlook to "negative" from "stable" on the Government of Saudi Arabia's issuer rating and affirmed the issuer and senior unsecured "A1" rating, and the "(P)A1" senior unsecured MTN rating.

The "negative" outlook reflects increased downside risks to Saudi Arabia's fiscal strength stemming from the severe shock to global oil demand and prices triggered by the coronavirus pandemic, and from the uncertainty regarding the degree to which the government will be able to offset its oil revenue losses and stabilize its debt burden and assets in the medium term.

Due to depressed global oil demand arising from the spreading coronavirus outbreak, and taking into account a supply response by the world's major producers, Moody's has revised down its oil price assumptions for 2020 and 2021 to an average of US$ 35/barrel and US$ 45 respectively (Brent). Moreover, while Moody's expects oil prices to continue to recover gradually in the medium term as demand is restored, the risks to both the short- and longer-term price assumptions are now very much on the downside.

The oil price environment now and potentially over the next few years marks a significant change from Moody's previous assumptions and creates downside risks for Saudi Arabia's already eroding fiscal strength due to the sovereign's still heavy reliance on oil revenues.

Based on these oil price assumptions and Saudi Arabia's commitment to cut oil production, Moody's now expects that government revenues will drop by about 33% in 2020 and about 25% in 2021 relative to 2019, even after accounting for potentially higher dividends from state-owned entities.

A sharp slowdown in GDP growth will also depress revenue from the non-oil sector, although the impact on the government's overall budget will be limited given a relatively narrow revenue base dependent on non-oil activity, as per Moody's.

The government will likely compensate some of the revenue loss this year and in 2021 through spending cuts. It has already announced a plan to cut expenditure by SR 50 billion (about 2% of GDP) on top of SR 39 billion (1.6% of GDP) already included in the 2020 budget. Moody's expects that some additional cuts will be implemented, while higher health spending related to containing the pandemic will be accommodated within that reduced expenditure envelope.

Last year's 1.6% of GDP spending cut relative to the approved budget, which was aimed at achieving the fiscal deficit target despite lower than budgeted oil revenues, together with evidence of deep spending cuts during the previous oil shock in 2015-16 supports the view that spending cuts will mitigate the revenue shortfall in 2020.

However, despite these offsetting measures, Moody's projects that the fiscal deficit will widen to more than 12% of GDP in 2020 and more than 8% in GDP in 2021 from 4.5% of GDP in 2019. This will cause government debt to increase to around 38% of GDP by the end of 2021 from less than 23% of GDP in 2019. These projections assume significant drawdowns from the government's liquid assets, worth around 7% of GDP in 2020-21, in order to contain the sovereign's borrowing requirements. The bulk of the government's liquid fiscal buffers are on deposit with Saudi Arabian Monetary Authority (SAMA), managed as part of SAMA's foreign currency reserves.

Over the medium term, Moody's projects that Saudi Arabia's government debt will rise to around 45% of GDP. Its trajectory from that point will depend on what measures the government takes to arrest and reverse its rise. The effectiveness of those measures will in turn depend in part on the path of the oil price. On both counts, the balance of risk is biased to the downside.

GCC FINANCING REQUIREMENTS TO BALLOON TO US$ 208 BILLION IN 2020, SAYS MITSUBISHI UFJ FINANCIAL GROUP

The overall financing requirements of the six GCC countries will balloon to US$ 208 billion in 2020, assuming an average Brent price of US$ 43 per barrel as the region sinks into a Covid-prodded deep recession, as per Mitsubishi UFJ Financial Group.

Mitsubishi UFJ Financial Group (MUFG) also said that with every US$ 10 a barrel drop in prices, the GCC countries will have to bear some US$ 72 billion in overall oil export receipt losses.

The bank said in a research note that in a bearish scenario of oil price at US$ 30 a barrel, the GCC funding needs could rise to US$ 263 billion, while narrowing to US$ 152 billion in a bullish situation of US$ 50 per barrel.

UAE'S NON-OIL PRIVATE SECTOR SHRINKS AT RECORD RATE, SAYS IHS MARKIT

The United Arab Emirates' (UAE) non-oil private sector shrank at a record rate for the second month running in April, as lockdown measures to fight the coronavirus pandemic piled pressure on an already sluggish economy, as per IHS Markit.

The seasonally adjusted IHS Markit UAE Purchasing Managers' Index (PMI), which covers manufacturing and services, fell to 44.1 in April from 45.2 in March. The 50.0 mark separates expansion from contraction. The output and new export orders sub-indices fell sharply, both falling to record lows since the survey began in August 2009. Output tumbled to 39.9 in April from 47.2 in March.

It is important to note that shop closures and restrictions in domestic and international travel had huge repercussions on new business, which fell at an unprecedented pace after also declining sharply during March, as per the report.

Moreover, business sentiment reached the lowest in nearly three years, reflecting heightened uncertainty from the COVID-19 crisis. While firms on balance remain optimistic of growth in the coming year, some panelists were apprehensive, noting that the risk of an economic downturn was increasing, as per IHS Markit.

As of May 3, the UAE had reported 14,163 cases of the novel coronavirus and 126 deaths, the highest number of deaths after Saudi Arabia among the six Gulf Cooperation Council countries.

The authorities have imposed strict lockdown measures to stem the spread of the virus, including a 24-hour curfew in Dubai that was eased in late April as the Muslim fasting month of Ramadan began.

Malls, dine-in restaurants and cafes in Dubai, the country's business and tourism hub, were allowed to resume operations with limited capacity. This week, malls in the capital Abu Dhabi began to reopen and Sharjah followed. But travel, tourism and trade, major contributors to the economy, both remain largely at a halt.

SURVEYS

MENA LEISURE INDUSTRY LOSES US$ 6.7 BILLION PER MONTH, AS PER MENALAC

The leisure entertainment and attractions industry that significantly contributes to the economies of the Middle East and North Africa (MENA) region is losing an average of US$ 6.7 billion per month in business due to the impact of the coronavirus outbreak, says the Middle East and North Africa Leisure Attractions Council (Menalac).

International visitor impact on the Middle East North Africa's leisure tourism industry is estimated at US$ 102 billion, of which 79%, or US$ 80.6 billion is in the leisure tourism industry that includes theme parks, amusement parks and family entertainment centers, according to the World Travel and Tourism Council (WTTC). This means, losses due to the lack of visitors to the leisure entertainment and attractions industry in the Middle East and North Africa (MENA) is about US$ 80.6 billion a year i.e. US$ 6.7 billion per month.

Along with direct and indirect contribution, the Middle East's Travel and Tourism industry generates US$ 237 billion worth of economic activity, according to the WTTC, a large chunk of which is generated by the leisure entertainment industry. In the Middle East, Travel and Tourism represents 8.7% of the region's gross domestic product (GDP) and supports 5.4 million jobs. In North Africa, Travel and Tourism represents 11.2% of the region's GDP, and supports 5.6 million or 10.% of all jobs, WTTC research shows. Leisure entertainment attractions play a larger role in the GDP contribution as well as employment. Theme parks, amusement parks and family entertainment centers contribute the most in these figures, research shows. Families spend more money in these attractions on rides, hotel stay, food and entertainment than other tourism segments.

However, the outbreak of the coronavirus that forced all theme parks, amusement parks and family entertainment centers to a lockdown in the second week of March, is likely to cost millions of jobs and billions of dollars in revenues if the crisis continues for a longer than expected period of time.

According to Menanlac, the Leisure and Attractions industry is an important part of the economy in the Middle East and its contribution to the region's gross GDP is quite significant. Prior to this crisis, the sector was emboldened by a number of new theme parks and entertainment offerings that were being planned in different parts of the Middle East, especially Saudi Arabia to cater to the growing entertainment and experience needs of residents and tourists. With the complete shutdown, the industry is currently in an extremely difficult position and if this crisis lingers for a prolonged period of time, many leisure entertainment attractions may will find it very difficult to operate in a sustainable way and will have to reassess their business models and viabilities.

Prior to the coronavirus crisis, the leisure entertainment attractions industry in the Middle East and Africa was the fastest-growing region, powered by the new theme parks that were opened between 2016 and 2018, according to a latest research report.

The industry is one of the most vibrant and fastest-growing leisure entertainment attractions industry in the world with massive investment planned to develop new indoor leisure destinations, mixed use leisure reports as well as theme parks and waterparks across the Middle East and North Africa in the next few years. Most theme park, amusement park and indoor leisure entertainment center operators are assessing their daily losses and overheads which are piling up to a level that might be difficult to manage if it continues for a longer period.

The industry is very sensitive to such health-related outbreaks and 50%-80% revenue losses from operations were witnessed since the second week of February before going into full temporary closure in March as mandated by the authorities.

Prior to the coronavirus pandemic, Middle East and Africa was expected to be the fastest-growing region in overall spending in the leisure and entertainment sector, with a projected 18% compound annual increase, according to a report released by Wilkofsky Gruen Associates (WGA), an internationally-known consultancy that specializes in the entertainment, media, and telecommunications industries, which was commissioned by the International Association of Amusement Parks and Attractions (IAAPA). Although falling short of expectations, the report said that region is expanding from a small base as new parks open. It had predicted that spending in MENA's theme parks, amusement parks and family entertainment centers will more than double from US$ 266 million in 2018 to US$ 609 million by 2023. The theme and amusement park market in the Middle East and Africa was expected to grow 33.8% from US$ 302 million in 2019 to US$ 404 million in 2020, the research showed.

MENA CONSTRUCTION INDUSTRY FACES DOWNTURN IN 2020, AS PER GLOBALDATA

The construction sector in the Middle East and North Africa (MENA) region will face a downturn in 2020 over soaring Covid-19 cases in the region and slump in oil prices, according to data and analytics company GlobalData. The construction output growth forecast has been revised to -0.8%, down from the previous projection of 1.4% in mid-March (and 4.6% in its Q4 2019 update), it stated.

Oil and gas dependent countries will face funding challenges given the decline in oil prices, which will have a negative impact on investment in major public-funded development projects, as per the same source. Although a historic agreement on production cuts was reached on April 12th between Opec members and the group's major oil producing allies to cut production by 9.7 million barrel per day, oil prices are set to remain at low levels given the severe decline in global demand, as per GlobalData.

While Saudi Arabia is still maintaining its renewable energy program impetus and Aramco is issuing tenders for offshore construction works, other parts of the GCC, including Qatar, Oman and Kuwait, are revising their spending and their construction pipelines. Furthermore, Dubai's Department of Finance has also ordered a 50% cut in capital spending and has called for a freeze on new public construction schemes.

Outside the GCC, the Iraqi Government announced that Covid-19 pandemic constitutes a force majeure for all projects and contracts, creating uncertainty in Iraq's construction sector.

According to GlobalData, in North Africa, the outbreak threatens to devastate Egypt's US$ 12.5 billion-a-year tourism industry, which accounts for 12% of GDP. It will likely have a severe impact on the commercial buildings works, as investment plans in the hospitality sector are expected to be halted, if not canceled outright, as per the same source.

SAUDI ARABIA'S TOURISM SECTOR COULD SEE A 35%-45% DECLINE THIS YEAR DUE TO MEASURES TAKEN BY THE GOVERNMENT TO FIGHT CORONAVIRUS

Saudi Arabia's tourism sector could see a 35-45% decline this year due to measures taken by the government to fight the coronavirus pandemic, as per the country's Minister of Tourism.

The Kingdom, which opened its doors in September to foreign tourists by launching a new visa regime for 49 countries, hopes to diversify its oil-dependent economy through tourism and wants the sector to contribute 10% of gross domestic product by 2030. This year the impact will be in the range of 35%-45% decline, compared to last year, depending on how fast we will reopen the country and receive visitors.

According to the Minister of Tourism, the sector has been severely impacted, hotels globally are suffering today from very low occupancy ratios. Reopening the economy is on top of the Saudi government agenda but this will only happen once the pandemic is under control, as per the same source.

Late-February the kingdom closed its borders to foreign "Umrah" pilgrims and to tourists from at least 25 countries. In March, it barred all travel in and out of the country.

Pilgrimage is big business for Saudi Arabia. Some 2.5 million pilgrims usually flock to the Kingdom for the week-long haj ritual, expected to take place in July this year. But Saudi Arabia urged Muslims to wait before making plans to attend until there's more clarity about the deadly coronavirus pandemic.

CORPORATE NEWS

MALAYSIA'S SERBA DINAMIK WINS US$ 1.8 BILLION UAE PROJECT DEAL

Malaysian group Serba Dinamik Holdings secured an engineering, procurement and construction (EPC) services contract worth US$ 1.8 billion from US-based Block 7 Investments for an innovation hub and academic campus besides related facilities and information technology (IT) infrastructure in Abu Dhabi, UAE.

The four-year project shall cover three areas of interest namely the innovation hub, academic campus and accommodation comprising apartments and hotels, over a total built-up area of 455,000 square meters, said the company.

The innovation hub development will include offices, restaurants, and exhibition and IT centers, it added.

The innovation hub development will include offices, restaurants, and exhibition and IT centers, it stated. The project forms part of Block 7's initiatives to create a global incubator for the advancement of innovators for the technology, property, financial as well as energy sectors, to be positioned as a new landmark for Abu Dhabi, as per the same source.

Serba Dinamik's main business is in operations and maintenance (O&M), and EPCC besides IT solutions and education and training.

It has operational offices in Malaysia, Indonesia, UAE, Bahrain, Qatar, Singapore, India and UK. Serba Dinamik Holdings is an investment holding company and is principally involved in the provision of management services.

Serba Dinamik said the scope of work includes but is not limited to designing, engineering, procuring, supervising, managing, supplying, transporting, constructing, commissioning and the remedying of any defects in connection with the project.

SAUDI ARAMCO PICKS HSBC AND JAPAN'S SMBC FOR US$ 10 BILLION LOAN

Saudi Aramco has chosen HSBC and Japan's Sumitomo Mitsui Banking Corporation (SMBC) to coordinate talks with other banks for a loan of about US$ 10 billion the oil company plans to raise.

The jumbo financing would help the company back its acquisition of a 70% stake in Saudi Basic Industries Corp (SABIC) from Saudi Arabia's Public Investment Fund, a deal worth almost US$ 70 billion.

TURKEY'S LIMAK MARKS KEY CONSTRUCTION MILESTONE IN KUWAIT AIRPORT PROJECT

Turkey's Limak Construction announced that it achieved a significant landmark in the construction of Kuwait International Airport New Terminal 2 (T2) project.

The company's on-site factory announced the production of 30,000 shell cassettes required for the inner roof of the T2 project.

With over 80% of the terminal's inner roof now fabricated, 39% of which installed, it is a major milestone in the construction of Kuwait's new gateway, said the statement from Limak.

The company confirmed that work on the T2 project is ongoing and continuing in full compliance with regulations set by the Ministry of Health and other official government bodies in Kuwait in response to the Covid-19 pandemic.

Under the full support of the government of Kuwait, Ministry of Health, and the employer of the project, the Ministry of Public Works (MPW), Limak is taking the preventive actions necessary while keeping work at the site, offices, facilities, and support centers under strict control and in accordance to the directions of the Limak Health, Safety and Environment (HSE) team, it stated.

Weighing an average of 7 tons with a maximum of 12 tons each, shell cassettes are the building blocks of the airport's roof structure.

They are modular blocks that, when connected together, form the massive domes that cover and span the terminal's entire interior space. These innovative segmented dome structures will span up to 137 meters.

Constructed and assembled by Limak in Kuwait, the molds were designed by Adapa, a Danish company specialized in mechanical innovation and computer aided mold manufacturing.

The design of the complex structure was undertaken by German-based firm Werner Sobek, while the roof's construction methodology was handled by the Robert Bird Group, a member of one of the largest Asia-based urban, industrial and infrastructure consulting firms.

SAUDI'S KBW VENTURES INVESTS IN UAE'S VIDEO APP START-UP 360VUZ

Saudi venture capital firm KBW Ventures participated in the US$ 5.8 million Series A funding round for the UAE-based immersive video app start-up 360VUZ, as per a statement.

The funding round, led by Shorooq Partners, also saw participation from VC firms such as Media Visions, Vision Ventures, Hala Ventures and 500 Startups, and from three strategic investors.

In a statement, KBW Ventures said it is the firm's first-ever investment in a UAE-based tech start-up.

The Series A round brings 360VUZ's total amount raised to US$ 7 million to date, a press statement released by the start-up said. It said the investment would support further technological development of 360VUZ teleporter mobile app and expand its global reach from 15 countries at present to more cities in Asia, Europe and the USA.

APICORP CALLABLE CAPITAL INCREASED TO US$ 8.5 BILLION

Arab Petroleum Investments Corporation (Apicorp), a multilateral development financial institution, announced that its General Assembly has ratified a landmark increase in callable capital to US$ 8.5 billion from US$ 1 billion.

The Annual General Meeting (AGM) also approved a significant increase in authorized and subscribed capital. The increase, the largest in the corporation's history, is based on the recommendation by Apicorp's Board of Directors, said a statement.

The increase in the capital reinforces long-term commitment towards Apicorp's sustainable growth plans for the benefit of its member countries. The callable capital increase further bolsters its financial sustainability and resiliency and its overall financial position, it said.

BAHRAIN'S MARASSI GALLERIA INKS DEAL WITH ALYASRA FASHION

Eagle Hills Diyar, the developers behind urban project Marassi Al Bahrain, announced that AlYasra Fashion has signed with Marassi Galleria to provide international fashion brand retail outlets DKNY, Cole Haan, Sam Edelman and Koton.

AlYasra Fashion has a world-class portfolio of over 60 international brands encompassing fashion, footwear and accessories across a network of hundreds of stores with operations throughout the MENA region.

CAPITAL MARKETS

EQUITY MARKETS: WEEKLY PRICE GAINS IN MENA EQUITIES ON OIL PRICE REBOUND AND EASED CORONAVIRUS-RELATED LOCKDOWNS

MENA equity markets bounced back this week, mainly supported by an oil price rebound and as several countries around the world started easing coronavirus-induced lockdowns, in addition to some favorable market-specific and company-specific factors. This was reflected by a 6.2% surge in the S&P Pan Arab Composite index.

The heavyweight Saudi Tadawul, whose market capitalization represents 78% of the total regional market capitalization, registered a 7.8% jump in prices week-on-week, mainly supported by a strong oil price rebound of 6.6% after recent US data showed lower-than-expected build in US crude stockpiles in the week ending April 24, 2020 and as OPEC and its allies started record output cuts on May 1, 2020, in addition to signs of improving global oil demand after several European countries and US cities started easing coronavirus restrictions.

Petrochemicals giant Saudi Aramco posted a 5.5% weekly surge in its share price to reach SR 31.65. Saudi Aramco began reducing oil production ahead of the May 1 start date for OPEC+ output cuts. Saudi Kayan Petrochemical's share price climbed by 10.4% to close at SR 8.68. Sipchem's share price jumped by 10.2% to SR 15.38. Yansab's share price went up by 4.7% to reach SR 45.0. As to banking stocks, NCB's share price closed 8.0% higher at SR 37.15. Samba's share price increased significantly by 13.1% to SR 23.28. SABB's share price skyrocketed by 21.6% to SR 24.66. Banque Saudi Fransi's share price rose notably by 13.2% to SR 30.95.

The Qatar Exchange saw a 2.9% rise in prices week-on-week, as Brent registered its first weekly price gain in four weeks on growing optimism over global demand recovery and due to output cuts, while also supported by eased coronavirus-related lockdowns and some favorable company-specific factors. 43 out of 47 listed stocks registered price increases, while three stocks posted price drops and one stock saw no price change week-on-week. Industries Qatar's share price jumped by 8.3% to QR 7.050. Gulf International Services' share price surged by 3.7% to reach QR 1.29. Al Meera Consumer's share price closed 3.2% higher at QR 17.50. The company posted a 14% year-on-year rise in its 2020 first quarter net profits to reach QR 51 million. Al Khaleej Takaful's share price went up by 4.1% to QR 1.84. The company announced 2020 first quarter net profits of QR 16 million against net

EQUITY MARKETS INDICATORS (APRIL 26 TILL MAY 02, 2020)

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	61.2	4.5%	-12.2%	2.7	-12.6%	0.3	6,621.0	2.1%	6.3	0.53
Jordan	307.8	0.0%	-14.5%	-	-	-	18,461.3	-	10.2	1.29
Egypt	266.6	4.8%	-22.8%	341.5	48.1%	1,948.3	39,506.4	45.0%	8.2	1.73
Saudi Arabia	308.9	7.8%	-16.2%	6,922.7	40.5%	1,311.2	2,131,053.6	16.9%	15.9	2.22
Qatar	154.6	2.9%	-16.3%	493.8	9.1%	1,379.1	134,699.1	19.1%	14.1	1.85
UAE	86.6	4.5%	-23.7%	665.2	24.1%	1,793.0	217,417.9	15.9%	10.4	1.51
Oman	174.5	2.6%	-13.2%	18.7	76.3%	48.4	15,307.8	6.4%	9.4	0.86
Bahrain	123.0	1.2%	-25.1%	13.8	101.7%	23.1	18,756.9	3.8%	9.4	1.35
Kuwait	90.0	7.2%	-24.9%	498.9	24.8%	779.0	82,571.1	31.4%	14.1	1.56
Morocco	213.0	6.4%	-26.8%	60.9	78.0%	19.2	49,081.6	6.4%	15.8	2.45
Tunisia	60.9	-1.8%	-15.8%	5.4	-0.6%	1.9	7,180.4	3.9%	12.0	2.53
Arabian Markets	**641.5**	**6.2%**	**-18.7%**	**9,023.6**	**36.6%**	**7,303.5**	**2,720,657.1**	**17.2%**	**15.0**	**2.10**

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

Sources: S&P, Bloomberg, Bank Audi's Group Research Department profits of QR 14 million a year earlier. Barwa Real Estate's share price climbed by 5.9% to QR 2.86. The firm announced plans to develop eight public schools across Qatar as part of the country's plans to develop schools through public private partnership, the first of its kind in the social infrastructure in the country.

Boursa Kuwait posted a 7.2% increase in prices week-on-week, mainly driven by oil price gains and signs of easing of coronavirus-related lockdowns. Price gains took place although MSCI previously delayed its planned upgrade of Kuwait from a frontier market to an emerging market from May 2020 to November 2020 due to the coronavirus pandemic. Boubyan Bank's share price surged by 6.4% to KWf 500. NBK's share price increased by 5.4% to KWf 741. Zain Kuwait's share price jumped by 9.5% to close at KWf 530. Agility's share price skyrocketed by 18.4% to KWf 643.

The Egyptian Exchange registered price gains of 4.8% week-on-week, mainly supported by some favorable market-specific and company-specific factors. Egypt said that it has asked the IMF for financial assistance to shore up investor confidence in the economy as authorities work to offset the impact of the coronavirus pandemic. Commercial International Bank's share price surged by 4.8% to LE 63.95. CIB said that it has acquired a 51% stake in Kenya's Mayfair Bank for US$ 35 million. Ezz Steel's share price jumped by 11.4% to LE 7.31. Palm Hills Development's share price surged by 10.0% to LE 1.293. Talaat Moustafa Group's share closed 7.6% higher at LE 5.68. Juhayna Food Industries' share price went up by 4.7% to LE 7.33.

FIXED INCOME MARKETS: ACROSS-THE-BOARD PRICE GAINS IN MENA BOND MARKETS

MENA fixed income markets saw price gains across the board this week, mainly on improved sentiment following an oil price rebound, triggered by OPEC+ record output cuts and signs of a global demand recovery after several countries across the world started easing coronavirus-related lockdowns.

In the Saudi credit space, sovereigns maturing in 2025 and 2030 registered price gains of 1.25 pt and 1.50 pt respectively this week. Prices of Aramco'24 improved by 0.83 pt. STC'29 closed up by 0.82 pt. SABIC'28 posted price rises of 0.50 pt. SECO'24 was up by 0.41 pt. As to credit ratings, Moody's changed the outlook to "negative" from "stable" on the Government of Saudi Arabia's issuer rating and affirmed the issuer and senior unsecured "A1" rating and the (P) A1 senior unsecured MTN rating. The "negative" outlook reflects increased downside risks to Saudi Arabia's fiscal strength stemming from the severe shock to global oil demand and prices triggered by the coronavirus pandemic, and from the uncertainty regarding the degree to which the government would be able to offset its oil revenue losses and stabilize its debt burden and assets in the medium term.

In the Omani credit space, sovereigns maturing in 2023, 2025 and 2029 saw price expansions of up to 1.25 pt week-on-week. Prices of Omantel'38 rose by 1.25 pt. CI Ratings downgraded Oman's Long-Term Foreign Currency Rating (LT FCR) and Long-Term Local Currency Rating (LT LCR) to "BB+" from "BBB". The outlook for the ratings remains "negative". The downgrade reflects, according to CI Ratings, a substantial increase in fiscal and external pressures on the back of the recent sharp decrease in oil prices and the spread of the coronavirus pandemic. The downgrade also takes into account rising external and government financing risks resulting from the recent deterioration in global investor sentiment, given the government's reliance on external borrowing.

In the Abu Dhabi credit space, sovereigns maturing in 2024 and 2029 posted price increases of 0.88 pt and 1.88 pt respectively week-on-week. Mubadala'24 traded up by 0.95 pt. Prices of ADNOC'29 increased by 1.0 pt. Etisalat'24 was up by 0.24 pt. Taqa'26 saw price improvements of 0.88 pt. As to papers issued by financial institutions, Al Hilal Bank'23 closed up by 0.46 pt. Prices of First Gulf Bank'24 rose by 0.92 pt. ADCB'23 posted price expansions of 0.81 pt. ADIB Perpetual (offering a coupon of 7.125%) registered price gains of 0.26 pt.

In the Qatari credit space, sovereigns maturing in 2024 and 2029 saw price improvements of 1.13 pt and 1.50 pt respectively week-on-week. Ooredoo'25 closed up by 2.35 pts. Amongst financials, Commercial Bank of Qatar'23 was up by 0.70 pt. Prices of QIB'24 increased by 0.41 pt. QNB'24 traded up by 1.52 pt. Fitch said in a latest report that the standalone credit profiles of GCC banks are set to weaken due to the coronavirus pandemic and lower oil prices despite unprecedented economic stimulus packages worth hundreds of billions of US dollars.

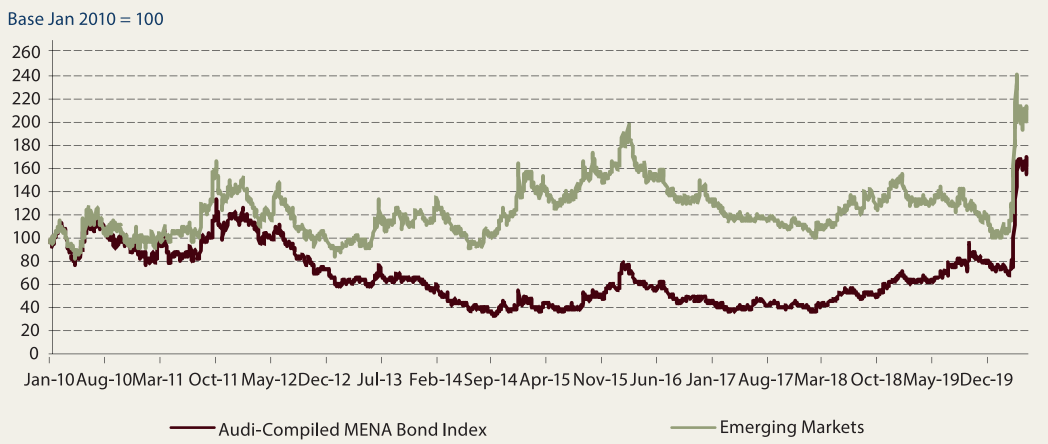
All in all, regional bond markets got a boost from an oil price rebound this week, as major global oil producers embarked into unprecedented output cuts due to the coronavirus pandemic and global oil demand showed signs of recovery after several countries across the world started easing coronavirus-induced lockdowns.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	01-May-20	24-Apr-20	31-Dec-19	Week-on-week	Year-to-date
Abu Dhabi	130	131	36	-1	94
Dubai	291	294	91	-3	200
Kuwait	104	107	37	-3	67
Qatar	125	131	37	-6	88
Saudi Arabia	175	171	57	4	118
Bahrain	483	487	176	-4	307
Morocco	189	187	91	2	98
Egypt	645	659	277	-14	368
Iraq	1,259	1,323	384	-64	875
Middle East	**378**	**388**	**360**	**-10**	**18**
Emerging Markets	**335**	**342**	**148**	**-7**	**187**
Global	**550**	**601**	**173**	**-51**	**377**

Sources: Bloomberg, Bank Audi's Group Research Department

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



Sources: Bloomberg, JP Morgan, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD/Negative/SD	Ca/Stable	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Stable	BB-/Stable/B
Egypt	B/Stable/B	B2/Stable	B+/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Negative/B
GULF			
Saudi Arabia	A-/Stable/A-2	A1/Negative	A/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA/Stable/F1+*
Qatar	AA-/Stable/A-1+	Aa3/Stable	AA-/Stable/F1+
Kuwait	AA/Stable/A-1+	Aa2/RUR	AA/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	BB-/Stable/B
Oman	B+/Stable/B	Ba2/RUR	BB+/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BBB-/Stable/A-3	Ba1/Stable	BBB-/Stable/F3
Tunisia	NR	B2/RUR	B+/Negative/B
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$)	01-May-20	24-Apr-20	31-Dec-19	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)	15.70	15.80	16.05	-0.6%	-2.2%
Iraqi Dinar (IQD)	-	1,182.87	1,182.87	-	-
GULF					
Saudi Riyal (SAR)	3.76	3.76	3.75	0.0%	0.3%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.66	3.66	3.66	0.0%	0.1%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	0.0%	2.4%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.39	0.39	0.39	0.0%	0.0%
Yemeni Riyal (YER)	250.00	250.00	250.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	128.21	128.21	119.05	0.0%	7.7%
Moroccan Dirham (MAD)	9.92	9.98	9.57	-0.6%	3.7%
Tunisian Dinar (TND)	2.89	2.91	2.83	-0.8%	1.9%
Libyan Dinar (LYD)	1.42	1.41	1.40	0.4%	1.5%
Sudanese Pound (SDG)	55.14	55.14	45.11	0.0%	22.2%

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER