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The MENA WEEKLY MONITOR

Economy

p.2 S&P EXPECTS MENA BORROWING TO RISE BY 25% TO US$ 136 BILLION IN 2019

S&P believes sovereign long-term commercial borrowing in the MENA region (for the 13 rated sovereigns) could increase by 25% this year (after falling 38% in 2018) to reach US$ 136 billion in 2019.

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p.5 UAE REAL ESTATE MARKET CONTINUED TO SOFTEN IN 2018, AS PER JLL

According to Jones Lang Lasalle's "The UAE Real Estate Market, A Year in Review 2018", UAE's GDP grew at around 2% in 2018, marginally higher than in 2017, while real estate market continued to soften.

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Qatar National Bank closed a syndicated, three-year loan worth € 2 billion (US$ 2.3 billion), with subscriptions reaching € 3.5 billion.

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p.9 ACTIVITY IN REGIONAL CAPITAL MARKETS SKEWED TO THE DOWNSIDE

MENA equity markets saw mostly downward price movements over this week, as reflected by a 0.9% decrease in the S&P Pan Arab Composite Index, mainly dragged by ex-dividend activity and some profit-taking operations, along with some unfavorable market-specific and company-specific factors. In parallel, regional bond markets came under downward price pressures this week, mainly tracking emerging market weakness after weak Chinese export data in February 2019 fueled concerns about a global economic slowdown, and as some market players sought to leave room for a new large sovereign bond issue.

MENA MARKETS: WEEK OF MARCH 03 - MARCH 09, 2019

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-0.9%	Weekly Z-spread based bond index	+4.4%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+4.7%	YTD Z-spread based bond index	-10.5%

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ECONOMY

S&P EXPECTS MENA BORROWING TO RISE BY 25% TO US$ 136 BILLION IN 2019

S&P Global Ratings believes sovereign long-term commercial borrowing in the MENA region (for the 13 rated sovereigns) could increase by 25% this year (after falling 38% in 2018) to reach US$ 136 billion in 2019. This is mostly because higher oil prices and fiscal consolidation measures in GCC countries significantly reduced GCC sovereigns' funding needs in 2018. However, lower oil prices in 2019 will not support a further reduction in GCC fiscal deficits. At the same time, S&P expects Kuwait, Egypt, and Iraq to significantly increase their gross commercial long-term borrowing in 2019 compared with 2018.

S&P expects that about 44% of MENA sovereigns' US$ 136 billion of gross borrowing this year will go toward refinancing maturing long-term debt, resulting in an estimated net borrowing requirement of US$ 76 billion. S&P expects total commercial debt will reach about US$ 892 billion, a year-on-year increase of US$ 85 billion, or 11%, and that outstanding short-term commercial debt (original tenor of less than one year) will rise to US$ 169 billion by the end of this year.

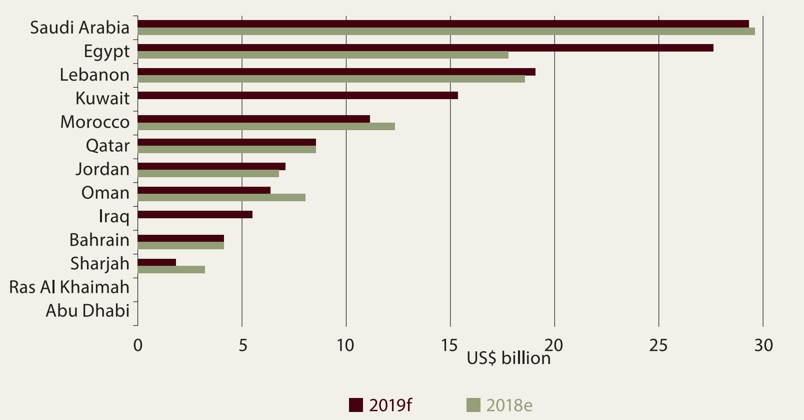
For 2019, S&P projects that sovereigns' commercial debt rated in the "AA" category (Abu Dhabi, Kuwait, and Qatar) will be 18% of the total, significantly up from 8% in 2018. This is based on its expectation that the Kuwaiti government will pass a new debt law, raising the debt ceiling and authorizing extra borrowing. S&P anticipates this will result in Kuwait taking on US$ 15 billion of long-term commercial borrowing in 2019, compared with no borrowing in 2018.

No MENA sovereigns are rated "AAA". The share of "A" category debt (issued by Ras Al Khaimah and Saudi Arabia) would fall to about 22% in 2019, compared with 27% in 2018. Due to the rise in the share of debt issuance by higher-rated MENA sovereigns (to 39% in 2019 from 35% in 2018), the share of commercial debt rated in the "BBB" category or lower should fall to about 61% of the total from 65% in 2018.

S&P calculates that Egypt will face the highest debt rollover ratio (including short-term debt) in the region, reaching 36% of GDP, followed by Jordan (30%) and Lebanon (27%). The rollover ratios of sovereigns with higher proportions of official debt tend to be lower because official debt typically has longer tenors than commercial debt.

S&P borrowing estimates for the 13 MENA sovereigns rated focus on debt issued by a central government in its own name, excluding local government and social security debt, as well as the debt of other public

GROSS LONG-TERM COMMERCIAL BORROWING BY SOVEREIGN



Source: S&P

bodies and government-guaranteed obligations. In terms of commercial debt instruments, long-term borrowing estimates include bonds maturing beyond one year, issued in the capital markets or as private placements, as well as commercial bank loans. Some of the estimates used, in addition to commercial debt, include official debt. S&P excludes government debt that Central Banks may issue for monetary policy purposes in some countries.

S&P expects Saudi Arabia, Egypt, and Lebanon will issue the lion's share of long-term commercial government debt in the region in 2019 (respectively 22%, 20%, and 14%). S&P expects Iraq will continue to have the largest share of bilateral and multilateral debt in 2019 (40% of the total).

Most GCC countries have been tapping international debt markets in recent years to meet their funding needs, diversify funding sources, and reduce liquidity pressures in the domestic banking systems. Regarding GCC central governments' deficit-financing strategies, Qatar, Bahrain, and Oman have largely focused on debt issuance rather than asset drawdowns. Saudi Arabia has seen a more equal split between issuing debt and liquidating part of their assets, while Abu Dhabi and Kuwait have mostly drawn down assets, issuing in the markets more opportunistically.

MOODY'S DOWNGRADES LONG-TERM ISSUER AND SENIOR UNSECURED BOND RATINGS OF OMAN TO "BA1"

Moody's downgraded the long-term issuer and senior unsecured bond ratings of the Government of Oman to "Ba1" from "Baa3". The outlook remains "negative".

The key driver of the downgrade is Moody's expectation that the scope for fiscal consolidation would remain more significantly constrained by the government's economic and social stability objectives than it had previously assessed. As a result, in an environment of moderate oil prices, Oman's fiscal metrics would weaken to a level that is consistent with a lower rating.

Notwithstanding Oman's inherent credit strengths that provide some degree of resilience to potential future shocks, persistently wide fiscal deficits would contribute to wide current account deficits, perpetuating Oman's dependence on steady inflows of external financing and denoting material external vulnerability, as per the rating agency.

The "negative" outlook reflects Moody's view that the balance of risks to the "Ba1" rating is skewed to the downside. In particular, foreign investors' willingness to finance Oman's large deficits at relatively low costs could weaken, exacerbating the sovereign's external vulnerability and raising government liquidity pressures.

Concurrently, Moody's has downgraded the government of Oman's senior unsecured medium-term note program rating to "(P)Ba1" from "(P)Baa3". The rating action also applies to Oman Sovereign Sukuk for which the backed senior unsecured ratings were downgraded to "Ba1" from "Baa3" and the backed senior unsecured medium-term note program was downgraded to "(P)Ba1" from "(P)Baa3".

The downgrade to "Ba1" reflects Moody's view that prospects for new meaningful fiscal reforms are limited, to a greater extent than the rating agency had previously assessed. This view is underscored by delays of measures that were announced in early 2018 and that Moody's expected would be implemented during 2018-19. More generally, Moody's assessment that the scope for further fiscal consolidation is very limited reflects the challenges faced by the government in introducing new non-oil revenue measures and controlling expenditure, especially in a weak growth environment, given its social stability objectives and the overarching desire to preserve the current level of living standards of the Omani citizens.

Although higher oil prices during 2018 reduced fiscal pressures, narrowing last year's fiscal deficit by more than 5% of GDP according to Moody's estimates, they also reduced the fiscal reform momentum.
The special excise taxes on alcohol, tobacco and sugary beverages and the 5% value added tax (VAT) have both been delayed, to no earlier than the second half of 2019 and early 2020 respectively. Moody's estimates that these two measures combined could raise revenues of about 1.7% of GDP, a relatively small share of the government deficits when oil prices are around current levels.

ECONOMIC GROWTH IN UAE EXPECTED TO ACCELERATE TO 3.5% IN 2019, SAYS CENTRAL BANK

Economic growth in the United Arab Emirates is expected to accelerate to 3.5% in 2019, helped by strong non-oil activity, as per the Central Bank's quarterly report.

The economy grew by 2.8% in 2018, helped by a rise in oil production and growth in the non-oil sector, recovering from just 0.8% growth in 2017 when oil prices slumped.

Gulf economies have benefited from higher oil prices after OPEC members and other oil producers cut output to tackle a supply glut.

The UAE's Central Bank said economic activity in the non-oil sector would improve further in 2019 due to the effects of fiscal stimulus packages announced by Abu Dhabi and Dubai.

Within this context, the Abu Dhabi government announced a US$ 13.6 billion economic stimulus package as well as several economic initiatives to ease the cost of doing business.

The Dubai government has also taken measures to cut costs for key industries including aviation, real estate, and education. The non-oil sector will grow by 3.4% in 2019, up from an estimated 2.6% last year, according to the Central Bank. The oil sector's growth is expected at 3.7% in 2019 compared to 3.0% in 2018.

ECONOMIC SITUATION IN EGYPT CONTINUED TO IMPROVE IN 2018, SAYS CI

Capital Intelligence Ratings (CI) affirmed Egypt's Long-Term Foreign Currency (LT FC) and Long-Term Local Currency (LT LC) Issuer Ratings at "B+". The sovereign's Short-Term Foreign Currency (ST FC) and Short-Term Local Currency (ST LC) Ratings have also been affirmed at "B". The outlook for the ratings remains "stable".

The economic situation in Egypt continued to improve in 2018, supported by the implementation of the reforms agreed in the Extended Fund Facility (EFF) programme. More specifically, real output growth exceeded expectations, inflationary pressures that emerged after the transition to a flexible exchange rate regime began to abate, and investor confidence picked up.

However, significant economic vulnerabilities such as a high budget deficit and high debt persist, as do socioeconomic imbalances including poverty and unemployment.

The economy expanded by about 5.2% in real terms in 2018, compared to 4.2% in 2017, due to a pickup in domestic demand and a solid rebound in the tourism sector, as per Capital Intelligence.

Medium-term growth prospects have improved, with the economy expected to grow by an average of 5.7% in 2019-21, assisted by efforts to restore confidence in the economy. Consumer price inflation decreased to a still high annual average of 20.1% in 2018 and is expected to further decline to 13.0% in 2019, as per Capital Intelligence.

External vulnerabilities declined further, with foreign exchange reserves remaining at a healthy US$ 42.6 billion (around 7.7 months of import cover) in December 2018, compared to US$ 17.6 billion (3 months of import cover) two years earlier. This increase reflects the improvement in international competitiveness following the currency devaluation in November 2016, a rebound in tourism flows, increased revenue from the Suez Canal, and improved access to international markets.

The transition to a flexible exchange rate regime and subsequent devaluation has put an end to the parallel market. In turn, this has helped channel foreign currency liquidity into the banking system. Moreover, the current account deficit halved from 6.6% of GDP in 2017 to 2.5% in 2018. Meanwhile, external debt remained manageable at 36.7% of GDP in 2018 and is expected to increase to 38.7% in 2020.

SURVEYS

UAE REAL ESTATE MARKET CONTINUED TO SOFTEN IN 2018, AS PER JLL

According to Jones Lang Lasalle's "The UAE Real Estate Market, A Year in Review 2018", UAE's GDP grew at around 2% in 2018, marginally higher than in 2017. GDP is expected to grow at a slightly higher rate (3%) in 2019, supported by an expansionary fiscal stance, continued investment ahead of Expo 2020 and higher government spending.

Inflation was recorded at 3.7%, higher than the historical average of 2% due to the implementation of VAT in early 2018. However, inflation is expected to return to its long-term average of around 2% per annum over the next three years.

In Dubai, GDP grew by 3.5% in 2018 and is expected to grow at 3.8% per annum over the next three years. The slow growth in 2018 was due to a decline in non-oil revenue, as per the report.

In Abu Dhabi, The Government is pushing ahead with its Economic Vision 2030, a long-term development strategy that aims at economic diversification, expanding the role of the private sector and attracting foreign capital into non-oil sectors (especially financial services, manufacturing, transport, tourism, telecommunication, renewable energy and aviation).

Looking at the office market, Dubai's market conditions remain in favor of tenants, with ample choices available in the market, as per JLL. Average Grade A rents have declined by almost 17% year-on-year to reach AED 1,553 per square meter and vacancy has increased to 11% in the Central Business District (CBD). Office rents in Abu Dhabi have continued to decline throughout 2018 in the face of subdued demand. The past quarter witnessed declining headline rentals for both Grade A and Grade B office space with rates for shell & core office, averaging AED 1,680 per square meter for Grade A and AED 885 per square meter for Grade B space. Though most Grade A offices maintain adequate levels of occupancy, vacancy levels have increased for Grade B offices with overall vacancy rates increasing by 2% to reach 24% in Q4 2018.

According to JLL, the residential market in Dubai remains tenant friendly, allowing existing tenants to renegotiate their rents and providing attractive rentals and sales opportunities for new entrants to the market. Both sales prices and rents declined over the year, with the apartment sector recording average declines of around 11% in rents and 8% in sale prices. Similar declines were experienced in the villa market with sale prices and rents declining by 9% and 7% respectively in 2018. In Abu Dhabi, the residential market continued to soften, with further declines in both rents and sale prices recorded throughout 2018. Apartment rents declined by 5% quarter-on-quarter and by 11% year-on-year respectively, to reach approximately AED 120,300 per annum. Sales prices for prime villas and apartments registered annual declines of around 13% and 12% respectively, to reach approximately AED 10,500 per square meter for both apartments and villas, as per the same source.

ULTRA-HIGH-NET-WORTH INDIVIDUALS NUMBERS TO GROW 20% OVER THE NEXT FIVE YEARS IN MIDDLE EAST, AS PER KNIGHT FRANK

Global Ultra-High-Net-Worth Individuals (UHNWI) population (those with US$ 30 million and more in net assets) is forecast to rise by 22% over the next five years, according to a report by Knight Frank.

In the Middle East the UHNWI population is forecast to grow by 20% over the same time period, says Knight Frank's 13th edition of The Wealth Report, providing the global perspective on prime property and wealth.

In the four major economic cities of the GCC countries, (Abu Dhabi, Dubai, Jeddah and Riyadh), UHNWI growth over this period is expected to register at 15%.

Total UHNWI population grew by 4% in 2018, down from 10% growth in 2017. However, 63% of the world's Ultra-High-Net-Worth population saw an increase in their wealth in 2018, it said.

Eight of top ten fastest growing wealth populations are forecast to be in Asia over the next five years, while an additional 42,711 people will see their wealth rise to US$ 30 million or more in the period, said the report, which includes the Knight Frank City Wealth Index, price movements across 100 luxury residential property markets, the results of Knight Frank's Luxury Investment Index and the Attitudes Survey.

In 2019, the number of millionaires (in US$ terms) worldwide will exceed 20 million for the first time. Some 6.6 million of these individuals will be based in North America, with 5.9 million in Europe and a further 5.8 million in Asia.

The Attitudes Survey indicates that around two-thirds of UHNWIs expect their wealth to increase over the next 12 months, with confidence most marked in the US where 80% expect to be better off.

UHNWIs are becoming more strategic in response to global uncertainty and political upheavals, investing in additional homes in cities and countries where they can see greater levels of stability, the report said.

It is worth noting that whatever the Brexit outcome, London will remain the leading global wealth center, and retakes top spot in Knight Frank's City Wealth Index.

RISK FACTORS IN FAVOR OF THE QATARI PETROCHEMICALS INDUSTRY AFTER A PERIOD OF UNCERTAINTY, AS PER FITCH SOLUTIONS

Risk factors have turned in favor of the Qatari petrochemicals industry after a period of uncertainty, as per Fitch Solutions. The sector overcame the problems posed by the Saudi-led trade blockade by rerouting exports, while the rise in the price of crude has raised the cost of naphtha-fed production which puts Qatar's ethane-fed industry in a favorable position. Additionally, the US-China trade war has given Qatari polyethylene an advantage over US rivals in the Chinese market, as per the report. These factors will support plans for a new ethane-fed cracker with 1.6 million tpa of ethylene production capacity, which will utilize growth in gas output from the new development of the North Field.

According to Fitch Solutions, a resolution to the Gulf Cooperation Council crisis is likely to eventually materialize. At the moment, however, none of the parties involved appear under substantial pressure to end the stand-off quickly. Renewed US efforts to mediate could spur some progress in the coming months, but only if both sides are given space to moderate their positions, while still saving face. This will continue to affect Qatar's petrochemicals trade under the embargo imposed in June 2017 by Saudi Arabia, UAE and Bahrain as well as Egypt.

Margins are likely to have been squeezed even though Qatar has a cost advantage with its plentiful indigenous supply of ethane from its large natural gas reserves. While the Qatari economy has held up reasonably well under the boycott, it has experienced some strain, likely increasing Doha's eagerness to end the crisis. Fitch Solutions believes a resolution is more likely in the short term than the long term, although the agency cannot completely rule out a prolonged, more intensified crisis either.

It is worth noting that Qatar's petrochemicals industry is heavily reliant on polyethylene exports to Asia, particularly China. However, petrochemicals-consuming sectors such as construction are in the weakest position in China's petrochemicals market and Fitch Solutions expects to see the country's slow domestic demand re-balancing, which is likely to be a long and drawn-out process. On the upside, Qatar will benefit from an extended US-China trade war, which will ensure that its US competitors are absent from its biggest market.

Other major markets are set to see slower growth, particularly in Europe, while India and Turkey will move towards increasing self-sufficiency, undermining Qatar's pace of export growth.

Furthermore, QP is exploring the possibility of expanding through the debottlenecking of some of its existing plants in Mesaieed and Ras Laffan, and to diversify its product portfolio, which is currently 100% ethane feedstock-based. By 2023, Qatar's ethylene production capacity will be 3 million tpa with 2.1 million tpa of polyethylene and 835,000 tpa of methanol, among the narrow range of petrochemicals products the country produces.

CORPORATE NEWS

QATAR NATIONAL BANK CLOSES € 2 BILLION LOAN WITH HIGH SUBSCRIPTION

Qatar National Bank closed a syndicated, three-year loan worth € 2 billion (US$ 2.3 billion), with subscriptions reaching € 3.5 billion.

The new syndicated loan replaces a € 2.25 billion loan obtained in May 2016.

Crédit Agricole Corporate and Investment Bank, Intesa Sanpaolo S.p.A., Societe Generale Corporate & Investment Banking, UniCredit and ING Bank were lead arrangers on the loan, QNB said.

PEARL PETROLEUM SIGNS 20-YEAR GAS SALES DEAL WITH KRG

Pearl Petroleum, the consortium led by Crescent Petroleum and Dana Gas of the UAE, signed a new 20-year Gas Sales Agreement (GSA) with the Kurdistan Regional Government (KRG).

The agreement enables production and sales of an additional 250 MMscf/day that the consortium aims to produce by 2021 as part of their expansion plans in the Kurdistan Region of Iraq (KRI) in order to boost much needed local domestic electricity generation.

The US$ 700 million expansion underway at the Khor Mor plant will include the addition of two new production trains, as well as drilling of new wells with plans to raise production from the current 400 MMscf/day to reach 650 MMscf/day by 2021 based on this latest GSA, and then to 900 MMscf/day beyond that by 2022.

This follows the 30% production increase from debottlenecking throughput at the Khor Mor plant, which brought current total production to 106,000 barrels of oil equivalent per day (boepd).

Total investment in the Kurdistan Gas Project to date exceeds US$ 1.6 billion, with total cumulative production of over 260 million barrels of oil equivalent (boe).

SAUDI'S APICORP INKS US$ 400 MILLION ISLAMIC FINANCING DEAL

Arab Petroleum Investments Corporation (APICORP), a multilateral development bank focused on energy investments, signed an oversubscribed Shariah-compliant syndicated financing for a total amount of SR 1.5 billion (US$ 400 million).

The five-year financing of the commodity Murabaha facility was provided by a group of leading Saudi banks consisting of Banque Saudi Fransi, Riyad Bank, SABB and Samba Financial Group.

HSBC Saudi Arabia acted as the lead arranger for the credit deal on behalf of APICORP. The financing facility will be used for general corporate purposes, including expanding its portfolio of equity investments in regional energy projects.

RAK TOURISM AND MANTIS GROUP INK DEAL TO OPERATE JEBEL JAIS LUXURY CAMP PROJECT

Ras Al Khaimah Tourism Development Authority (RAKTDA) entered into an agreement with Mantis to operate the upcoming “Luxury Camp” project on Jebel Jais, the highest mountain in the UAE.

The luxury mountain camp will be located at the height of approximately 600 to 700 meters above sea-level – on Jebel Jais.

Expected to be completed in 2020, the tented camp will comprise a total of 47 luxury units - 34 deluxe tents, 11 one-bedroom tented suites with a private pool, and two two-bedroom tented suites with a private pool - complemented further by state-of-the-art facilities such as a health club, heated pool, spa and wellness center, kids' play area, fire pit, and a restaurant.

SAVILLS WINS MODA MALL MANAGEMENT CONTRACT

Global real estate advisor Savills secured a major management services contract from Bahrain World Trade Centre (BWTC), the Kingdom's premier landmark property.

Located prominently next to the King Faisal Highway, BWTC is Bahrain's business and commercial property address including Moda Mall.

As per the deal, Savills will provide property management, leasing and facilities management (FM) and marketing services, covering the mall's entire retail and commercial portfolio which includes the state-of-the-art office towers and Moda Mall.

EGYPT'S CANAL SUGAR INKS FINANCING DEAL WORTH US$ 169 MILLION

Egypt's Canal Sugar said it signed a financing agreement worth a total of US$ 169 million with a consortium of six banks.

The funds, which consist of US$ 100 million and LE 1.2 billion (US$ 69 million), will finance the purchase, construction and operation of Canal's project in western Minya over the next six months until a US$ 700 million long-term loan is finalized, the company said in a statement.

The company appointed Al Ahly Capital Holding, the private equity arm of the State-owned National Bank of Egypt, as its exclusive financial adviser for the transaction and global coordinator with export guarantee agencies.

In addition to the National Bank of Egypt, the consortium includes Qatar National Bank, Bank of Alexandria, the Industrial Development Bank of Egypt, Suez Canal Bank and The United Bank.

The west Minya project aims to establish the world's largest beet sugar plant, producing 900,000 tons a year, and has an estimated cost of about US$ 1 billion.

It also aims to reclaim about 187,850 acres of desert to produce 2 million tons of beet sugar annually, as well as other strategic crops like wheat and corn.

DEWA INKS MUSEUM OF THE FUTURE SOLAR PLANT DEAL

Dubai Electricity and Water Authority (DEWA) signed a MoU with the Dubai Future Foundation for the design, construction and operation of a solar photovoltaic (PV) plant to produce annually 4,000 megawatt hours of renewable energy required to run the Museum of the Future.

As per the MoU, DEWA will work in an advisory role to provide solar energy technologies, smart grid integration, energy efficiency, water treatment through renewable technologies, artificial intelligence, machine learning programs in energy, water and related areas, as per the managing director and CEO of DEWA.

The Dubai utility will also provide various research and development dissemination activities, targeting the academia and industry in these sectors, as well as provide the museum with advanced energy, water technologies and applications.

CAPITAL MARKETS

EQUITY MARKETS: MOSTLY DOWNWARD PRICE MOVEMENTS IN REGIONAL EQUITIES WEEK-ON-WEEK

MENA equity markets saw downward price movements this week, as reflected by a 0.9% decrease in the S&P Pan Arab Composite Index, mainly dragged by ex-dividend activity and some profit-taking operations, along with some unfavorable market-specific and company-specific factors. The Qatar Exchange led the fall in the region (-4.1%), followed by the UAE equity markets (-3.6%), while the Saudi Tadawul registered shy price declines of 0.3%. In contrast, the Egyptian Exchange registered weekly price gains of 0.9%, mainly helped by some favorable company-specific factors.

The heavyweight Saudi Tadawul posted shy price retreats week-on-week, as reflected by a 0.3% decline in the S&P Saudi index, mainly on concerns that Saudi Arabia may raise the Islamic tax paid by local banks to as much as 20%, which is double the current rate, in an attempt to bolster alternative sources of revenue. Yet, this was denied by the Saudi authorities later on. Equity price decreases occurred despite bets about passive fund inflows into the Saudi bourse ahead of the inclusion of Saudi Arabia in the FTSE Russell and MSCI emerging market indices in March and May 2019. NCB's share price dropped by 1.0% to SR 51.60. Al Rajhi Bank's share price fell by 2.5% to SR 97.90. Al Bilad's share price decreased by 2.2% to SR 28.40. Samba's share price closed 1.2% lower at SR 36.0. SABB's share price went down by 1.4% to close at SR 36.0.

The Qatar Exchange registered a 4.1% fall in prices this week, mainly dragged by ex-dividend activity and some profit-taking operations. Industries Qatar's share price plunged by 10.0% to close at QR 119.69. The stock traded ex-dividend on March 6, 2019. Masraf Al Rayan's share price dropped by 2.2% to QR 36.10. The stock traded ex-dividend on February 26, 2019. Qatar Electricity & Water Company's share price went down by 3.6% to QR 170.24. Doha Bank's share price fell by 4.1% to QR 19.66. Vodafone Qatar's share price shed 5.6% to QR 7.75. QNB's share price plunged by 4.9% to QR 179.0. Qatar National Navigation's share price dropped by 5.9% to QR 63.50.

The UAE equity markets saw a 3.6% drop in prices week-on-week, as some stocks went ex-dividend, and on expectations about a further fall in property prices in Dubai amid a stronger US dollar and an oversupplied residential market. In Dubai, Arabtec Holding Company's share price declined by 0.9% to AED 2.14. Emaar Properties' share price shed 3.3% to AED 4.74. Emaar Development's share price

EQUITY MARKETS INDICATORS (MARCH 03 TILL MARCH 09, 2019)

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	83.3	2.3%	-0.6%	7.4	24.0%	1.0	9,058.0	4.2%	5.2	0.70
Jordan	400.4	1.2%	4.9%	33.3	-5.0%	18.4	23,380.0	7.4%	13.6	1.67
Egypt	329.8	0.9%	19.7%	246.1	-12.8%	1,041.2	49,540.3	25.8%	11.4	2.27
Saudi Arabia	369.7	-0.3%	9.1%	3,363.5	16.1%	563.4	536,737.3	32.6%	17.1	2.36
Qatar	175.2	-4.1%	-7.1%	263.5	-39.0%	33.1	152,323.4	9.0%	13.1	1.88
UAE	114.2	-3.6%	1.0%	377.8	-39.2%	598.8	238,485.6	8.2%	11.3	1.71
Oman	203.3	-0.3%	-4.6%	18.0	-57.0%	48.8	17,839.3	5.2%	9.5	0.96
Bahrain	132.3	-0.3%	10.5%	13.1	-12.0%	15.7	20,768.3	3.3%	10.1	1.26
Kuwait	98.2	1.7%	3.7%	327.6	139.1%	580.1	88,193.5	19.3%	14.8	1.65
Morocco	261.0	-1.5%	-3.1%	21.0	-49.8%	1.1	59,295.7	1.8%	17.8	2.89
Tunisia	67.5	-1.8%	-3.9%	8.4	-20.7%	4.3	7,786.1	5.6%	14.7	2.87
Arabian Markets	**762.6**	**-0.9%**	**4.7%**	**4,679.8**	**3.6%**	**2,905.7**	**1,203,407.5**	**20.2%**	**14.7**	**2.08**

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

Sources: S&P, Bloomberg, Bank Audi's Group Research Department went down by 2.8% to AED 3.79. Union Properties' share price fell by 3.4% to AED 0.374. In Abu Dhabi, First Abu Dhabi Bank, which is the largest stock in ADX by market capitalization accounting for circa 30% of total market capitalization, posted an 8.6% plunge in its share price to reach AED 13.90. First Abu Dhabi Bank's stock traded ex-dividend on March 06, 2019. Etisalat's share price retreated by 0.5% to AED 16.80.

In contrast, the Egyptian Exchange registered price gains of 0.9% week-on-week, mainly supported by some favorable company-specific factors. Talaat Moustafa Group's share price increased by 2.8% to LE 11.58. Talaat Moustafa Group reported real estate sales of LE 3.2 billion during the first two months of 2019 against realty sales of LE 1.5 billion a year earlier. SODIC's share price rose by 1.2% to LE 16.32. SODIC's Board of Directors recommended for the first time since 2011 the distribution of dividends at a rate of LE 0.5 per share for the year 2018. Eastern Tobacco Company's share price surged by 4.8% to LE 17.49. Egypt's Public Enterprise Sector Ministry resumed a program to sell stakes in State-owned companies by offering 4.5% of shares of Eastern Tobacco Company on the Egyptian Exchange, of which 95% in private offering, and 5% in public offering.

FIXED INCOME MARKETS: MENA BONDS UNDER DOWNWARD PRICE PRESSURES, TRACKING EMERGING MARKET WEAKNESS

MENA fixed income markets came under downward price pressures this week, mainly tracking emerging market weakness after recent Chinese economic data showed that the trade war between the US and China has taken its toll on the export industry, with China's exports registering in February 2019 their weakest monthly performance since February 2016, which fueled concerns about a global economic slowdown. In parallel, some market players sought to leave room for new large sovereign bond issues in the region.

In details, Qatar raised this week US$ 12 billion through the sale of a triple-tranche bond that drew around US$ 50 billion in demand, which is the largest order book size globally since Qatar's bond sale in April 2018. The debt sale is split into tranches of five, 10 and 30 years. The US$ 2 billion five-year notes offer 90 basis points over US Treasuries, while the US$ 4 billion 10-year and the US$ 6 billion 30-year debt offer 135 bps and 175 bps respectively over the same benchmark, noting that earlier price indications were 20 bps higher for the five-year tranche and 25 bps higher for the longer-dated tranches.

In parallel, Qatari sovereigns maturing between 2020 and 2023 saw price retreats of up to 0.25 pt week-on-week. Qatar'26 and '28 closed down by 0.25 pt and 0.50 pt respectively. Sovereigns maturing between 2030 and 2048 registered price falls of 0.88 pt to 1.94 pt. Ooredoo papers maturing in 2026, 2028 and 2043 were down by 0.25 pt, 0.50 pt and 1.00 pt respectively. Prices of RasGas'19 and '20 contracted by 0.13 pt each. Amongst financials, Commercial Bank of Qatar'19 was down by 0.50 pt, while Commercial Bank of Qatar'21 and '23 closed up by 0.25 pt and 0.50 pt respectively. QIIB'24 posted price declines of 0.19 pt. QNB'21 traded down by 0.20 pt.

In the Dubai credit space, sovereigns maturing between 2021 and 2043 registered price falls ranging between 0.25 pt and 1.13 pt this week. Prices of Investment Corporation of Dubai'20, '24 and '27 declined by 0.13 pt, 0.25 pt and 0.38 pt respectively. DP World'23, '28, '37 and '48 were down by up to 1.00 pt. Majid Al Futtaim Perpetual (offering a coupon of 5.50%) closed down by 1.50 pt. As to papers issued by financial institutions, DIB Perpetuals registered price retreats of up to 0.25 pt. In contrast, Emirates NBD'19 was up by 0.25 pt. Emirates NBD mandated BNP Paribas, Emirates NBD Capital, First Abu Dhabi Bank, HSBC, Nomura and Standard Chartered Bank to arrange fixed income investor meetings ahead of a potential US dollar-denominated issue.

In the Saudi credit space, sovereigns saw price drops across the board this week, with papers maturing between 2021 and 2050 registering weekly price retreats ranging between 0.25 pt and 2.00 pts. Prices of SABIC'23 and '28 declined by 0.13 pt and 1.00 pt respectively. SECO papers maturing between 2023 and 2044 posted price contractions ranging between 0.08 pt and 0.50 pt. As to plans for new bond issues, Saudi Aramco's Board of Directors plans to meet soon to approve a bond issuance program that would likely help finance a potential acquisition of a strategic stake in SABIC. Aramco plans to issue its first international bonds in the second quarter of 2019, according to the Saudi Energy Ministry.

In the Omani credit space, sovereigns maturing between 2021 and 2048 witnessed weekly price contractions ranging between 0.25 pt and 4.13 pts. As to credit rating changes, Moody's downgraded the long-term issuer and senior unsecured bond ratings of Oman to "Ba1" from "Baa3", with a "negative" outlook. The key driver of the downgrade is Moody's expectation that the scope for fiscal consolidation would remain more significantly constrained by the government's economic and social stability objectives than it had previously assessed.

Finally, in the Egyptian credit space, US dollar-denominated sovereigns maturing between 2020 and 2049 posted weekly price falls ranging between 0.19 pt and 2.63 pts. In contrast, Euro-denominated sovereigns maturing in 2026 and 2030 were up by 0.25 pt each. As to credit ratings, CI Ratings affirmed Egypt's long-term foreign currency and long-term local currency issuer ratings at "B+". The sovereign's short-term foreign and local currency ratings have also been affirmed at "B", with "stable" outlook.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	08-Mar-19	01-Mar-19	31-Dec-18	Week-on-week	Year-to-date
Abu Dhabi	61	59	67	2	-6
Dubai	126	122	129	4	-3
Kuwait	64	64	66	0	-2
Qatar	75	67	82	8	-7
Saudi Arabia	86	79	105	7	-19
Bahrain	253	243	293	10	-40
Morocco	99	97	111	2	-12
Egypt	318	318	391	0	-73
Lebanon	763	690	770	73	-7
Iraq	369	346	519	23	-150
Middle East	**222**	**209**	**254**	**13**	**-32**
Emerging Markets	**128**	**120**	**188**	**8**	**-60**
Global	**163**	**159**	**189**	**4**	**-26**

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	B-/Negative/B	Caa1/Stable	B-/Negative/B
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Stable	NR
Egypt	B/Stable/B	B3/Positive	B/Positive/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A-/Stable/A-2	A1/Stable	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/Stable	AA/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	BB-/Stable/B
Oman	BB/Stable/B	Ba1/Negative	BB+/Stable/F3
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BBB-/Stable/A-3	Ba1/Stable	BBB-/Stable/F3
Tunisia	NR	B2/Stable	B+/Negative/B
Libya	NR	NR	NR
Sudan	NR	NR	NR

NR= Not Rated   RWN= Rating Watch Negative   * Emirate of Abu Dhabi Ratings

FX RATES (per US$)	08-Mar-19	01-Mar-19	31-Dec-18	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)	17.42	17.51	17.92	-0.5%	-2.8%
Iraqi Dinar (IQD)	1,187.58	1,183.52	1,192.68	0.3%	-0.4%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.66	3.66	3.65	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.30	0.30	0.30	0.0%	0.0%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
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)	119.05	119.05	117.65	0.0%	1.2%
Moroccan Dirham (MAD)	9.63	9.56	9.54	0.8%	1.0%
Tunisian Dinar (TND)	3.04	3.02	3.05	0.4%	-0.3%
Libyan Dinar (LYD)	1.39	1.38	1.40	0.4%	-0.8%
Sudanese Pound (SDG)	47.62	47.62	47.62	0.0%	0.0%

Sources: Bloomberg, Bank Audi's Group Research Department

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