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MENA equity markets traced an upward trajectory during this week (+2.9%), mainly driven by strong oil price gains amid rising speculation about prolonged record global production cuts ahead of OPEC+ meeting, and on signs of improved business activity in the region with the rollback of coronavirus-related lockdowns. Also, activity in MENA bonds markets was mostly skewed to the upside, mainly supported by an oil price rally, while some regional papers traced a downward trajectory, mainly tracking US Treasuries move, amid better-than-expected US jobs report and falling US unemployment rate in May 2020.

MENA MARKETS: WEEK OF MAY 31 - JUNE 06, 2020

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+2.9%	Weekly Z-spread based bond index	-18.1%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-16.4%	YTD Z-spread based bond index	+50.8%

ECONOMY

FITCH SAYS OUTLOOK ON MENA SOVEREIGNS IS TURNING NEGATIVE

Fitch Ratings has placed four of the 14 rated Middle East and North Africa (MENA) sovereigns on Negative Outlook, following revisions for Oman (which was also downgraded), Iraq, Jordan and Morocco, reflecting the painful hit to public and external finances and growth as a result of the coronavirus and the fall in oil prices.

In March 2020, Fitch placed Lebanon's Long-Term Foreign-Currency ratings on "RD"; Fitch does not assign Outlooks for sovereigns in default. The Outlook on Tunisia is Stable after a downgrade to "B", balancing strong support from official creditors against external vulnerability and risks to fiscal reforms.

The funding of sharply wider fiscal and external deficits in a volatile financial market environment is an acute challenge for lower-rated sovereigns, as per Fitch Ratings. However, debt market access has started to ease, with Bahrain and Egypt issuing Eurobonds. Significant bilateral or multilateral support was an important factor in both cases.

The cost of international debt issuance remains very high for Oman, where this support is not explicit, while uncertainty around the financing plan is partly driving the Negative Outlook on Iraq's ratings.

Even higher-rated sovereigns are revising their funding plans, with Kuwait facing the depletion of the readily accessible portion of its wealth fund and Saudi Arabia significantly raising it. Fitch now expects most Gulf Cooperation Council (GCC) sovereigns to post fiscal deficits of 15%-25% of GDP in 2020, with only Qatar's deficit staying in single digits.

This assumes an average Brent oil price of US\$ 35/barrel (bbl) and full compliance with the OPEC+ deal to limit production. It also assumes that the additional cuts announced by Saudi Arabia, Abu Dhabi and Kuwait would last until end-2020. Oil output will fall by about 10% relative to 2019, according to Fitch. Most fiscal break-even prices are between US\$ 65/bbl and US\$ 75/bbl, with Qatar and Bahrain outliers at about US\$ 53/bbl and US\$ 94/bbl, respectively.

All GCC countries have announced economic stimulus packages. The budgetary effect of stimulus will be 5% of GDP in Saudi Arabia and 1%-2% of GDP elsewhere, predicts Fitch. Nevertheless, governments with the weakest balance sheets are offsetting this with new austerity measures. Bahrain has announced spending cuts of 30%. Oman and Saudi Arabia are planning cuts of 10% and 12%, respectively. Saudi Arabia is planning to triple VAT to 15% in July 2020.

Tourism accounts for 10%-20% of GDP across MENA's non-oil economies, as per the Fitch report. Net remittances account for 4%-7% of GDP in current account receipts across Lebanon, Tunisia, Morocco, Jordan and Egypt.

Lockdowns are therefore hitting external receipts, employment and GDP growth and worsening budget deficits and government debt trajectories despite the direct benefits from much lower oil prices. Weaker finances in the GCC can also spill over into weaker inflows into the rest of the MENA region, added the Fitch report.

IMF REACHES AGREEMENT ON A 12-MONTH US\$ 5.2 BILLION STAND-BY ARRANGEMENT WITH EGYPT

Egypt's Stand-By Arrangement (SBA) -following support under the IMF's Rapid Financing Facility (RFF)- aims to alleviate the economic impact of the COVID-19 pandemic, helping maintain macroeconomic stability, strengthen the social safety net, and support reforms to spur private sector-led growth and job creation, as per a recent IMF statement.

Financing from Egypt's international partners will be critical to support the key reform objectives and ensure reform success.

In response to a request from the Egyptian authorities, an International Monetary Fund (IMF) mission held virtual meetings from May 19 to June 5, 2020 with the Egyptian authorities to discuss IMF financial support for the authorities' policy plans to ensure macroeconomic stability and a strong economic recovery.

At the end of the virtual discussions, the IMF announced a staff-level agreement on economic policies that could be supported by a 12-month Stand-By Arrangement (SBA). The SBA, with requested access of SDR 3.8 billion (equivalent to around US\$ 5.2 billion), supports the authorities' efforts to maintain macroeconomic stability amid the COVID-19 shock while continuing to advance key structural reforms.

This will safeguard the gains achieved by Egypt over the past three years and put the country on strong footing for sustained recovery as well as higher and more inclusive growth and job creation over the medium term, as per the IMF.

The SBA will also aim to support health and social spending, improve fiscal transparency, and advance further reforms to spur private sector-led growth and job creation. The arrangement is also expected to catalyze additional bilateral and multilateral financial support. The agreement is subject to approval by the IMF's Executive Board, which is expected to consider Egypt's request in the coming weeks.

SAUDI ARABIA UNVEILS US\$ 13.3 BILLION STIMULUS PACKAGE TO PROTECT BANKS

Saudi Arabia unveiled a US\$ 13.3 billion stimulus package to protect banks against an expected drop in profits and rise in bad loans as they confront the Coronavirus pandemic and lower oil prices, as per Bloomberg.

The move by the central bank, the Saudi Arabian Monetary Authority, will help lenders amend and restructure loans, without additional fees, and support private sector employment and credit. It follows a SR 50 billion (US\$ 13.3 billion) program in March to help banks provide loans to businesses so companies did not have to cut jobs.

Saudi Arabia's non-oil economy is expected to contract for the first time in over 30 years. Lenders in the world's largest oil exporter, already dealing with a fragile economy before this year's crisis, are expected to be hit hard as lockdown measures and lower government spending impact earnings and increase defaults.

Central banks around the world in recent months have unveiled emergency stimulus packages after the pandemic forced authorities to restrict international travel and shut down large parts of their economies. Saudi Arabia's injection shows that SAMA is committed to support the sector beyond SMEs in this unprecedented crisis, as per Bloomberg Intelligence.

This is likely to boost liquidity at no cost and mitigate part of the pressure on banks from relief repayments or debt restructuring to sectors beyond SMEs, as per the same source.

UAE NON-OIL PRIVATE SECTOR CONTRACTS FOR FIFTH CONSECUTIVE MONTH IN MAY, SAYS IHS MARKIT

The United Arab Emirates' (UAE) non-oil private sector contracted for the fifth consecutive month in May, although at a slower pace than in April and March as Coronavirus lockdown measures were eased.

The seasonally adjusted IHS Markit UAE Purchasing Managers' Index (PMI), which covers manufacturing and services, rose to 46.7 in May from 44.1 in April, which was the second consecutive record-low reading. It remained below the 50.0 mark that separates expansion from contraction.

According to the report, the change in curfew hours in May helped to lighten the impact on the UAE economy. However, the reading signaled that the market environment remained weak, particularly as new orders data showed another steep fall in demand.

While the easing of lockdown measures has helped soften the contraction, the output sub-index still shrank in May, though at a slower pace, rising to 45.7 from 39.9 in April, which was a low in the survey's history.

The sentiment for future output hit a joint-lowest point in the survey, though about 20% of businesses said they expected activity to expand while 8% said they expected it to decline, the report said.

The new orders sub-index improved marginally from April and March, though it remained firmly in contractionary territory. The impact from COVID-19 and curfew policies was again evident, according to respondents, with firms seeing a fall in new contracts and continued slowdown of market activity.

DUBAI'S ECONOMY TO COME UNDER PRESSURE IN 2020 AS IT FACES ABOUT US\$ 10 BILLION IN DEBT MATURITIES, SAYS BANK OF AMERICA

Dubai's economy to come under pressure in 2020 as it faces about US\$ 10 billion in debt maturities this year while revenues are expected to drop in line with the pattern of the 2009 crisis, Bank of America said in a research note.

Measures to stem the spread of the Coronavirus have dealt a blow to Dubai's economy, bringing vital industries like tourism and aviation to a near halt.

Bank of America estimates that Dubai's fiscal deficit could widen to US\$ 4.4 billion, or 3.9% of GDP, and could be as high as 5.3% if interest payments on a loan from Emirates NBD, Dubai's biggest lender, are included.

Financing of the fiscal deficit or liquidity injection into government-related entities (GREs) will likely primarily be via loans from ENBD, Bank of America said. Dubai could also draw on US\$ 1.4 billion in deposits at ENBD or issue privately placed bonds, as per the report.

International Monetary Fund data puts Dubai government and GRE debt at 110% of GDP, unchanged in nominal terms since the 2009 global financial crisis, but Bank of America said "more corporate distress" was possible in a sustained downturn.

Sustained revenue losses could generate corporate solvency concerns if the recovery is shallow," it said. Citing IMF data, the report said Dubai and government-related entities face some US\$ 10 billion in debt repayments this year.

It is expected that the government and banks would receive support from oil-rich Abu Dhabi and the UAE Central Bank, if needed, but that debt redemptions from Dubai government companies in the coming years were more at risk, as per Bank of America.

JORDANIAN BANKS RECEIVE 4,088 LOAN REQUESTS TO BENEFIT FROM CBJ'S PROGRAM TO SUPPORT SMES

Jordanian banks received around 4,088 loan requests at a value of JD 470 million as part of the Central Bank of Jordan's (CBJ) program to support SMEs, as per the CBJ.

In a statement, the bank said that so far, it has accepted a total of 2,341 requests at a value of JD 233 million, while the rest of the applications are being considered.

The program was launched to support SMEs in covering their operational costs and to protect existing job opportunities, a move stemming from the bank's keenness to support the sustainability of SMEs amid the COVID-19 crisis.

SURVEYS

40 COMPANIES FROM THE ARAB WORLD IN THE FORBES GLOBAL RANKING OF THE WORLD'S TOP 2,000 COMPANIES

This year's Forbes Global 2000 list saw the inclusion of 40 companies from the Arab world in the magazine's ranking of the world's top 2,000 companies. The rankings are a mix of the results of assets, profits, revenues, and market value. Oil giant Saudi Aramco made its debut in the fifth place as the most valuable company in the world with a market value worth US\$ 1.6 trillion, after completing the largest-ever IPO in the world last year. Aramco was also listed as the most profitable company worldwide with US\$ 88.2 billion in profits, and the only firm in the top 100 companies. Saudi Arabia contributed by 14 names to the list, becoming the most represented Middle Eastern country on the list.

The second most valuable company in Saudi Arabia was the Saudi Basic Industries Corporation (SABIC), which ranked third regionally on the list and 212th globally with a market value of US\$ 59.8 billion and profits of US\$ 1.5 billion. Saudi Telecom Company (stc) held the fifth rank regionally and the 335th overall with a market value worth US\$ 48.3 billion. The National Commercial Bank (NCB) was the 396th globally with assets worth US\$ 135.2 billion and a market value of US\$ 29.6 billion. The list included a number of Saudi banks namely, Al Rajhi Bank, Riyadh Bank, Saudi British Bank (SABB), Banque Saudi Fransi (BSF), Arab National Bank (ANB) and Alinma Bank. Saudi Electricity Company (SEC), Saudi Arabian Mining Company (Maaden), and Almarai Company followed and were ranked 590, 1508, and 1618, respectively.

The UAE had the second biggest representation on the list with nine companies. First Abu Dhabi Bank (FAB) ranked the fourth regionally and the 303rd globally with a market value of US\$ 34.4 billion and US\$ 227.4 billion in assets. Emirates NBD was ranked the sixth regionally and the 351st globally, followed by Emirates Telecommunication Group (Etisalat), which came in the seventh place regionally and the 358 on the global list. Moreover, the list included other Emirati banks, such as the Abu Dhabi Commercial Bank (ADCB), the Dubai Islamic Bank (DIB), Abu Dhabi Islamic Bank (ADIB), and Mashreq Bank. In addition, DP World and Emaar Properties were featured on the list, placed 715 and 981 worldwide with assets worth US\$ 34.1 billion and US\$ 31.8 billion, respectively.

Bahrain's Ahli United Bank (AUB) and Oman's Bank Muscat were on the list with assets of US\$ 40.3 billion and US\$ 31.9 billion, respectively.

Egypt's Commercial International Bank (CIB) made the list with a market value and assets worth US\$ 6 billion and US\$ 24.1 billion, respectively.

TOP TEN ARAB COMPANIES AND BANKS IN FORBES GLOBAL 2000 COMPANIES

	Country	Global Rank	Market Value (US\$ billion)
Saudi Arabian Oil Company (Saudi Aramco)	KSA	5	1,684.8
Qatar National Bank	Qatar	190	43.7
Saudi Basic Industries	KSA	212	59.8
First Abu Dhabi Bank	UAE	303	34.4
Saudi Telecom	KSA	335	48.3
Emirates NBD	UAE	351	14.8
Etisalat	UAE	358	36.7
National Commercial Bank	KSA	396	29.6
Al Rajhi Bank	KSA	473	38.1
Saudi Electricity	KSA	590	18.9

Sources: Forbes, Bank Audi's Group Research Department

The National Bank of Kuwait (NBK) headed Kuwaiti companies on the list with US\$ 96.5 billion in assets. Kuwait Finance House (KFH) and Mobile Telecommunications (Zain) managed to make the list with assets worth US\$ 63.9 billion and US\$ 15.6 billion, respectively.

Qatar's Qatar National Bank (QNB) was the top bank regionally with a market value and assets of US\$ 43.7 billion and US\$ 264.9 billion, respectively. Other banks on the list were Qatar Islamic Bank (QIB), Masraf Al Rayan and the Commercial Bank of Qatar (CBQ).

Attijariwafa Bank (1138) and Banque Centrale Populaire (BCP) (1,813) were the only companies from Morocco on the list, while Lebanon's Bank Audi and Blom Bank were ranked 1,502, and 1,559, respectively. Jordan's Arab Bank came in the 1,466th place with a market value of US\$ 4.3 billion and US\$ 37.1 billion worth of assets.

DUBAI RANKS FIRST IN THE WORLD FOR AIR PASSENGER TRAFFIC IN FIRST QUARTER OF 2020

Dubai International Airport (DXB) has clinched the global top rank for welcoming the highest number of international passengers at 17.8 million during the first quarter of the year, despite recording a year-on-year drop of 19.9% over the ongoing Covid-19 crisis, said the new report released by Airports Council International (ACI) World.

DXB was also ranked the fourth busiest airport globally for total passenger traffic in the first quarter of the year, after Atlanta, Beijing and Los Angeles, said the report.

ACI has revealed in the report its preliminary world airport traffic rankings covering passenger traffic, cargo volumes, and aircraft movements for 2019 combined with a glimpse of 2020 data which shows the dramatic impact of Covid-19 on airports in the first quarter.

Passenger traffic at the world's top 20 busiest airports grew by 1.7% in 2019. With more than 1.5 billion passengers passing through their terminals, this group of 20 represented 17% of global passenger traffic.

The ongoing Covid-19 crisis, however, has brought airports around the world to a virtual standstill, resulting in airport traffic and revenue losses across all regions. ACI World now estimates a reduction of more than 4.6 billion passengers and more than US\$ 97 billion in revenue for 2020.

The combined 2019 and 2020 data shows the dramatic decline in air travel in the first quarter of 2020. In the top five, Beijing Airport notably experienced a -62.6% decline in passenger traffic but large decreases were also recorded across other top 20 airports in Asia-Pacific as the Covid-19 outbreak began to take hold in that region.

ACI data shows that the outbreak of Covid-19 had a dramatic and immediate impact on the world's airports and the wider aviation ecosystem. From a period of sustained passenger traffic growth in 2019, the industry is now in survival mode, crippled by the loss of passenger traffic and revenues.

This year will pose major and unprecedented challenges for the industry as the impacts of travel restrictions and lockdown measures introduced in response to the pandemic remain an existential threat to the aviation industry unless governments can provide appropriate relief and assistance.

Airports are critical in the air transport ecosystem which is a key driver of local, regional and national economies, as per the same source.

As for cargo, against a global economic backdrop that remained quite challenging, air cargo volume experienced a decline of -3.9% at the world's top 20 airports as they handled a combined 48 million metric tons of cargo. Hong Kong Airport remains the largest air cargo hub, handling 4.8 million metric tons of cargo in 2019, but it experienced a decline in volume of -6.1% compared to 2018. Memphis Airport was in second place and Shanghai Airport came in third. All three experienced considerable declines in the first quarter of 2020 while Louisville Airport and Incheon recorded growth in cargo during the first stages of the Covid-19 outbreak.

CORPORATE NEWS

KHARAFI NATIONAL WORKING ON PROJECTS WORTH US\$ 88 MILLION IN EGYPT

Kuwait-headquartered industrial project developer and contractor Kharafi National is working on projects worth LE 1.4 billion (US\$ 88 million) across various sectors in Egypt, a top company executive said.

The company is scheduled to deliver this year a 500kv substation project in West Damietta worth LE 500 million (US\$ 31.6 million) in partnership with Chinese contractors Shandong Taikai and NHVS.

Other ongoing projects include total facility management and infrastructure works contracts totaling LE 650 million (US\$ 41.1 million) for Madinat Nasr for Housing & Development (MNHD) for their Taj Sultan and Sarai residential projects respectively, a LE 140 million (US\$ 8.8 million) infrastructure works contract for Emaar Misr's Marassi development on the North Coast, and a 9,000 cubic meters/day compact wastewater treatment project worth LE 140 million (US\$ 8.8 million) for Mostakbal Company for Urban Development, as per the same source.

FIVE INTERNATIONAL CONSORTIA BID FOR SAUDI SEWAGE TREATMENT PLANT PROJECT

Saudi Water Partnership Company (SWPC) announced that five international consortia have been pre-qualified to bid for two new independent sewage treatment plants (ISTPs) in the Buraydah and Tabuk regions of the Kingdom.

The consortia include those led by Spanish groups Acciona Agua (with partner International Water Distribution Company Tawzea), FCC Aqualia (with partner Alkhorayef Water & Power Technologies and Alfanar Company) and G S Inima Environment (with Al Jomaih Energy and Water Company).

The other prequalified bidders are leading Japanese group Marubeni Corporation and Metito Utilities Limited, a leader in total intelligent water management solutions in emerging markets.

Located near the city of Buraydah (in the Qassim region) in north-central Saudi Arabia, 400 kms from Riyadh, The Buraydah 2 ISTP will have a total treatment capacity of 150,000 cu m/day, while Tabuk 2 ISTP, located in the Kingdom's north-western region, will have a total treatment capacity of 90,000 cubic meters/day.

As per the agreement, SWPC will conduct a competitive process to select a developer or developer consortium for the development, financing, engineering, procurement, construction, implementation, ownership, operation, maintenance and transfer of the projects, together with associated infrastructure and facilities.

The successful bidder will be awarded the Bundled ISTPs but each project shall be implemented by a separate project company, which will be incorporated by the successful bidder following award of the Bundled ISTPs.

Under a 25-year sewage treatment agreement (STA) with SWPC, the two project companies to be incorporated to develop each project will treat the entire sewage capacity supplied by SWPC.

EGYTRANS WINS TENDER FOR WAREHOUSE BUILDING IN AFRICA

The Egyptian Transport and Commercial Services Co (Egytrans) won a tender launched by the Holding Company for Maritime and Land Transport as part of the Gosour project which aims to promote trade in Africa.

Under the deal, Egytrans will conduct technical studies and market research to choose the right locations for building warehouses in Middle and East Africa in partnership with B2B, according to a statement.

MADAYN SIGNS MARMUL INDUSTRIAL CITY DEAL WITH PDO

The Public Establishment for Industrial Estates (Madayn) signed a memorandum of cooperation with Petroleum Development Oman (PDO) to establish an industrial city within the industrial and logistics complex in Marmul.

Through the agreement that was signed remotely due to the Covid-19 pandemic, Madayn aims at financing, developing, operating and attracting investments to the industrial city located in the south within PDO's concession area, which is 800 kms away from the capital Muscat.

UAE'S LAMPRELL WINS KEY EPIC CONTRACT IN SHARJAH

UAE-based Lamprell has been selected by Sharjah National Oil Corporation (SNOC) to undertake a medium-sized engineering, procurement, installation and commissioning (EPIC) contract associated with the Mahani gas and condensate field in Sharjah.

Scheduled for completion in early 2021, Lamprell's scope of work is specific to the Mahani Extended Well Test project and includes hook-up and installation at the well, existing systems upgrade, associated tie-ins and a new 25 kms export pipeline.

Discovery of the onshore Mahani field was announced by SNOC and its partner Eni at the end of January 2020.

Lamprell, based in UAE and with over 40 years' experience, is a provider of fabrication, engineering and contracting services to the offshore and onshore oil & gas and renewable energy industries.

SHARJAH'S SRTIP SIGNS MoU WITH INTEL

Sharjah Research Technology and Innovation Park (SRTIP) signed a memorandum of understanding (MoU) with Intel, aiming for enhanced collaboration to implement initiatives and projects in the field of innovation and future technologies in Sharjah and the Northern Emirates.

The MoU will also pave the way for exchanging knowledge, expertise, and studies to support the activities of the "Sharjah Open Innovation Lab" (SoiLAB) using the latest high-impact artificial intelligence technologies and accelerators. The cooperation will play an important role in supporting the efforts of the park in positioning Sharjah as a regional and global center for research and innovation.

Intel will strengthen its cooperation with Sharjah Research Technology and Innovation Park by organizing and conducting workshops in various fields related to information technology, especially in education, video analytics, the Internet of Things (IoT) artificial intelligence (AI); and exchanging best practices and solutions to support the activities of the park and the companies working through the Intel Innovation Centre in Dubai.

The aspects of cooperation will also include increasing the capacity to develop the usage of information technology, in addition to working jointly to develop a local system of projects to demonstrate concepts of IoT technologies on the sites under the umbrella of Sharjah Research Technology and Innovation Park.

ABU DHABI'S NATIONAL TAKAFUL ACQUIRES 4.9% STAKE IN DUBAI'S DAR AL TAKAFUL

National Takaful Company (Watania) purchased a 4.9% stake in Dar Al Takaful, the company said in a statement.

The stake amounts to AED 5.9 million (US\$ 1.6 million), the Abu Dhabi-listed Watania said.

Dar Al Takaful is an Islamic insurance company listed on the Dubai Financial Market (DFM).

CAPITAL MARKETS

EQUITY MARKETS: WEEKLY PRICE GAINS IN REGIONAL EQUITIES ON OIL PRICE RALLY AND IMPROVED BUSINESS ACTIVITY

MENA equity markets traced an upward trajectory during this week, mainly driven by strong oil price gains on rising speculation about prolonged record global production cuts ahead of OPEC+ meeting, and on signs of improved business activity in the region with the rollback of coronavirus-related lockdowns. This was reflected by a 2.9% rise in the S&P Pan Arab Composite index.

The heavyweight Saudi Tadawul captured the lion's share of regional activity this week (circa 81% of the total), while registering decent price gains of 2.9%. The latter was mainly driven by a double-digit increase in Brent oil prices (+11.8%) after OPEC+ members reached a tentative deal to extend record global output cuts by one month ahead of a meeting that was held on June 6, 2020, in addition to signs of recovery in the Saudi non-oil economy in May 2020 after restrictions imposed to contain the spread of the COVID-19 pandemic began to ease. The seasonally-adjusted IHS Markit Saudi Arabia Purchasing Managers' Index rose from 44.4 in April 2020 to 48.1 in May 2020.

A closer look at individual stocks shows that SABIC's share price surged by 6.1% over the week to SR 88.10. Petro Rabigh's share price went up by 2.5% to SR 13.84. Petrochem's share price jumped by 4.3% to SR 23.56. Yansab's share price increased by 3.6% to SR 51.70. Also, NCB's share price closed 5.5% higher at SR 39.45. Al Rajhi Bank's share price rose by 3.4% to SR 58.10. Banque Saudi Fransi's share price closed 1.5% higher at SR 30.20. Maaden's share price climbed by 9.5% to SR 36.75.

The Qatar Exchange posted decent price rises of 3.7% week-on-week, mainly driven by an oil price rally ahead of an OPEC+ meeting that has decided on prolonged record production cuts until the end of July 2020, and on improved sentiment after the Kuwaiti Prime Minister signaled a progress in resolving a three-year stand-off between Qatar and its Gulf neighbors. Industries Qatar's share price jumped by 8.0% to QR 8.50. Nakilat's share price surged by 6.5% to QR 2.45. Gulf International Services' share price climbed by 7.5% to QR 1.448. QNB's share price went up by 1.9% to QR 18.01. Qatar Islamic Bank's share price went up by 3.9% to QR 16.0.

The UAE equity markets registered a 5.0% surge in prices week-on-week, mainly fueled by strong oil price gains, some favorable company-specific factors, and as the UAE non-oil private sector showed signs of recovery in May 2020 after relaxing coronavirus-induced lockdowns. The UAE's headline

EQUITY MARKETS INDICATORS (MAY 31 TILL JUNE 06, 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	57.3	0.6%	-17.8%	2.0	39.4%	0.2	6,386.0	1.6%	6.0	0.51
Jordan	297.3	0.5%	-17.4%	29.2	105.1%	27.9	18,261.1	8.3%	10.9	1.26
Egypt	264.2	3.3%	-23.5%	307.7	-	1,445.4	38,524.3	41.5%	8.1	1.77
Saudi Arabia	316.5	2.9%	-14.1%	8,098.0	-	1,531.7	2,177,584.9	19.3%	16.2	2.36
Qatar	163.4	3.7%	-11.6%	562.6	-	888.2	142,963.2	20.5%	15.4	1.95
UAE	88.4	5.0%	-22.0%	592.3	-7.1%	1,038.9	221,690.0	13.9%	10.9	1.59
Oman	176.5	-0.6%	-12.2%	11.5	14.6%	22.3	15,284.0	3.9%	9.5	0.83
Bahrain	118.4	0.0%	-27.8%	9.0	270.9%	14.3	16,918.0	2.8%	9.8	1.26
Kuwait	93.3	0.2%	-22.2%	331.7	36.6%	713.3	84,362.9	20.4%	14.6	1.59
Morocco	231.3	3.7%	-20.5%	72.9	-7.8%	4.9	53,822.2	7.0%	16.6	2.62
Tunisia	66.0	3.5%	-8.8%	8.6	91.6%	4.0	7,801.7	5.7%	13.5	2.78
Arabian Markets	659.4	2.9%	-16.4%	10,025.6	910.3%	5,691.2	2,783,598.3	18.7%	15.4	2.23

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

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

seasonally adjusted IHS Markit PMI increased to 46.7 in May 2020 from a record low of 44.1 in April 2020. In Dubai, Dubai Investments' share price skyrocketed by 11.1 % to AED 1.30. Dubai Investments' shareholders approved the payment of a 10% cash dividend for the year 2019. Air Arabia's share price surged by 8.5% to AED 1.15. Air Arabia said that it would allow transit flights to resume after suspending them in March 2020. Emirates NBD's share price went up by 3.9% to AED 8.98. Dubai Islamic Bank's share price closed 3.7% higher at AED 3.68.

In Abu Dhabi, ADNOC's share price increased by 1.4% week-on-week to AED 2.93. ADNOC is close to sealing a deal with a consortium of investors backed by New York-based Global Infrastructure and Canada-based Partners Brookfield Asset Management to sell a stake of up to 49% in its natural gas pipelines business. Etisalat's share price surged by 6.8% to AED 16.70. Etisalat's Egyptian unit Etisalat Misr signed transmission and mobile-to-fixed interconnection agreements with Telecom Egypt. First Abu Dhabi's share price rose by 4.2% to AED 11.54. ADCB's share price jumped by 13.0% to AED 4.97.

The Egyptian Exchange posted a 3.3% rise in prices week-on-week, mainly on improved sentiment as Egypt's non-oil private sector showed signs of recovery in May 2020 after eased coronavirus-related restrictions. The headline IHS Markit Egypt Purchasing Managers' Index rose to 40.7 in May 2020 from 29.7 in April 2020. Commercial International Bank's share price surged by 5.6% to LE 65.98. Ezz Steel's share price rose by 2.7% to LE 6.08. Vodafone Egypt's share increased by 3.2% to LE 160.0. Talaat Moustafa Group's share price closed 2.4% higher at LE 5.17. Palm Hills Development's share price climbed by 6.7% to LE 1.14.

FIXED INCOME MARKETS: MENA BOND MARKETS MOSTLY UP ON EXTENDED OIL PRICE GAINS

Activity in MENA fixed income markets was mostly skewed to the upside this week, mainly supported by an oil price rally ahead of an OPEC+ meeting that has decided on an extension of record oil production curbs through July 2020, while some regional papers traced a downward trajectory, mainly tracking US Treasuries move, amid better-than-expected US jobs report and falling US unemployment rate in May 2020.

In the Dubai credit space, sovereigns maturing in 2029 posted price gains of 0.52 pt week-on-week. Prices of Emaar'26 increased by 0.58 pt. DP World'30 traded up by 0.75 pt. Emirates Airline'28 was down by 0.28 pt. As to papers issued by financial institutions, DIB Perpetual (offering a coupon of 6.75%) registered price rises of 0.62 pt. Emirates NBD Perpetual (offering a coupon of 6.125%) closed up by 2.88 pts. As to plans for new issues, Dubai Islamic Bank is reviving plans to issue a US dollar-denominated Sukuk, a bond sale that the bank postponed during the financial market volatility earlier this year.

In the Abu Dhabi credit space, sovereigns maturing in 2029 closed down by 0.25 pt this week. Prices of Mubadala'24 increased by 0.11 pt. Etisalat'24 closed up by 0.52 pt. Taqa'26 registered price improvements of 1.24 pt. Amongst financials, Al Hilal Bank'23 traded up by 0.70 pt. Prices of ADCB'23 rose by 0.37 pt. As to new issues, First Abu Dhabi Bank raised US\$ 500 million in privately placed 30-year Formosa bonds with a 0% coupon. Elsewhere in the UAE, Sharjah raised this week US\$ 1 billion through the sale of a seven-year Sukuk at 245 basis points over midswaps, 30 bps tighter than the initial price guidance.

In the Saudi credit space, sovereigns maturing in 2030 posted price falls of 0.13 pt week-on-week. Prices of Saudi Aramco'24 declined by 0.22 pt. STC'29 closed up by 0.41 pt. Prices of SABIC'28 improved by 2.48 pts. SECO'24 was up by 0.06 pt.

In the Qatari credit space, sovereigns maturing in 2024 and 2029 registered price contractions of 0.25 pt and 0.50 pt respectively this week. Ooredoo'25 was up by 0.85 pt. As to papers issued by financial institutions, Commercial Bank of Qatar'23 closed up by 0.72 pt. QIB'24 saw price improvements of 0.38 pt. QNB'24 was up by 0.16 pt. QNB is marketing five-year Chinese yuan-denominated bonds at a final price guidance of 3.8%.

In the Iraqi credit space, sovereigns maturing in 2023 and 2028 registered price gains of 0.25 pt and 0.20 pt respectively week-on-week. Regarding plans for new issues, the Iraqi government asked the Parliament for authorization to borrow from international markets in an attempt to plug a widening budget deficit in 2020.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025 and 2030 registered price gains of up to 0.88 pt week-on-week, while Egypt'40 closed down by 0.13 pt. Euro-denominated sovereigns maturing in 2025 posted price rises of 0.86 pt, while sovereigns maturing in 2030 were down by 0.23 pt.

On the overall, regional bond markets saw mostly upward price movements this week, mainly driven by an oil price rally on bets over OPEC+ extended oil production curbs. Within this context, it is worth mentioning that Fitch has raised its average Brent forecast for the year 2020 by US\$ 7/bbl to US\$ 40/bbl, as OPEC+ compliance with output cuts has exceeded expectations and there appears to be consensus within the group to continue to closely manage the market, as per the international rating agency.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	05-Jun-20	29-May-20	31-Dec-19	Week-on-week	Year-to-date
Abu Dhabi	79	95	36	-16	43
Dubai	192	221	91	-29	101
Kuwait	78	88	37	-10	41
Qatar	82	95	37	-13	45
Saudi Arabia	119	140	57	-21	62
Bahrain	403	426	176	-23	227
Morocco	146	151	91	-5	55
Egypt	531	561	277	-30	254
Iraq	703	862	384	-159	319
Middle East	259	293	360	-34	-101
Emerging Markets	235	288	148	-53	87
Global	174	260	163	-86	11

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/-/SD	Ca/Stable	RD-/C		
Syria	NR	NR	NR		
Jordan	B+/Stable/B	B1/Stable	BB-/Negative/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+/Stable/B	B2/Stable	BB-/Stable/B		
Oman	BB-/Negative/B	Ba2/RUR	BB-/Negative/B		
Yemen	NR	NR	NR		
NORTH AFRICA					
Algeria	NR	NR	NR		
Morocco	BBB-/Stable/A-3	Ba1/Stable	BBB-/Negative/F3		
Tunisia	NR	B2/RUR	B/Stable/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\$)	05-Jun-20	29-May-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)	16.23	15.85	16.05	2.4%	1.1%
Iraqi Dinar (IQD)	-	-	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)	3.68	3.66	3.66	0.3%	0.4%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	-0.3%	1.4%
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)	128.21	128.21	119.05	0.0%	7.7%
Moroccan Dirham (MAD)	9.68	9.78	9.57	-1.1%	1.2%
Tunisian Dinar (TND)	2.84	2.87	2.83	-1.1%	0.2%
Libyan Dinar (LYD)	1.41	1.42	1.40	-0.7%	0.8%
Sudanese Pound (SDG)	55.14	55.14	45.11	0.0%	22.2%

Sources: Bloomberg, Bank Audi's Group Research Department

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