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Egypt is seeking to double the number of visitors to the country in the next five years. Indeed, Egypt is aiming at reaching 30 million visitors by 2028, as its once-thriving tourism sector recovers from the fallout of the coronavirus pandemic and the grinding war in Europe following Russia's invasion of Ukraine, Egypt's Tourism Minister recently said.

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MENA equity markets plunged deeper into the red this week, as reflected by a 2.3% fall in the S&P Pan Arab Composite index, mainly tracking global equity weakness (-1.9%) on concerns that a prolonged conflict in the Middle East may derail an already fragile global economy, and dragged by falling oil prices after recent economic data showed that the business activity in the Eurozone slowed to a three-year low in October 2023. In contrast, regional bond markets saw across-the-board price gains, mainly as market players flew to safety amid heightened conflict risks in the Middle East, while also tracking US Treasuries move after recent US economic data suggested inflation pressures continue to dissipate despite stronger-than-expected growth in the US real economy in the third quarter of 2023, fueling bets about an interest rate pause by the US Fed in its November FOMC meeting.

MENA MARKETS: OCTOBER 22 - OCTOBER 28, 2023

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-2.3%	Weekly Z-spread based bond index	-0.8%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-5.9%	YTD Z-spread based bond index	+74.6%

ECONOMY

EGYPT AIMS TO DOUBLE NUMBER OF TOURISTS TO REACH 30 MILLION BY 2028

Egypt is seeking to double the number of visitors to the country in the next five years. Indeed, Egypt is aiming at reaching 30 million visitors by 2028, as its once-thriving tourism sector recovers from the fallout of the coronavirus pandemic and the grinding war in Europe following Russia's invasion of Ukraine, Egypt's Tourism Minister recently said.

"We're seeing unparalleled demand, unprecedented demand for travel into Egypt," he stated. He said Egypt had received 10 million tourists in the first eight months of 2023, and was "well on track to achieve around 15 million this year, which is going to be a record year for the tourism industry."

The sector is a major source of foreign currency for the cash-strapped North African country. Last year, tourism revenues surged to US\$ 10.7 billion, up from around US\$ 5 billion in 2021, according to the Egyptian central bank.

The government's plan focuses on the supply side which includes increasing the number of hotel rooms in the country and seats on flights to Egypt by more than 30% annually, as well as encouraging more private investment in the tourism sector.

Tourism Minister said they would add 25,000 hotel rooms to Egypt's current capacity of about 210,000. Such an increase, he said, would help the government achieve its target of 18 million tourist visits in 2024. "That will be the fastest growth in (hotel) rooms in Egypt over the past 20 years," he said.

Egypt has made a years-long effort to revive its battered tourism industry. The sector was badly hit during and after the popular uprising in 2011 that toppled longtime autocrat Hosni Mubarak and the ensuing unrest. The country received over 14 million tourists in 2010.

The coronavirus, followed by the Russian invasion of Ukraine, dealt another blow, just as the sector was getting back on its feet.

In recent years, the government has touted its ancient history as a major selling point. It has publicized pharaonic discoveries, building and renovating museums and tourist sites across the country.

The Minister spoke to the Associated Press from the Egyptian Museum in Cairo, a neoclassical structure built in the late 19th century and the first purpose-built museum in the Middle East and North Africa. The museum is one of the most popular tourist attractions in Cairo, drawing an average of 10,000 visitors a day, said museum director. It holds tens of thousands of antiquities in its collection, some of which have never been exhibited.

In recent years, the government has embarked on renovating the museum, in cooperation with five major institutions in Europe, including the British Museum and the Louvre in Paris.

For decades, the museum in central Cairo was the main facility housing Egyptian heritage treasures. But in recent years, the government transferred many artifacts — such as the prized royal mummies — to the newly opened National Museum of Egyptian Civilization and the Grand Egyptian Museum, a mega-project which has been under construction for well over a decade near the famed Giza Pyramids. The Tourism Minister said they were working to finish construction and complete the installation by the end of the year, and the museum would be ready for its opening ceremony "very soon."

UAE DISCUSSES TOURISM COOPERATION WITH UNWTO AND FOUR COUNTRIES

The United Arab Emirates (UAE) has held meetings with Brazil, Spain, Uzbekistan, Georgia and the United Nations World Tourism Organization (UNWTO) with the aim to explore ways to develop the national and global tourism sectors. This comes as part of the UAE's plan to increase the tourism sector's input to its GDP to AED 450 billion (US\$ 122.5 billion) by 2031.

It is worth noting that the UAE has achieved total revenues of AED 26 billion (US\$ 7.1 billion) from hotels within the country in the first seven months of 2023. This figure denotes a growth of 24% compared to the same period of the year prior. Additionally, the country aims to attract AED 100 million (US\$ 27.3 million) in tourism investment and 40 million hotel guests to the country.

The meetings were held on the sidelines of the 25th session of the General Assembly of the UNWTO where the UAE participated as the Vice President for the Middle East.

During a meeting between the Emirati Minister of Economy and the Brazilian Minister of Tourism, the two sides explored ways to strengthen their cooperation while highlighting the depth and vitality of existing relations. Additionally, the government of the UAE aims to build on the current momentum in the bilateral ties between the country and Brazil in a bid to explore additional promising opportunities in the markets of both countries. The two ministers agreed to bolster tourism flows between Brazil and the UAE through multiple joint programs and initiatives in parallel to a broad participation by the private sector as well as maximizing the tourism sector's contribution to both countries' GDP.

The Emirati Minister of Economy additionally met with the Spanish Minister of State for Tourism in a bid to explore more opportunities including those in the tourism sector to support joint sustainable development efforts.

Ways to increase tourism exchanges between the two countries was also tackled with the importance of introducing new mechanisms that enhance this momentum sustainably and contribute to the development of joint tourism projects being noted.

The UAE's Minister of Economy met with the Uzbek Minister of Environment, Environmental Protection & Climate Change and Responsible for the country's tourism portfolio in order to discuss ways to bolster cooperation between the UAE and the UNWTO as well as further develop the UAE's tourism sector and promote sustainable growth.

During the meeting both ministers discussed future trends to enhance the tourism sector's contribution to the growth of regional and international economies. Additionally the Tourism Satellite Account project was discussed with the aim of bolstering the UAE's statistical system in the tourism sector through training and qualifying nationals to work within the sector.

It is worth noting that tourism plays a crucial role in the UAE's national economic growth making its development a priority for the Emirati government. The UAE has highlighted its tourism diversity and the unique features and characteristics of all seven emirates over the past few years.

This was done to attract more global players to the country's national markets and encourage national investments in the tourism sector's projects. Through these results, the UAE's position on the regional and global travel and tourism landscapes is consolidated and the tourism sector's contribution to national GDP is increased.

During the first seven months of 2023, the number of guests in the UAE's hotel establishments reached 16 million individuals. This figure leads to a total of 56 million hotel nights in turn recording a 15% increase year-on-year as compared with the first seven months of 2022.

Additionally, the total number of hotel establishments in the UAE reached 1,224 by the end of July 2023 while hotel occupancy rate reached 75% in the first seven months of the current year.

KUWAIT REGISTERS YEAR-ON-YEAR CPI INFLATION OF 3.7% IN SEPTEMBER

Kuwait has registered a year-on-year inflation of 3.7% in September 2023 as compared with September 2022 with all components of CPI showing inflations, as per data from the Kuwaiti Central Statistical Bureau (CSB).

This inflation was mainly driven by an inflation in the three components with the highest weight: Housing Services with a weight of 33.2% registered a year-on-year inflation of 3.1% in September 2023, Food & Beverages with a weight of 16.7% registered an increase in prices of 5.7% year-on-year in September 2023 and Home Furnishings & Maintenance Equipment with a weight of 11.4% inflated by 2.9% year-on-year over the month.

Additionally, year-on-year price inflations of 7.1%, 2.7% and 4.3% were recorded for Clothing & Footwear (with a weight of 8.0%), Transport (with a weight of 7.5%) and Services & Miscellaneous Goods (with a weight of 5.8%) respectively.

Education (with a weight of 4.2%) and Communication (with a weight of 4.0%) recorded year-on-year price inflations of 0.7% and 1.7% respectively in September 2023 as compared with the same month of the year prior, as per data from the Kuwaiti CSB.

In parallel, year-on-year increases in price for Recreation & Culture (with a weight of 3.9%) and Restaurants & Hotels (with a weight of 3.4%) of 3.1% and 3.5% respectively were recorded during September 2023.

Prices for Health (with a weight of 1.5%) and Cigarettes & Tobacco (with a weight of 0.3%) also inflated during the month by 2.4% and 0.3% year-on-year respectively.

It is worth noting that on a year-on-year basis the total index less food (with a weight of 83.3%) inflated by 3.3%, the total index less housing (with a weight of 66.8%) inflated by 4.0% and total index less food & housing (with a weight of 50.0%) recorded an inflation of 3.4%. On a month-on-month basis, the total index less food recorded a 0.4% inflation, total index less housing recorded a 0.3% inflation and total index less food & housing recorded a 0.3% inflation during September 2023, as per data from the Kuwaiti CSB.

SURVEYS/REPORTS

MENA VENTURE FUNDING IS UP BY 32% IN Q3 2023 COMPARED TO Q2, AS PER MAGNITT

MAGNiTT released its “Q3 2023 MENA Venture Investment” report. This report provides an update on how the latest investment trends have evolved across the MENA region in the first 9 months of 2023.

According to the latest release, MENA venture funding in Q3 saw US\$ 250 million raised across 78 deals. The funding levels have seen an uptick of 32% when compared to Q2 2023, while the number of deals has largely remained flat.

This contributed on aggregate to the first nine months of 2023 reaching US\$ 1.4 billion, down by 44% from the first nine months of 2022. The US\$ 1.4 billion was raised through 286 transactions, which was represented by a 46% decline from last year.

A trend highlighted in this report is after years of consistent declines, early-stage investments of less than US\$ 1 million saw an increased appetite from investors. In 2023, 44% of all deals were attributed to investments less than US\$ 1 million round size bracket. On the other hand, in 2019, around 80% of all investments fell into this bracket, and this number shrunk to 36% in 2022. The 44% figure in 2023 has been driven by the cautious investor sentiment favoring a shift to smaller-sized deals in the first three quarters of this year.

When comparing the funding activities across the countries in the region, Saudi Arabia has seen the most deployed capital, reporting a 41% y-o-y incline, and UAE ranked second showcasing a 57% incline.

By the number of transactions, UAE has seen the most activity capturing a third of all deals closed in MENA for the first nine months of 2023, despite a 30% y-o-y drop. Only Morocco, in the top 5 countries by transactions, could boast a y-o-y incline of 27% in the number of transactions closed. Furthermore, the sharpest decline was observed in Egypt, which saw a 70% retreat in the number of transactions compared to last year.

ACTIVITY LEVELS IN DUBAI'S RESIDENTIAL MARKET SOFTENED AMIDST CONTRACTION IN THE OFF-PLAN MARKET, AS PER CBRE

In September 2023, a total of 7,523 transactions were recorded in Dubai's residential market, registering a decline of 8.3% compared to a year earlier. This slowdown in activity levels has been underpinned by a drop of 41.5% in off-plan market sales, whereas secondary market sales increased by 30.5%. In the year to September 2023, the total transaction volumes reached 87,154.

This is the highest figure registered over this period, and despite the slowdown seen in the previous month, CBRE expects that the 2023 total would surpass the 92,144 registered in 2022.

In the year to September 2023, average prices in Dubai increased by 19.6%. Over this period, average apartment prices increased by 19.7%, reaching AED 1,357 per square foot and average villa prices increased by 18.9%, reaching AED 1,605 per square foot.

The average apartment sales rates across Dubai are still below the record levels witnessed in 2014 by 8.8%, although several key residential areas have long outperformed their 2014 benchmark. Average villa sales rates currently sit at 11.1% above their 2014 levels.

Downtown Dubai registered the highest sales rate per square foot in the apartment segment of the market, reaching AED 2,453, while Palm Jumeirah registered the highest sales rate per square foot in the villa segment of the market, reaching AED 4,995.

In the rental market, a moderation in the rate of growth continues to be seen, where in the year to September 2023, average residential rents increased by 20.6%, down from the 21.7% growth registered a month earlier. Over this period, average apartment and villa rents rose by 20.7% and 20.1%, respectively. The average annual apartment and villa rents reached AED 108,606 and AED 322,750, respectively, in September 2023.

The highest annual apartment and villa rents were respectively found in Palm Jumeirah, with average asking rents at AED 257,366, and in Al Barari, with average rents at AED 1,098,788.

EGYPT DOWNGRADED TO “B-” WITH “STABLE” OUTLOOK, AS PER S&P GLOBAL RATING

S&P Global Ratings lowered its long-term foreign and local currency sovereign credit ratings on Egypt from “B” to “B-”. S&P affirmed the short-term sovereign credit rating at “B”. The outlook is “stable”.

The “stable” outlook balances the risk that the Egyptian authorities may be unable to finance high external debt redemptions or address the country's foreign currency shortage against the possibility of an acceleration of key monetary and economic reforms that would help bridge Egypt's large external financing gap.

The downgrade reflects the recurring delays to the implementation of monetary and structural reforms, exacerbating imbalances in the currency market, deteriorating the net foreign asset position of systemic banks and delaying critical IMF disbursements and other multi- and bi-lateral financing. These funding sources include Gulf Cooperation Council (GCC) support, which S&P expects to continue. However, given the evolution in the nature of GCC funding toward greater conditionality and achieving economic returns, S&P has less confidence that additional financing would be forthcoming in a timely manner to cover all external funding gaps.

S&P views the government's very high debt servicing costs, which largely relate to its domestic debt (70% of the total), as a potential challenge to debt sustainability. Interest spending consumes over 40% of government revenues, limiting fiscal space to provide additional support to Egyptian households grappling with a severe, multi-year cost of living crisis.

The financial strength of Egypt's large commercial banking system, with total financial assets at about 130% of GDP, is highly correlated with that of the state. S&P estimates the banking sector gross claims on the general government, including securities and credit facilities, are equivalent to 60% of total assets.

Despite an agreement with the IMF to move to a flexible exchange-rate system, the government's response to currency pressures has been to impose controls on private sector imports, via the banking system. With presidential elections scheduled to take place in December, policymakers are understandably preoccupied about the second-round effects of a devaluation on inflation. Moreover, the authorities may be aiming to increase reserve buffers ahead of any exchange-rate adjustment to help smooth post-liberalization volatility. While such concerns are understandable, the costs of delaying exchange-rate liberalization are also high and rising, as per S&P. These include a reduction in badly needed remittance and investment inflows, alongside weaker private sector confidence.

CORPORATE NEWS

NEOM AND DSV FORM US\$ 10 BILLION LOGISTICS JOINT VENTURE

NEOM, a futuristic city being built in northwest Saudi Arabia on the Red Sea, and Denmark-based DSV, a global supply chain solutions leader, announced a US\$ 10 billion exclusive logistics Joint Venture (JV) to provide a full suite of ground, sea and air logistics services, in order to support the development of the projects taking shape in NEOM, as mentioned in a company's statement.

NEOM would hold 51% of the joint venture, with DSV holding the remaining 49%.

Under the agreement, the joint venture would provide end-to-end supply chain management, development and investments in transport and logistics assets and infrastructure, as well as transport and delivery of goods and materials within NEOM.

NEOM and DSV are committed to driving innovation and would allocate a portion of the JV's revenues to foster the development of groundbreaking technologies and commercialize new sustainable next-generation logistics solutions. The vision extends further by establishing a dedicated innovation center at NEOM.

The venture is expected to boost the Saudi economy, through infrastructure development and creating more than 20,000 job opportunities.

SAUDI KINGDOM HOLDING TO SET UP JV TO DEVELOP US\$ 533 MILLION RESORT WITH RED SEA GLOBAL

Saudi Arabia-based investment firm Kingdom Holding Company (KHC) entered into a US\$ 533.3 million (SR 2 billion) binding agreement with Red Sea Global Company (RSG) to set up a JV that would develop the Four Seasons Resort Red Sea, as indicated in a company's statement.

The resort is situated on Shura Island, the main hub island at The Red Sea destination.

The JV brings together KHC and RSG in a 50/50 partnership to develop and own the resort, which is expected to open in early 2025.

The resort would offer 149 rooms and suites, plus 31 residential properties, as well as six restaurants and lounge outlets, meeting and events spaces, a marine discovery center, and a Kids For All Seasons space.

MAWANI IN DEAL TO BUILD US\$ 266 MILLION INTEGRATED LOGISTICS PARK IN SAUDI ARABIA

The Saudi Ports Authority (Mawani) signed an agreement with Saudi Global Ports (SGP) to build a fully logistics park in Dammam at a total investment of nearly US\$ 266 million (SR 1 billion), as revealed in a company's statement.

The park is designed to offer comprehensive logistics services and innovative solutions, with a strong focus on sustainable practices and systems. It includes warehouses and yards equipped to store and handle all types of dry and refrigerated goods.

The park also features a bonded and re-export area specifically dedicated to sorting, distribution operations, and other value-added services.

This investment would create over 13,000 direct and indirect jobs within the logistics sector.

This initiative is expected to strengthen the role of the logistics sector in supporting the national economy and reinforce Saudi Arabia's position as a global logistics hub connecting three continents. This aligns with the National Strategy for Transport and Logistics Services and Vision 2030.

PIF AND HYUNDAI JV TO SET UP SAUDI AUTOMOTIVE PLANT

Saudi Arabia's Public Investment Fund (PIF) and Hyundai Motor Company announced a JV agreement to establish a highly automated vehicle manufacturing plant in Saudi Arabia, as indicated in a company's statement.

PIF would hold a 70% stake in the new joint venture with Hyundai holding the remaining 30%. Hyundai would also act as a strategic technology partner to support the development of the new manufacturing plant, by providing technical and commercial assistance.

The JV aims to manufacture 50,000 vehicles per year, including both Internal Combustion Engine (ICE) and Electric Vehicles (EV).

The new manufacturing plant would create thousands of jobs and allow for knowledge and expertise transfer. Additionally, the localization of Hyundai's vehicles would accelerate the development of Saudi Arabia's automotive and mobility ecosystem and attract further investments to the sector and the wider economy. The total investment for the project is estimated to exceed US\$ 500 million.

The plant groundbreaking is planned for 2024, and production is expected to begin in 2026.

QATARENERGY AND ENI SIGN LONG-TERM DEAL TO SUPPLY LNG TO ITALY

QatarEnergy and Eni, an Italian multinational energy company, signed a long-term LNG Sale and Purchase Agreement (SPA) for the supply of up to one million tons per annum (mtpa) of LNG from Qatar to Italy, as reported in a company's statement.

Under the agreement, the LNG would be delivered to FSRU Italia, a floating storage and regasification unit, located in the port of Piombino, in Italy's Tuscany region.

LNG deliveries are expected to start in 2026 for a term of 27 years and would be sourced from the joint venture between QatarEnergy and Eni that holds an interest in Qatar's North Field East (NFE) expansion project.

It is worth noting that Eni is a partner in the 32 mtpa NFE expansion project with a 3.1% share.

DP WORLD SIGNS CONCESSION DEAL FOR DAR ES SALAAM PORT

DP World signed a 30-year concession agreement with Tanzania Ports Authority (TPA) to operate and modernize the multi-purpose Dar es Salaam Port, connecting Tanzania and the wider region to global markets, as mentioned in a company's statement.

DP World would initially invest more than US\$ 250 million to upgrade the port and the investment could increase to US\$ 1 billion during the concession period, alongside hinterland logistics projects.

The port would connect to the hinterland of sub-Saharan Africa through a network of roads, highways, railways and dedicated freight corridors and ports, supporting the growing demand for logistics solutions across the continent and connecting businesses in the region to global markets.

DP World would also work with TPA alongside the port's existing stakeholders to build on this progress to allow faster cargo clearing and improved cargo planning, strengthening Dar es Salaam's critical role as the maritime gateway for green energy metals from the copper belt in Southern-Central Africa.

Improved efficiency would attract more shipping lines and bigger ships into Dar es Salaam, which would ultimately lead to lower ocean freight costs for Tanzanian importers and exporters.

This investment would have a positive impact for Tanzania's socioeconomic development, in terms of job creation and increased access to products and services, among other benefits.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES ON FALL, ON FEARS OF PROLONGED MIDDLE EAST CONFLICT

MENA equity markets plunged deeper into the red this week, as reflected by a 2.3% fall in the S&P Pan Arab Composite index, mainly tracking global equity weakness (-1.9%) on concerns that a prolonged conflict in the Middle East may derail an already fragile global economy, and dragged by falling oil prices after recent economic data showed that the business activity in the Eurozone slowed to a three-year low in October 2023.

The heavyweight Saudi Exchange shifted to a negative territory this week (-2.2%), mainly pressured by deepened Middle East woes and an oil price slump, as Brent prices contracted by 1.8% week-on-week to reach US\$ 90.48 per barrel on Friday, after the October 2023 flash Eurozone composite PMI fell to its lowest since November 2020, sparking recession concerns, and due to some downbeat Saudi corporate earnings.

A closer look at individual stocks shows that petrochemicals giant Saudi Aramco's share price declined by 0.9% week-on-week to SR 33.20. SABIC's share price dropped by 3.0% to SR 76.70. Sipchem's share price shed 2.9% to SR 31.90. Yansab's share price plunged by 4.7% to SR 37.25. Yansab reported a widening net loss of SR 161 million in the third quarter of 2023 compared to a net loss of SR 61 million a year earlier. Saudi Kayan's share price plunged by 9.2% to SR 10.70. Saudi Kayan reported a widening net loss of SR 1.5 billion during the first nine months of 2023 against a net loss of SR 453 million a year earlier.

As to banking stocks, Al Rajhi Bank's share price went down by 1.8% over the week to SR 64.20. SAIB's share price retreated by 0.8% to SR 14.40. SAIB reported 2023 third quarter net profits of SR 462 million, down by 16% year-on-year. Al Bilad Bank's share price plummeted by 6.3% to SR 38.95. Also, Arriyadh Development Company's share price shed 4.5% to SR 19.50. Arriyadh Development Company reported 2023 third quarter net profits of SR 46 million against net profits of SR 65 million a year earlier. Saudi Real Estate Company's share price decreased by 1.6% to SR 11.96. Saudi Real Estate Company reported a net loss of SR 16 million in the third quarter of 2023 compared to net profits of SR 12 million a year earlier.

The UAE equity markets extended their losing streak over this week, as reflected by a 1.3% decline in the S&P UAE index, mainly on worries about a protracted conflict in the Middle East, and as a flurry of weak Eurozone economic data raised concerns over the global oil demand outlook. In Abu Dhabi, First Abu Dhabi Bank's share price fell by 4.3% to AED 12.44. ADIB's price per share declined by 1.0% to AED 9.90. ADNOC's share price edged down by 0.6% to AED 3.34. Etisalat's share price fell by 4.3% to AED 18.00. Taqa's share price decreased by 2.0% to AED 2.99. AD Ports Company's share price dropped by 2.7% to AED 5.94.

EQUITY MARKETS INDICATORS (OCTOBER 22 - OCTOBER 28, 2023)

Market	Price Index	Price week-on-week	Year-to-Date	Trading Value	Trading Value week-on-week	Volume Traded	Market Capitalization	Turnover ratio	P/E*	P/BV*
Lebanon	149.4	-5.7%	15.8%	18.9	271.9%	0.4	16,884.3	5.8%	-	0.39
Jordan	360.2	-0.7%	-7.4%	15.9	-16.7%	11.6	23,386.4	3.5%	7.9	1.21
Egypt	310.0	7.1%	31.0%	624.1	19.9%	4,299.4	49,961.9	65.0%	10.0	2.52
Saudi Arabia	447.4	-2.2%	-4.0%	4,852.5	-11.7%	727.6	2,889,832.8	8.7%	15.8	4.77
Qatar	152.7	-4.7%	-13.6%	461.0	-5.1%	640.8	151,232.4	15.9%	11.9	1.41
UAE	126.7	-1.3%	-7.9%	1,733.5	-10.7%	1,582.1	912,555.2	9.9%	14.1	2.60
Oman	249.4	-3.0%	-4.2%	140.0	545.2%	366.5	22,974.0	31.7%	14.4	1.01
Bahrain	220.4	-0.2%	14.3%	3.8	45.0%	6.7	18,497.4	1.1%	12.2	1.41
Kuwait	118.5	-3.9%	-14.6%	564.4	-16.7%	506.1	122,851.1	23.9%	14.6	1.68
Morocco	251.4	-1.6%	13.3%	39.5	-63.2%	3.5	59,578.2	3.4%	19.3	3.36
Tunisia	60.1	-0.2%	-3.2%	3.3	-28.4%	2.1	7,365.8	2.3%	11.7	1.62
Arabian Markets	858.4	-2.3%	-5.9%	8,456.8	-8.8%	8,146.8	4,275,119.6	10.3%	15.1	3.98

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

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

In Dubai, Emirates NBD's share price went down by 1.2% week-on-week to AED 16.45. Dubai Islamic Bank's share price closed 0.9% lower at AED 5.22. DEWA's share price retreated by 0.8% to AED 2.36. Emaar Properties' share price dropped by 0.9% to AED 6.32. Deyaar Development's share price fell by 2.8% to AED 0.561.

The Qatar Stock Exchange dived deeper into the red this week, as reflected by a 4.7% drop in the S&P Qatar index, as Middle East deepening woes, falling oil prices and downbeat corporate earnings soured overall investor sentiment. 39 out of 50 traded stocks on the Qatar Stock Exchange posted price falls, while ten stocks registered price gains and one stock saw no price change week-on-week.

A closer look at individual stocks shows that QNB's share price dropped by 4.5% over the week to QR 14.800. Qatar Islamic Bank's share price shed 5.2% to QR 17.020. The Commercial Bank's share price plunged by 4.6% to QR 4.911. Mannai Corporation's share price dropped by 16.891% to reach QR 3.705. Mannai Corporation reported a 92% year-on-year contraction in its net profits during the first nine months of 2023 to reach QR 43 million. Industries Qatar's share price plunged by 5.4% to QR 12.700. Industries Qatar reported a 53% year-on-year fall in its net profits during the first nine months of 2023 to reach QR 3.3 billion. Qatar Electricity and Water Company's share price plummeted by 5.7% to QR 16.350. QEWC posted an 11% year-on-year contraction in its net profits during the first nine months of 2023 to reach QR 1.1 billion. Barwa Real Estate's share price fell by 2.0% to QR 2.450. Ooredoo's share price dropped by 7.5% to QR 8.923.

In contrast, the Egyptian Exchange remained on the rise this week (+7.1%), bucking equity weakness across the MENA region, mainly on hedging activity against currency devaluation and soaring inflation, and as news started circulating that the Central Bank of Egypt is close to securing up to US\$ 5 billion in new deposits from Saudi Arabia and the UAE.

A closer look at individual stocks shows that Abu Qir Fertilizers & Chemical Industries' share price jumped by 8.5% week-on-week to LE 92.00. CIB's share price increased by 0.7% to LE 59.40. Misr Fertilizers' share price surged by 6.9% to LE 600.00. QNB Al Ahli' share price jumped by 4.6% to LE 25.10. Alexandria Container and Cargo Handling Company's share price climbed by 6.1% to LE 39.21. Egypt Kuwait Holding's share price rose by 7.7% to LE 47.26. Palm Hills Development's share price went up by 0.8% to LE 0.94. ElSewedy Electric Company's share price skyrocketed by 12.2% to LE 29.97. Telecom Egypt's share price increased by 4.6% to LE 32.25. Ezz Steel's share price rose significantly by 20.6% to LE 79.00.

FIXED INCOME MARKETS: ACROSS-THE-BOARD WEEKLY PRICE GAINS IN MENA REGION, ON FLIGHT TO SAFETY AND TRACKING US TREASURIES MOVE

MENA fixed income markets saw across-the-board price gains this week, mainly as market players flew to safety amid heightened conflict risks in the Middle East, while also tracking US Treasuries move after recent US economic data suggested inflation pressures continue to dissipate despite stronger-than-expected growth in the US real economy in the third quarter of 2023, fueling bets about an interest rate pause by the US Federal Reserve in its November FOMC meeting.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price rises of up to 0.88 pt week-on-week. SABIC'28 closed up by 0.25 pt. Prices of Saudi Aramco'25 went up by 0.50 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2026 and 2031 registered price gains of 0.13 pt and 0.25 pt respectively, while sovereigns maturing in 2027 posted price drops of 0.25 pt week-on-week. Mubadala'26 was down by 0.13 pt, while Mubadala'27 closed up by 0.38 pt. Taqa'28 traded up by 0.13 pt. Prices of ADNOC'29 declined by 0.25 pt. Amongst financials, prices of First Abu Dhabi Bank'24 and '25 increased by 0.25 pt and 0.75 pt respectively.

In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 registered price expansions of 0.24 pt to 1.06 pt this week. In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price rises of 0.13 pt and 0.50 pt respectively week-on-week. Prices of QNB'26 increased by 0.13 pt.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 increased by 0.11 pt week-on-week. KIPCO'27 traded up by 0.13 pt. In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 registered price gains of 0.05 pt, 0.50 pt and 1.14 pt respectively this week. Omantel'28 traded up by 0.17 pt.

In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded price expansions of up to 1.50 pt week-on-week.

In the Egyptian credit space, sovereigns traced an upward trajectory this week, mainly as news that the Central Bank of Egypt is close to securing up to US\$ 5 billion in new deposits from Saudi Arabia and the UAE boosted investor sentiment. US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 posted price gains of up to 2.63 pts this week. Euro-denominated sovereigns maturing in 2026 and 2031 recorded price rises of 2.02 pts and 1.61 pt respectively.

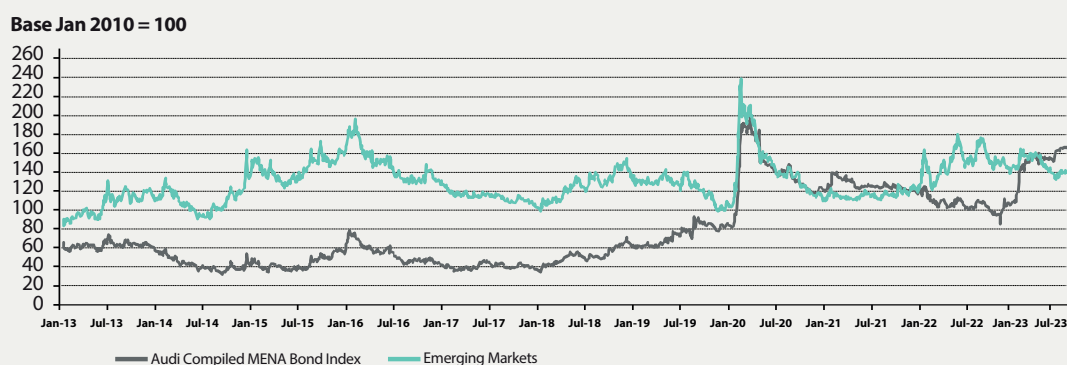
All in all, activity in regional bond markets was tilted to the upside this week, as mounting regional geopolitical tensions stoked demand for safer assets, while also tracking increases in US Treasuries, as global markets showed more reaction to higher-than-expected weekly US initial jobless claims and flat US inflation than stronger-than-surveyed US real economy in the third quarter of 2023.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	27-Oct-23	20-Oct-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	52	56	44	-4	8
Dubai	86	88	84	-2	2
Kuwait	58	59	50	-1	8
Qatar	60	66	48	-6	12
Saudi Arabia	70	72	61	-2	9
Bahrain	262	263	231	-1	31
Morocco	153	154	162	-1	-9
Egypt	1,736	1,858	877	-122	859
Iraq	549	424	467	125	82
Middle East	336	338	225	-2	111
Emerging Markets	94	111	140	-17	-46
Global	438	578	533	-140	-95

Sources: Bloomberg, Bank Audi's Group Research Department

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



Sources: Bloomberg, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD-/SD	C/-	RD-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Positive	BB-/Stable/B
Egypt	B/Negative/B	Caa1/Stable	B/Negative/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A/Stable/A-1	A1/Positive	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa3/Positive	AA-/Positive/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	B+/Stable/B
Oman	BB+/Stable/B	Ba2/Positive	BB+/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	Caa2/Negative	CCC-/C
Libya	NR	NR	NR
Sudan	NR	NR	NR

NR= Not Rated

RWN= Rating Watch Negative

RUR= Ratings Under Review

* Emirate of Abu Dhabi Ratings

FX RATES (per US\$)	27-Oct-23	20-Oct-23	30-Dec-22	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	15,000.00	15,000.00	1,507.50	0.0%	895.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	30.85	30.90	24.71	-0.2%	24.8%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,460.00	0.0%	-10.3%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.76	0.0%	-0.2%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	0.0%	0.9%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	0.0%
Yemeni Riyal (YER)	250.27	250.28	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	136.23	137.22	137.35	-0.7%	-0.8%
Moroccan Dirham (MAD)	10.27	10.33	10.44	-0.5%	-1.6%
Tunisian Dinar (TND)	3.17	3.17	3.11	0.0%	1.9%
Libyan Dinar (LYD)	4.90	4.90	4.83	0.0%	1.4%
Sudanese Pound (SDG)	647.81	647.79	573.81	0.0%	12.9%

Sources: Bloomberg, Bank Audi's Group Research Department

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