The MENA WEEKLY MONITOR

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MENA equity markets came under downward price pressures this week (-3.7%), mainly on growing fears over the worst global economic downturn since the 1930s Great Depression and as the global demand for oil is forecast to drop to quarter-century lows in the wake of the fast-spreading coronavirus pandemic. In contrast, regional bond markets saw mostly upward price movements, mainly tracking US Treasuries move after dismal US economic data stoked fears of a deep US economic downturn, and as the IMF said that it expects the global economy to contract by 3% in 2020. In parallel, the GCC region saw new sovereign bond issues, as governments continued to seek to bolster finances after the spread of COVID-19 and a recent oil price slump.

MENA MARKETS: WEEK OF APRIL 12 - APRIL 18, 2020

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-3.7%	Weekly Z-spread based bond index	-2.5%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-23.0%	YTD Z-spread based bond index	+115.3%

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ECONOMY

IMF SAYS MENAP REGION WILL SEE 3.1% GROWTH CONTRACTION IN 2020

In its latest regional outlook, the IMF said that the Middle East and Central Asia region has been hit by two large and reinforcing shocks. In addition to the devastating toll on human health, the COVID-19 pandemic and the plunge in oil prices are causing significant economic turmoil in the region through simultaneous supply and demand shocks. Almost all the region's countries have reported confirmed COVID-19 cases, and oil prices have fallen by more than 50% since the start of the year.

The pandemic has resulted in severe trade disruptions and losses, affecting job-rich sectors and businesses. Containment measures in major economies and key trading partners have significantly reduced external demand. The resulting global slowdown has impacted global value chains in the region, as well as job-rich retail and manufacturing sectors, and small and medium enterprises (SMEs). At the same time, restrictive containment measures introduced by governments in the region and fear of contagion are weakening consumer demand, particularly in tourism, hospitality, and retail sectors. Meanwhile, global financial conditions have tightened sharply, adding to the region's challenges, as per the IMF.

The impact could be long lasting, added the IMF. While there is considerable uncertainty around the depth and duration of the crisis, this pandemic will compound the region's unemployment problem and worsen the already high public and external debt vulnerabilities of many countries.

The IMF acknowledged that countries have been swift in their responses to the crisis. They have taken measures to protect lives, contain the spread of the virus, and support hard-hit sectors. While health spending was increased in all countries to support emergency needs and to enhance health care infrastructures, health-related responses differentiated depending on the state of preparedness and current levels of spending.

The size of fiscal measures varied across countries depending on available policy space. Many countries have announced fiscal support packages, comprising both revenue and expenditure measures, of an average size of 3.8% of GDP. Central banks have provided immediate support. Liquidity support measures have been announced in seven countries, with an average of 3.4% of GDP, as per the report. Monetary policy stance has been eased across the region, with the exchange rate used as a buffer where appropriate.

The economic impact will be substantial, with the region contracting in 2020 by an average of 3.1% according to IMF projections. Most countries have revised growth down by more than 4 percentage points in one year, equivalent to removing US$ 425 billion from the region's total output, as per the report. For nearly all countries, these revisions are higher than those seen during the global financial crisis in 2008 and the oil price shock of 2015. Fragile and conflict-affected States are expected to be hit particularly hard. The economic downturn is expected to exacerbate the already large humanitarian and refugee challenges facing these countries, especially given their weak health infrastructures and living conditions that may be conducive to a rapid spread of the pandemic.

MENAP GROWTH INDICATORS

	2019	2020f	2021f
Real GDP growth			
MENAP	**0.7%**	**-3.1%**	**3.9%**
Oil exporters	-0.8%	-4.2%	4.7%
of which GCC	0.6%	-2.7%	3.3%
Oil importers	3.5%	-1.0%	2.5%
Non-oil GDP growth*			
MENAP oil exporters	1.8%	-5.0%	3.9%
of which GCC	2.4%	-4.3%	3.2%

* excluding Libya due to non-availability of non-oil GDP data

Source: IMF

External and fiscal balances have come under stress. Oil-exporting countries are hit by a double whammy of lower global demand and lower oil prices, with oil exports expected by the IMF to decline by more than US$ 250 billion across the region. As a result, fiscal balances are expected to turn negative, exceeding 10% of GDP in most countries, as per IMF forecasts. Oil-importing economies would be adversely affected by a large decline in remittances and investment and capital flows from oil-exporting countries. The large deterioration in their fiscal deficit—due to the impact of lower growth on tax revenues and scaled-up spending—is expected by the IMF to raise public debt to almost 95% of GDP in the MENAP region. Vulnerabilities are rising, in line with global trends. Large forthcoming maturing debt presents financing risks in current market conditions. High public debt levels may limit fiscal space available to undertake additional measures.

The immediate priority is to save lives. Essential health spending should be accommodated, regardless of fiscal space. Non-essential expenditure should be delayed to create space. External financing and donor support may be needed. Policies should protect engines of growth, mitigating the impact on households, hard-hit sectors, and SMEs. Fiscal policy should ensure adequate social safety nets, and provide temporary and targeted tax relief, subsidies, and transfers. Monetary and financial policies should ensure liquidity needs are met while financial soundness is maintained, according to the Fund.

Looking ahead, the objective should be to put the economy on track to sustainable growth, as per the report. This would require restoring confidence, by providing broad-based fiscal and monetary support where policy space is available, and seeking external assistance where space is limited. Support should be unwound only when economic recovery is well underway, and protectionist policies should be avoided.

FITCH REVISES IRAQ’S OUTLOOK TO “NEGATIVE” FROM “STABLE” AND AFFIRMED THE IDR AT “B-”

Fitch revised the outlook on Iraq's Long-Term Foreign-Currency Issuer Default Rating (IDR) to “negative” from “stable” and affirmed the IDR at “B-”.

The revision of the outlook to “negative” reflects the impact of the decline in oil prices on Iraq's public and external finances, near-term uncertainty concerning the sovereign's financing plan and limitations on policymakers' ability to respond to the fiscal crisis.

The current caretaker status of the government and the backdrop of widespread protests, worsening security and greater dysfunction among political elites complicate policy responses to the shock.

The oil price decline presents a seismic hit to Iraq's finances and the current set of circumstances poses a greater challenge than the previous oil price collapse from late 2014, in Fitch's view. The rating agency forecast that the budget deficit will widen to 19% of GDP in 2020, before narrowing to 9% of GDP in 2021 as oil prices stage a mild recovery. This represents a serious financing challenge. The outgoing prime ministerial candidate warned that the government could struggle to pay public sector salaries in the near term. The authorities have not yet responded to the oil price shock with a financing plan.

The increase in the deficit, combined with a near 30% reduction in nominal GDP, would propel government debt/GDP to an average of 80% in 2020-2021, as per Fitch forecasts, up from 47% in 2019. In 2016, the deficit reached 14% of GDP and government debt/GDP 64%. Iraq's debt stock includes legacy debt from the 1980s, which it faces no pressure to repay or service. If this debt were restructured on the same terms as Paris Club debt in 2004-06, Fitch would instead forecast government debt/GDP at 60% in 2020-2021, in line with the current “B” peer median.

MOODY'S PLACES TUNISIA'S “B2” ISSUER RATINGS ON REVIEW FOR DOWNGRADE

Moody's placed the Government of Tunisia's “B2” issuer ratings on review for downgrade. Moody's has also placed the Central Bank of Tunisia's “B2” senior unsecured rating and the “(P)B2” senior unsecured MTN program and senior unsecured shelf ratings on review for downgrade. The Central Bank of Tunisia is legally responsible for the payments on all of the government's bonds. These debt instruments are issued on behalf of the government.

The decision to place the ratings on review for downgrade reflects the acute tightening in global financing conditions that risks precipitating a sustained period of high financing risk, exacerbated further by Tunisia's weakened near-term economic growth prospects, deteriorating fiscal position, and fragile external position, as per Moody’s.

The rapid and widening spread of the coronavirus outbreak, deteriorating global economic outlook, falling oil prices, and asset price declines are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. Moody's regards the coronavirus outbreak as a social risk under its ESG framework, given the substantial implications for public health and safety.

For Tunisia, the shock transmits mainly through wider risk premia, a drop in tourism revenue and a sharp slowdown in GDP growth that weaken the sovereign's liquidity and external position and raise its debt burden.

The review period, which may extend beyond the usual three-month horizon, will focus on assessing the authorities' capacity to manage such a significant shock in the context of existing economic, financial and social pressures, and evaluating the options to address the resulting fiscal and external funding gap. Tunisia's local currency and foreign currency long-term bond and deposit ceilings remain unchanged: the long-term local currency bond and bank deposit ceilings at “Ba2”, long-term foreign currency bank deposit ceiling at “B3”, and the foreign currency bond ceiling at “Ba3”. The short-term foreign currency bond and bank deposit ceilings remain unchanged at “Not Prime”.

S&P AFFIRMS EGYPT “B/B” LT AND ST FOREIGN AND LOCAL CURRENCY SOVEREIGN CREDIT RATINGS

Standard & Poor’s (S&P) affirmed the “B/B” long-term and short-term foreign and local currency sovereign credit ratings on Egypt. The outlook is “stable”. The outlook reflects its expectation that the fall in Egypt's GDP growth will be temporary, and the rise in external and fiscal imbalances will remain contained. The rating agency expects external and government debt metrics to gradually decline from 2022.

The rating agency is affirming the ratings because it expects Egypt's external buffers, built up since 2016, will allow it to withstand a temporary external shock resulting from the COVID-19 pandemic. The rating agency expects foreign exchange reserves (including gold) will decline from a high of US$ 45.5 billion at end-February to about US$ 37 billion by the end of fiscal 2020 (year ending June 30, 2020) and remain broadly stable at about this level in fiscal 2021, covering about five-to-six months of current account payments.

Standard & Poor’s expects a substantial decline in the current account receipts (CARs) during final-quarter fiscal 2020 and first-half fiscal 2021. The decrease comes on the back of a COVID-19-induced shutdown of tourism (which represents about 16% of CARs) since March, as well as lower merchandise exports and Suez Canal receipts following a slowdown in global trade, and a drop in remittances from the Gulf-based diaspora.

At the same time, global financial market volatility has led to large capital outflows from emerging markets, including Egypt. The rating agency understand there were portfolio outflows of US$ 13 billion in March (nearly 50% of total foreign investment in treasury bills and bonds), which resulted in a decline of the Central Bank of Egypt's (CBE) foreign exchange reserves and domestic banks' foreign assets.
Amid these external pressures, foreign exchange reserves declined by US$ 5.4 billion in March, while the currency exchange rate remained largely stable, indicating central bank intervention, in S&P’s view. The rating agency anticipates the CBE will continue to gently shore up the currency to manage inflationary pressures and maintain financial stability. Potentially greater currency intervention would further weigh on foreign exchange reserves, and currency overvaluation could limit the recovery in non-oil exports and services receipts, as per S&P.

SURVEYS

ABU DHABI TOPS MIDDLE EAST CITIES IN OCCUPANCY RATES IN FIRST TWO MONTHS OF 2020, AS PER EY

Ernst & Young issued its latest Hotel Benchmark Survey on the Middle East for the first two months of 2020 (four and five star hotels), according to which occupancy rates increased in eight cities within the region and decreased in five, and remained constant in one city, namely Manama.

Occupancy rates increased in nine of the 14 cities considered in the survey with Madinah registering the most significant increase of 17.5%. In contrast, occupancy rates declined in five cities, with the highest decrease of 37.4% registered by Beirut.

According to the survey, the cities of Abu Dhabi, Dubai and Makkah took over the first three ranks amongst peers in hotel occupancy, with 85% for Abu Dhabi, 82% for Dubai and 80% for Makkah.

At the lower end of the regional scale were Amman (53%), Manama (53%) and Beirut (28%).

Furthermore, a total of three cities reported increases in the average room rate, registering 14.8% in the case of Makkah. The most significant upward movements after Makkah were posted by Riyadh (+4.9%) and Doha (+1.4%). The most significant decreases were registered by Beirut (-32.2%), Abu Dhabi (-16.8%) and Muscat (-12.8%).

Dubai, Riyadh and Ras Al Khaimah reported the highest average room rates of US$ 239, US$ 172 and US$ 162 respectively. At the lower end were Cairo-City, Doha and Makkah with US$ 111 each and Abu Dhabi with US$ 101.

In this context, the rooms' yield decreased in eight cities while the other six reported an increase. The most significant decreases were seen in Beirut, Muscat and Dubai with -71.2%, -16.8% and -16.0% respectively. Makkah, Riyadh and Madinah reported the highest increases of 27.5% and 21.3% each respectively.

Dubai (US$ 196), Riyadh (US$ 128) and Ras Al Khaimah (US$ 109) had the highest rooms' yields, while those of Manama (US$ 77), Amman (US$ 73) and Beirut (US$ 36) were the lowest.

ERNST & YOUNG MIDDLE EAST BENCHMARK SURVEY

	Occupancy (%)		Average Room Rate (US$)		Room Yield (US$)	
	2M-2020	2M-2019	2M-2020	2M-2019	2M-2020	2M-2019
Abu Dhabi	85	82	101	121	86	100
Dubai	82	86	239	273	196	234
Makkah	80	72	111	96	89	70
Cairo-City	79	77	111	122	88	94
Madinah	79	62	118	124	96	77
Riyadh	74	64	172	164	128	105
Doha	71	67	111	110	79	73
Kuwait	68	59	155	171	106	101
Ras al Khaimah	67	70	162	164	109	115
Muscat	65	69	139	159	91	109
Jeddah	57	49	161	171	92	84
Amman	53	54	137	146	73	78
Manama	53	53	146	155	77	82
Beirut	28	65	130	192	36	125

Sources: Ernst & Young, Bank Audi's Group Research Department

COVID-19 IMPLIES SHORT TERM CHALLENGES ON UAE LOGISTICS SECTOR, AS PER KNIGHT FRANK

The long-term outlook of the UAE's industrials and logistics markets remain strong despite the short to medium-term challenges due to the global COVID-19 pandemic, according to Knight Frank.

Trade volumes have decreased significantly since the WHO declared coronavirus as a global pandemic mid-March and the UAE's industrial and logistics sectors are expected to be materially impacted particularly given its re-export hub status, said consulting firm Knight Frank.

However, with the UAE's modern transport infrastructure, ranked eighth globally according to the World Economic forum's Global Competitiveness Report 2019, combined with its central location, means that the country is an attractive proposition for global businesses looking to extend their foot-print into emerging markets by using the UAE as a regional supply and re-distribution gateway, it said.

In the short term, both the Abu Dhabi and Dubai governments have focused their respective stimulus packages to support this logistics sector through the pandemic, as per the same source.

Stressing on a solid long-term potential of the UAE, Knight Frank quoted research firm Oxford Economics saying the country's industry sector is expected to grow by 18.4% and its transport, storage and IT sector will grow 32.3% in the next 10 years.

On the back of the projected economic growth in these sectors, employment is also expected to grow with employment in the UAE's industry sector expected to increase by almost 256,000 and by almost 96,000 in its transport, storage and IT sector over the 10-year period to 2030, said Knight Frank.

Prime and Grade A stock in the logistics-warehousing segment of the market has seen a strong level of take up from both e-commerce firms and from third party logistics operators, it said, adding that Grade B stock continues to witness limited levels of demand due to the lack of quality stock.

According to Knight Frank, recent market activity shows that there is still demand from occupiers in the industrial and logistics sector to establish and expand operations in the UAE.

The advisory firm suggests that investment appetite for industrial and logistics assets in the UAE remains strong despite the barriers to entry faced by third party developers.

While there is a clear requirement and demand for high quality industrial and logistics centers, most of this requirement is in areas which are near airports or ports.

However, such locations tend to be in Free Zone ownership therefore those undertaking construction of a speculatively built asset would in most cases be subject to subleasing fees. These subleasing fees can affect the financial viability of some investments, particularly those looking for medium-term return on investments.

Investors who are willing to undertake projects to supply the undersupplied Prime and Grade A market, with a long-term view, are likely to be able to attract new demand at a premium to the market, it said.

Looking ahead, Knight Frank says the short-term outlook for the industrial and logistics sector is expected to be challenging, not in the UAE alone but globally, due to the COVID-19 pandemic and the impact that this continues to have on global supply chains and consumption.

However, due to the rapid response by authorities in the UAE in providing targeted stimulus packages and further easing business regulations, particularly in the industrial and logistics sector, the UAE's industrial and logistics sector may in relative terms not be as drastically impacted as certain other countries, it said. Given these challenges and the intrinsic level of competition in the market, the firm expects that rental rates will continue to soften over the course of 2020.

CORPORATE NEWS

ACWA CONSORTIUM REACHES DEAL FOR US$ 400 MILLION OMAN SOLAR PROJECT

Saudi-based Acwa Power said its consortium with Gulf Investment Corporation (GIC) and Alternative Energy Projects Company (AEPC) has achieved the financial closure for the 500 MW Ibri II solar project in Oman.

This US$ 400 million Independent Power Project (IPP), which is being developed on a BOO (build, own, operate) basis, will become Oman's largest utility-scale solar PV project, as per a company statement.

Under a key agreement, a syndicate of six international and local lenders, will provide the US$ 275 million senior debt to the consortium.

The mandated lead banks including Asian Infrastructure Investment Bank (AIIB), Bank Muscat, Riyad Bank, Siemens Bank, Standard Chartered Bank and Warba Bank, helped structure the largest utility scale solar PV project in Oman on a 16.5 year door-to-door tenor.

This deal also represents the first renewable energy financing in Oman as well as the GCC region by AIIB, the Beijing-headquartered international multilateral development bank, as per the same source.

Upon completion, the Ibri II project will utilise cutting-edge solar photovoltaic technology to generate 500 MW of renewable power. At peak generation capacity, the plant output will be enough to supply an estimated 33,000 homes with electricity and will offset 340,000 tons of carbon dioxide emissions a year, said the statement from Acwa Power.

Located around 300 kms west of Muscat, Ibri-2 IPP will contribute towards increasing power supplies in the Sultanate. The term of the offtake contract for the project will be 15 years from the commercial operations date, it added.

DEWA COMMISSIONS 8 NEW SUBSTATIONS WORTH US$ 231 MILLION

Dubai Electricity and Water Authority (DEWA) is continuing with its development projects, having commissioned eight new 132/11 kilovolt (kV) substations with a total cost of AED 850 million (US$ 231 million) since the start of the year.

These have a conversion capacity of 150 megavolt-amperes (MVA) with 16 kms of high-voltage 132 kV cable to connect different areas of Dubai. This ensures the efficiency, reliability, and availability of DEWA's 132 kV transmission networks.

The total cost of these projects reached AED 850 million, increasing the total to 293 132/11kV substations. DEWA is currently testing 12 new 132/11 kV substations which are due to become operational in the second quarter of 2020, at an estimated cost of AED 1.5 billion.

Commissioning these stations will raise the total to 305 substations and will cater to the growing demand for electricity for multiple uses and ensures the continuity and stability of supply for different customers at all times.

GATEWAY PARTNERS INVESTS US$ 50 MILLION IN TIM HORTONS GULF FRANCHISE

Dubai-based private equity firm Gateway Partners acquired a 40% stake in the Gulf franchise of coffee and breakfast chain Tim Hortons.

Gateway Partners, which is led by former Standard Chartered banker Viswanathan Shankar, paid about US$ 50 million for the holding.

The franchise is owned and managed by Dubai-based fashion and lifestyle retail conglomerate Apparel Group.

Gateway Partners made the investment through its Gateway Fund 1 in February.

ASYAD GROUP FLOATS TENDERS FOR KEY OMAN MIXED-USE PROJECT

Oman Global Logistics Group (Asyad Group) invited bids from top firms for development of a prime land owned by Mwasalat, the Sultanate's public transport services company, in the Azaiba region of capital Muscat.

Asyad manages a diverse portfolio that includes port management, transportation, shipping, freight forwarding businesses and public services.

One of its key subsidaries is Mwasalat, which is focused on providing public service and investing heavily in strengthening its fleet of buses, taxis and associated infrastructure to modernize public transportation in Oman.

Asyad (as project promoter) on behalf of Mwasalat (project employer) seeks proposals to select a developer to invest and develop Mwasalat's Project Site A-1 which is 54,104 square meters prime land in Azaiba, stated Asyad in its tender notification.

As per the notification, interested parties can submit a proposal to develop a residential, commercial or a mixed-use project on the 54,104 sqm prime land in Al Athaibah region of capital Muscat.

The project may include retail shops, offices, mall, hypermarket, apartments, hotel or any other commercial facility, it stated.

The contractual agreement with potential investor and developer will include a design, build, finance, operate and transfer development model.

As per the tender notification, the developer may also lease-out, sub-let or operate the facilities to recover its cost and earn profit over the period of the agreement. Developer may assign the individual facilities to different operators to operate and/or maintain, it said.

According to Asyad, this will also include master planning, operation and maintenance of the facility for a four-year term and transfer all the assets to Mwasalat, at the end of the contract term. The deadine for submitting the bids is August 17, it added.

UAE AGRICULTURE TECH START-UP PURE HARVEST RAISES US$ 120.6 MILLION

UAE's Pure Harvest Smart Farms, a tech-enabled agribusiness, raised US$ 20.6 million Series A financing with US$ 10 million capital injection and secured commitments for further US$ 100 from Wafra International Investment Company (Wafra), an investment firm owned by Kuwait State pension agency.

Pure Harvest Smart Farms plans to expand its business delivering sustainably-grown safe and affordable fresh produce throughout the GCC.

The strategic investment from Wafra will drive the Pure Harvest's development and deployment of advanced controlled-environment agriculture solutions across the region to sustainably grow premium quality fresh fruits & vegetables—regardless of outdoor climate conditions.

Pure Harvest designs, builds and operates high-tech, climate-controlled greenhouse systems that convert the region's abundant natural sunlight into premium quality, pesticide-free fresh fruits & vegetables, with core innovations in climate management solutions to maximize control of humidity and temperature, as per a company statement.

CAPITAL MARKETS

EQUITY MARKETS: GLOBAL RECESSION FEARS AND OIL DEMAND PLUNGE WEIGH ON MENA EQUITIES

MENA equity markets came under downward price pressures this week, mainly on growing fears over the worst global economic downturn since the 1930s Great Depression and as the global demand for oil is forecast to drop to quarter-century lows in the wake of the fast-spreading coronavirus pandemic. This was reflected by a 3.7% contraction in the S&P Pan Arab Composite index.

The heavyweight Saudi Tadawul, whose market capitalization represents circa 78% of the total regional market capitalization, registered a 5.4% fall in prices week-on-week, mainly on reduced investor sentiment after the IMF said in its April 2020 World Economic Outlook that the global economy is expected to shrink by 3.0% in 2020 due to the spread of the coronavirus pandemic, which would mark the steepest global downturn since the 1930s, and as the International Energy Agency forecast a 29 mbpd fall in April 2020 crude demand to levels not seen in 25 years and said that no output cut could fully offset the near-term decline facing the global oil market.

Under these conditions, petrochemicals giant Saudi Aramco's share price plunged by 6.4% week-on-week to reach SR 30.0. SABIC's share price dropped by 4.2% to SR 76.30. Petrochem's share price plummeted by 14.3% to SR 18.78. Petro Rabigh's share price shed 10.9% to SR 13.26. Advanced Petrochemical Company's share price fell by 5.7% to SR 43.10. Saudi Kayan Petrochemical Company's share price tumbled by 8.5% to SR 7.82. As to banking stocks, NCB, the largest banking stock by market capitalization, registered weekly price contractions of 4.8%, closing at SR 34.95. SAMBA's share price shed 13.4% to SR 20.42. SABB's share price closed 9.4% lower at SR 21.10. JP Morgan cuts its recommendation on SABB to "underweight" from "neutral" and reduced its price target by 17% to SR 19.

The Qatar Exchange posted a 5.5% drop in prices week-on-week, mainly dragged by the IMF's dire global economic warnings and on fears that an OPEC+ deal to slash global supplies by 10% would not offset a historic drop in demand due to the coronavirus outbreak, in addition to some unfavorable company-specific factors. 38 out of 47 listed stocks registered price falls, while nine stocks recorded price gains week-on-week. Masraf Al Rayan's share price fell by 2.3% to QR 3.73. QIB's share price went down by 2.9% to QR 15.05. QNB's share price plunged by 6.8% to QR 17.70. QNB announced

EQUITY MARKETS INDICATORS (APRIL 12 TILL APRIL 18, 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	57.8	-0.2%	-17.0%	2.8	80.2%	0.5	6,259.0	2.3%	6.4	0.53
Jordan	307.8	0.0%	-14.5%	-	-	-	18,461.3	-	10.2	1.29
Egypt	256.6	-3.2%	-25.7%	286.8	6.9%	1,245.6	38,597.2	38.6%	7.9	1.70
Saudi Arabia	288.7	-5.4%	-21.6%	4,679.0	-31.2%	881.7	2,017,736.0	12.1%	14.7	2.10
Qatar	153.5	-5.5%	-16.9%	309.5	-18.4%	502.2	131,749.1	12.2%	13.2	1.79
UAE	80.7	-2.9%	-28.8%	565.5	-23.0%	1,608.4	203,873.0	14.4%	9.6	1.37
Oman	173.3	1.0%	-13.8%	17.1	73.1%	41.8	15,268.3	5.8%	8.9	0.83
Bahrain	121.9	1.3%	-25.7%	10.9	94.3%	21.1	19,049.1	3.0%	9.7	1.33
Kuwait	85.5	5.0%	-28.7%	509.3	-5.1%	545.8	78,292.2	33.8%	13.5	1.48
Morocco	197.3	-2.2%	-32.2%	33.9	-23.8%	1.2	46,150.8	3.8%	15.1	2.38
Tunisia	61.1	0.5%	-15.5%	3.3	61.4%	1.3	7,179.6	2.4%	12.2	2.52
Arabian Markets	**607.5**	**-3.7%**	**-23.0%**	**6,418.1**	**-26.9%**	**4,849.5**	**2,582,615.5**	**12.9%**	**14.0**	**1.99**

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

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

2020 first quarter net profits of QR 54 million as compared to net profits of QR 67 million a year earlier. Qatar Fuel's share price shed 3.6% to QR 16.69. Qatar Fuel posted 2020 first quarter net profits of QR 226 million against net profits of QR 327 million in the corresponding period of the previous year. Industries Qatar's share price shed 5.5% to QR 6.86. Nakilat's share price declined by 2.5% to QR 2.15. Ooredoo's share price plunged by 5.8% to QR 6.0.

The UAE equity markets registered a 2.9% fall in prices week-on-week, mainly on reduced sentiment after the IMF said that the coronavirus pandemic sweeping the world is forecast to unleash the worst global recession since the 1930s Great Depression. Within this context, the Central Bank of the UAE urged banks to use the US$ 70 billion-worth of capital and liquidity measures launched under the "Targeted Economic Support Scheme" to provide support to the private sector during the pandemic. In Dubai, Emirates NBD's share price fell by 4.2% to AED 8.05. Mashreq Bank's share price plunged by 9.7% to AED 65.0. Tabreed's share price declined by 1.9% to AED 2.02. Aramex's share price dropped by 4.3% to AED 2.66. In Abu Dhabi, First Abu Dhabi Bank's share price plummeted by 7.9% to close at AED 11.14. Etisalat's share price fell by 5.0% to AED 14.34. Aldar Properties' share price decreased by 1.3% to AED 1.48.

FIXED INCOME MARKETS: GLOBAL RECESSION FEARS STOKE FLIGHT TO SAFETY IN MENA REGION

MENA fixed income markets saw mostly upward price movements this week, mainly tracking US Treasuries move after dismal US economic data stoked fears of a deep US economic downturn, and as the IMF said in its recent WEO report that it expects the global economy to contract sharply by 3% in 2020 due to the "Great Lockdown" during the coronavirus pandemic. In parallel, the GCC region saw new sovereign bond issues, as governments continued to seek to bolster finances after the spread of COVID-19 and a recent oil price slump.

Saudi Arabia followed Qatar and Abu Dhabi this week in tapping international debt markets to shore up finances in the face of the coronavirus pandemic and plunging oil prices. The Kingdom raised US$ 7 billion through the sale of a triple-tranche bond that has attracted orders of circa US$ 54 billion. KSA sold US$ 2.5 billion notes maturing in 2025 at 260 bps over US Treasuries, US$ 1.5 billion notes maturing in 2030 at 270 bps over the same benchmark and US$ 3 billion notes maturing in 2060 at a yield of 4.55%, which is the longest-dated bond issued in US dollar by a GCC borrower. Saudi'25 and '30 closed up by 0.50 pt and 0.75 pt respectively. Prices of Saudi Aramco'24 increased by 0.51 pt. STC'29 traded up by 1.52 pt. SECO'24 was up by 1.30 pt.

In the Qatari credit space, sovereigns maturing in 2024 and 2029 registered price gains of 1.13 pt and 1.25 pt respectively week-on-week. Prices of Ooredoo'25 rose by 0.49 pt. Commercial Bank of Qatar'23 was up by 0.92 pt. QNB'24 traded up by 1.06 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2024 and 2029 posted price improvements of 0.50 pt and 0.88 pt respectively this week. Prices of Mubadala'24 increased by 0.64 pt. ADNOC'29 closed up by 1.52 pt. Etisalat'24 was up by 0.33 pt. Prices of Taqa'26 expanded by 1.04 pt. As to papers issued by financial institutions, Al Hilal Bank'23 was up by 0.13 pt. Prices of First Gulf Bank'24 rose by 0.96 pt. ADCB'23 posted price gains of 1.79 pt.

In the Dubai credit space, sovereigns maturing in 2029 were up by 3.16 pts week-on-week. Prices of Emaar'26 increased by 0.25 pt. DP World'30 closed up by 1.13 pt. Amongst financials, prices of Emirates NBD Perpetual (offering a coupon of 6.125%) increased by 3.12 pts.

In the Bahraini credit space, sovereigns maturing in 2023, 2025 and 2029 posted price improvements of 1.75 pt, 1.0 pt and 2.0 pts respectively week-on-week. NOGA'24 traded up by 2.04 pts. In the Omani credit space, sovereigns maturing in 2023, 2025 and 2029 posted price gains of 1.50 pt, 1.75 pt and 2.0 pts respectively. Prices of Omantel'28 rose by 2.50 pts.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2030 and 2040 posted price increases of 1.73 pt and 1.0 pt respectively week-on-week. Prices of Euro-denominated sovereigns maturing in 2025 and 2030 expanded by 0.40 pt and 2.61 pts respectively.

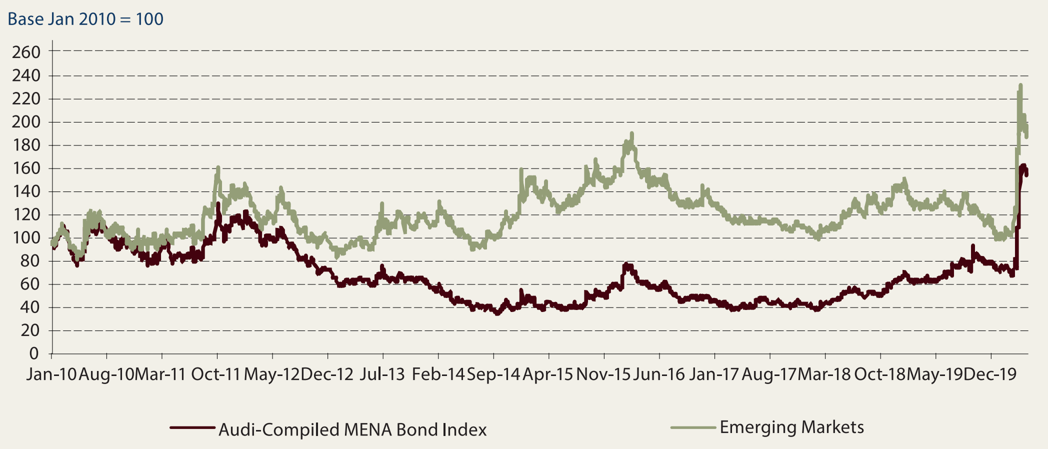
Activity in regional fixed income markets remained on the overall tilted to the upside this week, as rising recession fears stoked flight to safety, while the GCC continued to see new Jumbo bond sales as governments seek to weather lockdowns and a plunge in oil prices.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	17-Apr-20	10-Apr-20	31-Dec-19	Week-on-week	Year-to-date
Abu Dhabi	126	132	36	-6	90
Dubai	286	299	91	-13	195
Kuwait	110	114	37	-4	73
Qatar	129	137	37	-8	92
Saudi Arabia	164	157	57	7	107
Bahrain	459	458	176	1	283
Morocco	188	190	91	-2	97
Egypt	619	592	277	27	342
Lebanon	-	-	2,418	-	-
Iraq	1,023	1,023	384	0	639
Middle East	**345**	**345**	**360**	**0**	**-15**
Emerging Markets	**322**	**302**	**148**	**20**	**174**
Global	**496**	**633**	**173**	**-137**	**323**

Sources: Bloomberg, Bank Audi's Group Research Department

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



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

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD/Negative/SD	Ca/Stable	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Stable	BB-/Stable/B
Egypt	B/Stable/B	B2/Stable	B+/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Negative/B
GULF			
Saudi Arabia	A-/Stable/A-2	A1/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/RUR	AA/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	BB-/Stable/B
Oman	B+/Stable/B	Ba2/RUR	BB+/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BBB-/Stable/A-3	Ba1/Stable	BBB-/Stable/F3
Tunisia	NR	B2/RUR	B+/Negative/B
Libya	NR	NR	NR
Sudan	NR	NR	NR

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

FX RATES (per US$)	17-Apr-20	10-Apr-20	31-Dec-19	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,507.50	1,507.50	1,507.50	0.0%	0.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	15.75	15.77	16.05	-0.2%	-1.9%
Iraqi Dinar (IQD)	1,182.87	1,182.87	1,182.87	0.0%	0.0%
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)	3.67	3.66	3.66	0.0%	0.2%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	0.0%	0.9%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.39	0.39	0.39	0.0%	0.0%
Yemeni Riyal (YER)	250.00	250.00	250.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	128.21	126.58	119.05	1.3%	7.7%
Moroccan Dirham (MAD)	10.19	10.21	9.57	-0.2%	6.5%
Tunisian Dinar (TND)	2.90	2.91	2.83	-0.3%	2.4%
Libyan Dinar (LYD)	1.41	1.41	1.40	0.0%	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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