CONTACTS

Treasury & Capital Markets

Bechara Serhal
(961-1) 977421
bechara.serhal@bankaudi.com.lb

Nadine Akkawi
(961-1) 977401
nadine.akkawi@bankaudi.com.lb

Private Banking

Toufic Aouad
(961-1) 954922
toufic.aouad@bankaudipb.com

Corporate Banking

Khalil Debs
(961-1) 977229
khalil.debs@bankaudi.com.lb

RESEARCH

Marwan Barakat
(961-1) 977409
marwan.barakat@bankaudi.com.lb

Jamil Naayem
(961-1) 977406
jamil.naayem@bankaudi.com.lb

Salma Saad Baba
(961-1) 977346
salma.baba@bankaudi.com.lb

Fadi Kanso
(961-1) 977470
fadi.kanso@bankaudi.com.lb

Gerard Arabian
(961-1) 964047
gerard.arabian@bankaudi.com.lb

Farah Nahlawi
(961-1) 959747
farah.nahlawi@bankaudi.com.lb

Nivine Turyaki
(961-1) 959615
nivine.turyaki@bankaudi.com.lb

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Against the background of deteriorating sentiment, a crash in oil prices, lower asset prices, and disruption to activity and travel, MENAP has not been spared the impact of what has now become a global pandemic, said J.P. Morgan in a recent note.

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MENA equity markets saw reduced price contractions this week, as reflected by a 3.0% fall in the S&P Pan Arab Composite index as compared to a much higher price drop of 14.7% in the previous week, as emergency measures adopted by Central Banks in the GCC have helped calming investor nerves and halting panic selling. In parallel, the coronavirus continued to send shock waves through MENA fixed income markets, as tight measures to contain its spread have halted economic activity across the region, while collapsing oil prices continued to present a threat to fiscal balances in oil-dependent countries.

MENA MARKETS: WEEK OF MARCH 15 - MARCH 21, 2020

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-3.0%	Weekly Z-spread based bond index	+37.3%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-25.9%	YTD Z-spread based bond index	+105.4%

Bank Audi sal - Group Research Department - Bank Audi Plaza - Bab Idriss - PO Box 11-2560 - Lebanon - Tel: 961 1 994 000 - email: research@bankaudi.com.lb

ECONOMY

J.P. MORGAN EXPECTS REGIONAL NON-HYDROCARBON GROWTH TO BE THE WEAKEST SINCE THE 1990s

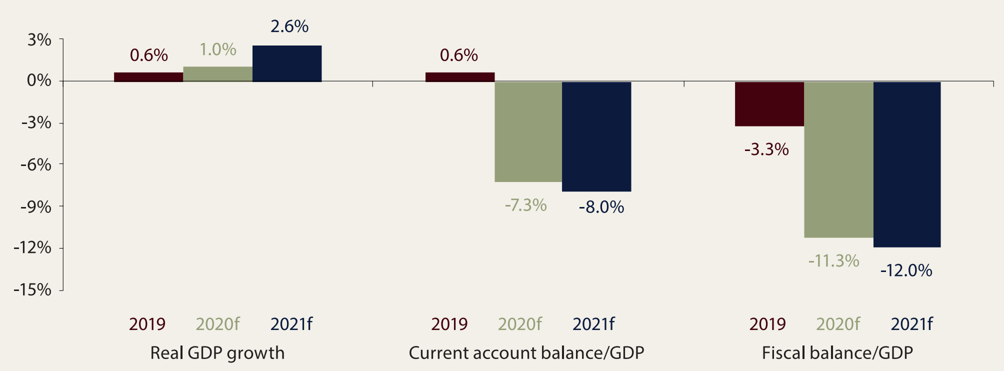
Amidst significant uncertainty triggered by a pandemic, authorities in the region have announced a broad range of measures from border closures to economic stimulus. In a recent note, J.P. Morgan said it expects non-hydrocarbon growth to be the weakest since the 1990s. In the absence of fiscal adjustment, MENA fiscal deficit could rise to over 11% of GDP, mainly due to lower oil prices. Assuming Brent crude oil prices average US$ 35/bl in 2020, MENA hydrocarbon exports could fall to US$ 330 billion, down from US$ 571 billion last year, and US$ 1 trillion in 2012. Oil exporters with pegged currencies are likely to cut capital expenditures sharply to preserve FX reserves and maintain pegs if this turns out to be a permanent shock rather than the temporary one it is perceived to be at the moment. With large buffers, Abu Dhabi has pledged to maintain spending.

Against the background of deteriorating sentiment, a crash in oil prices, lower asset prices, and disruption to activity and travel, the region has not been spared the impact of what has now become a global pandemic, said J.P. Morgan. The worst hit in the region has been Iran. In response, the authorities have imposed a nationwide lockdown. Other countries in the region have so far reported several hundred cases in aggregate, but the number of cases per million people is one of the highest in the world in Bahrain and Qatar, as per J.P. Morgan.

The economic policy response has been led by central banks so far, as per the same source. GCC central banks have lowered their policy interest rates, but less than the Fed to maintain the attractiveness of local currencies amidst low oil prices.

Overcoming deflationary forces is likely to hinge on effective prevention or cure for the virus which in the meantime will take a toll on growth and impact external and fiscal balances. J.P. Morgan revised down MENA oil importers' growth almost two percentage points down to 2.2%, and from 3.5% last year. Lower oil prices and accommodative global monetary policy are welcome sources of relief for these countries, but the deterioration in household and corporate sentiment and impact on tourism are still expected to take their toll. Only Tunisian authorities have so far given revised guidance on the 2020 outlook, cutting growth projections to 1%, from 2.7% previously. Tunisia has indicated that the fiscal space from lower subsidy costs would be used to offset the impact from the crisis. Elsewhere amongst oil importers, Jordan's economy is likely to stagnate due to the travel impact. Lebanon, already struggling with a run on the banks and debt default, is expected to see a sharp contraction in activity. Although growth, at 5.6% on a yearly basis in the first half of their fiscal year, has been most rapid in Egypt amongst MENAP countries, J.P. Morgan expects FY 2019/20 growth to ease to 4.8%, with risks to the downside.

SELECTED KEY MENA ECONOMIC INDICATORS



Source: J.P. Morgan

In oil exporters, J.P. Morgan lowered headline growth to 0.7%, from 1.7% previously, despite higher OPEC oil production. The bank lowered GCC headline growth to 1.4%, but expects non-hydrocarbon activity to contract 0.1%, from 2.6% last year, the worst performance in decades. More worryingly, GCC's fiscal deficit could rise to nearly 12% of GDP this year, from 1.3% last year. Oman looks the most vulnerable in the region, but the authorities have indicated that they would lower government spending to preserve FX reserves and that they have sufficient buffers. J.P. Morgan expects GCC countries to maintain their pegs unless oil prices remain lower for an extended period. Both UAE and Saudi officials have reaffirmed their commitment to the peg.

MOROCCAN BANKS TO CONTINUE TO OPERATE WITH LOW CAPITAL BUFFERS , AS PER FITCH

Moroccan banks are likely to continue to operate with low capital buffers in the near term despite MAD 16 billion of regulatory capital raised in 2019, Fitch Ratings says.

The rating agency believes capital issued in 2019 was mainly to accompany internal and external growth, and was not for building higher capital buffers. Improvements in core capital ratios are unlikely given the absence of significant announced core capital issuance and stable dividend payouts.

Several Moroccan banks raised capital in 2019. Nevertheless, capital injections were limited and, as a result, banks still operate with tight buffers over minimum regulatory requirements. The rating agency continues to view capital levels as tight considering the slow and cyclical nature of Morocco's economic growth, exposing banks to credit cycle volatility and high single-name borrower concentration. This view is even more pronounced for the country's pan-African banks (the country's three domestic systemically important banks) as they face the higher risks associated with their activities in lower-rated sub-Saharan African countries adding to banks' risk profiles.

Fitch believes Moroccan banks are not under pressure from the regulator or investors to operate with higher core capital ratios. Banks have long funded growth by issuing Tier 2 instruments and/or AT1 instruments encouraged by strong investor demand. In the past, some banks have raised core capital to fund extraordinary growth, including international acquisitions. Fitch also does not expect significant changes in banks' dividend payout ratios that could support the build-up of core capital buffers. The regulatory framework for banks in Morocco is slowly catching up with international standards, which is credit positive for the sector.

Positive steps include IFRS 9 adoption in January 2018 and the imminent plans to introduce a capital requirement for foreclosed assets that have been on banks' balance sheets for more than two years. A long-anticipated regulation will aim to address discrepancies in how banks classify watch-listed or "sensitive" loans, limit how often troubled loans can be restructured and force banks to set aside loan-loss provisions on unauthorized overdrafts. These initiatives, although unlikely to come into force until end-2022, should improve transparency, uncover weaknesses and ultimately help strengthen banks' credit profiles, according to Fitch.

SAUDI BANKS TO POSTPONE REPAYMENT OF LOANS FOR HEALTHCARE EMPLOYEES, SAYS SAMA

Saudi Arabia announced an initiative supporting the Kingdom's healthcare workers, who are among those on the front lines of the fight against the coronavirus.

The Saudi Arabian Monetary Authority (SAMA), announced that starting this April, local banks will postpone three months' instalments for all public and private health personnel who have credit facilities without changing the cost. This is in recognition of their efforts to safeguard the health of the citizens and residents, as per SAMA.

Recently, the Kingdom announced stimulus packages totaling to SR 120 billion (US$ 32 billion) to offset the impact on businesses due to the coronavirus. The relief package includes a SR 50 billion (US$ 13.3 billion) package announced last week to support small and medium-sized businesses.

KUWAIT PRIORITY IS TO FAST-TRACK ECONOMIC REFORM AND DIVERSIFY ECONOMY AWAY FROM HYDROCARBONS, SAYS EIU

According to a recent note by the Economist Intelligence Unit (EIU), the Kuwaiti government's priority is to fast-track economic reform and to diversify the economy away from its reliance on hydrocarbons.

These plans are part of the country's long-term New Kuwait 2035 National Development Plan, which aims to propel Kuwait into the top 35% of countries in terms of global competitiveness, as per the EIU. Progress on implementing the plan has been slow, partly because of the political gridlock between the appointed government and the elected parliament, and partly because of an inefficient bureaucratic environment. For most of this year, policy will also be driven by precautionary measures to address the coronavirus outbreak, according to the report.

The recent pick-up in infrastructure development projects, including the construction of a new terminal at Kuwait International Airport, indicates a continuing trend of government investment in large-scale schemes, facilitated by the country's large sovereign wealth fund, the Kuwait Investment Authority (KIA). However, the EIU believes that a history of slow policy implementation suggests that the authorities will continue to face challenges in pushing through infrastructure projects.

The Economist Intelligence Unit expects the hydrocarbons sector, which accounts for over 50% of real GDP, to continue to dominate the economy over the forecast period. OPEC oil production quotas have been extended until at least March 2020 and we expect the quotas to be extended into 2021, which will affect growth throughout 2020, as per the Economist Intelligence Unit.

In the light of the coronavirus outbreak and its impact on global oil demand, OPEC and a number of non-OPEC countries, known collectively as OPEC+, are soon expected to confirm a further reduction in the group's collective output ceiling and the EIU expects the constrained global trade and oil demand to impact Kuwait's economy in 2020, with real GDP growth falling to 1.6% in 2020 from an estimated 1.8% in 2019.

The Economist Intelligence Unit expects average inflation to pick up slightly to 1.7% in 2020, from an official rate of 1.1% in 2019, owing to recovering credit growth in the latter half of the year. In 2021, inflation will rise to an average of 3.1% on the back of increased global food prices, which will raise import costs, and as the authorities implement the long-awaited 5% VAT rate (originally due to be introduced in 2018). A further impetus to inflation will be the gradual strengthening of domestic demand.

However, an expected appreciation of the dinar against the dollar and the euro will help to cap the rise in import costs, leading to a small drop in inflation in 2023-24, to an annual average of 2.9%.

Moving on to the exchange rate, the dinar is pegged to an undisclosed basket of currencies dominated by the US dollar. The EIU expects Kuwait to maintain its currency peg over the forecast period, given the financial stability it brings to the country.

As for the external sector, oil and oil products will continue to generate 80-90% of Kuwait's export earnings in 2020-24. In 2020, as international oil prices dip, output is constrained by the extended OPEC output-reduction agreement and the coronavirus epidemic holds back demand, the trade surplus will narrow to 22.1% of GDP. It will then widen in 2021, to 24.5% of GDP, because of a rise in global oil prices that year, and stabilize at 24.6% of GDP a year on average in 2022-24, as per EIU forecasts..

SURVEYS

MIDDLE EAST LEADS GLOBAL DEMAND ACROSS FIVE TECHNOLOGY CATEGORIES, AS PER AVEVA

Middle East reveals lower demand for AI and advanced process and engineering design than global trend but leads global demand across five technology categories including edge computing and enterprise mobility, a report said.

Aveva, a global leader in engineering and industrial software, revealed global survey findings identifying the key investment drivers of digital transformation across 1,240 EMEA, North America and APAC decision makers across nine industry verticals.

The Middle East demonstrated less demand for AI (45% vs global mean 75%) and Advanced Process and Engineering Design (44% vs global mean 74%) yet led global demand in five technologies, more than any other nation, namely 3D Visualization (59% vs global mean 27%), IoT / Edge (56% vs global mean 30%), Enterprise mobility (51% vs global mean 31%), Model Simulations (50% vs global mean 25%) and Laser Scanning (41% vs global mean 21%).

New emerging technologies like AI are taking time to gain traction in the Middle East so the research findings mirror what we are witnessing in the market. AI has the potential to disrupt markets in the Middle East by creating innovative new services and entirely new business models, as per Aveva. The research also identified three key global investment priorities for organizations when it comes to embarking upon the digital transformation journey.

Furthermore, Asset Performance Managers (APM) were found to have the most demanding desires for technology investment, requiring a far-reaching product set and visionary approach. APM was set apart from all other professional categories in the strength of their demand for technology to create new services or products; use data to drive new revenue streams; and to enable collaboration with AI and Analytics their most important enabler. APM also identified technology as providing a great potential to upgrade both safety and security and emergency response times.

Face to face engagement and trust remain key vectors for driving sales success. Face to face meetings with a vendor, either at a vendor event or as an introductory meeting, are most influential across all categories, with personal referrals also particularly meaningful. Experience with a vendor is highly prioritized in UK, China and India while France, Japan and Australia place considerable weight on case studies from the vendor.

Remote Operations Centers and Learning Management and Training scored highest for relevance across global industries. China and Japan see a Command Center as most relevant, while the US and Australia cite Supply Chain Optimization is key to their business, according to AVEVA.

Delivering cost reduction and enhancing safety prioritized by high growth organizations The countries prioritizing cost reduction have been fast to scale over the past decades - China (61%), India (58%) and the Middle East(60%) indicated that significant margin improvement is possible in these geographies from software solutions. This demand for greater efficiency mirrored a requirement to invest in technology to promote safety as these economies continue to mature (China 51%, UAE 68%and India 60%).

MENA IT SPENDING TO HIT US$ 160 BILLION IN 2020, AS PER GARTNER

IT spending in the Middle East and North Africa (MENA) will total US$ 160 billion in 2020, an increase of 2.4% from 2019, according to Gartner.

Non-oil economic initiatives such as the Dubai Expo 2020 in UAE, the Al Qiddiya entertainment, sports and arts complex, The Red Sea Project and the Neom living laboratory in Saudi Arabia are boosting business activity in MENA, which will heavily influence IT spending locally, as per Gartner.

In 2019, organizations in MENA disinvested in data center systems, devices and communication services, which led to a decline of 2.8% in the overall IT spending, as per the same source. In 2020, businesses in MENA are on pace to increase their IT budgets across all segments with spending on enterprise software expecting to achieve the highest growth.

Spending on devices will achieve growth in 2020, following a double-digit decline in 2019. The currency effects that raised prices on hardware will abate and business spending on devices will grow 3.6% to US$ 28.5 billion in 2020 locally.

Enterprise spending on software continues to grow, achieving a growth of 12.3% to US$ 7.4 billion from US$ 6.6 billion. This trend is expected to continue for the next three years as more organizations move to cloud-based products and services.

As local organizations continue to invest more resources and IT budget in their digital transformation initiatives, technology consulting will increase among local companies. In 2020, IT services spending is expected to total US$ 13.1 billion, an 8.4% increase year-on-year. Compared to other regions, the levels of spending on IT services in MENA are among the highest four in the world (after Greater China, Emerging Asia/Pacific and Latin America).

Gartner's IT spending forecast methodology relies heavily on rigorous analysis of sales by thousands of vendors across the entire range of IT products and services. Gartner uses primary research techniques, complemented by secondary research sources, to build a comprehensive database of market size data on which to base its forecast.

The Gartner quarterly IT spending forecast delivers a unique perspective on IT spending across the hardware, software, IT services and telecommunications segments. These reports help Gartner clients understand market opportunities and challenges.

EGYPT'S REAL ESTATE MARKET COPES WITH "ROLLER COASTER RIDE" IN 2019, SAYS JLL

Egypt's real estate market experienced a "roller coaster ride" in 2019, with a wide range of "booms and busts" during the year, according to real estate and investment management consultancy JLL's 2019 Year End Real Estate Market report.

The Egyptian government is implementing strategic plans to stimulate growth and drive investment opportunities, after most sectors of Cairo's real estate market softened in Q4 2019, following a positive start to the year. 2019 was intriguing on so many levels for Egypt. The good news is that after the shock of fuel subsidy reforms wore off, and with price pressures alleviated in recent months, JLL is expecting domestic demand to strengthen in the forthcoming period.

The JLL report also highlighted how the Central Bank of Egypt's (CBE) move to cut key interest rates last year proved positive, as a slow recovery in consumption levels and lower debt interest payments were brought about in response to mitigating imbalances over the year. In addition, the report shows how the Egyptian government plans to ease doing business; lure more foreign direct investments; reinforce the role of the private sector through partnerships (PPPs) and enhance the country's investment climate.

The real estate sector is a main driver of Egyptian economic growth. These key initiatives will achieve positive results and will help boost demand in the medium and long-term, as per the same source.

Egypt's parliament also approved the biggest state budget in the country's history during FY 2019/20, with spending set at US$ 102.4 billion, up by US$ 9.6 billion compared to the previous year. The JLL report also discusses the concept of "smart cities", and a batch of fourth-generation cities, many of which will be in Egypt's New Administrative Capital (NAC).

Local authorities have vowed to continue working towards improving market transparency and refining the investment climate through the introduction of new technologies and innovative solutions, including e-filing systems, unified smart cards, online property registrations, among others, as per the same source.

CORPORATE NEWS

DUBAI HOLDING AND MERAAS UNVEIL US$ 272 MILLION RELIEF PACKAGE

Dubai Holding, a global investment holding company, and Meraas, Dubai's developer and operator of lifestyle destinations, announced the launch of an economic relief package aimed at supporting existing business partners and customers across their portfolio of companies.

The package which amounts to more than US$ 272 million is designed to partially alleviate the burdens that encumber some of the businesses or individuals within the Dubai Holding and Meraas ecosystem, who have been impacted by the outbreak of Covid-19.

A diversified global company, Dubai Holding boasts operations in 13 countries.

RAYSUT CEMENT UNIT INKS GEORGIA LIMESTONE MINING DEAL

Omani group Raysut Cement Company announced that its wholly-owned subsidiary, Pioneer Cement Industries based in the UAE, signed a deal for the development of a limestone mine near Tbilisi in the Eastern European nation of Georgia.

Raysut said the agreement which has been inked with SFL International will focus on the production of limestone from a concession owned by Pioneer Cement Industries.

Under the ten-year deal, SFL International will pay a royalty to Pioneer Cement for mining the limestone deposits, stated Raysut Cement in its filing.

Last year, Pioneer Cement announced that it was in the process of setting up an integrated cement plant in Georgia, at an investment of US$ 200 million.

The plant, which will come up near the limestone mines of Tbilisi, will boast a capacity of 1.2 million tons per annum, it stated.

DEWA LAUNCHES NEW R&D CENTER AT DUBAI SOLAR PARK

Dubai Electricity and Water Authority (DEWA) announced the launch of its new research and development center at the Mohammed bin Rashid Al Maktoum Solar Park.

DEWA's R&D Center, the 4,400-square-meters research facility, which employs around 70% Emiratis, recently received a Platinum Rating for green buildings from Leadership in Energy and Environmental Design (LEED) of the US Green Building Council.

Key internal labs include the Electrical Characterization Lab, the Mechanical Characterization Lab, the Materials Characterization Lab, the Solar Simulator Lab and the Accelerated Aging Lab. The outdoor labs include testing different solar panel technologies and performance, as well as a safe zone for testing drones.

BAHRAIN'S KINGDOM GROUP WINS BIG CONTRACT FOR BAHRAIN LUXURY DEVELOPMENT

Bahrain-based Kingdom Group signed a major deal to supply building materials for the construction of the 41-storey Spiral Orchid Residence in Water Garden City in Seef District with the contractor Orchid Building Contracting.

As per the 18-month contract valued at BHD 2.5 million (US$ 6.6 million), a number of companies under the umbrella of the Kingdom Group will supply a range of materials that they produce as a package, including ready-mix concrete, blocks such as standard as well as autoclaved aerated concrete (AAC) blocks besides cement and washed sand for the construction of the prestigious tower, which is owned by Orchid Developers.

The Spiral Orchid Residence is a luxury residential building with a unique spiral architectural style, which enfolds a total built-up area of 64,000 square meters.

The freehold property, which is also open to expatriate investors, will comprise 364 residential units most of which are sea facing. Residents will enjoy access to the beach and will be in close proximity to Bahrain City Centre and the restaurants at Water Garden City.

The tower will provide a host of amenities including a mini golf course, indoor/outdoor pool, cinema, indoor/outdoor kids playground, squash court, volleyball court, mini-basketball court, bowling facilities, gymnasiums and sauna/steam rooms, games room and jacuzzi.

Parking facilities for around 395 vehicles will be provided on seven above-ground levels, said the developer.

SGCC COMPLETES 49% ACQUISITION OF OMAN'S OETC

The State Grid Corporation of China (SGCC) completed the 49% equity acquisition of Oman Electricity Transmission Company (OETC) from Nama Group.

Following the acquisition, the State-owned Nama will continue holding the majority share in OETC. As a technical partner, SGCC will make use of its technologies and experience in grid operations management with its local partners in the region to continue improving the operational safety and distribution capacity of the country's electric grid, said a company statement.

Since 2008, SGCC acquired stakes in firms in the Philippines (NGCP, 40%), Portugal (REN, 25%), Australia (46.56% of ElectraNet, 60% of SGSPAA and 19.9% of AusNet), Hong Kong SAR (HKEI, 21%), Italy (CDP Reti, 35%), Brazil (CPFL, nearly 85%), Greece (IPTO, 24%) and Oman (OETC, 49%).

FUND OF ABU DHABI'S MUBADALA ACQUIRES MINORITY STAKE IN FINABLR

A fund owned by Abu Dhabi State investor Mubadala has taken a 3.4% stake in London-listed payments firm Finablr. The stake was purchased by MIC Capital Partners, owned and managed by Mubadala Capital, a unit of Mubadala Investment Co, the State fund said.

BAHRAIN'S INVESTCORP ACQUIRES COCA-COLA'S BELGIAN HEADQUARTERS

Investcorp's European real estate business fully-acquired the Coca-Cola Company's Belgian headquarters. The Bridge, housing Coca-Cola's marketing and research and development (R&D) functions, was acquired from a wholly owned subsidiary of the American multinational corporation for € 88 million through a sale and ten-year leaseback transaction.

The acquisition represents the Bahrain-based alternative investment manager's first sale and leaseback real estate transaction in Europe. The property will be 100% occupied by Coca-Cola and several of its existing sub-tenants, Investcorp said in a statement.

The Bridge is located in southwest Brussels and offers access to Paris, London and other major European cities via train. The property is comprised of three interconnected buildings which provide 35,300 square meters of office and R&D space.

The acquisition follows the purchase of a multi-let office complex in Munich, Germany, for € 73 million by Investcorp and the acquisition of an office property in Rotterdam, the Netherlands for € 50 million.

CAPITAL MARKETS

EQUITY MARKETS: REDUCED PRICE FALLS IN MENA EQUITIES ON EMERGENCY MEASURES TAKEN BY CENTRAL BANKS

MENA equity markets saw reduced price contractions this week, as reflected by a 3.0% fall in the S&P Pan Arab Composite index as compared to a much higher price drop of 14.7% in the previous week, as emergency measures adopted by Central Banks in the GCC to counter the impact of fast-spreading coronavirus pandemic on domestic economies have helped calming investor nerves and halting panic selling.

After registering double-digit price falls in the previous week, the heavyweight Saudi Tadawul saw mere price contractions this week (-1.5%), mainly supported by emergency measures taken by the Central Bank, namely a SR 50 billion stimulus package announced by SAMA to shore up the private sector and offset the coronavirus' impact on the economy. Also, Saudi Aramco's Chief Financial Officer said this week that the firm is "very comfortable" with US$ 30 per barrel oil price and that it can meet dividend commitments and shareholders' expectations even in the current low oil price environment.

Under these conditions, Saudi Aramco, whose market capitalization represents 80% of the total Saudi market capitalization, registered weekly price gains of 1.2% to close at SR 29.35. In contrast, Al Rajhi Bank's share price decreased by 2.8% to SR 52.70. Banque Saudi Fransi's share price dropped by 3.0% to SR 25.70. Riyad Bank's share price plunged by 7.1% to SR 14.70. Alinma Bank's share price declined by 3.2% to SR 19.02. Kingdom Holding's share price closed 1.5% lower at SR 6.05. Saudi Electricity's share price went down by 2.2% to SR 15.10. Dar Al Arkan's share price shed 8.0% to SR 8.28.

The UAE equity markets saw further price drops of 8.8% this week, as heightened fears of the coronavirus pandemic continued to weigh on investor sentiment, and as plunging oil prices remained a drag to the market, with Brent prices falling to historical low levels of US$ 26.98 per barrel, in addition to some ex-dividend activity. Price drops took place despite an AED 100 billion stimulus scheme announced by the Central Bank of the UAE to contain the economic repercussions of the coronavirus outbreak and a subsequent drop in economic activity in the country.

In Dubai, Dubai Islamic Bank's share price plunged by 7.8% week-on-week to AED 4.12. Emirates Islamic Bank's share price declined by 3.1% to AED 8.24. Emirates NBD's share price fell by 15.6% to AED 7.37. The stock traded ex-dividend on March 19, 2020. Air Arabia's share price plummeted by 9.8%

EQUITY MARKETS INDICATORS (MARCH 15 TILL MARCH 21, 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	57.7	-2.4%	-17.2%	2.5	-64.6%	0.5	6,241.0	2.1%	6.4	0.53
Jordan	307.8	-7.1%	-14.5%	10.1	-69.1%	5.4	18,479.5	2.8%	10.2	1.29
Egypt	238.9	-16.4%	-30.8%	320.4	88.2%	1,340.0	34,536.2	48.2%	9.1	1.66
Saudi Arabia	271.8	-1.5%	-26.2%	7,697.9	-14.5%	1,311.0	1,956,914.4	20.5%	14.2	2.00
Qatar	155.7	6.8%	-15.7%	639.9	13.9%	852.3	133,574.6	24.9%	13.3	1.75
UAE	75.8	-8.8%	-33.2%	822.2	-10.0%	2,100.8	192,205.9	22.2%	9.1	1.27
Oman	180.0	-4.7%	-10.5%	149.2	263.1%	187.3	15,542.2	49.9%	8.9	0.85
Bahrain	131.9	-2.2%	-19.6%	13.2	-17.9%	25.2	21,633.1	3.2%	10.3	1.42
Kuwait	81.6	-7.9%	-31.9%	715.9	20.9%	819.0	75,231.3	49.5%	12.5	1.38
Morocco	219.0	-11.6%	-24.8%	156.5	-23.9%	7.3	50,552.7	16.1%	16.0	2.42
Tunisia	58.8	-10.0%	-18.7%	6.8	-45.7%	2.0	7,047.3	5.0%	12.3	2.54
Arabian Markets	**584.8**	**-3.0%**	**-25.9%**	**10,532.1**	**-8.8%**	**6,650.8**	**2,511,958.1**	**21.8%**	**13.6**	**1.90**

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

Sources: S&P, Bloomberg, Bank Audi's Group Research Department to reach AED 1.01. The stock trade ex-dividend on March 19, 2020. Also, realty stocks pursued their downward trajectory in an already oversupplied market. Arabtec Holding Company's share price shed 11.9% to AED 0.473. DAMAC Properties' share price decreased by 8.8% to AED 0.416.

In Abu Dhabi, First Abu Dhabi Bank's share price tumbled by 13.9% over the week to AED 9.39. ADIB's share price closed 4.1% lower at AED 3.98. RAK Properties' share price went down by 2.4% to AED 0.363. Manazel Real Estate's share price shed 10.0% to AED 0.279. Dana Gas share price plummeted by 12.2% to AED 0.562. Taqa's share price dropped by 1.7% to AED 0.575.

In contrast, the Qatar Exchange registered a 6.8% surge in prices week-on-week, bucking the downward trend in the MENA region, after the government announced a QR 75 billion stimulus package to shield the economy and instructed government funds to increase their investments in the stock exchange by QR 10 billion, while the Qatar Central Bank said that it would provide additional liquidity to banks operating in the country. Within this context, 25 out of 47 listed stocks posted price gains, while 20 stocks recorded price falls and two stocks saw no price change week-on-week. QNB's share price jumped by 14.1% to QR 18.810. Qatar Islamic Bank's share price climbed by 8.0% to QR 14.790. Commercial Bank of Qatar's share price surged by 4.4% to QR 4.140. Barwa Real Estate's share price rose by 4.1% to QR 3.125. Ooredoo's share price closed 12.8% higher at QR 5.750.

FIXED INCOME MARKETS: CORONAVIRUS CONTINUES TO SEND SHOCK WAVES THROUGH MENA BOND MARKETS

The coronavirus continued to send shock waves through MENA fixed income markets over this week, as tight measures to contain its spread have halted economic activity, while collapsing oil prices continued to present a threat to fiscal balances in oil-dependent countries. Accordingly, regional bond markets saw downward price movements across the board. This was reflected by a 37.3% expansion in the Z-spread based Audi Compiled Bond index week-on-week.

In the Bahraini credit space, sovereigns maturing in 2023, 2025 and 2029 registered price contractions of 5.0 pts, 6.0 pts and 9.0 pts respectively week-on-week. Prices of NOGA'24 declined by 4.87 pts. Bahrain said that it is in talks with banks for a loan of US$ 1 billion after the State suspended plans to issue US dollar-denominated bonds due to bad market conditions.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 posted price falls ranging between 7.50 pts and 10.50 pts week-on-week. Prices of Euro-denominated sovereigns maturing in 2025 and 2030 decreased by 7.30 pts and 8.65 pts respectively. It is worth mentioning that a 300 bps surprise rate cut by the Central Bank of Egypt on March 16, 2020, aiming to stem the economic impact of the coronavirus outbreak, has added pressure to the country's foreign debt securities and triggered outflows.

In the Saudi credit space, activity remained tilted to the downside on mounting concerns over the economic impact of coronavirus and plunging oil prices. Sovereigns maturing in 2025 and 2030 posted price falls of 4.63 pts and 7.0 pts respectively week-on-week. Prices of Saudi Aramco'24 fell by 7.0 pts. STC'29 closed down by 6.50 pts. SABIC'28 registered price declines of 4.90 pts. SECO'24 traded down by 2.77 pts.

In the Omani credit space, sovereigns maturing in 2023, 2025 and 2029 saw price drops of up to 6.0 pts this week. Prices of Omantel'28 declined by 6.0 pts. In the Kuwaiti credit space, sovereigns maturing in 2027 closed down by 5.91 pts. Prices of KIPCO'27 contracted by 5.20 pts.

In the Dubai credit space, sharply lower global growth expectations continued to weigh on investor sentiment this week. Sovereigns maturing in 2029 saw price falls of 8.74 pts. Prices of Emaar'26 contracted by 3.40 pts. DP World'30 traded down by 6.59 pts. Majid Al Futtaim'29 posted price declines of 2.10 pts. As to papers issued by financial institutions, DIB Perpetual (offering a coupon of 6.75%) was down by 0.54 pt. Emirates NBD Perpetual (offering a coupon of 6.125%) closed down by 0.42 pt.
In the Abu Dhabi credit space, sovereigns maturing in 2024 and 2029 registered price decreases of 3.19

pts and 6.25 pts week-on-week. Mubadala'24 was down by 4.45 pts. Prices of ADNOC'29 fell by 8.85 pts. Etisalat'24 closed down by 0.88 pt. Prices of Taqa'26 dropped by 2.57 pts. Amongst financials, ADIB Perpetual (offering a coupon of 7.125%) traded down by 0.32 pt. Prices of Al Hilal Bank'23 contracted by 1.31 pt. First Gulf Bank'24 saw price declines of 3.32 pts. ADCB'23 closed down by 3.10 pts.

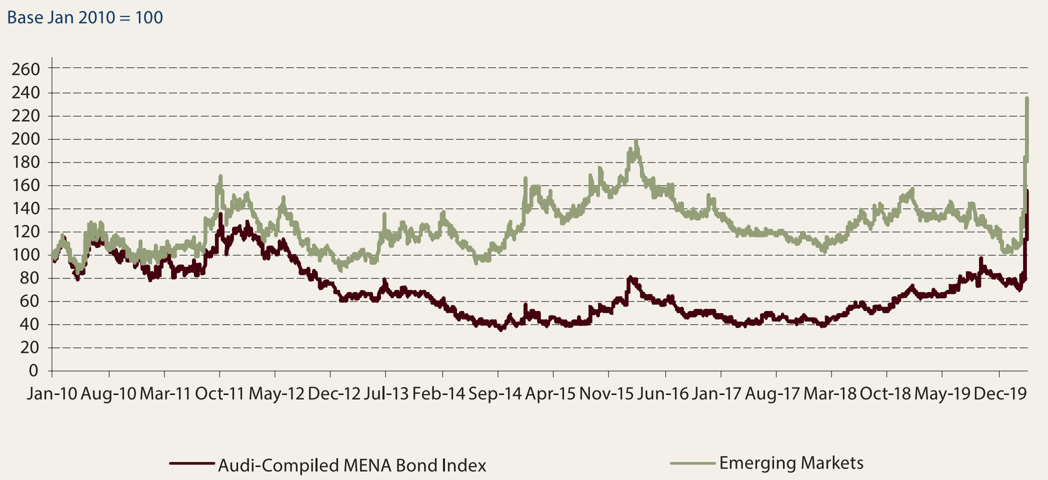
MENA fixed income markets remained in free fall this week, as the rapid spread of the coronavirus, widespread business closures and unprecedented restrictions on social interactions are set to result in a permanent hit to global economic activity this year, according to Moody's.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	20-Mar-20	13-Mar-20	31-Dec-19	Week-on-week	Year-to-date
Abu Dhabi	135	103	36	32	99
Dubai	302	262	91	40	211
Kuwait	125	94	37	31	88
Qatar	150	111	37	39	113
Saudi Arabia	194	169	57	25	137
Bahrain	487	429	176	58	311
Morocco	154	146	91	8	63
Egypt	527	522	277	5	250
Lebanon	14,717	18,226	2,418	-3,509	12,299
Iraq	1,026	743	384	283	642
Middle East	**1,782**	**2,081**	**360**	**-299**	**1,422**
Emerging Markets	**331**	**311**	**148**	**20**	**183**
Global	**646**	**554**	**173**	**92**	**473**

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-/Stable/B
GULF			
Saudi Arabia	A-/Stable/A-2	A1/Stable	A/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA/Stable/F1+*
Qatar	AA-/Stable/A-1+	Aa3/Stable	AA-/Stable/F1+
Kuwait	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	BB-/Stable/B
Oman	BB/Negative/B	Ba2/Stable	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/Stable	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$)	20-Mar-20	13-Mar-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	0.3%	0.0%
Egyptian Pound (EGP)	15.75	15.70	16.05	0.3%	-1.9%
Iraqi Dinar (IQD)	1,182.87	1,182.87	1,182.87	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.67	3.67	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	0.38	0.39	0.1%	0.0%
Yemeni Riyal (YER)	250.00	250.00	250.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	123.46	120.48	119.05	2.5%	3.7%
Moroccan Dirham (MAD)	9.82	9.59	9.57	2.5%	2.7%
Tunisian Dinar (TND)	2.90	2.84	2.83	2.2%	2.3%
Libyan Dinar (LYD)	1.40	1.39	1.40	0.7%	0.1%
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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