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p.9 EXTENDED WEEKLY PRICE GAINS IN MENA CAPITAL MARKETS

MENA equity markets continued to see upward price movements for the third consecutive week (+4.2%), mainly in anticipation of an oil production cut deal by OPEC+ members, while also tracking a strong price rally in global stock markets on hopes that a second round of a US stimulus package would shore up global economic activity, in addition to some favorable market-specific and company-specific factors. Also, activity in MENA bond markets remained skewed to the upside, mainly on improved sentiment following the US Fed new stimulus plan and in anticipation of an OPEC+ oil output cut deal, while new sovereign bond issues started to see the light, as GCC governments sought to shore up finances after the spread of coronavirus and a recent oil price collapse.

MENA MARKETS: WEEK OF APRIL 05 - APRIL 11, 2020

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+4.2%	Weekly Z-spread based bond index	-2.0%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-20.0%	YTD Z-spread based bond index	+120.8%

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ECONOMY

S&P SAYS COVID-19 EXPOSES FUNDING AND LIQUIDITY GAPS AT BANKS IN THE MIDDLE EAST, TURKEY AND AFRICA

In a recent report, S&P said it believes the fallout from the coronavirus pandemic is likely to expose funding and liquidity weaknesses at banks in the Middle East, Turkey, and Africa (META). Over the past decade, an increasing number of banks have tapped international pockets of wholesale funding and deposits of nationals living abroad. While customer deposits are a major source of funding, there are gaps, partly because local capital markets are nascent and saving rates are low, said S&P.

S&P acknowledges a high degree of uncertainty about the rate of spread and peak of the coronavirus outbreak. Some government authorities estimate the pandemic will peak about mid-year 2020, and the rating agency is using this assumption in assessing the economic and credit implications. The rating agency believes the measures adopted to contain COVID-19 have pushed the global economy into recession.

Until recently, the appetite for debt issued by the region's banks was still high. Investors were actively chasing returns, at a time when a large amount of issuance out of developed market carried negative yields. This propelled capital flows into some countries in the Middle East, Turkey, and Africa, sustaining their currencies. That made some of them, eventually, dependent on external funding, as per the S&P report.

Now that market sentiment has reversed and risk aversion is back, some banking systems in the region are in for a bumpy ride, according to the rating agency. Higher funding costs, increasing capital outflows, and lower lending growth will characterize the months to come. That will further aggravate banks' funding and liquidity weaknesses, at a time when they are needed to smooth the economic and financial impact from measures to contain COVID-19. S&P sees Turkey as being the most exposed. The rating agency also expects that sovereigns will absorb part of the hit to banks. However, this will indirectly find its way to some banks because of their large exposures to sovereigns in some countries.

Customer deposits constitute the main source of funding for banks in META, representing on average between 70% and 75% of their liabilities. This percentage is lower (50%-60%) in countries, such as Turkey, which have access to external wholesale funding sources. It is higher in countries, such as Jordan, Lebanon, and Morocco that rely on significant remittances from citizens living in other countries.

Except for a few cases, these deposits are barely sufficient to fund lending books. Loan-to-deposit ratios average an elevated 100% for banks in the region, with Turkey and Tunisia significantly exceeding this number and Lebanon and Egypt standing at much lower levels. S&P believes deposit growth will remain subdued or decline as measures to contain COVID-19 reduce tourism revenue, exports, remittances, and foreign investments, which will in turn reduce the countries' and the banks' foreign currency liquidity. Banks in some of these countries are therefore bracing for a bumpy ride.

The funding and liquidity risks are also exacerbated by the lack of large and deep domestic capital markets that pushed some META countries and banks to raise money on the international capital markets. Domestic bond and commercial paper issuances by financial institutions in these countries were generally below 2% of GDP, compared with 35% in Europe (including the UK) and 25% in the US.

Because local funding is not enough, banks in the region target both non-resident deposits and wholesale funding sources. The capacity of some countries to retain non-resident deposits is therefore critical for ensuring the stability of their banking system. However, given the sharp increase in risk aversion, this could prove more difficult. The risk is more acute when it comes to wholesale external funding. The risk to wholesale funding is particularly relevant for countries with a relatively smaller deposit base than their lending activity, such as in Turkey, where banks have compensated for the scarcity of local funding with wholesale external funding. With the return of risk aversion, some of the region's banking systems in META will face higher funding costs, increasing capital outflows, and lower lending growth in the months to come, said S&P.

With the coronavirus starting to spread in Africa and a few other Middle Eastern countries, governments are coming up with monetary and fiscal responses and support packages to contain the outbreak and help their economies deal with the fallout. These range from governments extending direct guarantees to certain corporates and small and midsize enterprises, to asking banks to extend additional loans to clients to help them deal with cash flow shortfalls who have had to close their businesses for now, with increased liquidity from central bank refinancing.

Nonetheless, S&P expects central banks in most META countries to act as a backstop in case funding difficulties arise (for example, from a decline in or a run on deposits). However, central banks can do that only for local currency refinancing, assuming they are willing to let the local currency depreciate, because they are generally limited by the small size of their foreign currency-denominated assets. The region's banks are also directly exposed to increased credit risks from their large exposures to sovereign debt, which reduce their ability to back up new support packages.

SAUDI ARABIA'S FISCAL REVENUES TO DECLINE BY CLOSE TO 40% IN 2020, SAYS MOODY'S

According to a recent by Moody's, Saudi Arabia's fiscal revenues will decline by close to 40% (or nearly 9% of GDP) this year, more than doubling the fiscal deficit to nearly 10% of GDP in 2020 from 4.5% of GDP in 2019, based on new oil price and oil production assumptions,

The spreading coronavirus pandemic has depressed global oil demand and led to a sharp decline in oil prices since the end of January.

Even after the OPEC+ agreement on 13 April to cut global supply by close to 10%, prices remain depressed. Although at this time, Moody's believes that fundamentals support medium-term oil price assumption of US$ 50-US$ 70 per barrel, it has lowered its average oil price assumptions for 2020 and 2021 to US$ 43 and US$ 53, respectively.

The report also expects government debt to increase above 30% of GDP in 2021 from 22.8% of GDP in 2019. The widening in deficits and the increase in debt would be larger without measures to cut spending and a drawdown on assets.

Moreover, lower oil prices would reduce Saudi Arabia's exports and weaken its current account position, albeit from a relatively robust starting level. The rating agency expects the current account to shift to a deficit of 3% of GDP in 2020 (from a 6.3% surplus in 2019) before returning to surplus in 2021, and foreign-currency reserves to erode by around US$ 80 billion (11% of GDP) in 2020-21, according to Moody's.

The authorities announced a number of measures to support the sectors most affected by the coronavirus outbreak, including an emergency SR 70 billion (2.6% of GDP) fiscal stimulus package. The measures would provide some temporary relief. However, Moody's expect the impact on government finances to be small and offset by planned spending cuts in other areas.

Last but not least, disruptions to business and consumer activity stemming from the measures implemented to suppress the spread of the pandemic combined with the government's commitment to reduce spending in response to lower oil revenues will lead to economic contraction in the non-oil sector. Combined with the just-agreed OPEC + supply cut, Moody's believes GDP is likely to contract this year, before returning to positive growth rates in 2021 as global oil demand recovers and allows supply to rise again.

OMAN ASKS GOVERNMENT AGENCIES TO CUT OPERATING BUDGETS BY AT LEAST 10% THIS YEAR

Oman's Finance Ministry requested government agencies to cut their operating budgets by at least 10% this year to counter a slide in oil prices, including by reviewing salaries and benefits, as per official sources.

The move comes after the government cut the budget allocated to government agencies for 2020 by 5% last month in response to the financial challenges the oil-exporting nation faces.

The Ministry said the decision was being taken as part of efforts to deal with the financial and economic conditions affecting the Sultanate as a result of the sharp drop in oil prices, as per the same source.

All operational budgets would be reviewed and exceptional bonuses for State employees would be halted, according to the Finance Ministry. It said the decision applied to all ministries, agencies and public entities, as well as security and military bodies.

Oman, whose sovereign bonds are rated “junk” by all major rating agencies, is expected to see its deficit widen this year because of lower oil prices. Its economy, burdened by high levels of debt, is also struggling under a slowdown caused by the new coronavirus outbreak.

FITCH AFFIRMS KUWAIT'S LONG-TERM FOREIGN-CURRENCY ISSUER DEFAULT RATING AT “AA”

Fitch affirmed Kuwait's Long-Term Foreign-Currency Issuer Default Rating (IDR) at “AA” with a “stable” outlook.

Kuwait's key credit strengths are its exceptionally strong fiscal and external balance sheets. These are increasingly offset by Kuwait's institutional paralysis and slow pace in addressing growing public finance challenges stemming from heavy oil dependence, a generous welfare state and its large public sector. Indicators on governance and the business environment are well below the “AA” median.

The rating agency estimates the foreign assets of the Kuwait Investment Authority (KIA) at around US$ 529 billion at the end of the fiscal year ending March 2020 (FY19/20), accounting for the bulk of Kuwait's sovereign net foreign asset position of 472% of GDP (the highest of any Fitch-rated sovereign).

Fitch expects a general government deficit of 20% of GDP (KWD 7.3 billion) for FY20/21, reflecting its baseline assumption that the Brent price will average US$ 35/bbl in 2020 and US$ 45/bbl in 2021. The government is unlikely to be able to mount a significant fiscal policy response to the oil shock given the ongoing pandemic and parliamentary elections in October 2020.

On the government's reporting convention (not including KIA investment income in revenue and treating the RFFG transfer as expenditure), the deficit would be over 33% of GDP. Fitch estimates the fiscal surplus in FY19/20 at around 1% of GDP for FY19/20.

The government's authorization to issue debt has expired and it is unable to borrow, even to refinance existing maturities, which currently have to be met out of the GRF. As a result, general government debt fell to 14% of GDP at the end of FY19/20. Kuwait's outstanding eurobonds mature in 2022 and 2027.

The government has made minimal progress on its reform programme aimed at boosting its underlying fiscal position, improving the business environment and boosting the role of the private sector as a provider of jobs for a young and growing population of Kuwaiti nationals (80% of Kuwaiti citizens were employed in the government sector in 2018). It has focused its efforts on regulatory and administrative measures that do not require approval from parliament, which in turn is trying to minimise the immediate costs to its constituents of reform.

Fitch estimates Kuwait’s real GDP growth at around zero in 2019, weighed down by oil production cuts as per the OPEC agreement and delays to refinery upgrades as part of the Clean Fuels Project (CFP). In 2020, overall real GDP growth is likely to be positive amid an expansion of oil production and the commissioning of refinery upgrades, although disruptions related to the coronavirus will likely push the non-oil economy into recession for the year. The banking sector could absorb a rise in problem loans, being adequately capitalised, liquid and profitable.

SURVEYS

UAE MAINTAINS ITS FIRST PLACE IN THE ARAB MENA REGION IN THE WORLD HAPPINESS REPORT 2020

The United Arab Emirates maintained its first place in the Arab world for the sixth consecutive year, according to the latest edition of the World Happiness Report. The country ranked in the 21st position and scored 6.791. It was followed by Saudi Arabia which came in the 27th position globally and Bahrain which came in the 40th position. At the lower end of the scale came Egypt, Yemen and South Sudan with the respective positions of 138, 146 and 152.

The UAE maintained its advanced position globally and surpassed many developed countries and economies in the global report issued annually by the United Nations Sustainable Development Solutions Network, SDSN. UAE Cities took the lead in the "Cities Happiness Index", which included a special indicator that captures happiness at the city level. The index ranks 186 cities around the world by assessing city inhabitants' level of happiness and their general evaluation of their lives in the city. Abu Dhabi and Dubai ranked the happiest cities in the Arab region.

This year's World Happiness Report also included a study that explores the relationship between the Sustainable Development Goals, SDGs, and wellbeing. A comparative analysis showed a direct relationship between efforts to achieve the SDGs and reported happiness levels. The SDG Index is a global indicator that monitors countries' efforts and readiness to achieve the 17 sustainable development goals, also known as the Global Agenda 2030. The study indicated a number of key natural factors affecting happiness, such as weather, green spaces and water surfaces such as beaches and canals. The study documented an increase of happiness levels by individuals who live near green spaces or surrounded by natural trees, more than those who live far from any natural greenery. The same was also true for those who live overlooking water surfaces.

As is the case for the ranking of countries in this World Happiness Report, the ranking of cities' happiness around the world relies on the Gallup World Poll, an annual survey that started in 2005 and that is conducted in more than 160 countries covering 99% of the world's population. It includes at least 1,000 observations per country per year, covering both urban and rural areas, with a tendency to oversample major cities. The survey is nationally representative of the resident population aged 15 and above in each country. The happiness index in this year's report included 153 countries through which the happiness levels were captured by surveying citizens and residents to assess their general satisfaction with life. The report, which was first launched in 2012, saw Finland ranking first in the 2020 global index for the third year in a row but the UAE is keeping pace. It is worth noting that Denmark and Switzerland came in the second and third position globally.

WORLD HAPPINESS REPORT 2020 RANKINGS

	Score	Global Rank
United Arab Emirates	6.791	21
Saudi Arabia	6.406	27
Bahrain	6.227	40
Kuwait	6.102	48
Libya	5.489	80
Morocco	5.095	97
Algeria	5.005	100
Iraq	4.785	110
Lebanon	4.772	111
Jordan	4.633	119
Palestinian Territories	4.553	125
Tunisia	4.392	128
Mauritania	4.375	129
Egypt	4.151	138
Yemen	3.527	146
South Sudan	2.817	152

Sources: United Nations, Bank Audi's Group Research Department

UAE HOTELS OCCUPANCY, DAILY RATES AND EARNINGS FALL AMID CORONAVIRUS SPREAD, AS PER STR

Amidst the mounting impact of the coronavirus on the global travel and tourism industry, hotels in the UAE have begun to see a dip in their performance, with the average daily rate (ADR) and revenue per available room (RevPAR) falling due to lower occupancy levels. The hotels' occupancy dropped to 67% on February 8, a fall of 22% over the same period last year, according to STR data for the first week of February. This resulted in a fall in both ADR and RevPAR, declines of 18% and 36% respectively, on the same day.

Year-on-year occupancy declines were already expected in February due to the Chinese New Year calendar shift; obviously, Dubai is a key destination for Chinese travelers, as per STR. However, a look at early daily data for February shows that further drops in demand due to the coronavirus outbreak are worsening these declines. Occupancy was down to 66% on the first Saturday of February and then to 67% on February 8 (Saturday).

The Dubai hospitality industry faces the biggest risk in the Gulf region due to the travel restrictions triggered by the coronavirus outbreak, as per Reuters. The report also noted that prolonged travel restrictions could even hit visitor numbers for the six-month-long Expo 2020. However, some industry experts said that it is difficult to predict the exact impact of the coronavirus in the short- or mid-term as the situation continues to evolve every day. Research agency Tourism Economics modelled three scenarios of the expected impact on departures from China based on observations during the SARS crisis. It compared the scenarios with a pre-crisis forecast for departures from China to determine the potential losses by year and the time to full recovery.

The International Air Transport Association (IATA) said in a statement recently that it foresees global revenue losses in 2020 ranging from US$ 63 billion (where the outbreak is contained in current markets, with over 100 cases as of March 2) to US$ 113 billion (where the virus has continued to spread) in passenger business. The IATA's previous analysis (issued on February 20, 2020) put revenue losses at US$ 29.3 billion, assuming that the coronavirus would largely be confined to the markets associated with China. Since then, the statement said, the virus has spread to over 80 countries, and forward bookings have been severely impacted on routes beyond China.

GCC FIRMS FACE RISKS FROM CORONAVIRUS SPREAD AND OIL DROP, AS PER STRATEGY& MIDDLE EAST

A sharp drop in oil prices and the coronavirus outbreak have affected the petrochemicals sector in the Gulf countries and worldwide. GCC chemicals players have been particularly hard hit by the oil price drop, as their production is mostly focused on basic petrochemicals which are highly correlated to oil price, as per Strategy& Middle East, part of the PwC network. In March, the Saudi-led Organization of Petroleum Exporting Countries (OPEC) failed to strike a deal with its Russia-led allies on oil production cuts.Saudi's Ministry of Energy has instructed Saudi Aramco to supply 12.3 million barrels a day of crude to the market in the coming months. Oil prices have been plunging ever since Saudi Arabia planned output hikes. Furthermore, the chemicals sector is highly exposed to key end markets such as automotive, oil & gas and aerospace, which are expected to contract heavily as a result of the current global economic situation, as per the same source.

A series of measures have been implemented worldwide to stop the spread of the virus including shutting down businesses, imposing travel restrictions and urging people to stay indoors. These measures have started affecting numerous industries across the globe including petrochemical producers. Investment bank EFG Hermes said that the short-term outlook for the Saudi petrochemicals sector is very challenging due to the current oil price correction, very weak macroeconomics and global uncertainties. Short-term volatility is likely to continue, as the market tries to price in both the bad news (coronavirus cases still increasing, KSA/Russia ramping up production), and the good news (stimulus announcements from various governments, a new OPEC+ agreement etc), as per EFG Hermes.

CORPORATE NEWS

TABREED BUYS AN 80% STAKE IN EMAAR COOLING UNIT FOR US$ 675 MILLION

UAE-based National Central Cooling Company (Tabreed) said it reached an agreement with leading Dubai developer Emaar Properties for the acquisition of an 80% stake in its Downtown Dubai district cooling business for US$ 675 million.

The long-term concession will exclusively provide up to 235,000 tons of refrigeration (RT) of cooling to Dubai's most prestigious developments with the largest integrated energy-efficient cooling scheme in the world, as per a joint statement.

As per the deal, Emaar will retain a 20% stake as part of the long-term partnership with Tabreed.

The district cooling scheme currently provides 150,000 RT of contracted capacity through a network that distributes chilled water produced in three already built interconnected district cooling plants; shortly followed by a fourth state-of-the-art plant that is currently under construction.

Following the completion of the transaction, Tabreed's presence in Dubai has increased to 278,801 RT and its total capacity has increased by 12.6% to 1,338,602 RT from 83 plants.

ETIHAD RAIL AWARDS US$ 230 MILLION CONTRACT TO BUILD O&M FACILITY

The UAE's national railway network Etihad Rail's board of directors has awarded a contract worth US$ 230.3 million to a joint venture led by Vinci Construction France for the construction of the central operation and maintenance (O&M) facility at Al Faya, Abu Dhabi.

The facility will be the largest and the most important facility on the network, as it will be responsible for warehousing, installations, operations, and the maintenance of locomotives and wagons.

The facility will also include an administrative building to control the operations of the whole network.

Etihad Rail has now awarded all civil works and construction contracts for Stage Two of the national railway network.

The company has also launched construction on Package A of Stage Two, signed a contract for the construction of a series of Freight Facilities centers and awarded a contract for the supply of locomotives to expand the company's fleet to 45.

Package B extends over 216 kms and includes the construction of a second concrete railway sleeper factory and rail routes to Khalifa Industrial Zone Abu Dhabi (KIZAD), Khalifa Port, and the Industrial City of Abu Dhabi (ICAD).

SPAIN'S ABENGOA CONSORTIUM WINS SAUDI DESALINATION PROJECT CONTRACT

Spanish group Abengoa said its consortium with the engineering and construction company Sepco III was awarded a contract to build the second largest reverse osmosis (RO) desalination plant in Saudi Arabia.

The contract for the 600,000-cubic-meters-per-day desalination plant was awarded by Acwa Power, a company leader in the development, investment, ownership and operation of energy generation and desalinated water.

Besides Acwa Power, the developer consortium includes Gulf Investment Corporation and Al Bawani Water & Power Company. On completion, the desalinated water will be supplied to the State-owned Saudi Water Partnership Company (SWPC), the promoter of this project.

An international company that applies innovative technology solutions for sustainability in the infrastructures, energy and water sectors, Abengoa said its scope in the project exceeds US$ 200 million.

It will have the same capacity as the desalination plant that Abengoa is currently constructing in Rabigh III, and will guarantee the supply of drinking water to Riyadh, Qassim and Eastern Provinces throughout the year.

As per the deal, the Spanish company will be responsible for the engineering, supply and construction of the Jubail 3A reverse osmosis desalination plant, located to the south of the city of the same name, in the Eastern province of Saudi Arabia, in the northeast of the country. It will also build tanks for the storage of treated water with a capacity of one day of production, as well as a photovoltaic solar field.

The scope of work includes seawater intake, pumping, pretreatment, RO system with energy recovery, post-treatment, pumping station, product water storage, effluent treatment, discharge by outfall and field solar photovoltaic, as well as the associated electrical installations that comprise the construction of an electrical substation of 380/33 kV, said the statement from Abengoa.

ABU DHABI'S MUBADALA VENTURES PLANS HEALTH FUND AS CORONAVIRUS DRIVES DEMAND

The venture capital arm of Abu Dhabi State investor Mubadala plans to launch a healthcare fund next year to tap into increased demand for investment in life sciences and digital health technology following the coronavirus outbreak.

The company is considering next year developing a sort of healthcare-specific fund that can be focused on life sciences and healthcare over the coming decade, as per a company official.

Ventures is part of State investor Mubadala Investment Co, which manages about US$ 240 billion. The State investor has itself invested in the healthcare sector, including in Cleveland Clinic Abu Dhabi and home healthcare services firm Amana Healthcare, which it acquired last year.

ABU DHABI COMMERCIAL BANK IN TALKS WITH NMC HEALTH OVER US$ 981 MILLION DEBT EXPOSURE

Abu Dhabi Commercial Bank (ADCB) is in talks with troubled UAE hospital operator NMC Health to tackle the company's financial defaults, the bank said.

ADCB has an exposure of about US$ 981 million to NMC, which represents less than 1% of the bank's total assets, it said.

The bank has initiated discussions with the NMC Health Group and other substantial creditors to implement appropriate solutions to address the company's financial defaults, governance and other issues, as per a bank statement.

UAE-BASED GULFTAINER FAST-TRACKS MEDICAL SUPPLY CONSIGNMENTS

Gulftainer, one of the world's largest privately-owned, independent port operators based in the UAE, launched an interim and complimentary "Express Service Lane" initiative to priorities the delivery of medical supply consignments at its ports across the UAE.

The move is part of the company's commitment to accelerating logistical procedures and fast-tracking the availability of medical supplies to consumers across the nation. Through this effort, Gulftainer seeks to support the preventive measures and national initiatives launched by the UAE government in combatting the Covid-19 pandemic, the company said.

As part of the initiative, Sharjah Container Terminal (SCT) is also actively encouraging customers to use its secured digital payment methods while benefiting from convenient and seamless online processing of transactions.

CAPITAL MARKETS

EQUITY MARKETS: SOLID PRICE GAINS IN MENA EQUITIES IN ANTICIPATION OF OIL OUTPUT CUT DEAL AND TRACKING GLOBAL PRICE RALLY

MENA equity markets continued to see upward price movements for the third consecutive week, mainly in anticipation of an oil production cut deal by OPEC+ members, while also tracking a strong price rally in global stock markets on hopes that a second round of a US stimulus package would shore up global economic activity, in addition to some favorable market-specific and company-specific factors. This was reflected by a 4.2% weekly rise in the S&P Pan Arab Composite index.

The heavyweight Saudi Tadawul, whose market capitalization represents circa 79% of the total regional market capitalization, continued to register solid price gains this week, mainly supported by improved investor sentiment ahead of an OPEC+ virtual meeting, which was held on April 9, 2020 and agreed on a historical global oil production cut of 10 mbpd, putting an end to a month-long Saudi-Russian crude price war, and after the US Federal Reserve unleashed another round of a US$ 2.3 trillion stimulus package to support the economy. This was reflected by a 4.1% surge in the S&P Saudi index.

Under these conditions, Saudi petrochemical stocks pursued their upward trajectory this week. Petrochemicals giant Saudi Aramco, whose market capitalization represents circa 79% of the total Saudi market capitalization, registered a 1.3% weekly increase in its share price to reach SR 32.05. SABIC's share price surged by 4.7% to SR 79.60. Saudi Kayan Petrochemical Company's share price jumped by 11.3% to SR 8.55. Sipchem's share price climbed by 8.8% to SR 14.12. Petrochem's share price registered significant price gains of 14.1% to reach SR 21.90. Also, banking stocks continued to post decent price gains this week. NCB, the largest banking stock by market capitalization, saw its share price rising by 4.9% to reach SR 36.70. Banque Saudi Fransi's share price jumped by 8.4% to SR 29.75. SABB's share price closed 3.0% higher at SR 23.28. SAMBA's share price skyrocketed by 12.3% to reach SR 23.58.

The Qatar Exchange saw an across-the-board buying this week, mainly in anticipation of an oil production cut deal by OPEC+ members, which has put an end to a global price war. This was reflected by a 6.5% surge in the S&P Qatar index week-on-week. 45 out of 47 listed stocks registered price gains, while only two stocks posted price falls. Industries Qatar's share price climbed by 4.4% to QR

EQUITY MARKETS INDICATORS (APRIL 05 TILL APRIL 11, 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	57.9	0.6%	-16.9%	1.6	-90.5%	0.2	6,269.0	1.3%	6.4	0.53
Jordan	307.8	0.0%	-14.5%	-	-	-	18,461.3	-	10.2	1.29
Egypt	265.1	10.5%	-23.2%	268.3	27.6%	1,377.7	38,190.5	36.5%	7.8	1.72
Saudi Arabia	305.3	4.1%	-17.1%	6,799.1	29.0%	1,264.0	2,146,280.7	16.5%	15.4	2.19
Qatar	162.4	6.5%	-12.1%	379.1	4.4%	792.5	139,028.4	14.2%	14.0	1.81
UAE	83.2	10.5%	-26.7%	734.1	54.9%	1,445.1	205,424.3	18.6%	10.0	1.43
Oman	171.5	3.2%	-14.7%	9.9	20.1%	27.1	15,036.7	3.4%	8.8	0.83
Bahrain	120.3	-2.4%	-26.7%	5.6	-69.7%	14.3	18,824.6	1.5%	9.5	1.30
Kuwait	81.5	-2.5%	-32.0%	536.5	32.0%	583.5	77,406.1	36.0%	13.0	1.41
Morocco	201.7	-0.6%	-30.7%	44.5	-14.5%	2.0	47,117.1	4.9%	15.3	2.42
Tunisia	60.8	0.0%	-15.9%	2.1	-66.0%	0.9	7,184.5	1.5%	12.5	2.58
Arabian Markets	**630.7**	**4.2%**	**-20.0%**	**8,780.7**	**28.6%**	**5,507.3**	**2,719,223.1**	**16.8%**	**14.6**	**2.07**

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

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

7.259. Gulf International Services Company, with interests in onshore and offshore drilling operations, saw its share price skyrocketing by 27.9% to QR 1.253. Nakilat's share price jumped by 5.8% to QR 2.205. Also, QNB's share price surged by 5.6% to reach QR 19.0. Commercial Bank of Qatar's share price closed 8.8% higher at QR 4.190.

The UAE equity markets witnessed a strong price rally this week, following the lead in global markets after the US announced another massive stimulus package aimed to alleviate the impact of the fast-spreading coronavirus, and in anticipation of an OPEC+ oil output cut deal, in addition to some favorable market-specific and company-specific factors. The Central Bank of the UAE reduced banks' reserve requirements for demand deposits by 50% to support the country's economy during the COVID-19 pandemic. This was reflected by a 10.5% surge in the S&P UAE index.

Under these conditions, Emirates NBD's share price skyrocketed by 21.7% over the week to each AED 8.40. Commercial Bank of Dubai's share price went up by 1.6% to AED 3.85. Arabtec Holding Company's share price jumped by 12.7% to AED 0.540. Target Engineering, a unit of Arabtec Holding, won two contracts worth AED 210 million to carry out works at an offshore oil facility and for the construction of a new commercial building in Abu Dhabi. Emaar Properties' share price surged by 8.7% to AED 2.37. Emaar Properties sold an 80% stake in its cooling business in the prime Dubai area to Tabreed for AED 2.48 billion.

In Abu Dhabi, FAB's share price jumped by 21.1% to reach AED 12.10. Taqa's share price surged by 7.8% to AED 0.646. Dana Gas' share price rose by 6.5% to AED 0.606. Etisalat's share price went up by 7.2% to close at AED 15.10.

FIXED INCOME MARKETS: MENA BOND PRICES UP AFTER US SECOND STIMULUS PLAN AND AHEAD OF OIL PRODUCTION CUT DEAL

Activity in MENA fixed income markets remained skewed to the upside this week, mainly on improved sentiment after the US Federal Reserve unleashed another round of emergency initiatives of US$ 2.3 trillion to prop up the US economy in the face of the fast-spreading coronavirus pandemic and in anticipation of an OPEC+ oil production cut deal, while new sovereign bond issues started to see the light as GCC governments sought to shore up finances after the spread of coronavirus and a recent collapse in oil prices.

Qatar has taken the lead in bond issue, becoming the first GCC country to test investor appetite amid the combined global shock from oil and coronavirus through the sale of a triple-tranche US$ 10 billion bond that has attracted orders of around US$ 45 billion. Qatar sold a US$ 2 billion five-year bond at 300 bps over US Treasuries, US$ 3 billion 10-year notes at 305 bps over US Treasuries and US$ 5 billion 30-year notes at a yield of 4.4%. Prices of sovereigns maturing in 2024 and 2029 registered price expansions of 0.63 pt and 1.13 pt respectively week-on-week. Among financials, Commercial Bank of Qatar'23 registered price improvements of 0.13 pt. Prices of QNB'24 expanded by 0.22 pt.

In the Abu Dhabi credit space, the Emirate of Abu Dhabi raised US$ 7 billion through the sale of a triple-tranche bond to bolster finances in the face of falling energy prices and the coronavirus pandemic. Abu Dhabi sold a US$ 2 billion five-year bond at 220 bps over US Treasuries, a US$ 2 billion 10-year bond at 240 bps over US Treasuries and a US$ 3 billion 30-year notes at a yield of 4.1%. The order book size reached US$ 44 billion. Sovereigns maturing in 2024 closed up by 0.25 pt, while sovereigns maturing in 2029 traded down by 0.63 pt week-on-week. Prices of Mubadala'24 rose by 0.11 pt. ADNOC'29 was up by 0.32 pt. Among financials, First Gulf Bank'24 closed up by 0.17. Prices of ADCB'23 increased by 0.55 pt.

In the Bahraini credit space, sovereigns maturing in 2023, 2025 and 2029 posted weekly price rises of 1.50 pt, 2.75 pts and 5.0 pts respectively. NOGA'24 closed up by 4.57 pts. In the Omani credit space, prices of sovereigns maturing in 2023, 2025 and 2029 expanded by 2.45 pts, 3.25 pts and 3.50 pts respectively week-on-week. Prices of Omantel'28 increased by 4.0 pts.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 posted price gains ranging between 3.0 pts and 5.0 pts week-on-week. Euro-denominated papers maturing in 2025 and 2030 registered price improvements of 1.37 pt and 3.32 pts respectively.

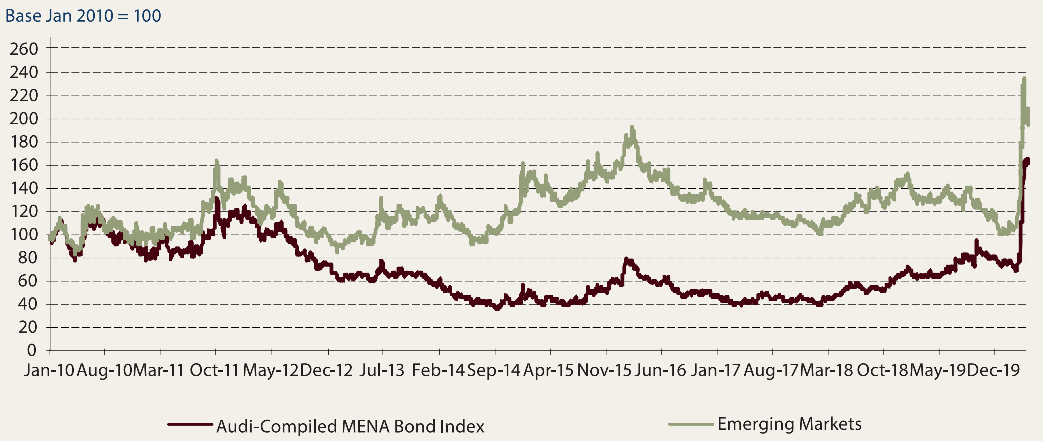
All in all, MENA bond markets continued to operate on a positive territory this week, mainly on improved sentiment after another round of stimulus plan announced by the US Fed, while the COVID-19 pandemic and multi-year low oil price levels paved the way for new bond issues in the region.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	10-Apr-20	03-Apr-20	31-Dec-19	Week-on-week	Year-to-date
Abu Dhabi	132	115	36	17	96
Dubai	299	299	91	0	208
Kuwait	114	102	37	12	77
Qatar	137	135	37	2	100
Saudi Arabia	157	169	57	-12	100
Bahrain	458	486	176	-28	282
Morocco	190	204	91	-14	99
Egypt	592	558	277	34	315
Lebanon	-	-	2,418	-	-
Iraq	1,023	1,023	384	0	639
Middle East	**345**	**343**	**360**	**2**	**-15**
Emerging Markets	**302**	**348**	**148**	**-46**	**154**
Global	**633**	**738**	**173**	**-105**	**460**

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/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/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$)	10-Apr-20	03-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)	15.77	15.75	16.05	0.2%	-1.7%
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)	3.66	3.68	3.66	-0.5%	0.1%
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)	126.58	126.58	119.05	0.0%	6.3%
Moroccan Dirham (MAD)	10.21	10.32	9.57	-1.0%	6.7%
Tunisian Dinar (TND)	2.91	2.90	2.83	0.2%	2.7%
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

DISCLAIMER