Bank Audi

MENA WEEKLY MONITOR

APRIL 17 - APRIL 23, 2022
WEEK 16

CONTACTS

Treasury & Capital Markets

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

Corporate Banking

Carol Ayat
(961-1) 959675
carol.ayat@bankaudi.com.lb

Mohamad Baydoun
(961-1) 959703
mohamad.baydoun@bankaudi.com.lb

Marketing and Communications

Marion Abou Jaoudé
(961-1) 977356
marion.abou-jaoude@bankaudi.com.lb

RESEARCH

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

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

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

Zeina Labban
(961-1) 952426
zeina.labban@bankaudi.com.lb

Michele Sakha
(961-1) 977102
michele.sakha@bankaudi.com.lb

Economy

p.2 ICAEW EXPECTS REGIONAL GDP GROWTH TO ACCELERATE TO 4.2% IN 2022

The ICAEW Economic Update: Middle East, a quarterly economic forecast for the region prepared directly for the finance profession, has been released this week. ICAEW now expects regional GDP growth to accelerate to 4.2% in 2022, after an estimated expansion of 3.5% in 2021.

Also in this issue

Surveys

p.5 UAE AMONG WORLD'S TOP MARKETS WITH HIGHEST TRUST IN THE FINANCIAL SERVICES SECTOR

The UAE has been named among world's top markets with highest trust in the financial services sector, according to a new study.

Also in this issue

Corporate News

p.7 KUWAIT PROJECT AWARDS TO HIT US$10 BILLION THIS YEAR

Kuwait's project awards are expected to hit KWD 3 billion (US$ 9.8 billion) this year, the Vice-Chairman and CEO of National Bank of Kuwait (NBK) Group said in a statement.

Also in this issue

Markets In Brief

p.9 MARKETS IN BRIEF: WEEKLY PRICE CONTRACTIONS ACROSS MENA CAPITAL MARKETS

MENA equity markets closed the week on a negative note, as reflected by a 0.4% decline in the S&P Pan Arab Composite index, mainly as some market players sought portfolio reshuffling ahead of Fitr holidays and driven by oil price falls and some unfavorable company-specific factors, while also tracking a global equity weakness (-2.7%) as the IMF lowered its forecast for the global economic growth in 2022 due to the economic damage from the Ukraine war. In parallel, regional fixed income markets continued to drift lower, mainly as the US Federal Reserve's aggressive hawkish monetary policy allowed 10-year real yields to approach pre-pandemic positive levels, while European Central Bank's officials said that the Bank should be able to phase out asset purchases in July 2022 to pave the way for interest rate hikes.

MENA MARKETS: APRIL 17 - APRIL 23, 2022

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-0.4%	Weekly Z-spread based bond index	-1.3%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+16.7%	YTD Z-spread based bond index	-10.9%

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

ICAEW EXPECTS REGIONAL GDP GROWTH TO ACCELERATE TO 4.2% IN 2022

The ICAEW Economic Update: Middle East, a quarterly economic forecast for the region prepared directly for the finance profession, has been released this week.

The report says that after an uncertain start to 2022 due to the new wave of the pandemic, the sharp escalation of the Russia-Ukraine conflict has led ICAEW to move their global baseline to a full-scale invasion scenario, which incorporates higher European gas, oil and food prices over the medium term, as well as more financial market disruption. The impact on growth and inflation will vary significantly across the world as well as the Middle East. Higher energy prices are a boon for many regional countries but overall, ICAEW now expects regional GDP growth to accelerate to 4.2% in 2022 (4.4% three months ago), after an estimated expansion of 3.5% in 2021.

The pace of activity softened in the GCC at the start of the year as the sweeping Omicron wave dampened demand. However, this has not altered our view of a robust expansion in the region this year, underpinned by higher oil output and strong investment plans. Business confidence may take a knock if the conflict in Ukraine is prolonged, weighing on future expectations, but they believe this will have little immediate impact on regional GDP. However, given base effects from stronger 2021, their 2022 GDP growth forecast for the GCC is modestly lower, at 4.8% (from 5.0%).

Robust oil sector growth is already reflected in available GDP statistics - the boost to production resulted in annual growth of 10.8% in Saudi Arabia in Q4 2021. Production will continue to rise this year and beyond, lifting regional GDP growth.

Although non-oil economy momentum has slowed in recent months, hampered by Omicron, it should continue its rebound from the effects of the pandemic, as consumer appetite and incomes strengthen. And while challenges to the outlook have shifted, key drivers of the recovery such as travel and tourism will continue to perform strongly, even though visitor numbers are unlikely to return to pre-crisis levels until 2023. Moreover, lending growth rebounded across the region in 2021, in line with improving confidence and liquidity, and also benefitting from policies such as loan deferral programmes, and it should support activity further as the private sector expands. Their 2022 forecast for GCC non-oil growth stands at 3.4% (3.3% three months ago), modestly slower than the expansion of 3.8% in 2021. They see Brent averaging US$ 99 pb this year, the highest since 2014, before easing to US$83pb in 2023.

In the wake of Russia's invasion of Ukraine, they expect higher global energy and food prices in the near term. Given gradual withdrawal of subsidies, these additional cost pressures will feed through to regional inflation in the near term, as domestic demand improves. They see GCC inflation averaging 2.7% this year (2.5% three months ago), up from 2.3% in 2021, before falling back below 2% in 2023.

Unlike many emerging markets, GCC monetary authorities have been able to keep interest rates unchanged at very low levels. However, their currency pegs mean they will likely mirror US Fed hikes set to start in March. Their outlook for the US sees rate hikes totalling 175bp this year. Tighter monetary policy will have a limited near-term impact on the GCC economy, given the supportive energy and fiscal backdrop. Higher borrowing costs will be felt more in 2023, however.

Elsewhere in the Middle East, Iran appears closer to negotiating an updated nuclear deal. Iran's rapidly developing nuclear program has made such an agreement more urgent, though a return to the terms of the original deal is unlikely. Our current baseline view does not anticipate a near-term breakthrough, leaving our 2022 GDP growth forecast for Iran at a modest 2.1%. Lebanon has resumed the long-awaited talks with the IMF to secure financial support needed to help end its economic collapse. However, it is unclear how quickly negotiations can lead to a rescue package, given the fund's tough pre-conditions surrounding reform, and they maintain their GDP forecast of growth of just 1.4% this year. Finally, the oil sector is driving Iraq's growth higher, while the non-oil sector also recovers. ICAEW forecasts overall GDP growth of 4.8% in 2022 for Iraq.

GCC ECONOMIES HAVE A STRONG START TO 2022 BUT CHALLENGES REMAIN

The UAE was probably the fastest growing economy in the GCC last year, according to the Vice President and Ruler of Dubai.

The country's gross domestic product grew 3.8% in real terms in 2021, a better outcome than most analysts had anticipated, and faster than the 3.2% growth seen in Saudi Arabia.

Abu Dhabi's economy grew 1.9% last year, as a modest contraction in the oil and gas sector offset non-oil sector growth of 4.1%, data from the Statistics Centre of Abu Dhabi showed.

The recovery was most evident in the manufacturing, and wholesale and retail trade sectors as COVID-19 restrictions were eased.

The Dubai Statistics Center has yet to release full year 2021 GDP data, but based on the figures for Abu Dhabi and the whole of the UAE, we estimate Dubai's economy grew about 6.5% in 2021.

GCC economies have seen a relatively strong start to 2022. The hydrocarbons sector has benefitted from increased oil production so far this year, with crude production in the first quarter up 12% annually for the UAE and 19% for Saudi Arabia.

Survey data for the first quarter of the year point to a solid expansion in non-oil sectors as well, with strong growth in business activity and new work in the UAE, Saudi Arabia and Qatar.

For Dubai in particular, Expo 2020 helped to boost activity over its duration, and the relaxation of travel restrictions contributed to a strong recovery in the tourism and hospitality sector over the same period. International visitor numbers have recovered to about 70% of the pre-pandemic levels in the first couple of months this year.

Hotel occupancy bounced back in February to more than 80% after slipping in January as a result of the Omicron variant of COVID-19. The emirate's hotels have been able to almost double their revenue per available room in the first two months of 2022, compared with the same period a year earlier.

The largest source market for international visitors to Dubai so far this year has been Saudi Arabia, displacing India from the top spot, and visitors from other GCC countries have returned in larger numbers as well as travel restrictions have been relaxed.

There has also been a sharp rise in the number of visitors from the UK and Europe relative to early 2021, as those countries have signaled a desire to "live with" the Coronavirus.

Overall, the outlook for the region remains constructive. Expected fiscal surpluses will allow governments to spend as planned without needing to tap debt markets in a rising interest rate environment. Recent reforms to the personal and business laws in the UAE will likely continue to drive inward investment and attract talent.

ABU DHABI'S NON-OIL ECONOMY GREW 4.1% IN 2021, SAYS SCAD

Abu Dhabi's non-oil real GDP grew 4.1% for the FY 2021, mainly driven by the government's prudent economic and investment policies and the emirate's speedy recovery from the pandemic, according to Statistics Center Abu Dhabi (SCAD).

During the this year, several non-oil economic activities showed positive growth rates at constant prices, most notably the agriculture, forestry, and fishing activity, which expanded by 23.1% and the manufacturing activity which expanded by 21.7%, stated the SCAD statistical data that reflects rapid growth in most of Abu Dhabi's oil and non-oil activities at constant prices in 2021.

The health and social service activities grew by 19.7%, arts, entertainment and recreation by 17.3%, wholesale and retail trade by 15.3%, accommodation and food service activities by 14.7%, transportation and storage by 7%, and electricity, gas, water supply and waste management activities by 6.9%, as per the same source.

With this, the contribution of non-oil sector to Abu Dhabi's real GDP has increased to 49.7%.

The results announced by SCAD at constant prices indicate that Abu Dhabi's GDP at constant prices grew 1.9% in 2021 compared to the previous year, thus underscoring the effectiveness of economic policies, the robustness of Abu Dhabi's local economy and the recovery from COVID-19 crisis.

As per SCAD data, the mining and quarrying activity (including crude oil and natural gas) contributed approximately 50.3% of Abu Dhabi's real GDP in 2021. On the other hand, the non-oil activities contribute 49.7% of the GDP at constant prices in 2021, despite the remarkable rise of world prices during the same period.

The growth proves the remarkable progress Abu Dhabi has made to diversify its economic base and sources of income in line with its ambitious strategic plans, it added.

KUWAITI BANKS' PERFORMANCE TO IMPROVE IN 2022 ON HIGHER OIL PRICES, RISING INTEREST RATES, AS PER S&P

Kuwaiti banks will experience better operating conditions this year due to higher oil prices and continued recovery from the pandemic, S&P Global Ratings said. However, the banks' high exposure to real estate and construction continues to be a "key risk". Other constraints also persist, as the government's general reserve fund (GRF) has diminished substantially and the country's fiscal funding strategy remains uncertain. The ratings agency said it now expects banks to record improved earnings in 2022 and that non-performing loans (NPLs) and cost of risk (CoR) are likely to gradually normalize, thanks to a more supportive environment, as well as higher interest rates. Funding conditions also remain favorable, underpinned by stable deposits from the retail sector and government-related entities. Banks in Kuwait have high exposure to the real estate and construction sectors, which accounted for approximately a third (30%) of total lending in the country at the end of last year. However, given that part of the exposure is to companies with diversified income streams, NPL formation is likely to taper off, S&P noted.

Overall, NPL ratio is expected to fall slightly over the next 12 to 24 months, while CoR is forecast to be stable at about 100 basis points (bps). The forecast CoR is below the 1.4% CoR in 2020 and is comparable to 0.9% in 2021. As for their financial performance, banks will see their earnings fully recover this year on the back of higher margins. The macroeconomic outlook, higher oil prices and rising interest rates are smoothening the recovery path for Kuwaiti banks, S&P said.

SHARJAH'S ECONOMY GROWS 4.8% IN 2021

Sharjah's gross domestic product (GDP) expanded by an annual 4.8%in 2021, as per official data released by the emirate's Department of Statistics and Community Development (DSCD). With nearly AED 130.5 billion in GDP earnings last year compared to AED 124.6 billion in 2020, the emirate's economy, particularly the non-oil sectors, accelerated reinforcing its growing status as a regional hub for business, trade and investments. The data testifies to Sharjah's resilience in adapting to the fast-changing economic landscape of the post-pandemic era, DSCD underlined, adding that indicators of future growth remain positive for a multitude of sectors owing to the emirate's agile economic diversification policies and practices.

The 2021 GDP growth findings are based on a detailed economic study led by DSCD, which featured a thorough review of Sharjah's macroeconomic data from 2020 and preliminary estimates for the year 2021. The study includes all economic activities in line with the International Standard Classification of Economic Activities (ISIC.4) and is based on a survey of both independent bodies and the government sector. Data shows that the emirate's trading sector was the most significant contributor to GDP at 23.8%. Transformative industries stood at 17.0% construction at 9.3%, and real estate at 9.0%, while the government sector contributed to 7.3% in 2021.

As for growth rates of specific economic sectors in 2021 compared to 2020, the study reveals wholesale and retail trade as leading the charts at 10.0%. Transport and storage sectors registered a 9.5% growth, followed by the accommodation/hospitality and food services at 9.1%. Extractive industries grew by 9.0% and health and social services by 7.6%. Sector-specific contributions include production at AED 240 billion in 2021, compared to AED 228.8 billion in 2020. Workers' compensation increased to AED 38.8 billion in 2021, compared to AED 36.9 billion in the previous year; and the total value of capital expenditures rose to AED 33.8 billion in 2021, compared to AED 31.3 billion in 2020.

SURVEYS

UAE AMONG WORLD'S TOP MARKETS WITH HIGHEST TRUST IN THE FINANCIAL SERVICES SECTOR

The UAE has been named among world's top markets with highest trust in the financial services sector, according to a new study.

CFA Institute, the global association of investment professionals, recently published Enhancing Investors' Trust — the 2022 CFA Institute Investor Trust Study, the fifth in its biennial series, which measures trust levels and explores the factors that drive trust in financial services among retail and institutional investors in 15 markets globally. The study reveals that trust in financial services has reached an all-time high.

The study reveals five factors driving higher trust in financial services: strong market performance, fee compression, tech-enabled transparency, greater access to markets, and new personalized products. The study identifies increased use of technology as a major trust factor, simplifying investing by improving access to markets and information. Half of retail investors and more than four-fifths of institutional investors say that increased use of technology has increased trust in their adviser or asset manager, respectively.

The study also finds that personalization is additive to trust, and advisers who understand their clients personally, or provide investment products that align with clients' personal values and beliefs, can deliver the most value.

As one of the countries with the highest trust in financial services on a global level, the UAE's path to a resilient and diversified economy has been marked with efforts to uphold the stability and integrity of the financial system, as per a CFA Institute official.

The surge in trust currently witnessed is a positive indicator, and the latest report, Enhancing Investors' Trust demonstrates how different factors have helped maintain and build investors' trust, with technology, value alignment, and personal connections emerging as key determinants in a new, more resilient dynamic.

The millennial investor segment is championing technology and customization, exhibiting relatively high trust in ventures such as robo-advice, digital apps, investment alerts and digital nudges for seamless strategy execution. However, face-to-face advisory remains a preference among three-quarter of investors, underscoring the importance of the human element – a notion which has remained consistent since the year 2020.

The proportion of institutional investors with high or very high trust in financial services has risen to 86% (65% in the prior survey). Among retail investors, trust levels are up to 60% (previously 46%).

Trust in financial services has reached an all-time high, with India as the leading market with the highest trust level of 87%, the UAE in the second place with 78%, and China in the third place with 76%.

Millennial retail investors — and particularly those aged 25 to 34 —are the most trusting of financial services (72% of this cohort have high or very high trust).

For the first time, most retail investors globally (56%) envisage that in the next three years, access to technology platforms and tools through which they can execute their investment strategies will be more important than access to a human being for assistance. This reflects a steady shift in sentiment across 12 of 15 markets surveyed and resonates most loudly in India (90%) and the UAE (84%).

Two-thirds of institutional investors say they are now invested in cryptocurrencies. Globally, 32% of retail investors invest in cryptocurrencies, India leading with 67%, 66% in the UAE and 58% in Brazil. Overall, fewer than half of retail investors trust cryptocurrencies to hold their value (42%), compared to 84% of institutional investors, consistent with the different usage levels of crypto by these two groups.

Advised investors are also more interested in personalized products (82%). Direct indexing (cited by 56%), personalized impact funds (53%) and artificial intelligence-driven investments (44%), are of the most interest to retail investors with advisers. Most institutional investors and most retail investors say technology increases their trust in their asset manager or adviser — due to more transparency, simplified access to markets and products, and personalization.

Globally, 84% of institutional investors would invest in a fund that primarily uses artificial intelligence to select investment holdings, with a similar proportion (78%) believing that use of AI in investment-decision-making will lead to better investor outcomes. A lesser proportion of retail investors (39%) would consider AI-driven funds.

REAL HOUSEHOLD SPENDING IN SAUDI ARABIA EXPECTED TO GROW 3.7% IN 2022, AS PER FITCH SOLUTIONS

According to a recent report by Fitch Solutions entitled "Saudi Arabia 2022 Consumer Outlook: Consumer Spending Returning To Growth Trajectory", the agency made a slight upward revision to its forecast for real household spending in Saudi Arabia and now expect it to grow 3.7% (+3.5% previously) over 2022, to a total of SR 927.1 billion.

While this remains notably lower than the 7.5% growth estimated in 2021, the slowdown is largely the result of unfavorable base effects wearing off. Indeed, Fitch Solutions highlights that the COVID-19 pandemic resulted in a significant contraction of 6.4% in household spending in 2020, which directly lead to above-trend growth in 2021. Consumer spending growth will begin to moderate throughout 2022, as the Saudi consumer sector's complete recovery from the worst effects of the Covid-19 pandemic emerges. As such, Fitch Solutions projects that total consumer spending (in real terms) in the Kingdom will be around 4.6% higher than 2019, the pre-pandemic environment.

Data from the Saudi Central Bank shows that point-of-sales (POS) transactions (a proxy for retail sales) growth data has eased dramatically, rising by just 19.5% year-on-year in Q4 2021 compared to 25.0% in Q3 2021 and 54.2% in Q2 2021.

As the worst effects of the COVID-19 pandemic begin to fade, Fitch Solutions expects a stronger economic backdrop to emerge that will support a more normalized pattern of spending in Saudi Arabia. The Country Risk Team's real GDP outlook for Saudi Arabia is for growth of 5.4% in 2022 compared with a projected gain of 3.3% in 2021. The main driver of that growth will be net exports growth, supported by the unwinding of OPEC+ supply restrictions. This improved GDP expansion will support private consumption growth, although strength from 2021 will ensure growth in Point-of-Sales transactions will be slower in a year-on-year comparison.

DUBAI OFFICE RENTS START TO RISE AS EMPLOYEES RETURN FROM REMOTE WORK, AS PER KNIGHT FRANK

The cost of renting an office space in Dubai is starting to rise as employees return from remote work, with rents in some locations now recovering to 2019 levels, according to a new report by Knight Frank

Five out of 27 locations tracked in Dubai have seen office rents return to levels prior to the COVID-19 pandemic, real estate consultancy Knight Frank said in its report.

In one of the popular hubs, Business Bay, office rents climbed from AED 76 (US$ 20.7) per square foot in the first quarter of 2020 to AED 101 at present. The rental increases have been driven by demand from tech companies, primarily start-ups, that are expanding their business in Dubai.

The lack of new prime stock is also adding upward pressure on rents in high quality buildings in some areas. However, Knight Frank noted that a number of businesses are still reviewing their occupational strategies, many of whom are reducing their office space as hybrid work gains a "sense of permanency."

Despite the quieter end to 2021 early data from Q1 suggests a rebound in demand in Dubai, led by technology businesses that are expanding their footprints, as per the Head of Middle East Research, Knight Frank.

To an extent, the expansion by this group of occupiers is being eroded by a number of businesses that are still reassessing their occupational strategies, many of whom are shrinking their office footprints as a result of the rise in hybrid working models, as per the same source.

In Abu Dhabi, the best buildings continue to show "rental resilience." Overall leasing costs in all of the main submarkets showed "stable" rates during the first quarter of the year.

In the Corniche area, average rents climbed by 7.2% to AED 1,675 per square meter over the course of the last 12 months. In other areas like Al Reem Island and Capital Centre, rents went up by 2.5%.

While some companies are encouraging their staff to return to their physical workplaces, other businesses have also embraced the permanent shift toward remote working.

The trend, according to Knight Frank, has "given further impetus" to Dubai's serviced office sector, which continues to expand.

The consultancy firm noted that serviced office providers are increasingly active in the market, offering solutions to companies that want greater lease flexibility and prefer the so-called "plug n' play" options.

CORPORATE NEWS

KUWAIT PROJECT AWARDS TO HIT US$10 BILLION THIS YEAR

Kuwait's project awards are expected to hit KWD 3 billion (US$ 9.8 billion) this year, the Vice-Chairman and CEO of National Bank of Kuwait (NBK) Group said in a statement.

The first quarter of 2022 recorded KWD 110 million (US$ 360 million) of the project, fell short of expectations due to the slow approval process as well as supply chain issues, as mentioned in a statement.

It is expected that more projects to be awarded in various sectors including education, healthcare, communication, petrochemicals, etc. Tendering and awarding activity in 2022 should pick up with an estimate of around KWD 2 to 3 billion of projects to be awarded for the rest of the year, as per Vice-Chairman and CEO of National Bank of Kuwait (NBK) Group

In 2021, the improved health situation and the easing of restrictions from the pandemic and the government's resignation resulting political friction to lift corporate activity and take project awards to KWD 1.5 billion (US$ 4.9 billion).

It is worth highlighting that NBK reported profits of KWD 116.6 million (US$ 381 million) for the first quarter of 2022, reporting a growth of 38.3% year on year.

EXPO 2020 DUBAI AWARDED CONTRACTS WORTH US$ 1.9 BILLION TO SMES

Expo 2020 Dubai awarded contracts worth AED 6.8 billion (US$ 1.9 billion) to small and medium-sized enterprises (SMEs), supporting the UAE's drive towards a robust private sector and a more resilient economy.

From construction firms to event organizers, retail stores to food and beverage outlets, SMEs played a key role in the success of Expo 2020 Dubai, which awarded AED 1.1 billion to UAE-based SMEs in 2021 alone.

Out of 3,245 suppliers awarded Expo 2020 Dubai contracts, 2,150 (66%) were SMEs, with 64% (1,390) of these comprising domestic SMEs, as mentioned in a statement.

The majority of the 760 overseas SME suppliers came from the United Kingdom (24%), the United States (16%), France (4%), India (4%) and Australia (4%).

Overall, suppliers from outside the UAE were sourced from 94 countries, indicative of the World Expo's global reach and impact.

DAMAC PLANS US$ 100 MILLION INVESTMENT TO DEVELOP METAVERSE CITIES

Dubai-based DAMAC Group is entering the metaverse world by US$ 100 million investment plan for building digital cities. This initiative is in line with the group's plans adopting progressive business trends.

Given that Damac group is the parent company of property developer DAMAC Properties, data center firm Edgenex, luxury jeweller de Grisogono and fashion house Roberto Cavalli, it will offer digital assets ranging from virtual homes, digital property, digital wearables and digital jewelry through the company's acquisitions of Swiss jewelers de Grisogono and Italian fashion brand Roberto Cavalli, DAMAC mentioned in a statement.

Businesses adapting metaverse environment benefit from increased customer engagement and loyalty, better connectivity and collaborations with stakeholders and eventually increased revenue.

The metaverse market was worth US$ 21.9 billion in 2020 and is projected to grow at 41.7% by 2030, as per Market Research Future (MRF) research observation.

ZAIN Q1 NET PROFIT UP BY 6% AND REVENUE SOARS TO US$ 1 BILLION

Zain Group, one of the leading telecom innovator with operations in seven markets across the Middle East and Africa, announced its consolidated financial results for Q1 2022 reporting a net profit of KWD 47 million (US$ 156 million), up by 6%, while its revenues for Q1 rose 7% year-on-year to reach US$ 1.3 billion.

EBITDA for the Q1 2022 reached KWD 154 million (US$ 507 million), down 3% year-on-year, reflecting an EBITDA margin of 38%.

Net income for the same quarter reached KWD 47 million reflecting earnings per share of 11 Fils (US$ 0.04).

It is worth mentioning that for Q1 2022, foreign currency translation was impacted mainly due to the currency devaluation in Sudan from an average of 271 (SDG / USD) during Q1 2021 to an average of 483 (SDG / USD) during Q1 2022, cost the Group US$ 120 million in Revenue and US$ 80 million in EBITDA.

Zain increased its active customer base by 2.3 million to serve 50.9 million, as mentioned in a statement.

The future-ready approach to invest heavily in 5G technology and 4G network expansion across all markets in recent years is paying off, evident by the 2.3 million additional customers and resulting revenue growth during the first quarter, the Group's Chairman mentioned in a statement.

The Zain Group's performances of operations in Kuwait and KSA, where net profits increased 22% and 97% respectively, are predominantly on the back of 5G and B2B customer and revenue growth, as the 156% net profit increase in Sudan where 4G customer uptake combined with currency mitigation related price revamps have contributed positively to all its financial metrics, as per the Vice-Chairman and Group CEO.

The Group financial performance would have been even more impressive if not for the unfortunate currency devaluation mainly in Sudan that impacted revenues by US$ 120 million," he added in a statement.

E& POSTS CONSOLIDATED NET PROFIT OF US$ 653 MILLION IN Q1

E& (formerly known as Etisalat Group) consolidated net profit in Q1 2022 increased to AED 2.4 billion (US$ 653 million), a 3.6% year-over-year increase and consolidated revenue reached AED 13.3 billion, up by 0.8%.

Consolidated EBITDA reached AED 6.8 billion, an increase of 0.5% year-over-year, resulting in an EBITDA margin of 51%.

The number of Etisalat UAE subscribers reached 13.1 million in Q1 2022, while aggregate group subscribers reached 159 million, representing an increase of 2% over the same period last year.

It is worth mentioning that Etisalat Group recently changed its brand identity to e&. in line with the organization's strategy to accelerate growth by creating a resilient business model that is represented by its key business pillars.

However, the telecommunications business currently continues to be operated by Etisalat UAE in e&'s home market and by its existing subsidiaries for international operations, upholding the Group's telecommunications heritage, strengthening its telecommunications network and maximizing value for the Group's various customer segments.

e& capital allows the Group to focus its efforts on driving new mergers and acquisitions while maximizing shareholder value and strengthening global presence.

PETROCHEMICAL INDUSTRIES COMPANY TO ISSUE 31 TENDERS

State-owned Kuwait Petrochemical Industries Company (PIC) plans to issue 31 tenders in the next few months, where the value of the tenders wasn't mentioned.

The projects are in line with the company's expansion plans that run in parallel with Kuwait's hydrocarbon development program.

The new tenders will be issued between April and September and cover consultancy services, equipment supply and other services, as mentioned in a statement.

One contract involves consultancy services for a feasibility study for a new chemicals project.

This tender will be issued between May and June and it involves appointment of a consultant for a feasibility study, as mentioned in a statement.

Another key tender will be issued during that period for naming of a consultant that will carry out a technical study for a new investment opportunity in Kuwait.

CAPITAL MARKETS

EQUITY MARKETS: SLIGHT WEEKLY PRICE DECLINES IN MENA EQUITIES, MAINLY ON PROFIT-TAKING OPERATIONS AND OIL PRICE FALLS

MENA equity markets closed the week on a negative note, as reflected by a 0.4% decline in the S&P Pan Arab Composite index, mainly as some market players sought portfolio reshuffling ahead of Fitr holidays and driven by oil price falls and some unfavorable company-specific factors, while also tracking a global equity weakness (-2.7%) as the IMF lowered its forecast for the global economic growth in 2022 due to the economic damage from the Ukraine war.

The heavyweight Saudi Exchange, whose market capitalization represents more than 70% of the total regional market capitalization, fell in the red this week, as reflected by a 0.4% retreat in the S&P Saudi index, mainly dragged by some profit-taking operations following strong year-to-date Saudi equity price rally of circa 20%, and due to some unfavorable financial results, in addition to an oil price slump, as Brent oil prices shed 4.5% this week reaching US$ 106.65 per barrel on Friday, mainly on prospects of weaker global economic growth, as the IMF revised down its forecast for the global economic growth in 2022 to 3.6%, and on concerns that COVID-19 lockdowns in China would hurt demand for oil. This outweighed a 2.8% upward revision by the IMF for the Saudi economic growth in 2022 to 7.6%, due to higher oil production in line with the OPEC+ agreement and stronger-than-anticipated growth in the non-oil sector.

A closer look at individual stocks shows that SABIC's share price shed 2.6% week-on-week to SR 125.60. Petro Rabigh's share price fell by 2.5% to SR 29.40. Advanced Petrochemical Company's share price plummeted by 5.1% to SR 70.40. Sipchem's share price retreated by 0.9% to SR 57.0. Yansab's share price plunged by 7.5% to SR 60.10. Yansab announced a 33% year-on-year contraction in its 2022 first quarter net profits to reach SR 283 million, missing analysts' estimates. Also, Saudi Ceramics' share price dropped by 3.7% to SR 51.70. Saudi Ceramics announced a 27% year-on-year fall in its 2022 first quarter net profits to reach SR 51 million. Jarir Marketing Company's share price closed 3.5% lower at SR 198.80. Jarir Marketing Company announced 2022 first quarter net profits of SR 251 million versus net profits of SR 268 million a year earlier, down by 6.1%, missing analysts' estimates.

Also, the Qatar Stock Exchange shifted to a negative territory this week, as reflected by a 1.6% drop in the S&P Qatar index, mainly as some market players sought to book profits ahead of Fitr holidays following year-to-date equity price gains of 19.5%, while also weighed down by oil price falls. 31 out of 47 listed stocks posted price drops, while 15 stocks registered price gains and one stock saw no price change week-on-week. QNB's share price shed 4.4% to QR 23.30. Doha Bank's share price went down by 2.6% to QR 2.599. The Commercial Bank's share price closed 3.8% lower at QR 7.50. Gulf International Services' share price decreased by 2.2% to QR 1.930. Ooredoo's share price declined by 1.8% to QR 7.148. Barwa Real Estate's share price fell by 1.5% to QR 3.501.

EQUITY MARKETS INDICATORS (APRIL 17 - APRIL 23, 2022)

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	93.8	-0.2%	-0.2%	7.5	86.4%	0.5	10,602.8	3.7%	-	0.36
Jordan	375.5	0.1%	7.8%	46.2	-33.2%	19.7	25,447.5	9.4%	12.9	1.84
Egypt	224.7	-2.8%	-26.2%	153.4	-8.2%	1,196.4	35,919.6	22.2%	7.2	1.40
Saudi Arabia	616.4	-0.4%	20.2%	9,121.9	-22.5%	705.7	3,220,411.7	14.7%	23.3	3.31
Qatar	234.1	-1.6%	17.5%	739.5	-26.4%	700.7	214,264.4	17.9%	17.3	2.42
UAE	171.1	0.2%	16.0%	3,054.4	-10.8%	2,828.9	673,668.9	23.6%	21.9	3.00
Oman	234.3	0.0%	7.5%	35.8	-24.4%	82.9	19,257.1	9.7%	12.9	0.99
Bahrain	210.2	-0.7%	15.0%	9.6	-43.0%	13.3	31,599.9	1.6%	15.5	1.93
Kuwait	155.0	0.0%	16.2%	846.7	20.2%	785.5	144,018.9	30.6%	19.0	1.91
Morocco	290.4	0.9%	-8.4%	40.9	-36.7%	2.1	69,376.2	3.1%	23.2	2.97
Tunisia	60.5	-2.2%	-5.5%	10.5	6.1%	3.7	7,453.3	7.3%	10.2	1.54
Arabian Markets	**1,159.2**	**-0.4%**	**16.7%**	**14,066.3**	**-18.6%**	**6,339.4**	**4,452,020.3**	**16.4%**	**22.3**	**3.12**

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

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

In contrast, the UAE equity markets managed to end the week on a positive note, as reflected by a 0.2% rise in the S&P UAE price index, bucking global equity weakness, mainly on improved sentiment after the UAE's cabinet approved regulations on entry and residence of foreigners formulizing a process aimed at giving expatriates (who make up more than 80% of the population in the UAE) a bigger stake in the economy, in addition to some favorable company-specific factors.

In Dubai, realty stocks were among top gainers mainly on bets that the expected overhaul of the UAE visa residency system would benefit the country's real estate market and bring a significant influx in buyers. Emaar Properties' share price rose by 3.6% over the week to AED 6.32. Emaar Development's share price surged by 8.7% to AED 4.99. Deyaar Development's share price closed 1.9% higher at AED 0.485. Union Properties' share price jumped by 13.3% to AED 0.298. Also, Amlak Finance's share price skyrocketed by 29.8% to AED 0.750. The company's shareholders approved its continuing operations in an annual vote. In Abu Dhabi, Aldar Properties' share price surged by 4.9% to AED 5.37. International Holding Company's share price jumped by 7.4% to AED 219.0. IHC signed a US$ 2 billion investment agreement with Indian multinational conglomerate Adani Group, as primary capital in three Adani portfolio companies. Alpha Dhabi Holding's share price rose by 1.8% to AED 27.52. FAB's share price went up by 3.0% to AED 22.98. ADIB's share price edged up by 0.3% to AED 8.86.

FIXED INCOME MARKETS: MENA BOND MARKETS DRIFTING LOWER DURING THIS WEEK

MENA fixed income markets continued to drift lower this week, mainly as the US Federal Reserve's aggressive hawkish monetary policy allowed 10-year real yields to approach pre-pandemic positive levels, while European Central Bank's officials said that the Bank should be able to phase out asset purchases in July 2022 to pave the way for interest rate hikes.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 registered price decreases of 0.50 pt and 0.38 pt respectively this week. Ooredoo'26 was down by 0.75 pt. As to papers issued by financial institutions, QNB'25 closed down by 0.38 pt. Fitch downgraded QNB's long-term IDR to "A" from "A+" and removed it from RWN. QNB's "F1" short-term IDR has been affirmed and removed from RWN. Prices of QIB'24 contracted by 0.50 pt. Fitch downgraded QIB's long-term IDRs to "A-" from "A" and short-term IDRs to "F2" from "F1".

In the Saudi credit space, sovereigns maturing in 2026 and 2030 posted price falls of 0.50 pt and 0.88 pt respectively this week. Saudi Aramco'25 closed down by 0.63 pt. Prices of SEC'24 declined by 0.13 pt. STC'29 recorded price contractions of 0.63 pt. As to new issues, Islamic Development Bank raised US$ 1.6 billion from the sale of a five-year Sukuk at 50 bps over mid-swaps. The spread was tightened from initial price guidance of around 60 bps over mid-swaps. The bond sale attracted more than US$ 2.2 billion in orders.

In the Abu Dhabi credit space, sovereigns maturing in 2026 and 2031 posted price drops of 0.38 pt and 1.75 pt respectively week-on-week. Etisalat'24 closed down by 0.13 pt. Prices of Taqa'26 contracted by 1.25 pt. Mubadala'26 was down by 0.25 pt. ADNOC'29 posted price falls of 1.63 pt. In the Dubai credit space, Emaar'26 saw price contractions of 0.50 pt this week. DP World'30 was down by 0.50 pt. Within this context, it is worth mentioning that the UAE announced the launching of conventional AED-denominated treasury bonds with a benchmark auction size of AED 1.5 billion, in a move aimed at building a local currency bond market, diversifying financing resources, boosting the local financial and banking sector, as well as providing safe investment alternatives for local and foreign investors.

In the Bahraini credit space, sovereigns maturing in 2031 registered price declines of 1.13 pt week-on-week. Moody's changed the outlook on the Government of Bahrain to "stable" from "negative" and affirmed its B2 long-term issuer and senior unsecured ratings. The change of outlook reflects, as per Moody's, an easing of downside risks to Bahrain's ratings. The large increase in oil prices since early 2021 and Moody's expectation that oil prices would remain elevated for the next few years improve the outlook for the sovereign's fiscal and external balances, reducing the rate of government debt accumulation and lowering government liquidity and external vulnerability pressures.

In the Omani credit space, sovereigns maturing in 2026 and 2029 saw price contractions of 0.55 pt and 0.69 pt respectively week-on-week. Omantel'28 was down by 0.25 pt. In the Jordanian credit space, sovereigns maturing in 2026 and 2030 were down by 1.88 pt and 2.75 pts respectively this week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2023, 2025, 2030 and 2040 registered price falls of 0.38 pt to 0.88 pt week-on-week. Euro-denominated sovereigns maturing in 2026 and 2031 closed down by 0.64 pt and 0.37 pt respectively.

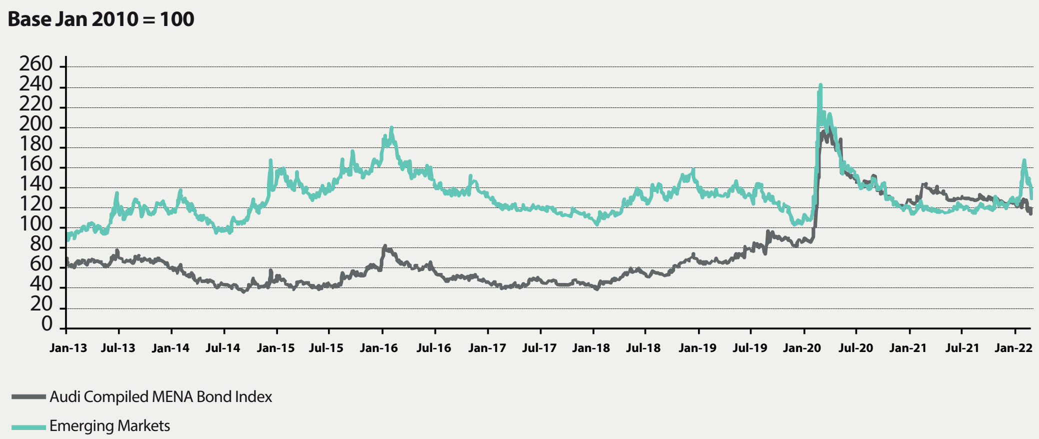
All in all, regional bond market remained under downward price pressures over this week, as the benchmark inflation-adjusted US Treasury yields climbed above zero for the first time in two years, while money markets priced in a more aggressive rate path from the European Central Bank following hawkish comments from the Bank's Vice President.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	22-Apr-22	15-Apr-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	53	50	43	3	10
Dubai	99	97	94	2	5
Kuwait	56	56	45	0	11
Qatar	55	52	44	3	11
Saudi Arabia	55	53	49	2	6
Bahrain	294	295	294	-1	0
Morocco	109	109	95	0	14
Egypt	651	603	498	48	153
Iraq	326	326	554	0	-228
Middle East	189	182	191	7	-2
Emerging Markets	372	363	141	9	231
Global	519	462	183	57	336

Sources: Bloomberg, Bank Audi's Group Research Department

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



Sources: Bloomberg, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD/-/SD	C/-	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/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-/Positive/A-2	A1/Stable	A/Positive/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA-/Stable/A-1+	Aa3/Stable	AA-/Stable/F1+
Kuwait	A+/Negative/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	B+/Stable/B
Oman	BB-/Stable/B	Ba3/Stable	BB-/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Negative	BB+/Stable/B
Tunisia	NR	Caa1/Negative	CCC/C
Libya	NR	NR	NR
Sudan	NR	NR	NR

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

FX RATES (per US$)	22-Apr-22	15-Apr-22	31-Dec-21	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)	18.59	18.42	15.72	0.9%	18.2%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.76	0.0%	-0.2%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.66	3.65	3.67	0.1%	-0.4%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	0.2%	1.0%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.39	0.38	0.39	0.0%	0.0%
Yemeni Riyal (YER)	250.00	250.00	250.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	142.86	142.86	138.89	0.0%	2.9%
Moroccan Dirham (MAD)	9.84	9.81	9.25	0.3%	6.4%
Tunisian Dinar (TND)	3.02	3.01	2.87	0.5%	5.2%
Libyan Dinar (LYD)	4.71	4.69	4.60	0.5%	2.4%
Sudanese Pound (SDG)	447.07	447.07	437.92	0.0%	2.1%

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER