Bank Audi

MENA WEEKLY MONITOR

JANUARY 1 - JANUARY 7, 2023

WEEK 1

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The World Bank forecasts that the MENA region will grow by 5.5% in 2022 (the fastest rate since 2016) and by 3.5% in 2023. This average growth masks uneven patterns across countries. In the GCC, growth is expected to accelerate to 6.9% in 2022, driven by high oil prices as well as higher growth rates in non-oil sectors.

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MENA equity markets closed the first week of the year 2023 on a positive note despite falling oil prices, mainly supported by some favorable company-specific factors. This was reflected by a 0.3% rise in the S&P Pan Arab Composite index. In parallel, activity in MENA fixed income markets was mostly tilted to the upside, mainly as some market players continued to flock to safe haven assets on prospects of a global recession in 2023 and signs of a slowing global inflation.

MENA MARKETS: JANUARY 1 - JANUARY 7, 2023

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	+0.3%	Weekly Z-spread based bond index	+5.9%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+0.3%	YTD Z-spread based bond index	+5.9%

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ECONOMY

WORLD BANK FORECASTS MENA WILL GROW BY 5.5% IN 2022 AND BY 3.5% IN 2023

The World Bank forecasts that the MENA region will grow by 5.5% in 2022 (the fastest rate since 2016) and by 3.5% in 2023. This average growth masks uneven patterns across countries. In the GCC, growth is expected to accelerate to 6.9% in 2022, driven by high oil prices as well as higher growth rates in non-oil sectors. Developing oil exporters are forecast to experience trends similar to those of the GCC, but at lower levels - with 2022 growth expected to increase to 4.1%. In 2023, average growth for developing oil exporters is expected to fall back to 2.7%. Developing oil importers are expected to grow by 4.5% in 2022 and 4.3% in 2023. That said, slower economic growth in the United States and China and the possibility of recession in Europe pose downside risks, especially to developing oil importing countries, which rely more on trade with Europe as per the World Bank.

Changes in real GDP per capita are arguably a more accurate measure of changes in living standards. Following a modest recovery of 2.0% in 2021, growth in real GDP per capita for MENA is expected to accelerate to 3.9% in 2022 before slowing to 2.0% in 2023. Again, this growth is uneven among the country groups. GDP per capita growth for GCC countries is expected to accelerate to 5.5% in 2022 before slowing to 2.4% in 2023. The corresponding rates are 2.5% and 1.1% for developing oil exporters. By contrast, for developing oil importers, GDP per capita growth is expected to remain at about 2.9% for 2022 and 2.7% for 2023.

Although inflation is higher in MENA than it was a year ago, it is lower than in other EMDE regions. It is also lower than in the United States and Europe. Why has inflation in MENA countries not been higher? The World Bank update presents novel evidence concerning the imperfect pass-through of global inflation to domestic prices across MENA countries. It shows that, in most MENA countries, inflation was lower between March and July than in the United States and Europe- or would have been lower once inflation rates are adjusted for exchange rate movements since February 2022. This is because, to varying effect, MENA countries employed policies that reduced the amount of the higher global prices for food and fuel that were passed through to the prices their consumers paid.

Evidence suggests that cash transfers are a fiscally more efficient way of helping those in distress says the World Bank. This update also provides estimates of the magnitude of the relative fiscal costs of across-the-board subsidies compared to the fiscal costs of targeting the poorest. For Egypt, to lower average inflation by the equivalent of 4.1% using a subsidy on food and energy prices that benefits the entire population costs 13.2 times more than allowing prices to increase and supporting just the poorest 10% of the population with a cash transfer.

Governments will incur additional expenses as they increase subsidies and cash transfers to mitigate the damage to the living standards of their populations from higher food and energy prices. For the GCC and developing oil-exporting countries, this is not of much concern at the moment. Windfall increases in state revenues from the rise in hydrocarbon prices have greatly increased their fiscal space and will result in fiscal surpluses for most oil exporters in 2022 - even after the additional spending on inflation mitigation programs. Developing oil importers, however, do not have such a windfall and will have to cut other expenditures, find new revenues, or increase deficits and debt to fund the inflation mitigation programs and any other additional spending. Moreover, as global interest rates rise, the debt service burden for oil importers will increase, as they must pay a higher rate of interest both on any new debt they incur and existing debt they refinance.

Some of these countries could fall into debt distress and risk having to restructure their debt, which can be costly. Countries lose access to international markets, their local currency can depreciate sharply, and the banking sector can become impaired - all of which can lead to a decline in investment, trade, and growth for several years after the Restructuring as per the World Bank.

IMF'S FIFTH REVIEW OF JORDAN'S PROGRAM HAS BEEN COMPLETED

A fifth review by the Executive Board of the International Monetary Fund (IMF) concerning Jordan's program that is supported by the Extended Fund Facility (EFF) was completed. This in turn makes the amount of SDR 257.3 million (around US$ 343 million) immediately accessible to the country.

It is worth highlighting that this review brings total disbursements by the IMF to Jordan up to SDR 1.3 billion (about US$ 1.7 billion).

As strong growth in Jordan was noticed due to positive regional spillover and the continuation of post-COVID recovery, the medium-term outlook shows an expected economic slowdown. This due to price inflation, worsening financial conditions along with an increasingly sluggish global economy. However, the financial support from the IMF will help Jordan receive support from development partners and will aid in the country's efforts to navigate these challenges.

Following the authorities' effective policy response, economic recovery in Jordan continues. Policies should target the maintenance of macroeconomic stability, the protection of the vulnerable population and aim to boost employment, competitiveness and growth going forward, said Deputy Managing Director and Acting Chair of the IMF in a statement.

Fiscal performance has been deemed robust following legislative and administrative reforms that aim to reduce tax evasion and avoidance. The replacement of untargeted and unaffordable fuel subsidies with cash transfers that aim to protect the vulnerable bracket in the country also had a positive impact on fiscal performance, added Deputy Managing Director and Acting Chair of the IMF in his statement.

Safeguarding the peg as an anchor for monetary policy remains appropriate for Jordan. The financial sector remains healthy and the Central Bank of Jordan (CBJ) continues to monitor the quality of banks' assets. Subsidized landing schemes should be gradually phased out as the country continues its recovery. In order to exit the Financial Action Task Force (FATF) watch list, the relevant authorities are committed to implement the remaining items in the action plan in order to strengthen the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regime.

In order to preserve public finance sustainability, reforms to the water and electricity sector are crucial. Water scarcity and continuous losses and arrears in the water sector should be addressed through policy efforts. The recently adopted roadmap of financial sustainability for the aforementioned sector is therefore welcomed.

Furthermore, steady progress when it comes to structural reforms that aim to support female labor force participation, enhance youth employment, labor market flexibility, promote competition, reduce business activity costs and strengthen governance and transparency are the main pillars on which the achievement of robust and inclusive growth relies, said the Deputy Managing Director and Acting Chair of the IMF in his statement.

SAMA BALANCE SHEET SHOWS 12% INCREASE YEAR-ON-YEAR IN ASSETS

Saudi Arabia's Central Bank (SAMA) recently released its monthly statistics for November 2022 in which assets showed a 12.3% increase. Total assets reached SAR 3.6 trillion (US$ 957.3 billion) in November 2022, up from SAR 3.2 trillion (US$ 850.9 billion) in the same month of last year, as per SAMA.

In details on the asset side, cash in vault reached SAR 24.2 billion (US$ 6.4 billion) in November 2022 up from SAR 23.1 billion (US$ 6.1 billion) in November 2021. Foreign assets reached SAR 300.8 billion (US$ 80 billion) in November 2022 showing a 20.9% increase up from SAR 248.8 billion (US$ 66.2 billion) in the same month of last year. This increase in foreign assets is mainly attributed to an increase in oil prices and demand as well as increased exports of non-oil products during 2022. SAMA's claim on the private sector reached SAR 2.3 trillion (US$ 611.7 billion) in November 2022 showing a 13.5% increase year-on-year. Claims on government and quasi-government entities also showed an 11.3% increase between November 2022 and November 2021 reaching SAR 633.1 billion (US$ 168.4 billion). On the other hand, claims on banks decreased to SAR 20.8 billion (US$ 5.5 billion) in November 2022 down from SAR 33.9 billion (US$ 9.0 billion) in the same month of 2021. Fixed assets reached SAR 39.6 billion (US$ 10.5 billion) in November 2022 showing a 12.6% increase from figures recorded in 2021. Furthermore, other assets in SAMA showed an insignificant contraction reaching SAR 120.6 billion (US$ 32.1 billion) in November 2022 down from SAR 120.9 billion (US$ 32.2 billion) in November 2021, as per the data posted by SAMA.

On the liabilities side, total deposits reached SAR 2.3 trillion (US$ 611.7 billion) in November 2022 up from SAR 2.1 trillion (US$ 558.5 billion) in the same month of last year. Foreign liabilities of SAMA increased by 5.9% year-on-year reaching SAR 213.0 billion (US$ 56.7 billion) in November 2022. In the bank's capital account, reserves remained relatively the same in November 2022 as compared with November 2021 and was registered at SAR 219.8 billion (US$ 58.5 billion). Capital for SAMA reached SAR 219.3 billion (US$ 58.3 billion) in November 2022 up from SAR 199.1 billion (US$ 53.0 billion) in November 2021. Cumulative period profit for the central bank reached SAR 63.1 billion (US$ 16.8 billion) in November 2022 showing a 29.4% increase from November 2021's figures. These three accounts constitute total capital account for the central bank which reached SAR 502.2 billion (US$ 133.6 billion) in November 2022 up from SAR 467.7 billion (US$ 124.4 billion) in the same month of last year. Inter-bank liability reached SAR 91.7 billion (US$ 24.4 billion) in November 2022 up from SAR 59.2 billion (US$ 15.8 billion) in November 2021. SAMA's repos reached SAR 2.3 billion (US$ 611.7 million) in November 2022 up from SAR 10 million (US$ 2.7 million) in November 2021. This increase in repos is explained through the increase in Repos Rate (RR) which reached 4.5% in November 2022, up by 3.5 percentage points from November 2021's 1% RR. This move is part of an anti-inflationary monetary policy with the aim of reducing money in circulation which in turn could lower inflation. The increase is also attributed to America's Federal Bank rate hikes that took place this year as the Saudi Riyal is pegged to the US Dollar. Moreover, other liabilities saw an increase of 22.5% year-on-year reaching SAR 534.2 billion (US$ 142.1 billion) in November 2022.

WORLD BANK ESTIMATES UAE GDP GROWTH TO EXCEED 4% IN 2023

GDP growth in the UAE for the year 2023 is expected to exceed 4%. In spite of harsh economic conditions on the global scale, estimates of the World Bank suggest a 4.1% GDP growth for the country with robust recovery of the non-oil sector being one of the major drivers, as per the Regional Director for the Gulf Cooperation Council (GCC) at the World Bank.

As the demand for the non-oil sector recovers, oil export volume is increasing, continued development of infrastructure as well as an attractive business environment will support the country's economic growth, added the Regional Director for the GCC at the World Bank in his statement.

SURVEYS

DUBAI LEADS MENA REGION ON GLOBAL POWER CITY INDEX 2022

Dubai is leading the MENA region on the Global Power City Index (GPCI) 2022, according to a report issued by Mori Memorial Foundation's Institute for Urban Strategies, and advanced three spots globally to rank 11th.

Given the global competition between cities, the Global Power City Index (GPCI) evaluates and ranks the major cities of the world according to their "magnetism," or their comprehensive power to attract people, capital, and enterprises from around the world.

The rankings are derived from scores on six parameters: Economy, Research and Development, Cultural Interaction, Livability, Environment, and Accessibility.

The GPCI reveals the strengths, weaknesses, and challenges of global cities in a continuously changing world not only through a ranking, but also by analyzing the ranking's specific components.

The GPCI's rankings of the top cities in 2022 reflect the self-reinforcing strength of the world's leading global cities. The top four cities on the list are New York, London, Paris, and Tokyo.

The improvement in the city's rankings on the Global Power City Index reflects the leadership's vision to make Dubai the world's best city to live in, visit and work. Additionally, the achievement reveals the richness and strength of Dubai's vibrant cultural environment and its ethos of inclusive development that has brought well-being to its residents from around 200 nationalities, as said by the Dubai's official.

A closer look at the index' parameters shows that Dubai came 4th globally on Cultural Interaction, improving from its fifth position overall on the parameter in last year's Index. The progress in rankings on 'Cultural Interaction' shows Dubai's emergence as a unique bridge between cultures and markets and its ability to promote engagement between people and institutions worldwide. The progress in various international indices encourages Dubai to raise excellence further and enhance its cultural and creative assets.

By tracking changes in international flight frequencies of cities since 2019, the GPCI analyzed the responses and strategies of cities and countries to the pandemic. Dubai was the first city to reopen for international visitors since the onset of the pandemic. It also created a safe environment for holding Expo 2020 from October 2021 to March 2022.

That being said, Dubai went up to the third place in the 'Tourist Attractions' sub-parameter within the 'Cultural Interaction' parameter. The country also saw significant growth in other sub-parameters, including 'Number of Foreign Visitors', 'Cities with Direct International Flights', 'Attractiveness of Shopping Options' and 'Attractiveness of Dining Options'.

GLOOMY OUTLOOK FOR EGYPT'S COMMERCIAL REAL ESTATE MARKET AMID BLEAK ECONOMIC GROWTH FORECAST, AS PER FITCH SOLUTIONS

A sharp slowdown is expected in Egypt's economic growth as the country's economy was hit by the fallout of Russia's invasion of Ukraine, as per Fitch Solutions. Concurrently, elevated inflation and monetary tightening would direct household spending towards essential spending. As demand slows down, rents are forecasted to decline in 2023.

Demand for office space in Cairo is declining, resulting into the sharpest fall in rental rates in recent years. In 2023, average rents are forecasted to contract by 14.7% in US dollar terms, where the average rental rate is estimated at US$ 21.6 per square meter per month.

Demand in Alexandria's office market is falling with limited supply. Rents are forecasted to fall by 20.6% in US dollar terms in 2023, while the rental rate is expected to average US$ 10.2 per square per month. The rapid infrastructure development close to the city particularly the construction of the New Alamein City, which is approximately an hour from Alexandria, could fuel a rise in demand in the office sector.

In the retail sector, Cairo shows the highest retail rental rates, particularly at the prime end of the market. Amid moderate market supply levels, rents are expected to fall by 17.1% in US dollar terms in 2023, with rental rates averaging US$ 23.4 per square meter per month.

Rentals of retail property in Alexandria are forecasted to see the highest decline of 17.6% in 2023 due to the strength of the US dollar, with rental rates forecasted to average US$ 22.4 per square meter per month.

FITCH RATINGS AFFIRMS IRAQ AT "B-" WITH "STABLE" OUTLOOK

Fitch Ratings affirmed Iraq's long-term foreign currency Issuer Default Rating (IDR) at "B-" with a "stable" outlook.

Iraq's rating reflects, as per Fitch, its high commodity dependence, weak governance, political risk, and an undeveloped banking sector, balanced by high FX reserves and low interest costs on government debt.

Buoyant oil prices improved many of Iraq's credit metrics in 2022, but the absence of structural, economic or fiscal reforms and persistence of political risk constrained the rating.

Fitch sees that domestic and regional political risks and weak governance would continue to constrain the rating. Iraq's persistently low scores across World Bank governance indicators reflect political instability, corruption, government ineffectiveness, weak institutions and insecurity.

Fitch Ratings forecasts a significantly smaller budget surplus in 2023, at 2.2% of GDP, alongside with an at least a 10% increase in government spending, to IQD 135 trillion, and that oil revenue would moderate, with Brent crude decreasing from US$ 100/barrel in 2022 to US$ 85/barrel. Also, oil production and exports fell marginally on average in line with the latest OPEC+ cut in November 2022.

Government debt/GDP is set to fall steeply in 2022, to 42% of GDP from 59% of GDP in 2021 and below pre-Covid-19 pandemic levels, driven down by the denominator effect and budget surplus, as per Fitch Ratings. Nominal domestic debt has declined only marginally, but government deposits at the central bank have increased.

In Fitch's view, government debt/GDP would will likely to remain broadly stable in 2023 as the budget surplus reduces and nominal GDP declines owing to lower oil prices. Whereas, over the medium term, government debt/GDP ratio would rise due to lower oil prices (only partially offset by higher production), manifold spending pressures and a lack of reform to improve non-oil revenue and the fiscal structure, which suffers from a bloated and inefficient civil service.

Last but not least, the banking sector is underdeveloped, fundamentally weak and dominated by State-owned banks with opaque finances. This creates domestic financing constraints for the government.

On the other hand, reserve levels are expected to reach record levels in 2022, close to US$ 90 billion, before moderating in 2023-2024, to around US$ 74 billion, as oil prices shift lower and import levels and government spending pick up. However, this would still represent more than 10 months of current external payments and provides a substantial financial buffer in relation to annual external debt service projections, of less than 2% of GDP (less than US$ 5 billion). Iraq has a US$ 1 billion Eurobond maturing in 2023 that can be easily repaid using the government's sizeable cash buffer, as per Fitch.

CORPORATE NEWS

ALPHA DHABI AND MUBADALA TO INVEST US$ 2.45 BILLION IN CREDIT OPPORTUNITIES

Alpha Dhabi Holding and Abu Dhabi sovereign wealth fund Mubadala are to form a joint venture to invest in credit opportunities, as mentioned in a company's statement.

Alpha Dhabi and Mubadala aim to collectively deploy US$ 2.45 billion (AED 9 billion) over five years, leveraging Mubadala's long-term and strategic partnership with Apollo, one of the world's largest alternative asset managers, to access high-quality private credit investment opportunities.

Mubadala would hold 80% ownership in the Abu Dhabi Global Market-based joint venture entity, with the remaining 20% to be held by Alpha Dhabi.

A joint statement from both companies said allocations to the private credit asset class have continued to gain traction and increase regionally and are seen as a route to generate strong returns while providing effective downside protection.

AD PORTS FORMS JOINT VENTURE WITH KAZAKHSTAN-BASED KMTF

AD Ports Group, the premier global trade, logistics and transport enabler and operator of 10 ports and terminals in UAE, signed a shareholder agreement with Kazmotransflot (KMTF), a fully-owned offshore logistics and services subsidiary of Kazakhstan-based Kazakh National Oil Company (KazMunayGas), under which 51% of the joint venture would be owned by AD Ports Group and 49% owned by KMTF.

The joint venture would provide energy companies in the Caspian Sea with offshore and shipping solutions, and would offer a broad range of services, including offshore support vessels, integrated offshore logistics and subsea solutions. At a later stage, the JV would supply container feedering, along with ro-ro (roll-on/roll-off) and crude oil transportation across the Caspian Sea and the Black Sea.

The enterprise would tender for a number of identified projects with estimated maritime contract values of more than US$ 780 million.

Concurrently, AD Ports Group and KMTF signed a seven-year vessel pooling agreement. The joint venture would offer several tankers for the transportation of crude oil worldwide.

Under the contract, KMTF's fleet would work alongside with SAFEEN Group's existing Aframax tanker to acquire further vessels in the short-term. The objective is to jointly carry 8-10 million tons of crude annually in the medium-term.

JADWA PLANS TO INVEST US$ 532 MILLION IN PRIVATE EQUITY DEALS

Jadwa Investment Company, a premier investment management and advisory firm in Saudi Arabia, plans to invest around US$ 532 million (SR 2 billion) in new private equity deals and to list stakes in three of its portfolio companies by 2025 as it looks to capitalize on rapid economic growth in the region, as stated by the company.

The private equity firm is in advanced talks to complete two private equity deals in the next 12 months and is focusing on consumer and healthcare industries, as stated by the company's managing director and CEO.

It is worth highlighting that the company has fully divested its 30% stake in Saudi Arabian Oil Company's refining unit Saudi Aramco Base Oil, known as Luberef, following an initial public offering in Riyadh that has raised SR 4.95 billion.

SPARK SIGNS US$ 150 MILLION CONTRACT WITH BIN SAEDAN TO BUILD RESIDENTIAL COMPLEX

King Salman Energy Park (SPARK), a new megaproject being constructed and located between Dammam and Al-Ahsa in the Eastern Province of Saudi Arabia, signed a contract worth US$ 150 million, with Affordable House Company, a subsidiary of Abdullah Bin Saedan and Sons Real Estate Group, to construct a residential complex and workers village at SPARK, as mentioned in a company's statement.

The residential complex would be developed in two phases. The first phase, which spans 30,000 square meters, is expected to be finalized in 2025.

It would offer a wide range of fully furnished long-term accommodation to residents. The development project would be integrated with sustainable construction technologies, smart systems and eco-friendly materials such as green concrete and solar panels.

Concomitantly, the workers' village would be developed in three phases across an area of 110,000 square meters, and would have over 8,000 beds, with its first phase also expected to be completed in 2025.

JUBAIL CHEMICALS COMPANY SIGNS US$ 32 MILLION WASTEWATER TREATMENT CONTRACTS

Nama Chemicals Company's subsidiary Jubail Chemicals Company (JAC), signed two wastewater treatment contracts valued at US$ 31.78 (SR 119.5 million), with a consortium comprising Green Dimension Company and Confident Engineering International Company, as indicated in a company's statement.

The first and second contracts, worth SR 56 million and SR 63 million respectively, involve engineering, procurement, and construction of effluent wastewater treatment units for calcium chloride and epoxy resin production plants in JAC.

The duration for the first contract is 18 months.

Construction under the second contract would start on January 1, 2023, with completion planned on the 30th of June 2024. The commercial operations are expected to start on September 1, 2024.

BANK ABC EGYPT COMPLETES LEGAL MERGER WITH BLOM BANK EGYPT

Bahrain-based Bank ABC (Arab Banking Corporation) completed the legal merger of its two Egyptian subsidiaries, BLOM Bank Egypt and Bank ABC Egypt.

The two banks became a single legal entity after receiving final regulatory approvals, including those of the Central Bank of Egypt and the General Authority for Investment and Free Zones. This followed Bank ABC's acquisition of a 99.5% stake in BLOM Bank Egypt in August 2033.

The legal merger triples Bank ABC Egypt's market share and takes its total assets to nearly US$ 2.7 billion (LE 67 billion) on a combined basis.

The two banks would work continually to fully integrate all the products and services offering a wider range of services, supported by a much larger network of branches and ATMs, in order to bring together the best of both banks into an enhanced service proposition.

Moreover, more innovative digital services are also planned, including Bank ABC's mobile-only bank 'ila' and leading payments capabilities of its subsidiary, Arab Financial Services (AFS).

CAPITAL MARKETS

EQUITY MARKETS: REGIONAL EQUITIES INITIATE 2023 WITH PRICE GAINS

MENA equity markets closed the first week of the year 2023 on a positive note despite falling oil prices, mainly supported by some favorable company-specific factors. This was reflected by a 0.3% rise in the S&P Pan Arab Composite index.

The heavyweight Saudi Exchange, whose market capitalization represents circa two-thirds of the total regional market capitalization, initiated the year 2023 with price gains, as reflected by a 0.7% rise in the S&P Saudi index, mainly supported by some favorable market-specific and company-specific factors. SNB Capital said in a recent note that the Saudi equity market could maintain its favorable positioning over other emerging markets due to "unmatched characteristics" driven by economic growth, adding that the Kingdom's ongoing economic initiatives, government strategies, mega projects and the role played by national funds would be the economy's main drivers, shielding it from the global recessionary pressures.

This occurred despite falling oil prices. In fact, Brent oil prices contracted by 8.5% week-on-week to reach US$ 78.57 per barrel on Friday as resurgent COVID-19 cases in China and IMF's warning of a global recession fueled concerns about the global oil demand outlook, while mild winter temperatures in many parts of the globe eased fears of an energy crisis.

A closer look at individual stocks shows that Petro Rabigh's share price increased by 2.6% week-on-week to SR 10.96. SABIC's share price edged up by 0.9% to SR 90.20. SPIMACO's share price closed 2.2% higher at SR 22.26. SPIMACO signed a SR 650 million facility with SABB and a SR 250 million facility with Al Rajhi Bank to finance working capital requirements, future expansions and investments. Savola Group's share price went up by 2.0% to SR 28.0. Savola Group announced gains of SR 81 million from the sale of its stakes in Knowledge Economic City Co. and Knowledge Economic City Developers to Taiba Investments Co. SABB's share price rose by 0.8% to SR 39.25. Al Rajhi Bank's share price nudged up by 0.7% to SR 75.70. Maadeen's share price surged by 7.1% to SR 69.30. Arabian Construction Company's share price jumped by 6.7% to SR 35.80.

The Qatar Stock Exchange started the year 2023 on upbeat note despite an oil price slump, as reflected by a 4.5% weekly surge in the S&P Qatar index. 34 out of 47 traded stocks posted price gains, while 10 stocks registered price falls and three stocks saw no price change week-on-week. The Commercial Bank's share price jumped by 6.8% to QR 5.340. Citi raised its recommendation on The Commercial Bank to "Buy" from "Neutral", with a price target of QR 7.15, which implies a 42% increase from last price. Qatar Islamic Bank's share price surged by 11.5% to QR 20.70. QNB's share price climbed by 5.6% to QR 19.00. Industries Qatar's share price surged by 5.0% to QR 13.450. Gulf International Services' share price closed 4.9% higher at QR 1.530. Qatar National Cement's share price closed 3.3% higher at QR 5.00.

EQUITY MARKETS INDICATORS (JANUARY 1 - JANUARY 7, 2023)

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	128.9	129.0	-0.1%	2.2	-65.1%	68.4	14,562	0.8%	-	0.34
Jordan	402.8	388.9	3.6%	40.5	40.2%	19.0	26,244.6	8.0%	9.7	1.63
Egypt	236.7	236.7	0.0%	390.9	99.0%	4,843.2	37,092.3	54.8%	9.0	2.03
Saudi Arabia	469.0	465.9	0.7%	4,018.6	12.4%	466.85	2,606,431.8	8.0%	13.2	4.36
Qatar	184.6	176.7	4.5%	428.4	46.1%	440.8	172,494.3	12.9%	13.3	1.74
UAE	136.9	137.5	-0.5%	1,854.9	11.5%	1,433.9	858,921.6	11.2%	11.3	1.77
Oman	262.3	260.3	0.8%	24.1	-59.5%	63.1	22,125.4	5.7%	12.2	1.06
Bahrain	191.7	192.9	-0.6%	2.2	-59.4%	4.8	17,257.2	0.7%	10.2	1.35
Kuwait	135.4	138.8	-2.5%	499.8	22.6%	601.3	135,480.0	19.2%	19.6	2.43
Morocco	202.4	221.9	-8.8%	38.9	-90.3%	2.2	49,111.4	4.1%	16.5	2.75
Tunisia	61.7	62.0	-0.5%	5.2	-79.3%	2.7	7,476.2	3.6%	9.7	1.63
Arabian Markets	**915.9**	**912.7**	**0.3%**	**7,305.7**	**9.6%**	**7,946.2**	**3,947,196.4**	**9.6%**	**12.9**	**3.50**

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

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

The Egyptian Exchange registered strong price gains this week, mainly on hedging activity against currency collapse, and as the third currency devaluation in less than a year sent a message to investors that the Egyptian authorities are complying with the IMF requirements. This was reflected by a 9.6% surge in the EGX 30 over the week. However, the US dollar-denominated S&P Egypt index registered a nil change week-on-week, mainly weighed by the currency collapse. CIB's share price jumped by 9.9% to LE 45.60. E-Finance For Digital and Financial Investments' share price surged by 9.6% to LE 20.84. Eastern Company's share price climbed by 13.5% to LE 16.24. Abou Kir Fertilizers's share price skyrocketed by 16.5% to LE 45.20. QNB Al Ahli' share price rose by 4.32% to LE 18.15. Talaat Moustafa Group's share price went up by 4.6% to LE 10.45. Egypt Kuwait Holding's share price closed 0.7% higher at LE 1.23.

In contrast, activity in Boursa Kuwait was skewed to the downside in the first week of 2023 (-2.5%) amid an oil price slump. A closer look at individual stocks shows that Gulf Bank's share price decreased by 4.5% to KWf 300. Al Ahli Bank Kuwait's share price declined by 1.4% to KWf 280. Agility's share price shed 5.3% to KWf 682. Gulf Petroleum Investment's share price went down by 3.5% to KWf 14. Boubyan Petrochemical Company's share price dropped by 3.8% to Kwf 770. Boursa Kuwait's share price closed 2.6% lower at KWf 1,998.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS MOSTLY TILTED TO UPSIDE IN FIRST WEEK OF 2023

Activity in MENA fixed income markets was mostly tilted to the upside in the first week of 2023, mainly as some market players continued to flock to safe haven assets on prospects of a global recession and signs of a slowing global inflation.

In the Omani credit space, sovereigns maturing in 2026 and 2029 registered price increases of 0.05 pt and 0.20 pt respectively this week. Prices of Omantel'28 expanded by 0.30 pt.

In the Bahraini credit space, sovereigns maturing in 2026 and 2031 saw price rises of 0.15 pt and 0.10 pt respectively this week.

In the Egyptian credit space, sovereigns closed the first week of 2023 on a positive note, mainly as the nation's currency third devaluation in less than a year reinforced expectations that the Egyptian authorities are complying with the IMF requirements. US dollar-denominated sovereigns maturing in 2023, 2030 and 2040 posted price expansions of 0.13 pt, 8.82 pts and 0.75 pt respectively this week. Euro-denominated sovereigns maturing in 2026 and 2031 saw price gains of 0.86 pt and 1.34 pt respectively.

In the Abu Dhabi credit space, sovereigns maturing in 2026 were up by 0.13 pt this week. Prices of ADNOC'29 contracted by 0.13 pt. Mubadala'26 posted price declines of 0.50 pt. Taqa'26 traded down by 0.13 pt. Regarding new issues in the UAE, Emirates NBD raised this week AED 1 billion from the sale of three-year bond at a yield of 5.125%. The senior unsecured bond received more than AED 1.65 billion in orders.

In the Saudi credit space, sovereigns maturing in 2030 saw weekly price contractions of 0.13 pt. In the Qatari credit space, sovereigns maturing in 2026 posted price falls of 0.63 pt week-on-week. In the Jordanian credit space, sovereigns maturing in 2026 and 2030 registered price retreats of 0.25 pt each this week.

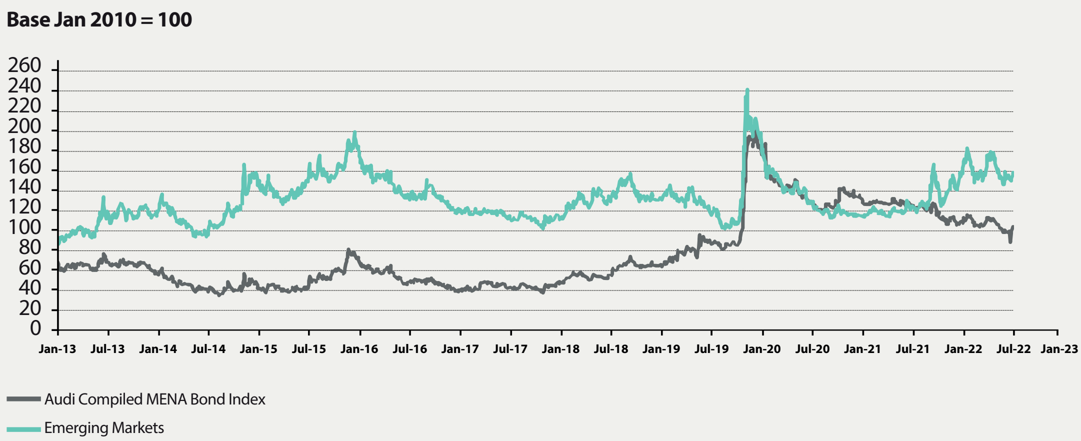
All in all, regional bond markets saw mostly upward price movements this week, as some market players flocked to safety amid mounting recession fears after the US Fed pointed last month to hawkish for longer monetary stance.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	06-Jan-23	30-Dec-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	43	44	43	-1	-1
Dubai	84	84	94	0	0
Kuwait	50	50	45	0	0
Qatar	48	48	44	0	0
Saudi Arabia	63	61	49	2	2
Bahrain	243	231	294	12	12
Morocco	161	162	95	-1	-1
Egypt	833	877	498	-44	-44
Iraq	441	467	554	-26	-26
Middle East	218	225	191	-7	-7
Emerging Markets	135	140	141	-5	-5
Global	502	533	183	-31	-31

Sources: Bloomberg, Bank Audi's Group Research Department

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



Sources: Bloomberg, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD/-/SD	C/-	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Positive	BB-/Stable/B
Egypt	B/Stable/B	B2/Negative	B+/Negative/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/Positive	AA-/Stable/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	B+/Stable/B
Oman	BB/Stable/B	Ba3/Positive	BB/Stable/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	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$)	06-Jan-23	30-Dec-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)	26.98	24.71	15.72	9.2%	9.2%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.76	3.76	3.76	0.0%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.67	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	-0.1%	-0.1%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.39	0.38	0.39	0.1%	0.1%
Yemeni Riyal (YER)	250.24	250.24	250.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	137.34	137.35	138.89	0.0%	0.0%
Moroccan Dirham (MAD)	10.33	10.44	9.25	-1.1%	-1.1%
Tunisian Dinar (TND)	3.13	3.11	2.87	0.6%	0.6%
Libyan Dinar (LYD)	4.82	4.83	4.60	-0.2%	-0.2%
Sudanese Pound (SDG)	573.93	573.81	442.60	0.0%	0.0%

Sources: Bloomberg, Bank Audi's Group Research Department