Bank Audi

MENA WEEKLY MONITOR

JUNE 18 - JUNE 24, 2023
WEEK 25

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MENA equity markets slid into the red this week, as reflected by a 0.4% retreat in the S&P Pan Arab Composite index, mainly tracking global equity weakness as concerns about a potential US recession deepened following the US Fed Chair hawkish comments. This was exacerbated by falling oil prices and lingering worries about sluggish China's economic recovery. In parallel, regional bond markets remained under downward price pressures after the US Fed Chair reiterated that nearly all FOMC participants expect that it would be appropriate to raise interest rates somewhat further by the end of the year, and as the Bank of England stepped up its fight against stubborn inflation with a surprise half-point rise in interest rates.

MENA MARKETS: JUNE 18 - JUNE 24, 2023

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-0.4%	Weekly Z-spread based bond index	+0.1%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+3.1%	YTD Z-spread based bond index	+59.9%

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ECONOMY

GCC COUNTRIES ENJOY A REMARKABLY SMALL SHADOW ECONOMY AS PER ARTHUR D LITTLE

A new report by Arthur D Little has been released on the GCC region.

The report says Gulf Cooperation Council (GCC) countries enjoy a remarkably small shadow economy. Their informal businesses account for 18% of GDP, below the world average (~28%), and close to Organisation for Economic Co-operation and Development (OECD) countries (~15%). However, bringing shadow businesses into the formal economy is a priority. This Viewpoint shares recent initiatives and explores options for shrinking the shadow economy and expanding small and medium-sized enterprises (SMEs) by increasing economic and financial inclusion.

Creating an economically and financially inclusive climate is key to future growth for countries in the GCC region. There are multiple reasons to prioritize inclusion:

Boost economic growth. By enlarging the scope of activities included in the formal economy to include more businesses performing in a transparent manner, GCC countries will benefit from additional sources of income. The region can also stimulate economic progress and increase domestic demand by expanding financial services for underbanked and unbanked populations.

Improve financial stability. Inclusion may reduce dependence on informal financial systems (e.g., those provided by non-licensed intermediaries), which can lead to greater stability in the financial sector. Economic actors who gain better access to formal financial services will enjoy stronger and more sustainable growth of their activity.

Promote social inclusion. Providing low-income populations with access to financial services can help alleviate poverty by enabling people to save and invest and obtain credit to start or grow businesses (as an example, see sidebar “STC Pay”). Economic inclusion can bring about social inclusion by introducing marginalized groups to the financial services they need to participate fully in the economy.

Support sustainable development. By increasing the availability of financial services, the GCC can further sustainable development goals, such as reducing overall inequality and furthering gender equality.

Financial and economic inclusion is an important undertaking for countries in the GCC region, as more inclusiveness can bolster long-term economic prospects and create a more equitable and stable society for all.

GCC countries are on a path to achieve what has proven impossible for virtually any government in the last century: combining a state-driven economic transformation with a citizen-centered approach. Leaving aside ideological aspects of previous attempts, one economic pain point remains: the lack of a large, sustainable SME sector to ensure growth, dynamism, and resilience for the entire economy.

GCC leaders understand this necessity and have placed it at the center of their policies. As we have explored in this Viewpoint, strong hindsight of local governments, multiplied accelerators for SMEs and start-ups, and the rapid spread of legal and financing ecosystems show that SMEs in the region are poised to quickly evolve in the coming years.

EGYPT'S NON-OIL PRIVATE SECTOR BUSINESS CONDITIONS ON THE SOFTEST DOWNTURN IN 15 MONTHS

Egypt's Headline Purchasing Managers' Index recorded 47.8 in May 2023. This shows an increase of 0.5 points from the month prior which indicates a softer downturn in business conditions in the country's non-oil private sector. This figure denotes the highest PMI recorded since February 2022, as per S&P Global's Egypt PMI report for May 2023.

The main drivers behind the softening downturn of business conditions are a relative stabilization of the demand environment amid softening inflationary pressures. Although, overall high prices and import controls continued to weigh on inventories and a sustained economic weakness contributed to a persisting pessimistic outlook and additional employment cuts.

In details, output levels continued their downwards trend at the softest rate noticed in a year and a half. This comes as companies are reducing output in line with weakened sales volumes. The softening nature of this component comes as a result of a near stabilization of output levels in the manufacturing and service sectors. New orders rose to a seven-month peak in May. This improvement comes amid a relative recovery in client orders especially in the services sector.

Following the multi-year high inflationary pressure registered at the end of 2022, it is believed that these pressures have been easing. This comes as the currency market has relatively stabilized and global supply conditions have improved which in turn softened input cost pressures on companies and has remained relatively stable in May against the month prior, as per S&P Global's Egypt PMI report for May 2023.

Additionally, selling prices continued on a robust upwards trend, though much softer as compared with the rates seen recently.

As paying staff wages began to be difficult amid lackluster liquidity and low sales, employment cuts were recorded in May at a marginally faster rate than in April. However, despite this decline in staffing capacities, a decline in backlog was recorded.

Purchasing activity continued to record a decline in May as companies opted to use existing inventories amid elevated material prices. This led to stock levels decreasing further although at the softest rate since October 2022. In turn, lead times continued to lengthen as a result albeit moderately.

At the level of future outlook for companies in Egypt's non-oil private sector, despite relative improvements in the overall conditions, outlook for future output remained subdued although recording an increase from figures recorded in April. The main drivers standing behind this are concerns regarding the demand environment, inflationary pressures and challenges tied to the supply side, as per S&P Global's Egypt PMI report for May 2023.

NON-OIL SECTOR PERFORMANCE IMPROVEMENT IN THE UAE SOFTENS IN MAY

The Purchasing Managers' Index (PMI) for the UAE's non-oil private sector recorded 55.5 in May, showing a 1.1 point decrease from April's figures. This improvement comes as a result of a growth in local demand and improvements in supply chain performance which helped keep cost pressures subdued.

A sharp uptick in sales volumes was recorded during the month which was the main contributor to the improvement in operating conditions. New business intake expanded at a marginally slower rate than what was recorded in the month prior. This uptick has been driven by an increase in new clients, increased tourism and greater marketing with the majority of new business stemming from local demand amid a relatively flat trend in export sales, as per S&P Global's UAE PMI report for May 2023.

Concurrently, the expansion in new business intake lead confidence about economic prospects to grow further across the surveyed firms. Outlook regarding activity over the next 12 months showed a further increase for the fifth consecutive month to reach the highest level of optimism since late 2021.

As a result of the increase in new order inflows, great pressure was exerted on business capacity during May which led backlog accumulation to reach almost two years. This uptick was recorded despite the robust expansion in business activity and staffing levels. Notably, a robust increase in workforce numbers was noted along with the second-fastest pace in employment levels growth recorded since July 2016.

Concurrently with the positive outlook in the UAE, firms sought to build up their stocks of input which led to a sharp increase in input purchasing activity although at a slower pace than in the month prior. Some firms reported overstocking as a result of this continued purchasing which led to inventory accumulation to grow at a more modest rate than the one seen the month prior.

Despite an increase in input demand, suppliers noted an improvement in performance during May. In details, a shortening of lead times at the fastest rate since September 2019 was recorded. This came as suppliers often had the ability to pick up the pace of their deliveries amid a strong availability of input.

In turn, input cost pressures remained mild overall during May, as per S&P Global's UAE PMI report for May 2023.

On the other hand, staff costs rose at the strongest rate seen since July 2022 although remaining moderate. This comes as hiring efforts were increasing and performance-based rewards were given by firms.

Amid a highly competitive environment in the country and as some firms looked to shift their excess stocks, a further decrease in output selling prices was noticed during May. This decrease however was slightly weaker than the 31-month record noticed in the month prior, as per S&P Global's UAE PMI report for May 2023.

JORDAN'S EXPORTS SHOW A 9% YEAR-ON-YEAR INCREASE IN THE FIRST QUARTER

According to data from the Jordanian Department of Statistics (DoS), exports from Jordan reached JOD 2.0 billion (US$ 2.8 billion) in Q1 2023, up from JOD 1.8 billion (US$ 2.6 billion) in the same period of 2022. This denotes an increase of 8.8% year-on-year between the two periods.

In details, looking at export by region, exports to the Greater Arab Free Trade Area (GAFTA) countries was recorded at JOD 630.0 million (US$ 888.3 million) in Q1 2023, up from JOD 597.0 million (US$ 841.8 million) in Q1 2022 showing an increase of 5.5% year-on-year. This growth was mainly driven by higher exports to Saudi Arabia.

Exports to North American Free Trade Area (NAFTA) countries reached JOD 418.0 million (US$ 589.4 million) in Q1 2023, up by 11.2% from JOD 376.0 million (US$ 530.2 million) in Q1 2022. This increase was mainly driven by an increase in exports to the United States.

Additionally, exports to non-Arab Asian countries, the European Union and other economic blocks expanded by 10.0%, 28.3% and 4.9% respectively, as per the Jordanian DoS.

SURVEYS

NUMBER OF SCALE-UPS IN DUBAI UP BY 26% IN 2022, AS PER DUBAI CHAMBER OF DIGITAL ECONOMY

Dubai Chamber of Digital Economy, one of the three chambers operating under Dubai Chambers, has launched its third report on Dubai's digital economy. The "Dubai's Venture Capital Ecosystem" report provides an overview of the investor landscape backing the start-ups and scale-ups that are transforming Dubai and the MENA region.

According to the report, the MENA region witnessed significant growth of scale-ups, defined as startups, which have raised US$ 1 million in capital, or more. In 2022 alone, 158 new scale-ups were added, bringing the grand total to 749 scale-ups across the 19 countries in MENA, which have raised a total of over US$ 19.5 billion cumulatively over the past decade (2012-2022).

In details, the UAE led the MENA region, being home to 339 scale-ups, while Egypt and Saudi Arabia follow with 140 and 132 scale-ups, respectively.

UAE's scale-ups account for 65% of total cumulative capital raised across the region, while Saudi Arabia-headquartered scale-ups account for 19% of the total capital raised by scale-ups to date. Scale-ups setup outside the UAE, Egypt and Saudi Arabia, in one of the 16 other countries in MENA region, account for under 20% of all scale-ups in the region, while only accounting for 9% of capital raised in the region.

As for the cities in the MENA region, the region and the UAE's numbers are dominated by Dubai, which has been the major benefactor of funding with over 300 scale-ups calling the metropolis their home.

In comparison, the second largest group of scale-ups are based in Cairo at 135, less than half based in Dubai. The UAE's dominance is also bolstered further by Abu Dhabi-based scale-ups, ranking fourth in the list of top 20 cities, with Riyadh-based scale-ups ranking third.

The number of scale-ups has also increased considerably in Dubai between 2021 and 2022, growing by 26%. While Riyadh and Cairo had higher growth rates, in terms of absolute numbers, Dubai saw an increase of 64 scale-ups between 2021 and 2022 growing from 242 to 306 scale-ups.

Dubai's 306 scale-ups have raised over US$ 11.7 billion in funding over the course of the past decade, which represents an impressive 60% of the MENA region's total cumulative fundraising total.

Furthermore, the growth of funding in the region has exceeded US$ 4 billion in both 2021 and 2022 and the number of mega-rounds of US$ 300 million or more has seen an increasing trend, with three seen in 2021 and six in 2022, including two scale-ups listing on stock exchanges.

Within this context, through the years, there have been large funding rounds, with Careem being one of the first ones to pave the way, having raised US$ 500 million through December 2016 and first half of 2017. The fundraising was from Noon in 2017, the Saudi Arabia and UAE based e-commerce platform. More recently, Kitopi, the foodtech startup, has been aggressively fundraising, reeling in large funding in both 2021 and 2022.

WORKFORCE IN MIDDLE EAST EMBRACING AI AND UPSKILLING, AS PER PWC

PwC Middle East released for the fourth year in a row the 2023 Workforce Hopes and Fears Survey, which outlines the attitudes and behaviors of 1,563 Middle Eastern respondents from KSA, UAE, Egypt and Qatar as part of their global Workforce Hopes and Fears survey of 54,000 individuals in 46 countries.

The survey examines the attitudes, mindsets and challenges faced by a workforce that is enthusiastic about embracing digitization and reducing carbon emissions in the wider region, while also in sync with the region's collective vision of building a sustainable future and the need for economic diversification.

As the Middle East is undergoing transformative changes on multiple fronts, respondents recognize that upskilling is essential to unlocking the future of work. Additionally, 52% of the individuals surveyed in the region, compared to the global 36%, believe their jobs would change significantly in the next five years, requiring them to acquire new skills and capabilities. 61% of respondents stated they possess a distinct understanding of how their skills are anticipated to evolve.

Interestingly, 54% of regional employees also expressed their trust in their employers' ability to stay updated with the latest trends and encourage them to apply their newly acquired skills. This can be attributed to a mature, enabling regional ecosystem of future-ready Middle Eastern governments and business leaders, that have embraced digitization and decarbonisation to diversify their economies and position themselves for sustainable economic growth and development.

Furthermore, as key Middle Eastern economies drive forward with their green initiatives, employees have displayed a heightened awareness of the importance of green skills compared to their global counterparts. This indicates a strong recognition of the region's emphasis on sustainability and the growing demand for environmentally conscious expertise.

Among the regional respondents, 62% expressed the belief that green skills would play a crucial role in shaping their careers. Furthermore, a significant 57% expressed confidence in their employers' commitment to equipping them with the necessary tools and opportunities to enhance their green skills. This strongly aligns the workforce and the region's green agenda, highlighting a shared vision for sustainable growth and professional development.

On the other hand, leadership skills emerged as a top priority in the region, with 83% of respondents considering them critical, compared to 63% globally.

Moreover, as digitization initiatives continue to flourish in the regional economy, 75% of Middle East respondents emphasized digital skills as one of the top priorities for their careers in the next 5 years, surpassing the global figure of 57%. Whereas 77% of individuals surveyed expressed the need for specialist technical skills, compared to 56% globally, while 76% recognized the value of analytical and data skills, in contrast to 58% globally.

A significant 46% of respondents in the Middle East recognized that AI had the potential to enhance their workplace productivity, surpassing the global figure of 31%. Notably, the overall perception of AI in the region was highly positive, with 43% of respondents in Egypt, 41% in Qatar and Saudi Arabia, and 39% in the UAE expressing a favorable view.

Approximately 42% agreed that AI would create opportunities for them to acquire valuable skills, compared to 27% globally. Within the region, 47% in Egypt, 42% in the UAE, 41% in Qatar, and 39% in KSA believed AI would present avenues for learning crucial skills. 34% of respondents felt that AI would also create new job opportunities surpassing the global figure of 21%.

However, it is worth noting that millennials showed a lower level of confidence in their capacity to learn new skills offered by AI at 31%, while Gen X respondents demonstrated a similar sentiment at 29%. In contrast to them, Gen Z displayed relatively greater optimism with only 19% expressing less confidence.

In conclusion, the survey highlights the importance for organizations to develop a compelling employee value proposition that aligns with the evolving business landscape, integrates new technologies such as AI and addresses the changing expectations brought by the entry of newer generations into the workforce.

CORPORATE NEWS

POSCO GROUP WINS US$ 6.7 BILLION OMAN GREEN HYDROGEN PLANT DEAL

A consortium led by South Korean steelmaker POSCO Group signed a US$ 6.7 billion deal with the Omani authorities to build the world's largest green hydrogen plant in Duqm, a port town in east-central Oman, as mentioned in a company's statement.

The consortium partners include Samsung Engineering, a construction unit of Samsung Group, and two other Korean State-run power companies as well as French energy major Engie and Thai national petroleum company PTTEP.

POSCO Holdings would be leading the project and managing the plant-building processes in Oman, while Samsung Engineering would handle the Engineering, Procurement and Construction (EPC) work of the facilities. All other firms would either produce or sell the green hydrogen generated by the factory.

MUBADALA FORMS JV TO BUILD US$ 600 MILLION PROPERTY PORTFOLIO IN JAPAN

Mubadala, an Emirati State-owned holding company that acts as a sovereign wealth fund, formed a joint venture with Proprium Capital Partners and Manulife Investment Management to develop a US$ 600 million property portfolio in Japan, as indicated in a company's statement.

The venture would also partner with Samurai Capital, a leading asset manager with significant experience in managing multi-family assets in Japan.

The joint venture was seeded with existing rental multi-family properties in Japan and would seek to acquire additional assets. This property portfolio would target urban dwellers in Tokyo and Osaka, and these residential dwellings would also offer convenient access to railway stations and nearby neighborhood amenities.

It is worth highlighting that the objective of the partnership is to acquire assets that deliver affordable and high-quality living spaces for tenants and attractive and sustainable returns for shareholders.

INFRACORP UNVEILS US$ 200 MILLION LUXURY RESIDENTIAL DEVELOPMENT IN BAHRAIN

Bahrain-based Infracorp, a pioneer in infrastructure developments, unveiled Marina Bay, a luxurious residential development, situated on Reef Island on the Northern Coast of Manama, as reported in a company's statement.

The project partners with AAP Design Construction, a full-service design and construction firm that specializes in streamlined design and build projects based in Portugal and Kuwait.

The launch of Marina Bay, with an investment up to US$ 200 million, aligns with Infracorp's commitment to promote the luxury living experience in Bahrain through developing sustainable and modern residential communities.

ELLINGTON BREAKS GROUND ON US$ 194 MILLION JLT RESIDENTIAL PROJECT

UAE-based boutique developer Ellington Properties partnered with Dubai Multi Commodities Centre (DMCC), the world's flagship free zone and Government of Dubai Authority on commodities trade and enterprise, to break ground on Upper House, a new multi-family residential project located within Jumeirah Lakes Towers (JLT) community, as mentioned in a company's statement.

The Upper House project, which has a construction value of US$ 194 million (AED 715 million), is Ellington's first residential development in JLT that would add to the community's growing appeal as a leisure, hospitality, and residential destination.

The project, which is scheduled to be completed by 2026, would feature 754 units comprising elegant studios, one-, two- and three-bedroom, offering residents expansive views of Jumeirah Islands and the Dubai Marina skyline.

SINAHA TO BUILD FIRST AUTOMOBILE FACILITY IN ABU DHABI

Sinaha Platform, an Emirati e-commerce and marketing platform specialized in promoting national industries and products, announced the signing of an agreement with international partners to build the first automobile facility in Abu Dhabi that manufactures automobiles from recyclable materials, as revealed in a company's statement.

Made using local raw materials, the new vehicle model has a highly advanced and effective damping protection system that meets all applicable standards. The model would feature an economical petrol engine and an all-electric engine.

The vehicles produced in this facility would also feature eco-friendly and recyclable external structures, promoting environmental sustainability and incorporating technologies that enhance fuel efficiency by reducing weight and material consumption.

In addition to meeting local demand, the factory would supply the international market with affordable, high-quality cars equipped with advanced four-wheel drive technology.

This move aims to establish Abu Dhabi as a prominent auto hub for sustainable production.

AD PORTS GROUP SIGNS AGREEMENT TO ENHANCE ABU DHABI'S DIGITAL CUSTOMS SERVICES

Maqta Gateway, the digital arm of AD Ports Group and part of the digital sector, signed a service level agreement with the General Administration of Customs – Abu Dhabi and the Abu Dhabi Department of Economic Development (ADDED), as reported in a company's statement.

The agreement aims to provide digital customs services through the Advanced Trade and Logistics Platform (ATLP), specifically through the inspection and clearance services unit.

The agreement, not only recognizes the expected level of service to be provided to customers, but also aims to deliver a seamless customer experience to the Abu Dhabi trading community for shipments passing through eight border crossings in Abu Dhabi.

ATLP continued to play a critical role in facilitating trade in Abu Dhabi by streamlining administrative processes, enabling advanced clearance notifications to reduce transit times, and providing a unified view of trade through Abu Dhabi.

Through ATLP, cooperation between ADDED, AD Customs and Maqta Gateway would be strengthened, clearly defining roles, responsibilities and processes for operations, to facilitate access to digital customs services for customers.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES SLIDING INTO RED, TRACKING GLOBAL EQUITY WEAKNESS

MENA equity markets slid into the red this week, as reflected by a 0.4% retreat in the S&P Pan Arab Composite index, mainly tracking global equity weakness (-2.3%) as concerns about a potential US recession deepened after the US Fed Chair delivered hawkish comments in his semi-annual monetary policy testimony to the Congress. This compounded with falling oil prices and lingering worries about sluggish China's economic recovery.

The heavyweight Saudi Exchange came under downward price pressures this week, as reflected by a 0.6% fall in the S&P Saudi index, mainly tracking price declines in global equities, as concerns about a global economic slowdown deepened after the US Fed Chair reiterated that the Central Bank had further to go in its tightening cycle, and after a higher-than-expected UK inflation for the fourth month in a row in May 2023 proved a cautionary tale for global Central Banks fighting inflation. This compounded with the World Bank's forecast that global economic growth would slow to 2% in 2023, down from 3% in 2022.

A glance on individual stocks shows that most petrochemicals stocks headed south over this week amid falling oil prices. In fact, Brent oil prices contracted by 3.6% week-on-week to reach to US$ 73.85 per barrel on Friday on stronger US dollar following the US Fed Chair hawkish comments. Petrochemicals giant Saudi Aramco's share price declined by 0.8% to SR 32.25. Saudi Kayan Petrochemical Company's share price went down by 1.1% to SR 13.82. Petro Rabigh share price contracted by 1.2% to SR 11.50. Advanced Petrochemical Company's share price closed 0.5% lower at SR 44.10. Saudi Electricity's share price decreased by 1.1% to SR 22.54.

Also, Al Rajhi Bank's share price went down by 1.8% week-on-week to SR 73.00. Saudi National Bank's share price fell by 0.8% to SR 36.80. ALINMA's share price closed 1.5% lower at SR 33.50. Arab National Bank's share price dropped by 1.5% to SR 26.35. Kingdom Holding Company's share price closed at SR 7.82, which marks a contraction of 1.3%. Bahri's share price declined by 2.3% to SR 22.40. Almarai's share price plunged by 7.5% to SR 60.70.

Activity on the Qatar Stock Exchange was skewed to the downside this week (-2.0%), mainly tracking a global sell-off mood after the US Fed Chair unveiled that US policymakers see that interest rates would need to move higher to reduce US growth to below its long-term trend and contain price pressures, and as the Bank of England lifted interest rates to tackle stubborn inflation, while concerns about China's sluggish economic recovery remained at the forefront. This was exacerbated by an oil price slump. Under these conditions, 34 out of 50 traded stocks registered price falls, while 13 stocks posted price rises and three stocks saw no price change week-on-week.

EQUITY MARKETS INDICATORS (JUNE 18- JUNE 24, 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	157.2	-7.2%	21.9%	4.5	-77.2%	0.1	17,768	1.3%	-	0.36
Jordan	360.1	-1.8%	-7.4%	39.8	40.1%	23.3	24,263.1	8.5%	8.1	1.31
Egypt	230.1	-1.5%	-2.8%	262.7	-14.4%	3,821.3	36,741.7	37.2%	7.5	2.12
Saudi Arabia	502.8	-0.6%	7.9%	6,260.1	-19.2%	973.56	2,913,997.3	11.2%	14.6	4.61
Qatar	166.0	-2.0%	-6.1%	588.4	-17.1%	744.5	164,396.0	18.6%	11.7	1.56
UAE	134.8	0.3%	-2.0%	1,810.3	-22.8%	1,856.9	913,649.0	10.3%	15.3	2.97
Oman	258.9	2.3%	-0.5%	16.2	-13.6%	28.7	22,642.9	3.7%	14.8	1.09
Bahrain	221.1	0.2%	14.6%	4.2	-39.0%	7.1	18,767.0	1.2%	10.4	1.47
Kuwait	131.2	0.4%	-5.5%	454.9	-37.1%	617.8	132,877.6	17.8%	17.7	1.85
Morocco	250.3	0.8%	12.8%	147.7	144.2%	13.2	59,385.7	12.9%	21.8	3.41
Tunisia	66.5	0.9%	7.2%	20.9	158.9%	8.7	8,092.6	13.4%	11.4	2.24
Arabian Markets	**940.7**	**-0.4%**	**3.1%**	**9,609.8**	**-19.8%**	**8,095.1**	**4,312,580.8**	**11.6%**	**14.7**	**3.95**

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

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

A closer look at individual stocks shows that QNB's share price fell by 3.8% over the week to QR 15.600. Qatar Islamic Bank's share price plunged by 3.9% to QR 17.460. Doha Bank's share price dropped by 3.5% to QR 11.260. Gulf International Services' share price declined by 2.7% to QR 1.840. Mesaieed Petrochemical Holding Co.'s share price decreased by 1.6% to QR 1.929. Ezdan Holding Group's share price plunged by 7.9% to QR 1.104. Barwa Real Estate's share price closed 2.7% lower at QR 2.560. Gulf Warehousing's share price shed 4.2% to QR 3.299.

In contrast, Boursa Kuwait recorded a 0.5% rise in prices week-on-week, bucking weaknesses in global and regional equities. A closer look at individual stocks shows that National Bank of Kuwait's share price edged up by 0.4% to KWf 941. Al Ahli Bank of Kuwait's share price rose by 0.4% to KWf 236. Burgan Bank's share price surged by 7.1% to KWf 211. Kuwait Projects Holding's share price increased by 3.1% to KWf 134. National Mobile Telecommunications' share price went up by 1.7% to KWf 1,115. Dalqan Real Estate's share price climbed by 5.0% to KWf 168. National Industries Group Holding's share price closed 0.5% higher at KWf 204.

FIXED INCOME MARKETS: MENA BOND MARKETS REMAIN UNDER DOWNWARD PRICE PRESSURES ON PROSPECTS OF FURTHER US MONETARY TIGHTENING

MENA fixed income markets remained under downward price pressures this week after the US Fed Chair said that the outlook for two further 25 bps rate hikes are "a pretty good guess" of where the Central Bank is heading if the US economy continues in its current direction, and as the Bank of England stepped up its fight against stubborn inflation with a surprise half-point rise in interest rates.

In the Dubai credit space, sovereigns maturing in 2029 posted price retreats of 0.13 pt this week. Emaar Properties'26 registered price drops of 0.38 pt. Majid Al Futtaim'29 saw no price change week-on-week. Prices of Emirates Airlines'28 and Emirates NBD Perpetual (offering a coupon of 6.125%) remained stable.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 saw weekly price contractions of 0.13 pt to 0.38 pt. Mubadala'26 and'27 saw nil change in prices week-on-week. Taqa'28 closed down by 0.88 pt. Fitch Ratings affirmed Taqa's long-term IDR and senior unsecured rating at "AA-", with a "stable" outlook. The affirmation reflects, as per Fitch, the continued strength of Taqa's links with the government of Abu Dhabi ("AA/Stable") under its Government-Related Entities (GRE) Rating Criteria.

In the Bahraini credit space, sovereigns maturing in 2026 posted price declines of 0.03 pt, while prices of sovereigns maturing in 2027, 2031 and 2032 remained unchanged week-on-week.

In the Kuwaiti credit space, sovereigns maturing in 2027 closed down by 0.55 pt week-on-week. Prices of KIPCO'27 saw no price change week-on-week.

In the Qatari credit space, sovereigns maturing in 2030 posted price decreases of 0.63 pt. Ooredoo'26 was up by 0.50 pt. Amongst financials, prices of QNB'25 and '26 remained stable this week.

In the Saudi credit space, sovereigns maturing in 2026 and 2027 recorded price contractions of 0.13 pt and 0.19 pt respectively, while prices of sovereigns maturing in 2030 and 2031 remained unchanged this week. Saudi Aramco'25 closed up by 0.25 pt. Prices of STC'29, SEC'24 and '28 remained stable week-on-week.

In the Omani credit space, sovereigns maturing in 2029 posted price contractions of 0.20 pt week-on-week. Prices of Omantel'28 increased by 0.10 pt. In the Iraqi credit space, sovereigns maturing in 2028 traded up by 0.13 pt.

In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded price gains of up to 0.75 pt week-on-week.
In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 posted price falls of up to 1.56 pt this week. Euro-denominated sovereigns maturing in 2026 and 2031 recorded price retreats of 1.22 pt and 1.33 pt respectively.

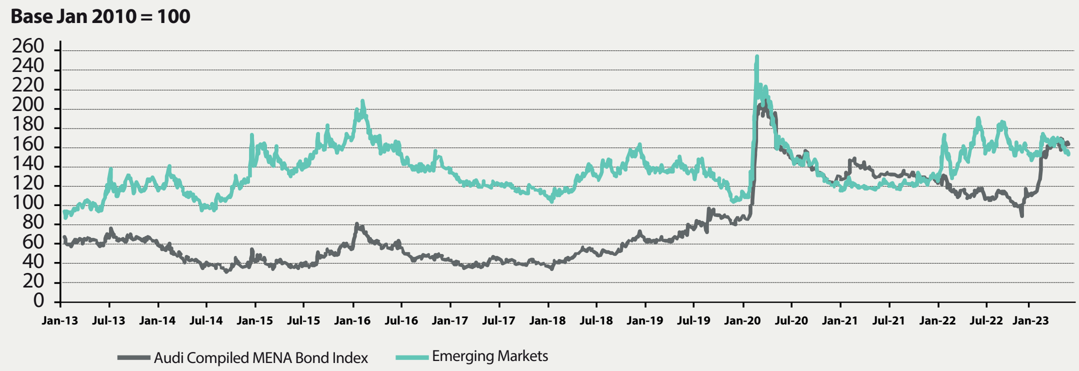
All in all, activity in regional bond markets remained tilted to the downside this week after the US Fed Chair reiterated in his testimony to the Congress that nearly all FOMC participants expect that it would be appropriate to raise interest rates somewhat further by the end of the year, and as the Bank of England surprised markets with half a percentage point interest rate hike after recent economic data revealed that UK inflation remained stubbornly high in May 2023.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	23-Jun-23	16-Jun-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	35	34	44	1	-9
Dubai	74	74	84	0	-10
Kuwait	40	40	50	0	-10
Qatar	35	34	48	1	-13
Saudi Arabia	57	55	61	2	-4
Bahrain	253	250	231	3	22
Morocco	136	131	162	5	-26
Egypt	1,554	1,565	877	-11	677
Iraq	433	442	467	-9	-34
Middle East	484	292	225	192	259
Emerging Markets	115	108	140	7	-25
Global	291	499	533	-208	-242

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/Negative/B	B3/Stable	B/Negative/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A/Stable/A-1	A1/Positive	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa3/Positive	AA-/Positive/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	B+/Stable/B
Oman	BB/Positive/B	Ba2/Positive	BB/Positive/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	Caa2/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$)	23-Jun-23	16-Jun-23	30-Dec-22	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)	30.90	30.85	24.71	0.2%	25.0%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,460.00	-55.2%	-59.8%
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)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	-0.1%	0.2%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	-0.1%	0.0%
Yemeni Riyal (YER)	250.23	250.27	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	135.31	135.23	137.35	0.1%	-1.5%
Moroccan Dirham (MAD)	9.98	10.00	10.44	-0.2%	-4.3%
Tunisian Dinar (TND)	3.09	3.08	3.11	0.5%	-0.5%
Libyan Dinar (LYD)	4.80	4.81	4.83	-0.2%	-0.5%
Sudanese Pound (SDG)	587.11	587.12	573.81	0.0%	2.3%

Sources: Bloomberg, Bank Audi's Group Research Department