Bank Audi

MENA WEEKLY MONITOR

JUNE 25 - JULY 1, 2023
WEEK 26

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

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

Stephanie Bou Sleiman
(961-1) 952397
stephanie.bousleiman@bankaudi.com.lb

Elias Missi
(961-1) 959747
elias.missi@bankaudi.com.lb

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MENA MARKETS: JUNE 25 - JULY 1, 2023

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-0.1%	Weekly Z-spread based bond index	-0.3%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+3.0%	YTD Z-spread based bond index	+59.4%

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

ECONOMY

WORLD ECONOMIC FORUM (WEF) IDENTIFIES NEW REGIONAL TRENDS THAT CAN REINVIGORATE ECONOMIC GROWTH IN THE SERVICE OF SOCIETY

In the Middle East and North Africa (MENA), high-income economies are found to be shaped by AI and ICT technologies, while lower-and middle-income countries' markets are shaped by financial and trade-enabling technologies.

And while investment into R&D has increased, MENA lags when it comes to research spending, as a percentage of GDP this is falling below global averages.

The World Economic Forum is working closely with MENA countries to establish markets-of-tomorrow accelerators that bring together public- and private-sector stakeholders to reimagine and nurture growth ecosystems through technology, innovation and best-in-class policy practices.

At a time when the outlook for the global economy is at its weakest since 1990, recent research from World Economic Forum (WEF) identifies new trends that outline key growth markets that can reinvigorate economic growth in the service of society. Interestingly, WEF's report on the Markets of Tomorrow finds that 35% of companies surveyed perceive the lack of initiative from the public sector as a growth obstacle in new markets. The Middle East and North Africa (MENA) has a strong record of government leadership in the economy. In 2022, state-backed Sovereign Wealth Funds invested US$ 89 billion in industrial sectors, infrastructure development and technology with the purpose of aligning economic opportunity with societal needs.

Much progress has been achieved on several fronts in the region when it comes to technology adoption and sectoral development. New market growth opportunities, however, will not be realised without a mature ecosystem. Out of ten bottlenecks identified by WEF's research, skills and talent, clear market standards and the lack of public sector initiative are likely to have the greatest impact on the region's future growth trajectory. An IMF study in 2022 underscored that the skills deficiency in MENA is at a staggering 70%, putting the region at risk of technological disruption and rising unemployment. Meanwhile, although investment into R&D has increased, MENA lags when it comes to research spending. As a percentage of GDP it's falling below global averages. With a young and fastly growing population, this is the greatest risk the region faces today and it needs to be addressed to pave the way for new growth opportunities.

Government reform of market standards coupled with good governance will be extremely critical in unlocking growth opportunities. The World Bank in its latest update underlined how transparency and accountability can help drive growth in the region. With a large deal of disparity across MENA markets, the opportunity cost is tremendous. In 2020, Deloitte, based on World Bank analysis, underlined that on average, a 1% higher score on regulatory quality can generate approximately US$250-500 million of higher annual FDI inflows for an economy. Governments should, therefore, focus on establishing clear standards backed by strong institutions to propel economic activity and attract new players – local and international, while integrating the private sector.

Regional cooperation will also be vital. Currently, regional cooperation in MENA is somehow uneven and fragmented and has mainly focused on geopolitics and security. To truly drive growth, governments in MENA must look inward and focus on forming more concrete economic blocks, sharing knowledge and leveraging each other's strengths to unleash the region's true potential.

As the division of responsibilities between the public and private sector is being redefined globally in the context of a more active state, the MENA region has an opportunity to be ahead of the curve in terms of a proactive economic policy. For the past few years, several governments have attempted to crowd in the private sector by taking a stake in strategic projects to decrease risks to investors. Making sure that the private sector is a co-pilot on this journey, and not simply a passenger, could provide the region with a significant competitive advantage as the next version of globalisation takes shape.

IMPROVEMENT IN SAUDI ARABIA'S NON-OIL PRIVATE SECTOR SOFTENS IN MAY

Saudi Arabia's Purchasing Managers' Index (PMI) for May was registered at 58.5 which denotes a 1.1 point drop from the figure seen in April. This decrease came following a softening of incoming new orders and output, as per Riyad Bank's Saudi Arabia PMI report for May.

Saudi Arabia's non-oil private sector saw a continued robust improvement in operating conditions during May driven by increased demand in the market which in turn led to a boost in economic activity. The strength of the market's demand led to increases in output, employment and purchasing which in turn led output prices to increase sharply during the month amid higher input cost pressures.

In details, the inflow of new orders remained on a considerable upwards trend in May although slightly softer than the figure noted in the month prior. This comes despite an uptick in sales from foreign clients as well as improved economic conditions and business investment.

In parallel, Activity levels saw a sharp uptick during the month while being the softest increase noticed during the year so far. Additionally, an increase in input purchasing was noticed at the lowest extent in five months, as per Riyad Bank's Saudi Arabia PMI report for May.

A positive response was denoted from vendors regarding the request of clients for faster deliveries. In turn, a robust improvement was seen in the supply chain. This aided firms' efforts in buying inputs which lead to an uptick in inventory levels at the fastest pace since August 2022.

As the rate of job creation increased at the joint-fastest level since early 2018, employment levels saw a sharp increase. However, some firms noted the need to increase salaries amid labor shortages and inflating living costs which led to an increase in staff expenses. The recorded increase in staff expenses set the figure at the highest level noted since September 2016.

An inflation in output prices at the sharpest rate since August 2022 was recorded in May. This inflation was mainly driven by a sharp uptick in average input cost pressures, as per Riyad Bank's Saudi Arabia PMI report for May.

On the other hand, the fastest decrease in work outstanding noticed since November 2022 was realized in May. This came as employment and activity levels were higher which allowed companies to work through their backlogs at a faster rate.

Future outlook in Saudi Arabia remained positive during May sustained by the continued anticipation by firms for improving market conditions, strong sales and supportive government economic policy aimed to help growth prospects. However, the rate of optimist was stunted by the rising level of competition leading overall future sentiment to the lowest level recorded in a year, as per Riyad Bank's Saudi Arabia PMI report for May.

NON-OIL PRIVATE SECTOR PERFORMANCE IN QATAR CONTINUES ITS ROBUST IMPROVEMENT

Qatar's Purchasing Managers' Index (PMI) for May 2023 was registered at 55.6, up by 1.2 points against April's 54.4. This increase denotes the sharpest improvement in non-oil sector performance since July 2022 and remains firmly above the long-term trend of 52.3, as per the Qatar Financial Center's (QFC) PMI report for May 2023.

It is worth noting that the Qatar PMI indices are compiled from responses to a survey by a panel consisting of 450 companies. These firms are from the manufacturing, construction, wholesale & retail and services sectors which reflects the structure of the country's non-oil sector according to national accounts.

PMI is derived from multiple components of which: new orders, output, employment, suppliers' delivery times as well as stocks of purchases.

This improvement came amid growths in new orders, output, employment and purchasing during May. Though, the main drivers for the overall boost in PMI were the output and new order components during the month.

In details, new business intake has expanded at the sharpest rate noticed in 10 months during May. Surveyed companies have noted contracts signed with new and existing customers. Additionally, new product offerings and increased tourism influx played a role in the boost noticed within this component.

Business activity also noticed a boost in performance during the month. Output levels have been following an upward trend for the past three years with the exception of January 2023 which saw a brief correction caused by the conclusion of the World Cup. Output level growth noticed during May was the sharpest seen in 2023 so far and exceeds the six-year survey trend, as per the QFC PMI report for May 2023.

Concurrently, work backlogs further decreased in May amid a sharp increase in employment. Employment levels rose at the sharpest rate seen since July 2022 in May, however staff costs have only marginally increased. In parallel, non-staff costs and average purchase prices have inflated with the latter increasing at the sharpest rate since June 2021. This led input prices to note the highest inflation rate seen in 11 months. However, the pressure brought on by input price inflation was not offloaded to customers as prices charged for goods and services remain relatively stagnant in May against figures from the month prior.

At the level of future outlook, firms in Qatar's non-oil private sector had an increasingly positive outlook in May. The Future Output Index saw the first increase in three months to reach 59.2 mainly driven by optimism in the services, wholesale & retail and construction sectors, as per the QFC PMI report for May 2023.

Looking at the performance in the financial services sector, an increase in new business and total activity was noticed with outlook remaining firmly optimistic.

In details, new work continued to expand in line with a three year upwards trend at the fastest rate seen since August of the year prior.

An increase in overall financial services activity was noted in May in line with a 23-month upwards trend at the fastest rate in three months.

These factors have led an increasingly optimistic outlook towards future activity which in turn prompted an increase in employment levels in Qatar's financial services sector.

In parallel, input costs remained relatively stable in the financial services sector during May. However, firms increased their charges which led to an improvement in their margins, as per the QFC PMI report for May 2023.

SURVEYS

DOHA AND DUBAI ARE MOST COMPETITIVE JOB MARKETS WORLDWIDE, AS PER RESUME.IO

Doha and Dubai hold the two top spots for the world's most competitive job markets, as per Resume.io recent survey. On the other hand, Abu Dhabi ranked fifth in competitive market.

Resume.io surveyed LinkedIn posts in 130 cities globally to come up with the data, which was collected in February 2023.

The recruitment website, resume.io, found that job posts in the Qatari capital receive an average of 399 applicants, while those in Dubai receive 282.9. On the other hand, jobs in Abu Dhabi receive around 148.8 applications.

Despite being one of the smallest countries in Asia, the global spotlight focused on Qatar in 2022, as a result of its hosting of the FIFA World Cup, which boosted the local economy and saw major industries (like hotels and retail) expand. Job hunters in Qatar are attracted by the prospect of earning one of the highest average salaries in the world, which won't be taxed under Qatar law, either.

Dubai claims the next-most competitive job market of any global city, with the average job listing racking up 282.9 applicants within a week. It's likely that many job hunters with Dubai in their sights have got the memo that employees there, like Doha, can take home their entire salary, due to no income taxation. Additionally, Dubai house and rental prices are forecasted to decline in 2023 after soaring costs last year, making living and working in the city likely a lot more feasible for many.

GCC CONSTRUCTION INDUSTRY HAS HIGHEST LEVEL OF CONFIDENCE IN EMEA, AS PER PROCORE

Despite economic headwinds plaguing the global construction industry, the UAE and Saudi Arabia are coping well with challenges, as per "How We Build Now" benchmark report, issued by Procore.

The research was conducted by Censuswide. Surveyed 803 18+ decision makers working in the construction industry, specifically in main and sub-contractors and owner led developers across the UK, Ireland, France, Germany, UAE and Saudi Arabia between end-2022 and early-January 2023.

Nearly half of construction's business leaders in economies around the MENA region (45%) reported that they are very confident about conditions in the sector over the next 12 months.

Confidence levels are highest among owners/developers and subcontractors in the region, with an average of 52% across both groups revealing they are very confident, against 30% of main contractors. Moreover, nearly 59% of the other main contractors are relatively positive about future prospects, saying they are somewhat confident, and 46% of the other owners/developers and 38% of subcontractors feel the same.

These confidence levels are underpinned by healthy order books, as well as expectations of a strong pipeline of future work. Just over half (51%) of businesses expect the number of projects to increase by up to 20% over the next 12 months. Just over one in three (36%) are even more confident, since they expect project numbers to grow by at least 20% and potentially more.

Much of this work would be related to the developmental plans of both Saudi Arabia and the UAE governments, which have bold multi-billion dollar visions for the future of the region.

In details, at the start of this year, Saudi Arabia launched the New Murabba Development Company, which aims to develop the world's largest modern downtown in Riyadh, contributing to the city's future development in line with Saudi Vision 2030. Also emerging from Saudi Arabia's Vision 2030 masterplan is NEOM, a new smart city located on the Red Sea coast, which contains many individual mega-projects such as The Line, a linear city 170-km long, and Oxagon, a floating industrial complex. Furthermore, Riyadh is going to host the 2028 World Sport for All Games, the first global games for all in the MENA region and the world's biggest social sports event, which would require a range of major infrastructure projects.

In parallel, the UAE, as part of its 10-year future development plan, announced an investment of US$ 1.36 billion to reduce congestion in the country. Through the 10-year plan, the government aims to become a global leader in developing world-class road and transport systems. This would all lead to further investment in the sector, supporting the growth of the infrastructure construction market. Enormous innovation in terms of construction and logistics are required to deliver these futuristic developments. Advanced technology systems would also be crucial to ensuring they are delivered on time and in budget, with the minimum amount of rework required.

It is worth highlighting that the UAE's construction sector is worth US$ 86.7 billion, and Saudi's US$ 133 billion. Future growth would expand both countries' construction sectors even further.

On the other hand, 26% of construction business leaders across the regions stated that economic/industry volatility (for example, inflation, supply chain challenges) has caused them to significantly increase their investment in digital transformation in the past three to six months.

The number of construction companies that have reached digital-first status varies considerably from country to country, with 20% describing themselves as such in the UAE, where the Dubai government already operates paperlessly, and only 2% in Saudi Arabia. However, Saudi businesses mentioned that they are looking to accelerate their path towards full digital transformation.

Finally, 3D printing is another technology being widely adopted by construction firms, with nearly 37% currently using it and nearly 45% planning to make use of it in the next 12 months. The UAE government itself hopes to use 3D printing for 25% of its structures by 2030.

MENA LNG SUPPLY SET FOR GROWTH AMONG GCC MARKETS, AS PER FITCH SOLUTIONS

LNG net exports in the MENA region are set for growth, with the inauguration of key projects in GCC offsetting long-term erosions in supply from Egypt and Algeria, according to Fitch Solution's latest report.

The region overall would see cumulative growth of 40 billion cubic meters (bcm) of LNG exports over the next 10 years (26%). In comparison to global growth, Fitch expects MENA to underperform compared to Sub-Saharan Africa, North America and Latin America, where their LNG net exports is expected to expand by 178%, 54% and 34% respectively, although growth in Latin America is occurring from a very low base. Notwithstanding this, the region would see greater growth than Europe (7%), and Asia- Pacific (9%).

The bulk of MENA net exports growth would be seen between 2022 and 2028, where supply would rise by 37% amid key project start-ups such as the Qatari North Field expansion and, potentially, the Ruwais LNG plant in the UAE.

Qatar remains committed to its 49 millions of tons per annum (mtpa) expansion in liquefaction capacity from its North Field East (NFE) and North Field South (NFS) projects, which would add 33 mtpa and 16 mtpa, respectively, to LNG output, enabling total capacity to reach 126 mtpa. NFE is expected to come online in 2025, while NFS would follow in 2027. Boosting their longevity as a LNG supplier, Qatar is well-positioned due to its strategic location, low production costs, relatively low emissions intensity, and partnerships with major international oil companies (TotalEnergies, Shell, ExxonMobil, ConocoPhillips, and Eni), which all have interests within Qatar's NFE.

In the UAE, Abu Dhabi National Oil Company (ADNOC) is planning to substantially increase its LNG export capacity. Engineering, Procurement and Construction contracts are expected to be awarded in 2023 for their proposed two-train 9.6 mtpa Al Ruwais LNG plant. The Al Ruwais plant is expected to nearly triple liquefaction capacity from 5.8 mtpa to 15.4 mtpa, and would be fed by rising domestic supplies, as the government ramps up investment in the gas sector as part of its 2030 targets. ADNOC is also targeting 10 bcm of production from the Ruwais Diyab unconventional gas concession by 2030.

Concurrently, smaller LNG exporters such as Oman and Egypt are set to sustain higher exports in the near term, though elevated gas consumption presents a bearish outlook for long-term resilience in their LNG trade.

CORPORATE NEWS

ARAMCO AND TOTALENERGIES AWARD EPC DEALS FOR US$ 11 BILLION AMIRAL COMPLEX

Aramco and TotalEnergies awarded Engineering, Procurement and Construction (EPC) contracts for the US$ 11 billion "Amiral" complex, a future world-scale petrochemicals facility expansion at the SATORP refinery in Saudi Arabia, as mentioned in a company's statement.

The EPC contracts were awarded to Hyundai Engineering & Construction Company Ltd, Maire Tecnimont, Sinopec Engineering (Group) Saudi Company Ltd, Gulf Consolidated Contractors Company, Mohammed Ali Al-Suwailem Trading and Contracting Company, Mofarreh Marzouq Al Harbi and Partners Company Ltd, Mobarak M. AlSalomi and Partners for Contracting Company.

The award of EPC contracts for main process units and associated utilities, marks the start of construction work on the joint petrochemical expansion.

Integrated with the existing SATORP refinery in Jubail, the new complex aims to house one of the largest mixed-load steam crackers in the Gulf, with a capacity to produce 1,650 kilotons per annum of ethylene and other industrial gases.

This expansion is expected to attract more than US$ 4 billion in additional investment in a variety of industrial sectors, including carbon fibers, lubes, drilling fluids, detergents, food additives, automotive parts and tires. It is also expected to create around 7,000 local direct and indirect jobs.

ADNOC DRILLING SECURES US$ 2 BILLION WORTH OFFSHORE RIG CONTRACTS

ADNOC Drilling Company, the largest national drilling company in the Middle East by rig fleet size, confirmed the award of five 10-year contracts, totaling approximately US$ 2 billion, in support of ADNOC Offshore's growing drilling operations, as reported in a company's statement.

The contracts supporting drilling operations across five fields in ADNOC's offshore portfolio, are for the charter of five high-specification, premium jack-up rigs along with all required manpower and equipment.

The five rigs have been acquired as part of the company's fast-tracked rig fleet expansion program, designed to enable the delivery of ADNOC's accelerated production capacity growth to responsibly meet rising global energy demand. The new rigs namely Salamah, Al Saadiyat, Al Sila, Rahman and Yas, would be among the most capable, high-specification rigs working in the Arabian Gulf.

Each of the five rigs would be equipped with a battery energy storage system to increase efficiency and reduce emissions. The hybrid power technology system stores energy in its batteries to use when there is a need for continuous power or to provide instant extra power when there is an increase in demand.
The rigs would commence activity progressively from the end of 2023, with significant revenue expected in 2024 and first full-year revenue contribution from 2025.

It is worth noting that the five rigs are central to ADNOC Drilling's decarbonization strategy and the company's commitment to support ADNOC's target to reduce greenhouse gas intensity by 25% by 2030, as well as the UAE Net Zero by 2050 strategic initiative.

AD PORTS TO INVEST NEARLY US$ 500 MILLION TO OPERATE CONGO PORT UNDER 30-YEAR CONCESSION

AD Ports Group, the exclusive developer and regulator of ports and related infrastructure in Abu Dhabi, signed a 30-year concession agreement with the Government of the Republic of the Congo for managing and operating the multipurpose New East Mole Terminal in Pointe-Noire in the Republic of the Congo, as revealed in a company's statement.

The agreement runs for 30 years from the date of signing and AD Ports Groups shall have the right to extend it for a further period of 20 years on the same terms and conditions.

AD Ports Group would invest more than US$ 500 million under the concession, with around US$ 220 million allocated for phase 1, which is expected to be completed over the next 30 months.

AD Ports Group would have the exclusive right to invest in the development, operation, management and maintenance of the "New East Mole Port" that would handle containers, general cargo, break-bulk and other types of cargo. The Group would also provide the new terminal with digital services and technology solutions to enhance its efficiency including design, implementation and operation of a single-window, software development, digital architecture, business analytics, digital operations support and digital transformation.

TAQA TO ACQUIRE WATER SOLUTIONS FIRM FOR US$ 463 MILLION

Abu Dhabi National Energy Company (TAQA), the UAE's biggest power producer, would acquire SWS Holding, an Abu-Dhabi based water solutions company, for US$ 463 million (AED 1.7 billion), as mentioned in a company's statement.

It is worth noting that the Sustainable Water Solutions Holding Company (SWS Holding) was set up earlier this year and owns Abu Dhabi Sustainable Water Solutions Company (ADSWS), the main entity behind all wastewater collection, treatment, and reuse in Abu Dhabi.

Under the terms of the agreement, TAQA would acquire all outstanding shares of SWS Holding, with 50% of the consideration to be paid upon completion and the remaining 50% to be paid one year after completion. The energy company would also make an additional payment in 2024 linked to net profits generated during 2023.

SWS Holding is highly complementary to TAQA's existing portfolio and would add up to AED 16 billion to TAQA's existing regulated asset value of approximately AED 75 billion.

QATARENERGY AND CHINA'S NATIONAL PETROLEUM CORPORATION SIGN 27-YEAR LNG DEAL

QatarEnergy signed definitive agreements with China National Petroleum Corporation (CNPC), covering the long-term supply of LNG to China and partnership in the North Field East LNG expansion project (NFE), as mentioned in a company's statement.

The two parties signed a LNG Sales and Purchase Agreement (SPA) for the delivery of 4 million tons of LNG annually from the NFE project to CNPC's receiving terminals in China over a span of 27 years, marking the industry's longest term SPA commitment.

The two parties also signed a share sale and purchase agreement pursuant, in which QatarEnergy would transfer to CNPC a 5% interest in the equivalent of one NFE train with a capacity of 8 million tons yearly.

This transfer would see CNPC become a partner in the NFE project and would not affect the participating interests of any of the other shareholders in the project.

MUBADALA-BACKED PRINCETON DIGITAL AND TATA POWER RENEWABLES SIGN POWER DEAL FOR DATA CENTER IN INDIA

Mubadala, an Emirati State-owned holding company that acts as a sovereign wealth fund, announced a landmark partnership between its investee companies, Princeton Digital Group (PDG) and Tata Power Renewables, for the supply of clean electricity to one of PDG's flagship data centers in India, as indicated in a company's statement.

Under the terms of the agreement, PDG, a leading Pan-Asia data center operator, and Tata Power Renewables, one of India's largest integrated power companies, have co-invested in a captive power plant that would supply electricity to PDG's MU1 data center in Airoli, Mumbai, under a 25-year renewable Power Consumption Agreement (PCA).

First power from the solar plant, which is located in the Indian state of Maharashtra, started generating in June 2023, with additional capacity to come online after the completion of future phases of the project.

The solar plant would help PDG's MU1 with its target to be powered by up to 50% by renewable energy.

CAPITAL MARKETS

EQUITY MARKETS: CALM MOOD GOVERNS MENA EQUITIES DURING ADHA WEEK

A sluggish mood swayed over MENA equity markets during this week that was shortened to few working days due to Adha holidays, while some market players sought to lock in their profits and reshuffle portfolios. This was reflected by a shy retreat in the S&P Pan Arab Composite index of 0.1%.

Activity on the Qatar Stock Exchange was skewed to the downside during this two-day week, as reflected by a 0.5% fall in the S&P Qatar index, mainly on some profit taking operations ahead of Adha holidays. QNB's share price decreased by 1.2% to QR 15.240. Industries Qatar's share price retreated by 0.3% to QR 11.230. Gulf International Services' share price declined by 1.1% to QR 1.819. Mesaieed Petrochemical Holding Co.'s share price fell by 1.5% to QR 1.900. United Development Company's share price dropped by 2.7% to QR 1.135. Ezdan Holding Group's share price plunged by 5.4% to QR 1.044. Qatar Gas Transportation's share price closed 3.3% lower at QR 4.067. Qatar Navigation's share price shed 3.9% to QR 10.350.

The UAE equity markets registered a 0.4% contraction in prices during this one-day week, amid portfolio reshuffling. In Abu Dhabi, First Abu Dhabi Bank's share price went down by 0.4% to AED 13.64. Abu Dhabi Commercial Bank's share price closed 0.4% lower at AED 8.11. Aldar Properties' share price decreased by 0.8% to AED 5.09. In Dubai, DEWA's share price declined by 0.4% to AED 2.62. Emirates NBD's share price nudged down by 0.3% to reach AED 14.85. Emaar Properties' share price fell by 2.7% to AED 6.41. TECOM's share price contracted by 0.8% to AED 2.45.

Boursa Kuwait recorded a 0.4% decline in prices during this two-day week, as some market players sought to book profits ahead of Adha holidays. A closer look at individual stocks shows that National Bank of Kuwait's share price edged down by 0.6% to KWf 935. Al Ahli Bank of Kuwait's share price retreated by 0.4% to KWf 235. Burgan Bank's share price went down by 0.5% to KWf 210. Privatization holding's share price fell by 2.8% to KWf 24.3. National Industries Group Holding's share price closed 0.5% lower at KWf 203.

On the other hand, the heavyweight Saudi Exchange remained closed ahead of Adha holidays. This followed year-to-date price rebounds of 7.9%, which were mainly driven by upbeat corporate earnings as Saudi-listed companies (excluding Saudi Aramco) registered a 15.0% yearly expansion in aggregate net profits in 2022. This topped continuous growth in non-oil activities, as the seasonally adjusted Riyad Bank Saudi Arabia Purchasing Managers' Index stood at 58.5 in May 2023, well above the 50 reading separating growth from contraction, amid a continuous progress in the Kingdom's economic diversification strategy.

A glance on individual stocks shows that petrochemicals giant Saudi Aramco's share price registered year-to-date price gains of 10.5% to reach SR 32.25. Petro Rabigh share price surged by 7.7% since the beginning of

EQUITY MARKETS INDICATORS (JUNE 25- JULY 1, 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	158.6	0.9%	23.0%	0.4	-91.7%	0.3	17,928	0.1%	-	0.37
Jordan	363.7	1.0%	-6.5%	7.9	-80.1%	4.4	24,435.4	1.7%	8.2	1.32
Egypt	229.3	-0.4%	-3.1%	48.7	-81.5%	622.8	36,657.8	6.9%	7.5	2.11
Saudi Arabia	502.8	0.0%	7.9%	0.0	-100.0%	0.00	2,913,841.9	0.0%	14.6	4.61
Qatar	165.1	-0.5%	-6.6%	147.0	-75.0%	202.6	162,942.3	4.7%	11.7	1.55
UAE	134.3	-0.4%	-2.3%	479.0	-73.5%	714.6	919,255.4	2.7%	15.7	3.08
Oman	260.5	0.6%	0.1%	7.1	-56.4%	13.4	22,810.0	1.6%	15.0	1.10
Bahrain	219.1	-0.9%	13.6%	0.6	-86.3%	2.1	18,440.1	0.2%	10.3	1.46
Kuwait	130.7	-0.4%	-5.8%	125.5	-72.4%	190.8	132,878.5	4.9%	17.7	1.84
Morocco	253.8	1.4%	14.4%	136.9	-7.3%	10.4	60,174.4	11.8%	21.9	3.39
Tunisia	66.9	0.6%	7.8%	6.8	-67.5%	4.0	8,129.3	4.3%	11.4	2.24
Arabian Markets	**939.8**	**-0.1%**	**3.0%**	**959.8**	**-90.0%**	**1,765.4**	**4,317,493.0**	**1.2%**	**14.8**	**3.97**

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

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

2023 to reach SR 11.50. Yansab's share price posted year-to-date price rises of 14.1% to SR 47.45. Sipchem's share price increased by 8.5% since the start of 2023 to reach SR 36.85.

As to banking stocks, Banque Saudi Fransi's share price posted year-to-date price increases of 2.7% to reach SR 41.70. Alinma Bank's share price registered price gains of 2.9% since the beginning of this year, closing at SR 33.50. Also, Almarai's share price surged by 13.5% so far this year. Zain KSA's share price skyrocketed by 40.8% since the start of 2023, closing at SR 14.16. Emaar Economic City's shares registered a 12.2% year-to-date surge in prices to reach SR 9.36.

FIXED INCOME MARKETS: MENA BOND PRICES MOSTLY UP DURING ADHA WEEK

MENA fixed income markets registered shy price gains during Adha week, as market players flocked to safety on mounting concerns about a global economic downturn amid prospects of further global monetary tightening.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 registered weekly price expansions of up to 0.31 pt. Mubadala'27 closed up by 0.06 pt. Prices of ADNOC'29 increased by 0.05 pt. Taqa'26 and '28 were up by 0.05 pt and 0.08 pt respectively.

In the Dubai credit space, Majid Al Futtaim'29 registered price contractions of 0.18 pt this week. DP World'30 closed up by 0.07 pt. Prices of Emaar'26 expanded slightly by 0.04 pt. Standard & Poor's raised to "BBB" from "BBB-" its long-term issuer credit rating on Emaar Properties PJSC, as well as its rating on its senior unsecured debt instruments, with a "stable" outlook. S&P said that Emaar Properties' revenue backlog hit AED 55.7 billion at the end of March 2023, a record high, spurred by the solid performance of its domestic residential real estate development. S&P expects both strong operating cash flow in 2023-2024, supported by healthy demand trend, and a strong balance sheet, though acknowledging the cyclical nature of real estate development in Dubai. The "stable" outlook reflects S&P's expectation that Emaar Properties would continue to demonstrate steady operating performance, as well as low leverage, with adjusted debt to EBITDA expected to remain below 1.0x in 2023-2024.

In the Bahraini credit space, sovereigns maturing in 2032 posted price gains of 0.20 pt this week. In the Kuwaiti credit space, sovereigns maturing in 2027 closed up by 0.28 pt week-on-week. Prices of KIPCO'27 went up by 0.24 pt.

In the Saudi credit space, sovereigns maturing in 2030 recorded price declines of 0.12 pt week-on-week. Saudi Aramco'25 closed up by 0.07 pt. Prices of STC'29 rose by 0.07 pt. SABIC'28 traded up by 0.07 pt.

In the Qatari credit space, sovereigns maturing in 2026 saw price gains of 0.25 pt, while sovereigns maturing in 2030 registered price drops of 0.23 pt week-on-week. Amongst financials, prices of First Abu Dhabi Bank'25 increased by 0.07 pt.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2030 and 2032 posted price decreases of 0.13 pt and 0.14 pt this week. Euro-denominated sovereigns maturing in 2031 recorded price falls of 0.14 pt.

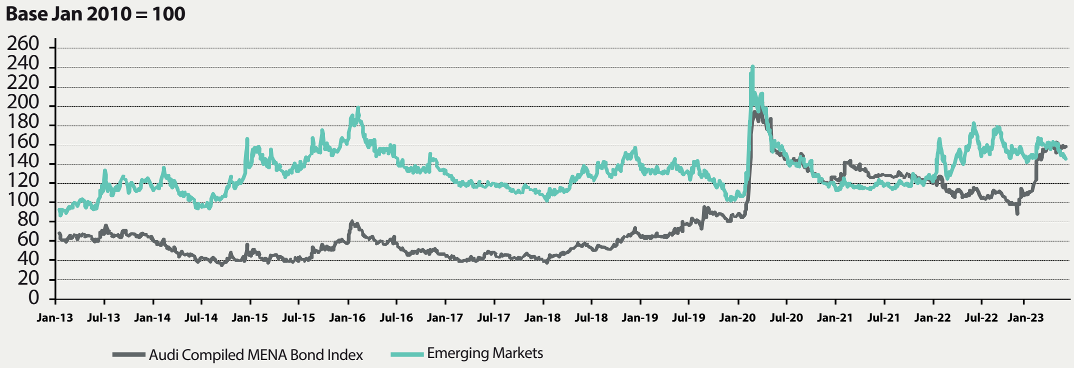
All in all, activity in regional fixed income markets was mostly tilted to the upside during this Adha week, amid lingering global growth concerns and on prospects of further global monetary tightening.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	30-Jun-23	23-Jun-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	37	35	44	2	-7
Dubai	75	74	84	1	-9
Kuwait	40	40	50	0	-10
Qatar	37	35	48	2	-11
Saudi Arabia	57	57	61	0	-4
Bahrain	256	253	231	3	25
Morocco	136	136	162	0	-26
Egypt	1,569	1,554	877	15	692
Iraq	437	433	467	4	-30
Middle East	294	484	225	-190	69
Emerging Markets	101	115	140	-14	-39
Global	450	291	533	159	-83

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$)	30-Jun-23	23-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	30.90	24.71	0.0%	25.0%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,460.00	-55.1%	-59.7%
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	0.0%	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%	-0.1%
Yemeni Riyal (YER)	250.26	250.23	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	135.48	135.31	137.35	0.1%	-1.4%
Moroccan Dirham (MAD)	9.90	9.98	10.44	-0.8%	-5.1%
Tunisian Dinar (TND)	3.09	3.09	3.11	-0.1%	-0.6%
Libyan Dinar (LYD)	4.81	4.80	4.83	0.2%	-0.4%
Sudanese Pound (SDG)	588.24	587.11	573.81	0.2%	2.5%

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER