Bank Audi

MENA WEEKLY MONITOR

JULY 2 - JULY 8, 2023
WEEK 27

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Activity in MENA equity markets was skewed to the upside this week, as reflected by a 1.5% rise in the S&P Pan Arab Composite index, bucking global equity weakness stoked by hawkish US Fed stance. This was mainly supported by an extended Brent oil price rally after Saudi Arabia and Russia deepened supply cuts for August 2023. In contrast, MENA fixed income markets came under downward price pressures this week, mainly tracking US Treasuries move, as the 10-year US Treasury yield hit a 15-year high level of 4.0% after strong private hiring data in June 2023 fueled bets the US Federal Reserve would have to become more aggressive in its battle against inflation.

MENA MARKETS: JULY 2 - JULY 8, 2023

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	+1.5%	Weekly Z-spread based bond index	+0.5%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+4.5%	YTD Z-spread based bond index	+60.2%

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ECONOMY

MENA GROWTH FORECAST TO SLOW TO 2.2% IN 2023 AS PER WORLD BANK

The Global Economic Prospects of the World Bank has been just released. Following a solid recovery in 2022, growth in the Middle East and North Africa (MENA) is forecast to slow to 2.2% in 2023, 1.3% below the January forecast, with growth revised downward for both oil exporters and oil importers according to the report. Growth in oil exporters is expected to slow sharply to 2.0% this year, reflecting lower oil prices and production, whereas growth in oil importers is projected to edge down to 3.4% due to high inflation, dollar shortages, and fiscal and monetary policy tightening. Risks to the outlook remain predominantly to the downside and include falling external demand due to banking stress or further policy tightening; rising violence and social tensions, perhaps arising from the high levels of unemployment in much of the region; a greater incidence of financial crises; and adverse weather events stemming from climate change.

Growth in MENA is expected to slow to 2.2% in 2023, with downward revisions from January projections for both oil exporters and importers. Growth in the region is expected to rebound in 2024, to 3.3%, as inflation and global headwinds subside, and oil production rises. The growth outlook for oil exporters in 2024 has improved since January, reflecting an assumed rebound in oil production, the expected effects of reform initiatives, and investment drives in Saudi Arabia and the United Arab Emirates.

Oil-importing economies continue to face domestic headwinds, including high inflation and limited access to foreign currency. Thus, growth in these economies is projected to decelerate to 3.4% in 2023, a 0.7% downgrade from January and a 1.3% downgrade from the January 2022 forecasts made shortly before the Russian Federation's invasion of Ukraine. Growth is expected to pick up through the forecast period as global and domestic headwinds subside.

Significant increases in interest rates, severe currency depreciation, high and rising inflation, limited access to foreign currency, and higher production costs are expected to continue constraining both consumption by households and stances and outlooks differ between oil exporters and importers. In oil exporters, government budgets are expected to remain in or close to surplus owing to strong revenues from high oil prices and spending cuts as COVID-19 measures unwind. In oil importers, by contrast, fiscal deficits are large and forecast to increase as debt-service costs rise. Monetary policy in oil exporters with currencies pegged to the U.S. dollar has tightened in line with the rise in the Federal Reserve's policy rate. Among oil importers, policy rates have been hiked sharply to contain increases in inflation. In Egypt, for example, the central bank has raised policy rates by 10% since the start of 2022.

MENA continues to struggle with weaker potential growth than most other EMDE regions. It is estimated that potential growth more than halved between the 2000s and 2010s, widening the gap with other EMDEs. Although conditions vary across MENA, potential growth in most countries is constrained by severe structural challenges, including large gender gaps in work and education, low returns to education, high youth unemployment, limited economic diversification, excessive state involvement in economic activity, and prolonged armed conflicts. Potential growth is expected to average 2.5% a year over the remainder of this decade (2022-30), higher in oil importers than oil exporters, mainly driven by capital accumulation amid anemic growth of total factor productivity. However, this pace would generate per capita income growth of no more than about 1% a year—suggesting only limited progress in poverty reduction.

IRAQ APPROVES US$ 153 BILLION THREE-YEAR BUDGET

Iraq's parliament has approved a budget valued at ID 198.9 trillion (US$ 153.0 billion) valid for three years (2023-2025) while remaining subject to future amendments. This new budget showcases record spending on Iraq's growing public wage bill and development projects which aims to improve the country's services and infrastructure. This comes as the aforementioned sectors of the country have been ruined following years of neglect and war.

The approved budget estimates a budget deficit of circa ID 64.4 trillion (US$ 49.5 billion). This more than doubles the last deficit that was seen in 2021.

It is worth mentioning that the budget bases its figures on the following considerations: The price of oil was estimated at US$ 70/barrel, oil exports are forecasted at 3.5 mbpd (including 400,000 bpd from the autonomous region of Kurdistan), the exchange rate of the budget is set at ID 1,300/US$, a 12.7% allocation of the budget to the autonomous region of Kurdistan. Additionally, the budget denotes the hiring of circa half a million new public sector workers.

Concurrently, the new budget has set an amount of ID 49.3 trillion (US$ 37.9 billion) for investments with a focus on infrastructure.

The Iraqi decision to increase employment levels in its public sector comes against observers' recommendations to tighten its fiscal policy.

According to a Visiting Fellow at the London School of Economics Middle East Center, new employees are estimated at 600,000 individuals which would increase public spending on wages and pensions up to circa ID 76.0 trillion (US$ 58.5 billion). In turn, this increase would lead to Iraq's economy becoming more vulnerable due to this level of spending being unsustainable.

According to the IMF, this increase in public wages and pensions contributes to mounting deficits and financial pressures. In order to break-even, an oil price of US$ 96/barrel is needed, however the price of a barrel was noted at an average of US$ 71.3/ barrel in May. Therefore, Iraq needs to enact a much tighter fiscal policy in order to strengthen its resilience, reduce the government's dependence on oil revenues and protect important social spending needs.

It is worth noting that following negotiations between Iraq and Kurdistan, an agreement was reached to deposit the latter's oil revenues into an account overseen by the Iraqi Central Bank. Additionally, Iraq's state-owned marketing company (SOMO) will be in charge of marketing and exporting crude oil produced in the Kurdistan region.

JAZAN'S ECONOMIC ZONE COULD BRING US$ 3 BILLION IN FDI BY 2040

Saudi Arabia's Jazan economic zone is on track to bring in SAR 11.0 billion (US$ 2.9 billion) in Foreign Direct Investment (FDI) by 2040. This comes as the economic zone has offered an amount of US$ 1.3 trillion in unused mining reserves. In turn, this makes the Jazan economic zone an ideal platform for firms who want to benefit from the country's mining sector which is set to become the third pillar of the national economy. In parallel, the economic zone is expected to provide 17,000 direct job opportunities by 2040.

The Jazan economic zone is located on the coast of the red sea and positions itself as an advanced industrial city and a center ideal for business growth. This is mainly due to the close proximity of the economic zone to Jazan's largest export port. The port hosts 12 berths which have a combined capacity of 5 million tons. Additionally, the Jazan economic zone will give the agriculture sector, which boasts a growth rate of 9% per annum in the country, access to a large amount of natural resources and raw materials. In turn, the Jazan economic zone has the potential to contribute circa SAR 39.0 billion (US$ 10.4 billion) to Saudi Arabia's GDP.

It is worth noting that the Jazan economic zone stands as a pillar for Saudi-Chinese investment. This region has already invested SAR 80.0 billion (US$ 21.3 billion) in order to connect it to the Chinese Silk Road Network. In turn, opportunities will be provided by circa 100 factories and 570 construction projects which currently stand in the pipeline.

The goal of the economic zone is to take advantage of its strategic location in order to create new business hubs in various important growth sectors. Additionally, the economic zone aims to aid national strategies as well as create new links with international frameworks and build on the competitive advantages of each region in Saudi Arabia. Companies that operate in Jazan's economic zone are offered incentives such as competitive corporate tax rates, import customs duties exemption, machinery & raw materials, production inputs, the possibility of 100% foreign ownership in companies and flexibility for foreign employment.

BAHRAINI BUSINESSES LAYING OFF FOREIGN WORKERS AMID EFFORTS TO GIVE CITIZENS FIRST PRIORITY IN THE MARKET

In line with the Bahraini government's policy which require public and private organization to give citizens first priority regarding work vacancies, an increasing amount of local businesses are laying off foreign workers in jobs that can be carried out by Bahrainis. According to the First Deputy Speaker of the Bahrain Parliament, there is no scarcity of work for citizens in any field other than construction. In parallel, efforts relating to the Bahrainization of the labor market aim to increase the sustainability of the country's economic growth cycle.

In order to guarantee nationalization of the labor market and to preserve Bahrain's economic growth, citizens are required to work in all industries throughout the year. Currently, foreign workers are present in various sectors while Bahraini citizens are being trained to take over their positions. In turn, the country's citizens will gradually replace foreign workers all over the country.

It is worth mentioning that from 2012 until the breakout of the COVID-19 pandemic, the Bahraini government was able to stabilize the national unemployment rate at between 3.7 to 4% before noticing a jump to reach 7.5%. In turn, efforts were undertaken to reduce the rate back down to 5.4% with the end goal of reaching a stable rate below 3.5%.

Additionally, according to the General Organization for Social Insurance (GOSI), the Bahraini private sector employs 614,000 individuals out of which 83.7% (514,000 individuals) are foreigners.

The First Deputy Speaker of the Bahrain Parliament said during a statement that the country's citizens could completely take over white-collar employment in the private sector in the near future. This process is expected to take time, however companies will work on replacing foreign workers with citizens unless the worker is considered essential due to unique credentials.

The Bahraini Council of Representatives has been working on the issue through the forming of inquiry committees to investigate statistics of citizen unemployment and offer findings and remedies to the unemployment issue in the country. In parallel, the government has also gathered ideas through the creation of an action plan, an investigation committees and debates in the parliamentary dome.

It is worth noting that foreign workers in the country send circa BHD 1.2 billion (US$ 3.2 billion) to their relatives abroad per annum. This figure accounts for circa 8% of the country's GDP. Additionally, the vast majority of foreign workers in the private sector (72%) work primarily in carpentry, plumbing, building, contracting and construction and earn less than BHD 200 (US$ 530) monthly. In parallel, 4% of foreign workers in the Bahraini private sector earn a monthly salary of more than BHD 1,000 (US$ 2,650).

SURVEYS

SAUDI'S PIF TOPS GSR SCOREBOARD FOR 2023 IN THE MENA REGION

Saudi Arabia's Public Investment Fund (PIF) reported the highest improvement in the Global Sovereign Wealth Fund's (SWF) Governance, Sustainability and Resilience (GSR) scoreboard for 2023.

The 2023 GSR scoreboard is the most comprehensive analysis on the Governance, Sustainability and Resilience (GSR) practices and efforts of the world's major State-Owned Investors (SOIs) including Sovereign Wealth Funds (SWFs) and Public Pension Funds (PPFs). In this fourth edition of the GSR Scoreboard, 200 SOIs were rated from 81 different countries.

The scorecard raises 25 questions: 10 related to Governance, Transparency and Accountability; 10 concerning Sustainability and Responsible Investing; and five on Resilience and Legitimacy. These questions are answered binarily (Yes / No) with equal weight and the results are converted into a percentage scale for each of the funds.

The Middle Eastern funds experienced the best improvement of GSR scores globally, from 32% in 2020 to 52% in 2023, despite the recent addition of some smaller funds.

GSR 2023

Fund	Country	Governance (10)	Sustainability (10)	Resilience (5)	GSR (25)	Var 2023/2022
Public Investment Fund	KSA	9	9	5	23	32%
Oman Investment Authority	Oman	7	6	2	15	28%
Abu Dhabi Developmental Holding Company	UAE	3	10	1	14	24%
The Sovereign Fund of Egypt	Egypt	6	6	2	14	24%
Qatar Investment Authority	Qatar	6	8	4	18	16%
Emirates Investment Authority	UAE	3	3	2	8	12%
General Organization for Social Insurance	KSA	8	4	3	15	12%
Aramco PF	KSA	3	1	1	5	8%
Caisse de Dépot et de Gestion	Morocco	7	10	1	18	8%
Abu Dhabi Pension Fund	UAE	4	3	1	8	4%
Investment Corporation of Dubai	UAE	7	5	2	14	4%
Mubadala Investment Company	UAE	10	8	4	22	4%
Mumtalakat	Bahrain	7	5	2	14	4%
Libyan Investment Authority	Libya	7	5	4	16	4%
Fonds Souverain de Djibouti	Djibouti	4	4	0	8	4%
DP World	UAE	7	10	2	19	0%
Sharjah Asset Management Holding	UAE	4	3	0	7	0%
Abu Dhabi Investment Authority	UAE	6	4	4	14	0%
Kuwait Investment Authority	Kuwait	5	5	2	12	0%
Ithmar Al Mawarid	Morocco	4	4	0	8	-4%
National Development Fund	KSAa	5	3	0	8	-8%
Public Institution for Social Security	Kuwait	5	6	1	12	-8%
Future Generations Reserve Fund	Bahrain	10	2	2	14	N/A
General Retirement and Social Insurance Authority	Qatar	7	2	1	10	N/A
The General Pension and Social Security Authority	UAE	3	1	1	5	N/A

Sources: Global SWF, Bank Audi's Group Research Department

Institutions like Saudi's Public Investment Fund (PIF), Abu Dhabi's Mubadala and Abu Dhabi Developmental Holding Company (ADQ), Qatar's Qatar Investment Authority (QIA), and Bahrain's Mumtalakat embraced the rating tool and took the opportunity to improve practices and achieve a stronger alignment with international standards. Others, like Abu Dhabi Investment Authority (ADIA) and Kuwait Investment Authority (KIA), have stayed with the same scores, 14 out of 25 and 12 out of 25, respectively.

PIF (+32%) is managing to make its unparalleled growth sustainable by pursuing best practices. Its annual report is a rare display of transparency, including audit accounts, evolution of AuM, asset allocation, returns and assets. Additionally, its Chairman announced a "net zero by 2050" commitment in November 2022.

Oman Investment Authority (+28%) is also pursuing operational excellence and identity following the merger of two different organizations and portfolios, SGRF (State General Reserve Fund) and OIF (Oman Investment Fund), in 2020. Its latest annual report sheds light on major investments and exits, portfolio strategy and governance, along with forming a new framework that aligns with SDGs.

ADQ (+24%) recently published a new and detailed website as well as its first sustainability report with plenty of details and metrics. Ahead of the 28th session of the Conference of the Parties of the UNFCCC (COP28), which would be celebrated in the UAE in December 2023, the newest Abu Dhabi SWF wants to set an example by aligning national priorities with Sustainable Development Goals (SDGs).

The Sovereign Fund of Egypt (+24%) is following the example of its Eastern neighbors and pursuing specific sustainable policies that align with responsible investment frameworks. Its website now offers a window into the fund's regulations, including the SWF Law, and actions, such as its multi-sector investments and contribution to Egypt's GDP.

Kuwait's KIA and PIFSS may maintain a score of 12 out of 25, but also had a turbulent year with political shakeups and executive layoffs.

HOSPITALITY MARKET IN CAIRO CITY AND MANAMA OBSERVE AN ANNUAL GROWTH ACROSS KPIS OVER FIRST FIVE MONTHS OF 2023, AS PER EY

Ernst & Young (EY) published its "Middle East Hotel Benchmark Survey Report", covering the performance of 4 and 5 star hotels in key hotel markets across selected countries and cities in the Middle East region.

Cairo City's hospitality sector witnessed an ADR growth of 124.8% from US$ 61.3 in 5M 2022 to US$ 137.9 in 5M 2023 together with an occupancy increase of 4.7% in 5M 2023 compared to the same period last year to reach 68.7%. This led to a notable RevPAR growth of 141.4 % from US$ 39.3 in 5M 2022 to US$ 94.8 in 5M 2023.

Cairo City's hospitality sector performance could be mainly attributed to hosting of "Gymnastics World Cup 2023" with over 150 participants from 40 countries across the world. The hosting of various MICE (Meetings, Incentives, Conventions and Exhibitions) events such as the Startup Grind Cairo 2023, and Ramadan events may have also attributed to the sector's growth.

The Egyptian government's announcement of five-year tourist visas for over 180 nationalities to support the 2028 goal of reaching 30 million tourists, efforts to boost tourism with enhanced connectivity projects such as "New Tunnel Road", along with ongoing privatization program are also expected to promote the hospitality sector growth.

Concurrently, Manama's hospitality sector witnessed a RevPAR expansion of 41.9%, from US$ 64.9 in 5M 2022 to US$ 92.0 in 5M 2023, according to the report. This was driven by an occupancy increase of 15.4% in 5M 2023 when compared to the same period last year to reach 56.7%, coupled by an increase in average room rate of 3.5% from US$ 156.7 in 5M 2022 to US$ 162.2 in 5M 2023.

Manama's hospitality sector performance showed a considerable growth, which could be attributed to Ramadan special events like 29th edition of Bahrain Annual Heritage Festival and MICE events such as the second edition of "Manama Gold Festival" conducted by Bahrain Tourism and Exhibitions Authority (BTEA) with over 5,543 shoppers participating in the festival from 61 different nationalities worldwide, could have also contributed to the sector growth.

CORPORATE NEWS

MAIRE TECNIMONT WINS US$ 2 BILLION SAUDI ARABIA PETROCHEMICAL CONTRACTS

Maire Tecnimont, an Italian engineering group, announced that two of its integrated E&C solutions units namely Tecnimont and Tecnimont Arabia, were awarded two lump-sum turn-key EPC contracts related to a petrochemical expansion at the SATORP refinery in Saudi Arabia, as mentioned in a company's statement.

The contracts, which are worth US$ 2 billion, include complete engineering services, equipment and material supply, construction activities, pre-commissioning, and commissioning of the project.

The entire work is expected to be completed in the next four years.

It is worth noting that SATORP refinery, located in Jubail, is a joint venture between Saudi Aramco and French company TotalEnergies.

RED SEA GLOBAL AWARDS US$ 2.4 BILLION CONTRACTS TO SAUDI AIRLINES CATERING COMPANY

Saudi-based Red Sea Global (RSG), the multi-project developer behind the world's most ambitious regenerative tourism destinations, The Red Sea and Amaala, awarded two major contracts worth US$ 2.4 billion (SR 9 billion) to Saudi Airlines Catering Company (SACC), to bring essential hospitality services, as mentioned in a company's statement.

The first is a Design, Build, Operate and Transfer (DBOT) contract for a Central Production Unit (CPU) for catering and facilities management to service RSG's employees at hotel establishments and resorts, in addition to other facilities and sectors within the Red Sea destination. The contract term is 20 years, with the contract's value estimated at SR 6.3 billion.

The second DBOT is for a central laundry to provide laundry services for hotels and resorts, as well to other facilities and sectors within the Red Sea destination. The 20-year contract has an estimated value of SR 2.7 billion.

RSG is playing a critical role in contributing to Saudi Arabia's Vision 2030 by diversifying the economy and creating opportunities for Saudi nationals to break into the tourism sector. As part of the 70,000 jobs that The Red Sea destination would create once fully operational, this collaboration would offer more than 500 new industry roles for talent within Saudi Arabia.

ADNOC GAS AWARDS US$ 1.3 BILLION IN CONTRACTS FOR NEW NATURAL GAS PIPELINE TO NORTHERN EMIRATES

ADNOC Gas PLC, a subsidiary of the State energy company Abu Dhabi National Oil Company, announced the award of US$ 1.34 billion in contracts to expand its new natural gas pipeline network in the northern region of the UAE, as reported in a company's statement.

The contracts were awarded to Petrofac Emirates LLC and a consortium between National Petroleum Construction Company PJSC and C.A.T International LTD.

The new pipeline would extend ADNOC Gas' existing pipeline network from approximately 3,200 km to over 3,500 km, enabling the transportation of higher volumes of natural gas to customers in the Northern Emirates of the UAE.

The network expansion would bring the advantages of lower-cost, sustainable and cleaner gas to more locations across the UAE by enhancing industrial access to natural gas, a cost-competitive and lower-carbon intensive fuel.

As part of ADNOC's highly successful In-Country Value (ICV) program, which aims to enhance the UAE's local value chain by encouraging local manufacturing and supporting local industries, over 70% of the contracts' value is expected to flow back into the UAE economy.

LUXE LAUNCHES US$ 408 MILLION TWIN-TOWER PROJECT

UAE-based Luxe Developers launched its upscale US$ 408.3 million (AED 1.5 billion) twin-tower project, Oceano, which is located on Al Marjan Island in the northern Emirate of Ras Al Khaimah, as indicated in a company's statement.

Oceano would be located on a unique corner plot on Al Marjan Island and spread across a Built Up Area (BUA) of 79,000 square meters.

The waterfront development comprises 206 residential units covering 18 floors and would include one-, two-, three- and four-bedroom apartments, as well as six penthouses and two exclusive sky villas that offer its residents access to private pools, along with indoor and outdoor entertaining areas with views across the Arabian Gulf.

TECHNIP ENERGIES WINS PMC DEAL FOR RAS AL KHAIR MASTERPLAN

Technip Energies, a leading French engineering and technology company for the energy transition, was selected by Aramco for the Project Management Consultancy (PMC) contract to develop the master plan for Ras Al Khair, a new industrial city in the Eastern Province of Saudi Arabia, as revealed in a company's statement.

The master plan would comprise various studies, including those for optimum land use, site preparation assessment, export terminal assessment, environmental baseline assessment, hydrocarbon supply assessment, third party engagement, area constructability, and modularization hub.

These studies would determine the scope and program execution plan for all civil, marine, telecommunication, and industrial infrastructures, which would support the primary industrial projects planned by the main tenants.

The contract also includes a number of PMC studies for the execution of the Liquid-to-Chemical Program, an initiative by Saudi Arabia to transform a significant portion of its oil and gas production into valuable chemical products. This program involves all the major existing Aramco downstream hubs, as well as the new development of the Ras Al Khair area.

EGIS TO PROVIDE PMC SERVICES FOR KUWAIT AIRWAYS TOWER

Egis, a leading global consulting, construction engineering and operating firm, was selected by Kuwait Airways Company (KAC), to provide Project Management Consultancy (PMC) services for the execution of the new Kuwait Airways Tower project in Qibla, Kuwait, as reported in a company's statement.

Through this project, KAC aims to build a State-of-the-art, LEED (Leadership in Energy and Environmental Design) certified, multi-purpose tower that adheres to the latest technical and professional standards, optimizing functionality and sustainability.

Leveraging Building Information Modeling (BIM) technology, and aiming for LEED certification, Egis would oversee pre-construction and construction phases, feasibility studies, site analysis, market research, project concept and program, project scheduling, cost and time management, LEED consulting, design coordination, value engineering, quality control, risk planning and more to ensure a successful delivery of this iconic tower.

The project encompasses an area of 1,416 square meters and would feature a multi-story tower spanning 20 to 30 floors, a two-level basement for parking, a podium serving as a multi-purpose hall, with a commercial complex on the ground floor and two mezzanine levels, along with additional upper floors.

The project scope also includes landscaping, external civil works, surface parking spaces, hospitality offerings, and other components based on the feasibility study, ensuring optimal utilization of the available area and services on and around the site.

CAPITAL MARKETS

EQUITY MARKETS: ACTIVITY IN MENA EQUITIES SKEWED TO UPSIDE, BUCKING GLOBAL EQUITY WEAKNESS

Activity in MENA equity markets was skewed to the upside this week, as reflected by a 1.5% rise in the S&P Pan Arab Composite index, bucking global equity weakness stoked by hawkish US Fed stance. This was mainly supported by an extended Brent oil price rally after Saudi Arabia and Russia deepened supply cuts for August 2023.

The heavyweight Saudi Exchange operated on a positive territory after Adha Eid, as reflected by a 1.1% rise in the S&P Saudi index, mainly supported by extended Brent oil price gains (+ 4.1% week-on-week to reach US$ 78.47 per barrel on Friday) after Saudi Arabia decided to extend the one-million-barrel-per-day production cut it had initially flagged for July into August 2023, while Russia announced a 500,000 barrel-per-day decline in exports next month.

A glance on individual stocks shows that Petrochemicals giant Saudi Aramco's share price increased by 0.2% week-on-week to SR 32.30. SABIC's share price went up by 0.5% to SR 88.6. Advanced Petrochemical Company's share price closed 1.5% higher at SR 44.75. Sipchem's share price surged by 3.7% to SR 38.20. Aslak's share price rose by 2.9% to SR 28.25. Bahri's share price increased by 0.4% to SR 22.48. Maaden's share price expanded by 3.1% to SR 43.50. Najran Cement's share price edged up by 0.3% to SR 14.18. STC's share price increased by 1.8% to SR 44.30.

As to banking stocks, SNB's share price nudged up by 0.1% over the week to SR 36.85. SABB's share price closed 1.8% higher at SR 38.85. Alinma Bank's share price jumped by 2.8% to SR 34.45. Banque Saudi Fransi's share price went up by 1.8% at SR 42.45.

Activity on the Qatar Stock Exchange was skewed to the upside this week (+2.3%), mainly as extended oil price increases stoked by deepened oil cuts by Saudi Arabia and Russia helped lifting investor sentiment despite lingering concerns about a global economic downturn and prospects of further global monetary tightening. A closer look at individual stocks shows that Industries Qatar's share price surged by 4.2% to QR 11.700. Gulf International Services' share price jumped by 8.0% to QR 1.965. Mesaieed Petrochemical Holding Company's share price went up by 1.1% to QR 1.920. Ezdan Holding Group's share price jumped by 9.5% to QR 1.143. Gulf Warehousing's share price rose by 2.5% to QR 3.382. QNB's share price climbed by 5.1% to QR 16.200. Qatar Islamic Bank's share price went up by 1.1% to QR 17.90. Doha Bank's share price closed 3.1% higher at QR 1.587.

EQUITY MARKETS INDICATORS (JULY 2- JULY 8, 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	158.9	0.2%	23.2%	2.9	662.8%	0.1	17,958	0.8%	-	0.37
Jordan	367.9	1.2%	-5.4%	32.3	308.5%	15.4	24,138.2	7.0%	8.4	1.25
Egypt	219.8	-4.1%	-7.1%	148.0	203.8%	1,828.3	35,697.3	21.6%	7.8	2.01
Saudi Arabia	508.5	1.1%	9.2%	7,836.4	-	1477.86	2,928,835.2	13.9%	14.7	4.62
Qatar	168.8	2.3%	-4.5%	509.7	246.8%	702.2	167,789.8	15.8%	11.9	1.60
UAE	137.3	2.2%	-0.1%	2,411.8	403.5%	3,582.9	928,039.6	13.5%	15.6	3.03
Oman	262.4	0.7%	0.8%	37.0	424.3%	59.2	22,921.0	8.4%	15.5	1.10
Bahrain	221.0	0.9%	14.6%	4.7	724.8%	9.4	18,463.7	1.3%	10.4	1.47
Kuwait	133.9	2.4%	-3.5%	610.8	386.9%	765.9	136,039.6	23.3%	18.1	1.89
Morocco	255.8	0.8%	15.3%	40.0	-70.8%	5.0	60,978.0	3.4%	22.0	3.43
Tunisia	67.1	0.3%	8.1%	4.2	-38.3%	2.5	8,168.4	2.7%	11.5	2.27
Arabian Markets	**953.6**	**1.5%**	**4.5%**	**11,637.8**	**-**	**8,448.4**	**4,349,028.4**	**13.9%**	**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.

Boursa Kuwait recorded a 2.4% rise in prices week-on-week, mainly supported by extended oil price rally. A closer look at individual stocks shows that National Bank of Kuwait's share price increased by 2.4% to KWf 957. Al Ahli Bank of Kuwait's share price surged by 4.3% to KWf 245. Commercial Bank of Kuwait's share price jumped by 5.0% to KWf 530. National Investment Corporation's share price climbed by 6.4% to KWf 217. Mobile Telecommunications' share price rose by 1.0% to KWf 523. Mabanee Company's share price went up by 4.6% to KWf 880. National Industries Group Holding's share price jumped by 8.4% at KWf 220.

FIXED INCOME MARKETS: MENA BOND MARKETS ON FALL, TRACKING US TREASURIES MOVE FOLLOWING STRONG JUNE PRIVATE HIRING

MENA fixed income markets came under downward price pressures this week, mainly tracking US Treasuries move, as the 10-year US Treasury yield hit a 15-year high level of 4.0% after strong private hiring data in June 2023 fueled bets the US Federal Reserve would have to become more aggressive in its battle against inflation.

In the Dubai credit space, sovereigns maturing in 2029 posted price retreats of 0.25 pt this week. DP World'30 closed down by 0.88 pt. Emirates NBD Perpetual (offering a coupon of 6.125%) registered price decreases of 0.25 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 saw weekly price contractions of 0.38 pt to 1.25 pt. Mubadala'26 and'27 closed down by 0.25 pt and 1.38 pt respectively. Prices of Taqa'28 declined by 0.25 pt. ADNOC'29 traded down by 0.13 pt. Amongst financials, prices of First Abu Dhabi Bank'24 decreased by 0.13 pt. Abu Dhabi Islamic Bank Perpetual (offering a coupon of 7.125%) registered price retreats of 0.13 pt.

In the Bahraini credit space, prices of sovereigns maturing in 2026, 2027, 2031 and 2032 recorded price drops of 0.50 pt to 1.25 pt this week. Prices of NOGA'27 contracted by 0.25 pt. In the Kuwaiti credit space, sovereigns maturing in 2027 closed down by 0.58 pt week-on-week.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price decreases of 0.63 pt and 1.25 pt respectively week-on-week. Ooredoo'26 was down by 0.88 pt. Amongst financials, prices of QNB'25 and '26 declined by 0.13 pt and 0.50 pt respectively.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price contractions of 1.00 pt to 1.38 pt this week. Saudi Aramco'25 closed down by 0.75 pt. Prices of STC'29 dropped by 0.25 pt. SEC'24 and '28 were down by 0.13 pt and 0.88 pt respectively. SABIC'28 fell by 1.0 pt.

In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 posted price falls of 0.47 pt, 0.63 pt and 1.0 pt respectively week-on-week. Omantel'28 traded down by 0.63 pt.

In the Iraqi credit space, prices of sovereigns maturing in 2028 contracted by 0.50 pt. In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded price drops of up to 1.00 pt week-on-week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 posted price declines of up to 1.38 pt week-on-week. Euro-denominated sovereigns maturing in 2026 and 2031 recorded price retreats of 0.62 pt and 0.40 pt respectively.

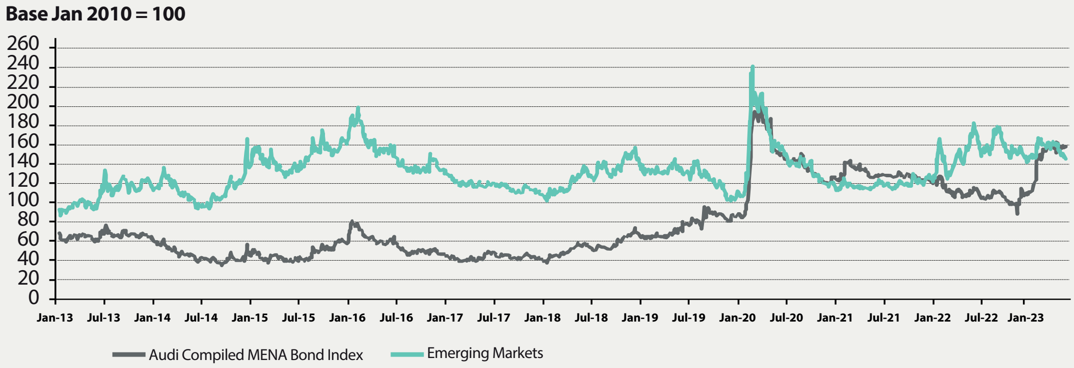
All in all, regional bond markets saw across-the-board price contractions this week, mainly tracking US Treasuries move after ADP employment change printed 497,000 in June 2023, well above the 225,000 estimate, fueling bets about further monetary tightening by the US Federal Reserve.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	07-Jul-23	30-Jun-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	39	37	44	2	-5
Dubai	77	75	84	2	-7
Kuwait	40	40	50	0	-10
Qatar	40	37	48	3	-8
Saudi Arabia	58	57	61	1	-3
Bahrain	264	256	231	8	33
Morocco	140	136	162	4	-22
Egypt	1,616	1,569	877	47	739
Iraq	453	437	467	16	-14
Middle East	303	294	225	9	78
Emerging Markets	108	101	140	7	-32
Global	435	450	533	-15	-98

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$)	07-Jul-23	30-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)	30.85	30.90	24.71	-0.2%	24.8%
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	0.1%	0.3%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	-0.1%
Yemeni Riyal (YER)	250.25	250.26	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	135.49	135.48	137.35	0.0%	-1.4%
Moroccan Dirham (MAD)	9.78	9.90	10.44	-1.2%	-6.3%
Tunisian Dinar (TND)	3.09	3.09	3.11	-0.2%	-0.8%
Libyan Dinar (LYD)	4.81	4.81	4.83	0.1%	-0.3%
Sudanese Pound (SDG)	588.23	588.24	573.81	0.0%	2.5%

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER