

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

Economy

p.2 IMF SAYS MENA COUNTRIES EXPOSED TO SIGNIFICANT FISCAL RISKS

A new report has been issued by the IMF, entitled "Managing Fiscal Risks in the Middle East and North Africa".

Also in this issue

p.3 The WB approves US\$ 250 million in additional funding for Jordan's water services

p.4 US\$ 22 billion centennial sewerage system project approved in Dubai

Surveys

p.5 UAE RANKS 1ST IN MENA REGION IN GLOBAL AI INDEX, AS PER TORTOISE INTELLIGENCE

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.

Also in this issue

p.6 Nassef Sawiris is still the richest Arab in the world in 2023, as per Forbes

Corporate News

p.7 KEZAD GROUP SIGNS US\$ 272 MILLION DEAL FOR CHEMICALS FACTORY EXPANSION

KEZAD Group (Khalifa Economic Zones Abu Dhabi), the largest operator of integrated and purpose-built economic zones in the UAE, signed an agreement with Global Fluorine Chemical Factory LLC (GFCF) for the establishment of its phase two of its project in KEZAD Mussafah, which would allow the company to triple its production capacity, as reported in a company's statement.

Also in this issue

p.7 Toyota Tsusho JV to build US\$ 100 million solar plant in Saudi Arabia

p.7 SNB Capital invests US\$ 100 million in South Korean battery maker SK On

p.8 EIC unit wins US\$ 41 million contract to supply transformers to Aramco

p.8 ENOC signs 10-year condensate supply deal with QatarEnergy

p.8 NWTN Motors to set up production line in Abu Dhabi

Markets In Brief

p.9 MARKETS IN BRIEF: WEEKLY PRICE GAINS ACROSS MENA CAPITAL MARKETS, ON US FED PEAK RATE BETS

MENA equity markets registered extended price gains this week, mainly tracking global equity strength (+3.4%) as softening June 2023 US inflation data fueled bets that the US Federal Reserve may be close to the end of its rate hike cycle, and supported by an extended oil price rally amid weaker US dollar. This was reflected by a 0.9% rise in the S&P Pan Arab Composite index. In parallel, regional fixed income markets saw mostly upward price movements, mainly tracking US Treasuries move after June 2023 US inflation slowed to its lowest level since March 2021, signaling a possible turning point for the US Federal Reserve rate hikes.

MENA MARKETS: JULY 9 - JULY 15, 2023

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+0.9%	Weekly Z-spread based bond index	-1.2%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+5.5%	YTD Z-spread based bond index	+58.3%

ECONOMY

IMF SAYS MENA COUNTRIES EXPOSED TO SIGNIFICANT FISCAL RISKS

A new report has been issued by the IMF, entitled "Managing Fiscal Risks in the Middle East and North Africa". The report says countries in the Middle East and North Africa (MENAPEG, including Pakistan but excluding the Gulf Cooperation Council members) are exposed to significant fiscal risks. On average, small fiscal risks materialize in countries every year, while a large macroeconomic shock that causes debt to increase by an average of 12% of GDP occurs once every eight years. Some of these risks stem from macroeconomic shocks, such as growth volatility—to which the region is more vulnerable than other parts of the world—fluctuations in commodity prices and movements in exchange and interest rates. Others are associated with contingent liabilities from the public and private sectors, including explicit government guarantees on loans, support to loss-making state-owned enterprises (SOEs), or troubled banks and obligations under public-private partnerships (PPPs) and power purchasing agreements (PPAs). Lastly, fiscal risks also stem from tail-risk events such as natural and climate disasters and health crises such as the COVID-19 pandemic.

When risks materialize, they often have major and lasting implications on fiscal deficits and debt as well as the conduct of fiscal policy going forward. Yet countries and policymakers are often caught off guard, forcing them to adopt ad hoc measures, including cuts to development and other priority expenditure, and more broadly, running out of room for countercyclical policy response. It is therefore important for countries to develop and adopt adequate procedures and institutional setups to manage exposures to these risks and help ensure sound public finances, protect investment in development, and, ultimately, safeguard macro-economic stability.

Fiscal risk management remains under development across the MENAPEG region, despite substantial efforts. The report discusses avenues for reforms to support these efforts. It presents precedents where progress is made and provides a broad analytical framework for policymakers to build upon to fully embrace fiscal risk management in all of its dimensions. Key recommendations include:

The IMF says country authorities should first and foremost intensify efforts to build up their capacity to identify and assess risk factors and their budget's exposure to them. This includes seeking out relevant information that may not currently be systematically collected and/or aggregated to inform a systematic and transparent recording and assessment of fiscal risks, such as exposure to various economic shocks (for example, by building up fiscal stress testing capacity), financial information on guarantees and SOEs (for example, establishing a guarantee register and a central SOE monitoring function), and information on the likelihood and impact of natural and climate disasters.

Based on a thorough assessment of fiscal risks, policy decisions should be taken on ways to mitigate these risks, including by direct controls to limit fiscal exposure (for example, limiting engagement in certain commercial activities or setting limits on guarantees), indirect measures (such as regulatory measures to discourage excessive risk taking), or transferring risks to other parties (for example, offloading certain risky commercial activities or issuing state-contingent financial instruments). Policymakers should also consider strengthening firewalls between different fiscal risks, to increase the chance that risks can be contained when they materialize according to the report.

However, not all risks can be mitigated or explicitly be provisioned for ex-ante. To this end, countries should consider adopting appropriate medium-term fiscal frameworks to build up buffers or contingency reserves. Such an approach would lessen the budgetary impact of risks when they materialize and generate fewer budgetary surprises, in turn facilitating medium-term fiscal and economic planning and improving resilience to future shocks as per the IMF.

THE WB APPROVES US\$ 250 MILLION IN ADDITIONAL FUNDING FOR JORDAN'S WATER SERVICES

The World Bank (WB) has granted Jordan its approval for the financing of US\$ 250 million with the aim to strengthen the efficiency of the country's water services. These efforts will focus on the rehabilitation of Jordan's water distribution network, the improvement of energy efficiency as well as the strengthening of the country's drought management system. This move comes as water scarcity is a major issue for Jordan which in turn makes the expected results of this project crucial and wide-ranging. The initiative is expected to affect both the environment and citizens positively through the reduction of water losses & electricity usage and the enhancement of the water management systems.

The financing for the Jordanian Water Sector Efficiency Project includes a loan worth US\$ 200 million from the International Bank for Reconstruction and Development (IBRD) and a US\$ 50 million grant from the Global Concessional Financing Facility (GCFF). The improved water services are expected to benefit circa 1.6 million individuals as well as strengthen the water system management for farmers & industries which in turn enhances the country's economic productivity and bolsters Jordan's resilience to climate shocks.

It is worth noting that the GCFF provides concessional financing to middle-income countries that host a large refugee base. In turn, the aforementioned project will target areas having a higher concentration of refugees providing benefits both to them and the Jordanian people.

Jordan suffers from severe levels of water scarcity which affects the country's bid at economic and human development.

In details, Jordan's available water per capita stands at 97m³ per year standing significantly under the threshold of absolute water scarcity (500 m³ per person per year). Additional strain has been put on Jordan's water services in the last decade caused by population growth and a sizeable influx of refugees. This factor combined with climate change leads to the estimation that available water per capita in the country will contract by 30% by 2040.

Concurrently, the water scarcity issue in the country is compounded with leakages of water from pipes and unpaid water services (categorized as Non-Revenue Water or NRW). These two factors contribute to a 50% loss in municipal water.

In turn, Jordan is adopting comprehensive water supply and demand-side actions as well as efficiency measures in order to tackle the water crisis and meet the expanding water demand in the country. The financing approved by the WB is considered a first step among a proposed series of projects that aid Jordan in tackling water losses, the promotion of efficiency, the improvement of service delivery and the enhancement of the financial sustainability of the sector.

According to a statement from the WB Country Director for the Middle East Department, the proactive approach taken from the Jordanian government in the analysis of challenges posed by water scarcity and the formulation of adaptive response measures is crucial. The US\$ 250 million financing gives Jordan the support needed for investment and long-term programmatic approaches in the mobilization of major investments in infrastructure as well as institutional reform. This approach will in turn link planning with action in order to improve the resilience and efficiency of the country's water sector.

The Jordan Water Sector Efficiency Project will focus on three essential points which are:

- Efforts to achieve the sustainable reduction of NRW through the rehabilitation of the water supply infrastructure, the modernization of the water supply system and through engagement with the community and customers.
- The enhancement of energy use efficiency as well as the reduction in energy supply costs.
- The implementation of water security and drought management measures in order to improve efficiency and adapt to climate change challenges in the sector.

The project aligns itself with the Jordanian National Water Sector Strategy adopted in March 2023 as well as the Financial Sustainability Roadmap for the Water Sector approved by the cabinet in November 2022. Additionally, the project aids with the implementation of crucial recommendations from the Jordan Country Climate and Development Report. The aforementioned report puts emphasis on water sector efficiency, loss reduction, promotion of water-energy nexus solutions, water security and drought risk management.

US\$ 22 BILLION CENTENNIAL SEWERAGE SYSTEM PROJECT APPROVED IN DUBAI

The executive council of Dubai has approved a new major municipal project for the construction of the centennial Sewerage System in the emirate. The decision came as the Crow Prince and Chairman of The Executive Council in Dubai approved several major projects in support of the Dubai Economic Agenda (D33). Forward planning and preparation are very significant for Dubai standing as key components for the adopted sustainable development strategy.

According to the Crow Prince and Chairman of The Executive Council in Dubai, this approach has been a key driver in Dubai's rise, its ability to set new standards in future readiness and creating an integrated infrastructure.

In details, the system will create one of the most advanced and sustainable infrastructure in the world will be constructed through Private Public Partnership (PPP). The project is designed to last 100 years in line with D33 and the Dubai Urban Plan 2040. The investment required for the sewerage system is of AED 80 billion (US\$ 21.8 billion) and is expected to have multiple positive effects. The project is expected to reduce carbon emissions from the sector by 25%, contribute to the emirate's global development and competitiveness indicators related to quality of life and promote circular economy principles.

The Crow Prince and Chairman of The Executive Council in Dubai has in turn directed the municipality of Dubai to open the way for private sector companies to partner with it to implement the project.

It is worth noting that private sector investment towards achieving the goals of the D33 agenda are expected to reach more than AED 1 trillion (US\$ 272.5 billion) by 2033.

The approval of the new sewerage will support the delivery of Dubai's Clean Energy Strategy 2050 and its sustainable development goals through the improvement of the operation's efficiency and extending its lifespan from 25 to 100 years.

It is worth noting that the megaproject will require multiple strategic tunnel projects. These projects will be implemented by Dubai's Jebel Ali and Warsan stations. In parallel, the initiative aims to reduce the numbers of main pumping stations from 13 to two, sub-pumping stations from 110 to less than 20 and the transformation of treatment plants into clean plants. Additionally, the initiative will tackle the maximization of recycle water in the emirate.

SURVEYS

UAE RANKS 1ST IN MENA REGION IN GLOBAL AI INDEX, AS PER TORTOISE INTELLIGENCE

The UAE ranked 1st in the MENA region and 28th globally in the Global AI index issued by Tortoise Intelligence, which is a global company that has an advisory board that includes experts in artificial intelligence from around the world. Saudi Arabia came in 2nd place in the region and 31st globally.

The Global AI Index aims to make sense of artificial intelligence in 62 countries that have chosen to invest in it. The index is underpinned by 111 indicators, collected from 28 different public and private data sources, and 62 governments. There are three main pillars, namely, Implementation, Innovation and Investment. These are split across seven sub-pillars: Talent, Infrastructure, Operating Environment, Research, Development, Government Strategy and Commercial.

The Implementation pillar includes Talent, Infrastructure and Operating Environment. Talent focuses on the availability of skilled practitioners in artificial intelligence solutions. Infrastructure assesses the reliability and scale of access infrastructure, from electricity and internet to supercomputing capabilities. Operating Environment focuses on the regulatory context and public opinion on artificial intelligence.

The Innovation pillar consists of Research and Development. Research looks at the extent of specialist research and researchers, including numbers of publications and citations in credible academic journals. Development focuses on the development of fundamental platforms and algorithms upon which innovative artificial intelligence projects rely.

The Investment pillar covers Government Strategy and Commercial. Government Strategy measures the depth of commitment from national governments to artificial intelligence by investigating in spending commitments and national strategies. Commercial focuses on the level of startup activity, investment and business initiatives based on artificial intelligence.

A closer look at pillar rankings shows that the UAE performed most strongly in Infrastructure (score of 4). The country also scored 48 at the level of Talent, 42 in Operating Environment, 34 in Research, 39 in Development, 24 in Government Strategy and 29 in Commercial.

TORTOISE INTELLIGENCE RANKS

Country	Regional Rank	Global Rank	Talent	Infrastructure	Operating Environment	Research	Development	Government Strategy	Commercial
UAE	1	28	48	4	42	34	39	24	29
Saudi Arabia	2	31	53	20	18	37	41	1	26
Qatar	3	42	62	25	47	17	48	46	55
Egypt	4	52	43	55	55	45	56	23	53
Tunisia	5	56	44	54	53	47	53	58	61
Morocco	6	57	60	47	48	56	58	50	62
Bharain	7	58	61	39	43	58	60	61	36

Sources: Tortoise Media, Bank Audi's Group Research Department

On the other hand, Saudi Arabia ranked first globally in the Government Strategy pillar, as a result of its establishment of the National Strategy for Data and AI, the presence of a dedicated government authority for artificial intelligence, the allocation of funding and budget for AI initiatives and the formulation and monitoring of national targets for artificial intelligence.

NASSEF SAWIRIS IS STILL THE RICHEST ARAB IN THE WORLD IN 2023, AS PER FORBES

Forbes World's Billionaires 2023 ranking has been recently launched, featuring 2,640 people, down from 2,668 in 2022. Collectively, billionaires are now worth US\$ 12.2 trillion, which is US\$ 500 billion less than in March last year and nearly half are poorer than they were in 2022.

This was also reflected in the Middle East, with nine of the 21 Arab billionaires worth less now than they were a year ago. However, their collective wealth has gone up from US\$ 52.9 billion in 2022 to US\$ 53.9 billion in 2023. Within this context, it is worth mentioning that billionaires from Saudi Arabia were excluded from Forbes' global list for the sixth consecutive year.

Egypt and Lebanon have the highest number of billionaires in the region, with six entries each. In details, the six Egyptian billionaires have a combined net worth of US\$ 19.1 billion. They are the three Mansour brothers, Mohammed, Youssef, and Yasseen, the two Sawiris brothers, Nassef and Naguib, and Mohamed Al Fayed, the 94-year-old former owner of Harrods.

Egypt's Nassef Sawiris is still the richest Arab in the world, with a current net worth of US\$ 7.4 billion, but his wealth dropped by US\$ 300 million compared to 2022, according to Forbes World's Billionaires 2023 list. His most valuable asset is a nearly 6% stake in sportswear maker Adidas. He also runs OCI, one of the world's largest nitrogen fertilizer producers, with plants in Texas and Iowa.

Besides, the six Lebanese billionaires have a collective net worth of US\$ 11.8 billion. They are the two Mikati brothers, the fine Jewelry tycoon Robert Mouawad, and the three brothers of former billionaire and prime minister of Lebanon Saad Hariri, Bahaa, Ayman, and Fahed Hariri.

Elsewhere in the region, Algeria's only billionaire, Issad Rebrab & family, is also still the second richest Arab in the world, worth US\$ 4.6 billion, but US\$ 500 million less compared to 2022. Rebrab is the founder and CEO of Cevital, Algeria's largest privately-held company. Cevital owns one of the largest sugar refineries in the world, with the capacity to produce two million tons of refined sugar a year.

In parallel, the UAE has three billionaires on the 2023 list, namely Hussain Sajwani, Abdulla bin Ahmad Al Ghurair & family, and Abdulla Al Futtaim & family, with a combined net worth of US\$ 9.9 billion. Emirati billionaire, Hussain Sajwani, is the highest earner this year. His personal wealth has risen 66.7% compared to 2022. Mohamed Mansour also saw his fortune increase by 44% this year.

Finally, Morocco and Qatar have two billionaires each, with Moroccan Prime Minister Aziz Akhannouch & family and banking tycoon Othman Benjelloun & family representing Morocco, and Faisal Bin Qassim Al Thani and Hamad bin Jassim Al Thani, both members of the Qatari Royal family.

CORPORATE NEWS

KEZAD GROUP SIGNS US\$ 272 MILLION DEAL FOR CHEMICALS FACTORY EXPANSION

KEZAD Group (Khalifa Economic Zones Abu Dhabi), the largest operator of integrated and purpose-built economic zones in the UAE, signed an agreement with Global Fluorine Chemical Factory LLC (GFCF) for the establishment of its phase two of its project in KEZAD Mussafah, which would allow the company to triple its production capacity, as reported in a company's statement.

In addition to the 100,000 square meters that GFCF currently occupies at KEZAD Musaffah, the company would invest over US\$ 272 million (AED 1 billion) in the new facility on an adjacent plot, that spans an additional 120,000 square meters. Additionally, four more chemical products would be added to GFCF's product mix with the opening of the second phase of the factory.

GFCF's processes minimize water waste, and the production unit would incorporate heat recycling, aligning with KEZAD Group's sustainability goals. KEZAD and GFCF are committed to implementing eco-friendly practices, in line with the country's commitment to sustainable industrial development and addressing climate change.

The factory's strategic location would enable it to make use of the wide variety of services offered by AD Ports Group and KEZAD Group and obtain easy access to international consumer markets.

TOYOTA TSUSHO JV TO BUILD US\$ 100 MILLION SOLAR PLANT IN SAUDI ARABIA

Japanese-based Toyota Tsusho Corporation announced that its joint venture with French energy major TotalEnergies Renewables and a unit of Saudi-based Zahid Group, secured a contract from Saudi Power Procurement Company (SPPC) for a 119 MW solar power plant in Saudi Arabia, as mentioned in a company's statement.

The US\$ 100 million project is being set up by Toyota Tsusho through a joint venture company, Noor Alwadi Renewable Energy Company, in which both the Japanese group and TotalEnergies Renewables each have a 40% stake, while Altaaqa Renewable Energy (a member of Zahid Group) has the rest of 20%.

The solar plant, which is the first renewable project in Saudi Arabia for Toyota Tsusho group, would be implemented on a Build-Own-Operate model.

The work on the plant, which would be located in Wadi Ad Dawasir, has already begun and it is due for commercial operations in March 2025.

The purpose of this model projects is to financially support the implementation of projects which reduce GHG emissions by utilizing leading decarbonizing technologies in developing countries, and in return, to acquire JCM credits for achievement of Japan's GHG emission reduction and the partner countries' emission reduction target.

SNB CAPITAL INVESTS US\$ 100 MILLION IN SOUTH KOREAN BATTERY MAKER SK ON

SNB Capital Company, which is the investment banking and asset management arm of the Saudi National Bank (SNB) (over 90% ownership), acquired a stake in South Korean battery maker, SK On, worth US\$ 100 million, as mentioned in a company's name.

The investment by SNB Capital would allow the company to expand production capacity, as well as fund research and development.

It is worth noting that SK On, a subsidiary of South Korean energy group SK Innovation, is among the top global supplier of battery for electric vehicles to top automobile makers including Ford, Hyundai, Volkswagen, and Mercedes-Benz.

EIC UNIT WINS US\$ 41 MILLION CONTRACT TO SUPPLY TRANSFORMERS TO ARAMCO

Electrical Industries Company (EIC), one of the leading electrical equipment manufacturers in Saudi Arabia, announced that its key subsidiary, Saudi Power Transformers Company, was awarded a US\$ 41 million (SR 153 million) contract by Saudi oil giant Aramco for supply of transformers.

As per the contract, Saudi Power Transformers would complete the supply work within 20 months. The contract is expected to have a positive impact on the financial results of the company for 2025.

ENOC SIGNS 10-YEAR CONDENSATE SUPPLY DEAL WITH QATARENERGY

UAE-based Emirates National Oil Company (ENOC) Group signed a 10-year sale agreement with QatarEnergy, the State-owned energy company, for the supply of up to 120 million barrels of condensates to ENOC Group, as indicated in a company's statement.

The agreement was signed by QatarEnergy, for and on behalf of Qatar Petroleum for the Sale of Petroleum Products Company Ltd. (QSPSP), and ENOC Supply & Trading LLC, a subsidiary of ENOC.

Terms of the agreements allow parties to further increase the condensate volumes under the contract, as additional condensate volume is expected to be exported from Qatar once the North Field East (NFE) and North Field South (NFS) expansion projects come online.

The agreement highlights ENOC Group's efforts to catering the energy needs in the UAE and the broader region, as well as QatarEnergy's strategy in establishing direct sales with end-users and building up strategic business relationship and cooperation.

NWTN MOTORS TO SET UP PRODUCTION LINE IN ABU DHABI

UAE-based NWTN Motors, a mobility technology company that provides passenger-centric mobility and green energy solutions, signed an agreement with Abu Dhabi Department of Economic Development (ADDED) to build an integrated production line in the Emirate as per the highest international standards, as revealed in a company's statement.

As per the deal, its key subsidiary NWTN Technologies Industries would be bringing its passenger-centric green premium mobility solutions into the Emirate and also expanding its operations across the region.

The two parties would accelerate the development of modern automotive industry and means of transportation in the Emirate of Abu Dhabi, foster an innovation community to contribute positively to automotive technology, and strengthen green economy's frameworks.

They would also explore cooperation opportunities in advanced technologies, innovation, creativity, and research and development in transportation industries, which is one of the subsectors targeted by the Abu Dhabi Industrial Strategy.

The MoU is valid for two years, with the option to renew upon mutual agreement between the parties.

CAPITAL MARKETS

EQUITY MARKETS: EXTENDED EQUITY PRICE GAINS IN MENA REGION, TRACKING GLOBAL RISK APPETITE

MENA equity markets registered extended price gains this week, mainly tracking global equity strength (+3.4%) as softening June 2023 US inflation data fueled bets that the US Federal Reserve may be close to the end of its rate hike cycle, and supported by an extended oil price rally amid weaker US dollar. This was reflected by a 0.9% rise in the S&P Pan Arab Composite index.

The heavyweight Saudi Exchange continued to trace an upward trajectory this week, as reflected by a 1.0% increase in the S&P Saudi index, mainly tracking global risk appetite after US inflation cooled further in June 2023 to reach its lowest level in more than two years, raising hopes of easing US Fed policy tightening.

A glance on individual stocks shows that Advanced Petrochemical Company's share price surged by 5.0% week-on-week, closing at SR 47.00. SNB's share price rose by 2.3% to SR 37.70. STC's share price went up by 1.6% to SR 45.00. Maaden's share price closed 1.8% higher at SR 44.30. Saudi Awwal Bank's share price increased by 3.6% to SR 40.25. Alinma Bank's share price jumped by 4.8% to SR 36.10. Almarai's share price expanded by 2.6% to SR 66.70. SABIC Agri-Nutrients's share price edged up by 0.8% to SR 132.20. ELM's share price climbed by 14.3% to SR 665.00.

The UAE equity markets registered a 1.1% increase in prices week-on-week, mainly tracking a global risk-on mood triggered by cooler US inflation rate in June 2023, while also helped by an extended oil price rally as Brent prices topped the US\$ 81 per barrel level during this week after the US dollar neared a 15-month low. In Abu Dhabi, ADNOC's share price went up by 2.0% to AED 4.04. ADIB's share price surged by 4.5% to AED 11.24. ADCB's share price increased by 1.7% to AED 8.25. In Dubai, Emirates NBD's share price went up by 2.2% to reach AED 16.30. Dubai Islamic Bank's share price increased by 3.1% to AED 5.67. Commercial Bank of Dubai's share price closed 4.3% higher at AED 4.80. Commercial Bank of Dubai ANNOUNCED 2023 second quarter net profits of AED 650 million, which marks a 49% expansion relative to the same period of the previous year.

Boursa Kuwait recorded a 2.2% rise in prices week-on-week, mainly tracking global equity strength after a slowing June 2023 US inflation fueled peak rate bets, which has compounded with extended oil price gains. A closer look at individual stocks shows that National Bank of Kuwait's share price increased by 2.3% to Kwf 979. Al Ahli Bank of Kuwait's share price rose by 2.0% to Kwf 250. Commercial Bank of Kuwait's share price jumped by 5.5% to Kwf 559. National Investment Corporation's share price climbed by 4.2% to Kwf 226.

EQUITY MARKETS INDICATORS (JULY 9- JULY 15, 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	153.7	-3.3%	19.1%	12.5	337.3%	0.3	17,365	3.7%	-	0.36
Jordan	365.8	-0.6%	-5.9%	20.9	-35.2%	11.1	23,964.9	4.5%	8.2	1.24
Egypt	224.4	2.1%	-5.2%	205.2	38.6%	2,190.5	36,355.3	29.4%	7.9	2.06
Saudi Arabia	513.4	1.0%	10.2%	8,051.3	2.7%	1,557.8	2,929,340.2	14.3%	14.7	4.59
Qatar	167.4	-0.8%	-5.3%	473.5	-7.1%	636.8	166,379.0	14.8%	11.9	1.57
UAE	138.9	1.1%	1.0%	2,346.3	-2.7%	4,121.3	932,906.4	13.1%	15.4	2.96
Oman	262.2	-0.1%	0.7%	32.1	-13.3%	71.3	22,979.5	7.3%	14.9	1.11
Bahrain	225.9	2.2%	17.1%	6.0	26.2%	11.3	18,583.7	1.7%	10.4	1.47
Kuwait	136.9	2.2%	-1.4%	633.2	3.7%	861.6	138,833.5	23.7%	18.5	1.92
Morocco	257.9	0.8%	16.2%	53.9	34.8%	3.8	61,365.2	4.6%	22.2	3.46
Tunisia	67.4	0.5%	8.7%	7.1	68.2%	2.7	8,234.6	4.5%	11.3	2.21
Arabian Markets	962.4	0.9%	5.5%	11,841.9	1.8%	9,468.6	4,356,306.8	14.1%	14.8	3.93

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

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

Mobile Telecommunications' share price closed 1.9% higher at Kwf 533. Kuwait Real Estate Company's share price surged by 4.1% to Kwf 127. Heavy Engineering Industries and Shipbuilding's share price climbed by 4.1% at Kwf 718.

The Egyptian Exchange bounced back this week, as reflected by a 2.1% increase in the S&P Egypt index, mainly on improved investor sentiment after Egypt signed contracts to sell stakes in State assets worth a total of US\$ 1.9 billion to local firms and Abu Dhabi wealth fund ADQ, as part of a program aimed to boost the private sector and bolster hard currency reserves. The new contracts include the sale of stakes in the State-owned communications company Telecom Egypt; minority stakes in three oil and petrochemical sector companies to Abu Dhabi sovereign wealth fund ADQ for US\$ 800 million; US\$ 700 million for stakes in a portfolio of hotels to ICON, the hospitality arm of Egyptian real estate group Talaat Mostafa and a stake in the Al Ezz Dekheila Steel Company worth US\$ 241 million.

A glance on individual stocks shows that Al Ezz Dekheila Steel Company's share price skyrocketed by 40.6% week-on-week to LE 1,150.89. Al Ezz Dekheila Steel Company's Board of Directors approved this week a voluntary delisting from the Egyptian Exchange and a buy back at a price of LE 1,250 per share, which represents a 52.4% premium over the closing price on July 9. Talaat Moustafa Group's share price rose by 2.9% to LE 9.01. ICON affiliated to Talaat Moustafa Group, submitted an offer to the Egyptian government to acquire a significant stake with management rights in a sizable portfolio of seven State-owned hotels. The deal is in line with the TMG's strategic growth plan as a major player in the upscale hotel sector in Egypt. Telecom Egypt's share price closed 1.3% higher at LE 24.81.

Also, Commercial International Bank's share price went up by 2.8% over the week to LE 49.60. QNB Al Ahli's share price climbed by 10.1% to LE 22.03. Abu Qir Fertilizers and Chemical Industries Company's share price surged by 6.7% to LE 47.52.

FIXED INCOME MARKETS: MENA BOND PRICES MOSTLY UP, TRACKING US TREASURIES MOVE

MENA fixed income markets saw mostly upward price movements this week, mainly tracking US Treasuries move after June 2023 US inflation slowed to its lowest level since March 2021, signaling a possible turning point for the US Federal Reserve rate hikes.

In the Dubai credit space, sovereigns maturing in 2029 posted price retreats of 0.88 pt week-on-week. DP World'30 closed up by 0.25 pt. Emirates NBD Perpetual (offering a coupon of 6.125%) registered price increases of 0.38 pt. Emaar Properties'26 registered price drops of 1.00 pt. Majid Al Futtaim'29 registered price contractions of 1.00 pt. Emirates Airlines'28 traded down by 0.25 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 saw weekly price expansions of 0.63 pt to 1.63 pt. Mubadala'26 closed up by 0.13 pt. Prices of Taqa'26 declined by 0.75 pt. Amongst financials, prices of First Abu Dhabi Bank'25 went down by 1.25 pt. Regarding new issues, ADIB raised this week US\$ 750 million from the sale of additional tier-one (AT1) perpetual five and half-year Sukuk priced at a profit rate of 7.25% yearly. The offering attracted more than US\$ 7 billion in orders.

As to credit ratings, Fitch Ratings affirmed this week the UAE's long-term foreign currency Issuer Default Rating at "AA-" with a "stable" outlook. The "AA-" rating reflects the UAE's moderate consolidated public debt level, strong net external asset position and high GDP per capita.

In the Bahraini credit space, prices of sovereigns maturing in 2026, 2027, 2031 and 2032 expanded by 0.48 pt, 0.78 pt, 1.00 pt and 1.70 pt respectively this week. In the Kuwaiti credit space, sovereigns maturing in 2027 traded up by 0.43 pt week-on-week.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price gains of 0.38 pt and 0.63 pt respectively week-on-week. Ooredoo'26 was down by 0.25 pt. Amongst financials, prices of QNB'25 and '26 declined by 0.13 pt each this week.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price expansions of up to 1.13 pt this week. Saudi Aramco'25 was up by 1.25 pt. Prices of STC'29 dropped by 0.50 pt. SABIC'28 closed up by 0.38 pt. SEC'24 traded up by 0.25 pt. Fitch Ratings affirmed SEC's long-term Issuer Default Rating and senior unsecured rating at "A", with a "stable" outlook.

In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 posted price increases of 0.59 pt, 0.28 pt and 0.97 pt respectively week-on-week. Omantel'28 traded up by 0.38 pt.

In the Iraqi credit space, prices of sovereigns maturing in 2028 rose by 1.0 pt over the week. In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded price gains of up to 1.38 pt week-on-week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2032 and 2040 posted price expansions of 5.63 pts, 4.94 pts and 4.75 pts respectively this week, while sovereigns maturing in 2030 recorded prices declines of 0.33 pt. Euro-denominated sovereigns maturing in 2026 and 2031 recorded price rises of 4.40 pts and 4.15 pts respectively week-on-week.

Egypt's five-year CDS spreads contracted by 382 bps week-on-week to reach 1,234 bps, after the country signed US\$ 1.9 billion deals to sell equity stakes in State-owned entities, a move that has been welcomed by the IMF as the divestment is a critical component of the EFF-supported program.

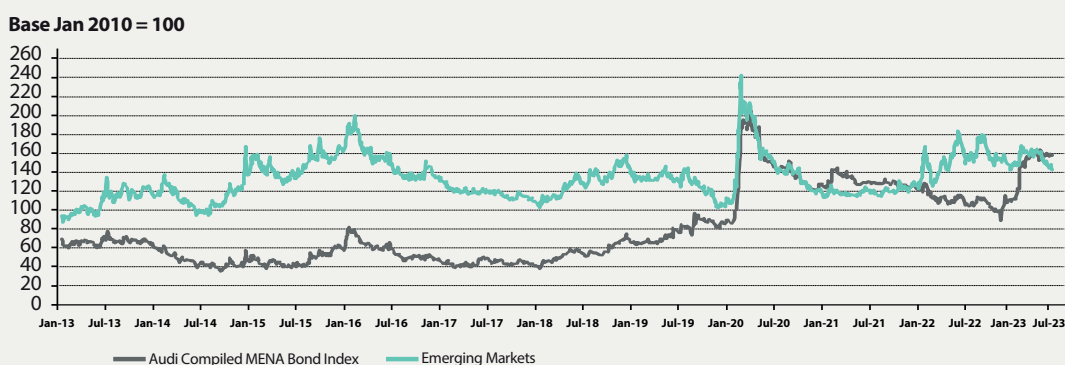
All in all, activity in regional bond markets was mostly tilted to the upside this week, mainly tracking increases in US Treasuries after US consumer prices cooled for the 12th straight month in June 2023, landing slightly below economists' forecasts, which sparked bets that the US Federal Reserve would ease off from further interest rate hikes.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	14-Jul-23	07-Jul-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	36	39	44	-3	-8
Dubai	72	77	84	-5	-12
Kuwait	39	40	50	-1	-11
Qatar	37	40	48	-3	-11
Saudi Arabia	55	58	61	-3	-6
Bahrain	246	264	231	-18	15
Morocco	139	140	162	-1	-23
Egypt	1,234	1,616	877	-382	357
Iraq	434	453	467	-19	-33
Middle East	255	303	225	-48	30
Emerging Markets	98	108	140	-10	-42
Global	420	435	533	-15	-113

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\$)	14-Jul-23	07-Jul-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	30.85	24.71	0.0%	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	0.0%	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)	250.15	250.25	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	134.07	135.49	137.35	-1.0%	-2.4%
Moroccan Dirham (MAD)	9.69	9.78	10.44	-0.9%	-7.2%
Tunisian Dinar (TND)	3.03	3.09	3.11	-1.7%	-2.5%
Libyan Dinar (LYD)	4.77	4.81	4.83	-0.8%	-1.1%
Sudanese Pound (SDG)	588.23	588.23	573.81	0.0%	2.5%

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER

The content of this publication is provided as general information only and should not be taken as an advice to invest or engage in any form of financial or commercial activity. Any action that you may take as a result of information in this publication remains your sole responsibility. None of the materials herein constitute offers or solicitations to purchase or sell securities, your investment decisions should not be made based upon the information herein.

Although Bank Audi sal considers the content of this publication reliable, it shall have no liability for its content and makes no warranty, representation or guarantee as to its accuracy or completeness.