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MENA equity markets slid into the red this week, as reflected by a 2.8% fall in the S&P Pan Arab Composite index, mainly pressured by some unfavorable financial results and on ex-dividend activity, while also tracking a global risk-off mood (-2.2%) following the first US credit rating cut in more than a decade. In parallel, regional fixed income markets came under downward pressures, mainly tracking declines in US Treasuries after Fitch cut the US top-tier credit rating citing fiscal concerns, and the US Treasury Department boosted its quarterly sale of longer-term debt for the first time in more than two years, and as strong July 2023 US private employment data pointed to a labor market strength that could shield the economy from a recession.

MENA MARKETS: JULY 30 - AUGUST 5, 2023

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-2.8%	Weekly Z-spread based bond index	+1.2%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+4.2%	YTD Z-spread based bond index	+68.5%

ECONOMY

EGYPT ANNOUNCES DEALS TO SELL US\$ 1.9 BILLION IN STATE ASSETS IN ITS PRIVATIZATION PUSH

Egypt recently announced it is selling assets worth a total of US\$ 1.9 billion as part of a programme to boost the private sector and raise scarce hard currency.

The stake sales are crucial to Egypt's chances of easing prolonged pressure on the Egyptian pound, attracting badly needed dollars.

The move is part of a major privatization reform to sell stakes in at least 32 state-owned companies, from petrochemical firms to major banks, in a bid to downsize Egypt's public sector. The plan was first unveiled in January.

The program is a key goal of a US\$ 3 billion bailout package that Egypt secured from the International Monetary Fund in December to help the cash-strapped North African economy weather recent shocks to the global economy, including the COVID-19 pandemic and Russia's war in Ukraine.

Of the US\$ 1.9 billion, US\$ 1.65 billion would be paid in foreign currency, Prime minister Madbouly said.

In April 2022, Egypt announced a plan to attract investments worth US\$ 10 bn in the next four years – privatisation measures it also needs to meet a number of foreign debt obligations in the next few months.

It is worth noting that the Egyptian government had a target of raising US\$ 2 billion from stake sales by the end of June, but its efforts faced delays in recent months, driving down the value of the pound on the parallel market. The pound has lost about half its value against the dollar since early last year at the official exchange rate and inflation is at records.

The new sale 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 m; US\$ 700 m for stakes in a portfolio of hotels to ICON, the hospitality arm of Egyptian real estate group Talaat Mostafa and a stake in the Ezz Dekheila steel company worth US\$ 241 m. Egypt has plans to sell more stakes in the coming months, including in the Gabal el-Zeit wind farm, military-owned Wataniya Petroleum and a power plant built by Siemens.

Prime Minister Madbouly said the government is one-quarter of its way in a list of 32 state companies it will sell stakes in.

Egypt's economy has taken a battering since Russia invaded Ukraine. Egypt, a country with over 105 million people, is the world's largest wheat importer. Most of its wheat imports traditionally come from Ukraine. Since the war in Ukraine began in February 2022 the Egyptian pound has lost over 50% of its value against the dollar, with annual inflation reaching over 36% last month. In recent months. Meanwhile, foreign investors have pulled out more than 20 billion dollars.

INVESTMENT INTO JORDAN INCREASE BY 48% IN THE FIRST HALF OF 2023

In the first half of 2023, the Jordanian economy noticed a 47.6% year-on-year jump in investments. Aggregate investments into Jordan for the first half of 2023 reached JOD 598.2 million (US\$ 843.5 million), up from JOD 405.3 million (US\$ 571.5 million) in the same period of the year prior. The new Investment Environment Legislation, passed in September of 2022, mainly drove this jump in investment influx.

In details, circa 236 projects utilized the benefits of the aforementioned legislation, which aimed to attract new funding streams and further amplify current ones in the country.

In line with Jordan's Economic Modernization Vision 2033, the Jordanian Ministry of Investment has cooperated with the public and private sector, which bolstered the country's economic prospects. Additionally, these projects are expected to generate a sizeable workforce with circa 15,200 employment opportunities.

At the level of expansion projects, a total of JOD 307.0 million (US\$ 432.9 million) of investment was garnered in the first half of 2023. Additionally, these projects are expected to create circa 10,600 new job opportunities. In parallel, newly initiated projects saw an influx of JOD 291.2 million (US\$ 410.6 million) in investments. These projects were also responsible for the creation of 4,600 new job opportunities.

When looking at the sectoral distribution of investments, the industrial and trade sectors held the biggest shares with 70.6% and 16.7% of the total respectively.

UAE REGISTERS GDP GROWTH OF 4% IN Q1 2023

In the first three months of 2023 (Q1), the United Arab Emirates (UAE)'s GDP grew by 3.7% year-on-year reaching AED 418.3 billion (US\$ 114.0 billion), up from AED 401.3 billion (US\$ 109.9 billion) in Q1 2022, as per preliminary estimates from the Federal Centre for Competitiveness and Statistics.

According to the Emirati Minister of Economy, all key sectors of the country's economy made significant contributions towards this figure.

In details, the non-oil GDP of the UAE posted a year-on-year growth of 4.5% in Q1 2023 to reach AED 312.0 billion (US\$ 85.0 billion) or 74.6% of the total GDP. This growth reflects the success of the UAE in the diversification of its economy.

Looking at the non-oil sub-sectors that noticed the biggest increases between Q1 2023 and Q1 2022, Transport & Storage saw the biggest improvement in performance (11%). The Construction sector came second followed by Accommodation and Food Services with increases of 9.2% and 7.8% year-on-year respectively in GDP. The Finance & Insurance sector came fourth with a growth of 7.7% year-on-year, followed by Wholesale & Retail, Non-Financial Projects, ICT and Real Estate with respective growths of 5.4%, 3.5%, 3.3% and 3.1% in Q1 2023 against figures from Q1 2022.

It is worth noting that the UAE's GDP grew by 7.9% in 2022 boosted by the non-oil sector. This growth trend is forecasted to continue by the Central Bank of the UAE at a softer rate with a 3.3% in 2023 and 4.3% in 2024. This comes as the country aims to double the size of its economy by 2031 while focusing on non-oil sector growth and tourism influx.

SAUDI ARABIA'S GDP GREW BY 1.1% IN Q2 2023

During the second quarter of 2023 (Q2), Saudi Arabia's GDP grew by 1.1% on the back of non-oil activity. This growth however is noticeably softer than in 2022 amid lower oil prices and prolonged oil production cuts.

In details, oil sector activity saw a 4.2% year-on-year decline in GDP during Q2 2023. In Q2 2022, oil sector GDP showed a jump of circa 23% year-on-year boosting real GDP performance by 11.2%, however for Q2 2023 the sector has stunted real GDP growth.

On the other hand, non-oil sector performance continued its upwards trend with a GDP expansion of 5.5%, as per data from the General Authority for Statistics (GASTAT).

According to the International Monetary Fund (IMF), Saudi Arabia's GDP growth projection for the current year was 1.9% stunted by prolonged oil production cuts.

It is worth noting that a voluntary oil output cut of 1 million bpd from Saudi Arabia is expected to extend to include September in a bid to support the oil market.

AMF EXTENDS US\$ 616 MILLION LOAN TO HELP EGYPT'S BANKING SECTOR REFORMS

The Arab Monetary Fund (AMF) has agreed to extend a loan of US\$ 615.8 million in a bid to help Egypt's efforts to reform its banking sector. The program put forward by the fund stresses on the improvement in efficiency of the payment system, the enhancement of economic inclusion and the strengthening of regulatory framework within the financial and banking sectors. These steps are expected to expand the scope of financial technologies and strengthen consumer protection efforts.

It is worth noting that the loan agreement was signed between the Governor of the Egyptian Central Bank and the Director General Chairman of the AMF.

According to the Director General Chairman of the AMF, the Egyptian government's efforts to implement economic and structural reforms contributed to the development of the economy while aiding in sustaining itself in regional and international markets.

It is worth mentioning that the AMF, which included 22 member states, is currently considering the financing requests of other members. The fund aims to help borrowers meet their financing needs as well as enhance their financial positions. Additionally, the AMF offers its member states technical advice on monetary, fiscal & financial policies as well as training for government officials through its Institute for Training and Capacity Building.

OMAN'S CONSTRUCTION MARKET EXPECTED TO GROW AT A CAGR OF 3.3% BETWEEN 2023 AND 2028

The construction market size in Oman is forecasted to grow at a CAGR of 3.3% between 2023 and 2028 going from US\$ 6.6 billion in the former to US\$ 7.8 billion in the latter. The main drivers behind this expansion are pouring investments, government initiatives, new projects as well as diversification efforts.

In details, investor interest in Oman's real estate market has been growing since the third quarter of 2022 following dampened demand since the pandemic that has since grown again. Additionally, a robust structural base supports the market.

The Omani government's new ownership plans, which allows foreigners' purchase of property outside of integrated tourism complexes, is anticipated to increase capital investment appetite towards the market.

Concurrently, the affordability and accessibility of housing, which constitutes a priority for the government, paired with new opportunities for domestic and international real estate firms to submit Expressions of Interest are expected to boost investment in the construction market within Oman.

SURVEYS/REPORTS

UAE RANKS 1ST IN MENA REGION IN 2023 GLOBAL SERVICES LOCATION INDEX

The UAE ranked 1st in the MENA region and continues to improve on its global ranking, moving up four spots in the 2023 Global Services Location Index (GSLI) list to 21st place, according to a report released by the global management consultancy Kearney.

According to the report, a variety of factors influence decisions about where to locate offshore operations, including labor and infrastructure costs, available skills and quality of services rendered, infrastructure, business environment and political and social risks. Kearney's GSLI helps companies and government institutions understand and compare the factors that make countries attractive as potential locations for offshoring.

The major focus in 2023's GSLI is the importance of talent regeneration in maintaining and enhancing the attractiveness of offshore locations. How rapidly a country reskills and redeploys its workforce in response to changing market demands and technological disruptions are influenced by factors such as its education system, labor market conditions, immigration policies, government support, and digital infrastructure. Countries that can quickly regenerate their talent pool have a competitive edge over those that face skills shortages and mismatches.

The GSLI ranks 78 countries based on 52 metrics across four categories, up from 60 countries and 47 metrics in 2021.

The GSLI four weighted dimensions include:

- Financial Attractiveness (35%): cost of labor and infrastructure
- People Skills and Availability (25%): quantity and quality of the talent pool
- Business Environment (25%): political, economic, regulatory, and cultural aspects that affect the ease of doing business
- Digital Resonance (15%): digital skills of the labor force and digital outputs of business activity

GLOBAL SERVICES LOCATION INDEX 2023

	Regional Rank	Global Rank 2023	GSLI	Financial Attractiveness	People Skills and Availability	Business Environment	Digital Resonance
UAE	1	21	5.33	1.95	0.84	1.82	0.72
Egypt	2	23	5.32	2.87	0.92	1.01	0.52
Morocco	3	28	5.23	2.70	0.80	1.30	0.43
Jordan	4	39	5.09	2.62	0.65	1.32	0.50
Saudi Arabia	5	67	4.22	1.54	0.83	1.31	0.54
Algeria	6	71	4.05	2.17	0.70	0.91	0.27
Qatar	7	74	3.73	1.01	0.62	1.60	0.50
Kuwait	8	76	3.27	0.88	0.61	1.36	0.42
Oman	9	77	3.07	0.53	0.57	1.31	0.66
Lebanon	10	78	2.74	0.59	0.70	1.05	0.39

Sources: Kearney, Bank Audi's Group Research Department

It is worth highlighting that seven of the 18 countries that are new to the Index are from the MENA region, the region that is historically underrepresented in the GSLI. These seven new entrants are competing with long-established, traditional outsourcing countries but offer a competitive advantage as a regional nearshoring option. Jordan and Saudi Arabia are the two strongest new entrants to the region, ranking 39th and 67th respectively. Other key countries include Qatar (rank 74) and Oman (rank 77).

Jordan is a strong entrant with a competitive cost advantage with good talent availability. However, the story for Saudi Arabia, Qatar and Oman is unique as they always strive excellence and elite solutions, as per Kearney. Their focus has been to provide a best-in-class business environment and digital capabilities. Their lower ranks on this year's Index are the result of the financial unattractiveness of these locations, along with the lack of ease

hiring. However, looking at the region purely from a business environment and digital resonance perspective, these countries improve their ranks drastically (Saudi Arabia +13, Qatar +23 and Oman +25), indicating that these countries could become regional champions for digital innovation.

Elsewhere in the region, the UAE, which has topped the MENA countries, is an emerging technology hub in the region, as it is home to more than 4,000 start-ups, 39% of all scale-ups in the MENA region. In 2022, scale-ups in the UAE raised more than 55% of the US\$ 9.1 billion raised by scale-ups in the MENA region. The UAE is the second most talent regenerative country in the region. Its scaling capabilities and good relations with key Gulf and African countries, position the UAE to become a location of choice for nearshoring for the region.

In parallel, Egypt, which has ranked 2nd in the MENA region and 23rd globally, dropped eight places compared to 2021 primarily due to its lack in digital focus. The decline could be attributed to rising labor costs along with currency volatility as the Egyptian pound declined against the US dollar in 2022. Public debt has also grown to US\$ 163 billion, accounting for almost 93% of the country's GDP. Egypt scores very low on intensity of technology innovation, but the country is starting to focus on developing emerging technological skills. Public-private partnerships have been established with the Information Technology Industry Development Agency to improve young IT professionals' access to the labor market and employability, while fostering their professional growth and helping Egypt maintain its position as regional talent and offshore hub.

Concurrently, Morocco jumped 12 places compared to 2021 and came in 3rd place in the MENA region and 28th globally. Its cost-competitiveness and multilingual workforce along with a renewed focus on digital upskilling have improved the nation's vision to host tech-related commercial operations. The government also plans to invest million of dollars in the outsourcing sector to generate roughly 5,000 new jobs by the end of 2026.

M&A DEALS IN MENA REGION HIT US\$ 32 BILLION IN H1 2023, AS PER REFINITIV

The value of announced M&A transactions with any MENA involvement reached US\$ 31.9 billion during the first six months of 2023, down by 34% compared to a year ago and the lowest first half total since 2017, according to a report issued by Refinitiv titled "MENA Investment Banking Review First Half 2023". While down by 23% from last year's all-time record first half total, the number of deals announced in the region during the first six months of 2023 reached the third highest first half level since Refinitiv's records began in 1980.

Deals involving a MENA target totaled US\$ 15.1 billion during the first six months of 2023, down 43% from last year and a six-year low.

Inbound deals involving a non-MENA acquirer declined by 13% to US\$ 7.6 billion, while domestic deals decreased by 58% in value to US\$ 7.6 billion. While, MENA outbound M&A totaled US\$ 16.0 billion, a first-half total only exceeded once in the last fifteen years.

The Financials sector was most active, with deals targeting industrial companies accounting for 57% of MENA target M&A during the first half of 2023. Deals amounted to a total US\$ 8.6 billion. The Media & Entertainment sector accounted for 11% followed with deals totaling US\$ 1.7 billion.

The UAE was the most targeted nation (with US\$ 7.2 billion deals), followed by Saudi Arabia (with US\$ 3.3 billion deals), Oman (with US\$ 2.1 billion deals), Kuwait (with US\$ 1.1 billion deals) and Egypt (with US\$ 0.9 billion deals).

Finally, it is worth mentioning that JP Morgan topped any MENA involvement announced M&A financial advisor league table during the first half of 2023 with eight deals and a market share of 28.9% for a total value of US\$ 9.2 billion.

CORPORATE NEWS

ADNOC AWARDS US\$ 219 MILLION EPC CONTRACT TO NPCC

Abu-Dhabi based National Petroleum Construction Company (NPCC) was awarded from Abu Dhabi National Oil Company (ADNOC) Offshore a contract worth US\$ 219 million (AED 805 million) to provide Engineering, Procurement and Construction (EPC) services for its pipeline replacement project, as mentioned in a company's statement.

NPCC, a wholly-owned unit of the National Marine Dredging Company, stated that the scope of work involves replacement of 125 km of 20' Main Oil Line (MOL) from Umm Lulu, a producing conventional oil field located in shallow water in the UAE, to Zirku Island, an island in the Persian Gulf.

The entire project work would be completed within a period of 32 months.

This contract aligns with ADNOC's plans to upgrade and expand its oil and gas pipeline infrastructure in Abu Dhabi.

MIENTA SIGNS US\$ 5 MILLION DEAL TO BUILD ITS THIRD FACTORY IN EGYPT

Mienta, a French home appliances manufacturer, plans to establish its third factory and warehouse in Egypt with US\$ 5 million in investments, as indicated in a company's statement.

This comes under the land allocation contract signed between Mienta and Elsewedy Industrial Development, a subsidiary of Elsewedy Electric.

The factory and warehouse are set to be established in 2024 on a 20,000-square-meter area in the Industria Sokhna project that is a part of the Suez Canal Economic Zone. It is worth noting that the warehouse would be equipped with storage capabilities for more than 200 containers.

The factory is projected to achieve its maximum capacity of 650,000 appliances by 2025.

The deal aligns with Mienta's plans to become an export hub in the MENA region.

PIF AND OMAN INVESTMENT AUTHORITY SIGN MOU TO EXPAND INVESTMENT IN OMAN

Saudi's Public Investment Fund (PIF) signed a Memorandum of Understanding (MoU) with the Oman Investment Authority (OIA) intended to expand cooperation and investment between the two entities, enabling new and promising investments in Oman, as indicated in a company's statement.

The MoU would provide benefits and incentives for PIF and its portfolio companies. PIF aims to streamline its investment activities in Oman across a wide range of asset classes and target industries.

The OIA is expected to explore attractive investment opportunities for cooperation and partnership with PIF, in addition to providing all aspects of support required in the Omani market. PIF plans to create long-term strategic partnerships in the region that support the creation of sustainable returns, deliver value to local economies, maximize PIF's assets, and diversify the Saudi Arabian economy in line with Vision 2030.

SALAM, EDGNEX, CINTURION, EMAAR SIGN MOU FOR DIGITAL INFRASTRUCTURE HUB IN SAUDI ARABIA

Saudi-based Integrated Telecom Company, Salam, teamed up with Khazzan Information Technology Company that designs, builds and operates data centers across Saudi Arabia, along with Cinturion Corporation, a global provider of integrated submarine and terrestrial capacity-based network solutions, and Emaar The Economic City (EEC), the master developer of King Abdullah Economic City (KAEC), to sign a strategic Memorandum of

Understanding (MOU) agreement in the area of telecom and digital infrastructure, as revealed in a company's statement.

The parties have identified a common interest in exploring the opportunity to develop digital infrastructure hub that would include initiatives such as an international submarine cable project, data centers, fiber infrastructure, cloud, and internet, among others and building of a seamless and innovative digital experience in KAEC, which aims to become an intelligent national city

The purpose of building world-class data centers is to create and innovate hyper-connected digital hubs with highly secure facilities and connectivity to give customers direct and reliable access to Saudi Arabia's digital economy.

MASDAR EXPLORES DEVELOPING 2 GW CLEAN ENERGY IN MALAYSIA

Masdar, the UAE's clean energy powerhouse, and Citaglobal Berhad, a Malaysia-based investment holding company, signed a Memorandum of Understanding (MoU) for the joint development of renewable energy projects across solar, Battery Energy Storage System (BESS), wind and other renewable energy technologies, as reported in a company's statement.

Masdar is looking forward to pioneering energy solutions to reduce emissions in Malaysia, since the country is targeting net-zero emissions by 2050.

It is worth highlighting that the MoU would also facilitate the potential collaboration between Masdar and Citaglobal related to technology solutions and equipment supply outside of Malaysia with a focus on Central Asia.

AD PORTS AND SAAB UAE TO COLLABORATE ON MARITIME SURVEILLANCE SOLUTIONS

AD Ports Group, the premier global trade, logistics and transport enabler and operator of 10 ports and terminals in the UAE, and Saab UAE, a leading defense and security company based in Abu Dhabi's Tawazun Industrial Park, inked a Memorandum of Understanding (MoU) to establish a strategic cooperative relationship, which would see both entities collaborate on the development of maritime surveillance solutions and sensors, as mentioned in a company's statement.

Under the agreement, AD Ports Group would provide access to relevant testing sites, offering necessary infrastructure and operational feedback to optimize the development process.

Saab UAE would also build on its wide-ranging maritime traffic management expertise, to bring new industry standards and next generation maritime surveillance technology to the market.

This MoU marks a significant step forward for both companies to provide customers with world-class security and surveillance solutions. This partnership also has the potential to revolutionize vessel traffic management and port operations, setting new industry standards for efficiency and safety.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES SLID INTO RED THIS WEEK, PRESSURED BY SOME UNFAVORABLE FINANCIAL RESULTS AND ON GLOBAL RISK-OFF MOOD

MENA equity markets slid into the red this week, as reflected by a 2.8% fall in the S&P Pan Arab Composite index, mainly pressured by some unfavorable financial results and on ex-dividend activity, while also tracking a global risk-off mood (-2.2%) following the first US credit rating cut in more than a decade.

The heavyweight Saudi Exchange, whose market capitalization represents more than two-thirds of the regional market capitalization, registered a 4.5% contraction in prices week-on-week, mainly dragged by some unfavorable company-specific factors and as some stocks traded ex-dividend, while also tracking global equity weakness following the first US credit rating cut since 2011. A glance on individual stocks shows that Tasnee's share price shed 3.7% to SR 13.90. Tasnee reported an 89% year-on-year fall in its 2023 second quarter net profits to reach SR 31 million. Yanbu Cement Company's share price dropped by 3.9% to SR 38.25. Yanbu Cement reported 2023 second quarter net profits of SR 35 million, down by 27% relative to the same period of the previous year. Najran Cement's share price fell by 4.0% to SR 12.94. Najran Cement reported 2023 second quarter net profits of SR 7 million against net profits of SR 13 million a year earlier. Saudi Telecom Company's share price plunged by 7.5% to SR 41.50. Saudi Telecom Company announced a 6% yearly expansion in its 2023 second quarter net profits to reach SR 3.0 billion, yet still missing average analysts' estimate. Saudi Kayan Petrochemical Company's share price declined by 1.3% to SR 12.26. Saudi Kayan Petrochemical Company reported a widening net loss of SR 392 million over the second quarter of 2023 against a net loss of SR 150 million a year earlier.

Concomitantly, Al Rajhi Bank's share price plunged by 5.3% week-on-week to SR 71.40. Al Rajhi Bank's stock traded ex-dividend on August 1. Riyadh Bank's share price plummeted by 9.4% to SR 30.40. Riyadh Bank's stock went ex-dividend on July 30. SNB's share price shed 6.6% to SR 37.25. SNB's stock traded ex-dividend on August 2. First Milling Company's share price retreated by 2.9% to SR 91.50. First Milling Company's stock traded ex-dividend on August 1.

The Qatar Stock Exchange shifted to a negative territory this week, as reflected by a 0.5% retreat in the S&P Qatar index, mainly on some profit taking operations, while also tracking declines in global equities. 35 out of 50 traded stocks registered price falls, while 10 stocks posted price gains and five stocks saw no price change week-on-week.

A closer look at individual stocks shows that Qatar Islamic Bank's share price shed 3.9% over the week to QR 19.700. Qatar International Islamic bank's share price declined by 3.7% to QR 10.020. Qatar Gas Transport's share price plunged by 5.6% to QR 3.985. Qatar Navigation's share price closed 2.8% lower at QR 10.280. Vodafone

EQUITY MARKETS INDICATORS (JULY 30- AUGUST 5, 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	164.5	-0.3%	27.5%	4.9	-40.9%	0.2	18,587.6	1.4%	-	0.40
Jordan	362.7	-0.4%	-6.7%	21.0	-88.6%	11.0	23,967.7	0.7%	8.0	1.27
Egypt	225.8	0.0%	-4.6%	299.7	81.6%	3,554.5	37,050.8	42.1%	7.7	2.08
Saudi Arabia	497.4	-4.5%	6.8%	5,915.5	11.7%	787.3	2,905,990.2	10.6%	14.3	4.71
Qatar	177.1	-0.5%	0.2%	532.7	16.1%	715.4	175,316.4	15.8%	12.5	1.66
UAE	141.7	1.0%	3.0%	2,544.4	45.3%	3,228.9	944,413.0	14.0%	16.0	3.07
Oman	263.4	0.2%	1.2%	20.0	74.2%	29.1	23,022.8	4.5%	15.1	1.08
Bahrain	227.3	-1.4%	17.9%	3.3	-50.6%	5.5	18,640.8	0.9%	10.4	1.46
Kuwait	132.9	-2.0%	-4.2%	565.7	45.6%	815.5	135,250.6	21.7%	16.9	1.80
Morocco	269.2	0.4%	21.3%	66.3	34.3%	3.1	63,900.3	5.4%	20.5	3.65
Tunisia	65.6	-1.5%	5.8%	3.6	-25.1%	1.9	8,090.3	2.3%	11.2	2.19
Arabian Markets	951.4	-2.8%	4.2%	9,977.2	22.2%	9,152.3	4,354,230.5	11.9%	14.6	4.03

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

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

Qatar's share price fell by 1.3% to QR 1.915. Barwa Real Estate's share price dropped by 2.8% to QR 2.820. Qatar fuel's share price decreased by 0.9% to QR 16.350. Ooredoo's share price nudged down by 0.5% to QR 11.350 despite reporting a 20% year-on-year expansion in its 2023 first half net profits.

In contrast, the UAE equity markets registered further price increases (+1.0%) this week, bucking global equity weakness, mainly supported by Brent oil price gains (+2.2%), topping the US\$ 86 per barrel level following an extension of production cuts by Saudi Arabia till end-September 2023, and given some favorable company-specific factors. In Abu Dhabi, Aldar Properties' share price increased by 1.4% to AED 5.25. Aldar Properties reported a 49% year-on-year rise in its 2023 second quarter net profits to reach AED 1.2 billion. Al Waha capital's share price surged by 7.6% to AED 1.41. Al Waha Capital reported 2023 second quarter net profits of AED 94 million versus net profits of AED 59 million a year earlier. Taqa's share price closed 1.5% higher at AED 3.30. CI Capital initiated coverage of ADIB with a recommendation of "Overweight" and a price target of AED 13.60, which implies a 23% increase from last price. Alpha Dhabi Holding's share price went up by 0.9% to AED 20.10. MultiPLY Group's share price jumped by 9.2% to AED 3.43.

In Dubai, Dubai Financial Market's share price rose by 1.2% week-on-week to AED 1.65. Dubai Financial Market announced 2023 second quarter net profits of AED 77 million against net profits of AED 35 million a year earlier. Emirates NBD's share price increased by 2.4% to AED 17.00. Dubai Islamic Bank's share price went up by 0.9% to AED 5.78. Emaar Properties' share price surged by 5.2% to AED 7.07.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS SKEWED TO DOWNSIDE, TRACKING US TREASURIES MOVE

MENA fixed income markets came under downward pressures this week, mainly tracking declines in US Treasuries after Fitch cut the US top-tier credit rating citing fiscal concerns, and the US Treasury Department boosted its quarterly sale of longer-term debt for the first time in more than two years, and as strong July 2023 US private employment data pointed to a labor market strength that could shield the economy from a recession.

In the Dubai credit space, prices of sovereigns maturing in 2029 contracted by 1.50 pt week-on-week. DP World'30 was down by 0.25 pt. In the Abu Dhabi credit space, sovereigns maturing in 2026 and 2031 registered weekly price contractions of 0.13 pt and 0.75 pt respectively. Prices of Mubadala'27 contracted by 0.38 pt. ADNOC'29 closed down by 0.13 pt.

In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 posted price falls of up to 1.27 pt week-on-week. In the Qatari credit space, sovereigns maturing in 2026 and 2030 were down by 0.13 pt and 0.88 pt respectively this week.

In the Saudi credit space, sovereigns maturing in 2027, 2030 and 2031 registered price contractions of 0.25 pt, 0.63 pt and 0.38 pt respectively this week. Prices of STC'29 decreased by 0.25 pt. Regarding plans for new issues, Saudi Arabia's sovereign wealth fund mandated HSBC Holdings Plc, Standard Chartered Plc, Emirates NBD Bank PJSC and Al Rajhi Capital for a debut Islamic dollar bond sale, which could raise about US\$ 3 billion to help finance its global spending plans.

In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 posted price decreases of 0.38 pt, 0.20 pt and 0.74 pt respectively this week. In the Kuwaiti credit space, sovereigns maturing in 2027 closed down by 0.25 pt week-on-week.

In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded weekly price falls of 0.88 pt, 0.88 pt and 1.38 pt respectively.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 posted price drops ranging between 0.93 pt and 4.52 pts week-on-week. Euro-denominated sovereigns maturing in 2026 and 2031 saw price falls of 3.64 pts and 4.27 pts respectively.

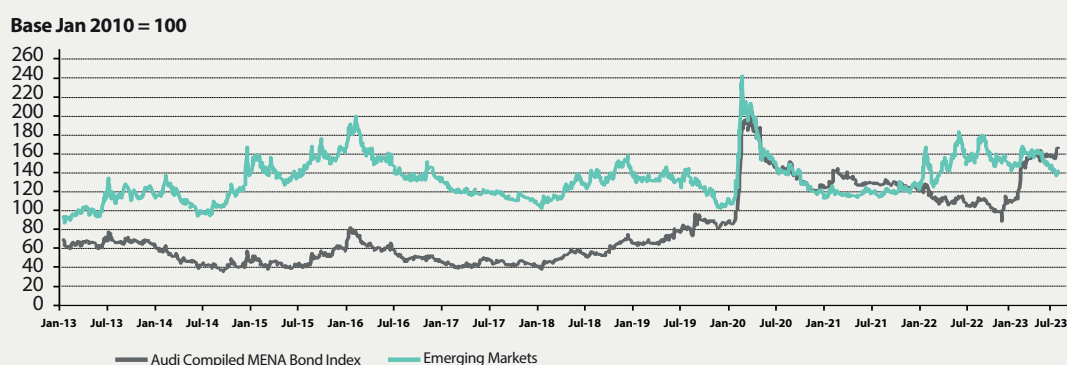
All in all, regional bond markets saw across-the-board downward price movements this week, mainly tracking declines in US Treasuries following a credit rating downgrade for the US, and as the US Treasury Department unveiled plans to "incrementally" increase the size of its auctions across the board in the third quarter of 2023 and continue increases in future quarters, as it faces a growing deficit and the need to balance the overall profile of its debt issues, while US private payrolls increased more than expected in July 2023, pointing to continued labor market resilience.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	04-Aug-23	28-Jul-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	35	34	44	1	-9
Dubai	76	70	84	6	-8
Kuwait	39	39	50	0	-11
Qatar	35	34	48	1	-13
Saudi Arabia	50	49	61	1	-11
Bahrain	237	231	231	6	6
Morocco	133	139	162	-6	-29
Egypt	1,384	1,337	877	47	507
Iraq	394	366	467	28	-73
Middle East	265	255	225	10	40
Emerging Markets	88	77	140	11	-52
Global	406	401	533	5	-127

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\$)	04-Aug-23	28-Jul-23	30-Dec-22	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	15,000.00	15,000.00	1,507.50	0.0%	895.0%
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	0.0%	-10.3%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.76	0.0%	-0.2%
UAE Dirham (AED)	3.67	3.68	3.67	-0.2%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	0.2%	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%	0.0%
Yemeni Riyal (YER)	250.29	250.24	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	135.36	135.18	137.35	0.1%	-1.5%
Moroccan Dirham (MAD)	9.75	9.77	10.44	-0.2%	-6.6%
Tunisian Dinar (TND)	3.06	3.07	3.11	-0.3%	-1.6%
Libyan Dinar (LYD)	4.80	4.80	4.83	-0.1%	-0.6%
Sudanese Pound (SDG)	549.77	546.47	573.81	0.6%	-4.2%

Sources: Bloomberg, Bank Audi's Group Research Department

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