Bank Audi

MENA WEEKLY MONITOR

SEPTEMBER 17 - SEPTEMBER 23, 2023

WEEK 38

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MENA equity markets slid into the red this week, as reflected by a 1.1% fall in the S&P Pan Arab Composite index, mainly tracking global equity risk-off mood (-2.7%) after the US Federal Reserve signaled higher for longer interest rates, and as soaring oil prices fueled global economic concerns. This was exacerbated by deepened China's property woes, which are expected to cut off the nation's economic growth leading to "subpar rates" for at least six years. In parallel, regional bond markets registered across-the-board downward price movements, mainly tracking US Treasuries move after the US Fed delivered more hawkish than expected interest rate projections at its September FOMC meeting.

MENA MARKETS: SEPTEMBER 17 - SEPTEMBER 23, 2023

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-1.1%	Weekly Z-spread based bond index	+0.8%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+0.4%	YTD Z-spread based bond index	+72.2%

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ECONOMY

STRONG LENDING IN THE GCC BANKING SECTOR DESPITE HIGHER INTEREST RATES AS PER KAMCO REPORT

Despite the high interest rates that followed the US Federal Reserve's recent quantitative tightening, the banking sector within the Gulf Cooperation Council exhibited continuous lending growth during the second quarter of 2023, as per findings from a Kamco Invest report.

The most recent Kamco report attributed this sequential growth during the quarter to a robust projects market pipeline and government efforts to mitigate the impact of higher interest rates.

In response to persistent inflation in the US economy, the Federal Reserve raised its key interest rate to 5.5 percent in July 2023, marking its highest level in over two decades.

The report added that the impetus provided by a range of new big-ticket projects and reform initiatives announced across the GCC, which in turn have boosted corporate lending.

Moreover, GCC-listed banks registered a record-high distribution of $1.9 trillion in gross loans at the end of the second quarter.

Kamco's report underscored a quarter-on-quarter growth of 1.9 percent or $36.3 billion, backed by growth observed across all GCC markets.

Similarly, the report noted that aggregate net loans experienced a slightly more modest growth of 1.7 percent during the quarter, reaching a total of $1.8 trillion.

Zooming in on specific countries, the report outlined Saudi Arabia's standout performance in outstanding credit facilities, marking a 2.5 percent growth during the second quarter of 2023. In contrast, Kuwait, Qatar, Bahrain, and Oman witnessed below 1 percent growth rates.

The Kamco report attributed Saudi lending growth to sectors such as utilities, real estate, and trade, which exhibited over 5 percent quarter-on-quarter expansion in the second three months of 2023.

As for liquidity, the report observed that listed GCC banks reported a slight uptick of 1 percent quarter on quarter in customer deposits, reaching $2.3 trillion. This shift was driven by higher deposits across most markets, offsetting a decline in Qatar and Kuwait.

The report further added that the net impact of rapid gross loan growth in contrast to customer deposits led to a marginal escalation in the GCC's aggregate loan-to-deposit ratio, reaching 79 percent by the close of the second quarter of the year.

"Total net income reached $13.7 billion with a quarter-on-quarter increase of 3.5 percent supported by both higher net interest income and non-interest income during the quarter," Kamco's report stated, adding that higher interest rates supported net interest income during the quarter.

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

Qatar's Purchasing Managers' Index (PMI) for August 2023 registered 53.9, down by 0.1 points against July's 54.0. While the PMI noted a slight decrease, the index remains firmly above the long-term trend of 52.3 and shows an improvement in non-oil private sector performance, as per the Qatar Financial Center's (QFC) PMI report for August 2023.

It is worth noting that the Qatar PMI indices are compiled from responses to a survey by a panel consisting of 450 companies. These firms are from the manufacturing, construction, wholesale & retail and services sectors, which reflects the structure of the country's non-oil sector according to national accounts. PMI is derived from multiple components of which: new orders, output, employment, suppliers' delivery times as well as stocks of purchases.

This improvement came amid growths in new orders, output, employment and purchasing during August. Additionally, the 12-month outlook remained positive with companies continuing to complement outstanding business and cutting prices charged for goods and services for the fourth month running.

In details, new business intake has expanded sharply during August albeit at a continually softer rate since May while also remaining well above the long-run average. The financial services sector as well as the manufacturing sector saw considerable increases in new orders during the month, as per as per the QFC PMI report for August 2023.

Business activity also noticed a boost in performance during the month. Output levels have been following an upward trend for the past three years with the exception of January 2023 which saw a brief correction caused by the conclusion of the World Cup. Output level growth noticed during August was the third sharpest seen in 2023 so far.

Data for August shows a continued increase in employment levels within the Qatari non-oil private sector with notable increase in recruitment within service providers.

Purchasing activity continued its increasing trend during August. Despite an increase in input demand, supply chains performance for August 2023 continued improving with average lead times decreasing for the 16th consecutive month. In parallel, input inventories saw only a marginal increase during the month suggesting a continuation in proper stock level management, as per the QFC PMI report for August 2023

Inflationary pressures stood broadly in line with the long-run average during the month while staff costs increased at the sharpest rate since February. Output prices noticed the fourth consecutive decrease during the month albeit at a modest rate

At the level of future outlook, firms in Qatar's non-oil private sector remained positive in August. The positive outlook in Qatar's non-oil private sector remained broad-based with the highest degree of optimism noted among manufacturers followed by wholesalers and retailers, as per the QFC PMI report for August 2023.

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

In details, new business expanded at the fastest rate in a year and remained well above the long-term trend. Financial Services New Business Index was recorded at 64.1 within the month.

The rise in demand within the sector lead to an increase in employment at the fastest rate in circa two years. Employment Index within the sector was recorded at a 22-month high of 54.0. Total financial services activity rose at a considerable rate in line with the six and a half year series average with the 12 month outlook remaining positive.

On the other hand, August data showed a decrease in charges levied by finance companies in the country while overall cost pressures saw a marginal increase, as per the QFC PMI report for August 2023.

SAUDI ARABIA'S NON-OIL ECONOMY IMPROVES AT SOFTER RATE IN AUGUST

Saudi Arabia's Riyad Bank Purchasing Managers' Index (PMI) for August 2023 recorded 56.6, slightly above the long-term average and having dropped by 1.1 points against the month prior.

This figure denotes an improvement in operating conditions across the non-oil private sector within Saudi Arabia albeit at the softest rate noticed in almost a year. This softer than usual growth comes amid a moderation in new business and business activity with surveyed companies pointing to competitive pressures as lowering sales growth and countering the upturn driven by strong investment and favorable demand conditions.

In details, business activity growth showed a considerable drop in August 2023 which was the softest recorded since the start of 2022. However, the increase in activity was still robust amid higher new orders and market growth, as per Riyad Bank's PMI report for August 2023.

In parallel, new work orders eased for the second month in a row from June's multi-year peak. Among firms who reported a decrease in demand, an increase in competition and a slowdown in export sales were listed as the main drivers for the easing of orders.

During August, mild improvement in suppliers' delivery times was noted with the rate of improvement being the slowest in the current 19-month trend. This easing of improvement came as the increase in demand had put pressure on vendors. A sharp increase in input purchasing continued to be noted, however this increase was the slowest pace recorded in three months. Additionally, a marked increase in stock levels was noticed during the month, as per Riyad Bank's PMI report for August 2023.

Input cost inflation accelerated to the fastest degree in a bit more than a year during the month as input purchasing costs increased. However, due to competitive pressures, selling prices saw only marginal changes as firms were unable to pass on cost burdens to clients.

At the level of employment, the non-oil private sector in Saudi Arabia recorded a robust increase in staffing levels with the rate of job creating increasing vis-à-vis the month prior. This boost in employment comes mainly following the increase in new business growth with some panelists pointing to the recruitment of marketing staff. Amid an increase in employment and output, firms were able to continue decreasing their work outstanding within the month.

Looking at future outlook for the next 12 months, surveyed firms were less optimistic about future activity in August. The degree of confidence fell to the lowest level since June 2020 during the month as an increase in market entrants was noticed, as per Riyad Bank's PMI report for August 2023.

SURVEYS/REPORTS

UAE LEADS MENA REGION IN DATA CENTER EVOLUTION, AS PER JLL

As the governments' push towards digital transformation fuels demand for data centers in the Middle East, the UAE has firmly established itself as a leader in driving the data center evolution with around 28 active colocation facilities, as per a report issued by JLL titled "Unleashing the Potential: The Future of Data Centers in The Middle East and Africa".

DATA CENTERS IN THE MENA REGION

Country	Active Data Centres	Upcoming Data Centres	Key Players
UAE	28	26	Khazna, Gulf Data Hub, Equinix
Saudi Arabia	22	40	Mobily, Gulf Data Hub, STC
Egypt	15	2	Raya, Africa DATA CENTRE, Orange
Qatar	10	3	Meeza, Ooredoo, Quantum Switch Tamasuk (QST)
Morocco	9	1	N+ONE, Etix, Orange
Oman	7	5	Equinix, Ooredoo, Datamount
Kuwait	6	1	Ooredoo, Gulf Data Hub, Zajil Telecom

Sources: JLL, Bank Audi's Group Research Department

In details, the UAE has around 26 new data centers underdevelopment, which, once operational, would bring the total inventory to 54 data centers. Dubai is currently the prime market for data centers in the Emirates, with around 17 facilities, followed by Abu Dhabi. Moreover, both cities have been recognized as two of the smartest cities in the MENA region and among the top 20 globally, as indicated by Switzerland's International Institute for Management Development's (IMD) Smart City Index for 2023.

Hence, the country emerges as an appealing destination for data center investments, since it is being perceived as a secure and reliable option for investors. While Khazna, the leading data center provider in the UAE, currently operates around 12 data centers across the country, it aims to add another 12 over the course of two years, expecting to add a total planned capacity of 300 Megawatts (MW).

Elsewhere in the region, Saudi Arabia has the second highest share of data centers, with 22 colocation facilities. The future supply pipeline in Saudi Arabia is remarkably outpacing the rest of the countries, with around 40 data centers under development. Among the investments, Quantum Switch Tamasuk (QST) has set a goal to develop six new facilities across Saudi Arabia with a power capacity that would reach around 300 MW by 2026.

This expansion of data center capacity is on the back of Vision 2030 and the government's push to make the country the main Information and Communication Technology (ICT) and data center hub in the region. To support its goal, Saudi Arabia has launched a US$ 18 billion strategy to partner with local and international investors and establish a nationwide network of large-scale data centers.

Traditionally, data center investments in Saudi Arabia have been mainly directed towards the capital city, Riyadh, followed by Jeddah and Dammam. However, the areas of interest have been expanding, and more investments are projected to be pumped into Saudi Arabia's new smart city, NEOM, in the coming years.

It is worth noting that both the UAE and Saudi Arabia have made critical strides and are moving forward with their digital transformation strategies and smart city initiatives, making them at the forefront of data center investments, and expecting them to rise exponentially in the coming years. Key data center providers in the UAE include Khazna and Equinix, while JLL sees strong presence from data center operators like Mobily and STC in Saudi Arabia.

Concurrently, Egypt has a total of 15 live data centers. The countries hold a distinct advantage in its strategic location, as investors are seen expanding their reach towards coastal areas with prominent access to subsea cables, which would provide robust and efficient backbone for global data connectivity.

Also, Qatar currently has 10 live colocation data centers, with an additional three developments under construction. Furthermore, in May 2023, Google Cloud announced the opening of its Doha cloud region in response to the growing demand for cloud services in Qatar and the Middle East.

On the other hand, Morocco is another emerging North African country in the data center colocation industry and is also considered a key strategic location due to its proximity to Europe. The country has made notable progress in its digital infrastructure and has placed itself as a primary fintech hub. Morocco currently houses nine data centers (majority in Casablanca), with a limited number of future facilities launched or scheduled for completion.

In parallel, Oman, which has seven existing and five developing data centers, is also considered one of the major regional digital hubs and is focusing on increasing investments in data centers by enhancing its digital infrastructure with 5G networks. This is in addition to the country's efforts to enhance international connectivity by further expanding on its 14 existing submarine cables that are connected to the Europe, Middle East, and Africa (EMEA) and Asia regions.

Finally, with six active data centers, Kuwait partnered with Google Cloud earlier this year to open a new cloud region in efforts to support the country's 2035 vision and achieve its digital transformation strategy. Under the agreement, three sites would be dedicated to opening and operating three mega-space data centers in the country.

FITCH RATINGS AFFIRMS KUWAIT AT "AA-" WITH "STABLE" OUTLOOK

Fitch Ratings affirmed Kuwait's long-term foreign-currency Issuer Default Rating (IDR) at "AA-" with a "stable" outlook.

Kuwait's "AA-" rating balances, according to Fitch Ratings, its exceptionally strong fiscal and external balance sheets against a political context that makes fiscal consolidation and other reforms difficult, evidenced by the absence of meaningful fiscal adjustment and the absence of legislation since 2017 to authorize debt issuance.

In details, Kuwait's fiscal and external balance sheets remain among the strongest of Fitch-rated sovereigns. Fitch Ratings forecasts Kuwait's sovereign net foreign asset position would average 505% of GDP in 2023-24, remaining one of the highest among all Fitch-rated sovereigns and more than 10x the "AA" median.

On the other hand, the gridlock between government and parliament has undermined the government's ability to pass key legislation and implement significant reforms. Fitch believes that while a joint committee bringing together the government and the national assembly has been set up and a new speaker elected unanimously, it is unclear if this would be sufficient to unlock the legislative process. Even if there is progress, opposition MPs may also not want to pass some laws without concessions on their populist demands, preventing speedy reform of fiscal rigidities.

In addition, the government is seeking to pass a new debt law to allow relaunching government debt issuance, which has been halted since 2017. Fitch incorporate the assumption in their forecast, notably for government debt, that a debt law is passed in FY 24, despite considerable risks of further delays. In the absence of a debt law, Fitch assumes the government would still be able to meet its limited debt service obligations in coming years given the assets at its disposal. However, the difficulties in passing the law forced the government in recent years to rely on stop-gap measures, unusual for Kuwait's rating level, to replenish the liquid assets of the GRF (General Reserve Fund). The government cannot directly access the FGF's (Future Generations Fund) assets without parliamentary approval.

Finally, fiscal and structural challenges stemming from heavy oil dependence, a generous welfare state and a large public sector and low governance indicators also constrain the rating.

CORPORATE NEWS

ADC TO MERGE WITH UNITED PRINTING & PUBLISHING

ADC Acquisition Corporation (ADC), the UAE's first Special Purpose Acquisition Company (SPAC), inked a deal to merge with Abu Dhabi-based United Printing & Publishing, a company that prints identification cards, as revealed in a company's statement.

The transaction with ADC Acquisition Corporation would provide United Printing & Publishing with US$ 300 million (AED 1.1 billion) of new cash from the SPAC company, as well as a AED 734 million private investment in public equity that the company plans to raise. The deal implies an enterprise value of AED 600 million for the printing company.

It is worth highlighting that ADC, which is backed by Abu Dhabi's wealth fund ADQ and Chimera Investments, became the first SPAC company to be listed in the Middle East in May 2022.

SIEMENS SIGNS DEALS TO BOOST DIGITALIZATION IN SAUDI ARABIA

Siemens Saudi Arabia announced a series of agreements with Saudi Arabian businesses and institutions, in order to accelerate digitalization and sustainability in multiple sectors with the aim of helping achieve the country's Vision 2030, as mentioned in a company's statement.

In collaboration with Giza Systems and solutions by STC, Siemens would provide 5,000 flow meters for agricultural farms operated by the Ministry of Environment, Water and Agriculture (MEWA). By installing these flow meters, MEWA would gain greater transparency on water consumption to optimize water supply, reduce wastage and boost the farms' sustainability.

Saudi Coffee Company, a Public Investment Fund company, and Siemens agreed to work together on building a smart factory in Jazan based on Siemens' electrification, automation, and digitalization technologies, as well as introducing initiatives like carbon capture, renewable energy adoption, responsible waste management, and eco-friendly packaging.

Mutlaq Al Ghowairi company and Siemens were awarded two projects to build and automate water transmission pipelines for NEOM's water and energy subsidiary ENOWA, which contributes to ENOWA's objectives in setting-up a sustainable and cost competitive water supply.

Siemens also announced its collaboration with IT Belt to upgrade the national grids networking infrastructure with a resilient, reliable and secure solution.

ABR JEDDAH CONTRACTING SIGNS MOU WITH INDIA'S KNEST

Saudi-based ABR Jeddah Contracting Company, a national engineering and construction company, signed a Memorandum of Understanding (MoU) with Knest, India's largest and the world's fastest growing aluminium formwork firm, to set up an aluminium formwork factory in Saudi Arabia, as indicated in a company's statement.

The factory would boost aluminium formwork's supply in Saudi Arabia and other MENA countries.

Along with the investments, the alliance is set to kickstart knowledge sharing and collaborative growth in the sector.

FERTIGLOBE AND AD PORTS TO COLLABORATE ON LOGISTICS PROJECTS IN EGYPT AND UAE

Abu Dhabi-based Fertiglobe, a leading nitrogen fertilizer and ammonia producer and distributer, and the largest producer in the MENA region, signed a non-binding Memorandum of Understanding (MoU) with AD Ports Group, the exclusive developer and regulator of ports and related infrastructure in Abu Dhabi, to explore logistics and supply chain opportunities for storing and shipping urea and ammonia at ports in Egypt and the UAE, as reported in a company's statement.

Fertiglobe and AD Ports Group would explore potential collaboration opportunities in other geographies, as well as the development of supply chain solutions for green ammonia, a hydrogen carrier, with Fertiglobe's existing operations strategically located near key shipping routes.

By capitalizing on AD Ports Group's robust supply chain capabilities and sustainable modes of inland transportation, Fertiglobe seeks to further optimize its logistics' cost structure, a key component of its recently introduced cost optimization program, targeting US$ 50 million in recurring annualized cost savings by the end of 2024.

This MoU would also enable Fertiglobe to expand their partnership beyond Egypt and the UAE, as well as to the shipping and storage of green ammonia, in line with their commitment to deliver more sustainable products to the world.

ARAMCO TO ACQUIRE A 100% EQUITY STAKE IN ESMAX

Saudi Arabian oil giant Aramco, one of the world's leading integrated energy and chemicals companies, agreed to purchase a 100% equity stake in Esmax Distribusción SpA (Esmax) from Southern Cross Group, one of the largest independent Latin America-focused private equity company, as reported in a company's statement.

It is worth noting that Esmax is a leading diversified downstream fuels and lubricants retailer in Chile. Its national presence includes retail fuel stations, airport operations, fuel distribution terminals and a lubricant blending plant.

Aramco's planned acquisition of Esmax would be its first downstream retail investment in South America, recognizing the potential and attractiveness of these markets, while advancing Aramco's strategy of strengthening its downstream value chain.

This transaction would also enable Aramco to secure outlets for its refined products and help expand its retail, lubricants and trading businesses internationally.

The transaction is subject to certain customary conditions, including regulatory approvals.

KUFPEC TO ACQUIRE 40% OF SHELL'S EXPLORATION BLOCK OFFSHORE EGYPT

Kuwait Foreign Petroleum Exploration Company (KUFPEC) signed a farm-out agreement with Shell subsidiary, BG International Limited, to acquire 40% of Egypt's Nile Delta offshore block 3, as mentioned in a company's statement.

This new partnership in Block 3 empowers KUFPEC to boost its offshore assets and exploration activities in Egypt.

It is worth noting that Shell would remain the operator in Block 3.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES SLIDE INTO RED THIS WEEK AMID GLOBAL GROWTH JITTERS

MENA equity markets slid into the red this week, as reflected by a 1.1% fall in the S&P Pan Arab Composite index, mainly tracking global equity risk-off mood (-2.7%) following US Fed hawkish stance in its September FOMC meeting, and as soaring oil prices fueled global economic concerns. This was exacerbated by deepened China's property woes, which are expected according to the French investment bank Natixis to cut off the nation's economic growth leading to "subpar rates" for at least six years.

The heavyweight Saudi Exchange continued to follow a downward streak this week, as reflected by a 2.2% fall in the S&P Saudi index, mainly tracking global equity weakness, and pressured by domestic economic growth concerns after Saudi Arabia and Russia extended early this month their unilateral additional output cuts by three additional months through December 2023. Within this context, Goldman Sachs has recently lowered its Saudi real GDP growth forecast to 1.5% in 2023, down from 3.2% in May 2023 following oil output curbs.

A closer look at individual stock shows that SABIC's share price shed 2.9% to SR 83.00. Advanced Petrochemical Company's share price decreased by 1.2% to SR 40.30. Yansab's share price closed 0.4% lower at SR 41.75.

As to banking stocks, SNB's share price fell by 2.8% over the week to SR 33.10. Al Rajhi Bank's share price plunged by 4.8% to SR 68.00. Riyad Bank's share price shed 3.1% to SR 28.00. Alinma Bank's share price fell by 3.8% to SR 33.25. SAIB's share price retreated by 0.8% to SR 15.78. Banque Saudi Fransi's share price went down by 1.1% to SR 36.40. ANB's share price nudged down by 0.3% to SR 24.02. Also, STC's share price decreased by 1.0% to SR 38.00. Mouwasat Medical Services Company's share price tumbled by 7.0% to SR 98.80. Northern Cement's share price edged down by 0.4% to SR 11.00.

The Qatar Stock Exchange shifted to a negative territory this week, as reflected by a 0.3% retreat in the S&P Qatar index, mainly tracking global equity declines after the US Federal Reserve signaled that interest rates would remain higher for longer, stock worries about global economic growth, and as the OECD revised downward its global economic forecast for 2024 to 2.7%, citing interest rate hikes in major economies to tackle inflation and a Chinese economic slowdown. 26 out of 51 traded stocks registered price drops, while 24 stocks posted price gains and one stock saw no price change week-on-week.

A closer look at individual stocks shows that QNB's share price closed 0.7% lower week-on-week at QR 15.240. Qatar Islamic Bank's share price decreased by 0.9% to QR 18.640. Qatar International Islamic Bank's share price fell by 2.1% to QR 9.790. Masraf Al Rayan's share price retreated by 0.7% to QR 2.209. The Commercial Bank's share price declined by 1.6% to QR 5.580. Gulf International Services' share price plunged by 5.7% to QR 2.772.

EQUITY MARKETS INDICATORS (SEPTEMBER 17 - SEPTEMBER 23, 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	165.1	1.3%	28.0%	7.0	-79.9%	0.2	18,657.2	2.0%	-	0.45
Jordan	360.5	0.1%	-7.3%	18.0	-19.6%	15.2	23,662.2	4.0%	8.0	1.27
Egypt	269.1	3.0%	13.7%	337.1	27.6%	3,578.2	42,574.2	41.2%	7.9	2.14
Saudi Arabia	472.6	-2.2%	1.4%	5,837.7	-16.8%	731.1	2,980,125.6	10.2%	16.3	4.90
Qatar	167.0	-0.3%	-5.5%	486.4	-41.1%	673.2	166,366.5	15.2%	12.8	1.58
UAE	142.7	1.7%	3.8%	2,282.0	-5.9%	1,920.9	992,017.4	12.0%	16.1	3.01
Oman	262.1	-0.6%	0.7%	23.1	5.5%	46.9	22,127.5	5.4%	15.5	1.07
Bahrain	216.9	-1.8%	12.4%	2.9	-45.3%	5.0	18,413.7	0.8%	12.1	1.39
Kuwait	126.8	-1.3%	-8.6%	522.7	8.7%	666.4	130,871.4	20.8%	16.3	1.81
Morocco	248.2	0.4%	11.9%	104.0	116.8%	19.5	58,762.9	9.2%	19.5	3.40
Tunisia	61.0	-4.0%	-1.7%	10.8	106.0%	3.7	7,474.5	7.5%	12.2	1.65
Arabian Markets	**916.2**	**-1.1%**	**0.4%**	**9,631.8**	**-13.6%**	**7,660.2**	**4,461,053.1**	**11.2%**	**16.0**	**4.14**

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

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

Mesaieed Petrochemical Holding Company's share price decreased by 1.0% to QR 1.810. Ezdan Holding's share price retreated by 0.6% to QR 1.015. Mazaya Real Estate Development's share price shed 1.6% to QR 0.738. Vodafone Qatar's share price went down by 0.6% to QR 1.800.

Boursa Kuwait came under downward price pressures this week, as reflected by a 1.3% drop in the S&P Kuwait index, mainly tracking falls in global equities after the US Federal Reserve indicated fewer interest rate cuts in 2024 in its latest FOMC meeting. This compounded with higher Brent oil prices, which posed inflation risks and raised global growth concerns. A glance on individual stocks shows that National Bank of Kuwait's share price decreased by 1.2% to KWf 914. Kuwait International Bank's share price shed 3.2% to KWf 153. Burgan Bank's share price dropped by 3.7% to KWf 185. Arzan Financial Group's share price fell by 3.6% to KWf 162. United Real Estate's share price decreased by 3.5% to KWf 52. Mobile Telecommunications' share price declined by 1.8% to KWf 496. Agility Public Warehousing's share price went down by 3.2% to KWf 550.

In contrast, the Egyptian Exchange continued to follow an upward streak this week (+3.0%), bucking global and emerging equity weakness, mainly as market players continued to add Egyptian equities to their holdings to hedge against soaring domestic inflation which has hit 37.4% annually in August 2023. A closer look at individual stocks shows that CIB's share price went up by 1.9% to LE 59.85. Abu Qir Fertilizers & Chemical Industries' share price jumped by 7.5% to reach LE 62.35. Eastern Tobacco's share price rose by 1.4% to LE 24.85. Telecom Egypt's share price surged by 5.5% to LE 30.50. El Sewedy Electric Company's share price nudged up by 0.5% to LE 22.63. Alexandria Containers & Goods' share price climbed by 18.5% to close at LE 32.09.

FIXED INCOME MARKETS: ACROSS-THE-BOARD WEEKLY PRICE CONTRACTIONS IN MENA BOND MARKETS

MENA fixed income markets registered across-the-board downward price movements this week, mainly tracking US Treasuries move after the US Federal Reserve delivered more hawkish than expected interest rate projections at its September FOMC meeting, signaling higher for longer Federal Fund Rate.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price contractions of up to 0.78 pt this week. Saudi Aramco'25 traded down by 0.50 pt. STC'29 posted a price decrease of 1.00 pt week-on-week.

In the Dubai credit space, sovereigns maturing in 2029 registered price contractions of 0.25 pt week-on-week. Majid Al Futtaim'29 closed down by 0.13 pt. In the Abu Dhabi credit space, prices of sovereigns maturing in 2026 declined by 0.50 pt, while sovereigns maturing in 2027 and 2031 recorded price contractions of 0.63 pt each this week. Prices of ADNOC'29 went down by 0.25 pt. Taqa'26 and '28 traded down by 0.25 pt and 0.13 pt respectively. Prices of Mubadala'27 decreased by 0.38 pt. Regarding new issues, the UAE returned to international debt markets for the first time since July 2022 through the sale of a 10-year US$ 1.5 billion bond priced at 60 bps over US Treasuries of similar maturity versus an initial price guidance of 85 bps over UST. The bond sale attracted more than US$ 6.8 billion in orders.

In the Bahraini credit space, sovereigns maturing in 2027, 2031 and 2032 registered price drops of 0.33 pt, 0.83 pt and 0.90 pt respectively this week. Prices of NOGA'27 went down by 0.25 pt. In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price decreases of 0.50 pt and 0.88 pt respectively week-on-week. Ooredoo'26 was down by 0.25 pt.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 declined by 0.29 pt week-on-week. In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 posted price contractions of 0.28 pt, 0.37 pt and 1.13 pt respectively this week.

In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded price declines of 0.38 pt, 0.63 pt and 0.88 pt respectively week-on-week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027 and 2040 posted price contractions of 0.13 pt and 0.50 pt respectively this week, while sovereigns maturing in 2030 and 2032 recorded price rises of 2.67 pts and 0.18 pt respectively this week. Euro-denominated sovereigns maturing in 2026 and 2031 recorded price gains of 0.18 pt and 0.29 pt respectively week-on-week.

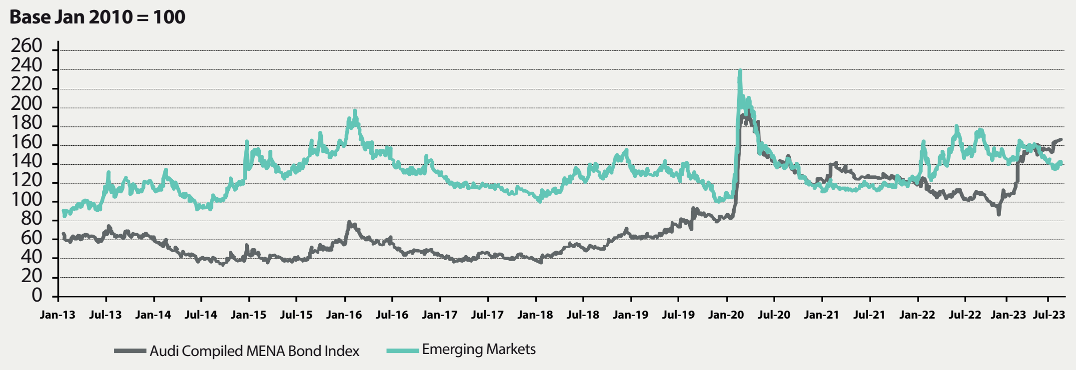
All in all, regional bond markets came under downward price pressures this week, mainly tracking declines in US Treasuries after the US Federal Reserve projected another rate hike by year-end and much tighter monetary policy through 2024 than previously expected to fight still too high inflation, and as the median dot in the Summary of Economic Projections showed 50 bps of cuts in 2024 versus the 100 bps cut projected in June 2023.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	22-Sep-23	15-Sep-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	36	33	44	3	-8
Dubai	64	62	84	2	-20
Kuwait	44	40	50	4	-6
Qatar	37	34	48	3	-11
Saudi Arabia	49	45	61	4	-12
Bahrain	212	205	231	7	-19
Morocco	133	131	162	2	-29
Egypt	1,507	1,471	877	36	630
Iraq	356	351	467	5	-111
Middle East	271	263	225	8	46
Emerging Markets	81	89	140	-8	-59
Global	483	434	533	49	-50

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+/Stable/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$)	22-Sep-23	15-Sep-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)	30.90	30.80	24.71	0.3%	25.0%
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)	3.68	3.67	3.67	0.3%	0.3%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	0.1%	0.8%
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)	250.30	250.25	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	137.12	136.91	137.35	0.2%	-0.2%
Moroccan Dirham (MAD)	10.25	10.28	10.44	-0.2%	-1.8%
Tunisian Dinar (TND)	3.15	3.15	3.11	0.1%	1.4%
Libyan Dinar (LYD)	4.86	4.85	4.83	0.3%	0.7%
Sudanese Pound (SDG)	610.66	610.70	573.81	0.0%	6.4%

Sources: Bloomberg, Bank Audi's Group Research Department

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