Bank Audi

MENA WEEKLY MONITOR

OCTOBER 29 - NOVEMBER 4, 2023

WEEK 44

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Economy

p.2 MIDDLE EAST AIR PASSENGER TRAFFIC IN 2023 TO REACH 96.8% OF PRE-COVID LEVELS

The region's passenger volumes will fully recover in 2024, with a projected 429 million travellers, Airports Council International World says. The Middle East's air passenger traffic is forecast to reach 96.8 per cent of pre-Covid levels in 2023, handling 394 million travellers, as the region continues its recovery from the effects of the pandemic.

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The UAE ranked 1st in the MENA region and 7th globally in the Global Electric Mobility Readiness Index (GEMRIX) 2023, issued by Arthur D. Little, the global management consulting firm.

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Saudi Power Procurement Company (SPPC) announced the winning bidders for four of its key conventional independent power plant (IPP) projects (Taiba-1, Taiba-2, Qassim-1, and Qassim-2) being set up in Saudi Arabia at an investment of nearly US$ 7.8 billion (SR 29 billion), as indicated in a company's statement.

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p.9 MARKETS IN BRIEF: WEEKLY PRICE GAINS ACROSS MENA CAPITAL MARKETS

MENA equity markets registered strong price rebounds over this week, as reflected by a 4.4% rise in the S&P Pan Arab Composite index, mainly tracking global equity strength (+5.3%) Following another rate pause by the US Fed and on bets that the Israel-Hamas conflict would remain relatively contained. In parallel, regional bond markets continued to see across-the-board price gains, mainly tracking US Treasuries move after the US Federal Reserve held its benchmark rate at 22-year high in its November FOMC meeting and signaled that tighter financial and credit conditions for households and businesses are likely to weigh on US economic activity, hiring, and inflation.

MENA MARKETS: OCTOBER 29 - NOVEMBER 4, 2023

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+4.4%	Weekly Z-spread based bond index	-0.5%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-1.8%	YTD Z-spread based bond index	+73.7%

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ECONOMY

MIDDLE EAST AIR PASSENGER TRAFFIC IN 2023 TO REACH 96.8% OF PRE-COVID LEVELS

The region's passenger volumes will fully recover in 2024, with a projected 429 million travellers, Airports Council International World says. The Middle East's air passenger traffic is forecast to reach 96.8 per cent of pre-Covid levels in 2023, handling 394 million travellers, as the region continues its recovery from the effects of the pandemic.

The region's passenger volumes are expected to fully recover in 2024, with a projected 429 million travellers, or 105.4 per cent of 2019 levels, according to the Airports Council International World.

The Middle East was the fastest-recovering travel market in 2022 with this streak expected to continue in 2023, the trade association for airports – representing nearly 2,000 airports worldwide – said in its industry outlook for 2023–2024.

This comes as the Middle East's tourism sector has recorded the strongest post-pandemic rebound in the world, despite persistent global economic challenges, according to a separate report by HSBC.

The region, home to the biggest Arab economy, Saudi Arabia, and the global leisure and commercial hub of the UAE, is unique in recording a “total recovery” in terms of tourist arrivals in the first quarter of 2023, the bank said in its August report.

The number of tourist arrivals in the first three months of this year climbed 15 per cent compared with levels recorded in 2019.

ACI World projects that global air travel will nearly return to pre-pandemic levels by the end of 2023, with all regions expected to reach this mark in 2024.

Global volumes in 2023 will reach 8.6 billion passengers, which is 94.2% of the 2019 level, before fully recovering in 2024.

Next year is expected to be a milestone for global passenger traffic recovery as it reaches 9.4 billion passengers, exceeding the 9.2 billion passengers recorded in 2019.

However, compared with the pre-Covid forecast that predicted 10.9 billion passengers globally in 2024, the effects of the pandemic represent a potential loss of 13.9%, ACI World's data shows.

"Upside factors include the reopening of the Chinese market and surge in domestic travel, supply chain disruptions gradually subsiding and inflation slowing down," said ACI World's director general.

"While downside risks remain present, we are filled with optimism about the industry's future.
"This sector remains a steadfast force in global economic recovery, bridging connections among people, cultures and economies.”

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SAUDI ARABIA'S PROJECT PIPELINE FOR THE CONSTRUCTION SECTOR VALUED AT US$ 2 TRILLION FOR THE NEXT EIGHT YEARS

The construction sector in Saudi Arabia holds a project pipeline worth circa SAR 8.0 trillion (US$ 2.1 trillion) for the next eight years.

According to the Head of the National Development Division at the Public Investment Fund (PIF), Saudi Arabia's construction and building material sector is expected to grow at a rapid pace.

For the next eight years, the Head of the National Development Division at the PIF expects SAR 3.0 trillion (US$ 800.0 billion) of spending on construction efforts at the level of PIF and SAR 8.0 billion (US$ 2.1 trillion) at the national level in Saudi Arabia.

This increasing activity comes amid the country's goal in diversifying its economy away from oil and into other sectors such as tourism, entertainment, technology and renewable energy. These efforts in turn require the development of infrastructure in order to back this growth.

According to the Head of the National Development Division at the PIF, the aforementioned sector is forecast to play a major role in economic growth while also contributing to the social capital and cultural capital that the country creates and exports. This forecast comes as young entrepreneurs have been increasingly putting business plans together within the country.

Saudi Arabia's private sector stands as relatively large as compared with neighboring economies with stronger capabilities due to a robust base to build on. Additionally, the private sector in the country is undergoing a transition through the development of new industries that did not previously exist boosted with a highly skilled and capable workforce. The workforce in the country is capable of bringing capital, operating capacity and operating capabilities, as per the Head of the National Development Division at the PIF.

As a result of the private sector's high capabilities the sector will majorly benefit from Saudi Arabia's Vision 2030 with PIF playing a significant role of hedger to the local economy as the funds act as financial cushions. The saved funds are meant to be used to aid the country navigate and overcome economic difficulties as well as support government spending, stabilize financial markets and stimulate economic recovery.

The PIF has the ability to employ people in order to generate economic rent to fund the social programs that the state provides to citizens, national security and the operations of the government among other things.

It is worth noting that earlier this year the PIF had hosted a forum in Riyadh, which connected 50 of the fund's portfolio companies with 4,000 private sector participants. This forum was part of the fund's 2021-2025 strategy that aims to crowd-in commercial enterprises, creating opportunities for local businesses to collaborate in growing a more diverse, internationally competitive economy. The Head of the National Development Division at the PIF additionally noted that the next private sector forum will start in February 2024 and is expected to be bigger than the prior one.

ADCCI SIGNS MOU WITH DGE AIMING TO ADVANCE EMIRATI TALENT IN THE PRIVATE SECTOR

The Abu Dhabi Chamber of Commerce and Industry (ADCCI) has signed a Memorandum of Understanding (MoU) with the Department of Government Enablement – Abu Dhabi (DGE). The MoU forms a framework for bilateral cooperation between the two bodies for the support of all programs, initiatives and projects aiming to bolster and advance Emirati talent within the country's private sector.

Under the terms of the MoU, the DGE will work on facilitating the placement of appropriate candidates through its Mawaheb hub, offering training to job seekers and organizing open employment days. The DGE will also provide resources for the ADCCI's members for use in unifying recruitment platforms and share reports on companies' performance, results and cooperation levels.

Additionally, the MoU highlights a shared commitment in a bid to support a myriad of programs and projects that work on training and recruiting Emirati nationals within the country's private sector.

The memorandum tackles the organization of meetings and awareness workshops as well as the publishing of educational newsletters in order to increase the UAE's talent integration in the private sector.

Additionally, the MoU signed between the two entities works on fostering a nurturing environment in order to enhance capabilities and boost knowledge, which can benefit the Abu Dhabi job market.

Joint working groups will be established between the ADCCI and the DGE with the aim of addressing the challenges of the business community and work on improving the recruitment process through the Mawaheb Talent hub. This move also comes within the framework of the MoU.

In parallel, joint workshops between the ADCCI and DGE will be established. These workshops will work on acquainting employees in the private sector with the services, policies and initiatives of the DGE.

ADCCI will also work on encouraging its members to participate in the process of Emiratization that these initiatives bring as well as launch programs aiming to develop and train national staff. These programs will align the national staff with the demands of the private sector in the country.

According to the CEO of ADCCI, the chamber is working on the nurturing of an entrepreneurial spirit within the younger generation and future entrepreneurs. The ADCCI puts in continuous efforts in order to motivate them to be part of the business community and foster creativity, leadership, excellence and innovation within the job market. The chamber also supports them in addressing challenges and solidifying their pivotal role in driving sustainable economic development.

The MoU reflects the ADCCI's commitment to cooperate with various parties with the aim of creating job opportunities for nationals in the private sector as well as enhance awareness towards the importance of being part of the sector.

According to the DGE Representative on Human Resources and Talent Affairs, the MoU holds major strategic significance. This comes as the partnership will support human capital development and empower future generations within the country to achieve their career goals. This MoU falls in line with Mawaheb's primary goal to prepare the UAE's nationals for the requirements and needs of the job market through specialized workshops and knowledge enrichment programs. Additionally, the MoU falls in line with DGE's commitment to bolster the UAE's nationals capabilities and enabling their success in advancing Abu Dhabi's growth.

SURVEYS/REPORTS

UAE RANKS 1ST IN MENA REGION AND 7TH GLOBALLY IN GLOBAL ELECTRIC MOBILITY READINESS INDEX 2023

The UAE ranked 1st in the MENA region and 7th globally in the Global Electric Mobility Readiness Index (GEMRIX) 2023, issued by Arthur D. Little, the global management consulting firm.

GEMRIX 2023 IN MENA REGION

Regional Rank	Global Rank	Country	Index Value	Macro factors	EV market & competitive landscape	Customer EV readiness	Public charging infrastructure	TCO & government regulation
1	7	UAE	57	7	7	19	15	8
2	9	Qatar	54	8	8	17	13	8
3	13	Jordan	46	5	6	16	8	12
4	14	Kuwait	46	7	6	13	12	8
5	18	Bahrain	43	7	5	11	12	8
6	19	Oman	43	6	6	11	12	7
7	20	Algeria	42	3	1	15	12	10
8	22	Morocco	38	3	4	17	5	9
9	23	Saudi Arabia	38	6	7	10	7	8
10	28	Egypt	32	3	2	9	6	12
11	29	Lebanon	31	4	2	6	6	14
12	33	Iraq	28	4	1	8	7	8

Sources: Arthur D. Little, Bank Audi's Group Research Department

The 2023 GEMRIX has been calculated for 35 countries. The index provides a platform to compare countries' preparedness and progress toward e-mobility.

GEMRIX is calibrated between notional scores of 0 and 100. A score of 100 implies that Internal Combustion Engine (ICE) vehicles and Electric Vehicles (EVs) are at the same level in terms of acceptability, affordability, and availability. The higher the score, the higher the favorable transition to EVs in the country. Thus, a score beyond 100 shows that EVs are even more beneficial than ICEs.

GEMRIX comprises five major categories reflecting EV adoption including macro factors, EV market and competitive landscape, customer EV readiness, public charging infrastructure and Total Cost of Ownership (TCO) and government regulation.

In details, EVs are increasingly visible on the UAE's roads. This number is set to expand rapidly in the coming years and would interlink the transport and electricity sectors like never before, as the UAE aims to become carbon neutral by 2050.

Under UAE Vision 2021, the government has placed a strong emphasis on promoting the adoption of EVs across the country. Dubai, for example, has launched its Green Mobility Strategy 2030, under which it aims to have approximately 42,000 electric cars on the streets of Dubai by 2030.

Furthermore, ADNOC Distribution, the UAE's largest fuel and convenience retailer, and Abu Dhabi National Energy Company are coming together to create new joint venture (JV) E2GO. The venture aims to become the primary provider of EV charging points and infrastructure in Abu Dhabi, with plans to deploy a network of fast chargers at key locations, providing associated solutions like parking and tolling services and related digital platforms to enhance EV charging.

Elsewhere in the region, Qatar ranked 2nd regionally and 9th globally in the index. A boost to the EV landscape comes from the recently concluded FIFA World Cup 2022 in Qatar, where the use of electric buses and taxis raised awareness of EVs among tourists and locals, while also encouraging consumers to choose EVs. To bring EVs and hybrid EVs to Qatar, the country is forming partnerships with several international automakers.

The report also reveals significant advancements in EV readiness across the MENA region, with Jordan, Kuwait, Bahrain, Oman and Saudi Arabia also featuring in the global rankings. This achievement signifies the MENA region's commitment to sustainable transportation and their aim to reduce carbon emissions.

FITCH RATINGS AFFIRMS MOROCCO AT “BB+” WITH “STABLE” OUTLOOK

Fitch Ratings affirmed Morocco's long-term foreign-currency Issuer Default Rating (IDR) at “BB+” with a “stable” outlook.

Morocco's “BB+” ratings are supported by a record of sound macroeconomic policies that underpin resilience to shocks, strong official creditor support, a favorable debt composition and comfortable liquidity buffers. Set against these strengths are development and governance indicators that are lower than peers, a high budget deficit and public debt, and Morocco's vulnerability to adverse weather conditions.

Fitch projects GDP growth at 2.7% in 2023, driven by base effects as agriculture improved, and reconstruction efforts may provide a boost to economic growth in 2024 and 2025, reaching 3.2% and 3.3%, respectively, supported by infrastructure spending, strong industrial performance and recovery in domestic consumption.

However, Morocco's growth remains vulnerable to rainfall level and normalization of agriculture. Moreover, worsening global economic developments that are increasing commodity prices volatility and feeding inflationary pressures, as well as a slowdown in the Eurozone, are downside risks to the growth outlook.

Fitch forecasts a central government deficit of 5% of GDP in 2023, down from 5.2% in 2022. Mild revenue growth (+0.9% y-o-y through September) has been supported by higher tax collections, but government spending has faced upward pressures (+7.2% y-o-y), as the drought affected food supply and high inflation. Although gas subsidies were lower than budgeted, subsidies on food and for farmers increased and investment in water infrastructures accelerated.

The credit rating agency forecasts the Central Government deficit to decline to 4.8% of GDP in 2024 and 4% in 2025, above the “BB” median forecast of 3.2%, but there are significant risks to the gradual fiscal consolidation scenario.

The Central Government debt is forecasted to increase to 74.1% of GDP by 2025, from 71.6% in 2022 under Fitch’s current fiscal consolidation baseline scenario. Fitch forecasts general government debt (consolidating CG, social security and local authorities) to rise to 67.9% of GDP in 2025, from 66.2 % in 2022, significantly above the projected “BB” median of 51.9%. The share of dirham-denominated CG debt is high at 73.1% (end-2022), and close to 90% is fixed rate, limiting currency and interest rate risks.

However, Morocco's financing flexibility is underpinned by access to a large domestic investor base and strong official creditor support, which Fitch expects that it would help finance reconstruction-related costs and higher borrowing requirements.

CORPORATE NEWS

SPCC ANNOUNCES WINNING BIDDERS FOR US$ 8 BILLION SAUDI POWER PROJECTS

Saudi Power Procurement Company (SPPC) announced the winning bidders for four of its key conventional independent power plant (IPP) projects (Taiba-1, Taiba-2, Qassim-1, and Qassim-2) being set up in Saudi Arabia at an investment of nearly US$ 7.8 billion (SR 29 billion), as indicated in a company's statement.

These projects, which boast a total of 7.2 GW capacity, are being implemented as part of the country's energy mix plan under the supervision of the Ministry of Energy.

A consortium of Saudi Electricity Company (SEC) and ACWA Power, a leading regional developer of power and desalination projects, clinched the winning bid for Taiba-1 and Qassim-1 Combined-Cycle Gas Turbine (CCGT) projects, which would be developed at total investment of US$ 3.9 billion (SR 14.6 billion). In parallel, a consortium of Saudi-based Al Jomaih Energy and Water Company, along with French utility major EDF and Buhur for Investment Company, won the Taiba-2 and Qassim-2 projects.

Each project would be developed on a Build, Own and Operate (BOO) basis by the wining consortiums, which would be 100% owned by the successful bidder.

In the aim of meeting the future load demand of the electrical system, the energy mix plan would also ensure the reliability and of energy supply, localization of the gas turbines industry, as well as permit the utilization of carbon capture technologies.

PIF AND PIRELLI TO SET UP US$ 550 MILLION TIRE FACILITY IN SAUDI ARABIA

The Public Investment Fund (PIF) and Milan-based Pirelli Tyre S.P.A (Pirelli), a leading global tire manufacturer, signed a Joint Venture (JV) agreement to build a tire manufacturing facility in Saudi Arabia, as revealed in a company's statement.

PIF would hold a 75% stake in the new JV, with Pirelli holding the remaining 25% and acting as a strategic technology partner to support the development of the project by providing technical and commercial assistance.

The total investment in the JV is around US$ 550 million. The plant is expected to start production in 2026.

The JV would manufacture high-quality tires for passenger vehicles, under the Pirelli brand, and would also manufacture and market tires under a new local brand targeting the domestic and regional market.

The plant is expected to generate an annual production capacity of 3.5 million units, bringing additional economic benefits and complemented by a commitment to environmental sustainability. The JV would also serve as an important anchor to attract further investment to Saudi Arabia.

Through this JV, PIF and Pirelli are committed to localize manufacturing capabilities for an important segment in the automotive industry and enable upstream and downstream activities across the value chain. Pirelli would also offer technical support and expertise to design, develop and operate the plant.

In line with its local-for-local strategy, Pirelli, through the JV, would become the first tire maker to directly source production in Saudi Arabia.

The closing of the transaction is subject to obtaining approvals from the relevant authorities and satisfying certain conditions under the agreement.

ARAMCO AND ENOWA TO BUILD FIRST E-FUEL DEMONSTRATION PLANT

Saudi Aramco, one of the world's leading integrated energy and chemicals companies, and ENOWA, NEOM's energy and water company, signed a joint development agreement to construct and establish a first-of-its-kind synthetic electro fuel (e-fuel) demonstration plant, as reported in a company's statement.

It would be located in ENOWA's Hydrogen Innovation and Development Center (HIDC) and aims to demonstrate technical feasibility and commercial viability by producing 35 barrels per day of low-carbon, synthetic gasoline from renewable-based hydrogen and captured carbon dioxide.

The e-fuel technology, built on a circular carbon economy approach, has the potential to reduce CO2 emissions by over 70% on a complete life cycle basis, compared to conventional fuels.

Under the agreement, NEOM would oversee the construction of the plant, while Aramco and ENOWA would jointly oversee operations and investment in relevant research programs.

It is worth noting that the demonstration plant in NEOM is the result of intensive research and development efforts aiming to optimize the production of synthetic fuels.

These projects would supply power to approximately 3 million residential units annually.

HAMRIYAH FREEZONE AUTHORITY AND AMAZON UAE SIGN DEAL FOR NEW LOGISTICS CENTER

Hamriyah Freezone Authority (HFZA) and Amazon UAE signed a lease agreement for a new logistics center, which would enhance delivery services for customers in the Northern Emirates, as mentioned in a company's statement.

Once launched, the new center would enable a seamless delivery experience across the Northern Emirates.

HFZA's strategic location and infrastructure, combined with over 20 years of Amazon's global technology and operational expertise, would further scale convenience and reliability for customer orders.

In line with HFZA's vision to bolster economic growth and innovation in the region, the agreement supports Amazon UAE's commitment to investing in its presence across the country.

TOTALENERGIES EXTENDS PARTNERSHIP WITH OMAN LNG

TotalEnergies signed an amendment to extend its partnership with Oman LNG, an Omani Liquefied Natural Gas (LNG) joint venture, in which the company holds a 5.5% stake, as mentioned in a company's statement.

Located on the northeast coast of Oman, the Oman LNG liquefaction complex comprises two liquefaction trains, each with a capacity of 3.8 million metric tons of LNG per year (mtpa). It is adjacent to the Qalhat LNG project, comprising one 3.8 mtpa train, and in which Oman LNG holds a stake. This brings the site's total production to 11.4 mtpa.

Through this agreement, TotalEnergies is extending beyond 2024 its interest in Oman LNG, by ten years, and in Qalhat LNG, by five years.

The parties agreed to finance investments to reduce the plant's GHG emissions during this extension.

CAPITAL MARKETS

EQUITY MARKETS: PRICE REBOUNDS IN MENA EQUITIES DURING EARNINGS SEASON, AND TRACKING GLOBAL EQUITY STRENGTH ON REDUCED SPILLOVER WAR FEARS

MENA equity markets registered strong price rebounds over this week, as reflected by a 4.4% rise in the S&P Pan Arab Composite index, mainly tracking global equity strength (+5.3%) after the US Federal Reserve extended pause on rate hikes in its November FOMC meeting, acknowledging strong US economy and tighter financial conditions faced by households and businesses, and as Israel's ground incursion into Gaza appeared less extensive than investors had feared, reducing regional spillover war fears.

The heavyweight Saudi Exchange bounced back this week, as reflected by a 5.1% surge in the S&P Saudi index, mainly tracking global equity price gains following the US Federal Reserve's rate pause and policy commentary, which have fueled bets that the US monetary tightening may have reached its end, and on speclation that Israel's ground invasion of Gaza would not have global repercussions impacting oil and gas supplies. This compounded with some upbeat Saudi corporate earnings and favorable company-specific factors.

A closer look at individual stocks shows that SABIC's share price increased by 2.1% week-on-week to SR 78.30. Sipchem's share price went up by 3.1% to SR 32.90. Yansab's share price rose by 2.3% to SR 38.10. Saudi Kayan Petrochemical Company's share price closed 2.4% higher at SR 10.96.

Also, SNB's share price jumped by 13.2% over the week to SR 36.00. Saudi Awwal Bank's share price climbed by 8.9% to SR 34.85. Al Rajhi Bank's share price surged by 9.0% to SR 70.00. Saudi Telecom's share price went up by 6.1% to SR 38.25. Saudi Telecom announced a 38% year-on-year expansion in its 2023 third quarter net profits to reach SR 4.9 billion, exceeding average analysts' estimate. Dur Hospitality's share price increased by 1.9% to SR 23.64. Dur Hospitality reported 2023 third quarter net profits of SR 4.4 million against a net loss of SR 2.1 million a year earlier. NADEC's share price closed 3.6% higher at SR 47.50. NADEC posted 2023 third quarter net profits of SR 75 million compared to net profits of SR 28 million during the corresponding period of 2022. Etihad Etisalat's share price closed 4.9% higher at SR 46.95. FAB securities raised its recommendation on Etihad Etisalat's stock from "Hold" to "Buy", with a target price of SR 50, which implies a 10% increase from last price. Bank AlBilad's share price closed 2.6% higher at SR 37.60. FAB Securities raised its recommendation on Bank AlBilad's stock to "Buy" from "Hold", with a price target of SR 43, which implies a 17% increase from last price.

The UAE equity markets shifted into a positive territory this week, registering strong price gains of 6.1%, mainly tracking strength in global equities, and supported by some favorable financial results, and as investors expressed a cautious relief that Israel's ground invasion into Gaza Strip hasn't yet spilled over into a broader regional conflict.

In Abu Dhabi, Burjeel Holdings' share price surged by 4.9% week-on-week to AED 2.97. Burjeel Holdings announced 2023 third quarter net profits of AED 137 million against net profits of AED 52 million a year earlier.

EQUITY MARKETS INDICATORS (OCTOBER 29 - NOVEMBER 4, 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	146.0	-2.3%	13.2%	37.1	95.8%	0.6	16,504.0	11.7%	-	0.39
Jordan	361.9	0.5%	-7.0%	28.4	79.0%	18.6	23,351.7	6.3%	7.8	1.20
Egypt	302.9	-2.3%	28.0%	515.0	-17.5%	3,953.6	48,311.2	55.4%	9.7	2.32
Saudi Arabia	470.1	5.1%	0.9%	7,026.0	44.8%	837.2	2,922,618.6	12.5%	15.8	4.76
Qatar	158.7	3.9%	-10.2%	692.8	50.3%	1,069.7	157,093.5	22.9%	12.5	1.44
UAE	134.4	6.1%	-2.3%	1,959.4	13.0%	1,894.4	950,568.1	10.7%	14.5	2.72
Oman	247.9	-0.6%	-4.8%	41.7	-70.2%	166.8	22,808.0	9.5%	14.1	1.00
Bahrain	217.3	-1.4%	12.7%	6.0	59.1%	6.2	17,989.8	1.7%	11.9	1.40
Kuwait	120.3	1.5%	-13.3%	533.0	-5.6%	537.8	123,739.0	22.4%	14.7	1.69
Morocco	252.8	0.6%	13.9%	28.3	-28.2%	2.5	59,881.9	2.5%	19.2	3.35
Tunisia	60.6	0.9%	-2.3%	5.2	58.1%	3.0	7,407.7	3.6%	11.7	1.61
Arabian Markets	**896.3**	**4.4%**	**-1.8%**	**10,872.9**	**28.6%**	**8,490.2**	**4,350,273.5**	**13.0%**	**15.2**	**3.99**

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

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

Aldar Properties' share price jumped by 13.7% to AED 5.57. Aldar Properties reported net profits of AED 794 million during the third quarter of 2023 compared to net profits of AED 557 million a year earlier. Etisalat's share price climbed by 8.3% to AED 19.5. Etisalat reported a 20% year-on-year expansion in its 2023 third quarter net profits to reach AED 3.0 billion. ADCB's share price went up by 6.5% to AED 8.32. Citi raised its recommendation on ADCB's stock from "Neutral" to "Buy", with a target price of AED 10.35, which implies a 29% increase from last price.

In Dubai, Dubai Financial Market's stock price jumped by 5.5% over the week to AED 1.35. Dubai Financial Market reported 2023 third quarter net profits of AED 74 million against net profits of AED 26 million a year earlier. Dubai Islamic Bank's share price closed 3.8% higher at AED 5.42. Dubai Islamic Bank announced a 20% year-on-year increase in its 2023 third quarter net profits to reach AED 1.65 billion, exceeding average analysts' estimate. TECOM Group's share price edged up by 0.4% to AED 2.61. The firm announced a 34% year-on-year rise in its 2023 third quarter net profits to reach AED 283 million.

The Qatar Stock Exchange rebounded this week, as reflected by a 3.9% rise in the S&P Qatar index, mainly on bets that Israel-Hamas conflict would remain contained, while also tracking global equity strength and supported by some strong financial results. 44 out of 51 traded stocks on the Qatar Stock Exchange posted price gains, while six stocks registered price falls and one stock saw no price change week-on-week.

A closer look at individual stocks shows that QNB's share price went up by 2.0% week-on-week to QR 15.100. QIB's share price surged by 5.2% to QR 17.900. Dukhan Bank's share price nudged up 0.8% to QR 3.60. Dukhan Bank reported a 2.5% year-on-year expansion in its net profits during the first nine months of 2023 to reach QR 1.1 billion. Ooredoo's share price surged by 12.6% to QR 10.050. Ooredoo reported a 28% year-on-year rise in its net profits during the first nine months of 2023 to reach QR 2.7 billion. Gulf International Services's share price surged by 8.4% to QR 2.827. Gulf International Services posted net profits of QR 415 million in the first nine months of 2023 compared to net profits of QR 267 million a year earlier. Qatar Insurance's share price increased by 3.2% to QR 2.444. Qatar Insurance reported 2023 third quarter net profits of QR 446 million versus a net loss of SR 149 million a year earlier. Baladna's share price jumped by 12.4% to QR 1.205. Baladna reported net profits of QR 65 million in the first nine months of 2023 against net profits of QR 56 million a year earlier.

FIXED INCOME MARKETS: EXTENDED WEEKLY BOND PRICE GAINS IN MENA REGION

MENA fixed income markets continued to see across-the-board price gains this week, mainly tracking US Treasuries move after the US Federal Reserve held its benchmark rate at 22-year high in its November FOMC meeting, which marks the second meeting in a row where the Fed has skipped a hike in its current policy-tightening cycle, while signaling that tighter financial and credit conditions for households and businesses are likely to weigh on US economic activity, hiring and inflation.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 saw weekly price gains of 0.25 pt to 1.13 pt. Mubadala'26 and '27 posted price increases of 0.25 pt and 0.63 pt respectively. Prices of ADNOC'29 went up by 0.38 pt. Taqa'28 traded up by 0.38 pt. Prices of Etisalat'24 and '26 rose by 0.38 pt and 0.25 pt respectively. Amongst financials, prices of First Abu Dhabi Bank'24 and '25 expanded by 0.13 pt and 0.25 pt respectively. Regarding plans for new issues, Ittihad International Investment hired banks for the sale of its first Islamic bonds.

In the Dubai credit space, sovereigns maturing in 2029 posted price gains of 0.38 pt week-on-week. Majid Al Futtaim'29 registered price gains of 0.25 pt. DP World'30 closed up by 0.88 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price rises of 0.63 pt and 0.88 pt respectively week-on-week. Ooredoo'26 was up by 0.25 pt. Amongst financials, prices of QNB'25 and '26 increased by 0.13 pt. Qatar Islamic Bank'24 traded up by 0.25 pt.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 registered price expansions of up to 1.50 pt week-on-week. Prices of Saudi Aramco'25 went up by 0.63 pt. SEC'24 traded up by 1.00 pt. In contrast, SABIC'28 closed down by 0.13 pt. STC'29 posted price falls of 1.13 pt.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 went up by 0.25 pt week-on-week. In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 registered price expansions of 0.47 pt, 0.80 pt and 1.35 pt respectively this week. Omantel'28 traded up by 0.45 pt.

In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 registered price expansions of 0.69 pt to 2.13 pts this week. Prices of NOGA'27 increased by 0.75 pt. 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, 2030, 2032 and 2040 posted price gains of up to 2.78 pts this week. Euro-denominated sovereigns maturing in 2026 and 2031 recorded price rises of 2.50 pts and 1.79 pt respectively. As to credit ratings, Fitch Ratings downgraded Egypt's long-term foreign currency Issuer Default Rating to "B-" from "B", with a "stable" outlook. The downgrade reflects, as per Fitch, increased risks to Egypt's external financing, macroeconomic stability and the trajectory of already-high government debt. The slow progress on reforms, including the delay on the transition to a more flexible exchange rate regime and on IMF program reviews, have damaged the credibility of exchange rate policy, and exacerbated external financing constraints at a time of increasing external government debt repayments.

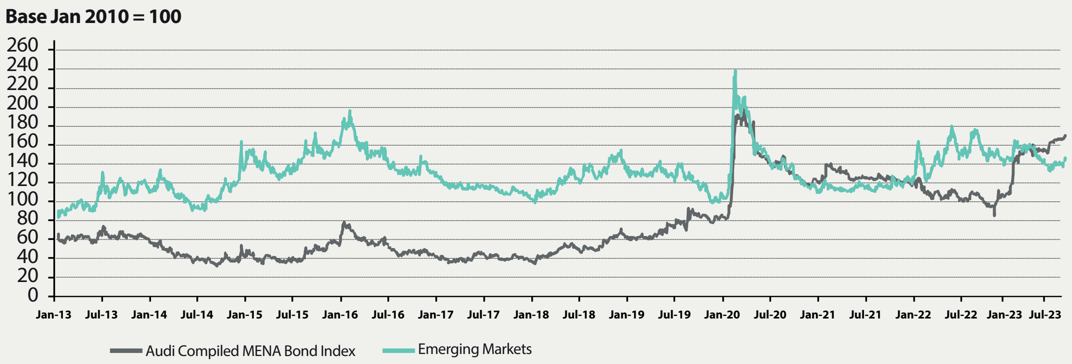
All in all, activity in regional bond markets remained tilted to the upside this week, mainly tracking declines in US Treasury yields following a second rate pause by the US Federal Reserve, and as the Fed's policy statement nodded to the tighter financial conditions faced by businesses and households. Within this context, it is worth noting that the recent sharp tightening of financial conditions sparked by a surge in long-term interest rates is bolstering the view that the US Fed may take a less hawkish stance on rates later on.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	03-Nov-23	27-Oct-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	46	52	44	-6	2
Dubai	79	86	84	-7	-5
Kuwait	54	58	50	-4	4
Qatar	55	60	48	-5	7
Saudi Arabia	63	70	61	-7	2
Bahrain	239	262	231	-23	8
Morocco	139	153	162	-14	-23
Egypt	1,569	1,736	877	-167	692
Iraq	574	549	467	25	107
Middle East	313	336	225	-23	88
Emerging Markets	67	94	140	-27	-73
Global	413	438	533	-25	-120

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	Caa1/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+/Stable/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$)	03-Nov-23	27-Oct-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	30.85	24.71	0.0%	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	3.67	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%	0.9%
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)	250.27	250.27	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	135.03	136.23	137.35	-0.9%	-1.7%
Moroccan Dirham (MAD)	10.21	10.27	10.44	-0.6%	-2.2%
Tunisian Dinar (TND)	3.15	3.17	3.11	-0.7%	1.1%
Libyan Dinar (LYD)	4.89	4.90	4.83	-0.2%	1.3%
Sudanese Pound (SDG)	647.81	647.81	573.81	0.0%	12.9%

Sources: Bloomberg, Bank Audi's Group Research Department