Bank Audi

MENA WEEKLY MONITOR

DECEMBER 4 - DECEMBER 10, 2022
WEEK 49

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p.9 MARKETS IN BRIEF: MENA EQUITIES PLUNGE INTO RED, BOND MARKETS PURSUE UPWARD STREAK ON RECESSION JITTERS

MENA equity markets drifted lower this week, as reflected by a 4.2% fall in the S&P Pan Arab Composite index, mainly dragged by falling oil prices, and tracking global equity weakness (-2.3%) amid mounting global geopolitical tensions and weak November 2022 Chinese trade data, and after a chorus of Wall Street CEOs revived their gloomy predictions of a downturn in 2023 as they struck a pessimistic tone about the health of the economy. In contrast, activity in MENA fixed income markets remained tilted to the upside, on an expected downshift in the pace of tightening, and after the US Treasury yield curve inversion hit fresh four-decade extreme, sparking recession fears and fueling demand for safe-haven assets.

MENA MARKETS: DECEMBER 4 - DECEMBER 10, 2022

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-4.2%	Weekly Z-spread based bond index	-1.9%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↑
YTD stock price performance	-8.0%	YTD Z-spread based bond index	-20.9%

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ECONOMY

PWC SAYS THE GCC LOOKS SET TO WEATHER THE EXPECTED GLOBAL RECESSION IN 2023

The Middle East Economy Watch has been just released by PwC. It says the GCC looks set to weather the expected global recession in 2023.

The IMF expects 2023 to be the weakest year for global growth since 2009, aside from 2020, with at least a third of the world's population experiencing recessions. However, while the outlook for most countries has been revised down, GDP growth forecasts have been slightly revised up for the GCC in 2023.

Continued strong oil revenue is expected to enable higher government spending, providing a buffer for the non-oil economy. Nonetheless, higher interest rates, which largely track the Federal Reserve rate, do present a potential barrier to access to credit.

More positively, inflation may have already peaked in the GCC, at less than half the level seen in the US, and is expected to rapidly ease towards a modest 2% annual rate - with the exception of the oil-importing countries in the region, such as Egypt, who are facing more challenging inflationary trends.

After a brief wave in the early summer, coronavirus levels are once again low across the GCC and some countries have recorded few or zero deaths for several months. This is one factor contributing to a rebound in the tourism sector, which in several GCC states is now above 2019 levels, even before the anticipated boom in November from the Qatar World Cup.

In this report, PwC also looks in detail at developments in the hydrocarbons sector as OPEC+ implements its first new cuts since May 2020. The organisation has extended its cooperation agreement into 2023 to be able to respond if the global slowdown puts pressure on demand, although the current expectation is that there will still be solid growth in oil demand.

The OPEC+ cuts, entering their seventh year, cannot continue forever. The GCC and Iraq are bearing more than their fair share of the cuts due to production baselines that are low relative to their full production capacities. Most of them are investing heavily in expanding capacity which will further widen the gap between quota and capacity—for example by 2030 the UAE may have a capacity as high as 6 million barrels per day (b/d), twice its current OPEC+ allocated quota. This will add further pressure on OPEC+ to revise up the baselines.

DATA AND PROJECTIONS: NOVEMBER 2022

	GDP share (2022)		Real GDP growth (% y/y)		Inflation (% y/y)		Fiscal bal. (% GDP)	
	PPP	MER	2022p	2023p	2022p	2023p	2022p	2023p
Middle East	**100%**	**100%**	**6.2**	**3.9**	**4.7**	**4.4**	**5.3**	**4.1**
GCC	**59.1%**	**70.3%**	**6.4**	**3.6**	**3.7**	**2.7**	**7.3**	**6.0**
Saudi Arabia	32.5%	34.3%	7.6	3.7	2.7	2.2	5.5	3.9
UAE	13.1%	17.1%	5.1	4.2	5.2	3.6	7.7	4.9
Qatar	4.9%	7.5%	3.4	2.4	4.5	3.3	12.5	16.0
Kuwait	4.0%	6.2%	8.7	2.6	4.3	2.4	14.1	14.1
Oman	3.1%	3.7%	4.4	4.1	3.1	1.9	5.5	2.3
Bahrain	1.4%	1.5%	3.4	3.0	3.5	3.4	-4.7	-6.0
Non-GCC	**40.9%**	**29.7%**	**5.9**	**4.7**	**7.2**	**8.3**	**0.6**	**-0.4**
Egypt	26.8%	15.9%	6.6	4.4	8.5	12.0	-6.2	-7.4
Iraq	8.5%	9.6%	9.3	4.0	6.5	4.5	11.1	9.2
Jordan	2.0%	1.6%	2.4	2.7	3.8	3.0	-5.9	-6.6
Libya	2.1%	1.4%	-18.5	17.9	5.5	4.0	15.8	22.1
Lebanon	1.3%	0.6%	-	-	-	-	-	-
Palest. Terr.	0.4%	0.5%	4.0	3.5	4.9	3.4	-3.5	-3.1

Sources: PwC analysis, National statistical aithorities, IMF forecasts (WEO, Oct 2002).

AMF SIGNS US$ 1 BILLION AGREEMENT TO SUPPORT YEMEN'S REFORM PROGRAM

The Arab Monetary Fund (AMF) and with the sponsorship of Saudi Arabia has signed a US$ 1 billion agreement with Yemen's government in aid of the country's efforts at an economic, financial and monetary reform program, as stated by the Saudi Press Agency (SPA).

The sponsorship of the agreement came as a form of support to the Yemeni economy as a way to help improve the daily life of the country's population. Moreover, the agreement aims to help the government's efforts towards developing the country's banking sector, to strengthen the country's financial status and help boost Yemen's private sector and economic development, said Saudi Finance Minister in a statement.

It is worth noting that Saudi Arabia accounts for around 30% of all support given to Yemen between 2001 and 2022 with a deposit of US$ 1 billion in 2021 and US$ 2 billion in 2018 to cover basic food commodities import and increase the country's central bank foreign reserves.

The AMF-led initiative which will be operational until 2025 aims to create a foundation for Yemen's efforts to reach economic, financial and monetary stability. The initiative will also help in rebuilding the country's institutions while providing help towards social development, sustainable economic growth and the creation of jobs as well. Moreover, the program will aid in the development of the financial sector's public resources and the growth in government efficiency.

IRAQ'S GDP GROWTH FORECASTED AT 9% IN 2022

Iraq's GDP growth is forecasted at 8.7% in 2022 accredited to the rise in oil production along with a post-pandemic non-oil sector recovery, as per the World Bank.

However, without the effective implementation of economic diversification and profound structural reform, Iraq remains vulnerable to the price volatility and dwindling demand of oil, as stated by the World Bank in its Iraq Economic Monitor.

Continuous high oil prices will support the country's economic growth which is projected to eventually lead to a gradual economic slowdown in the medium-term as global demand becomes more and more sluggish. As countries move more towards a decarbonized world, Iraq's dependence on oil will pose a growing risk to its economy, as said by the World Bank in their report.

As a ratified 2022 budget is still absent, implementation of economic reforms as well as investment projects were affected by delays in the formation of a new government. Moreover, the pre-existing poverty trend and food insecurity have been exacerbated by an increase in food prices. Furthermore, with continued electricity and water shortages, any additional reduction in purchasing power could increase the risk of civil unrest.

With oil revenues at a record high, the new government of Iraq is given a unique opportunity to make efforts towards addressing structural and climate-related challenges and pursue economic diversification to make the economic growth more resilient and sustainable, as World Bank Mashreq Country Director said in a statement.

It is worth noting that the Fall 2022 of the Monitor presents the latest developments of the Iraqi economy and presents an outlook on it along with possible risks. The Special Focus section of the Monitor highlighted how Iraq's economic vulnerabilities are being magnified by climate change and states that the development and climate realities of the country are intertwined and call for urgent action. The report makes it clear that fiscal and structural reforms remains crucial to accommodate the significant macro-fiscal implications of transitioning to a robust, low-carbon economy.

FINANCING OF US$ 501 MILLION ALLOCATED TO EGYPT'S LOCAL DEVELOPMENT PROJECTS

A financing of EGP 12.3 billion (US$ 500.7 million) was allocated to local development projects for the current fiscal year (from July to mid-November), constituting 48% of total allocations of the year that are estimated at around EGP 29 billion (US$ 1.2 billion), as said by Egypt's Minister of Local Development in a statement.

The financing will be used to aid in the completion of projects in the fields of strengthening and extending infrastructure, security, firefighting and traffic. Between 35% and 94% of project implementation rate was seen in the governorates throughout the country. The plan targeted projects that followed a set of rules and standards which included positive impact on investment, helping in achieving environment level sustainability and projects that are regarded as gender-responsive, added Egypt's Minister of Local Development in his statement.

Moreover, the investments were divided into 31% going to road projects, 30% being invested in environmental improvement services, 14% allocated to the support of the local units' needs, 12% towards electricity services, 7% given to security, firefighting and traffic services and 6% invested in bridges and tunnel services, paving roads to connect villages and cities within governorates, facilitating the process of the movement and transport of products along with commercial exchange in order to raise the economic situation and pave local roads in all of Egypt's governorates.

It is worth noting that the plan of total allocations for the current fiscal year was distributed among governorates with EGP 8.4 billion (US$ 341.9 million) for projects in Upper Egypt governorates, EGP 7.7 billion (US$ 313.5 million) towards projects in Greater Cairo's governorates, EGP 5.5 billion (US$ 223.9 million) allocated to projects in the Sinai region, EGP 2.7 billion (US$ 109.9 million) towards the governorates of the Delta region, EGP 2.6 billion (US$ 105.9 million) for Alexandria's governorates and EGP 2.1 billion (US$ 85.5 million) for the Suez Canal region governorates.

TRADE DEFICIT IN JORDAN INCREASES BY 33% IN THE FIRST NINE MONTHS OF 2022

The Jordanian trade balance deficit in the first nine months has increased to JOD 8.1 billion (US$ 11.5 billion) from JOD 6.1 billion (US$ 8.6 billion) in the same period of 2021 scoring a 32.8% hike, as said by the Department of Statistics (DoS) in a statement.

The country's total exports were recorded at JOD 6.7 billion (US$ 9.5 billion) in the first nine months of 2022 up from JOD 4.7 billion (US$ 6.6 billion) or an increase of 42%. National exports have increased by 44% in the first nine months of 2022 as compared with the same period of 2021. Moreover, re-exports rose by 21.6% in the first nine months of 2022 against the same period of 2021, added the DoS in their statement.

Additionally, Imports have seen a significant rise in value reaching JOD 14.8 billion (US$ 20.9 billion) in the first nine months of 2022 up by 36.8% from JOD 10.8 billion (US$ 15.3 billion) in the same period of 2021.

SURVEYS

TUNISIA UPGRADED FROM "CCC" TO "CCC+" BY FITCH

Fitch Ratings upgraded Tunisia's long-term foreign currency Issuer Default Rating (IDR) to "CCC+" from "CCC".

The upgrade to "CCC+" reflects Fitch's view that the Staff Level Agreement reached with the IMF for a new 48-month US$ 1.9 billion Extended Fund Facility (EFF) would unlock large amounts of official creditor funding and support fiscal consolidation, despite uncertainty about continued adherence to the program. The IMF program aims to address Tunisia's main structural weaknesses (through revenue mobilization, control of the public wage bill, subsidies and public sector enterprise (SOEs) reforms) and would not require debt restructuring. Approval of the program by the IMF Board and indications of strong compliance could further support Tunisia's credit profile.

Fitch also forecasts the government financing needs to reach 16.4% of GDP and 16.8% of GDP in 2022 and 2023, respectively, pushed up by the large additional spending to absorb the shock from the war in Ukraine and external debt maturities of US$ 4 billion and US$ 2 billion, respectively.

According to the authorities, about US$ 1.3 billion financing from Saudi Arabia, Abu Dhabi and Afreximbank are at the final negotiations stage, which together with the first IMF instalment would close the funding gap for 2022. Moreover, Tunisia is negotiating another US$ 1.8 billion financing, mostly from the GCC, which on top of planned disbursements from the IMF, multilateral and western bilateral creditors (around US$ 2.4 billion) - unlocked with the IMF agreement - and domestic market funding would cover budget and external funding needs in 2023.

Furthermore, the international rating agency expects the general government deficit to decline to 5.6% of GDP in 2023 and 3.8% of GDP in 2024 from 7.3% in 2022, with lower commodity prices and reform implementation. Concurrently, the planned tax measures would maintain fiscal revenue in the range of 25%-26% of GDP, from a 22.5% average in the past five years, as per Fitch.

Finally, Fitch sees that the failure to obtain planned external funding, resulting in an increased financing stress, and wider current account deficits or other unexpected external funding needs, putting pressure on FX reserves and external debt sustainability, could individually or collectively lead to a negative rating action/downgrade.

SAUDI ARABIA'S CONSTRUCTION SECTOR IS MOST RESILIENT ACROSS MENA REGION, AS PER JLL

The global construction sector faced headwinds, impacted by Covid-19 and the subsequent supply chain disruptions to the ongoing geopolitical unrest in Europe and macroeconomic volatilities, all of which increased construction material prices, according to JLL's Q4 2022 KSA Construction Market Intelligence Report.

However, despite these headwinds and rise in material prices, Saudi Arabia's construction sector remains active and is the leading market across the MENA region.

The KSA construction output growth is anticipated to rise by 3.2% in 2022, with a further annual average growth rate (AAGR) of 4% between 2023 to 2026, according to Global Data, with the construction sector contributing SR 32.1 billion to the country's GDP in 2023.

Across the MENA region, Saudi Arabia maintained its position as the strongest market with the highest total value of project awards for four consecutive years. As of October 2022, KSA held a 35% market share with a recorded US$ 31 billion worth of contract awards against an overall MENA total of US$ 87 billion, as tracked by MEED Projects.

The pipeline value of unawarded projects for Saudi Arabia is estimated at US$ 1.1 trillion, consisting of projects from study stage through to main contractor bid with a planned award date up to 2027.

Approximately 70% comprise construction sector projects with residential, cultural, leisure, and hospitality as sub-sector leaders, which is the driving force behind economic diversification and the Vision 2030 strategy.

Based on the report, the top 20 contractors within KSA account for US$ 120 billion of projects currently under execution, representing 11% of the total future pipeline value. MEED Projects anticipates that the total value of projects awarded in KSA between 2021 to 2025 would reach US$ 569 billion, with a total of US$ 85 billion (15%) awarded from 2021 to October 2022.

JLL's market intelligence data further indicated that global economic volatility in the first two-quarters of 2022 created challenges in the local construction market in terms of delivery lead times and instant price increases, with suppliers reluctant to guarantee prices for extended periods of time.

The report also revealed improvements from Q2 to Q3 2022, implying that price peaks have passed. Yet, price increases remain a major risk due to the correlation to economic factors and observed trends since 2020.

The report also emphasizes that future construction costs must be balanced against the local market and global economic factors.

Even though commodity prices are softening, the Kingdom's construction sector is heating up, putting pressure on the existing supply chain, and highlighting the need for greater competition to complete the pipeline of projects.

While inflation projections for the country are also relatively soft in comparison to global averages, Saudi Arabia, as well as the wider MENA region, relies on importing construction materials from high inflationary countries, which affects construction material prices.

Finally, JLL points out the importance of implementing robust mitigation strategies, including a considered approach to contract execution and risk allocation, in order to face volatile market conditions and rising construction material prices, which reached a substantial peak in Q2 2022.

QATAR'S HOSPITALITY SECTOR EXPECTED TO REACH FULL OCCUPANCY RATES DURING WORLD CUP, SAYS CBRE

Amidst increasing global recession fears, Qatar's economic outlook remains positive bolstered by the increasing level of gas output along with the FIFA World Cup tournament, which would positively influence the overall economy and lead to higher spending, according to CBRE's Qatar Real Estate Market Review Q3 2022 report.

Looking at the hospitality sector, substantial improvements in Qatar's hospitality KPIs have been witnessed in the year to date to October 2022, compared to the same period in 2019. While the average occupancy rate dropping by 8.4 percentage points, the ADR (Average Daily Rate) has registered an increase of 14.7%, with the RevPAR (Revenue per available room) rate marginally dropping by 0.1%. Conversely, in the year to date to October 2022, the average occupancy rate saw a decrease of 14.6 percentage points. The ADR rate increased by 13.4%, while the average RevPAR dropped by 3.2%.

As reported by CBRE, it is estimated that from mid-November to late December Qatar's occupancy rate is to reach close to full occupancy, given that over 1.2 million fans are expected to attend the tournament.

In 2022, the country's aggregate number of hotel rooms stood at an estimated 37,000, with more than 6,000 rooms being added in 2022, according to STR Global.

Although the industry's KPIs are anticipated to decelerate post-World Cup, the infrastructure reinforcements undertaken in recent years would provide ongoing support to the industry going forward.

In the retail sector, the country's resident-based consumer spending is forecast to rise by 4.6% this year. Given the World Cup fever, the economy would continue to profit from increased levels of tourism spending and would likely maintain this traction till the end of the season, which is expected to be reflected positively on the retail segment of the market.

Looking at Qatar's residential sector, the total volume of residential transactions reached 1,119 in the year to date to September 2022, a decrease of 34.9% compared to the same period last year. Both occupiers and investors are delaying purchasing decisions until after the World Cup, for the latter this period would be particularly relevant due to leasable stock which had been reserved for the tournament being returned to the market.

The rental market has seen significant levels of demand and strong performance over the course of 2022. This is largely due to the influx seen on the back of the World Cup, as per CBRE. As this demand dissipates, it is anticipated that the performance in the rental market is likely to begin to moderate over the course of the next year.

CORPORATE NEWS

KUWAIT TO SPEND US$ 76 BILLION ON PROJECTS IN 4 YEARS

Kuwait approved around US$ 76 billion (KWD 23 billion) for 56 projects in the next four years, as stated by the government.

Projects to be executed during the current fiscal years 2022-2023 are worth US$ 4.29 billion (KWD 1.3 billion) Housing projects would receive the lion's share of allocations, with 12 large projects worth nearly US$ 33.66 billion (KWD 10.2 billion), as per the government's report.

Also, the plan consists of 10 oil projects worth US$ 19 billion (KWD 5.8 billion) and numerous other development projects with a value of US$ 23 billion (KWD 7 billion).

It is worth noting that part of the funds would be allocated for key residential cities under construction, including Sabah Al-Ahmad, Jaber Al-Ahmed and Saad Al-Abdullah cities in addition to Wafra, Matla and Abdullah Al-Mubarak cities.

SEVEN TO ESTABLISH 21 ENTERTAINMENT DESTINATIONS VALUED AT US$ 13.3 BILLION

The Saudi Entertainment Ventures (SEVEN), which is a Public Investment Fund (PIF) company, plans to spend around US$ 13.3 billion (SR 50 billion) to develop 21 entertainment destinations that would feature 150 attractions across 14 cities in Saudi Arabia, as mentioned in a company's statement.

The construction has already begun in Al Hamra district of Riyadh and is estimated to cost SR 3 billion. The site would have a built-up area of 167,000 sq.m.

Aside from the Saudi capital, the upcoming projects would be developed in Makkah, Jeddah, Dammam, Kharj, Taif, Khobar, Al Ahsa, Madinah, Yanbu, Abba, Jazan, Buraidah and Tabuk.

The entertainment company also secured partnerships with international brands, including Clip 'n Climb, Warner Bros, Discovery, Mattel and Hasbro in order to boost the Kingdom's offerings in the leisure and bring unparalleled experiences to the people and visitors of the Kingdom.

JINDAL SHADEED TO INVEST US$ 3 BILLION IN GREEN STEEL FACILITY IN OMAN'S SEZAD

Oman-based Jindal Shadeed Iron and Steel, which owns and operates the largest integrated steel complex at Sohar Port, would invest approximately US$ 3 billion to develop a manufacturing facility to produce green steel in the Special Economic Zone at Duqm (SEZAD), as mentioned in the company's statement.

The green steel facility would utilize renewable energy sources in its manufacturing operations, and would supply high-quality steel products to the automobile, wind energy and consumer durables sectors.

The company's goal is to produce five million metric tons of green steel on an annual basis that would create over US$ 800 million per annum in-country value addition, as cited by the company's CEO.

The firm also signed a memorandum of understanding with Marafiq, the centralized utility provider in Oman, to provide the facility with the utilities necessary to operate the project, such as water services and seawater for cooling purposes and other Marafiq services.

ALMARAI TO INVEST US$ 319 MILLION TO DEVELOP POULTRY HATCHERY PRODUCTION

Saudi-based Almarai Company will invest SR 1.2 billion (US$ 319.14 million) to develop poultry hatchery production facilities in Sakaka governorate in Al-Jouf region, the company said in a statement.

The investments include the development of hatchery production facilities to enhance the vertical integration of poultry supplies.

The facilities would be among the several facilities in the Al-Jouf region to ensure fresh chicken delivery to the final consumer. The move will remove the risks of relying on only one site for production, therefore meeting Almarai's biosecurity objectives.

Last month, Almarai announced investments worth SR 4.5 billion to expand poultry production in the Al-Shamli governorate, Hail Region.

MAG LAUNCHES US$ 817 MILLION RESIDENTIAL "BIO LIVING" PROJECT IN MEYDAN

MAG, a leading real estate developer in the UAE, announced the launch of Keturah Reserve, a US$ 816.78 million (AED 3 billion) luxury residential development in Meydan, as said in the company's statement.

Keturah Reserve is planned to be completed by the second quarter of 2025.

Amenities at the project include expansive communal spaces, an outdoor pool, women's and men's gyms, spas, restaurants that focus on non-processed organic foods that embrace and enhance a healthy lifestyle, and healthcare facilities, such as a homoeopathic clinic, a pharmacy and a herbalist store, as stated by MAG.

At the heart of the project lies The Park, a landscaped space across 300,000 square feet shaded by thousand-year-old olive trees sourced globally.

It is worth highlighting that the project is the first residential development in the Middle East to engage the "Bio Living" concept that incorporates nature into the built environment to improve its occupants' physical, mental and emotional health.

BAC AWARDS US$ 167 MILLION WORTH OF CONTRACTS AT BAHRAIN INTERNATIONAL AIRSHOW 2022

Bahrain Airport Company (BAC), the operator and managing body of Bahrain International Airport, has awarded more than US$ 167 million worth of contracts and accumulated investment to further enhance its operational capabilities.

The contracts were awarded to various local, regional, and international companies at the Bahrain International Airshow 2022.

The major contracts were signed with:
- Gulf Air, the state-owned airline and the flag carrier of Bahrain, for the development of a new aircraft hangar
- SITA, multinational IT company catering to the air transport industry, to introduce new biometrics technology at the Bahrain Airport
- Thales-SITA for support and maintenance services at the airport covering mission-critical systems relevant to airport security and operational passenger processing
- DHL Express, the global logistics group, to expand its local operations
- Bahrain-based Beyon Solutions for 24x7 support services for the airport's core network infrastructure
- Gulf Business Machines, for the establishment of an aviation cyber security operation center and to support and maintain the airport's wireless data network and voice collaboration

Bahrain Duty-Free was also contracted for acquiring more space for its luxury retail offerings and Bahrain Car Parks Company (Amakin) for maintenance services at the parking facilities.

Finally, investing in ICT systems, cargo and logistics infrastructure, and duty-free offerings are key components of BAC's growth strategy, where now BAC stands in a stronger position to deliver value and quality across the aviation ecosystem, as noted by the firm's CEO.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES DRIFT LOWER, ON OIL PRICE SLUMP AND GLOBAL EQUITY WEAKNESS

MENA equity markets drifted lower this week, as reflected by a 4.2% fall in the S&P Pan Arab Composite index, mainly dragged by falling oil prices, and tracking global equity weakness (-2.3%) amid mounting global geopolitical tensions after Russia warned that the threat of nuclear war in the world is rising, and on weak November 2022 Chinese trade data, and after a chorus of Wall Street CEOs revived their gloomy predictions of a downturn in 2023 as they struck a pessimistic tone about the health of the economy.

The heavyweight Saudi Exchange, whose market capitalization represents than two-thirds of the total regional market capitalization, plunged deeper into the red this week, as reflected by a 5.4% drop in the S&P Saudi index, mainly on lingering concerns about a liquidity crunch in the domestic banking system, which has pushed funding costs to record highs this year, and given an oil price slump. In fact, Brent oil prices fell to pre-Ukraine crisis levels of US$ 76.10 per barrel on Friday (down by 11.1% week-on-week), on recession jitters and rising uncertainties about the global oil demand outlook.

A closer look at individual stocks shows that heavyweight Saudi Aramco's share price shed 5.1% week-on-week to SR 31.40. Yansab's share price dropped by 2.6% to SR 40.05. Advanced Petrochemical Company's share price declined by 1.0% to SR 41.05. SABIC' share price fell by 3.0% to SR 81.50. Saudi Kayan Petrochemical Company's share price decreased by 1.7% to SR 11.80. Sipchem's share price plummeted by 7.8% to SR 34.95. Also, SNB's share price shed 7.7% to SR 46.90. Al Rajhi Bank's share price dropped by 6.4% to SR 75.0. Bank Al-Jazira's share price fell by 5.3% to SR 20.04. SABB's share price closed 5.8% lower at SR 36.85. Banque Saudi Fransi's share price nosedived to SR 37.05, down by 11.4% week-on-week.

The Qatar Stock Exchange slid back into the red this week, as reflected by a 4.9% fall in the S&P Qatar index, mainly tracking a global sell-off mood amid rising recession fears and dragged by falling oil prices. 40 out of 47 traded stocks posted price drops, while six stocks registered price gains and one stock saw no price change week-on-week. QNB's shares led the fall on the Qatar Stock Exchange this week, shedding 7.9% to QR 17.970. The Commercial Bank's share price plunged by 6.8% to QR 5.500. Qatar Islamic Bank's share price went down by 4.5% to QR 23.100. Industries Qatar's share price plummeted by 6.5% to QR 14.420. Ubhar Capital Oman cut its recommendation on Industries Qatar's stock to "hold" from "under review", with a price target of QR 14.10, which implies a 4% decrease from last price. Gulf International Services' share price closed 4.1% lower at QR 1.561. Barwa Real Estate's share price shed 5.4% to QR 3.091. Vodafone Qatar's share price declined by 2.4% to QR 1.640.

EQUITY MARKETS INDICATORS (DECEMBER 4 - DECEMBER 10, 2022)

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	121.6	0.3%	29.3%	10.8	-52.3%	0.7	13,738	4.1%	-	0.31
Jordan	392.9	-0.4%	12.8%	26.2	-18.7%	16.6	25,361.2	5.4%	9.4	1.51
Egypt	248.2	9.2%	-18.5%	459.7	13.3%	4,368.6	37,855.5	63.1%	8.3	1.86
Saudi Arabia	455.3	-5.4%	-11.2%	4,569.0	-22.3%	482.56	2,561,019.7	9.3%	12.7	4.22
Qatar	188.0	-4.9%	-5.6%	449.2	-41.6%	367.5	175,823.8	13.3%	13.2	1.74
UAE	139.1	-4.0%	-5.7%	10,863.3	358.1%	4,141.1	860,676.9	65.6%	13.4	2.45
Oman	264.5	4.3%	21.4%	62.3	133.1%	86.6	21,993.2	14.7%	12.5	1.07
Bahrain	188.5	-0.4%	3.1%	2.1	-54.8%	2.5	16,841.7	0.6%	10.0	1.33
Kuwait	142.2	-1.8%	6.6%	594.6	-13.0%	732.6	142,101.1	21.8%	20.4	2.49
Morocco	231.7	2.4%	-26.9%	60.4	94.5%	2.5	55,098.0	5.7%	19.4	2.92
Tunisia	60.5	0.9%	-5.6%	6.0	-38.0%	2.2	7,404.6	4.2%	9.7	1.62
Arabian Markets	**913.1**	**-4.2%**	**-8.0%**	**17,103.6**	**67.0%**	**10,203.4**	**3,917,913.8**	**22.7%**	**13.1**	**3.55**

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

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

Boursa Kuwait registered price decreases of 1.8% this week, mainly following a de-risk global mood amid mounting worries about a global economic downturn and given an oil price slump. A closer look at individual stocks shows that National Bank of Kuwait's share price shed 2.4% to KWf 1,094. Commercial Bank of Kuwait's share price dropped by 4.1% to KWf 447. Agility's share price closed 2.2% lower at KWf 760. Gulf Petroleum Investment's share price declined by 1.3% to KWf 15. Boursa Kuwait's share price shed 1.7% to KWf 2.290. Kuwait Kuwait Projects Holding's share price shed 4.9% to KWf 117.

In contrast, the Egyptian Exchange pursued its upward streak that has started late-October 2022 after Egypt reached a Staff-Level Agreement with the IMF on a US$ 3 billion facility, as the country looks forward for the Fund's Executive Board meeting set to be held on December 16, 2022 to give a final approval for the facility deal. This was mirrored by a 9.2% surge in the S&P Egypt index. A closer look at individual stocks shows that Commercial International Bank's share price jumped by 10.6% to LE 45.8. Talaat Moustafa Group's share price climbed by 11.4% to LE 9.65. Abou Kir Fertilizers & Chemical Industrials' share price rose significantly by 11.3% to LE 38.89. Ezz Steel's share price climbed by 11.2% to LE 19.49. Juhayna Food Industries' share price went up by 9.6% to LE 7.29. ElSewedy Electric's share price skyrocketed by 32.1% to LE 12.54.

FIXED INCOME MARKETS: EXTENDED WEEKLY PRICE GAINS IN MENA BOND MARKETS, AS INVERTED YIELD CURVE DEEPENS

Activity in MENA fixed income markets remained tilted to the upside this week, on a possible downshift in the pace of tightening, and after the US Treasury yield curve inversion hit fresh four-decade extreme, sparking recession fears and fueling demand for safe-haven assets.

In the Saudi credit space, sovereigns maturing in 2026 and 2030 saw weekly price increases of 0.13 pt and 0.75 pt respectively week-on-week. In the Qatari credit space, sovereigns maturing in 2026 and 2030 posted weekly price expansions of 0.25 pt. Ooredoo'26 traded up by 0.25 pt. Prices of QNB'25 went up by 0.13 pt.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 rose by 0.24 pt this week. KIPCO'27 closed up by 1.0 pt. In the Iraqi credit space, sovereigns maturing in 2028 traded up by 1.0 pt week-on-week.

In the Bahraini credit space, sovereigns maturing in 2026 and 2031 saw weekly price gains of 0.14 pt and 0.25 pt respectively. Prices of NOGA'27 went up by 0.25 pt. Mumtalakat'24 closed up by 0.70 pt. S&P Global Ratings revised its outlook on Bahrain Mumtalakat Holding Co. to "positive" from "stable". At the same time, S&P affirmed its "B+/B" long-term and short-term foreign and local currency issuer credit ratings on the company. The outlook revision follows S&P's similar action on Bahrain.

In the Omani credit space, sovereigns maturing in 2026 and 2029 registered price expansions of 0.19 pt and 0.56 pt respectively this week. Omantel'28 dropped by 0.38 pt. National Bank of Oman'23 was up by 0.21 pt. Fitch Ratings affirmed National Bank of Oman's long-term Issuer Default Rating at "BB-" with a "stable" outlook. Fitch also affirmed the bank's Viability Rating (VR) at "bb-" and upgraded its Government Support Rating (GSR) to "bb" from "b+". The upgrade of NBO's GSR reflects, as per Fitch, the Omani authorities' improved ability to provide support to the bank.

In the Dubai credit space, sovereigns maturing in 2029 posted price rises of 0.25 pt week-on-week. Prices of Emirates Airline'28 traded up by 0.25 pt. In the Abu Dhabi credit space, prices of sovereigns maturing in 2026 and 2031 went up by 0.13 pt and 0.75 pt respectively this week. Mubadala'26 was up by 0.25 pt. Prices of ADNOC'29 rose by 0.38 pt. Prices of Etisalat'24 increased by 0.38 pt. Taqa'26 closed up by 0.25 pt.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2025 and 2040 posted price contractions of 0.75 pt and 1.50 pt respectively, while sovereigns maturing in 2030 posted prices expansions of 1.99 pt this week. Prices of Euro-denominated sovereigns maturing in 2026 and 2031 declined by 0.43 pt and 0.98 pt this week.

All in all, regional bond markets registered mostly upward price movements this week, as the gap between the two-year and 10-year yields touched 80 basis points, which marks an inversion that is only exceeded by the ones of 1978 to 1982.

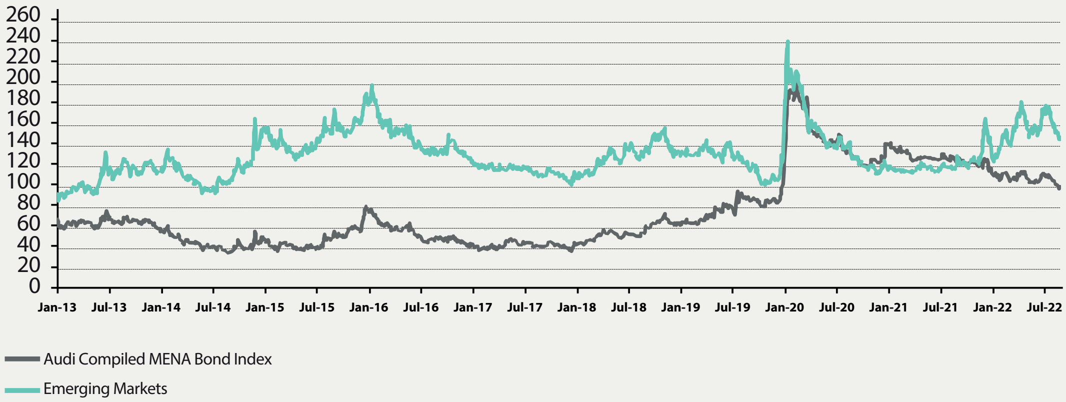
MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	09-Dec-22	02-Dec-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	47	46	43	1	4
Dubai	87	95	94	-8	-7
Kuwait	50	50	45	0	5
Qatar	47	47	44	0	3
Saudi Arabia	60	58	49	2	11
Bahrain	233	232	294	1	-61
Morocco	230	235	95	-5	135
Egypt	793	760	498	33	295
Iraq	452	485	554	-33	-102
Middle East	222	223	191	-1	31
Emerging Markets	141	134	141	7	0
Global	556	551	183	5	373

Sources: Bloomberg, Bank Audi's Group Research Department

Z-SPREAD BASED AUDI MENA BOND INDEX V/S INTERNATIONAL BENCHMARKS

Base Jan 2010 = 100



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/Stable/B	B2/Negative	B+/Negative/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A-/Positive/A-2	A1/Stable	A/Positive/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa3/Positive	AA-/Stable/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	B+/Stable/B
Oman	BB/Stable/B	Ba3/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	Caa1/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$)	09-Dec-22	02-Dec-22	31-Dec-21	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,507.50	1,507.50	1,507.50	0.0%	0.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	24.58	24.56	15.72	0.1%	56.3%
Iraqi Dinar (IQD)	1,460.00	1,460.00	1,460.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.76	3.76	3.76	0.0%	0.1%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.67	0.0%	-0.9%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	-0.2%	1.4%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.39	0.0%	-0.1%
Yemeni Riyal (YER)	250.23	250.29	250.00	0.0%	0.1%
NORTH AFRICA					
Algerian Dinar (DZD)	138.12	138.14	138.89	0.0%	-0.6%
Moroccan Dirham (MAD)	10.55	10.55	9.25	0.0%	14.1%
Tunisian Dinar (TND)	3.21	3.20	2.87	0.1%	11.6%
Libyan Dinar (LYD)	4.85	4.86	4.60	-0.4%	5.4%
Sudanese Pound (SDG)	572.31	572.33	442.60	0.0%	29.3%

Sources: Bloomberg, Bank Audi's Group Research Department