Bank Audi

MENA WEEKLY MONITOR

NOVEMBER 26 - DECEMBER 2, 2023

WEEK 48

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Activity in MENA equity markets was mostly tilted to the upside this week, as reflected by a 0.3% rise in the S&P Pan Arab Composite index, mainly supported by price gains in the heavyweight Saudi Exchange and tracking global equity strength (+0.9%) amid growing bets that major global Central Banks are done with policy tightening. This has overshadowed lower-than-forecast OPEC+ oil production cuts for the first quarter of 2024, year-end reshuffling activity and some unfavorable company-specific factors. In parallel, regional fixed income markets registered across-the-board upward price movements, mainly tracking US Treasuries move as the yield on the benchmark 10-year tenor dipped to its lowest in two months, as traders ramped up their bets on an end to the US Federal Reserve's tightening cycle, pricing in the first interest rate cut by May 2024.

MENA MARKETS: NOVEMBER 26 - DECEMBER 2, 2023

Stock market weekly trend	↑	Bond market weekly trend	↓
Weekly stock price performance	+0.3%	Weekly Z-spread based bond index	+1.2%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+1.0%	YTD Z-spread based bond index	+68.8%

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ECONOMY

S&P SAYS BANKS IN MAJOR GCC ECONOMIES REMAIN RESILIENT TO LESS SUPPORTIVE OPERATING CONDITIONS

According to a new report by Standard and Poor's, higher interest rates and OPEC oil production cuts will constrain near-term growth prospects for the major Gulf Cooperation Council (GCC) economies, but non-oil growth and,consequently, credit growth in the UAE and Saudi Arabia remain robust.

Despite a slight deterioration in asset quality indicators and an increase in the cost of risk, we expect rated GCC banks will report stronger profitability, thanks to higher net interest margins and generally lower-cost business models.
External funding requirements for Qatar and the evolution of available liquidity for Saudi banks are factors to watch out for.

Higher interest rates will reduce GCC banks' credit growth, but Saudi and UAE banks' performance will be more resilient. They expect higher interest rates will reduce Kuwaiti banks' credit growth to about 3%, from almost 8% in 2022, and soften Saudi banks' total lending growth to about 10% in 2023, from 14% in 2022. UAE banks, on the other hand, will benefit from still robust non-oil GDP growth, which will somewhat mitigate the negative effect of higher interest rates on credit growth. S&P expects UAE banks' credit growth will improve to approximately 7% in 2023, compared with 5% in 2022.

Yet, a long period of higher interest rates and the slowdown of the oil economy could pose challenges. Qatari banks, unlike their GCC peers, will continue to experience a sharper decline in credit growth. This is because the country's main infrastructure projects, which are a key driver for credit demand through contractors, were completed in time for the 2022 FIFA World Cup.

S&P expects a slight deterioration in asset quality metrics but believe the negative effect on banks' returns will be limited. Higher interest rates have resulted in a steep rise in borrowing costs. They think the resulting sluggish demand in the rental real estate market will weaken Qatari and Kuwaiti banks' asset quality metrics. In addition, Qatari banks' weaker foreign lending exposures will contribute to loan loss charges. Nevertheless, Qatari banks' robust public sector exposure and Kuwaiti banks' high provision buffers will contain the adverse effects and limit the increase in nonperforming loan (NPL) ratios.

They expect the UAE will report strong non-oil GDP growth of 6% in 2023. This, in combination with recoveries from provisions booked in the past two years, will reduce UAE banks' credit costs in 2023, compared with 2022. Even though credit costs in the GCC region, with the exception of the UAE, will increase, they still expect GCC banks' return on assets (ROA) will improve in 2023, mainly due to higher margins and still satisfactory, albeit lower, lending growth in some GCC countries.

IMF CONCLUDES 2023 ARTICLE IV MISSION TO QATAR

The International Monetary Fund (IMF) has completed its 2023 Article IV Mission to Qatar with its staff team issuing an end-of-mission press release.

According to the IMF's end-of-mission press release, Qatar's economic growth has been normalizing in 2023 following its very strong performance in the year prior. Additionally, the medium term outlook for economic growth within the country remains favorable. Output levels are expected to increase by 1.75% per annum between 2023 and 2025 with non-hydrocarbon sector growth increasing by 2.75%. This increase in non-hydrocarbon sector growth comes on the back of domestic demand and includes the construction of the North Field expansion project as well as tourism, which was boosted by the exposure brought on from the 2022 FIFA World Cup.

Economic growth on the medium term is forecast to increase to circa 5% per annum on the back of LNG production expansion and as efforts to achieve National Vision 2030 guided by the Third National Development Strategy (NDS3) start to bring benefits. Inflation is expected to moderate reaching 2% with fiscal and current accounts projected to remain in surpluses over the medium term. Risks to the outlook are broadly balanced, as per the IMF's end-of-mission press release.

Qatar's fiscal position was significantly bolstered by broad fiscal discipline amid marked hydrocarbon windfalls in 2022-2023. The IMF team welcomed the ongoing effort to increase efficiency, including through the implementation of program-based budgeting as well as efforts to increase transparency. Priorities for the medium term include the acceleration of revenue diversification (through further mobilization of non-hydrocarbon tax income), enhancement of spending efficiency and the reorientation of public investment to facilitate private sector growth. This growth in the private sector could be supported through a well-functioning medium term fiscal framework and greater fiscal transparency.

The Qatari Central Bank (QCB) succeeded in maintaining price and financial stability. Inflation moderated due to of monetary policy tightening in line with the US Federal Reserve, consistent with the currency peg to the US dollar. Qatari banks' NPL ratio edged up due to pandemic-related restructured loans turning non-performing. Despite of this banks within the country have remained healthy. The IMF team welcomed the refining of macroprudential measures by the QCB to further reduce risks associated with banks' external asset-liability mismatches (especially those of short maturities), as per the IMF's end-of-mission press release.

Qatar finds itself at a critical crossroads in shifting its growth model from one led by the state to a more dynamic and market-oriented on driven by the private sector. Building on current progress and with the guidance of NDS3, reforms should focus on enhancing human capital, labor market dynamism and business environment. In order to achieve National Vision 2030, the furthering of digitalization with attention to potential risks as well as strengthening climate resilience and green transition stand as key factors.

IMF CONCLUDES 2023 ARTICLE IV MISSION TO OMAN

According to the IMF's end-of-mission statement, Oman's economy continues to recover on the back of favorable oil prices and sustained reform momentum. Economic growth has slowed down to 2.1% year-on-year in the first half of 2023, down from 4.3% in 2022 (this growth being primarily driven by the hydrocarbon sector). This slow-down in economic growth comes on the back of OPEC+ related oil-production cuts. The first half of 2023 saw a quickening in non-hydrocarbon growth reaching 2.7%, up from 1.2% in 2022. This pick-up in non-hydrocarbon growth comes amid a recovery in agricultural and construction activity as well as a robust performance in the services sector. Inflation eased by 1.6 percentage points against 2022 to reach 1.2% in the first nine months of 2023.

Fiscal and Current Account balances turned into surpluses in 2022 on the back of prudent fiscal management and high oil prices. Public sector debt also improved markedly. In turn, Oman's sovereign credit rating nudged up to one notch below investment grade and sovereign spreads became on par with the average of GCC countries while remaining well below that of emerging markets.

While economic growth is forecast to slowdown to 1.3% in 2023 as a result of OPEC+ related oil production cuts, a rebound is expected starting in 2024 amid higher hydrocarbon production and stronger non-hydrocarbon growth with the outlook remaining favorable. Fiscal and Current Account balances are forecast to remain in surplus over the medium term albeit trending down in conjunction with oil prices. However, the outlook is subject to high uncertainty (including from oil price volatility, global economic and financial development and potential indirect spillovers from the ongoing conflict in Gaza). Omani authority also remain committed to fiscal discipline while strengthening the social safety net. The ongoing implementation of the new social protection law will strengthen the resilience of vulnerable groups and reinforce the sustainability of the unified pension fund.

The exchange rate peg remains a viable monetary anchor for Oman. The current implementation of the Central Bank of Oman (CBO)'s Monetary Policy Enhancement project is expected to further strengthen the monetary policy toolkit. Oman's banking sector continues to show resilience with profitability returning to pre-pandemic levels, capital and liquidity ratios well above regulatory requirements and asset quality remaining strong.

According to the IMF's end-of-mission press release, sustained efforts to implement Vision 2040 are progressing in Oman. The new labor law is expected to improve working conditions and the flexibility of the labor market as well as enhance female labor force participation. Efforts to create an increasingly enabling business environment are ongoing including through the reform of state-owned enterprises under the Omani Investment Authority. The climate agenda is progressing through marked investments in renewable energy and hydrogen with the guidance of the authorities' National Strategy for an Orderly Transition to Net Zero.

VALUE OF PROJECTS UNDERWAY IN SAUDI ARABIA'S NORTHERN BORDER REGION EXCEEDS US$ 21.3 BILLION

According to the Saudi Minister of Investment, the Northern Border region of Saudi Arabia contains numerous investment opportunities in competitive sectors with the ongoing projects within the area exceeding SAR 80 billion (US$ 21.3 billion).

This announcement came during the participation of the aforementioned minister in the Northern Border Investment Forum within a session themed "Future Investment Directions for the Northern Border Region".
The activation of the aforementioned opportunities is supported by governmental commitment, efficient management and cohesive coordination among ministries and agencies, as per the Saudi Minister of Investment.

One of the projects in the area highlighted by the minister is aimed at doubling Saudi Arabia's phosphate production capacity. The initiative at Waad Al-Shamal involves the conversion of phosphate into advanced chemical products.

According to the Saudi Minister of Investment, the region presents a vast capacity for renewable energy production leading to an opportunity to export electricity to neighboring countries at low costs. The minister also highlighted 40 executive initiatives offering attractive investment prospects across various sectors and regions within the country, catering to diverse investor profiles.

It is worth noting that the Saudi Minister of Investment sees the National Investment Strategy as one of the main enablers for achieving the country's Vision 2030 objectives. The general goal of the National Investment Strategy is to increase the quality and volume of investments within the country. This in turn would contribute to advancing economic development and diversifying it to achieve the desired goals of the vision.

SURVEYS/REPORTS

DUBAI RANKS 8TH IN GLOBAL POWER CITY INDEX 2023

Dubai ranked 8th in the Global Power City Index (GPCI) 2023 among 48 cities, up from the 11th place in GPCI 2022, according to a league table issued by the Mori Memorial Foundation's Institute for Urban Strategies in Japan.

The Global Power City Index (GPCI) 2023 evaluates and ranks the major cities of the world according to their magnetism, or their comprehensive power to attract people, capital, and enterprises from around the world.

The GPCI is calculated through six parameters: Economy, Research and Development, Cultural Interaction, Livability, Environment, and Accessibility. The index is able to grasp the strengths, weaknesses and challenges of global cities in a continuously changing world not only through a ranking, but also through analyzing that ranking's specific components.

It is worth highlighting that the Global Power City Index (GPCI) is a global benchmark for measuring the performance and competitiveness of global cities. It is used by governments, businesses, and individuals to make decisions related to investment, immigration, and travel.

In details, Dubai ranked 24th in Economy, 39th in Research and Development, 19th in Livability, 44th in Environment, and 6th in Accessibility. While for the Cultural Interaction parameter, Dubai retained its 4th position for the second consecutive year.

Dubai also ranked first in a number of sub-indexes issued in the report including low corporate tax rate, low unemployment rate, workstyle flexibility, satisfaction with city cleanliness and average driving speed. Additionally, the city was ranked second in number of hotel luxury rooms, fourth in international freight flows, fifth in number of cultural events, tourist attractions and cities with direct international flights.

Elsewhere in the region, Cairo, which came in the 47th place, ranked 48th in Economy, 42nd in Research and Development, 31st in Cultural Interaction, 43rd in Livability, 48th in Environment, and 42nd in Accessibility.

RIYADH AND JEDDAH WOULD GET 14,000 NEW HOUSING UNITS IN Q4 2023, AS PER JLL

Saudi Arabia's two major cities, Riyadh and Jeddah, would see the addition of 14,000 new residential units in the last quarter of 2023, according to JLL's KSA Real Estate Market Overview Q3 2023 report.

During the third quarter of 2023, the residential real estate market in the capital and Jeddah experienced significant growth, with approximately 12,400 new residential units added in both the cities combined. This brought the total stock of residential units to 1.4 million in Riyadh and 875,000 in Jeddah.

The growing popularity of Riyadh as it strives to become the regional business hub, has led to an increased demand for residential units. This surge in demand was evident in the sale prices and rents, which saw notable growth of 7% and 3%, respectively, in the third quarter of 2023 compared to the same period last year. Apartments continued to lead demand, with apartment sale prices witnessing a y-o-y growth of 9% during Q3. Apartment rents also increased by 6% y-o-y during this period.

In parallel, Jeddah also recorded similar gains in its residential market. The average sale prices throughout the city witnessed an annual rise of 7% during Q3, accompanied by a 5% y-o-y increase in rents. Notably, the growth in apartment sale prices was even more pronounced in Jeddah, with a substantial 12% y-o-y increase, surpassing the 9% growth observed in Riyadh. Similarly, apartment rents experienced a 5% annual increase during the same period.

Concurrently, the office market in Riyadh continued to exhibit strong performance in the third quarter, characterized by an increase in both the number of enquiries and the volume of closed deals. Landlords remained bullish during rental negotiations, while the influx of new market entrants stayed strong.

Consequently, the average Grade A rent experienced an annual growth of 11%, reaching SR 1,765 per square meter per annum, and the city-wide vacancy rate dropped to a mere 1% in Q3.

However, the office market in Jeddah exhibited a two-tiered landscape. Companies sought to upgrade their office spaces, leading to a scarcity of high-quality Grade A supply in the city, while Grade B supply remained abundant. Furthermore, the government's regional headquarters program has stimulated a desire among numerous global brands in sectors, such as pharmaceuticals, to establish their own separate legal entities and break away from their local parent companies. As a result, the city-wide vacancy rate decreased to 6% in Q3, while the average Grade A rents witnessed a 7% y-o-y increase, reaching SR 1,230 per square meter per annum, during the same period.

The office market in the country is expected to continue its strong performance, propelled by factors including economic growth and rising demand. Furthermore, there is an increasing emphasis on sustainability requirements within the market, as tenants and investors are prioritizing environmentally friendly and energy-efficient office spaces.

At the level of the retail sector, the demand for F&B (Food & Beverage) and entertainment continued to drive overall market demand. Additionally, the rising popularity of technology adoption by retailers and landlords is noteworthy, as it not only enhances the consumer experience and engagement, but also optimizes operations and provides a competitive advantage to businesses.

SAUDI ARABIA LAUNCHES NATIONAL DATA INDEX

The Saudi Data and Artificial Intelligence Authority (SDAIA) and the National Transformation Program (NTP) jointly launched the country's first National Data Index (Nudei), along with a developed version of the Open Data Platform and the Data Governance Platform.

The National Data Index serves as a dynamic, results-based indicator, aimed at monitoring and assessing the progress of government agencies in data management.

The index encompasses 14 areas of data management through three primary components: a data management maturity measurement questionnaire, compliance with national data management controls and specifications, and operational indicator measurement.

This indicator seeks to establish a robust data governance framework, enhance operational processes, ensure compliance and implement data life cycle management processes.

The initiative also includes an upgraded version of the Open Data Platform, facilitating the publication of open data by individuals, government and non-government entities for entrepreneurs and other beneficiaries.

With over 7,000 open data sets, 190 publishers and 35 use cases, this platform significantly contributes to building a digital economy in Saudi Arabia.

Concurrently, the Data Governance Platform launched in conjunction with the National Data Index, aims to register entities covered by the Personal Data Protection Law. It supports these entities in adhering to the system's provisions, preserving the privacy of personal data holders and protecting their rights.

The platform offers various services, including notification about potential data leaks, privacy impact assessments, legal support and a self-assessment tool for compliance with the Personal Data Protection Law.

Government agencies can benefit from the platform through a streamlined process that includes filling out the registration form, logging in through the national unified access platform, completing the entity's profile and submitting data for evaluation.

CORPORATE NEWS

BAPCO ENERGIES EXTENDS AND AMENDS US$ 2.2 BILLION SUSTAINABILITY-LINKED MURABAHA

Bapco Energies, the integrated energy company leading the energy transition in Bahrain, announced the successful closing of its US$ 2.2 billion dual-tranche sustainability-linked term facility, as revealed in a company's statement.

The transaction incorporates an additional US$ 300 million greenshoe option, bringing the total facility size to US$ 2.5 billion.

Gulf International Bank and Mashreq acted as the Initial Mandated Lead Arrangers and Bookrunners, and Sustainability Coordinators.

In parallel, Gulf International Bank, Mashreq and Al Ahli Bank of Kuwait (ABK) together acted as the amend and restate exercise coordinators and underwriters. Gulf International Bank took on additional responsibilities as the Facility Agent, Global Agent and Murabaha Investment Agent.

Under the amended and restated facility, the maturity date has been extended from 2026 to 2030. Additionally, the sustainability-linked KPIs, covering emissions intensity and health and safety, have been amended to further align with best practices, as well as the definitions of the International Association of Oil & Gas Producers (IOGP) and Bapco Energies' newly issued Sustainability-linked Financing Framework.

KINGDOM HOLDING BUYS US$ 450 MILLION STAKE IN CITIGROUP

Saudi Arabia's Kingdom Holding Company, in which the country's sovereign wealth fund PIF (Public Investment Fund) has a 16.9% stake, bought shares in Citigroup, an American multinational investment bank and financial services corporation, for over US$ 449.5 million (SR 1.69 billion), as mentioned in a company's statement.

Following the share acquisition, Kingdom Holding increased its ownership in Citigroup from 1.6% to 2.2%.

The transaction, which would be financed through Kingdom Holding's internal resources, supports the company's strategic plan.

SEVEN PLANS TO SET UP US$ 346 MILLION LEISURE DESTINATION IN ASEER

Saudi Entertainment Ventures (SEVEN), a subsidiary of Saudi Arabia's sovereign wealth fund PIF, plans to set up its fifth entertainment destination, its largest in the Aseer region, at an investment of over US$ 346 million (SR 1.3 billion), as mentioned in a company's statement.

Strategically located between the cities of Abha and Khamis Mushait, near Abha International Airport, the new leisure hub is spread over a 64,000 square meters area and has a built-up area of more than 79,000 square meters.

SEVEN Abha would be home to eight unique attractions, which includes a family entertainment center, offering various experiences from arcade games, unique world-class rides to Virtual reality areas.

The entertainment destination in Abha is one of the key projects in Aseer that would support the entertainment sector across Saudi Arabia, following the objectives and goals of Vision 2030.

Saudi-based Modern Building Leaders (MBL) has been signed up by SEVEN to carry out the construction works.

Unveiling the project, SEVEN is investing more than US$ 13.3 billion (SR 50 billion) to build 21 entertainment destinations, which would provide unique and innovative world-class entertainment experiences and global partnerships from within the sector.

DP WORLD AND IRENA PARTNER TO DECARBONIZE PORTS, MARITIME AND LOGISTICS SECTORS

DP World, an Emirati multinational logistics company, signed a collaboration agreement with UAE-based International Renewable Energy Agency (IRENA), as reported in a company's statement.

Through the agreement, IRENA and DP World would collaborate on decarbonizing the shipping and ports sectors, aligning current infrastructure, logistics and processes with the demands of the energy transition and scaling up the use of renewable-based fuels and electrification.

The two organizations aim to scale up efforts to address supply, infrastructure and technological challenges that can increase the uptake of these renewables-based fuels.

ETIHAD RAIL SEALS STRATEGIC AGREEMENT WITH ADNOC

Etihad Rail, the developer and operator of the UAE's national rail network, signed an agreement with Abu Dhabi National Oil Company (ADNOC), for the establishment of railway services between Abu Dhabi City and the Al Dhannah region of the Emirate, as indicated in a company's statement.

The agreement would enable the two companies to share knowledge and expertise, and explore opportunities, to launch dedicated railway services between the cities of Abu Dhabi and Al Dhannah in the Al Dhafra region.

The UAE's railway network is a key contributor to the UAE's strategic visions across various sectors. An integrated rail network is an essential aspect of infrastructure within major cities and countries across the globe, and Etihad Rail is playing a similarly significant role in the UAE's sustainable development.

The partnership is also expected to pave the way for new areas of cooperation with other companies, to support Etihad Rail's national operations.

OSN+ TO MERGE WITH STREAMING APPLICATION ANGHAMI

Dubai-based OSN+, the region's leading streaming platform for premium content and Anghami, the leading music and entertainment streaming platform in the MENA region, signed a conditional binding agreement to merge their businesses, as indicated in a company's statement.

A first of its kind in the region, the combination of the two local home-grown brands would offer consumers unprecedented digital aggregation of the best and latest in premium movies, TV shows, music, podcasts and more while providing a rich and seamless user experience.

Dubai-based OSN, a subsidiary of Kuwait-listed KIPCO, would inject up to US$ 50 million into Abu Dhabi-based Anghami for a majority stake in the application.

The deal would bring together over 120 million registered users, more than 2.5 million paying subscribers with over US$ 100 million in revenue at closing, transforming Anghami into one of the region's largest streaming platforms.

The transaction is subject to approvals and is expected to be finalized in the first quarter of 2024.

CAPITAL MARKETS

EQUITY MARKETS: ACTIVITY IN MENA EQUITIES TILTED TO THE UPSIDE, SUPPORTED BY PRICE GAINS IN HEAVYWEIGHT SAUDI EXCHANGE

Activity in MENA equity markets was mostly tilted to the upside this week, as reflected by a 0.3% rise in the S&P Pan Arab Composite index, mainly supported by price gains in the heavyweight Saudi Exchange and tracking global equity strength (+0.9%) amid growing bets that major global Central Banks are done with policy tightening. This has overshadowed lower-than-forecast OPEC+ oil production cuts for the first quarter of 2024, year-end reshuffling activity and some unfavorable company-specific factors.

The heavyweight Saudi Exchange closed the week on a positive note, bucking the trend in most regional equity markets, as reflected by a 1.0% rise in the S&P Saudi index. This came along extended Saudi voluntary oil production cuts by 1 million barrel per day until March 2024, and was supported by news that the aggregate net profit of Saudi Arabia's ten largest banks rose by 3.8% on a quarterly basis in the third quarter 2023, on the back of higher interest income and lower impairment charges.

A closer look at individual stocks shows that Advanced Petrochemical Company's share price went up by 0.9% week-on-week to SR 37.40. Saudi Kayan Petrochemical Company's share price increased by 2.2% to SR 11.32. Petro Rabigh's share price surged by 5.0% to SR 10.90. Maaden's share price increased by 1.5% to SR 39.85. STC's share price edged up by 0.8% to SR 38.45. Najran Cement's share price closed 3.4% higher at SR 11.54. As to banking stocks, SNB's share price went up by 1.8% to SR 34.95. SABB's share price closed 1.0% higher at SR 34.75. Alinma Bank's share price rose by 2.0% to SR 35.80. Banque Saudi Fransi's share price nudged up by 0.5% at SR 37.40. SAIB's share price increased by 0.9% at SR 15.00. Al Rajhi Bank's share price expanded by 1.9% to SR 76.40. ANB's share price expanded by 2.0% to SR 24.0.

In contrast, the Qatar Stock Exchange plunged deeper into red this week, as reflected by a 1.3% contraction in the S&P Qatar index, mainly as some market players sought to reshuffle their portfolios towards the end of the year and as voluntary OPEC+ productions cuts fell short of expectations. 30 out of 51 traded stocks registered price falls, while 18 stocks posted price gains and three stocks saw price change week-on-week.

A closer look at individual stocks shows that Industries Qatar's share price shed 5.7% over the week to QR 12.50. Qatar National Cement's share price retreated by 1.1% to QR 3.701. Qatar Electricity & Water's share price dropped by 2.3% to QR 16.880. Qatar Aluminum Manufacturing's share price contracted by 1.2% to QR 1.263. QNB's share price closed 0.6% lower at QR 15.70. Masraf Al Rayan's share price declined by 1.9% to QR 2.486. The Commercial Bank's share price declined by 0.7% to QR 5.330. Barwa Real Estate's share price decreased by 2.1% to QR 2.70. Qatar Gas Transport's share price nudged down by 0.7% to QR 3.240. Gulf Warehousing's share price dropped by 1.7% to QR 3.025.

EQUITY MARKETS INDICATORS (NOVEMBER 26 - DECEMBER 2, 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	148.8	-1.7%	15.3%	1.8	-42.0%	0.0	16,812.8	0.6%	-	0.47
Jordan	363.3	0.6%	-6.6%	25.8	21.4%	21.0	23,354.0	5.7%	7.9	1.19
Egypt	342.4	-3.6%	44.7%	613.8	11.4%	6,434.6	53,223.3	60.0%	11.1	2.67
Saudi Arabia	484.9	1.0%	4.1%	5,746.4	3.0%	972.2	2,955,219.7	10.1%	16.9	4.72
Qatar	164.6	-1.3%	-6.9%	565.7	30.3%	588.6	161,512.6	18.2%	12.9	1.47
UAE	136.8	0.0%	-0.5%	2,118.1	27.6%	1,652.3	957,492.6	11.5%	14.7	2.67
Oman	258.5	0.2%	-0.7%	54.5	275.6%	123.9	23,553.6	12.0%	14.1	1.04
Bahrain	221.9	-1.1%	15.1%	8.5	6.5%	6.7	18,001.6	2.4%	12.1	1.42
Kuwait	122.1	-0.3%	-12.0%	802.5	35.3%	884.9	125,982.1	33.1%	15.0	1.70
Morocco	251.7	-1.8%	13.4%	94.0	-32.9%	7.1	59,471.7	8.2%	18.5	3.24
Tunisia	61.9	-0.3%	-0.3%	3.7	-22.2%	2.1	7,618.5	2.5%	11.8	1.62
Arabian Markets	**921.9**	**0.3%**	**1.0%**	**10,034.8**	**11.4%**	**10,693.4**	**4,402,242.4**	**11.9%**	**16.0**	**3.95**

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

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

Activity in Boursa Kuwait was skewed to the downside this week (-0.3%), as some market players sought to lock in their gains and given lower-than-expected OPEC+ voluntary oil production cuts until March 2024. This outweighed rising bets that the US Federal Reserve is done with policy tightening and may start cutting interest rates next May. A glance on individual stocks shows that National Bank of Kuwait's share price edged up by 0.7% week-on-week to KWf 885. Gulf Bank's share price increased by 1.2% to KWf 253. Commercial Bank of Kuwait's share price went up by 1.8% to KWf 509. Boubyan Petrochemical Company's share price jumped by 6.1% to KWf 649. National Mobile Telecommunication's share price increased by 2.9% to KWf 1,261. Kuwait Real Estate Company's share price closed 2.8% higher at KWf 186. Mabanee's share price expanded by 1.3% to KWf 838. Agility Public Warehousing's share price closed 0.9% higher to KWf 540.

FIXED INCOME MARKETS: ACROSS-THE-BOARD MENA BOND PRICE GAINS, TRACKING US TREASURIES MOVE

MENA fixed income markets registered across-the-board upward price movements this week, mainly tracking US Treasuries move as the yield on the benchmark 10-year tenor dipped to its lowest in two months, as traders ramped up their bets on an end to the US Federal Reserve's tightening cycle, pricing in the first interest rate cut by May 2024.

In the Saudi credit space, sovereigns maturing in 2030 and 2031 posted price gains of 0.50 pt and 0.25 pt respectively, while sovereigns maturing in 2026 saw price drops of 0.13 pt this week. Prices of Saudi Aramco'25 expanded by 0.38 pt. SEC'24 and '28 traded up by 0.25 pt and 0.50 pt respectively. STC'29 recorded price increases of 1.38 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 saw weekly price gains of up to 1.00 pt. Mubadala'26 and '27 were up 0.13 pt each. Prices of ADNOC'29 went up by 0.25 pt. Prices of Etisalat'26 rose by 0.13 pt. Taqa'26 and '28 traded up by 0.25 pt and 1.13 pt respectively. Amongst financials, prices of First Abu Dhabi Bank'24 edged up 0.08 pt. As to credit ratings, S&P Global Ratings affirmed its "AA/A-1+" long-term and short-term foreign and local currency sovereign credit ratings on the Emirate of Abu Dhabi, with a "stable" outlook.

In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 recorded price expansions of 0.25 pt to 0.38 pt this week. Prices of NOGA'27 increased by 0.88 pt. As to credit ratings, S&P Global Ratings revised its outlook on Bahrain to "stable" from "positive". At the same time, S&P affirmed its "B+/B" long-term and short-term foreign and local currency sovereign credit ratings. The "stable" outlook indicates that S&P expects the government would implement measures to reduce the budget deficit and benefit from additional support from other Gulf Cooperation Council sovereigns if needed.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price rises of 0.38 pt and 1.13 pt respectively week-on-week. Ooredoo'26 traded up by 0.13 pt. Amongst financials, prices of QNB'25 and '26 increased by 0.63 pt each this week. In the Kuwaiti credit space, prices of sovereigns maturing in 2027 rose by 0.61 pt week-on-week.

In the Iraqi credit space, sovereigns maturing in 2028 registered weekly price gains of 0.38 pt. Moody's affirmed the Government of Iraq's long-term issuer ratings at "Caa1" and maintained the "stable" outlook. The rating affirmation reflects, according to Moody's, Iraq's economic, fiscal and external dependence on the hydrocarbon sector, resulting in significant exposure to oil price volatility and carbon transition risks. Very weak institutions and governance constrain policy effectiveness, the government's capacity to respond to domestic and external shocks, and the economy's competitiveness.

In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 posted price expansions of 0.41 pt, 0.55 pt and 0.50 pt respectively this week. Prices of Omantel'28 went up by 0.88 pt. In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded price gains of up to 1.63 pt week-on-week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027 and 2030 posted price expansions of 1.00 pt and 0.20 pt respectively, while sovereigns maturing in 2032 and 2040 recorded prices declines of 0.55 pt and 0.75 pt this week. Euro-denominated sovereigns maturing in 2026 recorded price rises of 0.18 pt, while sovereigns maturing in 2031 recorded price drops of 0.70 pt.

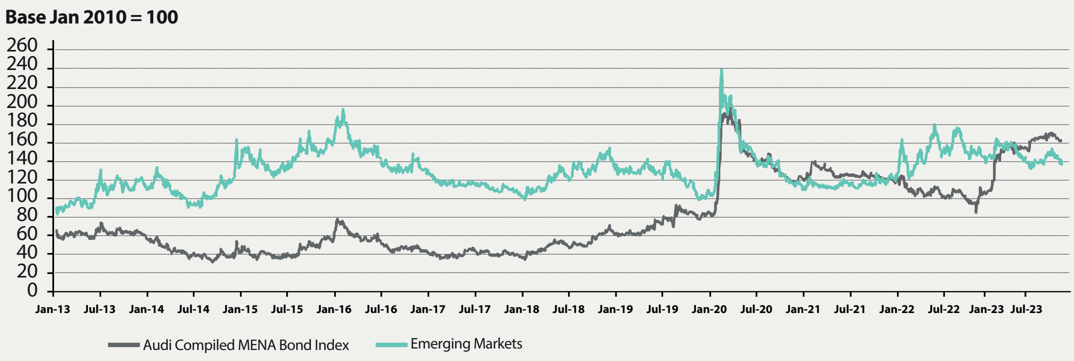
All in all, activity in regional bond markets was tilted to the upside this week, mainly as US Treasuries extended their November rally on speculation that the US Federal Reserve is done with interest-rate hikes and would ease its monetary policy as soon as next May.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	01-Dec-23	24-Nov-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	41	41	44	0	-3
Dubai	64	65	84	-1	-20
Kuwait	47	48	50	-1	-3
Qatar	44	43	48	1	-4
Saudi Arabia	52	53	61	-1	-9
Bahrain	220	227	231	-7	-11
Morocco	130	128	162	2	-32
Egypt	1,345	1,301	877	44	468
Iraq	481	466	467	15	14
Middle East	269	263	225	6	44
Emerging Markets	53	56	140	-3	-87
Global	395	400	533	-5	-138

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-/Stable/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+/Stable/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$)	01-Dec-23	24-Nov-23	30-Dec-22	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	15,000.00	15,000.00	1,507.50	0.0%	895.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	30.85	30.90	24.71	-0.2%	24.8%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,460.00	0.0%	-10.3%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.76	0.0%	-0.2%
UAE Dirham (AED)	3.67	3.67	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)	250.25	250.22	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	134.72	133.97	137.35	0.6%	-1.9%
Moroccan Dirham (MAD)	10.08	10.09	10.44	0.0%	-3.4%
Tunisian Dinar (TND)	3.11	3.10	3.11	0.2%	0.0%
Libyan Dinar (LYD)	4.81	4.82	4.83	-0.2%	-0.3%
Sudanese Pound (SDG)	647.81	647.81	573.81	0.0%	12.9%

Sources: Bloomberg, Bank Audi's Group Research Department

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