Bank Audi

MENA WEEKLY MONITOR

AUGUST 21 - AUGUST 27, 2022
WEEK 34

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Abu Dhabi National Oil Company (Adnoc Drilling) was awarded by Adnoc Offshore two contracts amounting to more than US$ 3.4 billion (AED 12.6 billion) to support the expansion of Adnoc's crude oil production capacity to five million barrels per day (mmbpd) by 2030 and enable gas self-sufficiency for the UAE, as mentioned in a statement.

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Activity in MENA equity markets was tilted to the downside this week, as reflected by a 0.4% decline in the S&P Pan Arab Composite index, as market players weighed an oil price rebound against global equity weakness stoked by fears of a hawkish-for-longer US Fed monetary policy and looming recession in the Euro area amid simmering energy crisis and surging inflation. In parallel, regional bond markets dipped into the red, mainly tracking US Treasuries move after the US Federal Reserve Chair delivered a stern commitment at the Jackson Hole symposium to keep raising interest rates and probably leaving them elevated "for some time" to tame the highest inflation in more than 40 years.

MENA MARKETS: AUGUST 21 - AUGUST 27, 2022

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-0.4%	Weekly Z-spread based bond index	-1.2%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+7.0%	YTD Z-spread based bond index	-15.8%

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ECONOMY

IMF EXECUTIVE BOARD CONCLUDES 2022 ARTICLE IV CONSULTATION WITH SAUDI ARABIA

The Executive Board of the International Monetary Fund (IMF) just concluded the 2022 Article IV consultation with Saudi Arabia.

According to a press release of the Fund, Saudi Arabia is recovering strongly following a deep pandemic-induced recession. Liquidity and fiscal support, reform momentum under Vision 2030, and high oil prices and production helped the economy recover with a robust growth, contained inflation and a resilient financial sector. The receding effects of the pandemic, rising oil production/prices and a strengthening economy have improved the fiscal and external positions.

Overall growth was robust at 3.2% in 2021, in particular driven by a rebounding non-oil sector—supported by higher employment for Saudi nationals, particularly women—and is expected to increase significantly to 7.6 percent in 2022 despite monetary policy tightening and fiscal consolidation, and a, thus far, limited fall-out from the war in Ukraine. Over the medium term, growth is expected to accelerate as continued implementation of the reform agenda and the National Investment Strategy, supported by Public Investment Fund interventions, yields dividends.

Executive Directors welcomed Saudi Arabia's substantial growth rebound, contained inflation, and strengthened external position, supported by the authorities' swift pandemic policy response, strong reform momentum, and higher oil prices and production. Against the backdrop of the positive economic outlook, with balanced risks, they underscored the need to continue implementing the Vision 2030 reform agenda, which will serve to diversify the economy and promote strong, inclusive, and greener growth.

Directors welcomed the authorities' fiscal discipline and their adherence to the 2022 budget ceilings despite higher oil prices. To support fiscal consolidation and transition to a greener economy, Directors underscored the need to sustain energy price reforms, including reconsideration of the cap on gasoline prices, and welcomed the authorities' commitment to reach market energy prices by 2030. They called for further efforts to strengthen non-oil revenue mobilization through tax policy measures—including by maintaining the current VAT rate—and enhancing revenue administration. Directors commended the authorities for ongoing reforms to strengthen social safety nets through targeted schemes, which should help sustain energy price reforms.

Directors welcomed the continued improvements in public financial management and encouraged further efforts to increase fiscal transparency. Given the increasing role of the Public Investment Fund, they encouraged quick completion of the ongoing work to establish a sovereign-asset liability management framework.

Directors welcomed the authorities' efforts to develop a fiscal rule, based on a long-term fiscal anchor and encouraged broader coverage of the public sector, to help reinforce their commitment to fiscal sustainability. Directors welcomed the continued resilience of the financial sector and central bank's strong supervision. They welcomed the progress in line with the internationally agreed timeline toward implementing the Basel III standards and encouraged further enhancing supervisory scrutiny of credit risks, as warranted, including from rising mortgage lending, and continued strengthening of the AML/CFT framework. Directors agreed that the exchange rate peg to the U.S. dollar continues to serve Saudi Arabia's economy well given the current economic structure.

Directors commended the authorities for the significant progress in implementing their ambitious structural reform agenda. They welcomed the impressive pace of labor market reforms, particularly the doubling of female labor force participation, and encouraged continued actions in this area. Directors advised continued efforts to improve the regulatory and business environment, promote private investment, boost productivity, and address corruption. They welcomed the authorities' ambitious climate commitments outlined in the Green Initiative and looked forward to the specific steps to achieve its goals. Directors also reiterated the importance of continuing to improve data quality and availability.

QATAR'S NON-ENERGY PRIVATE SECTOR CONTINUES TO EXPAND RAPIDLY IN JULY

The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre (QFC) continued to signal rapid growth in the non-energy private sector in July.

The rates of expansion in total activity, new work and outstanding business all eased slightly compared with June but were still among the fastest registered throughout the survey's more than five-year history. Headcounts meanwhile rose marginally while sentiment moderated somewhat.

Positively for businesses, overall input prices fell slightly in July while firms continued to raise selling prices.

The Qatar PMI indices are compiled from survey responses from a panel of around 450 private sector companies. The panel covers the manufacturing, construction, wholesale, retail, and services sectors, and reflects the structure of the non-energy economy according to official national accounts data.

The headline Qatar Financial Centre PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

The PMI remained well within expansion territory in July at 61.5. This eased notably from June's previous record high but was still among the strongest in the survey, which began in April 2017.

The two largest components of the PMI by weight – new orders and output – were behind the month-on-month dip in the headline figure in July. Output and new orders rose sharply, albeit at the softest pace for four and five months, respectively.

Wholesale & retail firms recorded the steepest increase in activity levels followed by manufacturing, construction and services.

With demand and output expanding rapidly in July, non-energy private sector firms in Qatar raised their workforces. Employment levels have now increased for 22 months in a row.

Robust demand conditions continued to exert pressure on capacity with backlogs rising moderately during the month. However, the rate of accumulation slowed notably from June, and was modest overall.

Sustained new order growth led firms in Qatar's private sector to raise their buying activity. Purchases have now risen in each of the last 25 months with the latest uptick among the strongest in the survey's history. Subsequently, stocks of inventories rose, albeit only moderately amid improving vendor performance.

On the price front, purchase prices increased at the softest pace in three months while overall input prices fell fractionally. Firms opted to raise selling prices at a softer pace, but at a rate that was still among the quickest in the survey's history.

Firms remained optimistic that their output levels would improve over the coming 12 months amid the upcoming FIFA World Cup.

The latest PMI data on Qatar's financial services sector signaled further marked growth in July. Business activity increased at a slower pace to that seen in the previous five months, but growth was marked compared to the historical average. New business followed a similar trend, easing to a five-month low but remaining robust overall.

Employment at financial services firms rose marginally, although at a softer pace, while business expectations remained positive.

On the price front, average input costs at financial services firms rose marginally, and at the softest pace in the current eleven-month sequence of inflation. By contrast, prices charged for financials services fell moderately and at the quickest pace for 20 months.

EGYPTIAN NON-OIL SECTOR CONTINUES CONTRACTION, AT SLOWER PACE

Egypt's non-oil private sector activity shrank again in July, but at a slower pace than June's two-year low, as demand remains weakened by inflation and shortages continue to put pressure on supply, a survey showed.

The S&P Global Egypt Purchasing Managers' Index (PMI) strengthened slightly to 46.4 from June's 45.2, remaining below the 50.0 line that denotes growth. July was the 20th straight month of contraction.

The rate of contraction eased since June but was still sharp as several panelists found that rising prices led to a drop in client spending, S&P Global said.

In addition to weakening demand, survey respondents continued to highlight that raw material shortages had constrained their capacity, it added, linking those shortages and cost hikes to the pandemic, Russia's war in Ukraine and to a stronger U.S. dollar.

The manufacturing, construction, wholesale, and retail and services sectors have all seen a contraction, S&P said.

Headline inflation fell to 13.2% in June from 13.5% in May.

The sub index for overall input prices fell back to 64.1 from 72.0 in June, while that for purchase costs fell to 64.2 from 70.9.

Higher fuel and raw material prices were still often mentioned, although this was partly tempered as lower commodity prices in recent weeks began to alleviate pressure on supplier charges, said S&P Global.

Output and new orders in July extended an almost year-long contraction, though the output index, at 43.6, improved from June's 41.3, and the index for new orders rose to 43.1 from 41.9.

The demand picture still appears challenging, leading businesses to give a relatively downbeat outlook for the coming year, as per the same source.

The sub index for future output expectations fell to 56.1 from 63.7 in June, a reading close to its lowest since the survey first included the category 10 years ago.

KUWAIT CENTRAL BANK RAISES DISCOUNT RATE BY 25 BPS

The Central Bank of Kuwait raised its discount rate by 25 basis points to 2.75% effective from Thursday, it said in a statement.

The decision was in response to inflationary pressures, Central bank Governor said in the statement.

The bank had also increased the rate by 25 bps on July 27, after a 75 bps hike by the U.S. Federal Reserve.

All Gulf countries have their currencies pegged to the dollar except Kuwait, which pegs its dinar to a currency basket including the dollar.

OMAN SET TO POST FISCAL SURPLUS THIS YEAR, AS HIGHER ENERGY PRICES BOOST REVENUES, AS PER FITCH SOLUTIONS

Oman will post its first yearly fiscal surplus in a decade in 2022 amounting to 6.5% of the gross domestic product (GDP), said Fitch Solutions.

Earlier this week, Oman's Ministry of Finance released data showing that the Sultanate posted a surplus of OMR784 million in in the first half of 2022, following a deficit of OMR 1108 million a year earlier.

Revenue figures were in line with Fitch Solutions' expectations, and it thinks that revenue will rise further in [the second half of the year] as a result of high energy prices. The agency expects that expenditure growth will remain moderate due to authorities' commitment to fiscal consolidation. Government debt data also came in line with its view as it expected it to further decrease to OMR 17.5 billion towards the end of the year, bringing Oman's debt to GDP ratio to 47.5% in 2022, down from 67.3% in 2021, said Fitch.

The improvement was driven by a 54.2% year-on-year increase in government revenues, mainly supported by a 40.1% year-on-year increase in oil revenues and a 137.8% increase in gas revenues.

Data also showed a decrease in the public debt from OMR 20.8 billion at the end of 2021 to OMR 18.6 billion at the end of July 2022, in line with government efforts to reduce debt servicing cost.

Fitch said it expects Oman's hydrocarbon revenues will continue to grow in the second half of the year, further widening the country's fiscal surplus.

Oman's average oil price of US$ 87.0 per barrel (/bbl) for the first half of 2022 is below the average Brent oil price of US$ 105.9/bbl, as Oman's budgeted oil price is lagged by approximately three months.

An increase in Oman's average oil price in the coming months will lead to more growth in its hydrocarbon revenues in [the second half], supporting overall revenue growth which Fitch Solutions forecasts at 41.3% in 2022.

Fitch expects that expenditure growth will moderate in the second half of the year, in line with authorities' fiscal consolidation efforts. The data release by the government showed an increase of 8.6% in total expenditures, on the back of additional fuel and food subsidies due to soaring prices.

Fitch Solutions expects that spending growth will decelerate [during the period] as global commodity prices start decreasing, reducing pressure on total expenditures, which Fitch Solutions forecasts at 5.1% in 2022."

SURVEYS

UAE'S GROSS PREMIUM TO GROW BY 5% IN 2022, AS PER S&P GLOBAL RATINGS

S&P Global Ratings forecast that the gross premium written (GPW) in the UAE to grow by approximately 5% in 2022.

The country's GPW will primarily be supported by ongoing infrastructure spending and an expected increase in visitors and residents, thanks to new visa programs that aim to attract highly qualified expatriates, S&P said in a statement.

Higher domestic inflation and increasing interest rates in the US are expected to continue to pressure central banks in emerging markets like the UAE, to increase rates to restrain inflation and prevent capital outflows, as per Director at S&P Global Ratings.

This could weigh on financing conditions in some markets. However, higher oil and commodity prices positively contribute to GDP growth in the UAE, a primarily net energy exporting economy, and could support an increase in insurance demand in the country, as per the same source.

Furthermore, the UAE's currency peg with the US dollar, UAE-based insurers will benefit from higher investment returns on cash and fixed deposits as interest rates rise.

However, UAE insurers do remain exposed to capital market volatility, since on average about 50% of their total investments are allocated in high-risk assets, such as equities and real estate.

Rated insurers in the UAE are typically very well capitalized, with substantial excess capital above capital needs. This distorts somewhat the sector's return on equity, which is forecasted at about 8% in 2022.

An increase in mobility and resumption of non-essential medical services led to an increase in claims frequency in 2021, which S&P expects will continue in 2022. Combined with a decline in motor rates by up to 50% in recent years, S&P expects a weaker operating performance in the UAE with a net combined ratio of about 92%- 93% in 2022, compared to approximately 91% in 2021.

Following several positive rating actions on insurers in the UAE over the past year, S&P Global Ratings do not foresee any further material rating actions in 2022.

UAE'S ROBUST FINANCIAL SYSTEM IN SUPPORTING NATIONAL ECONOMY, AS PER CBUAE'S FINANCIAL STABILITY REPORT

The Central Bank of the United Arab Emirates (CBUAE) issued its Financial Stability Report for 2021, which outlines the measures taken by the CBUAE to support the national economy during the COVID-19 pandemic and safeguard the stability of the financial system.

Among these key steps were the CBUAE's gradual exit strategy from the Targeted Economic Support Scheme (TESS) as the UAE economic recovery commenced, with the first phase completed by the end of 2021, and the second phase concluded by the end of June 2022. The CBUAE will maintain the final third phase of TESS measures during the second half of 2022.

The CBUAE also conducted risk-based supervision and solvency and liquidity stress tests to assess potential vulnerabilities. Overall, these tests indicated that the UAE banking system had adequate capital and liquidity buffers to withstand severe shocks.

The report outlines the risks for the banking system, which stem from the potential deterioration of assets quality and insufficient change in banks' business models in light of the global digital transformation, climate change and the rising governance requirements.

The response by the UAE government to the COVID-19 pandemic contributed to the rebound in overall UAE economic activity. The CBUAE measures supported the resilience and recovery of the nation's banking system and the broader financial system to pre-pandemic levels.

Furthermore, the report covers the CBUAE's payment systems that proved to be robust during 2021. With the acceleration of digitalization of financial services, the central bank further improved its systems, enhanced digital transformation, and ensured cyber resilience.

The Financial Stability Report records the CBUAE's approach to identifying and mitigating potential systemic risks and safeguarding the stability and resilience of the UAE financial sector. The report projects a positive outlook for the country's economy and financial system in 2022.

The global macro-financial outlook, however, could be affected by supply chain disruptions, rising inflationary pressures, and further escalating geopolitical tensions.

The CBUAE's vision is to become among the top central banks globally in enhancing monetary and financial stability and supporting UAE's competitiveness.

SOCIAL COMMERCE-DRIVEN BEAUTY AND PERSONAL CARE MARKET IN UAE PREDICTED TO HIT US$ 1 BILLION BY 2025

The UAE is becoming a pioneer of social commerce in beauty and personal care, while other Middle East countries are anticipated to follow the trend soon, says a new study.

The beauty and personal care products purchases based on social commerce in the UAE is predicted to surge to a billion dollar market by 2025, fueled by consumers' increasing use of social media for product discoveries and purchase decisions, a new research said.

The UAE is becoming a pioneer of social commerce in beauty and personal care, while other Middle East countries are anticipated to follow the trend soon.

Social commerce-based purchases of beauty and personal care products have the potential to grow into a large shopping revolution and its impact on the shopping behavior is expected to grow in the coming years," said the latest research by Redseer Strategic Consulting, a global consultancy specializing in digital services.

The beauty and personal care market through social commerce is expected to grow 5-6 times to make it a massive US$ 1 billion opportunity in the UAE by 2025, the study said.

The social commerce-driven beauty and personal care products market in the UAE is currently estimated in the range of US$ 180 million-US$ 200 million.

The study also revealed that the beauty and personal care segment is the top beneficiary of the increasing trend of heavy adoption and usage of digital media platforms for product discovery and purchases.

The trend of increasing trust towards content creators [on social media], among other aspects, is giving rise to a surge in social commerce in this sector, Redseer said.

The market study also revealed that about one-third of online beauty and personal care shoppers in the UAE have initiated a purchase on social media channels through brand and retailer pages or engaging with their advertisements.

There has been high search, discovery and engagement through social media advertisements, which greatly influences purchases, it said.

According to the study, as high as 66% of UAE consumers use social media channels for product discovery in beauty and personal care segments, while about 28% take purchase decisions based on their online searches.

While friends and family sources continue to be the top influence for purchase of beauty and personal care products in the UAE market, social media-influenced purchases are almost catching up with it, the study said.

The study said brands that are not cognizant of this emerging trend will lose out on creating new user experiences and widening the horizon of their revenue streams.

However, many beauty brands have also understood the importance of such influencers and have started utilizing its potential through various collaborations, the study said.

The study said comment sections on digital media enable buyers to obtain real time feedback, increasing the feeling of reliability and trust towards the brand.

Interestingly, the preference for social media platforms varies across age cohorts.

CORPORATE NEWS

ADNOC DRILLING WINS US$ 3 BILLION DEALS TO DRIVE OFFSHORE GROWTH

Abu Dhabi National Oil Company (Adnoc Drilling) was awarded by Adnoc Offshore two contracts amounting to more than US$ 3.4 billion (AED 12.6 billion) to support the expansion of Adnoc's crude oil production capacity to five million barrels per day (mmbpd) by 2030 and enable gas self-sufficiency for the UAE, as mentioned in a statement.

It details, one contract was valued at US$ 1.5 billion (AED 5.6 billion) and another contract was valued at US$ 1.9 billion (AED 7 billion) respectively.

Adnoc Drilling's rig fleet aimed to enable Adnoc and its strategic international partners to further unlock Abu Dhabi's offshore oil and gas resources, creating significant value for Adnoc, its partners and the UAE.

The jack-up rigs will be hired along with manpower and equipment to support drilling operations across Adnoc's offshore fields, which account for about half of Adnoc's production capacity.

Adnoc Drilling is one of the largest national drilling company in the Middle East by rig fleet size, with 105 owned rigs, including 27 offshore jack-up units, one of the largest operational jack-up fleets in the world.

The company's expansive rig fleet and market leading expertise remain key drivers in its ability to win and service large-scale drilling contracts for customers such as Adnoc Offshore, and to enable the unlocking of significant potential in Abu Dhabi's waters.

Finally, over 80% of the value of the awards will flow back into the UAE's economy under Adnoc's successful In-Country Value (ICV) program, supporting local economic growth and diversification, as mentioned in a statement.

KUWAIT'S AGILITY SIGNS OVER EURO 1 BILLION FACILITY WITH BANKS

Kuwait's Agility, one of the largest Gulf logistics companies, signed a new credit facility of Euro 1.4 billion to finance growth plans including its acquisition of British aviation services company John Menzies, as mentioned in a statement.

The lending sources were not disclosed.

It is worth mentioning that this transaction is part of a financing round that is expected to reach at around US$ 3.2 billion, Agility said in a statement.

The subject acquisition transaction was finalized at US$ 924.4 million, which it said would be combined with National Aviation Services (NAS).

The acquisition valued John Menzies at approximately GBP 571 million on a fully diluted basis and about GBP 763 million on an enterprise value basis, as mentioned in a statement.

UAE FIRM OFFERS TO BUILD SMART CITY IN IRAQ

A UAE company, specialized in the construction and management of smart cities, offered to initiate a sustainable smart city in Iraq with a total area of nearly one million square meters, as mentioned in a statement.

The total cost of the project and the UAE developer name are not disclosed yet.

The planned city is located in the Sumerian "UR" town in the Southern Dhi Qar Governorate and will comprise houses, hotels, a university, schools, hospitals, roads, green areas and other facilities, as mentioned in a statement.

They quoted Ghassan Al-Khafaji as saying the planned town would be a major tourism attraction along with the main Ur city.

This smart city is to offer modern technology in town management. It will also cater the needs of both citizens and tourists as it will comprise housing, social, cultural and economic facilities along with other features, Dhi Qar assistant governor said in a statement.

US$ 21 MILLION PROJECTS AWARDED IN BAHRAIN

The Bahrain Ministry of Works unveiled 18 tenders worth more than BHD 8 million (US$ 21 million) for infrastructure projects in the second quarter of 2022, as mentioned in a statement.

The subject projects come as a continuation of the ministry's action plan to implement the government's program to develop infrastructure services to meet the needs of citizens and residents and support the development wheel.

In details, the projects comprise nine for sanitation (BHD 1,812,117), three for roads (BHD 4,666,952), five for buildings and maintenance (BHD 2,287,647) and one in the technical services sector (amount not declared).

UAE'S FIRST USED BATTERY RECYCLING PLANT FOR US$ 17 MILLION

The UAE's first used battery recycling center is to be initiated in Ras Al Khaimah that will recover more than half of scrap generated in UAE, as mentioned in a statement.

The subject facility will be funded by Royal Gulf Industries, which unveiled its investment for AED 62.4 million (US$ 17 million). It will be built over a 110,000-square-foot area in Al Ghail Industrial Zone.

The battery recycling center aims to generate 150 job opportunities where it will start operation in the fourth quarter of 2022, according to a statement.

The materials are to be exported to India, Japan, Korea, China and Europe and used for the manufacture of new lead acid batteries and cases.

The company is a subsidiary of Hyderabad Castings Limited and part of Nakhat Group. It targets to collect waste batteries not just from the UAE, but also import from around the world to make Ras Al Khaimah a hub for recycling, Chairman of Royal Gulf Industries said in a statement.

KUWAIT STATE OIL OPERATOR INVITES BIDS FOR ACID PLANT

Kuwait state oil operator calls investors to build a plant to produce "Maleic Anhydride" which is used in the production of unsaturated polyster resin, a key component in the production of plastics and other substances, as announced in a statement.

The Kuwait Petroleum Corporation (KPC) will supply 30,000 tons a year of feedstock for the plant through a pipeline to be built as part of the project, as per KPC sources.

KPC invited local and foreign investors to submit letters of interest for the project before Sept 22 where they must provide details of the company's financial position, products, activities and services.

Moreover, applicants should outline procedures to be followed in carrying out a feasibility study and the project's date of completion.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES UNDER DOWNWARD PRICE PRESSURES, TRACKING GLOBAL EQUITY WEAKNESS ON GLOBAL RECESSION FEARS

Activity in MENA equity markets was tilted to the downside this week, as reflected by a 0.4% decline in the S&P Pan Arab Composite index, as market players weighed an oil price rebound against global equity weakness stoked by fears of a hawkish-for-longer US Fed monetary policy and looming recession in the Euro area amid simmering energy crisis and surging inflation.

The heavyweight Saudi Exchange registered shy price retreats of 0.2% this week, as market players balanced a wide sell-off mood in global equities (-2.8%) and some unfavorable corporate earnings against surging oil prices. Brent oil prices topped the US$ 100 per barrel level on Friday after Saudi Arabia said that OPEC could consider cutting output in response to poor liquidity in the crude futures market and fears about a global economic downturn, and as a recent US government report showed that the US shipped the most crude and refined-oil products overseas in three decades.

A closer look at individual stocks shows that SNB's share price declined by 0.8% week-on-week to SR 71.40. Banque Saudi Fransi's share price closed 0.4% lower at SR 52.30. Alinma Bank's share price fell by 2.8% to SR 38.30. SABB's share price dropped by 1.2% to SR 41.95. Saudi Pharmaceutical industries and Medical Appliances Company's share price decreased by 1.8% to SR 30.55. SPIMACO reported a net loss of SR 52 million during the second quarter of 2022 against net profits of SR 29 million a year earlier. Hail Cement Company's share price retreated by 0.7% to SR 13.86. Hail Cement Company reported a net loss of SR 7 million during the second quarter of 2022 as compared to net profits of SR 15 million a year earlier. Amongst petrochemicals, heavyweight Saudi Aramco's share price edged down by 0.4% to SR 39.35. Advanced Petrochemical company's share price declined by 1.3% to SR 53.0. SABIC's share price decreased by 2.3% to SR 103.80. Saudi Kayan Petrochemical Company's share price plunged by 3.7% to SR 15.70.

The Qatar Stock Exchange plunged in the red this week (-2.7%) following a five-week winning streak, mainly tracking a global sell-off mood stoked by mounting global recession fears. 27 out of 47 listed stocks posted price falls, while 20 stocks recorded price gains week-on-week.

A closer look at individual stocks shows that QNB's share price shed 6.6% over the week to QR 21.10. The Commercial Bank's share price dropped by 2.3% to QR 7.615. Qatar Islamic Bank's share price fell by 3.3% to QR 26.50. Securities & Investment Company cut its recommendation on Qatar Islamic Bank's stock to "Sell" from "Buy", with a price target of QR 24, which implies an 8.9% decrease from last price. QIIB's share price went down by 4.4% to QR 12.060. Aamal Holding's share price declined by 1.5% to QR 1.20 despite rising the non-Qatari foreign ownership limit to 100%. Ooredoo's share price closed 2.2% lower at QR 8.956. Barwa Real Estate's share price decreased by 1.9% to QR 3.726.

EQUITY MARKETS INDICATORS (AUGUST 21 - AUGUST 27, 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	125.4	-2.3%	33.3%	5.4	6.7%	0.1	14,168.2	2.0%	-	0.32
Jordan	402.2	0.2%	15.4%	30.1	-12.1%	13.8	26,424.3	5.9%	10.3	1.69
Egypt	211.1	2.5%	-30.7%	316.4	-	3,196.1	35,155.7	46.8%	7.1	1.43
Saudi Arabia	561.5	-0.2%	9.5%	6,347.3	-22.4%	589.64	3,176,535.9	10.4%	17.0	5.77
Qatar	224.2	-2.7%	12.6%	638.9	-30.7%	617.4	207,984.9	16.0%	15.8	2.15
UAE	149.5	0.1%	1.4%	2,168.9	-1.7%	1,687.8	712,247.6	15.8%	15.7	2.36
Oman	257.5	-1.5%	18.2%	18.7	-26.8%	29.3	21,069.1	4.6%	13.4	1.06
Bahrain	196.6	0.1%	7.6%	5.6	-33.2%	5.1	27,314.3	1.1%	13.4	1.87
Kuwait	147.3	1.3%	10.5%	859.1	40.6%	1,023.0	136,635.3	32.7%	20.3	2.48
Morocco	250.9	-1.5%	-20.9%	27.0	70.7%	1.22	59,543.1	2.4%	22.9	3.14
Tunisia	60.9	0.7%	-5.0%	7.2	83.2%	4.3	7,254.0	5.2%	10.4	1.57
Arabian Markets	**1,062.8**	**-0.4%**	**7.0%**	**10,424.6**	**-15.3%**	**7,167.8**	**4,424,332.5**	**12.3%**	**16.7**	**4.78**

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

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

In contrast, the UAE equity markets saw two-way flows this week, as market players weighed some favorable sector-specific and company-specific factors and rising oil prices against growing concerns of a global economic downturn. This was reflected by a shy rise in the S&P UAE index of 0.1%.

In Dubai, Emaar Properties' share price surged by 3.2% week-on-week to AED 6.10. Emaar Properties' Board of Directors recommended removing foreign ownership cap, currently quoted at 49%, in the Dubai developer's shares. Emaar Development's share price jumped by 5.2% to AED 4.87. Union Properties' share price climbed by 5.3% to AED 0.276. Property consultancy firm Betterhomes said in a recent report that Dubai continued to be a prime target for investors, bolstered by strong capital growth, high yields and government-led initiatives that incentivizes investment in the property sector. In contrast, Tabreed's share price went down by 2.8% to AED 2.80. du's share price closed 1.8% lower at AED 6.08. Shuaa Capital's share price retreated by 1.2% to AED 0.484.

In Abu Dhabi, ADNOC Drilling Company's share price increased by 0.8% over the week to AED 3.65. ADNOC Drilling Company signed a sale and purchase agreement to acquire a premium offshore jack-up drilling unit for US$ 70 million. Dana Gas' share price closed 0.8% higher at AED 0.984. AlphaMena analyst raised its recommendation on Dana Gas PJSC to "Buy" from "Add", with a price target of AED 1.30, which implies a 34% increase from last price. First Abu Dhabi Bank's share price rose by 2.3% to AED 20.20. In contrast, ADCB's share price closed 2.1% lower at AED 9.25. Etisalat's share price fell by 3.0% to AED 26.08.

Boursa Kuwait posted price gains of 1.3% week-on-week, mainly supported by banking stocks. Kuwaiti banks are pursuing KWD 400 million in arrears from the government, related to the loan moratorium provided by banks during the pandemic on consumer loans. National Bank of Kuwait's share price rose by 0.7% to KWf 1,070. Gulf Bank's share price increased by 2.9% to KWf 358. Kuwait International Bank's share price went up by 2.8% to KWf 219. Boubyan Bank's share price surged by 3.7% to KWf 860.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS SKEWED TO DOWNSIDE, ON US FED STERN PLEDGE TO FIGHT FOUR-DECADE HIGH INFLATION

MENA fixed income markets dipped into the red this week, mainly tracking US Treasuries move after the US Federal Reserve Chair delivered a stern commitment at the Jackson Hole symposium to keep raising interest rates and probably leaving them elevated "for some time" to tame the highest inflation in 40 years.

In the Abu Dhabi credit space, sovereigns maturing in 2031 were down by 0.63 pt this week. Prices of ADNOC'29 retreated by 0.25 pt. Mubadala'26 saw price falls of 0.13 pt. Regarding plans for new issues, ADCB mandated Barclays and ING as Joint Sustainability Structuring Advisors and ADCB, Barclays, BofA Securities, ING, JP Morgan, Mizuho and SMBC Nikko as Joint Lead Managers and Joint Bookrunners to arrange a series of fixed income investor meetings for the sale of a five-year benchmark US dollar-denominated Reg S senior unsecured inaugural green bonds.

In the Dubai credit space, sovereigns maturing in 2029 registered price declines of 0.25 pt week-on-week. DP World'30 saw price falls of 0.50 pt. Prices of Majid Al Futtaim'29 contracted by 0.25 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 recorded price declines of 0.50 pt and 0.75 pt respectively week-on-week. Ooredoo'26 traded down by 0.25 pt. Amongst financials, prices of QNB'25 retreated by 0.38 pt.

In the Saudi credit space, sovereigns maturing in 2026 and 2030 posted price contractions of 0.19 pt and 0.38 pt respectively this week. STC'29 closed down by 0.25 pt. Prices of SABIC'28 declined by 0.50 pt. SEC'24 saw price rises of 0.13 pt. Regarding plans for new issues, Saudi National Bank starts offering perpetual riyal-denominated Sukuk.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 decreased by 0.32 pt this week. Prices of KIPCO'27 went up by 1.50 pt. In the Iraqi credit space, sovereigns maturing in 2028 were down by 0.63 pt this week.

In the Omani credit space, sovereigns maturing in 2026 and 2029 posted price contractions of 0.15 pt and 0.75 pt respectively week-on-week. Omantel'28 closed down by 0.25 pt. Fitch Ratings upgraded Omantel's long-term Issuer Default Rating to "BB" from "BB-", with a "stable" outlook. The upgrade follows a recent similar rating action of the Oman sovereign's as Omantel's IDR is capped by the rating of the sovereign.

In the Bahraini credit space, sovereigns maturing in 2031 registered price gains of 0.38 pt this week. Prices of NOGA'27 increased by 0.50 pt. In the Jordanian credit space, sovereigns maturing in 2026 and 2030 saw price falls of 0.13 pt and 0.63 pt respectively week-on-week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2025, 2030 and 2040 registered price rises of up to 2.0 pts this week. Euro-denominated sovereigns maturing in 2026 and 2031 closed up by 3.78 pts and 2.65 pts respectively.

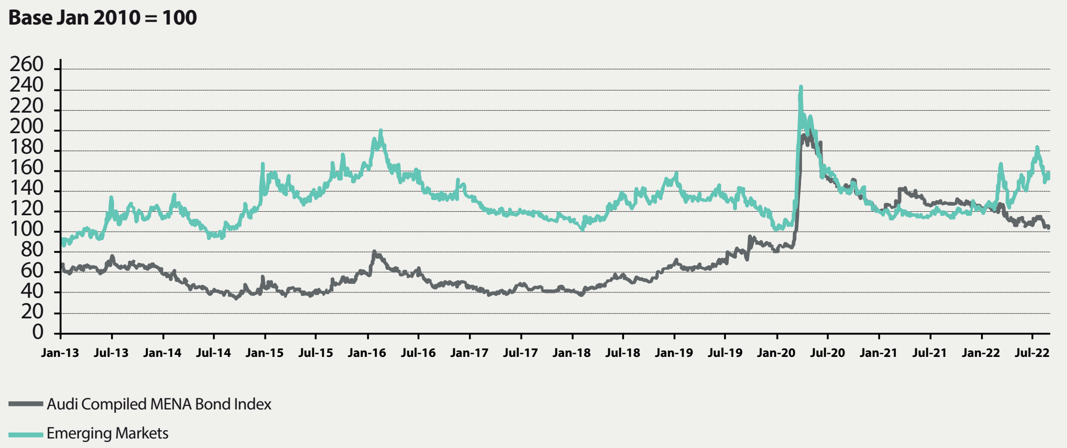
All in all, regional bond markets came under downward price pressures, mainly tracking declines in US Treasuries after the US Federal Reserve Chair reiterated the Central Bank's commitment to fight inflation in a hawkish speech at the Jackson Hole conference.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	26-Aug-22	19-Aug-22	31-Dec-21	Week-on-week	Year-to-date
Abu Dhabi	47	50	43	-3	4
Dubai	121	120	94	1	27
Kuwait	60	64	45	-4	15
Qatar	48	51	44	-3	4
Saudi Arabia	49	52	49	-3	0
Bahrain	307	300	294	7	13
Morocco	256	269	95	-13	161
Egypt	942	1015	498	-73	444
Iraq	736	717	554	19	182
Middle East	285	293	191	-8	94
Emerging Markets	407	405	141	2	266
Global	473	495	183	-22	290

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/Stable	BB-/Stable/B
Egypt	B/Stable/B	B2/Negative	B+/Stable/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/Stable	AA-/Stable/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	B+/Stable/B
Oman	BB-/Stable/B	Ba3/Stable	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$)	26-Aug-22	19-Aug-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)	19.19	19.16	15.72	0.2%	22.1%
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%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.69	3.68	3.67	0.1%	0.4%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	0.1%	1.7%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.39	0.38	0.39	0.0%	0.0%
Yemeni Riyal (YER)	250.00	250.00	250.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	140.85	140.85	138.89	0.0%	1.4%
Moroccan Dirham (MAD)	10.58	10.41	9.25	1.7%	14.4%
Tunisian Dinar (TND)	3.20	3.19	2.87	0.4%	11.3%
Libyan Dinar (LYD)	4.92	4.88	4.60	0.8%	7.0%
Sudanese Pound (SDG)	573.20	570.01	437.92	0.6%	30.9%

Sources: Bloomberg, Bank Audi's Group Research Department