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p.9 MENA CAPITAL MARKETS DEEPEN LOSSES AMID LINGERING US-IRAN FRICTION AND SURGING US TREASURY YIELDS

MENA equity markets drifted further into a negative territory this week, with the S&P Pan Arab Composite index contracting by 1.0%, as tough rhetoric between the US and Iran at the United Nations General Assembly and fresh regional military flare-ups eroded investor confidence, dampening hopes for a US-Iran diplomatic resolution. In parallel, regional fixed income markets continued to experience broad-based price contractions this week, mainly tracking the movement of US Treasuries as the 10-year US Treasury yield surged to peaks not seen in nearly two decades. This shift was fueled by persistent inflation concerns stoked by soaring oil prices, and driven by robust US economic data, which showed the fastest business expansion in over five years this September. This momentum amplified market expectations for aggressive interest rate hikes by the US Federal Reserve through the end of this year and into next.

MENA MARKETS: SEPTEMBER 20 TO SEPTEMBER 26, 2026

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-1.0%	Average weekly bond price change	-0.79 pt
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-0.2%	Average yearly bond price change	-5.11 pts

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ECONOMY

IIF FORESEES AN 11% REAL GDP CONTRACTION IN IRAQ IN 2026

A new report by IIF on Iraq has just been issued, under the title "Iraq: An Oil Shock Tests a Fragile Political Opening".

The report says Iraq's oil exports are projected to fall by about 22% in 2026, driving an estimated 11% contraction in real GDP and widening the fiscal and current account deficits to roughly 12% and 13% of GDP, respectively.

Higher Brent prices offer limited relief because Iraqi crude is selling at unusually large discounts, shipping costs have risen, and export volumes remain well below pre-conflict levels as per the report.

A gradual normalization of Hormuz shipping could allow full export recovery by mid-2027, producing a sharp hydrocarbon rebound, though non-oil growth will stay near 2% and public debt around 62% of GDP.

Political stabilization and renewed energy investment provide upside, but militia disarmament, governance reforms, and several recently announced U.S.-linked projects face significant implementation risks. Iraq is confronting an acute external shock at a moment of tentative political improvement, exposing the structural vulnerabilities created by extreme oil dependence, fiscal rigidity, and fragile security dynamics. The report assesses how the Hormuz disruption, evolving political conditions, and shifting foreign investment trends will shape Iraq's macroeconomic outlook through 2027.

According to the report, FDI has become a key driver of Iraq's medium-term outlook, with gross inflows rising from US\$ 2–3 billion in 2020–22 to US\$ 8.6 billion in 2025 (about 4% of GDP). Most committed investment reflects upstream oil activity, accelerated gas-capture and processing projects, and power-sector upgrades. These flows are already lifting production capacity, reducing fuel-import needs, and gradually easing pressure on the fiscal and external accounts. Non-oil FDI remains limited, but the scale of hydrocarbons-driven inflows underscores Iraq's continued attractiveness for large energy projects and provides a more stable foundation for medium-term revenues. Renewed U.S. commercial engagement adds further upside, though much of it remains at the announcement stage. Chevron, ConocoPhillips, Halliburton, HKN Energy, KBR and potentially ExxonMobil are pursuing new upstream and gas initiatives that, if implemented, would strengthen production capacity, expand gas capture, and improve electricity supply. Companies appear more willing to operate despite security risks, suggesting Iraq may be entering a new investment cycle that broadens technical partnerships and improves project execution. Prospective U.S.-linked projects—including revived pipeline discussions—could support export diversification and long-term revenue growth, though implementation risks remain significant.

Yet even with improving investment dynamics, Iraq's outlook remains highly sensitive to geopolitical developments and the durability of regional security arrangements. The most significant downside risk to Iraq's 2027 outlook remains the failure to reach—or sustain—a credible U.S.–Iran agreement. A breakdown in diplomacy would prolong instability across the Strait of Hormuz, delay the normalization of shipping routes, and keep insurance premia elevated. For Iraq, this would translate into recurring export disruptions, weaker oil volumes, and a sharp deterioration in both the current account and fiscal balances. The risk is highly asymmetric: the longer the disruption persists, the harder it becomes for high oil prices to offset lost export volumes, rising import costs, and pressure for higher public spending. Under a prolonged shock, Iraq could face accelerated reserve depletion and a faster than expected rise in public debt, potentially pushing government debt to above 70% of GDP by end 2027. Domestic political dynamics compound these external risks. Renewed confrontation between the state and Iran aligned militias—whether triggered by regional escalation or internal political fragmentation—would undermine security conditions, disrupt oil sector operations, and weaken investor confidence at a critical moment in Iraq's investment cycle, as per IIF.

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Persistent governance frictions, delays in budget execution, and contested authority between federal and sub national actors would further constrain policy responses. Together, these factors create a downside scenario in which external shocks and domestic instability reinforce each other, eroding macro stability and delaying Iraq's recovery as per IIF.

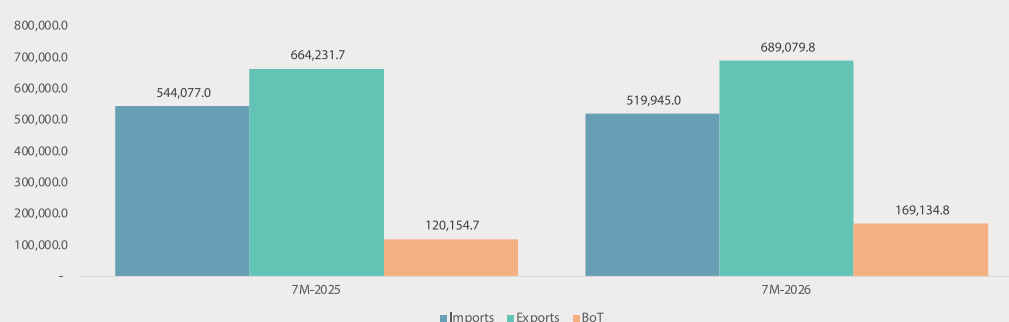
SAUDI ARABIA RECORDS A 41% INCREASE IN BOT SURPLUS IN 7M-26

According to data from the Saudi General Authority for Statistics (GASTAT), Saudi Arabia's BoT surplus increased by 40.8% year-on-year, reaching SAR 169.1 billion (US\$ 45.7 billion) in the first seven months (7M) of 2026, up from SAR 120.2 billion (US\$ 32.4 billion) in 7M-2025. The expansion in the BoT surplus was driven by a 3.7% increase in exports year-on-year, coupled with a 4.4% decrease in imports between 7M-2025 and 7M-2026.

In detail, total exports were reported at SAR 689.1 billion (US\$ 186.1 billion) in 7M-2026, registering a 3.7% increase from the figures recorded in 7M-2025. The majority of exports (71.9%) were from the oil sector, while non-oil exports accounted for 16.2% of total exports and re-exports represented the remaining 12.0%. Oil exports recorded a year-on-year increase of 7.4%, while non-oil exports declined by 9.5% over the period, reaching SAR 495.2 billion (US\$ 133.7 billion) and SAR 111.5 billion (US\$ 30.1 billion), respectively, in 7M-2026. Meanwhile, re-exports increased by 3.4% year-on-year to SAR 82.4 billion (US\$ 22.3 billion). The breakdown of exports by destination in 7M-2026 indicates that China held the largest share with 13.3% of total exports, followed by the UAE (9.3%), India (9.1%), South Korea (8.9%), Japan (8.5%), Egypt (4.0%) and the USA (2.6%), as per data from GASTAT.

On the other hand, total imports were reported at SAR 519.9 billion (US\$ 140.4 billion) in 7M-2026, registering a 4.4% contraction from the figures recorded in 7M-2025.

FOREIGN TRADE IN SAUDI ARABIA (SAR MILLION)



Source: GASTAT, Bank Audi Group's Research Department

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EGYPT'S NON-OIL PRIVATE SECTOR NEARS STABILIZATION AS PMI RISES TO SEVEN-MONTH HIGH IN AUGUST

Egypt's Purchasing Managers' Index (PMI) rose to 49.6 in August 2026, up from 46.8 in July, remaining slightly below the neutral 50.0 threshold and signaling only a marginal deterioration in non-oil private sector business conditions, according to S&P Global's Egypt PMI data. The reading was the highest in seven months, as declines in both output and new orders eased considerably amid signs of improving market activity.

New business continued to decline, although at the slowest pace since February, while output contraction also moderated. Employment increased for the first time since October 2025, with job creation reaching the second-fastest rate since the survey began over 15 years ago. Meanwhile, purchasing activity declined for the fifth consecutive month and at the sharpest pace in nearly three years, amid material shortages and cash flow constraints.

Inflationary pressures accelerated in August, with both input costs and output prices rising at faster rates, driven partly by higher material, oil and transportation costs. Despite these pressures, business confidence strengthened to its highest level since June 2022, with more than 21% of surveyed firms expecting output to increase over the coming year, supported by expectations of new projects, tourism growth and branch openings.

JORDAN RECORDS YEAR-ON-YEAR CPI INFLATION OF 2.7% IN AUGUST

According to data from the Jordanian Department of Statistics (DoS), the country registered a year-on-year inflation in prices of 2.7% in August 2026.

In detail, year-on-year inflations were noted in the prices of Food and Non-Alcoholic Beverages (weight of 26.5%), Housing (weight of 23.8%), Transportation (weight of 16.0%), and Household Furnishings & Equipment (weight of 4.9%) of 0.2%, 3.3%, 7.0%, and 0.4%, respectively, during August 2026 against the same month of the year prior. Year-on-year price inflations during the period were also noted in Other Goods & Services (weight of 4.8%), Alcohol, Tobacco & Cigarettes (weight of 4.4%), Education (weight of 4.4%), and Health (weight of 4.0%) of 3.2%, 4.0%, 3.5%, and 0.7%, respectively. Additionally, the prices of Communication (weight of 2.8%), Culture & Recreation (weight of 2.6%), and Restaurants & Hotels (weight of 1.8%) recorded year-on-year price inflations of 0.8%, 2.5%, and 0.4%, respectively.

On the other hand, Clothing & Footwear (weight of 4.1%) registered a year-on-year price decline, falling by 0.2% during the aforementioned period, as per the Jordanian DoS.

JORDAN'S AVERAGE CPI VARIATION BETWEEN 2025 AND 2026

Sector	Aug-2025	Aug-2026	% change	Weight
Food and non-Alcoholic Beverages	109.2	109.4	0.2%	26.5%
Alcohol and Tobacco and Cigarettes	123.2	128.1	4.0%	4.4%
Clothing and footwear	96.8	96.6	-0.2%	4.1%
Housing	119.2	123.1	3.3%	23.8%
Household Furnishings and Equipment	107.8	108.2	0.4%	4.9%
Health	112.6	113.4	0.7%	4.0%
Transportation	111.5	119.4	7.0%	16.0%
Communication	106.7	107.6	0.8%	2.8%
Culture and Recreation	118.6	121.5	2.5%	2.6%
Education	110.6	114.6	3.5%	4.4%
Restaurants and Hotels	119.5	119.9	0.4%	1.8%
Other Goods and Services	114.1	117.7	3.2%	4.8%
All items	112.6	115.6	2.7%	100%

Sources: Jordanian Department of Statistics, Bank Audi Group Research Department

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SURVEYS / REPORTS

SAUDI ARABIA'S INTERNATIONAL LEISURE TOURISM SET TO GROW 93% BY 2030, AS PER TOURISM ECONOMICS

Saudi Arabia's international leisure tourism is forecast to grow by 93% between 2025 and 2030, outpacing growth across the Middle East and globally, according to a new Tourism Economics report, titled "Saudi Arabia: An Emerging Global Tourism Powerhouse".

The Kingdom's international leisure travel, measured by overnight arrivals, is forecast to grow more than three times faster than the global average of 30% over the five-year period, and ahead of the Middle East at 64%.

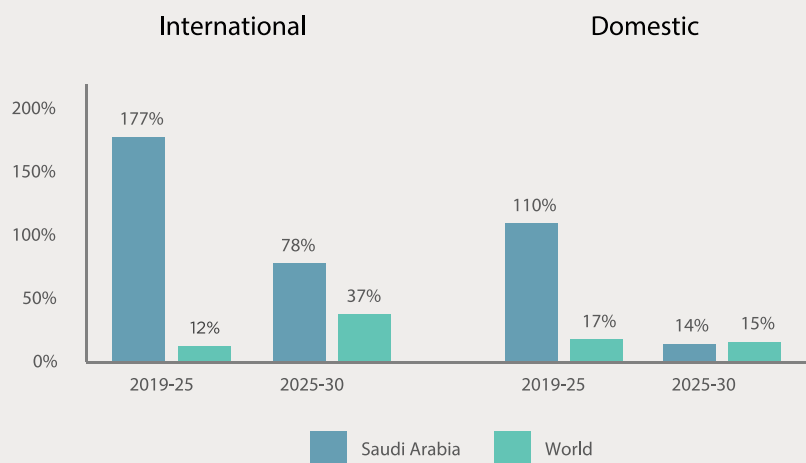
The forecast builds on a period of significant tourism expansion. Between 2019 and 2025, international travel to Saudi Arabia grew by 67%, compared with 20% across the Middle East and 5% globally, with the Kingdom generating approximately three-quarters of the region's international travel growth during the period. Saudi Arabia also increased its share of the global international travel market.

Growth has been widespread, but international tourism has emerged as the primary focus of the Kingdom's destination development strategy and marketing. This includes attracting visitors through global events and easing entry restrictions for leisure travelers, such as through the successful introduction of an e-visa system.

Diversification is a defining feature of Saudi Arabia's inbound growth story, underpinned by the Vision 2030 program. This is driving rapid transformation across the sector, supported by mega-projects such as The Red Sea and Qiddiya, where Six Flags Qiddiya City and Aquarabia (the region's largest waterpark) recently opened, as well as a growing calendar of global events such as Expo 2030 and the 2034 FIFA World Cup.

Exceptional growth in international travel to Saudi Arabia indicates that these strategies are proving effective. Inbound visitor nights increased 177% between 2019 and 2025, far outpacing global growth of 12%. The Kingdom's share of global international visitor nights rose from 2.9% to 7.1%, the largest gain of any destination. Domestic visitor nights also more than doubled as residents benefitted from the Kingdom's destination development, increasing its share of global domestic activity from 1.9% to 3.4%.

TRAVEL ACTIVITY GROWTH



Source: Tourism Economics 2026

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Saudi Arabia's outperformance is projected to continue, although growth would moderate as volumes increase and the destination matures. International visitor nights are forecast to rise a further 78% between 2025 and 2030, an average annual growth rate of 12% and more than double the global increase. This represents a larger absolute gain in nights than between 2019 and 2025 and would lift the Kingdom's global market share to more than 9% by 2030, despite intensifying international and regional competition. By contrast, domestic travel is expected to grow in line with the global average.

Robust growth in inbound activity means Saudi Arabia's tourism industry is becoming increasingly reliant on international visitors. The international share of visitor nights rose from 41% in 2019 to 48% in 2025. This was well above the global aggregate of 31%, but below the rest of the GCC, where international travel accounted for around 80% of all activity in 2025. Saudi's international share of visitor nights is projected to rise to almost 60% by 2030.

Furthermore, China is projected to deliver the strongest growth among Saudi Arabia's prominent leisure source markets, with visitor nights increasing fivefold by 2030. Chinese travelers are also particularly high spending, averaging US\$ 470 per night on international travel in 2025. Meanwhile, leisure activity from Thailand, Germany and Italy is forecast to more than triple, while volumes from the major source markets of Algeria, Pakistan, Morocco and India are expected to more than double. India and Indonesia offer further upside given their scale and rapid growth, although capacity constraints on key routes may limit Saudi Arabia's ability to increase its market share. Easing these constraints could unlock additional demand from both markets.

EMIRATE OF ABU DHABI'S RATING AFFIRMED AT "AA/A-1+" WITH "STABLE" OUTLOOK, AS PER S&P GLOBAL

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, a member of the UAE. The outlook is "stable".

The "stable" outlook reflects S&P's view that Abu Dhabi's large fiscal and external assets provide a buffer for policy maneuvering during current adverse geopolitical developments or unfavorable hydrocarbon-sector dynamics, including disruption in oil production or exports.

In details, S&P expects Abu Dhabi's oil production to increase gradually over 2026-2029, supporting its macroeconomic recovery. S&P's base-case scenario assumes a gradual ramp-up in oil production from an average of 3.4 mbpd in 2026 to 4.3 mbpd in 2027, reaching 5.0 mbpd by 2029. S&P expects the resulting expansion in hydrocarbon output would support a recovery in economic activity, with headline real GDP growth accelerating to an average of 6.2% over 2027-2029, from an estimated 4.3% in 2026 and 7.1% in 2025.

In parallel, given current regional tensions, the Abu Dhabi government has accelerated investment in critical energy infrastructure aimed at bypassing the Strait of Hormuz. The existing Habshan-Fujairah pipeline, known as Abu Dhabi Crude Oil Pipeline, provides the UAE with a strategic export route that bypasses the Strait of Hormuz, allowing direct access to Fujairah and then onto the Indian Ocean and global energy markets. The pipeline has a nameplate capacity of approximately 1.5 mbpd, although throughput has reportedly approached 1.8 mbpd in recent months. The UAE is also constructing a new LNG export corridor and a new West-East oil pipeline, the latter of which should become operational by 2027 and double ADNOC's export capacity through to Fujairah.

These efforts to improve export infrastructure, along with investments in additional storage capacity domestically and abroad namely, in India, South Korea and Japan, would support the UAE and Abu Dhabi's sustainable hydrocarbon sector growth. Capital expenditure plans would partly offset the impact of the conflict-related slowdown on non-hydrocarbon growth. Non-oil sectors constitute about 50% of Abu Dhabi's GDP and a portion of non-oil activity remains value-added activities (such as refining and petrochemicals) of hydrocarbon-related revenue and investment flows, encompassing the correlation between oil prices, associated sectors and market sentiment.

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CORPORATE NEWS

MICROSOFT COMMITS OVER US\$ 10 BILLION TO MIDDLE EAST AI AND CLOUD EXPANSION

Microsoft would invest more than US\$ 10 billion in capital and operating expenditure in the Middle East through 2030, as the technology giant accelerates its cloud and artificial intelligence infrastructure expansion across Kuwait, Qatar, Saudi Arabia and the UAE, as reported in a company statement.

The investment forms part of a new regional framework under which Microsoft would expand cloud and AI capacity, deepen partnerships with governments and national AI organizations, and strengthen digital resilience and connectivity.

The company also plans to invest more than US\$ 400 million in subsea and terrestrial connectivity by 2030, expanding network capacity and strengthening regional data flows.

As part of the initiative, Microsoft would launch a Middle East digital resilience program focused on business continuity, data protection and recovery capabilities, while deepening cybersecurity cooperation with authorities in the four countries.

The company would also work with governments and other partners on responsible AI governance, testing and assurance, while continuing AI research addressing areas such as food security, climate resilience and low-resource languages.

On skills, Microsoft would build on existing program aimed at helping more than 4.2 million people develop AI and digital skills by 2030, with initiatives targeting public-sector leaders, students, workers and women.

PIF LAUNCHES TAWRID TO PROVIDE SUPPLY-CHAIN FINANCING PRODUCTS IN SAUDI ARABIA

PIF announced the launch of Tawrid Company for Financing Solutions, an innovative digital platform providing supply-chain financing products to companies in the Saudi Arabian market. Tawrid has obtained the Saudi Central Bank's (SAMA) permit to operate under the regulatory "Sandbox" environment. The financial services industry is a strategic enabler of the six ecosystems that PIF announced recently as part of its 2026-2030 strategy.

Supply chain financing products help companies to fund their broader activities. Tawrid's digital offering will further strengthen the Saudi private sector, particularly small and medium-sized enterprises.

Tawrid would play a significant role in connecting buyers, suppliers and funders through its digital platform. It would offer products such as early settlement options against approved invoices, enabling businesses to expand their operations, enhance their working capital efficiency and improve their liquidity management.

The launch of Tawrid is in line with PIF's strategy increase the Saudi private sector's contribution to PIF's projects and portfolio companies and to grow the private sector's share of the local economy. Its platform would enable local banks registered on its network to engage with registered suppliers, strengthening supply chains and further supporting the diversification of financial services and the digitalization of trade in Saudi Arabia.

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SAL, SAL ZONES AND CIMC SIGN TWO MOUS TO ADVANCE LOGISTICS INFRASTRUCTURE, INVESTMENT AND CAPABILITY IN SAUDI ARABIA

Saudi-based SAL Logistics Services, through its SAL Logistics business and its subsidiary SAL Zones, signed two Memoranda of Understanding (MoUs) with CIMC's Middle East and North Africa Regional Headquarters, one of the world's leading companies in industrial and logistics solutions, to explore new areas of collaboration in logistics solutions and infrastructure, logistics zone development and attracting Chinese businesses and investments to Saudi Arabia.

The MoU with SAL Logistics focuses on exploring opportunities for collaboration in cargo handling systems, automation, robotics, autonomous vehicles, and handling and transportation equipment. The two parties will also explore the potential establishment of a logistics hub serving CIMC Group and its subsidiaries, supporting assembly, manufacturing and distribution operations in Saudi Arabia, while addressing growing local demand and supporting CIMC's expansion plans across Saudi Arabia and the wider region.

The MoU with SAL Zones focuses on exploring opportunities to develop facilities and warehouses within the SAL Logistics Zone in Riyadh, attract Chinese companies and customers to benefit from the zone's infrastructure and services, and identify investment opportunities and joint projects that support business growth and trade between Saudi Arabia and China.

ALDAR AND MUBADALA JV EXPANDS INVESTMENT IN MASDAR CITY WITH ACQUISITION OF MASDAR CITY SQUARE

Aldar and Mubadala Investment Company, an Abu Dhabi Sovereign Investor, jointly acquired Masdar City Square for US\$ 250 million (AED 918 million), through their joint venture. The transaction further scales the partners' high-quality, income-generating real estate portfolio, now valued at AED 4.7 billion within Masdar City, one of the region's leading hubs for clean energy, artificial intelligence, advanced research and sustainable urban development.

Masdar City Square comprises more than 47,000 sqm of net leasable area across seven office buildings. Completed in the first quarter of 2026, the complex is 99% occupied by a high-quality tenant base that includes TAQA, the Department of Energy, Emirates College and Mohamed bin Zayed University of Artificial Intelligence.

The acquisition further strengthens Aldar's commercial portfolio, while deepening the JV's presence in Masdar City which continues to develop as a leading sustainable urban community and business destination with a highly diversified ecosystem.

LESHA BANK AND GIP, A PART OF BLACKROCK, SIGN MOU FOR STRATEGIC COLLABORATION ON GLOBAL INFRASTRUCTURE INVESTMENTS

Qatar-based Lesha Bank and Global Infrastructure Partners, a part of BlackRock, both active institutional investors in global infrastructure, signed a memorandum of understanding (MoU) to strengthen their strategic partnership, with an ambition for Lesha Bank to invest more than US\$ 1 billion alongside GIP. Both parties have an established track record of jointly investing in infrastructure assets globally and intend to leverage their relationship to pursue further opportunities to invest together in real assets across global markets.

The MoU underscores Lesha Bank's and GIP's shared commitment to expanding their local, regional and global infrastructure investment portfolios, with a particular focus on supporting the GCC's continued infrastructure development and capturing opportunities arising from the region's long-term economic transformation.

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CAPITAL MARKETS

EQUITY MARKETS: EXTENDED LOSSES ACROSS MENA EQUITIES AMID RISING GEOPOLITICAL UNCERTAINTIES

MENA equity markets drifted further into a negative territory this week, with the S&P Pan Arab Composite index contracting by 1.0%, as tough rhetoric between the US and Iran at the United Nations General Assembly and fresh regional military flare-ups eroded investor confidence, dampening hopes for a US-Iran diplomatic resolution.

The heavyweight Saudi Exchange, which represents roughly 60% of the total regional market capitalization, plunged deeper into the red this week, with the S&P Saudi price index falling by 2.0%, amid rising regional geopolitical uncertainties. The downturn accelerated after the Iranian President delivered a defiant address to the United Nations General Assembly confirming that Iran will not allow freedom of navigation through the Strait of Hormuz as long as US sanctions and blockades remain in place, rattling investor sentiment and dampening prospects for a US-Iran agreement. This compounded with some unfavorable company-specific factors.

A closer look at individual stocks shows that Petro Rabigh's share price shed 3.7% week-on-week to reach SR 17.59. Advanced Petrochemical Company's share price decreased by 2.0% to SR 21.96. SABIC's share price dropped by 1.7% to SR 47.2. Yansab's share price contracted by 0.9% to SR 31.60. Sipchem's share price declined by 0.7% to SR 12.18. As to banking stocks, Alinma Bank's share price decreased by 2.0% this week to reach SR 24.50. Morgan Stanley cut its recommendation on Alinma Bank's stock to "Underweight" from "Equal-weight", with a price target of SR 26, which implies a 6.1% increase from last price. Al Rajhi Bank's share price plunged by 4.3% to SR 63.15. Morgan Stanley cut its recommendation on Al Rajhi Bank's stock to "Equal-weight" from "Overweight", with a price target of SR 77, which implies a 17% increase from last price. Banque Saudi Fransi's share price fell by 2.3% to SR 20.83. Bank Al-Jazira's share price retreated by 0.8% to SR 11.71.

Concurrently, Saudi Tadawul Group Holding Company's share price dropped by 2.1% week-on-week to SR 118.10. Roemer Capital cut its recommendation on Saudi Tadawul Group Holding Company's stock to "Hold" from "Buy", with a price target of SR 120, which implies a 0.1% decrease from last price. Gulf Insurance Group's share price went down by 3.0% to SR 31.60. Arqaam Capital cut its recommendation on Gulf Insurance Group's stock to "Hold" from "Buy", with a price target of SR 36.80, which implies a 12% increase from last price. Saudi Paper Manufacturing's share price contracted by 3.4% to SR 60.65. Aslak's share price retreated by 1.8% to SR 16.84. Theeb Rent a Car Company's share price closed 0.6% lower at SR 19.50. STC's share price went down by 1.0% to SR 43.22. Makkah Construction's share price plunged

EQUITY MARKETS INDICATORS (SEPTEMBER 20 TO SEPTEMBER 26)

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	154.5	0.4%	-10.4%	4.1	-31.3%	0.1	17,454.3	1.2%	-	0.50
Jordan	644.7	-0.3%	12.3%	74.8	18.5%	31.5	41,198.3	9.4%	12.9	2.41
Egypt	420.4	-2.4%	15.2%	786.2	-11.3%	9,503.3	80,227.8	51.0%	9.6	2.76
Saudi Arabia	461.0	-2.0%	0.1%	2,760.7	-40.8%	523.7	2,486,763.6	5.8%	15.7	3.49
Qatar	141.1	-1.6%	-11.6%	459.1	4.3%	742.3	158,441.6	15.1%	12.3	1.41
UAE	178.4	0.9%	3.1%	3,531.8	-5.7%	4,188.9	988,890.0	18.6%	15.0	2.99
Oman	177.6	-0.5%	27.4%	365.9	-11.6%	492.6	57,674.9	33.0%	13.6	2.06
Bahrain	177.8	-1.7%	-5.2%	9.0	47.4%	10.3	18,290.1	2.6%	10.6	1.42
Kuwait	91.0	-0.2%	-3.6%	1,323.3	-22.6%	1,404.9	168,216.2	40.9%	19.4	2.07
Morocco	387.8	0.4%	-8.8%	192.2	5.3%	6.8	109,995.5	9.1%	16.3	3.03
Tunisia	121.5	-3.4%	29.9%	28.9	49.6%	4.8	14,939.2	10.1%	14.6	2.44
Arab Markets	996.3	-1.0%	-0.2%	9,536.1	-21.4%	16,909.0	4,142,091.7	12.0%	15.3	3.15

Values in US\$ million; volumes in millions

* markets cap-weighted averages

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

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by 5.0% to SR 75.40. ACWA Power's share price plummeted by 5.0% to SR 171.00. Alkhorayef Water and Power Technologies' share price decreased by 1.2% to SR 92.20

The Qatar Stock Exchange deepened its nosedive this week, with the S&P Qatar price index contracting by 1.6%, mainly weighed down by a lingering impasse in the US-Iran diplomatic talks. Market anxieties intensified after Qatar's Prime Minister delivered a dire warning at the Qatar Economic Forum this week, stating that the US-Israel war on Iran threatens a generational economic hit to the Gulf, and projecting an 8.6% real GDP contraction for Qatar in 2026, the steepest among Gulf states, which complies with the IMF's projections in its WEO April 2026.

33 out of 54 traded stocks on the Qatar Stock Exchange posted price falls, while 20 stocks recorded price gains and one stock saw no price change week-on-week. A closer look at individual stocks shows that Industries Qatar's share price shed 5.8% week-on-week to close at QR 9.765. Gulf International Services' share price fell by 4.4% to QR 1.701. Ezdan Holding Group's share price went down by 1.9% to QR 0.813. Ooredoo's share price dropped by 1.4% to QR 12.400. Vodafone Qatar's share price contracted by 5.5% to QR 2.439. Qatar Navigation's share price retreated by 2.4% to QR 9.926. Qatar Aluminum Manufacturing's share price decreased by 2.4% to QR 1.370. Nakilat's share price declined by 2.4% to QR 4.005. As to banking stocks, QNB's share price closed 1.1% lower this week at QR 16.020. QIIB's share price shed 2.9% to QR 10.320. Masraf Al Rayan's share price fell by 2.5% to QR 1.910. Dukhan Bank's share price contracted by 1.0% to SR 3.120. Commercial Bank of Qatar's share price went down by 2.5% to QR 4.067

Activity in Bursa Kuwait remained tilted to the downside this week, with the S&P Kuwait price index retreating by 0.2%, mainly as rising regional geopolitical uncertainties and the substantial divisions between the US and Iran over ending the conflict continued to sour overall investor sentiment. A closer look at individual stocks shows that Mabanee's share price contracted by 2.3% to KWF 928. Heavy Engineering Industries and Shipbuilding's share price decreased by 1.6% to KWF 610. Mobile Telecommunications' share price edged down by 0.2% to KWF 608. Jazeera Airways' share price went down by 0.7% to KWF 1,593. Kuwait Real Estate's share price declined by 2.4% to KWF 368. Arkan Al Kuwait Real Estate's share price plummeted by 10.1% to KWF 313. As to banking stocks, Burgan Bank's share went down by 1.1% to KWF 179. Warba Bank's share price fell by 1.1% to KWF 270. Gulf Bank's share price dropped by 1.4% to KWF 343. Kuwait International Bank's share price nudged down by 0.8% to KWF 252.

FIXED INCOME MARKETS: BROAD-BASED PRICE FALLS ACROSS MENA BOND MARKETS FOLLOWING SHIFT IN US TREASURY YIELDS TO MULTI-YEAR HIGHS

MENA fixed income markets continued to experience broad-based price contractions this week, mainly tracking the movement of US Treasuries as the 10-year US Treasury yield surged to peaks not seen in nearly two decades. This shift was fueled by persistent inflation concerns stoked by soaring oil prices, and driven by robust US economic data, which showed the fastest business expansion in over five years this September. This momentum amplified market expectations for aggressive interest rate hikes by the US Federal Reserve through the end of this year and into next.

In the Saudi credit space, sovereigns maturing in 2029, 2030, 2034, 2050 and 2060 recorded price drops of up to 1.93 pt this week. Prices of Aramco'30, '34 and '50 went down by 0.75 pt, 1.14 pt and 1.36 pt respectively. SEC'30 and '44 traded down by 0.56 pt and 1.64 pt respectively. STC'29 closed down by 0.63 pt. Prices of SABIC'28 fell by 0.20 pt. Amongst financials, prices of Al Rajhi Bank'29 contracted by 0.37 pt. SNB'29 traded down by 0.37 pt. Banque Saudi Fransi'29 was down by 0.31 pt.

In the Qatari credit space, sovereigns maturing in 2029, 2034, 2040 and 2050 registered weekly price contractions of up to 2.04 pts week-on-week. As to new issues, Qatar raised US\$ 3 billion this week from the sale of a dual-tranche bond offering. The first tranche consisted of US\$ 1 billion five-year bonds issued at 55 bps over US Treasuries compared to an initial price guidance of 85 bps over UST. The bond sale attracted more than US\$ 3 billion in orders. The second tranche consisted of US\$ 2 billion ten-year bonds issued at 65 bps over US Treasuries compared to an initial price guidance of 95 bps over UST. The bond sale attracted more than US\$ 4.7 billion in orders. Concurrently, prices of Ooredoo'28, '31 and '43 decreased by 0.26 pt, 0.55 pt and 1.09 pt respectively. Amongst financials, prices of Doha Finance'29 retreated by 0.30 pt. Qatar International Islamic Bank'29 traded down by 0.28 pt. QNB'29 posted price falls of 0.45 pt.

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In the UAE credit space, sovereigns maturing in 2031, 2041 and 2052 recorded price falls of up to 1.54 pt this week. In the Dubai credit space, sovereigns maturing in 2030 and 2050 posted weekly price drops of 0.47 pt and 1.33 pt respectively. DP World'30 and '49 were down by 0.53 pt and 1.64 pt respectively. Prices of Majid Al Futtaim'29 went down by 0.38 pt. Emirates Airlines'28 closed down by 0.11 pt. Amongst financials, prices of Emirates NBD Bank'27 fell 0.22 pt week-on-week.

In the Abu Dhabi credit space, sovereigns maturing in 2029, 2030, 2034 and 2050 reported price contractions of up to 1.52 pt this week. ADNOC Murban'29 was down by 0.56 pt. Prices of Mubadala'28, '30, '34, '41 and '50 dropped by up to 1.70 pt. Prices of Taqa'28, '30 and '36 declined by 0.15 pt, 0.71 pt and 0.85 pt respectively. Aldar Investment Properties'33 traded down by 0.70 pt. Amongst financials, FAB'29 and '35 registered price drops of 0.27 pt and 0.47 pt respectively. Prices of ADCB'27 and '29 went down by 0.11 pt and 0.42 pt respectively. In the Sharjah credit space, sovereigns maturing in 2030 recorded price falls of 0.52 pt week-on-week.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 fell by 0.13 pt week-on-week. KIPCO'27 traded up by 0.10 pt. In the Bahraini credit space, sovereigns maturing in 2028, 2030, 2035 and 2051 recorded price contractions ranging between 0.25 pt and 0.67 pt week-on-week. In the Iraqi credit space, sovereigns maturing in 2028 posted weekly price decreases of 0.14 pt.

In the Omani credit space, sovereigns maturing in 2028, 2031 and 2051 recorded price decreases of up to 1.92 pt this week. Omantel'28 traded down by 0.28 pt. As to new issues, S&P Global Ratings affirmed this week its "BBB-" long-term and "A-3" short-term foreign and local currency sovereign credit ratings on Oman. The outlook on the long-term rating is "stable". The transfer and convertibility assessment is "BBB". The "stable" outlook reflects S&P's opinion that Oman's fiscal and external buffers-which include liquid government assets in excess of 40% of GDP and gross foreign currency reserves of close to 20% of GDP- will support the sovereign against adverse geopolitical developments, except under a scenario of a prolonged escalation of attacks by Iran on Oman's energy and civilian infrastructure.

In the Egyptian credit space, sovereigns maturing in 2028, 2030, 2033, 2040 and 2050 posted price contractions of up to 2.34 pts week-on-week.

All in all, regional bond markets continued to report across-the-board downward price movements this week. This came within the context of escalating geopolitical tensions in the Middle East, which triggered a surge in Brent oil prices, fueling global inflation concerns. These pressures, coupled with the strongest US business activity since July 2021, with the US PMI hitting 58.4 in September, prompted traders to place a 64% probability of a US Fed interest rate hike at the October FOMC meeting, followed by a 90% chance in January 2027 and a 59% likelihood in March and a 52% chance in September.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	25-Sep-26	18-Sep-26	31-Dec-25	Week-on-week	Year-to-date
Abu Dhabi	31	33	27	-2	4
Dubai	61	60	46	1	15
Kuwait	58	55	47	3	11
Qatar	41	35	27	6	14
Saudi Arabia	66	62	67	4	-1
Bahrain	303	292	184	11	119
Morocco	87	78	70	9	17
Egypt	298	278	271	20	27
Iraq	246	232	207	14	39
Middle East	133	125	105	8	28
Emerging Markets	92	90	99	2	-7
Global	215	211	213	4	2

Sources: Bloomberg, Bank Audi's Group Research Department

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SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS

LEVANT

	Standard & Poor's	Moody's	Fitch
Lebanon	SD/Stable/SD	C/Stable	RD-/C
Syria	NR	NR	NR
Jordan	BB-/Stable/B	Ba3/Stable	BB-/Stable/B
Egypt	B/Stable/B	Caa1/Positive	B/Stable/B
Iraq	B-/Negative/B	Caa1/Negative	B-/Stable/B

GULF

Saudi Arabia	A+/Stable/A-1	Aa3/Stable	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa2/Stable	AA/Negative/F1+
Kuwait	AA-/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B/Stable/B	B2/Negative	B+/Negative/B
Oman	BBB-/Stable/B	Ba3/Stable	BBB-/Stable/B
Yemen	NR	NR	NR

NORTH AFRICA

Algeria	NR	NR	NR
Morocco	BBB-/Stable/A-3	Ba1/Positive	BB+/Stable/B
Tunisia	NR	Caa1/Stable	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\$)

LEVANT

	25-Sep-26	18-Sep-26	31-Dec-25	Weekly change	Year-to-date
Lebanese Pound (LBP)	89,500.00	89,500.00	89,500.00	0.0%	0.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	51.78	52.13	47.70	-0.7%	8.6%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,310.00	0.0%	0.0%

GULF

Saudi Riyal (SAR)	3.75	3.76	3.75	0.0%	0.1%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.31	0.31	0.31	0.0%	0.0%
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)	236.49	236.60	238.38	0.0%	-0.8%

NORTH AFRICA

Algerian Dinar (DZD)	133.63	133.73	129.41	-0.1%	3.3%
Moroccan Dirham (MAD)	9.59	9.51	9.11	0.9%	5.2%
Tunisian Dinar (TND)	2.95	2.94	2.89	0.6%	2.1%
Libyan Dinar (LYD)	6.39	6.35	5.42	0.6%	17.9%
Sudanese Pound (SDG)	647.81	647.81	647.81	0.0%	0.0%

NR = Not Rated

RWN = Rating Watch Negative

RUR = Ratings Under Review

*Emirate of Abu Dhabi Ratings

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

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