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MENA equity markets remained under downward price pressures (-1.0%) this week, primarily pressured by escalating Saudi-Houthi tensions and lingering Iran attack risks. The regional downturn deepened further, compounded by the World Bank's recent grim economic forecast for the GCC, which projected a 4.3% contraction in the region's real economy this year, a contraction comparable to that experienced during the COVID-19 pandemic. In contrast, activity in MENA fixed income markets was mostly skewed to the upside, largely tracking the movement of US Treasuries. Momentum shifted after the US President ruled out military action against Iran ahead of the November US midterm elections, cooling fears of a further escalation that could jeopardize Middle East energy flows. In parallel, traders maintained hawkish bets, fully pricing in a second US Fed interest rate hike this year in December, followed by two additional rate hikes next year.

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MENA MARKETS: OCTOBER 04 TO OCTOBER 10, 2026

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-1.0%	Average weekly bond price change	+0.23 pt
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-3.1%	Average yearly bond price change	-5.95 pts

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ECONOMY

GCC BANKS POST RECORD PROFITS IN Q2 AS LENDING REGAINED MOMENTUM AS PER KAMCO INVEST

The GCC banking sector navigated a complex operating environment in Q2-2026 despite regional geopolitical disruptions and a higher for longer interest rate environment weighing on broader earnings momentum as per a new report by Kamco Invest. Nevertheless, key banking sector metrics indicated a moderation in lending growth over the last two quarters compared to the historical highs of previous years. Revenues and net income, meanwhile, reached new record highs during the quarter anchored by record corporate performances in Saudi Arabia and the UAE.

Aggregate banking revenues set another record at US\$ 36.2 Bn and the q-o-q growth of 2.4% was the strongest in three quarters. Nevertheless, revenues faced headwinds in certain markets as net interest margins narrowed further across the region. Funding costs have steadily climbed, catching up with asset yields as depositors shift funds into term products.

Despite this, bottom line performance remained robust for larger economies in the region as economic activity in the non-oil sectors of Saudi Arabia and the UAE provided a strong counterbalance, driving corporate loan demand and offsetting softer retail credit expansion.

Aggregate GCC banking sector net profits reached a new record high of US\$ 17.7 Bn during Q2-2026, up 5.6% q-o-q and 7.2% y-o-y, even as the war and the near closure of the Strait of Hormuz pulled regional activity sharply lower. UAE and Saudi-listed banks reported 8.2% and 8.4% y-o-y increase in net profits to US\$ 6.8 Bn and US\$ 6.6 Bn, respectively. Oman and Kuwaiti banks also registered similar elevated net profit growth of 9.9% and 7.5%, respectively.

Aggregate gross loans reached US\$ 2.59 Trillion at the end of the quarter, growing 2.6% qo-q against 2.2% in Q1-2026, which had been the weakest sequential reading in eight quarters. The y-o-y comparison strengthened to 11.6%, and net loans grew 2.7% to US\$ 2.51 Trillion.

Growth was broad based, with all six country aggregates expanding during the quarter. UAE-listed banks led the region for a second consecutive quarter with growth of 4.5%, helped by Emirates NBD completing its purchase of a majority stake in India's RBL Bank in June, a deal that added AED 44 Bn of loans to the group, while Omani banks followed at 4.1% and Kuwaiti banks recovered to 2.3%. Total assets for the sector closed the quarter at US\$ 4.07 Trillion, up 1.4% qo-q, with Islamic banks accounting for 27.7% of the total as per Kamco Invest.

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REVENUE GENERATION IN SAUDI HOSPITALITY SECTOR DECLINES IN Q2 2026

According to recently released data from the Saudi General Authority for Statistics (GASTAT), revenue generation in the Saudi hospitality sector declined year-on-year between the second quarter of 2025 and the second quarter of 2026. This comes amid a decrease in the revenue generation of both hotels and serviced apartments and other hospitality facilities during the period, with hotels recording the steeper contraction.

In details, at the level of serviced apartments and other hospitality facilities, average length of stay reached 2.1 nights in Q2 2026, increasing by 1.0% year-on-year from 2.0 nights in Q2 2025. On the other hand, Average Daily Rate (ADR) in Saudi serviced apartments and other hospitality facilities recorded SAR 197.2 (US\$ 52.6) per night in Q2 2026, noting a year-on-year decrease of 2.1% against levels recorded in Q2 2025. Occupancy rate in serviced apartments and other hospitality facilities recorded 46.5% in Q2 2026, noting a year-on-year decrease of 3.7 percentage points (pps) from 50.2% in Q2 2025. In turn, the Revenue Per Available Room (RevPAR) for serviced apartments and other hospitality facilities in Saudi Arabia reached SAR 91.7 (US\$ 24.5) per available room in Q2 2026, noting a year-on-year decrease of 9.3% from SAR 101.1 (US\$ 26.9) per available room in Q2 2025.

In parallel, at the level of hotels, average length of stay reached 5.0 nights in Q2 2026, increasing by 3.3% year-on-year from 4.8 nights in Q2 2025. On the other hand, Average Daily Rate (ADR) in Saudi hotels recorded SAR 563.1 (US\$ 150.2) per night in Q2 2026, noting a year-on-year decrease of 12.5% against levels recorded in Q2 2025. Occupancy rate in hotels recorded 51.0% in Q2 2026, noting a year-on-year decrease of 2.2 pps from 53.2% in Q2 2025. In turn, the Revenue Per Available Room (RevPAR) for hotels in Saudi Arabia reached SAR 287.1 (US\$ 76.6) per available room in Q2 2026, noting a year-on-year decrease of 16.2% from SAR 342.6 (US\$ 91.3) per available room in Q2 2025.

Looking at the evolution in the number of facilities in the hospitality sector, the number of hotels recorded 3,020 at end-Q2 2026, up by 19.5% from 2,527 at end-Q2 2025. Additionally, a total of 3,258 serviced apartments and other hospitality facilities were recorded at end-Q2 2026, up by 16.4% from 2,799 at end-Q2 2025. In turn, total number of facilities in the Saudi hospitality sector reached 6,278 at end-Q2 2026 noting a year-on-year increase of 17.9% from 5,326 at end-Q2 2025.

SAUDI ARABIA HOSPITALITY & TOURISM SECTOR INDICATORS

	Q2-25	Q2-26	VAR Q2-26/Q2-25
Hospitality sector indicators			
Average length of stay in serviced apartments and other hospitality facilities	2.0	2.1	6.9%
Average length of stay in hotels	4.8	5.0	4.2%
ADR for a room in serviced apartments and other hospitality facilities (SAR)	201.5	197.2	-2.1%
ADR for a room in hotels (SAR)	643.4	563.1	-12.5%
Room occupancy rate in serviced apartments and other hospitality facilities	50.2%	46.5%	-7.4%
Room occupancy rate in hotels	53.2%	51.0%	-4.1%
RevPAR for serviced apartments and other hospitality facilities	101.1	91.7	-9.3%
RevPAR for hotels	342.6	287.1	-16.2%
Number of hospitality sector facilities by type (end-of-period)			
Total	5,326	6,278	17.9%
<i>o.w. Hotels</i>	<i>2,527</i>	<i>3,020</i>	<i>19.5%</i>
<i>o.w. Serviced apartments and other hospitality facilities</i>	<i>2,799</i>	<i>3,258</i>	<i>16.4%</i>
Number of employees in tourism activities (end-of-period)			
Total	997,357	1,069,120	7.2%
<i>o.w. Saudi</i>	<i>247,600</i>	<i>258,043</i>	<i>4.2%</i>
<i>o.w. Non-Saudi</i>	<i>749,757</i>	<i>811,077</i>	<i>8.2%</i>

Sources: Bank Audi Group Research Department

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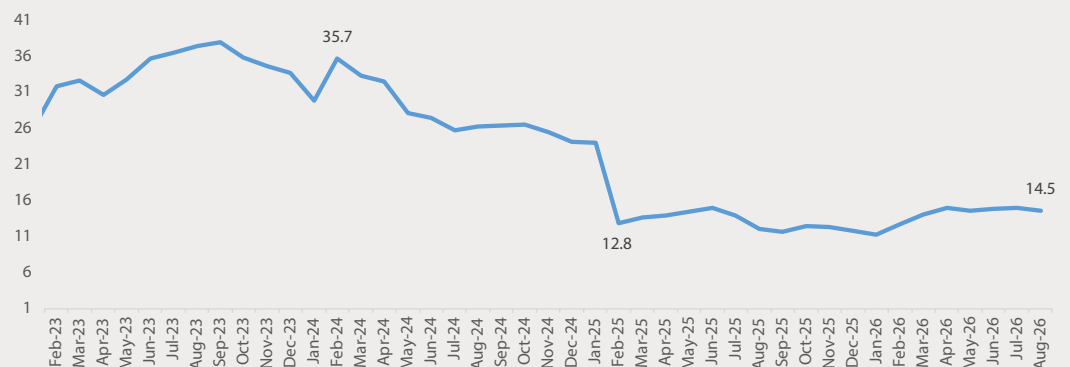
EGYPT RECORDS YEAR-ON-YEAR CPI INFLATION OF 14% IN AUGUST 2026

According to data from the Central Bank of Egypt (CBE), the country has registered a year-on-year inflation in prices of 14.5% in August 2026 against prices in August 2025. This inflation was driven by increases in the prices of all General Index components within the period.

In detail, year-on-year inflations were recorded in the prices of Food & Non-Alcoholic Beverages (weight of 32.7%) of 6.3% year-on-year during the period. Prices of Housing, Water, Electricity, Gas & Other Fuels (weight of 19.5%) recorded a year-on-year increase of 42.8%. Year-on-year price inflations were also recorded in Medical Care (weight of 8.6%) and Transportation (weight of 6.7%) of 4.6% and 24.4% respectively.

Additionally, the prices of Education (weight of 5.5%), Hotels, Cafes & Restaurants (weight of 5.0%) and Tobacco & Related Products (weight of 4.4%) recorded year-on-year inflations of 18.7%, 12.5% and 9.1% respectively. Clothing & Footwear (weight of 4.4%) and Miscellaneous Goods & Services (weight of 4.4%) noted year-on-year inflations of 14.0% and 12.2% during the period. Furnishings, Household Equipment & Maintenance (weight of 3.9%), Communications (weight of 2.8%) and Recreation & Culture (weight of 2.2%) recorded year-on-year inflations of 16.9%, 11.4% and 15.7% respectively between August 2025 and August 2026.

YEAR-ON-YEAR CPI INFLATION IN EGYPT (%)



Sources: CBE, Bank Audi Group Research Department

DUBAI'S PMI RISES TO 54.1 IN AUGUST

According to the latest PMI data, Dubai's Purchasing Managers' Index (PMI) rose to 54.1 in August 2026 from 51.7 in July, signaling a robust improvement in non-oil private-sector business conditions. Output and new order growth accelerated to six-month highs, supported by stronger client spending and improved export demand.

Business activity strengthened during the month, while firms recorded the fastest increase in input inventories since December 2017. Employment, however, declined slightly, contributing to increased capacity pressures.

On the price front, inflationary pressures intensified, with input costs rising at the fastest pace in four months, contrasting with the broader easing trend recorded across the UAE's non-oil private sector.

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SURVEYS / REPORTS

MENA STARTUP FUNDING SURGES TO US\$ 1.1 BILLION IN SEPTEMBER 2026,, AS PER WAMDA AND DIGITAL DIGEST

MENA startup funding staged a sharp comeback in September 2026, crossing the US\$ 1 billion mark for the first time in months as a string of large Saudi fintech deals pulled the region out of August's slowdown, according to a report issued by Wamda and Digital Digest.

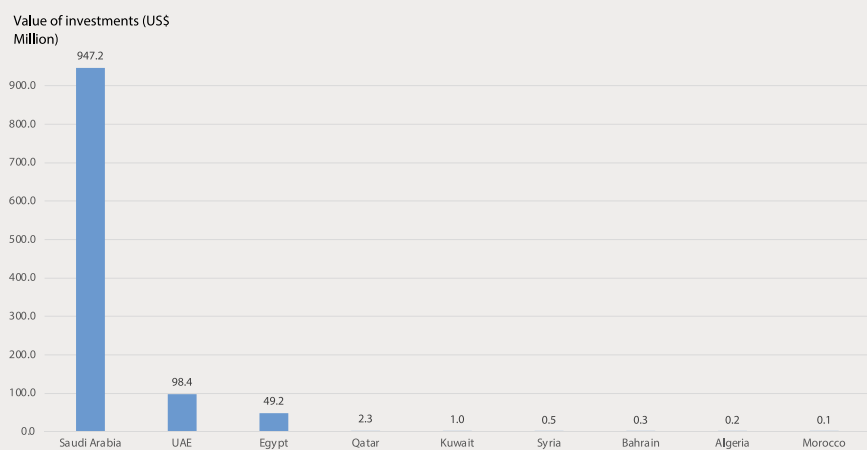
Startups across the Middle East and North Africa raised US\$ 1.1 billion through 73 deals during the month, up 193% from August. Yet the recovery looks less dramatic when compared with last year: funding remained 68% below September 2025.

The rebound was also highly concentrated. In detail, Barq's US\$ 329.5 million Series A, Tabby's US\$ 233 million Series F and Lendo's US\$ 200 million debt financing together brought in US\$ 762.5 million, accounting for nearly 70% of all capital raised during the month.

That concentration offers a more nuanced picture of September. Capital returned in force, but it flowed disproportionately to a handful of large, predominantly Saudi fintech companies rather than evenly across the ecosystem.

Debt also remained a significant feature of the funding landscape, accounting for 31.7% of September's total. That is substantially lower than the 76% recorded in September 2025, suggesting equity played a much larger role in this year's headline figure.

THE TOP FUNDED COUNTRIES IN MENA REGION IN SEPTEMBER 2026



Sources: Wamda, Digital Digest, Bank Audi's Group Research Department

In the region, Saudi Arabia returned to the top of the regional funding table in September 2026, with 40 startups raising a combined US\$ 947.2 million. The kingdom alone accounted for roughly 86% of all capital raised in MENA during the month, underlining just how heavily September's performance rested on the Saudi market. Fintech was the clear driver, as the sector accounted for 86% of Saudi Arabia's funding.

Concurrently, the UAE, which led the region in August, slipped to second place with US\$ 98.4 million raised across 12 deals. Five of those companies were fintech startups, and together they accounted for 71% of the UAE's total funding, showing

Egypt returned to the regional top three after recording no funding in August. Seven Egyptian startups raised US\$ 49.2 million, although here too the total was shaped by one standout transaction. Further down the table, Qatar moved into fourth place with four deals worth a combined US\$ 2.4 million, followed by Kuwait, with an estimated US\$ 1 million transaction.

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In parallel, after losing some of its momentum in previous months, fintech returned decisively to the top of the sector rankings. Twenty fintech startups raised US\$ 930.6 million in September, equivalent to around 85% of all funding deployed across MENA. However, as with the regional total, much of that figure came from a small number of companies. Barq, Tabby and Lendo accounted for around 82% of all fintech funding during the month. PropTech came a distant second with US\$ 50.2 million raised across three deals. TravelTech ranked third, attracting US\$ 25.2 million across two deals.

In terms of business models, business-to-business startups remained the most active segment of the market, raising US\$ 457.7 million across 47 transactions. Consumer-focused companies attracted US\$ 406.4 million across 16 deals, while the remaining capital went to startups operating across both B2B and B2C models. The figures reinforce a trend that has been visible throughout much of the year: investors continue to favor companies selling to businesses, particularly those with clearer paths to recurring revenue and enterprise-scale growth.

All in all, September gave the MENA ecosystem one of its strongest monthly funding totals of the year and pushed third-quarter investment above US\$ 1.7 billion.

However, the composition of that funding matters as much as the total. Three transactions accounted for almost 70% of September's capital, one country absorbed about 86% of the region's funding, and one sector captured roughly 85%. Strip away those mega-deals, and the picture becomes considerably more modest. That does not make September's rebound insignificant. Nonetheless, the ability of regional startups to close transactions worth hundreds of millions of dollars (across equity and debt) shows that investors are still willing to make large commitments when they see the right companies and opportunities.

EMIRATE OF RAS AL KHAIMAH RATINGS AFFIRMED AT "A/A-1" WITH "STABLE" OUTLOOK

S&P Global Ratings affirmed its "A/A-1" long-term and short-term foreign and local currency sovereign credit ratings on RAK. The outlook is "stable".

The "stable" outlook reflects S&P's view that the RAK government's prudent fiscal management and fiscal buffers should provide space for policy maneuvering during times of adverse geopolitical developments or weakened growth outlook.

In details, RAK's economic growth is exposed to the Middle East war, as per S&P. The credit rating agency forecast growth would moderate to about 1.8% in 2026, and after estimated growth of 5.7% in 2025. RAK's economy is predominantly dependent on the trade and hospitality sectors and S&P expects their performance would be muted in 2026, due to the spillover effects of the war and the impact of trade route disruptions on tourism, transport, trade, real estate and manufacturing. S&P notes that inter-Gulf demand has supported the manufacturing, mining and construction sectors, while domestic tourism has offset lower international visitor volumes, but a recovery of nonhydrocarbon sectors depends on a lasting resolution to the war. A long-term loss of tourist arrivals, exports and real estate demand cannot be ruled out, especially if security risks persist.

Across the Middle East, a fragile stability has persisted after the pause in direct military confrontation between Israel, the US, and Iran. The situation remains fluid as the memorandum of understanding between Iran and the U.S. expired in mid-August. In S&P's base case, they assume continued volatility in shipping due to logistical bottlenecks (including ongoing constraints in the Strait of Hormuz) and the potential for localized clashes. S&P thinks that the risks of reescalation remain very high.

On the other hand, the UAE continues to actively pursue policies that would protect strategic and commercial interests for the entire federation. S&P states that damage to infrastructure remains minimal in RAK and the wider UAE, despite the uncertain security situation. In addition, S&P notes that the UAE's (and in turn RAK's) business-friendly government policies, leading infrastructure, low tax regime and proactive policy stance would continue to support economic stability.

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CORPORATE NEWS

ACWA POWER REACHES FINANCIAL CLOSE FOR US\$ 2.6 BILLION RABIGH 2 EXPANSION PROJECT

Saudi utility giant ACWA Power Company announced that Al Morjan Two Electricity Company achieved financial close for the US\$ 2.6 billion (SR 9.7 billion) Rabigh 2 IPP Expansion Project, a combined-cycle power plant in Saudi Arabia's Western Province with a generation capacity of 2,313.5 MW and readiness for the construction of a carbon capture unit.

Al Morjan Two Electricity is the special purpose vehicle developing the Rabigh 2 CCGT project in Saudi Arabia. Acwa Power holds a 40% stake in the project.

Financing was secured through a consortium of local, regional and international lenders comprising Alinma Bank, Riyad Bank, Saudi Awwal Bank, and The Saudi National Bank; Abu Dhabi Commercial Bank, Boubayan Bank and Commercial Bank of Dubai in addition to China Minsheng Banking Corp (Hong Kong), HSBC Bank Middle East, Industrial and Commercial Bank of China, Industrial Bank Co (Beijing Branch); National Bank of Greece (Cyprus); Standard Chartered Bank (Taiwan) and Sumitomo Mitsui Trust Bank (London Branch).

The company expects the financial impact to begin in the second quarter of 2029.

JORDAN AND UAE BREAK GROUND ON US\$ 2.5 BILLION MINING RAIL PROJECT

Jordan and the UAE broke ground on a US\$ 2.5 billion railway project linking the southern Jordanian port city of Aqaba with key mining and logistics centers, in a move aimed at boosting mineral exports and cutting transport costs.

The 403-km-long Aqaba Al Shidiyeh Maan Railway network would connect Aqaba with key phosphate and potash production sites in Al Shidiyeh and Maan Logistics Zone, providing a rail link for bulk cargo and containers between ports, production centers and inland logistics facilities.

The largest railway development of its kind in Jordan, being developed by the Jordan-UAE Railway Company, is expected to transport about 16 million tons of phosphate and potash annually to the port of Aqaba for export to regional and global markets.

Once operational, it is set to help reduce phosphate and potash transportation costs by about US\$ 40 million a year and would create around 5,000 jobs in southern Jordan.

The scope of work includes laying of railway tracks as well as construction of about 55 bridges, six tunnels and related infrastructure. The railway is expected to reduce pressure on Jordan's road network and improve the efficiency and competitiveness of the country's mining and logistics sectors.

The project is part of broader efforts by Jordan and the UAE to deepen economic ties and develop strategic infrastructure projects.

It is worth noting that the Jordan-UAE Railway Company is jointly owned by UAE-based L'IMAD Holding Company and Jordan's Jordan Phosphate Mines Company, Government Investments Management Company, Social Security Investment Fund and Arab Potash Company.



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HUMAIN ENGAGES EY MENA TO DEVELOP SAUDI ARABIA'S FIRST AI-NATIVE BUSINESS PROCESS OUTSOURCING SERVICE

HUMAIN, a PIF company delivering full-stack Artificial Intelligence (AI) capabilities globally, would engage EY, a global leader in professional services, to develop Saudi Arabia's first AI-native business process outsource service underpinned by HUMAIN's full stack ecosystem, designed to transform how enterprises deliver, manage and scale operations in the age of artificial intelligence.

The initiative aims to establish a new category of AI-enabled business services, combining intelligent agents, automation, advanced analytics and human expertise into integrated operating models that help organizations improve efficiency, accelerate decision-making and unlock new growth opportunities.

As part of the expanded services being delivered, EY is supporting the development and commercialization of HUMAIN's solutions, while providing functional expertise, industry knowledge, and go-to-market knowledge. HUMAIN would provide the underlying AI technologies, infrastructure, and agentic ecosystem that power the next generation of enterprise services.

PWC MIDDLE EAST ACCELERATES DIGITAL INNOVATION WITH LAUNCH OF GOOGLE CLOUD AI EXPERIENCE ZONE IN RIYADH

PwC Middle East inaugurated its Google Cloud AI Experience Zone in Riyadh, a dedicated space designed to help organizations across Saudi Arabia accelerate AI transformations.

Located in Riyadh, PwC Middle East's regional headquarters, the AI Experience Zone serves as a hub for clients to get hands-on experience with AI agents and workflows developed by PwC and Google Cloud, enabled by Gemini Enterprise. The zone that would host client events, workshops and sector-specific demonstrations, aims to help organizations design and implement AI solutions that move them from pilot to practice with confidence.

The Google Cloud AI Experience Zone showcases solutions from PwC's global portfolio, highlighting capabilities across AI, data, cybersecurity, cloud and enterprise transformation.

ETISALAT LAUNCHES PROJECT TO EXPAND DIGITAL INFRASTRUCTURE WITHIN THE UAE AND ABROAD

Etisalat launched its strategic project to develop and expand digital infrastructure capacity within the UAE and abroad, enhancing the country's readiness for the increasing demands of AI and strengthening its position on the global digital stage.

The project includes plans to expand international connectivity capacity to more than 500 terabits per second (Tbps) by 2030, an increase of over twenty-five times of the current capacity, in addition to developing diverse routes designed to enhance connectivity efficiency and reliability, delivering advanced, low-latency performance.

The project also supports the UAE's goals to become a global hub for advanced technology and AI, reinforcing the nation's digital competitiveness and enabling public and private institutions to deploy AI.

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CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITY LOSSES DEEPEN AMID ESCALATING SAUDI-HOUSHI TENSIONS AND LINGERING IRAN ATTACK RISKS

MENA equity markets remained under downward price pressures this week, with the S&P Pan Arab Composite index contracting by 1.0%, primarily pressured by escalating Saudi-Houthi tensions and lingering Iran attack risks. The regional downturn deepened further, compounded by the World Bank's recent grim economic forecast for the GCC. The October MENAAP report projected a 4.3% contraction in the region's real GDP this year, a contraction comparable to that experienced during the COVID-19 pandemic.

The heavyweight Saudi Exchange, which represents roughly 60% of the total regional market capitalization, extended its losing streak this week, with the S&P Saudi price index declining by 0.5%. The decline was mainly fueled by intensifying Saudi-Houthi tensions and successive drone and missile strikes on Saudi international airports. Market anxieties were further compounded by media reports that the White House had directed the Pentagon to draft strike options against Iran. While initial fears centered on military action taking place ahead of the November 3rd US midterm elections, these concerns were eased after the US President officially ruled out a pre-election strike. Furthermore, broader sentiment was checked by the World Bank's latest growth downgrade, which forecasts Saudi Arabia's real GDP to contract by 2.0% in 2026 after expanding by 4.6% in 2025.

However, these downward price pressures on the Saudi Exchange were partially cushioned earlier this week by reports that Saudi-backed Yemeni government forces had recaptured the strategic port city of Mocha, securing the vital Bab al-Mandeb Strait. This was further supported by news of a substantial recovery in domestic oil production. In fact, the Saudi Energy Minister unveiled on October 6 that the Kingdom is currently pumping 5.8 million barrels per day through its critical cross-country pipeline, operating at over 80% capacity, leaving about 4.5 million barrels available for export through the western port of Yanbu on the Red Sea coast.

A glance on individual stocks shows that Petro Rabigh's share price shed 4.4% week-on-week to reach SR 16.70. Sipchem's share price nudged down by 0.3% to SR 11.90. In contrast, Petrochemical giant Saudi Aramco's share price expanded by 1.8% week-on-week to reach SR 25.74. Advanced Petrochemical Company's share price edged up by 0.3% to SR 21.62. Yansab's share price rose by 2.3% to SR 32.20.

As to banking stocks, Saudi National Bank's share price fell by 3.4% this week, closing at SR 37.86. Alinma Bank's share price went down by 1.7% to SR 23.85. Bank AlBilad's share price contracted by 3.7% to SR

EQUITY MARKETS INDICATORS (OCTOBER 04 TO OCTOBER 10, 2026)

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	151.1	-2.6%	-12.3%	5.7	-17.1%	0.1	17,077.2	1.7%	-	0.50
Jordan	648.3	-0.9%	13.0%	716.4	892.6%	288.5	416,298.0	8.9%	12.7	2.33
Egypt	407.5	-0.5%	11.6%	4,871.4	666.0%	69,060.1	770,805.8	32.9%	9.5	2.66
Saudi Arabia	450.5	-0.5%	-2.2%	40,119.5	840.3%	7,435.2	24,886,338.0	8.4%	15.7	3.49
Qatar	134.5	-1.9%	-15.7%	3,471.8	850.1%	5,262.5	1,535,132.2	11.8%	11.7	1.34
UAE	171.4	-2.1%	-0.9%	24,151.1	818.0%	29,922.9	9,649,046.0	13.0%	14.5	2.90
Oman	184.7	4.0%	32.5%	8,877.6	1373.2%	11,201.6	597,327.7	77.3%	13.9	2.15
Bahrain	174.5	-0.6%	-6.9%	37.0	783.8%	54.2	182,747.1	1.1%	10.6	1.40
Kuwait	88.0	-1.7%	-6.8%	9,512.8	671.6%	10,337.5	1,643,912.8	30.1%	19.1	2.03
Morocco	360.7	-1.2%	-15.2%	1,078.7	423.9%	39.8	996,191.4	5.6%	16.2	2.95
Tunisia	120.3	-1.4%	28.6%	153.7	1074.7%	25.2	147,852.9	5.4%	14.7	2.45
Arab Markets	967.1	-1.0%	-3.1%	92,995.7	826.6%	133,627.7	40,842,729.0	11.8%	15.2	3.14

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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22.87. Bank Al-Jazira's share price retreated by 1.1% to SR 11.40. Banque Saudi Fransi's share price dropped by 3.5% to SR 19.71. In contrast, Saudi Awwal Bank's share price rose by 3.4% to SR 34.16.

Concurrently, United Electronics' share price plummeted by 7.8% week-on-week to reach SR 53.70. United Electronics reported a 27% year-on-year contraction in its third quarter net profits to reach SR 105 million, missing average analysts' estimate. Theeb Rent a Car Company's share price declined by 0.9% to SR 19.00. STC's share price went down by 0.3% to SR 42.60. In contrast, Saudi Tadawul Group Holding Company's share price expanded by 1.5% this week to reach SR 118.90. Makkah Construction's share price increased by 0.6% to SR 77.15. ACWA Power's share price rose by 0.9% to SR 164.96. Saudi Arabian Cement's share price went up by 1.2% to SR 26.96. Dallah Healthcare Company's share price closed 2.4% higher at SR 77.10. SNB Capital raised its recommendation on Dallah Healthcare Company's stock to "Overweight" from "Neutral", with a price target of SR 96.80, which implies a 24% increase from last price.

The Qatar Stock Exchange plunged deeper into red this week, with the S&P Qatar price index falling by 1.9%. Investor sentiment soured amid escalating Saudi-Houthi friction and market anxiety over an alarming report in The Atlantic. The US magazine stated the White House ordered pre-election strike options against Iran ahead of US midterm elections- an assumption that was later ruled out. The downturn on the Qatar Stock Exchange was exacerbated this week by a grim economic update from the World Bank. In its latest MENAAP, the World Bank projected report the Qatar's real economy to contract significantly by 20.9% in 2026, marking its weakest economic performance in more than five decades.

38 out of 54 traded stocks on the Qatar Stock Exchange posted price falls, while 12 stocks recorded price gains and four stocks saw no price change week-on-week. A glance on individual stocks shows that QNB's share price decreased by 2.4% week-on-week to reach QR 15.270. Lesha Bank's share price went down by 2.7% to QR 2.810. Industries Qatar's share price closed 2.3% lower at QR 9.252. Gulf International Services' share price shed 3.5% to QR 1.570. Qatar Fuel's share price edged down by 0.2% to QR 11.880. Qatar Aluminum Manufacturing's share price dropped by 3.5% to QR 1.250. Ooredoo's share price contracted by 1.5% to QR 11.580. Doha Insurance's share price went down by 2.1% to QR 2.859. Qatar Navigation's share price retreated by 1.3% to QR 9.370. Ezdan Holding Group's share price closed 0.3% lower at QR 0.780. Qatar Gas & Transport's share price decreased by 2.9% to QR 3.840. Mesaieed Petrochemical Holding Company's share price declined by 1.7% to QR 0.963.

Boursa Kuwait remained on the fall this week, with the S&P Kuwait price index contracting by 1.7%. The drop was mainly weighed down by intensifying regional geopolitical tensions and the World Bank's October MENAAP report, which projected Kuwait's real GDP to contract by 14.6% in 2026, the steepest economic decline in over three decades. Kuwaiti equities extended losses, despite positive momentum in the energy sector. On October 5, the CEO of the State-owned Kuwait Petroleum Corporation confirmed that crude oil production has recovered to 2 million barrels per day. This represents roughly 75% of the 2.6 million bpd baseline pumped before regional hostilities erupted in late February.

A closer look at individual stocks shows that Warba Bank's share price fell by 1.1% this week to close at KWf 268. Kuwait Finance House's share price declined by 0.5% to KWf 766. Boubayan Bank's share price went down by 0.8% to KWf 660. Burgan Bank's share price closed 2.2% lower at KWf 175. Kuwait International Bank's share price decreased by 1.2% to KWf 247. Also, Kuwait Real Estate Holding's share price shed 3.3% week-on-week to reach KWf 61.4. National Petroleum Services' share price closed 2.7% lower at KWf 1,508. Kamco Invest's share price plunged by 4.0% to KWf 193. Zain's share price dropped by 1.7% to KWf 586. National Industries Group's share price declined by 2.6% to KWf 226. Agility Public Warehousing's share price declined by 0.7% to KWf 138.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS MOSTLY SKEWED TO UPSIDE THIS WEEK, TRACKING US TREASURIES MOVE

Activity in MENA fixed income markets was mostly skewed to the upside, largely tracking the movement of US Treasuries. Momentum shifted after the US President ruled out military action against Iran ahead of the November US midterm elections, cooling fears of a further escalation that could jeopardize Middle East energy flows. In parallel, traders maintained hawkish bets, fully pricing in a second US Fed interest rate hike this year in December, followed by two additional rate hikes next year.

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In the Saudi credit space, sovereigns maturing in 2029, 2030, 2034, 2050 and 2060 recorded price increases of up to 1.08 pt this week. Prices of Aramco'30, '34 and '50 expanded by 0.53 pt, 0.43 pt and 0.75 pt respectively. SEC'28 and '30 traded up by 0.10 pt and 0.30 pt respectively. In contrast, STC'29 closed down by 0.06 pt. Amongst financials, prices of Al Rajhi Bank'29 rose by 0.10 pt. Banque Saudi Fransi'29 was up by 0.10 pt.

In the Bahraini credit space, sovereigns maturing in 2030, 2035 and 2051 recorded price drops of up to 0.29 pt, while sovereigns maturing in 2028 registered price gains of 0.12 pt week-on-week. In the Qatari credit space, sovereigns maturing in 2029, 2034, 2040 and 2050 saw price expansions of up to 0.42 pt week-on-week. Prices of Ooredoo'31 and '43 went down by 0.06 pt and 0.71 pt respectively, while Ooredoo'28 was up by 0.27 pt. Amongst financials, prices of Doha Finance'29 rose by 0.06 pt. Prices of QNB'29 increased by 0.15 pt.

In the UAE credit space, sovereigns maturing in 2031 and 2041 recorded price gains of 0.34 pt and 0.44 pt respectively, while sovereigns maturing in 2052 saw price drops of 0.10 pt this week. In the Dubai credit space, sovereigns maturing in 2030 and 2050 reported weekly price rises of 0.24 pt and 0.64 pt respectively. Emirates Airlines'28 closed up by 0.05 pt. DP World'30 was up by 0.38 pt, while DP World'49 traded down by 0.20 pt. Amongst financials, prices of Emirates NBD Bank'27 went up by 0.09 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2029, 2030, 2034 and 2050 recorded weekly price expansions of up to 0.77 pt. ADNOC Murban'29 was up by 0.21 pt. Prices of Mubadala'34, '41 and '50 rose by up to 0.45 pt. Prices of Taqa'28 and '30 increased by 0.09 pt and 0.23 pt respectively. Aldar Investment Properties'33 traded up by 0.13 pt. Amongst financials, FAB'29 registered price gains of 0.14 pt, while FAB'35 was down by 0.15 pt. Prices of ADCB'27 and '29 went up by 0.07 pt and 0.10 pt respectively. In the Sharjah credit space, sovereigns maturing in 2030 reported price gains of 0.06 pt week-on-week.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 increased by 0.11 pt week-on-week. In the Iraqi credit space, sovereigns maturing in 2028 posted weekly price rises of 0.06 pt. In the Omani credit space, sovereigns maturing in 2028, 2031 and 2051 posted price expansions of 0.65 pt, 0.81 pt and 1.09 pt respectively this week. In the Egyptian credit space, sovereigns maturing in 2028, 2030, 2033, 2040 and 2050 reported price rises of up to 1.12 pt this week. S&P Global Ratings affirmed this week its "B/B" long-term and short-term foreign and local currency sovereign credit ratings on Egypt, with "stable" outlook. The "stable" outlook reflects, according to S&P, the balance between Egypt's medium-term growth prospects and reform momentum against risks from a protracted conflict in the Middle East.

All in all, regional bond markets saw mostly upward price movements this week, mainly tracking increases in US Treasuries after the US President stated there would be no strikes on Iran before the November US midterm elections, relatively easing fears of imminent supply disruptions in the Middle East. With a second US Fed interest rate hike already priced in, traders continue to project additional rate hikes in March and June 2027.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	09-Oct-26	02-Oct-26	31-Dec-25	Week-on-week	Year-to-date
Abu Dhabi	36	39	27	-3	9
Dubai	66	63	46	3	20
Kuwait	59	59	47	0	12
Qatar	43	44	27	-1	16
Saudi Arabia	65	69	67	-4	-2
Bahrain	352	347	184	5	168
Morocco	95	99	70	-4	25
Egypt	312	327	271	-15	41
Iraq	239	241	207	-2	32
Middle East	141	143	105	-2	36
Emerging Markets	94	106	99	-12	-5
Global	222	226	213	-4	9

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

	09-Oct-26	02-Oct-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)	52.39	52.31	47.70	0.1%	9.8%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,310.00	0.0%	0.0%

GULF

Saudi Riyal (SAR)	3.76	3.75	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	0.2%	0.2%
Omani Riyal (OMR)	0.38	0.38	0.39	0.0%	-0.1%
Yemeni Riyal (YER)	236.20	236.38	238.38	-0.1%	-0.9%

NORTH AFRICA

Algerian Dinar (DZD)	134.48	133.84	129.41	0.5%	3.9%
Moroccan Dirham (MAD)	9.76	9.93	9.11	-1.8%	7.0%
Tunisian Dinar (TND)	3.00	2.99	2.89	0.4%	3.9%
Libyan Dinar (LYD)	6.43	6.40	5.42	0.4%	18.6%
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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