

## Bank Audi

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## Economy

### **p.2 GCC GOVERNMENT SPENDING TO REMAIN KEY DRIVER OF ECONOMY, WITH TOTAL VALUE OF PROJECTS ESTIMATED AT AROUND US\$ 572 BILLION**

GCC government spending is expected to continue playing an important role in the near-to-medium term as countries look to achieve their ambitious development, diversification and net-zero targets, a report said.

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E-commerce in the MENA region continues its growth trajectory in 2023, albeit at a slower pace due to the post-pandemic normalization trend and a shift towards offline shopping, as per "E-Commerce Report in the MENA Region 2023" report, issued by EZDubai, the fully dedicated e-commerce zone in Dubai South, in collaboration with Euromonitor International, one of the world's leading provider for global business intelligence, market analysis and consumer insights.

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Saudi-based National Housing Company joined hands with the Talaat Mostafa Group, one of the largest listed real estate development companies in Egypt, for the ground breaking of its premium development Banan City, being set up at a total investment of US\$ 12 billion (SR 40 billion) in Northeast Riyadh, as mentioned in a company's statement.

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## Markets In Brief

### **p.9 MARKETS IN BRIEF: MENA EQUITIES MOSTLY DOWN, EXTENDED BOND PRICE GAINS**

Activity in MENA equity markets was tilted to the downside this week, as reflected by a 0.7% contraction in the S&P Pan Arab Composite index, bucking global equity strength (+1.6%) stoked by rising bets about US rate cuts. This was mainly driven by price falls in the heavyweight Saudi Exchange and the UAE, given some unfavorable financial results during the earnings season. In contrast, MENA fixed income markets register further price gains this week, mainly tracking US Treasuries move, as market players digested softer year-on-year US CPI reading and lower-than-expected retail sales print in April 2024, which fueled bets about two interest rate cuts by the US Federal Reserve this year starting September 2024.

### MENA MARKETS: MAY 12 - MAY 18, 2024

Stock market weekly trend	↓
Weekly stock price performance	-0.7%
Stock market year-to-date trend	↓
YTD stock price performance	-2.2%

Bond market weekly trend	↑
Average weekly bond price change	+1.24 bps
Bond market year-to-date trend	↑
Average yearly bond price change	+1.28 bps

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## ECONOMY

### GCC GOVERNMENT SPENDING TO REMAIN KEY DRIVER OF ECONOMY, WITH TOTAL VALUE OF PROJECTS ESTIMATED AT AROUND US\$ 572 BILLION

GCC government spending is expected to continue playing an important role in the near-to-medium term as countries look to achieve their ambitious development, diversification and net-zero targets, a report said.

A thematic overview by Emirates NBD Research says that the value of projects (both private and public sector) in execution in the GCC was over US\$ 572 billion. Projects are dominated by the construction sector, which accounts for 34% of the value of projects currently in execution. The gas, transport and power sectors follow, with smaller but still significant shares for projects currently in execution.

As might be anticipated, the value of projects, is largest in Saudi Arabia and the UAE, with shares equivalent to 50.6% and 27.5% respectively. The next largest is Qatar with a 12% share, predominantly driven by Qatar Energy projects.

Looking ahead, there remains a sizeable pipeline of projects in the GCC. The value of projects – both public and private – in a pre-execution phase (bid evaluation, design, study etc) amounts to roughly US\$ 1.4 trillion, with the majority having an expected completion date before 2031. “The bulk of these projects are however in a design or study phase, with a significantly smaller share in more advanced stages, meaning that potentially not all these projects will make it to the execution phase,” the report said.

Similar to the pattern observed in projects currently in execution, these preexecution projects are weighted towards construction (34% share), transport (20% share) and power (15%), the report noted. Roughly 50% of these projects in pre-execution phases are in Saudi Arabia, while 23% are in the UAE.

The vast majority of these projects are being initiated and driven by governments in the region, although there are significant differences between GCC countries. The stock of potential projects in Saudi Arabia is heavily skewed towards the government, while in the UAE and Oman the distribution is far more even.

Emirates NBD Research noted that the potential pipeline of projects may still be bigger than the picture painted by looking solely at the value of GCC projects in pre-execution phases. “This is because there will be a share of projects which fall under a master project (such as the Neom master plan) but which have yet to be defined in any meaningful way, so they are not currently defined as being in pre-execution,” it added.

This additional money therefore represents the value of potential future projects, for which an overarching master project budget has been assigned but which have yet to be defined. Across the GCC, this group of projects is worth just over US\$ 1,344 billion. Adding together projects in pre-execution phases, together with these as-yet undefined projects leaves us with a potential GCC project pipeline of US\$ 2.7 trillion, the report said.

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## UAE'S NON-OIL PRIVATE SECTOR SHOWS ROBUST PERFORMANCE AT SLOWER PACE IN APRIL

Business conditions in the UAE non-oil private sector strengthened at a sharp pace in April albeit at a significantly slower pace than in the month prior. April data signaled a strong upturn in business activity across the non-oil private sector. However, new orders increased at the slowest pace since February 2023 amid many reports that heavy rainfall had disrupted business operations and impacted sales. Adverse weather conditions also contributed to a sharp rise in backlogs of work. Survey respondents again commented on intense competition for new work, which resulted in falling average prices charged for the sixth consecutive month in April. Price discounting was reported despite moderate increases in purchasing costs and staff salaries.

The seasonally adjusted S&P Global UAE Purchasing Managers' Index (PMI) recorded 55.3 in April 2024, down by 1.6 points from the month prior. However, optimism regarding prospects for business activity growth in the year ahead remained highly upbeat in April, despite softening to a three-month low. Survey respondents mostly noted buoyant market conditions and strong sales pipelines, as well as a swift recovery from weather-related business disruptions.

April data signaled faster rises in both purchasing prices and staff costs. Survey respondents commented on rising raw material prices and efforts to compensate employees for higher living costs. At the same time, average prices charged decreased again in April, albeit at the slowest pace so far in 2024. Price discounting was attributed to competitive market conditions and subsequent efforts to stimulate sales. Strong demand for inputs continued in April, as signaled by a robust and accelerated rise in purchasing activity across the non-oil private sector economy. Inventory strategies were more cautious, however, with stocks of purchases rising at the slowest pace since March 2022. Meanwhile, supplier performance improved to the least extent since December 2022, in part due to transportation disruptions in April.

Additionally, non-oil private sector firms indicated a sustained upturn in staffing numbers, which extended the current period of job creation to two years. The rate of employment growth was nonetheless only modest and the least marked since January. There were some reports that strong pressures on margins had acted as a brake on hiring.



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## IMF EXPECTS FAVORABLE NEAR-TO-MEDIUM TERM OUTLOOK FOR OMAN

According to the International Monetary Fund (IMF), the near-to-medium term outlook for Oman is favorable with risks to the outlook being broadly balanced. The country's economy is expected to gain momentum with potential risks arising from regional geopolitical tensions, sudden global economic downturn and sustained high global interest rates. The main drivers boosting the country's economy are an increase in oil prices and accelerated reforms under Oman Vision 2040.

In details, Oman's real GDP is expected to moderate to 0.9% year-on-year growth in 2024, down by 0.4 percentage points (pps) from the growth in the year prior. This moderation in growth comes on the back of extended oil production cuts in the first half of the year. In 2025, real GDP growth is expected to accelerate with estimates setting year-on-year growth at 4.1%.

Oman's non-oil year-on-year growth is projected to reach 2.6% in 2024 and 3.2% in 2025 due to continued reforms and investment projects. Additionally, in January, the Oman Investment Authority launched an OMR 2 billion (US\$ 5.2 billion) fund to encourage investments in the private sector and in Small and Medium Enterprises. Central government debt as a share of GDP decreased by 4.4 pps to reach 36.5% in 2023 as the government continued to use part of the fiscal surplus to prepay its debt. State-Owned Enterprises (SOEs) debt stabilized at circa 31% of GDP with SOEs reform agenda by the Oman Investment Authority proceeding as planned with nine divestments complete in 2023 with proceeds amounting to circa US\$ 3 billion.

## EGYPT LAUNCHES FUTURE OF EGYPT INITIATIVE AIMING TO SAVE US\$ 4 BILLION IN FOOD IMPORTS

The President of Egypt has recently announced the launch of the Future of Egypt initiative aiming to modernize agriculture in the country and save US\$ 3.7 billion in foreign currency. The first phase of the agricultural development project aims to boost Egypt's food security and decrease its reliance on imports.

In details, the Future of Egypt project seeks to reclaim 4.5 million acres of land by 2030, modernize irrigation systems and increase agricultural production.

According to the Executive Director of the Future of Egypt Authority, the initiative plans to replace the imports of 2 million tons of wheat, 180,000 tons of corn and 360,000 tons of sugar annually which will save US\$ 3.7 billion annually and could increase Egypt's agricultural exports by up to 25% over the next five years.

Additionally, as part of the project, 24 grain silos with a combined storage capacity of over 100,000 tons has been constructed by the Chinese Famsun Group and will begin operation for this year's harvest season. The silo construction contract has notably been paid in EGP and not US\$ in a bid to alleviate pressure on the country's foreign currency reserves. The silos are equipped with drying units in order to minimize post-harvest losses which could reach up to 20% in Egypt.

Concurrently, the project also includes an industrial zone for food manufacturing with facilities such as an 80,000 ton refrigeration unit and factories for processing potatoes, sugar and other products.

## WTTC'S EIR FORECASTS QATAR'S TRAVEL & TOURISM SECTOR TO CONTRIBUTE US\$ 25 BILLION IN 2024

According to the World Travel & Tourism Council (WTTC)'s 2024 Economic Impact Research (EIR), Qatar's Travel & Tourism (T&T) sector is set to contribute QAR 90.8 billion (US\$ 24.9 billion) to the country's economy in 2024. This figure constitutes 11.3% of the country's GDP. Additionally, the sector is expected to account for 334,500 jobs nationwide accounting for 15.8% of the workforce.

In 2023, the T&T sector contribution surged by 31% reaching QAR 81.2 billion (US\$ 22.3 billion) amounting to 10.3% of Qatar's GDP. According to the WTTC, a substantial surge in spending by international travelers is expected with forecasts setting expenditures at QAR 69.6 billion (US\$ 19.1 billion) in 2024 along with QAR 12 billion (US\$ 3.3 billion) in domestic spending during the year.

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## SURVEYS

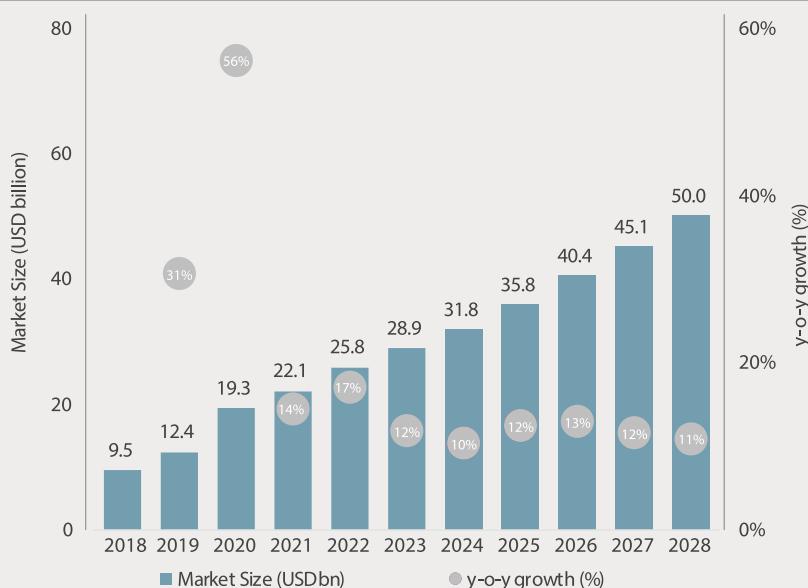
### MENA E-COMMERCE MARKET REACHES US\$ 29 BILLION IN 2023, AS PER EZDUBAI

E-commerce in the MENA region continues its growth trajectory in 2023, albeit at a slower pace due to the post-pandemic normalization trend and a shift towards offline shopping, as per "E-Commerce Report in the MENA Region 2023" report, issued by EZDubai, the fully dedicated e-commerce zone in Dubai South, in collaboration with Euromonitor International, one of the world's leading providers for global business intelligence, market analysis and consumer insights.

In details, the market registered a modest y-o-y growth of 11.8% to reach nearly US\$ 28.9 billion in 2023, after reflecting strong online adoption over the historic period, with a CAGR growth of 25.0% since 2018. The e-commerce market size in the MENA is expected to reach US\$ 50 billion in 2028.

Additionally, E-commerce sales in the MENA region reached approximately 3.6% of total retail sales in 2023, with more mature markets like the UAE and Saudi Arabia exhibiting higher penetration rates at 11.4% and 7.3%, respectively. However, these figures remain modest compared to the global average, which stands at around 21.9% in 2023.

#### TOTAL E-COMMERCE MARKET SIZE IN MENA



Source: Euromonitor International

The report revealed that Saudi Arabia's total e-commerce market size reached US\$ 8.6 billion in 2023, and is expected to reach US\$ 15.4 billion in 2028. Saudi Arabia leads adoption of e-commerce in the region in 2023, on the back of robust government policies and technological investments by e-commerce firms on the supply side, combined with rising disposable income and omnichannel interests among Gen Z and Millennial consumers. The Saudi government is advancing e-commerce as part of Vision 2030, through initiatives like the National Industrial Development Program, the Cloud First Policy and strategic guidance for emerging industries.

E-commerce in Saudi Arabia is mainly driven by high internet penetration, robust government support, improved logistics and payment systems and a growing trend towards online shopping for convenience and competitive pricing.

In parallel, the UAE's total e-commerce market size reached US\$ 7.5 billion in 2023, and is expected to surpass US\$ 13.3 billion in 2028. The rapid surge in UAE's e-commerce adoption is fueled by tech-savvy Gen Z and millennial population, empowered by strong government support in regulations and backed by substantial investments in digital infrastructure. The UAE introduced a new e-commerce law (Federal Decree Law No. 14 of 2023), aiming to enhance its digital economy by encouraging investment, protecting consumer rights, and fostering innovation. The law regulates consumer data monitored and used, technology integration like blockchain, and platform monitoring to ensure a seamless consumer experience.

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## UAE'S RESILIENT CONSTRUCTION SECTOR POISED FOR GROWTH WITH HIGH-VALUE PIPELINE OF US\$ 590 BILLION IN 2024, AS PER JLL

Despite ongoing global challenges such as persistent inflation, elevated interest rates, and geopolitical tensions, the total pipeline value of unawarded construction projects in the MENA region is set to reach US\$ 3.9 trillion, with the UAE holding a significant share at 15%, according to JLL's Q1 2024 UAE Construction Market Intelligence Report.

The report reveals that the UAE stands out with a high-value pipeline of US\$ 590 billion in the region's projects market, with residential projects accounting for US\$ 125 billion (21%), and mixed-use projects representing US\$ 232 billion (39%).

In details, Dubai is witnessing a substantial 21% y-o-y surge in sales and rental prices, having delivered around 10,000 residential units in Q1 2024. Approximately 25,000 units are scheduled for delivery by the year-end, taking the total residential stock in Dubai to approximately 754,000 units.

Concomitantly in Abu Dhabi, around 1,600 units were delivered during Q1 2024, with an additional 6,000 units in the pipeline for the remainder of 2024. The capital, which recorded moderate annual increases of 5% in sales prices and 2% in rental rates respectively, is expected to see its total stock rise to 294,000 units this year.

In the hospitality sector, Dubai witnessed the addition of 2,000 hotel rooms to its existing stock in Q1 2024, primarily focusing on the 5-star category. With another 5,000 keys expected to be added in 2024, Dubai would have a total of 160,000 hotel rooms while Abu Dhabi will add approximately 500 keys this year, bringing its stock to 34,000 hotel rooms.

JLL maintains a positive outlook for the UAE, which achieved a remarkable milestone in 2023 and nearly tripled the value of awarded projects, compared to the previous year.

## FITCH RATINGS REVISES EGYPT'S OUTLOOK FROM "STABLE" TO "POSITIVE"

Fitch Ratings revised the outlook on Egypt's long-term foreign-currency Issuer Default Rating (IDR) from "stable" to "positive" and affirmed the IDR at "B-".

The revision of the outlook mainly reflects the following key rating drivers: reduced external vulnerability, much stronger foreign direct investment, additional foreign capital, strengthening Foreign-Exchange (FX) reserves and policy adjustment increases resilience.

In details, near-term external financing risks have markedly reduced due to the Ras El-Hekma deal with the UAE, the move to a flexible exchange rate and the tightening of monetary policy, which also unlocked additional IFI financing and the return of sizeable non-resident inflows to the domestic debt market. The Ras El-Hekma investment underscores the strength of GCC financial support for Egypt, and Fitch has greater confidence that exchange rate flexibility would be more durable than in the past. In addition, initial steps to contain off-budget spending should help to reduce public debt sustainability risks.

Concurrently, the US\$ 35 billion Ras El-Hekma deal comprises US\$ 24 billion of fresh Foreign-Currency (FC) inflows in fiscal year ending June 2024 (FY 24). Half of these funds accrue to the Ministry of Finance, lowering debt issuance needs, and half to the New Urban Community Authority. The remaining US\$ 11 billion of the deal consists of the conversion of existing UAE FC deposits held at the Central Bank of Egypt (CBE) to Local-Currency (LC) deposits for investments, reducing Egypt's external debt.

Additionally, at the first review in March, the IMF Extended Fund Facility (EFF) was augmented by US\$ 5 billion to US\$ 8 billion, the EU approved a three-year EU support package of EUR 7.4 billion, and non-resident holdings of domestic debt rose to US\$ 35.3 billion, from US\$ 16.6 billion at end-2023. As a result of capital inflows, the net foreign liability position of CBE fell by around three-quarters in March to US\$ 1.3 billion, and that of banks to US\$ 2.8 billion, from US\$ 17.5 billion in January.

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## CORPORATE NEWS

### NHC AND TALAAT MOSTAFA GROUP BREAK GROUND ON US\$ 8 BILLION SAUDI CITY

Saudi-based National Housing Company joined hands with the Talaat Mostafa Group, one of the largest listed real estate development companies in Egypt, for the ground breaking of its premium development Banan City, being set up at a total investment of US\$ 12 billion (SR 40 billion) in Northeast Riyadh, as mentioned in a company's statement.

Banan City, which features over 27,000 residential units, would be home to more than 120,000 residents.

The mixed-use gated community would encompass various services, including healthcare, education, commerce and a sports club, alongside smart home solutions and advanced city facility management technologies.

The new project supports the Housing Program under Saudi's Vision 2030.

### ADNOC DRILLING LANDS US\$ 1.7 BILLION ENERGY DEAL

ADNOC Drilling, one of the largest national drilling company in the Middle East by rig fleet size, was awarded by the Abu Dhabi National Oil Company (ADNOC), a US\$ 1.7 billion contract, to provide drilling and associated services for the recovery of unconventional energy resources, as revealed in a company's statement.

In a bid to explore unconventional energy opportunities, ADNOC Drilling established a new company, Turnwell Industries LLC OPC (Turnwell), enabling it to undertake unconventional drilling operations for the country's oil and gas heavyweight, Abu Dhabi National Oil Company (ADNOC).

The contract would see Turnwell deliver 144 unconventional oil and gas wells.

ADNOC Drilling also signed a term sheet to enter into a strategic partnership with Schlumberger Middle East and Patterson-UTI International Holdings.

This initial phase of unconventional development is expected to employ up to nine land rigs, of which five are already included in ADNOC Drilling's fleet as of 31 December 2023. It is worth noting that unconventional energy refers to oil and gas resources trapped in subsurface reservoirs requiring additional technology and processes to unlock them.

The contract is expected to start contributing to ADNOC Drilling's revenue towards the second half of this year.

### QATARENERGY TO ACQUIRE TWO NEW EXPLORATION BLOCKS OFFSHORE EGYPT

QatarEnergy signed a farm-in agreement with ExxonMobil, an American multinational oil and gas corporation, to acquire a 40% participating interest in two exploration blocks offshore Egypt, as reported in a company's statement.

Under the terms of the agreement, which is subject to customary approvals by the government of Egypt, QatarEnergy would acquire a 40% working interest in each of the Cairo and Masry Offshore Concession Agreements, while ExxonMobil (the operator) would retain the remaining 60% working interest.

It is worth noting that the Cairo and Masry offshore exploration blocks were awarded to ExxonMobil in January 2023 and cover an area of approximately 11,400 square kilometers in water depths of 2,000 to 3,000 meters.

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## DP WORLD AND EINRIDE ANNOUNCE MIDDLE EAST'S LARGEST DEPLOYMENT OF FREIGHT MOBILITY

Dubai-based DP World, a world leader in global supply chain solutions, formed a partnership with Einride, a Swedish transport company, to electrify inter-terminal container flows at Jebel Ali Port, improving efficiency and sustainability, as revealed in a company's statement.

This would be the largest deployment of electric, autonomous freight mobility in the Middle East, operating 24/7 to reshape the landscape of transport in the region.

Starting at the end of 2024, the partnership would scale up to support approximately 1,600 container movements daily.

The expansion would be made possible through a fleet of 100 connected electric trucks, managed through Einride Saga, Einride's digital operating system designed to analyze, optimize and maximize the efficiency of electric and autonomous road freight operations. An autonomous pilot is slated for deployment in 2025.

Once at full operational capacity, the initiative would save up to 14,600 tons of carbon dioxide equivalent annually and 158 tons of nitrogen oxides annually.

## TADWEER TO BUILD ABU DHABI'S FIRST GREENFIELD MATERIAL RECOVERY FACILITY

UAE-based Tadweer Group, a leader in sustainable waste management practices, announced the closed bidding for the planned development of Abu Dhabi's first greenfield Material Recovery Facility (MRF), as mentioned in a company's statement.

The state-of-the-art facility would recover recyclable materials derived from municipal solid waste, significantly maximizing the diversion of waste from landfills through recycling and preparing feedstock for the Abu Dhabi Waste to Energy facility.

This would enable increased recycling, promoting a circular economy and supporting Tadweer Group's wider ambition of diverting 80% of Abu Dhabi's waste away from landfill by 2030.

The expected capacity would be 1.3 million metric tons per year. Additionally, the facility would cover an area of over 90,000 square meters, making it one of the largest MRFs in the region, and would be located within the Al Mafraq Industrial area.

The long-term objectives for the facility include providing feedstock for other waste conversion processes and products, such as waste to Sustainable Aviation Fuel (SAF).

The MRF would also serve to promote local and foreign private sector investment and create employment and training opportunities for UAE nationals.

The awarding of the contract and engineering, procurement and construction works are expected to begin at the end of 2024, with operations commissioning targeted for the end of 2026.

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## CAPITAL MARKETS

### EQUITY MARKETS: ACTIVITY IN MENA EQUITIES TILTED TO DOWNSIDE THIS WEEK, BUCKING GLOBAL RISK-ON MOOD

Activity in MENA equity markets was tilted to the downside this week, as reflected by a 0.7% contraction in the S&P Pan Arab Composite index, bucking global equity strength (+1.6%) stoked by rising bets about US rate cuts. This was mainly driven by price falls in the heavyweight Saudi Exchange and the UAE, given some unfavorable financial results during the earnings season.

The Saudi Exchange, whose market capitalization represents about two-thirds of the total regional market capitalization, plunged deeper into the red this week, as reflected by a 1.0% drop in the S&P Saudi index, bucking global risk-on mood, mainly dragged by some unfavorable company-specific factors and on reduced sentiment after the Saudi Finance Minister warned about "overheating" economy.

A glance on individual stocks shows that Saudi Research's share price dropped by 5.0% week-on-week to reach SR 232.20. Saudi Research reported a 28% year-on-year contraction in its 2024 first quarter net profits to reach SR 87 million. Leejam Sports' share price shed 1.4% to SR 200.20. Ubhar Capital Oman cut its recommendation on Leejam Sports to "Accumulate" from "Buy", with a price target of SR 230.50, which implies a 14% increase from last price. Mouwasat's share price plunged by 11.4% to SR 120.00. Mouwasat reported revenues of SR 723 million during the first quarter of 2024, up by 8.8% year-on-year, yet still missing average analysts' estimate of SR 761 million. Concurrently, most petrochemicals stocks traced a downward streak over this week. Saudi Aramco's share price edged down by 0.3% to SR 29.75. Saudi Kayan Petrochemical Company's share price fell by 2.5% to SR 8.84. Sipchem's share price dropped by 2.7% to SR 32.10. Petro Raghb's share price shed 3.7% to SR 7.09.

The UAE equity markets slid into the red this week, as reflected by a 1.8% decline in the S&P UAE index, mainly pressured by some unfavorable company-specific factors. In Dubai, Tabreed's share price fell by 1.2% to AED 3.35. Tabreed reported 2024 first quarter net profits of AED 112 million against net profits of AED 236 million a year earlier. Air Arabia's share price plunged by 7.5% to AED 2.48. Air Arabia announced a 22% year-on-year contraction in its 2024 first quarter net profits to reach AED 266 million. Emaar Properties' share price shed 5.7% to AED 7.57. Emaar Properties reported an 8.9% year-on-year contraction in its 2024 first quarter net profits to reach AED 2.9 billion, missing average analysts' estimate.

In Abu Dhabi, First Abu Dhabi Bank's share price dropped by 1.9% over the week to AED 12.16. Taqa's share price decreased by 2.0% to AED 2.90 this week. Taqa reported 2024 first quarter net profits of AED 2.1 billion against net profits of AED 11.6 billion a year earlier. Alpha Dhabi Holding's share price plummeted by 4.1%

#### EQUITY MARKETS INDICATORS (MAY 12 - MAY 18, 2024)

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	146.8	-2.3%	-19.5%	4.3	245.2%	0.1	16,585.1	1.3%	-	0.35
Jordan	361.2	1.1%	-2.3%	22.8	60.1%	19.0	22,958.8	5.2%	8.8	1.10
Egypt	236.4	1.9%	-29.9%	226.8	8.6%	4,551.7	36,490.3	32.3%	7.8	2.45
Saudi Arabia	520.8	-1.0%	-0.5%	7,420.3	-6.5%	1,580.8	2,842,820.3	13.6%	16.7	4.28
Qatar	156.9	0.7%	-11.3%	552.9	-10.5%	1,280.8	154,773.6	18.6%	12.4	1.48
UAE	128.4	-1.8%	-6.8%	2,184.8	-1.7%	2,658.0	944,936.5	12.0%	12.3	2.21
Oman	263.0	0.3%	4.8%	28.6	3.8%	93.0	24,133.8	6.2%	11.7	1.05
Bahrain	231.7	-0.8%	3.2%	7.7	37.5%	20.6	20,487.5	2.0%	13.6	1.33
Kuwait	133.6	1.9%	6.2%	776.7	10.6%	1,552.7	135,238.7	29.9%	17.4	2.02
Morocco	285.0	-0.1%	8.2%	201.0	78.3%	13.2	69,943.7	14.9%	20.0	3.15
Tunisia	64.8	-0.1%	0.9%	11.9	18.3%	4.4	7,891.4	7.8%	11.0	1.95
<b>Arab Markets</b>	<b>953.2</b>	<b>-0.7%</b>	<b>-2.2%</b>	<b>11,437.9</b>	<b>-3.5%</b>	<b>11,774.4</b>	<b>4,276,259.6</b>	<b>13.9%</b>	<b>15.4</b>	<b>3.55</b>

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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to AED 13.52. Alpha Dhabi reported 2024 first quarter net profits of AED 3.4 billion against net profits of AED 6.6 billion a year earlier.

In contrast, activity in Boursa Kuwait was skewed to the upside this week, as reflected by a 1.9% rise in the S&P Kuwait index, mainly on improved overall sentiment following the formation of a new government, and supported by some favorable company-specific factors. Boursa Kuwait's share price surged by 8.2% to KWF 2,150. Boursa Kuwait reported 2024 first quarter net profits of KWD 4.7 million against net profits of KWD 4.3 million a year earlier. EFG-Hermes raised its recommendation on Boursa Kuwait to "Buy" from "Neutral", with a price target of KWD of 0.233, which implies an 88% decrease from last price. Agility's share price rose by 2.6% to KWF 313. Agility reported 2024 first quarter net profits of KWD 19 million against net profits of KWD 15 million a year earlier. The Commercial Real Estate Company's share price went up by 0.7% to KWF 137.

The Egyptian Exchange reported price gains this week, as reflected by a 1.9% in the S&P Egypt index, mainly on improved investor sentiment after Egypt received a further US\$ 14 billion from its landmark investment deal with the UAE, which marks the second tranche of the US\$ 35 billion pact signed in February 2024, and given some favorable company-specific factors.

A closer look at individual stocks shows that Commercial International Bank's share price went up by 2.4% week-on-week to reach LE 75.11. EFG Hermes' share price nudged up by 0.3% to LE 14.81. Telecom Egypt's share price rose by 1.0% to LE 33.35. Fawry's share price rose by 2.1% to LE 6.2. Fawry reported 2024 first quarter net profits of LE 307 million against net profits of LE 123 million a year earlier. Ezz Steel's share price closed 1.6% higher at LE 64.0. Emaar Misr's share price skyrocketed by 25.6% to LE 5.93. Emaar Misr reported 2024 first quarter net profits of LE 5.7 billion against net profits of LE 2.2 billion a year earlier. Elsewedy Electric's share price moved 7.1% higher to LE 37.01. Elsewedy unveiled that it is mulling a LE 5 billion Capex spending in 2024 that would be directed to completing current investments, as well as increasing the factories' capacities.

## FIXED INCOME MARKETS: FURTHER WEEKLY PRICE GAINS IN MENA BOND MARKETS, MAINLY TRACKING US TREASURIES MOVE AFTER SOFTER US INFLATION

MENA fixed income markets registered further price gains this week, mainly tracking US Treasuries move, as market players digested an ebb in US CPI reading month-on-month and lower-than-expected retail sales print in April 2024, which fueled bets about two interest rate cuts by the US Federal Reserve this year starting September 2024.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 posted weekly price gains of up to 1.47 pt. Prices of Taqa'26 and '28 went up by 0.48 pt and 0.90 pt respectively. Mubadala'26 and '27 were up by 0.48 pt and 0.85 pt respectively. Prices of ADNOC'29 rose by 0.87 pt. Amongst financials, FAB'25 traded up by 0.41 pt.

In the Dubai credit space, sovereigns maturing in 2029 posted price increases of 0.60 pt week-on-week. Prices of Emaar'26 rose by 0.22 pt. DP World'30 was up by 1.29 pt. Prices of Majid Al Futtaim'29 expanded by 0.28 pt. Emirates Airlines'28 closed up by 0.37 pt. Amongst financials, Emirates NBD Perpetual (offering a coupon of 6.125%) registered price gains of 0.15 pt.

In the Saudi credit space, sovereigns maturing in 2026, 2027, 2030 and 2031 recorded price expansions of up to 1.84 pt this week. SABIC'28 traded up by 0.90 pt. SEC'28 posted price rises of 0.86 pt. Prices of Saudi Aramco'25 went up by 0.46 pt. STC'29 traded up by 0.63 pt.

In the Qatari credit space, sovereigns maturing in 2026 and 2030 saw price gains of 0.58 pt and 1.19 pt respectively week-on-week. Prices of Ooredoo'26 went up by 0.44 pt. Amongst financials, QNB'25 and '26 traded up by 0.24 pt and 0.44 pt respectively. In the Kuwaiti credit space, prices of sovereigns maturing in 2027 increased by 0.62 pt week-on-week. KIPCO'27 closed up by 0.97 pt.

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In the Iraqi credit space, sovereigns maturing in 2028 posted weekly price gains of 1.77 pt. In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 registered price expansions of up to 1.55 pt week-on-week. Omantel'28 traded up by 0.44 pt.

In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 posted weekly price expansions of up to 2.46 pts. Prices of NOGA'27 rose by 0.86 pt. Regarding credit ratings, Moody's affirmed the government of Bahrain's "B2" long-term issuer and senior unsecured ratings, with a "stable" outlook. The affirmation of the "B2" ratings reflects Bahrain's very weak and deteriorating debt burden and debt affordability metrics, and its elevated government liquidity and external vulnerability risks, which Moody's expects to remain the key features of the government's credit profile in the foreseeable future.

In the Jordanian credit space, sovereigns maturing in 2026, 2027 and 2030 recorded price gains of up to 3.24 pts this week. As to credit ratings, Fitch Ratings affirmed Jordan's long-term foreign currency IDR at "BB-" with a "stable" outlook. Jordan's ratings are supported, according to Fitch, by a record of macroeconomic stability, progress in fiscal and economic reforms, and resilient financing linked to the liquid banking sector, public pension fund and international support.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030, 2032 and 2040 recorded price rises of up to 4.30 pts week-on-week. Euro-denominated sovereigns maturing in 2026 and 2031 traded up by 3.20 pts and 3.00 pts respectively.

All in all, regional bond markets continued to register across-the-board price gains this week, mainly tracking increases in US Treasuries as traders grew more confident that the US Federal Reserve would cut interest rates twice before year-end, after latest economic data showed that yearly US core inflation cooled to the slowest pace in three years and US retail sales data fell short of expectations in April 2024.

## MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	17-May-2024	10-May-24	31-Dec-23	Week-on-week	Year-to-date
Abu Dhabi	37	38	41	-1	-4
Dubai	61	61	63	0	-2
Kuwait	62	62	46	0	16
Qatar	37	39	46	-2	-9
Saudi Arabia	50	51	54	-1	-4
Bahrain	171	185	204	-14	-33
Morocco	87	89	111	-2	-24
Egypt	552	606	1,152	-54	-600
Iraq	395	395	450	0	-55
Middle East	161	170	241	-9	-80
Emerging Markets	47	52	42	-5	5
Global	298	303	379	-5	-81

Sources: Bloomberg, Bank Audi's Group Research Department

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## SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
<b>LEVANT</b>			
Lebanon	SD/-/SD	C/Stable	RD/-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	Ba3/Stable	BB-/Stable/B
Egypt	B-/Negative/B	Caa1/Positive	B-/Positive/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
<b>GULF</b>			
Saudi Arabia	A/Stable/A-1	A1/Positive	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA-/Stable/F1+
Qatar	AA/Stable/A-1+	Aa2/Stable	AA/Positive/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	B+/Stable/B
Oman	BB+/Positive/B	Ba1/Stable	BB+/Stable/B
Yemen	NR	NR	NR
<b>NORTH AFRICA</b>			
Algeria	NR	NR	NR
Morocco	BB+/Positive/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	Caa2/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\$)	17-May-24	10-May-24	31-Dec-23	Weekly change	Year-to-date
<b>LEVANT</b>					
Lebanese Pound (LBP)	89,500.00	89,500.00	15,000.00	0.0%	496.7%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	46.91	47.34	30.89	-0.9%	51.8%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,310.00	0.0%	0.0%
<b>GULF</b>					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.0%
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%	-0.6%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.39	0.38	0.0%	0.1%
Yemeni Riyal (YER)	250.17	250.29	250.27	0.0%	0.0%
<b>NORTH AFRICA</b>					
Algerian Dinar (DZD)	134.48	134.32	134.17	0.1%	0.2%
Moroccan Dirham (MAD)	9.95	10.04	9.88	-0.9%	0.7%
Tunisian Dinar (TND)	3.11	3.13	3.07	-0.6%	1.4%
Libyan Dinar (LYD)	4.84	4.86	4.77	-0.3%	1.5%
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&amp;P, Bloomberg, Bank Audi's Group Research Department.

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