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MENA WEEKLY MONITOR

AUGUST 30 TO SEPTEMBER 5, 2026
WEEK 36

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MENA equity markets dipped into the red (-1.4%) this week, as escalating military tensions between the US and Iran, and remarks from the US Federal Reserve Chair signaling potential further interest rate hikes to combat sticky inflation pressured regional markets. This was exacerbated by some unfavorable company-specific factors. In parallel, MENA fixed income markets reported broad-based downward price movements, mainly tracking the move in US Treasuries. This followed the US Federal Reserve Chair's hawkish comments at the Jackson Hole Economic Symposium and renewed regional geopolitical tensions, which fueled global inflation concerns. Accordingly, traders are currently pricing in a first interest rate hike by the US Fed at the September FOMC meeting, which currently carries a 62% chance, while assigning a similar 62% probability to a second hike in January 2027.

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MENA MARKETS: AUGUST 30 TO SEPTEMBER 5, 2026

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-1.4%	Average weekly bond price change	-0.30 pt
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+2.1%	Average yearly bond price change	-3.30 pts

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ECONOMY

ECONOMIC IMPACT OF THE WAR IN THE MIDDLE EAST ON THE EGYPTIAN ECONOMY HAS REMAINED RELATIVELY CONTAINED AS PER IMF

The Executive Board of the International Monetary Fund (IMF) completed the seventh review under the 48-month Extended Arrangement under the Extended Fund Facility (EFF) and the second review under the Resilience and Sustainability Facility (RSF) arrangement for the Arab Republic of Egypt. Completion of the reviews allows the authorities to immediately draw the equivalent of SDR 1.11 billion (about US$1.5 billion) under the EFF and SDR 200 million (about US$272 million) under the RSF, bringing total purchases and disbursements under the two arrangements to about SDR 5.4 billion (about US$7.3 billion).

Egypt has faced the implications of the war in the Middle East in a stronger macroeconomic position than during previous episodes of external stress, with robust growth, inflation on a downward trend and rising gross international reserves. The economic impact of the war in the Middle East on the Egyptian economy has remained relatively contained, reflecting the authorities' timely and decisive policy actions, including exchange rate flexibility, energy price adjustments, and measures to contain budget spending. Economic activity has continued to recover, with real GDP growth reaching 5 percent in the third quarter of FY2025/26, bringing growth over the first nine months of the fiscal year to 5.2 percent. This performance is expected to help keep growth in FY 2025/26 at about 4.6 percent, only 0.1 percentage points lower than at the time of the 5th and 6th Reviews.

Headline inflation declined steadily until March 2026, when it increased to 15.2 percent—about 1.4 percentage points above staff expectations—mainly due to exchange rate depreciation and higher energy prices. Headline inflation subsequently eased to 14.3 percent in June, while core inflation rose to 14.3 percent, with IMF estimates indicating seasonally adjusted month-on-month core inflation remaining elevated at 1.5 percent.

The current account came under pressure in March following higher oil and gas prices. However, record remittance inflows, robust tourism receipts and a gradual recovery in Suez Canal revenues helped contain the impact, with the current account deficit estimated at 4.5 percent of GDP in FY 2025/26. Oil hedging contracts and long-term gas supply agreements further cushioned the impact of higher energy prices. Gross international reserves remained strong, reaching 119 percent of the ARA metric by end-June, including through recent purchases by the central bank amid renewed inflows.

Fiscal performance has remained strong. By end-March 2026, both the primary balance and tax revenue targets had been exceeded, reflecting strong revenue mobilization and expenditure containment efforts. At the same time, the authorities have made progress in reducing GFNs, which declined by 5 percent of GDP in FY2025/26. The tax-to-GDP ratio is projected to rise by 1.2 percentage points in FY 2025/26, while continued revenue mobilization is expected to increase the primary surplus from 4.8 percent of GDP in FY2025/26 to 5 percent of GDP in FY2026/27. Progress on structural reforms has been uneven. The recently adopted State Ownership Policy (SOP) remains an important step towards strengthening the state ownership framework.

The authorities have also taken steps to improve the business environment and enhance competition, including by streamlining customs clearance and tax administration procedures. However, efforts to reduce the state's role in the economy and create greater space for private sector investment, including through the divestment program, have progressed more slowly than anticipated and need to be accelerated.

The authorities have recently finalized the Gabal El Zeit deal, alongside MoF sales of shares in selected publicly traded companies, bringing divestment proceeds to around $520 million. Heightened uncertainty continues to weigh on the near-term outlook. The lagged effects of the war—including weaker investment, higher input costs, and persistent uncertainty—are projected to moderate growth to 4.4 percent in FY2026/27.

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A renewed escalation of regional tensions could weigh on growth, raise global inflationary pressures, tighten financial conditions, and put additional pressure on the fiscal and external positions. Domestic risks include difficulties in sustaining tight policies amid rising social pressures, elevated rollover and refinancing needs, and slower-than-expected progress in reducing the state's role in the economy as per IMF.

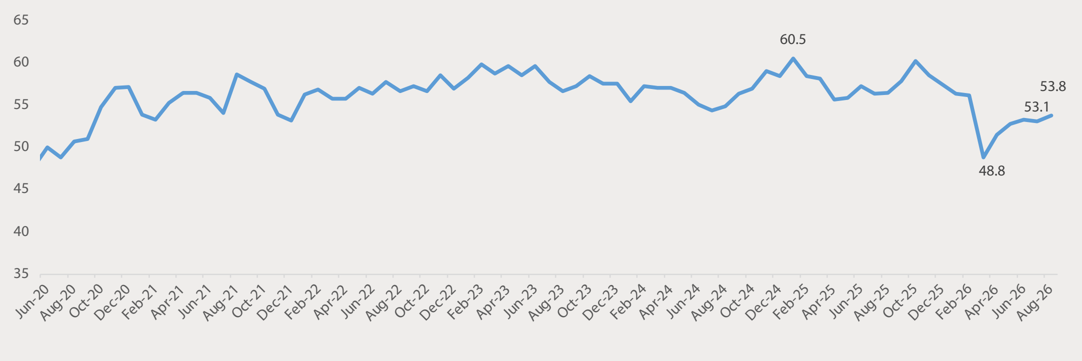
SAUDI ARABIA'S NON-OIL PRIVATE SECTOR GROWTH ACCELERATES TO SIX-MONTH HIGH IN AUGUST 2026

Saudi Arabia's Purchasing Managers' Index (PMI) rose to 53.8 in August 2026, up from 53.1 in July, remaining above the neutral 50.0 threshold and signaling a solid improvement in non-oil private sector business conditions for the fifth consecutive month, according to Riyad Bank's Saudi Arabia PMI data. The reading marked the highest level in six months, although it remained below the survey's long-run average of 56.8. Growth was primarily supported by a marked expansion in business activity amid strengthening demand, improving sales volumes and recovering market conditions. However, challenging export conditions and persistent cost pressures continued to weigh on firms.

Output growth accelerated markedly in August, reaching a seven-month high and moving closer to its long-run average, supported by improving sales and market conditions. New orders expanded for the fifth consecutive month following March's brief downturn, although intense competition and excess supply constrained growth for some firms. Export conditions remained challenging, with international orders declining at a sharper pace than in July amid continued regional tensions. Employment increased for the second consecutive month, although the pace of job creation remained modest and below its historical trend, while backlogs of work declined for the third consecutive month, signaling continued spare capacity among firms.

Supply chain conditions continued to improve in August, supported by increased local sourcing and stronger vendor responsiveness, although the improvement in delivery times was the weakest in three months. Meanwhile, firms increased input purchases at the fastest pace since February, reflecting stronger output requirements. Inflationary pressures remained elevated despite some signs of easing, as higher material and transportation costs continued to weigh on businesses, while staff costs increased at their strongest pace since February. Output prices rose at the slowest pace since March amid competitive pressures. At the same time, business confidence rebounded to a seven-month high, with 20% of surveyed firms expecting activity to increase over the coming 12 months, supported by resilient market

COMPOSITE PMI SAUDI ARABIA



Sources: S&P Global, Bank Audi Group Research Department

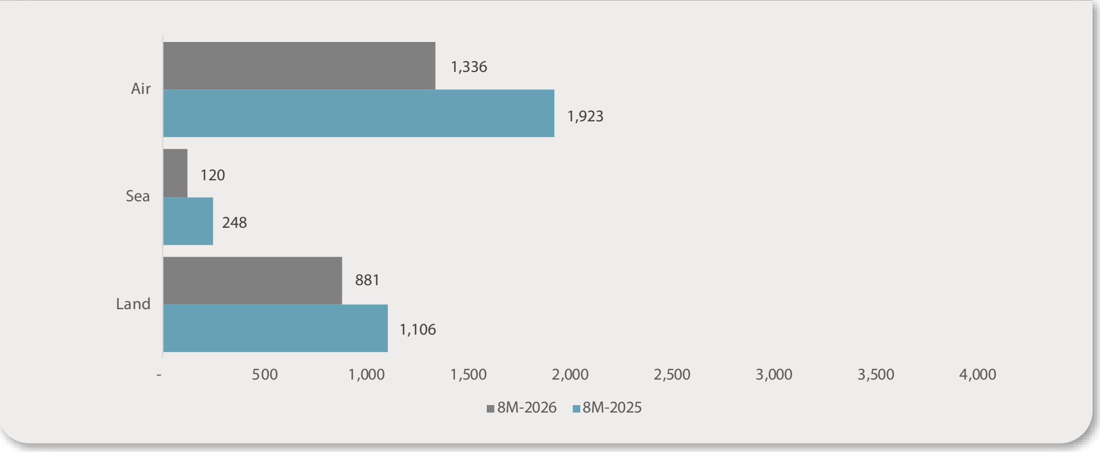
TOURISM ARRIVALS INTO QATAR DECREASE BY 29% IN 8M-2026

Tourism arrivals into Qatar decreased by 28.6% year-on-year in the first eight months of 2026. Arrivals reached 2,338 thousand tourists in 8M-2026, down from 3,276 thousand tourists in 8M-2025, as per the Qatar Tourism Authority.

In details, looking at the distribution of arrivals by port of entry, arrivals by air took the lion's share, accounting for 57.2% of all arrivals into the country in 8M-2026. Arrivals by land followed with a share of 37.7%, while arrivals by sea accounted for 5.1% of total arrivals. In volume terms, air arrivals declined by 30.5% year-on-year, land arrivals fell by 20.3%, while sea arrivals dropped by 51.5%.

Looking at the distribution of arrivals into Qatar by tourists' origin, GCC countries took the lion's share, accounting for 41.0% of total arrivals in 8M-2026. Asia & Oceania followed with 20.9%, closely followed by Europe with 20.8%. The Americas accounted for 7.2% of total arrivals, while non-GCC Arab countries and Africa represented 6.9% and 3.1%, respectively, as per the Qatar Tourism Authority.

KUWAIT'S PRODUCERS PRICE INDEX (PPI), GENERAL INDEX AND GROUPS INDICES



Sources: Kuwait's CSB, Bank Audi Group Research Department

EGYPT RECORDS YEAR-ON-YEAR PRODUCER PRICE INDEX INFLATION OF 9.8% IN JUNE 2026

According to data from Egypt's Central Agency for Public Mobilization and Statistics (CAPMAS), the country has registered a year-on-year inflation in the Producer Price Index (PPI) of 9.8% in June 2026 against prices in June 2025.

In details, Mining and Quarrying and Manufacturing recorded year-on-year inflations of 13.3% and 16.1%, respectively, between June 2025 and June 2026. In addition, Electricity, Gas, Steam and Air Conditioning Supply registered an inflation of 22.2%, while Transportation and Storage prices increased by 14.6%. Meanwhile, Accommodation and Food Service Activities and Information and Communication Activities recorded year-on-year inflations of 15.1% and 14.3%, respectively.

On the other hand, Agriculture and Fishing recorded a year-on-year deflation of 1.5%, while Water Supply recorded a year-on-year stagnation in prices during the same period.

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SURVEYS / REPORTS

STRONG TENANT RETENTION AND NEAR-FULL OCCUPANCY DRIVE UAE INDUSTRIAL REAL ESTATE MOMENTUM IN Q2 2026, AS PER JLL

Solid market fundamentals and healthy occupier demand are strengthening the long-term prospects of the UAE's industrial sector, according to JLL's latest Industrial Market Dynamics report. While the rapid pace of rental growth has begun to moderate, Dubai and Abu Dhabi have continued to maintain leasing momentum in Q2 2026.

In addition, strategic government initiatives focused on supply chain resilience and domestic manufacturing are enhancing the UAE's competitive positioning and boosting investor confidence in the sector. Despite regional uncertainties and ongoing supply chain disruptions, the report outlines a favorable medium-term outlook.

Industrial rental rates in both Dubai and Abu Dhabi sustained positive growth momentum in Q2. Dubai rents increased 6.8% year-on-year to AED 49 per sq. ft and 2.3% quarter-on-quarter, while Abu Dhabi recorded a 5.0% annual rise to AED 486 per sq. m. The 'rental freeze' initiative in Abu Dhabi has constrained rental escalations, but with limited Grade A supply and strong occupancy levels, landlords are maintaining negotiating leverage while offering lease term flexibility and selective rental concessions of up to 15% in select areas to support transaction activity amid regional conditions.

Sustained resilience was also evidenced by a 4.3% growth in annual rental contract registrations in Dubai during Q2, driven largely by an 11.2% year-on-year surge in renewal activity, indicating strong tenant retention and ongoing commitment from established operators. Although on a quarterly basis, renewal registrations declined 10.2% and new contract registrations moderated 3.0% quarter-on-quarter, the tempered pace suggests businesses are adopting a prudent approach to capacity planning while maintaining long-term confidence in Dubai's industrial sector.

Looking ahead, government initiatives aimed at enhancing supply chain resilience are expected to accelerate the UAE's industrial sector transformation. Strategic investments, including DP World's new east coast port and container terminal and the AED 1 billion National Industrial Resilience Fund, which aims to localize over 5,000 critical products across priority sectors, reinforce the UAE's competitive positioning as a leading industrial and logistics hub.

Supported by policies that ensure "Made-in-UAE" products gain prominence across retail and digital channels, these coordinated efforts will drive local manufacturing demand, strengthen logistics infrastructure, and position the UAE's industrial sector favorably for sustained growth well beyond current regional uncertainties, as per JLL.

74% OF UAE BUSINESS DECISION-MAKERS REMAIN CONFIDENT ABOUT THE YEAR AHEAD, AS PER MASTERCARD SURVEY

Small business decision-makers across the UAE remain optimistic about the future, with 74% expressing confidence in their business outlook over the next 12 months, according to a Mastercard survey.

The Mastercard SME Confidence Index is a multi-market study that captures the sentiment, priorities, and growth outlook of Small and Medium-sized Enterprises (SMEs) across Eastern Europe, Middle East and Africa (EEMEA). The 2026 edition of the Index included a sentiment pulse survey specifically designed to capture how UAE SMEs are navigating the immediate operational and macroeconomic challenges arising from the recent conflict impacting the region.

In details, digital transformation remains a key priority, with 83% of business decision-makers saying digital and online payments are important to helping their business grow faster and more efficiently. Businesses also identified accepting digital payments across multiple channels (61%) and providing simple, seamless payment experiences (58%) as areas with significant potential to support future growth. Small businesses across the UAE continue to demonstrate strong momentum, with 83% reporting revenue growth over the past 12 months. While confidence in their outlook for the year ahead stood at 96% before recent regional developments, subsequent sentiment tracking shows this has shifted to a more pragmatic 74% as businesses navigate immediate, short-term headwinds.

A growing domestic market was identified as one of the most significant positive influences on business performance, reflecting the opportunities being created by the UAE's dynamic and evolving economy. At the same time, businesses continue to focus on strengthening their operations and positioning themselves for long-term success.

In parallel, as businesses look to enhance efficiency and improve customer experiences, digital payments continue to play an increasingly important role. Card payments are now accepted by 83% of businesses surveyed, while 72% accept mobile payments. Looking ahead, respondents identified accepting digital payments across multiple channels (61%) and delivering seamless payment experiences (58%) as key drivers of future growth.

The Mastercard survey's findings highlight a strong focus on growth and innovation among UAE businesses, with entrepreneurs increasingly looking to digital tools, payment technologies and new business opportunities to strengthen their competitiveness and support long-term success.

JORDAN'S RATING AFFIRMED AT "BB-/B" WITH "STABLE" OUTLOOK, AS PER S&P GLOBAL

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

The "stable" outlook reflects a balance over the next 12 months between Jordan's resilient economic performance following fiscal and economic reforms and higher international reserves, against elevated regional security risks, still-high public debt levels and elevated current account deficits.

In details, Jordan is displaying broad economic resilience despite a significant ramp-up in the regional conflict. The country has a long and improving record of withstanding external shocks, including substantial refugee inflows over the past decade, the COVID-19 pandemic, the fuel price and inflation spillover effects from the Russia-Ukraine war, and the Middle East conflict's immediate impact. This resilience is largely attributable to economic strengthening from structural reforms, including improving the business environment, widening the domestic tax base, and policy responses to past situations. In 2026, the rerouting of regional trade through Jordan, specifically its port in Aqaba, continues to support growth, while the government's policies aimed at preserving energy supply, mitigating the impact on prices, and easing transportation bottlenecks have helped mitigate a more material economic slowdown. However, Jordan remains exposed to significant risks from regional instability due to its location and economic integration with the wider Middle East region. While hundreds of missiles have been intercepted in Jordanian airspace since February 2026, damage has remained limited to U.S. military bases, and Jordanian infrastructure and civilian areas have not been directly affected.

The conflict's economic impact has therefore been somewhat limited, but persistent security threats or a sharper slowdown in regional economic growth could ripple through the Jordanian economy via several channels, including disruptions to essential gas and water supplies, decreased tourism and remittance flows, financial outflows or heightened social instability. Jordan's exposure to wider Middle Eastern economic conditions, while decreasing in recent years, remains elevated, as close to 24% of total exports are destined for the Middle East, 12% of imports come from the region, and over 50% of tourist arrivals and remittances are from there. S&P expects that persistent regional tensions could continue to weigh on growth prospects, keeping them below their potential.

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CORPORATE NEWS

ARADA AND SYRIA FUND JV TO DEVELOP US$ 7 BILLION MEGAPROJECT IN NEW DAMASCUS

UAE-based Arada, one of the world's fastest-growing master developers, announced its entry into the Syria through a Joint Venture with the State-owned Syrian Sovereign Fund. The joint venture's first project would be the development of a major new fully integrated city on a four million square meter site west of Damascus. With an estimated Gross Development Value (GDV) of US$ 7 billion (AED 25.7 billion), the development would be in an area known as New Damascus, near the Mezzeh district.

Arada and the Syrian Sovereign Fund would act as partners on the project, with the master plan to be developed in close partnership with the relevant Syrian government authorities and fully aligned with the country's national reconstruction priorities and development goals. Both entities are currently working together to identify further sites for development across Syria.

The entry into Syria, which makes Arada one of the first UAE developers to expand into the country, is the latest step in the company's rapid global expansion. The company currently has a project pipeline valued at US$ 42 billion across four markets, with a portfolio of more than 66,000 homes spanning the UAE, the United Kingdom, Australia and with this announcement, Syria.

ALPHA DHABI DOUBLES COMMITMENT IN MUBADALA CAPITAL-MANAGED PRIVATE CREDIT JV TO US$ 1 BILLION

Abu Dhabi-listed Alpha Dhabi Holding, one of the largest investment holding companies in the UAE, doubled its capital commitment to its private credit joint venture MICAD Credit JV managed by Mubadala Capital, to US$ 1 billion, while increasing its ownership stake to 40% from 20%.

The updated agreement expands the joint venture's investment scope to include a wider range of global private credit opportunities through Mubadala Capital's network, in addition to its existing US and European direct lending investments.

It is worth noting that the MICAD Credit JV currently manages approximately US$ 1.7 billion in assets across 45 portfolio companies.

MICROSOFT AND HUMAIN ANNOUNCE LONG-TERM STRATEGIC COLLABORATION TO ENABLE AI TRANSFORMATION IN SAUDI ARABIA AND BEYOND

HUMAIN, a Saudi PIF company delivering full-stack artificial intelligence capabilities globally, announced the first milestone in a long-term strategic collaboration with Microsoft.

The collaboration would initially focus on two areas: working to bring HUMAIN's ALLAM models (an advanced, Arabic-first multimodal large language model) to Microsoft's AI ecosystem and bringing together HUMAIN's AI experts with Microsoft's Forward Deployed Engineers (FDEs) to work directly with organizations to support the identification, development and deployment of high-value AI solutions across Microsoft technologies.

Looking ahead, Microsoft and HUMAIN intend to explore opportunities to deepen their collaboration across additional areas of AI, including productivity, devices, models and infrastructure, as well as joint go-to-market initiatives. These areas would build on the initial collaboration around ALLAM and forward-deployed engineering as the companies explore how their respective technologies and capabilities can support responsible AI adoption across Saudi Arabia and the broader Middle East and Africa.

SAUR AND NESMA & PARTNERS SIGN MOU TO JOINTLY PURSUE A STRATEGIC RECYCLED WATER INFRASTRUCTURE OPPORTUNITY IN RIYADH

Saur Saudi Arabia, a part of global water solutions leader Saur, signed a Memorandum of Understanding (MoU) with Nesma & Partners, one of the leading Saudi engineering and construction companies, to collaborate on a strategic water infrastructure opportunity supporting Saudi Vision 2030.

As part of the collaboration, the companies would jointly pursue a strategic recycled water infrastructure opportunity that would support sustainability objectives and prepare the next phase of the tender process.

The MoU further highlights the broader ambition shared by Saur and Nesma & Partners to strengthen Saudi Arabia's water and infrastructure landscape. As a result, their areas of potential collaboration extend beyond this opportunity to include municipal and industrial infrastructure, Engineering, Procurement and Construction (EPC) projects, Operations and Maintenance (O&M) services, water reuse, digital water solutions, as well as industrial water applications.

The partnership coincides with the Kingdom's ongoing transformation, driven by the national vision to strengthen the resilience, efficiency, and sustainability of water resources. As water security, wastewater management, water reuse, resource optimization, and innovation become increasingly critical for the nation's long-term growth, there is a need for strategic partnerships that support the development of integrated, sustainable water solutions catering to the Kingdom's infrastructure ambitions.

RIYADH DIGITAL INNOVATION DISTRICT LAUNCHED AS GLOBAL INNOVATION HUB

The Royal Commission for Riyadh City (RCRC) launched the Riyadh Digital Innovation District, one of its key strategic initiatives aimed at positioning the capital as a global hub for technology talent and digital innovation.

The initiative seeks to attract global technology professionals and establish an international ecosystem that brings together talent and entrepreneurship, contributing to the development of a strong knowledge-based economy driven by digital leadership and technological innovation.

The Riyadh Digital Innovation District would focus on attracting companies and specialized talent across six core technology domains: Artificial Intelligence and Big Data, Cybersecurity, Computing and Cloud Services, the Internet of Things (IoT), Blockchain Technologies, and Robotics and Unmanned Aerial Systems. These sectors account for the majority of global investments in technology innovation companies, highlighting their pivotal role in driving future growth and technological advancement.

The Riyadh Digital Innovation District is a development concept focused on building an integrated digital business environment in Riyadh to attract technology companies, talent and investment, and to support the growth of the capital's digital economy.

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CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES DIP INTO THE RED THIS WEEK AMID RENEWED US-IRAN CONFLICT

MENA equity markets dipped into the red this week, with the S&P Pan Arab Composite index contracting by 1.4%, as escalating military tensions between the US and Iran, and remarks from the US Federal Reserve Chair signaling potential further interest rate hikes to combat sticky inflation pressured regional markets. This was exacerbated by some unfavorable company-specific factors.

The heavyweight Saudi Exchange, which accounts for roughly 60% of the total regional market capitalization, shifted into a negative territory this week, with the S&P Saudi price index falling by 2.0%, mainly tracking global equity weakness over the week following hawkish comments from the US Federal Reserve Chair at the Jackson Hole Economic Symposium, and driven by some unfavorable company-specific factors. This occurred despite a 7.8% weekly jump in Brent oil prices to reach US$ 96.28 per barrel on Friday, as fresh hostilities between the US and Iran raised concerns about prolonged disruptions to energy flows through the Strait of Hormuz, where crude carriers were hit by projectiles.

A glance on individual stocks shows that that Petrochemicals giant Saudi Aramco's share price contracted by 0.5% week-on-week to reach SR 25.96. Saudi Kayan Petrochemical Company's share price nudged down by 0.4% to SR 5.37. Sipchem's share price fell by 2.0% to SR 13.19. Advanced Petrochemical Company's share price shed 4.1% to SR 23.56. SABIC's share price declined by 1.3% to SR 49.44. Yansab's share price decreased by 0.7% to SR 33.88.

Concurrently, Jarir Marketing Company's share price dropped by 4.7 week-on-week % to SR 16.30. JP Morgan cut its recommendation on Jarir Marketing Company's stock to "Underweight" from "Neutral", with a price target of SR 13.40, which implies a 22% decrease from last price. Almarai's share price closed 4.9% lower at SR 47.44. AlphaMena cut its recommendation on Almarai's stock to "Reduce" from "Add", with a price target of SR 52.70, which implies a 5.6% increase from last price. Saudi Tadawul Group Holding's share price went down by 3.4% to SR 129.10. Citi cut its recommendation on Saudi Tadawul Group Holding's stock to "Neutral" from "Buy", with a price target of SR 144, which implies a 6.7% increase from last price. United Electronics Company' share price edged down by 0.5% to SR 66.40. CI Capital cut its recommendation on United Electronics Company's stock to "Neutral" from "Overweight", with a price target of SR 75, which implies a 11% increase from last price. As to banking stocks, Saudi National Bank's share price fell by 2.6% this week to reach SR 42.28. HSBC cut its recommendation on Saudi National Bank's stock to "Hold" from "Buy", with a price target of SR 46.10, which implies a 7.7% increase from last price. Alinma Bank's share price retreated by 2.5% to SR 25.20. HSBC cut its recommendation on Alinma

EQUITY MARKETS INDICATORS (AUGUST 30 TO SEPTEMBER 5)

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	151.6	-2.0%	-12.1%	3.8	-5.6%	0.1	17,126.2	1.2%	-	0.50
Jordan	642.6	0.9%	12.0%	66.8	13.1%	19.0	40,517.6	8.6%	12.7	2.37
Egypt	452.3	0.5%	23.9%	1,219.5	67.6%	14,690.2	82,772.9	76.6%	10.2	2.78
Saudi Arabia	481.6	-2.0%	4.5%	6,266.4	2.8%	1,037.7	2,540,583.0	12.8%	16.1	3.53
Qatar	145.4	-0.9%	-8.9%	610.8	60.7%	567.7	160,980.1	19.7%	12.5	1.44
UAE	173.1	-0.7%	0.1%	3,062.1	37.3%	3,700.8	955,990.4	16.7%	14.9	2.97
Oman	177.1	1.2%	27.0%	511.9	130.6%	761.5	57,036.6	46.7%	13.4	2.06
Bahrain	180.6	0.4%	-3.7%	11.5	109.1%	14.5	18,737.8	3.2%	10.6	1.43
Kuwait	91.0	-0.7%	-3.6%	1,194.5	33.6%	1,440.6	168,952.0	36.8%	19.5	2.06
Morocco	420.0	-1.7%	-1.2%	202.6	56.1%	5.8	115,830.8	9.1%	17.3	3.19
Tunisia	129.3	-0.2%	38.2%	17.5	49.8%	3.3	16,162.2	5.6%	16.5	2.54
Arab Markets	**1,019.3**	**-1.4%**	**2.1%**	**13,167.4**	**22.4%**	**22,241.3**	**4,174,689.6**	**16.4%**	**15.6**	**3.18**

Values in US$ million; volumes in millions
** markets cap-weighted averages*
Sources: S&P, Bloomberg, Bank Audi'sGroup Research Departement.

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Bank's stock to "Reduce" from "Hold", with a price target of SR 23, which implies a 9.2% decrease from last price.

The Qatar Stock Exchange slid back into the red this week, with the S&P Qatar price index declining by 0.9%, amid a flare-up in geopolitical risks in the region and on prospects of aggressive global monetary tightening this year. 36 out of 54 traded stocks posted price falls, while 18 stocks recorded price gains week-on-week.

A closer look at individual stocks shows that QNB's share price closed 0.6% lower this week to reach QR 16.700. QIB's share price retreated by 0.6% to QR 21.550. Lesha Bank's share price decreased by 0.9% to QR 2.825. QIIB's share price declined by 1.8% to QR 10.690. Dukhan Bank's share price fell by 1.5% to QR 3.249. Al Ahli Bank's share price nudged down by 0.5% to SR 3.880. Also, Mesaieed Petrochemical Holding Company's share price shed 1.6% week-on-week to reach QR 1.061. Ooredoo's share price dropped by 2.7% to QR 12.650. Vodafone Qatar's share price contracted by 1.4% to QR 2.573. Gulf Warehousing Company's share price edged down by 0.6% to QR 2.266. Ezdan Holding Company's share price fell by 1.0% to QR 0.819. Doha Insurance's share price fell by 3.3% to QR 2.766. Qatar Aluminum Manufacturing's share price decreased by 2.4% to QR 1.464. Qatar Gas Transport's share price went down by 1.2% to QR 4.250. Widam Food Company's share price nudged down by 0.6% to QR 1.415.

Boursa Kuwait fell back into losses this week, with the S&P Kuwait price index declining by 0.7%, primarily as renewed regional geopolitical friction soured investor sentiment. A closer look at individual stocks shows that National Mobile Telecommunications' share price shed 2.7% week-on-week to reach KWf 1,741. Agility Public Warehousing's share price nosedived by 6.3% to reach KWf 149. Arkan al Kuwait Real Estate's share price plunged by 6.2% to KWf 334. Heavy Engineering Industries and Shipbuilding's share price declined by 1.4% to KWf 630. Jazeera Airways' share price fell by 1.2% to KWf 1,722. Kuwait Projects' share price edged down by 0.5% to KWf 77.8. As to banking stocks, Gulf Bank's share price closed 2.2% lower at KWf 350. Burgan Bank's share price decreased by 1.6% to KWf 186. Kuwait International Bank's share price retreated by 0.8% week-on-week to reach KWf 249. Kuwait Finance House's share price nudged down by 0.5% to KWf 770.

FIXED INCOME MARKETS: BROAD-BASED DOWNWARD PRICE MOVEMENTS ACROSS MENA BOND MARKETS THIS WEEK, TRACKING US TREASURIES MOVE

MENA fixed income markets reported broad-based downward price movements this week, mainly tracking the move in US Treasuries. This followed the US Federal Reserve Chair's hawkish comments at the Jackson Hole Economic Symposium and renewed regional geopolitical tensions, which fueled global inflation concerns. Accordingly, traders are currently pricing in a first interest rate hike by the US Fed at the September FOMC meeting, which currently carries a 62% chance, while assigning a similar 62% probability to a second hike in January 2027.

In the Saudi credit space, sovereigns maturing in 2029, 2030, 2034, 2050 and 2060 recorded price drops of up to 0.79 pt this week. Prices of Aramco'30, '34 and '50 went down by 0.33 pt, 0.50 pt and 0.37 pt respectively. SEC'30 and '44 traded down by 0.13 pt and 0.87 pt respectively. STC'29 closed down by 0.30 pt. SABIC'28 reported price retreats of 0.22 pt. Amongst financials, prices of Al Rajhi Bank'29 declined by 0.15 pt. SNB'29 traded down by 0.15 pt. Banque Saudi Fransi'29 was down by 0.13 pt this week. With respect to new bond issues, Saudi Arabia raised US$ 3.25 billion this week from the sale of a dual tranche Sukuk. The first tranche consisted of a US$ 1.25 billion five-year Sukuk issued at 70 bps over US Treasuries against an initial price guidance of 100 bps over UST. The first tranche sale attracted more than US$ 5.9 billion in orders (excluding JLM interest). The second tranche consisted of a US$ 2 billion ten-year Sukuk issued at 80 bps over US Treasuries against an initial price guidance of 110 bps over UST. The second tranche sale attracted more than US$ 7.5 billion in orders (excluding JLM interest).

In the Bahraini credit space, sovereigns maturing in 2028, 2035 and 2051 recorded price drops of up to 0.58 pt, while sovereigns maturing in 2030 registered price gains of 0.05 pt week-on-week.

In the Qatari credit space, sovereigns maturing in 2029, 2034, 2040 and 2050 registered weekly price contractions of up to 0.75 pt week-on-week. As to credit ratings, Fitch Ratings affirmed Qatar's long-term Issuer Default Ratings at "AA" and removed them from Rating Watch Negative (RWN). The Outlook is "Negative". The rating actions capture the risk from a further prolongation of the period in which Qatar cannot export LNG to the sovereign balance sheet, which has held up well so far. The removal from RWN reflects, according to Fitch, that while the geographic concentration and high complexity of Qatar's LNG facilities is a vulnerability, the risks of further severe damage have reduced since March and the impact of the war on the credit profile will take longer to discern. Concomitantly, prices of Ooredoo'28, '31 and '43 contracted by 0.11 pt, 0.48 pt and 1.08 pt respectively week-on-week. Amongst financials, prices of Doha Finance'29 retreated by 0.21 pt. Qatar International Islamic Bank'29 traded down by 0.11 pt. Prices of QNB'29 decreased by 0.15 pt.

In the UAE credit space, sovereigns maturing in 2031, 2041 and 2052 recorded price falls of up to 0.61 pt this week. As to credit ratings, S&P Global Ratings affirmed this week its "AA/A-1+" long-term and short-term foreign and local currency sovereign credit ratings on the UAE, with a "Stable" outlook. The "Stable" outlook reflects S&P's view that the UAE's large fiscal and external buffers should provide space for policy maneuvering during adverse geopolitical developments or unfavorable hydrocarbon sector dynamics, including disruption of oil production or exports.

In the Dubai credit space, sovereigns maturing in 2030 and 2050 posted weekly price drops of 0.21 pt and 0.68 pt respectively. DP World'30 and '49 were down by 0.35 pt and 0.39 pt respectively. Emirates Airlines'28 closed down by 0.07 pt. Amongst financials, prices of Emirates NBD Bank'27 went down by 0.06 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2029, 2030, 2034 and 2050 registered weekly price contractions of up to 0.64 pt. ADNOC Murban'29 was down by 0.28 pt. Prices of Mubadala'28, '30, '34, '41 and '50 dropped by up to 0.93 pt. Prices of Taqa'28, '30 and '36 fell by 0.14 pt, 0.45 pt and 0.83 pt respectively. Amongst financials, prices of FAB'29 and '35 retreated by 0.07 pt and 0.06 pt respectively. ADCB'27 reported price gains of 0.27 pt, while ADCB'29 was down by 0.11 pt.

In the Kuwaiti credit space, KIPCO'27 traded up by 0.06 pt week-on-week. As to new issues, Kuwait International Bank raised US$ 500 million this week from the sale of a five-year Sukuk at 95 bps over US Treasuries against an initial price guidance of 125 bps over UST. The Sukuk sale attracted more than US$ 1.2 billion in orders.

In the Omani credit space, sovereigns maturing in 2028, 2031 and 2051 recorded price declines of up to 0.41 pt this week. Omantel'28 traded down by 0.15 pt. In the Egyptian credit space, sovereigns maturing in 2028, 2033, 2040 and 2050 registered price contractions of up to 0.32 pt, while sovereigns maturing in 2030 reported price expansions of 0.06 pt week-on-week.

All in all, activity in regional bond markets was tilted to the downside this week, mainly tracking decreases in US Treasuries, as escalating military tensions between the US and Iran pushed oil prices past US$ 95 per barrel. This energy surge combined with the US Fed Chair's hawkish remarks, sparked global inflation fears, prompting traders to place more than 50% chance on a first interest rate hike as early as this month, while expecting the second hike in January 2027.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	04-Sep-26	28-Aug-26	31-Dec-25	Week-on-week	Year-to-date
Abu Dhabi	32	32	27	0	5
Dubai	59	62	46	-3	13
Kuwait	54	54	47	0	7
Qatar	33	32	27	1	6
Saudi Arabia	57	56	67	1	-10
Bahrain	279	280	184	-1	95
Morocco	76	75	70	1	6
Egypt	263	264	271	-1	-8
Iraq	218	224	207	-6	11
Middle East	119	120	105	-1	14
Emerging Markets	85	87	99	-2	-14
Global	208	209	213	-1	-5

Sources: Bloomberg, Bank Audi's Group Research Department

Bank Audi

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
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$)	04-Sep-26	28-Aug-26	31-Dec-25	Weekly change	Year-to-date
LEVANT					
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)	50.93	50.23	47.70	1.4%	6.8%
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	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.39	0.0%	-0.1%
Yemeni Riyal (YER)	236.99	236.85	238.38	0.1%	-0.6%
NORTH AFRICA					
Algerian Dinar (DZD)	133.12	133.18	129.41	0.0%	2.9%
Moroccan Dirham (MAD)	9.37	9.29	9.11	0.9%	2.8%
Tunisian Dinar (TND)	2.91	2.92	2.89	-0.2%	0.6%
Libyan Dinar (LYD)	6.33	6.34	5.42	-0.1%	16.9%
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'sGroup Research Departement.