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MENA equity markets extended their losses (-1.9%) this week, primarily pressured by lingering regional geopolitical uncertainties, falling oil prices, and anticipation of hawkish global monetary policies extending through next year. In parallel, regional fixed income markets continued to face across-the-board downward price movements this week, mainly tracking a sell-off in US Treasuries, as a decline in oil prices did little to alleviate traders' concerns that still-elevated energy costs could fuel inflation and spur deep global monetary tightening cycle. Investors pushed back their expectations for an October interest rate hike following comments from the New York Fed President, who suggested that one more interest-rate hike "late this year" may be appropriate to help contain inflation. Accordingly, market expectations currently shifted to a fully priced in a second rate hike this year in December followed by two more increases next year.

MENA MARKETS: SEPTEMBER 27 TO OCTOBER 03, 2026

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-1.9%	Average weekly bond price change	-1.14 pt
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-2.1%	Average yearly bond price change	-6.30 pts

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ECONOMY

GCC 2027 RECOVERY IS A DIVERSIFICATION OPPORTUNITY AS PER OXFORD ECONOMICS

As per a new regional report by Oxford Economics, next year is set to be pivotal for the Gulf Cooperation Council (GCC) countries. The region must rebound quickly from the impact of the regional war to restore international confidence and minimise any scarring, such as long-term damage to tourism, immigration, and foreign direct investment.

Oxford Economics forecasts GCC real GDP growth of 6.8% in 2027, more than reversing the estimated 5.4% decline this year. Their baseline forecast envisages GDP returning to its pre-war peak by mid-2027. They expect geopolitical uncertainty to remain high as the US-Israel war with Iran continues. Shipping flows through the Strait of Hormuz should improve as both sides of the conflict suffer economically from the blockades. However, they see periods of disruption becoming the norm over the next few years. Consumers have been resilient, reflected in the rebound of the non-oil economy. Oxford Economics expects spending and activity to gather momentum in 2027. They predict tourism will lag the rest of the economy, but anticipate a substantial improvement next year.

Inflation pressures continue to build because of the higher cost of transporting imported goods and avoiding areas directly affected by the war. However, they forecast annual GCC CPI will rise by 1.8% in 2027, down from 2.2% this year, as supply chains improve and weaker domestic demand eases pricing pressures. Oxford Economics expects policy interest rates to continue to follow the US Fed, with further easing by the end of next year.

They expect security and diversification to be top of the policy agenda. Oxford Economics anticipates budgets will remain constrained despite the expected rebound in hydrocarbon revenue, but expects policymakers to use the current environment to rationalise departmental spending and international investment, and redirect resources to local priorities, such as education and healthcare. They also envisage a rise in defence-related spending, and new long-term projects to diversify export routes.

In brief, Oxford Economics expects a strong GDP rebound next year. Six months on from the start of the US-Israel war with Iran, the damage to the regional economy is only just starting to appear in the data. The biggest impact has been the reduction in oil and gas exports, but non-oil sectors have also suffered, especially travel and tourism as per the report. Oxford Economics says they have seen short periods where diplomacy has worked, enabling brief glimpses of normality, punctuated by the sudden resumption of fighting and the blockade of the Strait of Hormuz.

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SAUDI ARABIA RECORDS A 19.5% DECREASE IN NET FDI INFLOWS IN Q2-2026

According to data from the Saudi General Authority for Statistics (GASTAT), Saudi Arabia's net foreign direct investment (FDI) inflows decreased by 19.5% year-on-year, reaching SAR 19.1 billion (US\$ 5.1 billion) in the second quarter (Q2) of 2026, down from SAR 23.7 billion (US\$ 6.3 billion) in Q2-2025. The decrease in net FDI inflows was driven by a 16.9% decrease in FDI inflows year-on-year, coupled with a 2.7% increase in FDI outflows between Q2-2025 and Q2-2026.

FOREIGN DIRECT INVESTMENT IN SAUDI ARABIA (IN SAR BN)

	Q2-2025	Q2-2026	VAR %
FDI inflows	26.8	22.3	-16.8%
FDI outflows	3.1	3.2	3.2%
Net FDI	23.7	19.1	-19.4%

Sources: GASTAT, Bank Audi's Group Research Department

EGYPT RECORDS YEAR-ON-YEAR PRODUCER PRICE INDEX INFLATION OF 10.6% IN JULY 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 10.6% in July 2026 against prices in July 2025.

In detail, Mining and Quarrying and Manufacturing recorded year-on-year inflations of 14.7% and 16.6%, respectively, between July 2025 and July 2026. In addition, Electricity, Gas, Steam and Air Conditioning Supply registered an inflation of 22.2%, while Transportation and Storage prices increased by 16.6%. Meanwhile, Accommodation and Food Service Activities and Information and Communication Activities recorded year-on-year inflations of 13.0% and 14.3%, respectively.

On the other hand, Agriculture and Fishing recorded a year-on-year inflation of 0.3%, while Water Supply recorded a year-on-year stagnation in prices during the same period.

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

Economic Activities	Jul-25	Jul-26	VAR %
Agriculture and Fishing	815.5	817.8	0.3%
Mining and Quarrying	234.7	269.2	14.7%
Manufacturing	668.3	779.0	16.6%
Electricity, Gas, Steam and Air Conditioning Supply	539.4	659.2	22.2%
Water Supply	270.1	270.1	0.0%
Transportation and Storage	329.7	384.5	16.6%
Accommodation and Food Service Activities	909.9	1028.6	13.0%
Information and Communication Activities	491.3	561.6	14.3%
General Index	584.2	646.2	10.6%

Sources: CAPMAS, Bank Audi Group Research Department

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OMAN RECORDS YEAR-ON-YEAR CPI INFLATION OF 3.4% IN AUGUST 2026

According to the data from the National Center for Statistics and Information (NCSI), the country registered year-on-year inflation in prices of 3.4% in August 2026 against prices in August 2025.

In detail, the prices of Food & Non-Alcoholic Beverages (weight of 20.6%) noted a year-on-year inflation of 7.0% during the mentioned period. Year-on-year inflations were noted in the prices of Transport (weight of 14.5%), Furnishings, Household Equipment & Routine Household Maintenance (weight of 6.3%) and Miscellaneous Goods & Services (weight of 5.3%) of 8.5%, 3.1% and 6.2% respectively during the period. Year-on-year price inflations were also noted in Restaurants & Hotels (weight of 4.5%), Education (weight of 2.4%) and Health (weight of 1.4%), of 3.6%, 2.2% and 1.7% respectively between August 2025 and August 2026.

On the other hand, Housing, Water, Electricity, Gas & Other Fuels (weight of 31.7%) recorded a year-on-year decrease in prices of 0.5% during the aforementioned period. Additionally, the prices of Clothing & Footwear (weight of 6.1%), Communication (weight of 5.9%) and Alcoholic Beverages, Tobacco & Narcotics (weight of 0.1%) all recorded year-on-year stagnations in prices between August 2025 and August 2026. Meanwhile, Recreation & Culture (weight of 1.1%) recorded a year-on-year inflation of 0.4% during the period.

OMAN CPI BY CATEGORY

	Aug-25	Aug-26	Weights	VAR %
Housing, Water, Electricity, Gas & Other Fuels	101.4	100.9	31.7%	-0.5%
Food & Non-Alcoholic Beverages	114.7	122.7	20.6%	7.0%
Transport	103.2	112	14.5%	8.5%
Furnishings, Household Equipment & Routine Household Maintenance	109.9	113.3	6.3%	3.1%
Clothing & Footwear	100.9	100.9	6.1%	0.0%
Communication	97.4	97.4	5.9%	0.0%
Miscellaneous Goods & Services	120.3	127.7	5.3%	6.2%
Restaurants & Hotels	111.1	115.1	4.5%	3.6%
Education	110.6	113	2.4%	2.2%
Health	108	109.8	1.4%	1.7%
Recreation & Culture	107.5	107.9	1.1%	0.4%
Alcoholic Beverages, Tobacco & Narcotics	207.8	207.8	0.1%	0.0%
CPI - All Items	106.6	110.2	100.0%	3.4%

Sources: National Center for Statistics and Information, Bank Audi's Group Research Department

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SURVEYS / REPORTS

ABU DHABI NAMED WORLD'S LEADING IMPROVER IN JLL'S 2026 GLOBAL REAL ESTATE TRANSPARENCY INDEX

Abu Dhabi is recognized as the world's leading improver in JLL's 2026 Global Real Estate Transparency Index (GRETl), rising eight places from 41st in 2024 to 33rd globally with a composite score of 2.42, and topping the list of 88 countries and 146 city markets evaluated across 260 distinct factors.

Produced jointly by JLL and LaSalle Investment Management, GRETI has been charting the evolution of global real estate transparency since 1999. Updated every two years, the 14th edition is based on a comprehensive survey of the availability and quality of performance benchmarks and market data, governance structures, regulatory and legal environments, transaction processes, and sustainability instruments.

In details, the Emirate's strides in transparency reflect its sustained progress and growing competitiveness in governance, regulatory maturity and market institutionalization. This is driven directly by a strategic focus on economic diversification and the Abu Dhabi Real Estate Center's (ADREC) comprehensive digital transformation. Key initiatives that have elevated the benchmark for clarity in Abu Dhabi's real estate market include the launch of publicly accessible dashboards for real-time property and market data, interactive maps detailing unit-level transactions and service charges, and open APIs enabling seamless data integration.

Combined with the government's focus on strengthening regulatory frameworks to safeguard investor interests and digitizing services as part of its long-term institutionalization strategy, these measures have secured Abu Dhabi's position among the Gulf region's transparency leaders alongside Dubai and Saudi Arabia. Expanding this data availability and ensuring a secure, structured framework supports a more predictable investment journey, boosting the emirate's appeal as a prime destination for global capital. The next stage would continue to focus on access to trusted market information, digital real estate services and transactions, and the areas where Abu Dhabi can make further progress against the global benchmark.

To further cement its position among top global markets, Abu Dhabi must focus on deepening its competitive advantages through enhanced AI adoption and technology-driven analytics, which are a differentiating factor of highly transparent markets. This includes expanding data availability across alternative sectors such as data centers, life sciences, and student housing, where transparency remains very low. These segments now account for 20% of global transaction volumes, and the expanding investable universe heightens the need for higher-quality, comparable data to make informed decisions and manage risk.

By strengthening building performance standards and energy transparency frameworks, Abu Dhabi can further align with highly transparent global markets, where mandatory disclosures and resilience planning are standard.

Despite the geopolitical disruption in the region this year, three other countries in the Gulf, namely, Saudi Arabia, Dubai and Qatar, are among the top improvers. With a long-term government focus on transparency and institutionalization as they diversify their economies, all of these countries have seen sustained progress and also rank among the most improved over the last ten years. As part of its Vision 2030 strategy, Saudi Arabia is pursuing ambitious reforms and government digitization, including centralized databases for rents, sales prices and transaction volumes, enhanced standards for listed companies, and a more robust regulatory framework for development. Dubai has also made progress in digitizing services and introducing new regulations, with the Dubai Land Department in particular now a leader in providing real-time, publicly accessible real estate data.

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SAUDI ARABIA AMONG WORLD'S FASTEST SCALING DATA CENTER MARKETS, AS PER SAVILLS

Saudi Arabia is one of the fastest scaling data center markets in the world, with live IT power growing 57% since 2024, placing the country joint fourth globally alongside Finland, according to Savills' Impacts global thought leadership program. The Kingdom's rise comes as investment continues to flow into its digital infrastructure, in step with the wider ambitions of Vision 2030.

In detail, Saudi Arabia features alongside four other EMEA markets in the global top ten, Finland (3rd), Denmark (6th), France (9th) and Portugal (10th), based on Savills Research analysis. Even so, overall capacity across all five of these emerging markets remains small by global standards, pointing to significant room for Saudi Arabia's sector to scale further.

Within Saudi Arabia specifically, growth is being driven by government-backed digital economy initiatives and rising demand for AI and cloud infrastructure, as the Kingdom builds out the power, land and connectivity needed to support hyperscale and enterprise operators.

For context, the United States remains the dominant global market by data center capacity at around 50GW of live IT power, followed by China, a reminder that despite its rapid growth rate, Saudi Arabia is still building from a comparatively small base.

FITCH RATINGS AFFIRMS TUNISIA AT "B-" WITH "STABLE" OUTLOOK

Fitch Ratings affirmed Tunisia's Long-Term Issuer Default Ratings (IDRs) at "B-" with a "stable" outlook.

Tunisia's "B-" rating reflects higher GDP per capita and human development indicators than peers, a diversified economy with an educated workforce and a resilient external position despite external shocks. This is balanced by high government debt and fiscal deficits, budget vulnerabilities to external shocks due to large subsidies and high financing needs.

In detail, Fitch expects Tunisia's Current Account Deficit (CAD) to widen to 3.9% of GDP in 2026, as higher energy prices leads to a higher trade deficit, despite favorable olive oil export receipts (+44% y-o-y in H1 26), and a strong services account performance. Fitch projects the CAD would narrow to below 2.5% in 2027 and 2028, on their assumption of lower international oil prices. This is in line with 2027 and 2028 "B" medians of 2.4%, but Tunisia's current account balance remains highly vulnerable to a prolonged oil price shock.

Concurrently, Fitch anticipates declining public external debt amortizations combined with resilient external financing disbursements from bilateral and multilateral partners would lead to net external financing outflows falling to 1.4% of GDP in 2026, from a record 3.6% in 2024, remaining stable at 1% in 2027 and 2028. Tunisia fully repaid its only outstanding EUR 700 million Eurobond that matured in July 2026 helped by loans provided by the central bank. Larger-than-expected commercial borrowing access, which Fitch expects to resume in 2026, could further lower net outflows.

In parallel, Fitch forecasts international reserves would decline to 3.3 months of current external payments (CXP) in 2026, driven by the widening of the CAD. From 2027, a narrowing CAD would enable international reserves to rise to 3.7 months of CXP in 2028 ('B' median: 4.1 months). Net FDI inflows rose to 2% of GDP in 2025, driven by investments in renewable energy and manufacturing activities, and have proven resilient to political and external shocks.

Fitch also projects the fiscal deficit would be 6.4% of GDP in 2026 ('B' median: 3.3%), due to a 0.8pp increase in the cost of fuel subsidies. Fitch does not anticipate meaningful fiscal reform, and Fitch considers the government has ended consolidation of other current expenditure, particularly the wage bill. The fiscal deficit gradually declines until 2028, but it remains sensitive to oil prices. The 2028 deficit would be 1.4 pp higher than Fitch's forecast if oil prices remained at US\$ 87/bbl through 2028.

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CORPORATE NEWS

AL OTHAIM UNVEILS US\$ 4.3 BILLION SAUDI REAL ESTATE INVESTMENT PLANS

Saudi-based Abdullah Al Othaim Investment Company launched a dedicated real estate development arm, Al Othaim Developments, with plans to invest more than US\$ 4.3 billion (SR 16 billion) in about 10 projects over the next two years. These projects would comprise about 8,000 residential units across several Saudi cities.

The new unit would focus on integrated destinations combining residential properties with hospitality, retail, entertainment and office facilities, depending on the location and market requirements.

Its first project is the O Residence in Dammam, with further developments planned in other Saudi cities under the two-year investment program. The development strategy would allow it to tailor each project to its location and target market while maintaining a broader focus on creating integrated destinations.

HUAWEI STRENGTHENS PARTNER CAPABILITIES TO SCALE AI ADOPTION ACROSS MIDDLE EAST

As governments and enterprises across the Middle East accelerate investment in artificial intelligence, Huawei unveiled new AI infrastructure, cloud and partner capabilities designed to help organizations deploy AI at scale.

The developments combine Huawei Cloud's latest AI infrastructure and enterprise agent capabilities with Huawei's new SCALE partner support system. They address two important requirements for scaling enterprise AI: the technology foundation needed to develop and operate AI and the partner capabilities required to turn technology into practical industry solutions.

For the Middle East, the shift from AI experimentation to implementation is accelerating demand for computing capacity, secure infrastructure, industry expertise and local delivery capabilities.

HOLCIM AND NATIONAL DEVELOPMENT CONSORTIUM SIGN MOU TO ADVANCE INTEGRATED AND SUSTAINABLE DEVELOPMENT ACROSS UAE

Holcim UAE and the National Development Consortium (NDC) signed a strategic Memorandum of Understanding (MoU) to drive an integrated approach to large-scale infrastructure across the Emirates. The partnership unites capabilities across the project value chain to deliver more resilient, sustainable and future-ready developments.

Through the MoU, Holcim UAE and NDC would connect key stakeholders across the development ecosystem, including developers, government authorities, technical specialists, industrial operators and strategic investors. The partnership would focus on high-impact projects where infrastructure, technology and long-term operational value intersect.

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The partnership would target several strategic growth areas identified by NDC, including sustainable infrastructure, smart industrial hubs, food security and agriculture, green logistics and warehousing, workforce accommodation and circular economy assets.

Through value-chain coordination, the partnership aims to accelerate the delivery of smarter, greener and more resilient development for the UAE.

ABU DHABI CHAMBER AND SIEMENS SIGN MOU TO ACCELERATE INDUSTRIAL DIGITAL TRANSFORMATION

The Abu Dhabi Chamber of Commerce and Industry (ADCCI) signed an MoU with Siemens to strengthen joint cooperation in industrial digital transformation, advanced technologies, innovation, sustainability and capacity building, supporting the competitiveness of private sector companies in Abu Dhabi and raising their digital readiness.

The agreement establishes a framework for cooperation between Abu Dhabi Chamber and Siemens focused on translating knowledge, expertise and advanced technology into practical tools that help companies digitize their operations, raise productivity and operational efficiency, and build the resilience needed to meet changing requirements across global markets and value chains.

It also supports the development of programs and initiatives to advance digital transformation across the industrial sector, including the adoption of advanced digital technologies, automation, smart manufacturing solutions and Fourth Industrial Revolution applications, alongside raising awareness of technological solutions that enhance productivity, operational efficiency, resilience and competitiveness.

Cooperation also extends to research, development and innovation, the exchange of technical knowledge, and engagement with innovation and industrial ecosystems, alongside exploring initiatives relating to energy and resource efficiency, decarbonisation, and technology-enabled solutions that support sustainable industrial and economic development.

ZAINTTECH SIGNS STRATEGIC COLLABORATION AGREEMENT WITH AWS TO BOOST CLOUD AND AI ADOPTION IN SAUDI ARABIA

ZainTECH, the digital solutions arm of Zain Group, signed a multi-year strategic collaboration agreement with US-based Amazon Web Services (AWS), to support organizations across Saudi Arabia in accelerating cloud adoption, modernization and AI-led innovation, as reported in a company statement.

The collaboration would help to accelerate customer engagement and adoption of AWS cloud and AI services across the country. Organizations across government, financial services, energy and healthcare are modernizing their technology environments and increasing investment in cloud, data and AI.

The collaboration supports Saudi Arabia's broader digital transformation agenda and Vision 2030 objectives by helping organizations use cloud technologies to enhance agility, strengthen resilience and accelerate innovation.

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CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES EXTEND LOSSES AMID LINGERING GEOPOLITICAL CONCERNS AND ON PROSPECTS OF DEEP GLOBAL MONETARY TIGHTENING

MENA equity markets extended their losses this week, with the S&P Pan Arab Composite index contracting by 1.9%, primarily pressured by lingering regional geopolitical uncertainties, falling oil prices, and anticipation of hawkish global monetary policies extending through next year.

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 falling by 1.8%. The sell-off deepened on concerns about a prolonged Middle East crisis after the US President rejected Iran's latest proposal to fully reopen the Strait of Hormuz, and as investors are cautiously weighing renewed indirect diplomatic efforts to end the conflict between the US and Iran. This was exacerbated by prospects of aggressive global monetary tightening and given a 2.0% weekly fall in Brent oil prices to reach US\$ 102.25 per barrel on Friday. Oil prices faced downward pressure over this week on signs that Middle East supply has returned to near pre-war levels, according to reports from JPMorgan Chase and Goldman Sachs. This supply recovery follows Saudi Arabia's resumption of crude flows through its cross-country pipeline, bypassing the Strait of Hormuz.

A glance on individual stocks shows that petrochemicals giant Saudi Aramco's share price contracted by 1.9% week-on-week to reach SR 25.28. Petro Raghieb's share price nudged down by 0.7% to SR 17.46. Saudi Kayan Petrochemical Company's share price fell by 2.2% to SR 4.93. Advanced Petrochemical Company's share price shed 1.9% to SR 21.55. SABIC's share price dropped by 2.9% to SR 45.82. Yansab's share price edged down by 0.4% to SR 31.48. As to banking stocks, Saudi National Bank's share price declined by 2.5% week-on-week to close at SR 39.20. Saudi Awwal Bank's share price contracted by 1.1% to SR 33.02. Banque Saudi Fransi's share price fell by 2.0% to SR 20.42. Bank Al-Jazira's share price went down by 1.5% to SR 11.53. Alinma Bank's share price went down by 1.0% to SR 24.26.

Concomitantly, East Pipes' shares reported significant weekly price falls of 15.9%, reaching SR 170.90. STC's share price decreased by 1.1% to reach SR 42.74. Saudi Electricity Company's share price decreased by 1.0% to SR 15.47. Emaar Economic City's share price went down by 2.0% to SR 9.35. Almarai's share price shed 5.4% to SR 42.00. Zain's share price went down by 2.3% to SR 9.78. Tasnee's share price plunged by 5.3% to SR 7.88. Aslak's share price fell by 3.0% to SR 16.33. Leejam Sports' share price dropped by 4.2% to SR 71.90. Riyadh Cables' share price plummeted by 4.1% to SR 101.30. Etihad Etisalat's share price edged down by 0.3% to SR 63.95. Saudi Paper Manufacturing's share price contracted by 4.0% to SR 58.20. Saudi Tadawul Group Holding Company's share price went down by 0.8% to SR 117.20.

EQUITY MARKETS INDICATORS (SEPTEMBER 27 TO OCTOBER 03, 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	155.1	0.4%	-10.0%	6.9	70.0%	0.5	17,527.8	2.1%	-	0.50
Jordan	654.3	1.5%	14.0%	72.2	-3.5%	37.5	41,574.8	9.0%	12.9	2.41
Egypt	409.4	-2.6%	12.1%	636.0	-19.1%	7,664.8	75,266.5	43.9%	9.6	2.66
Saudi Arabia	452.6	-1.8%	-1.8%	4,266.6	54.5%	778.3	2,440,524.1	9.1%	15.5	3.43
Qatar	137.1	-2.8%	-14.1%	365.4	-20.4%	496.9	153,403.8	12.4%	11.9	1.38
UAE	175.1	-1.8%	1.3%	2,630.9	-25.5%	3,450.7	975,585.2	14.0%	14.7	2.93
Oman	177.6	0.0%	27.4%	602.6	64.7%	809.5	57,791.4	54.2%	13.7	2.06
Bahrain	175.6	-1.2%	-6.4%	4.2	-53.3%	8.2	18,369.5	1.2%	10.6	1.41
Kuwait	89.5	-1.6%	-5.1%	1,232.9	-6.8%	1,211.4	167,489.7	38.3%	19.2	2.05
Morocco	365.2	-5.8%	-14.1%	205.9	7.1%	5.5	106,788.9	10.0%	16.3	3.05
Tunisia	122.0	0.4%	30.4%	13.1	-54.7%	3.0	14,738.7	4.6%	14.8	2.48
Arab Markets	977.1	-1.9%	-2.1%	10,036.6	5.2%	14,466.3	4,069,060.3	12.8%	15.1	3.10

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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The Qatar Stock Exchange nosedived deeper into the red this week, with the S&P Qatar price index contracting by 2.8%. Investor sentiment soured amid mounting doubts that a diplomatic resolution to the US-Iran conflict -and the subsequent reopening of the Strait of Hormuz- would be reached before the US midterm elections in November. The downturn was further intensified by prospects of deep global monetary tightening cycle through the end of this year and into next year, in addition to falling oil prices. 45 out of 54 traded stocks on the Qatar Stock Exchange posted price falls, while seven stocks recorded price gains and two stocks saw no price change week-on-week. A closer look at individual stocks shows that Qatar Gas Transport's share price declined by 1.3% week-on-week to close at QR 3.954. Gulf International Services' share price shed 4.4% to QR 1.627. Gulf Warehousing's share price nudge down by 0.6% to QR 2.233. Qatar National Cement's share price fell by 5.3% to QR 2.391. United Development Company's share price plunged by 8.2% to QR 0.749. Ooredoo's share price contracted by 5.2% to QR 11.760. Vodafone Qatar's share price went down by 2.9% to QR 2.368. Qatar Aluminum Manufacturing's share price plummeted by 5.5% to QR 1.295. Aamal Holding's share price dropped by 4.7% to QR 0.664. Mazaya Real Estate Development's share price decreased by 1.7% to QR 0.531.

As to banking stocks, QNB's share price contracted by 2.3% week-on-week to QR 15.650. Al Rayan Bank's share price decreased by 2.4% to QR 1.865. Qatar Islamic Bank's share price fell by 1.5% to QR 20.440. Dukhan Bank's share price went down by 3.2% to QR 3.020. Doha Bank's share price nosedived by 8.2% to QR 2.415. The Commercial Bank's share price went down by 2.4% to QR 3.971.

Boursa Kuwait reported deepened losses this week, with the S&P Kuwait price index declining by 1.6%, primarily as investors prioritized liquidity in response to the prolonged closure of the Strait of Hormuz and resulting regional logistical bottlenecks. Market sentiment was further dampened by falling oil prices and speculation that aggressive global interest rate hikes would extend into next year. A closer look at individual stocks shows that National Mobile Telecommunications' share price dropped by 1.7% this week to reach KWf 1,699. Agility Public Warehousing's share price edged down by 0.7% to KWf 139. Heavy Engineering Industries and Shipbuilding's share price declined by 1.5% to KWf 601. Kuwait Projects' share price went down by 1.1% to KWf 74.1. As to banking stocks, Gulf Bank's share price closed 4.4% lower to reach KWf 328. National Bank of Kuwait's share price decreased by 3.5% to KWf 840. Kuwait International Bank's share price retreated by 0.8% to reach KWf 250. Kuwait Finance House's share price nudged down by 0.4% to KWf 770.

FIXED INCOME MARKETS: MENA BOND MARKETS CONTINUE TO FACE ACROSS-THE-BOARD DOWNWARD PRICE PRESSURES THIS WEEK

MENA fixed income markets continued to face across-the-board downward price movements this week, mainly tracking a sell-off in US Treasuries, as a decline in oil prices did little to alleviate traders' concerns that still-elevated energy costs could fuel inflation and spur deep global monetary tightening cycle. Investors pushed back their expectations for an October interest rate hike following comments from the New York Fed President, who suggested that one more interest-rate hike "late this year" may be appropriate to help contain inflation. Accordingly, market expectations currently shifted to a fully priced in a second rate hike this year in December followed by two more increases next year.

In the Saudi credit space, sovereigns maturing in 2029, 2030, 2034, 2050 and 2060 recorded price drops ranging between 0.28 pt and 3.27 pts this week. Prices of Aramco'30, '34 and '50 went down by 0.48 pt, 1.18 pt and 2.47 pts respectively. SEC'30 and '44 traded down by 0.38 pt and 2.09 pts respectively. Amongst financials, Banque Saudi Fransi'29 was down by 0.16 pt. Prices of Al Rajhi Bank'29 contracted by 0.11 pt. SNB'29 was down by 0.14 pt.

In the Bahraini credit space, sovereigns maturing in 2028, 2030, 2035 and 2051 recorded price contractions ranging between 1.60 pt and 3.97 pts week-on-week. In the Qatari credit space, sovereigns maturing in 2029, 2034, 2040 and 2050 registered weekly price declines of up to 2.85 pts. Prices of Ooredoo'28, '31 and '43 decreased by 0.61 pt, 0.74 pt and 2.04 pts respectively. Amongst financials, prices of Doha Finance'29 retreated by 0.17 pt. QNB'29 posted price falls of 0.07 pt. Qatar International Islamic Bank'29 traded down by 0.15 pt week-on-week.

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In the UAE credit space, sovereigns maturing in 2031, 2041 and 2052 reported price falls of up to 2.75 pts this week. In the Dubai credit space, sovereigns maturing in 2030 and 2050 posted weekly price drops of 0.67 pt and 2.34 pts respectively. DP World'30 and '49 were down by 0.61 pt and 3.04 pts respectively. Prices of Majid Al Futtaim'29 went down by 0.20 pt. Emirates Airlines'28 closed down by 0.30 pt. Amongst financials, prices of Emirates NBD Bank'27 fell 0.07 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2029, 2030, 2034 and 2050 saw weekly price contractions of up to 3.03 pts. ADNOC Murban'29 was down by 0.28 pt. Prices of Mubadala'28, '30, '34, '41 and '50 dropped by up to 2.48 pts. Prices of Taqa'28, '30 and '36 declined by 0.23 pt, 0.41 pt and 1.64 pt respectively. Aldar Investment Properties'33 traded down by 0.91 pt. Amongst financials, prices of ADCB'29 decreased by 0.22 pt. FAB'29 and '35 registered price falls of 0.22 pt and 0.59 pt respectively. In the Sharjah credit space, sovereigns maturing in 2030 recorded price falls of 0.71 pt week-on-week.

In the Kuwaiti credit space, KIPCO'27 traded down by 0.12 pt week-on-week. In the Iraqi credit space, sovereigns maturing in 2028 posted weekly price decreases of 0.14 pt. In the Omani credit space, sovereigns maturing in 2028, 2031 and 2051 recorded price decreases of up to 3.86 pts this week. Omantel'28 closed down by 0.45 pt. In the Egyptian credit space, sovereigns maturing in 2028, 2030, 2033, 2040 and 2050 reported price contractions of up to 4.55 pts this week.

All in all, regional bond markets saw widespread losses this week, tracking a broader sell-off in US Treasuries after the US President rejected Iran's proposal to reopen the Strait of Hormuz, fueling fears of a prolonged energy crisis. Meanwhile, traders dialed back their expectations for an interest rate hike at the October 27–28 FOMC meeting following comments from the New York Fed President, who noted that "if the economy evolves in a manner broadly consistent with his forecast, one further upward adjustment of the federal funds target range may be appropriate late this year to support a timelier return of inflation to target". Consequently, market expectations shifted entirely to December, with a hike now fully priced in, followed by an 82% probability of a rate hike in March and a 57% likelihood by June.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	02-Oct-26	25-Sep-26	31-Dec-25	Week-on-week	Year-to-date
Abu Dhabi	39	31	27	8	12
Dubai	63	61	46	2	17
Kuwait	59	58	47	1	12
Qatar	44	41	27	3	17
Saudi Arabia	69	66	67	3	2
Bahrain	347	303	184	44	163
Morocco	99	87	70	12	29
Egypt	327	298	271	29	56
Iraq	241	246	207	-5	34
Middle East	143	133	105	10	38
Emerging Markets	106	92	99	14	7
Global	226	215	213	11	13

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

	02-Oct-26	25-Sep-26	31-Dec-25	Weekly change	Year-to-date
Lebanese Pound (LBP)	89,500.00	89,500.00	89,500.00	0.0%	0.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	52.31	51.78	47.70	1.0%	9.7%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,310.00	0.0%	0.0%

GULF

Saudi Riyal (SAR)	3.75	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)	236.38	236.49	238.38	0.0%	-0.8%

NORTH AFRICA

Algerian Dinar (DZD)	133.84	133.63	129.41	0.2%	3.4%
Moroccan Dirham (MAD)	9.93	9.59	9.11	3.6%	9.0%
Tunisian Dinar (TND)	2.99	2.95	2.89	1.3%	3.4%
Libyan Dinar (LYD)	6.40	6.39	5.42	0.3%	18.2%
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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