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MENA equity markets remained under downward price pressures this week, as reflected by a 1.0% fall in the S&P Pan Arab Composite index, mainly dragged by an oil price slump after recent economic data showed that China's factory activity shrank faster than expected in May 2023, in addition to some unfavorable company-specific factors. In parallel, activity was mixed in MENA fixed income markets, as market players weighed China's lackluster economic recovery following faster-than-expected contraction in factory activity in May 2023 against strong US job report that has fueled bets about a US Fed rate hike in July 2023.

MENA MARKETS: MAY 28 - JUNE 3, 2023

Stock market weekly trend	↓	Bond market weekly trend	↑
Weekly stock price performance	-1.0%	Weekly Z-spread based bond index	-1.8%
Stock market year-to-date trend	↔	Bond market year-to-date trend	↓
YTD stock price performance	+0.0%	YTD Z-spread based bond index	+62.0

ECONOMY

WORLD BANK SAYS GCC EXPECTED TO GROW BY 2.5% IN 2023 AND 3.2% IN 2024

The economies of the Gulf Cooperation Council (GCC) are projected to grow at a slower pace in 2023 compared to the previous year, in the face of lower oil and gas earnings and a global economic slowdown, according to the new World Bank Gulf Economic Update (GEU). The GCC is expected to grow by 2.5% in 2023 and 3.2% in 2024. This compares to the region's remarkable GDP growth of 7.3% in 2022, which was fueled by a strong increase in oil production for most of that year.

The weaker performance is driven primarily by lower hydrocarbon GDP, which is expected to contract by 1.3% in 2023 after the OPEC+ April 2023 production cut announcement and the global economic slowdown. However, robust growth in the non-oil sectors, which is anticipated to reach 4.6% in 2023, will dampen the shortfall in hydrocarbon activities, driven primarily by private consumption, fixed investments, and looser fiscal policy in response to 2023's relatively high oil revenues.

The latest issue of the World Bank's GEU states that this year's more modest growth is nonetheless buoyed by the structural reforms undertaken in the past few years. Improvement to the business climate and competitiveness, and the overall improvements in female labor force participation in the GCC countries, especially in Saudi Arabia, have all paid off, though further diversification efforts are still needed and is underway.

This issue of the GEU, titled "The Health and Economic Burden of Non-Communicable Diseases in the GCC" focuses on how non-communicable diseases (NCDs) have become the leading cause of mortality and morbidity, accounting for close to 75% of all deaths and disability in the region. Of these deaths and disability, more than 80% are attributed to just four main NCD categories: cardiovascular diseases, diabetes, cancer, and respiratory diseases.

The report also highlights the substantial cost of NCDs to the economies of the GCC countries. A recent study published in the *Journal of Medical Economics*, a collaborative effort between experts at the World Bank and key stakeholders from across the GCC, estimated the direct medical costs of seven major NCDs to be around \$16.7 billion in 2019 alone. The same study found that NCDs also impose substantial indirect costs to their economies, through the adverse impact on human capital. The losses to workforce productivity alone cost the GCC economies more than US\$ 80 billion in 2019. With an aging population, and with it the prevalence of NCDs, these costs are only expected to grow in the future.

Addressing the health and economic burden of NCDs in the region requires addressing the underlying risk factors that cause NCDs in the first place. Central to those risk factors are the modifiable behavioral risk factors such as unhealthy diet, lack of physical exercise, and the use of tobacco and sugar products. Environmental risk factors such as air pollution are also important. Air pollution levels in the GCC are currently far above OECD averages.

The report emphasizes that to effectively address the health and economic burden of NCDs requires a whole of government approach, a strategic focus on prevention, the targeting of the young and adolescents, and the development and implementation of evidence informed and contextually relevant multi sectoral interventions. Government agencies need to work together now to minimize the future threat of NCDs.

SAUDI ARABIA SEES 8 MILLION INTERNATIONAL TOURISTS IN Q1 2023

Saudi Arabia has received circa 7.8 million international tourists in the first quarter of 2023 which shows a 64% increase against the same period of 2019. This figure also shows the highest recorded quarterly performance for the country.

In parallel, Saudi Arabia was placed in second place on the list of most developed countries during that same period, as per the United Nations World Tourism Organization (UNWTO).

According to the Saudi Minister of Tourism, this comes as a result of the country's efforts to strengthen the tourism sector and increase its contribution to the GDP under the Saudi Vision 2030 as well as the plan to strengthen the country's position on the global tourism map.

Concurrently, the development of visas & the facilitating of their procedures, the country's promotional campaigns as well as the diversity in tourism destinations and options were among the reasons that led to this success. The Saudi Ministry of Tourism also affirms that work will continue being done to enhance cooperation with partners in the public and private sectors in order to achieve the country's ambitions.

DUBAI'S GOVERNMENT DEBT FORECASTED TO CONTRACT IN 2023 AMID POSITIVE ECONOMIC PERFORMANCE

Following robust economic growth, which is forecasted to benefit from additional support and reforms, Dubai is expected to notice a decrease in government debt load in 2023. The reduction in government debt is forecasted to leave debt at US\$ 66 billion or about 51% of GDP in 2023, down from circa 78% of GDP in 2020, as per S&P Global.

It is worth noting that Dubai has been repaying its debt including US\$ 2.9 billion in bonds between 2020 and Q1 2023 and a 30% reduction in debt from Emirates NBD over the same period.

Amid favorable operational conditions, Government Related Entities (GREs) have the capability to deleverage and reduce rollover risks, especially following the strong recovery noticed in the real estate and tourism sectors.

It is worth highlighting that S&P Global's estimate for 2023's gross general government debt includes 44% in loans from Emirates NBD, US\$ 20 billion in loans extended by the Central Bank of the UAE and Abu Dhabi in 2009, outstanding government issued securities as well as other bilateral and syndicated facilities. However, the launch of the Debt Management Office in 2022 is expected to have a positive impact on the emirate's structure of government debt, as per S&P Global.

These moves come as a result of Dubai's continued economic growth especially during the pandemic. The emirate, following the COVID-19 pandemic, emerged as a hub for investments and a major tourism spot. In details, S&P Global expects real GDP growth in Dubai to reach 3% in 2023. This growth stands as a result of the economy in Dubai being well-diversified and mainly services oriented.

Dubai has received a total of 14.4 million international overnight visitors in 2022 with this strong performance expected to continue in 2023. Additionally, a new economic plan for the next 10 years has been set in place with the goal of increasing Foreign Direct Investment in Dubai to AED 650 billion (US\$ 177.1 billion) by 2033, up from AED 32 billion (US\$ 8.7 billion) in 2023.

In parallel, multiple government plans such as the Dubai Economic Agenda (D33), the We The UAE 2031 and the Dubai 2040 Urban Master Plan will be working simultaneously to further increase economic growth in the long-run.

JORDAN'S MOLA AIMS TO REDUCE MUNICIPALITIES' DEBTS BY 71% IN THE NEXT TWO YEARS

Plans by Jordan's Ministry of Local Administration (MoLA) were revealed with the goal of assisting the country's municipalities to reduce their debt. The plan aims to cut debts of local governments from JOD 350 million (US\$

493.5 million) to JOD 100 million (US\$ 141 million) in two years, representing a 71.4% contraction, as per the Jordanian Deputy Prime Minister and Minister of Local Administration.

This move comes amid the crucial role played by provincial councils in achieving local development goals throughout the country.

Efforts undertaken by provincial councils in matters of expanding services, fostering local development through the use of Private Public Partnerships (PPP) and promoting the initiative of decentralization have been effective in Jordan.

In details, looking at the completion rate of projects assigned to these councils and approved in their 2022 budget, 50 to 80% of projects were completed throughout the country's local governments despite the challenges that they faced, as per the Jordanian Deputy Prime Minister and Minister of Local Administration. Local administration contribute, through these projects, to the Economic Modernization Vision (EMV) of the country which tackles private sector development. Furthermore, visits to over 100 municipal bodies and the majority of provincial councils were made in order to assess the implementation process of the country's vision as well as address existing issues.

On the level of project approval, the Higher Organization Council (HOC), under the supervision of the MoLA, has approved a total of 291 private sector projects during 2022. This figure shows an increase of 67.2% up from 174 projects in 2021. Concurrently, since the start of 2023, the HOC has already received 125 investment proposals stemming from enterprises seeking support, as stated by the Jordanian Deputy Prime Minister and Minister of Local Administration.

It is worth highlighting that Local Governments (Municipalities), play major roles in matters of decentralization and local development. Municipalities are democratic in nature through the election of a mayor to represent the community and this form of government is closer to the community it is responsible for. These local governments undertake various bylaws such as enforcement, services and administration. These governmental bodies offer many benefits to their community such as representation, local development projects, less bureaucracy among other things.

SURVEYS

ESPORTS REVENUES FORECAST TO GROW STRONGLY IN MENA REGION, AS PER DMCC

Dubai Multi Commodities Centre's (DMCC) issued its Future of Trade 2023 report titled "Gaming in the Middle East and North Africa (Mena): Geared for growth", which showed that the MENA region is one of the most exciting up-and-coming global gaming markets as both a consumer and a producer/creator hub.

The gaming and electronic sports (esports) industry is a fast-growing segment in terms of global reach, revenues and audience development. Pandemic-induced lockdowns prompted a surge in participation, while improvements in technology and connectivity have enriched the user experience and gameplay dynamics. The demographic profile is evolving to include more participants from older age groups, and more women, as the sector becomes more inclusive.

In details, lockdowns drove a surge in engagement, with MENA gamers spending 24% more time playing in 2020 than 2019, compared with an 11% global average increase. This catalyzed an 8.1% CAGR video game revenue growth between 2019 and 2024, outpacing the global 6.4% growth, to reach US\$ 4.1 billion. Online and downloaded games account for most of the revenue and are expected to increase market share from 83% in 2019 to 91% in 2024. Mobile and tablet games constitute 58% of the market with console games at 20% and traditional PC at 3%.

Esports are expected to grow strongly in the region thanks to young demographics, local events, local talent, engagement from broadcasters and sponsors and government support. Esports revenue is expected to grow by 23.3% CAGR between 2019 and 2024 in MENA, driven by media rights, sponsorship, and digital advertising.

MENA's top three gaming markets are Saudi Arabia, the UAE, and Egypt. The so-called 'MENA-3' achieved collective revenue of US\$ 1.76 billion in 2021, and is forecast to reach US\$ 3.14 billion in 2025 at a CAGR of 13.8%. The MENA-3 counted 65.3 million gamers in 2021, expected to rise to 85.8 million in 2025. Leading brands including Ubisoft, Minecraft, and Fortnite consider young people in the region to be among their most engaged fans. MENA gamers constitute 15% of the global total.

Saudi Arabia is eyeing a leading position on the global esports stage. The country has hosted prize competitions, including a leg of the 2021 Global Esports Tour, and the Digital Games Conference, a regional industry event attended by about 500 gaming-related companies.

In parallel, the UAE is building its own gaming ecosystem. The country has the highest expected revenue per user in esports in the region and the highest number of adult gamers globally, with 91% of residents gaming at least occasionally. The UAE gaming market was valued at US\$ 400 million in 2021 with 73% of its 10 million population active gamers and 41% spending money on games. As a high-income country, the UAE has the highest gaming expenditure per capita in the region and a weekly average of 14 hours per user per week spent playing games.

All in all, the MENA region is well-positioned to participate and lead the industry thanks to its engaged population, government support and existing assets as an entertainment and media hub. Success in the gaming markets could help the region as part of its economic diversification strategy towards innovation-driven technology and services.

However, professionalization is a key consideration for MENA's homegrown industry too. While the region boasts abundant raw talent in terms of streamers, influencers and professional players, it needs more structure, via agencies, management and advisory functions. Companies in the region also report difficulty finding personnel who combine passion for gaming with professional experience. With the right business infrastructure, Middle Eastern esports and gaming talent could compete with other markets and home-grown companies could find a niche in a newly forming global industry.

STRONG LEVELS OF DEMAND ACROSS ALL SECTORS CONTINUE TO UNDERPIN EXCEPTIONAL PERFORMANCE IN THE UAE'S REAL ESTATE MARKET, AS PER CBRE

CBRE, the global leader in commercial real estate services and investments, released its UAE Real Estate Market Review Q1 2023 report, which revealed that strong levels of demand across all sectors continue to underpin exceptional performance in the UAE's real estate market.

In the office sector, strong activity levels have been registered in Abu Dhabi's occupier market in the first quarter

of 2023. The total number of rental registrations has grown by 10.8%. Over this period, new registrations have increased by 10.6% and renewals by 10.9%.

Despite that a large proportion of occupier activity in Abu Dhabi's office market is still tied to government and semi-government entities, a rising demand emerged from private sector businesses across several industries looking to increase their presence in the capital in both onshore and offshore locations, as per CBRE. However, the availability of quality stock remains relatively limited given the lack of available vacant stock and new upcoming development.

On the back of increasing demand levels, the market-wide average occupancy rate in institutional-grade buildings tracked by CBRE has reached 92.8% in Q1 2023, up from 81.5% a year earlier. Rental performance in Abu Dhabi's office market has considerably improved, where in Q1 2023, average Prime, Grade A, and Grade B rents have grown by 19.1%, 8.8%, and 10.7%, respectively.

In parallel, a total of 34,482 rental contract registrations were recorded in Dubai's occupier market during the first quarter of 2023, marking a year-on-year increase of 40.7%. During this quarter, the total number of new contracts registered reached 22,802, up 60.5% from the previous year. An additional 11,680 contracts were renewed in Q1 2023, marking a growth of 13.5% compared to a year earlier.

As to the residential sector, during the first quarter of 2023, 2,194 residential transactions have been registered in Abu Dhabi, an increase of 72.2% from the previous year. This growth has been underpinned by a 131.5% increase in off-plan sales, whereas secondary market sales have dropped by 0.2%. Based on transactional data recorded in the first quarter of 2023, average apartment prices in Abu Dhabi stood at AED 14,371 per square meter, and average villa prices stood at AED 11,683 per square meter.

Concurrently, in the year to March 2023, average residential prices in Dubai grew by 12.8%. Over this period, average apartment prices rose by 12.4% to reach AED 1,234 per square foot, and average villa prices increased by 14.8% to reach AED 1,455 per square foot.

A closer look at UAE's industrial sector, in the first quarter of 2023, the UAE's industrial and logistics market continued to showcase strong leasing activity. The prominent sectors of demand have included the automotive, e-commerce, consumer goods, manufacturing, and the SME sector. Although there are some new developments within Free Zones, demand would continue to significantly outweigh supply. As a result, average rents in Abu Dhabi and Dubai grew by 5.9% and 16.2%, respectively in the first quarter of 2023. Lease rates in Abu Dhabi reached AED 389 per square meter, and in Dubai, AED 39 per square foot as of Q1 2023.

FITCH RATINGS AFFIRMS JORDAN AT "BB-" WITH A "STABLE" OUTLOOK

Fitch Ratings affirmed Jordan's long-term foreign-currency Issuer Default Rating (IDR) at "BB-" with a "stable" outlook.

Jordan's ratings are supported 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. Macroeconomic and financial stability are underpinned by the longstanding exchange rate peg to the US dollar, adequate level of international reserves, low dollarization, a resilient banking sector and access to external financing. Fitch expects average inflation to decline to 3% in 2024, below the forecast "BB" median. On the other hand, the ratings are constrained by high government debt, weak growth, risks stemming from domestic and regional politics, a sizeable current account deficit and net external debt that is higher than rating peers.

Fitch Ratings estimated that Jordan's general government budget deficit declined to 2.7% of GDP in 2022, down from 2021, below Fitch's 3.8% forecast made in August and below the estimated 3.7% for the "BB" median, due to continued growth in tax collection combined with expenditure restraint and reprioritization to accommodating temporary fuel subsidies (phased out at end 2022).

Fitch considers that the sustainability of the current fiscal strategy would depend on ongoing reforms aimed at lifting growth prospects and generating employment. However, fiscal space is limited, given the high level of debt and a rigid expenditure profile. The weak electricity and water sector financial position remains a fiscal vulnerability, as the government has taken on the debt of the water company, provides transfers to the sector as well as guaranteeing the financing required to cover National Electric Power Company's losses, as per the credit rating agency.

CORPORATE NEWS

EQUINIX TO INVEST US\$ 100 MILLION IN NEW DUBAI DATA CENTER

USA-based Equinix, a Nasdaq-listed company that specializes in internet connection and data centers, announced the launch of its third International Business Exchange data center in Dubai at the cost of over US\$ 100 million, as mentioned in a company's statement.

The new center, which would be known as DX3, would be designed with a focus on innovation, which allows efficient power consumption with cutting-edge technologies in cooling, redundancy and scalability. DX3 is planned to be covered by 100% renewable energy.

Once fully built out, DX3 would provide 1,800 cabinets of capacity across two phases or a total footprint of 12,000 square meters, making it Equinix's largest data center in the region.

With an investment of over US\$ 60 million in the first phase, the building of this new facility reinforces Equinix's commitment to creating and supporting digital opportunities for Dubai and the Middle East.

Equinix's new data center also boasts the largest and strongest ecosystems of digital leaders in the region, including networks, cloud, content distributions, enterprise and financial services, and would be strategically located at the intersection of the world's most dynamic markets in Dubai Production City.

It is worth noting that Equinix's digital infrastructure enables local businesses to take advantage of growth opportunities and supports global organizations seeking access to the UAE's expanding digital economy.

AL DAHRA SIGNS SUPPLY AGREEMENT WITH KEY ESTONIAN GROUP

Al Dahra Group, an Abu Dhabi-based agribusiness and one of the largest forage providers worldwide, signed an exclusive supply agreement with Golden Fields, an Estonian agriculture company specializing in the production of premium quality animal feed grown in the Baltic region, as indicated in a company's statement. The agreement provides Al Dahra Group with an exclusive offtake agreement for forage commodities, supplied by Golden Fields through contract farming agreements in Estonia, Lithuania, Latvia and Finland.

The deal allows the Al Dahra to purchase forage commodities such as corn silage, grasses, alfalfa, perennial grass combinations, and grass silage from farms across the Baltic region, process them locally, and then export them to meet the demand of customers across Northern Europe, Asia, North Africa and the Middle East.

The agreement would also enable the construction of a processing facility for the dry milling of peas and beans, which would supply Al Dahra Group with livestock pellets, high protein feed pellets, plant-based protein products and fiber products.

Al Dahra Group is committed to support the construction of forage processing facilities, and also provide technical expertise on sourcing, production and sales.

KEZAD COMMUNITIES AND ADES SIGN AGREEMENT TO BOOST ENERGY EFFICIENCY PROJECTS

Kezad Communities, a real estate investment company specializing in staff residential solutions, and Abu Dhabi Energy Services (ADES), a prominent energy efficiency capacity builder and a subsidiary of Abu Dhabi National Energy Company (TAQA), announced a collaboration agreement for energy efficiency projects in Abu Dhabi, as reported in a company's statement.

This partnership aims to leverage the strengths of both organizations to advance Abu Dhabi's Demand Side Management and Energy Rationalization Strategy 2030. The strategy sets targets of a 22% reduction in power consumption and a 32% reduction in water consumption.

Under the agreement, ADES would serve as the project developer, identifying opportunities to improve water and electricity consumption efficiency in facilities operated by KEZAD Communities.

ADES would conduct assessments of current consumption patterns and provide a comprehensive study outlining recommendations for enhancing consumption efficiency, leading to tangible savings for KEZAD Communities.

This collaboration would also drive the growth of the local energy services market, enabling organizations to future-proof their operations, while delivering economic and environmental sustainability benefits to KEZAD Communities.

RENAULT TRUCKS, AL MASAOOD AND TADWEER LAUNCH THE REGION'S FIRST ELECTRIC WASTE TRUCK

Renault Trucks Middle East and Abu Dhabi-based Al Masaood, collaborated with Abu Dhabi Waste Management Company (Tadweer) to launch the first 100% electric waste truck in the Middle East, as revealed in a company's statement.

The Renault Trucks D Wide 26t E-Tech Electric is the ideal vehicle for urban waste collection with low operating costs while maintaining optimal range and payload. Being the first electric heavy truck operating in the region, the Renault Trucks E-tech truck would also run a pilot program to gauge the vehicle's performance in the high temperatures such as the capital's summer heat, in addition to addressing logistical challenges such as charging station availability along key routes.

The Renault E-truck would be used by Tadweer to collect waste household in Abu Dhabi. The trucks are able to contribute to the UAE's net-zero ambitions and sustainability agendas, as well as Tadweer's mission in building an integrated waste management system and achieving a circular economy.

QATARENERGY TO SIGN LONG-TERM LNG SUPPLY DEAL WITH PETROBANGLA

QatarEnergy signed a long-term liquefied natural gas (LNG) supply deal with Bangladesh's State-owned gas company Petrobangla, the second Asian sales deal to be sealed for Qatar's North Field expansion project, as mentioned in a company's statement.

The 15-year agreement is for the supply of 2 million tons annually, and supplies are set to start in January 2026.

It is worth highlighting that Qatar is the world's top LNG exporter and competition for LNG has ramped up since the start of the Ukraine war, with Europe in particular needing vast amounts to help replace Russian pipeline gas that used to make up almost 40% of the continent's imports. The North Field expansion project would help guarantee long-term supplies of gas globally.

AMAZON ANNOUNCES OPENING OF GIANT STORAGE FACILITY IN RIYADH

Amazon's Saudi unit has doubled its storage capacity with the launch of a new fulfillment center in capital Riyadh, spanning 390,000 square feet across five floors, as mentioned in a company's statement.

The center would have a storage capacity of 2.7 million cubic feet, and would be able to store over 9 million products, enabling Amazon to delight customers with a wider selection of products across electronics, appliances, groceries, fashion, books, and more.

The new facility also incorporates innovative solutions powered by Artificial Intelligence and Machine Learning in its operations and more than two and a half kilometers of conveyance equipment to ensure seamless fulfillment operations.

In support of Saudi Arabia's rising entrepreneurship culture and rapid development of small and medium enterprises (SMEs), the enhanced capacity would support independent sellers to scale their businesses online, improve their global connectivity and access new markets.

In order to reach a wider customer base faster and more efficiently, Saudi sellers can take advantage of the Fulfilled by Amazon (FBA) offering that allows them to store, pick, pack and ship customer orders through Amazon.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITY MARKETS REMAIN UNDER DOWNWARD PRICE PRESSURES ON GLOBAL GROWTH CONCERNS AND UNFAVORABLE COMPANY-SPECIFIC FACTORS

MENA equity markets remained under downward price pressures this week, as reflected by a 1.0% fall in the S&P Pan Arab Composite index, mainly dragged by an oil price slump after recent economic data showed that China's factory activity shrank faster than expected in May 2023, which sent signs that a post-pandemic recovery in the world's second largest economy has lost momentum, in addition to some unfavorable company-specific factors.

The heavyweight Saudi Exchange plunged deeper into the red this week, as reflected by a -1.6% drop in the S&P Saudi index, mainly dragged by falling oil prices after China's PMI fell to a five-month low in May 2023, raising concerns about the health of the global economy and oil demand outlook. This was exacerbated by some unfavorable company-specific factors.

A glance on individual stocks shows that Petrochemicals giant Saudi Aramco's share price retreated by 0.8% week-on-week to SR 31.65. SABIC's share price closed 2.0% lower at SR 88.30. Advanced Petrochemical Company's share price fell by 1.7% to SR 44.50. Saudi Kayan Petrochemical Company's share price decreased by 2.1% to SR 13.14. Yansab's share price edged down by 0.8% to SR 42.50.

Also, Arab National Bank's share price went down by 1.0% over the week to SR 26.10. Securities & Investment Company cut its recommendation on Arab National Bank to "Neutral" from "Buy", with a price target of SR 30, which implies a 14% increase from last price. Solutions' share price declined 0.8% to SR 291.00. Citi cut its recommendation on Solutions to "Neutral" from "Buy", with a price target of SR 318, which implies a 9.1% increase from last price.

Activity on the Qatar Stock Exchange remained skewed to the downside this week, as reflected by a 2.3% drop in the S&P Qatar index, mainly dragged by global growth concerns and oil price falls. 41 out of 50 traded stocks registered price falls, while eight stocks posted price gains and one stock saw no price change week-on-week.

A closer look at individual stocks shows that Industries Qatar's share price plummeted by 6.0% week-on-week to QR 12.00. Gulf International Services' share price shed 5.6% to QR 1.902. Mesaieed Petrochemical Holding's share price dropped by 2.6% to QR 1.951. Ooredoo's share price fell by 3.9% to QR 10.660. Barwa Real Estate's share price went down by 3.3% to QR 2.571. QNB's share price closed 2.7% lower at QR 16.060. The Commercial Bank's share price decreased by 3.8% to QR 5.680. Doha Bank's share price retreated by 1.9% to QR 1.618.

In contrast, the UAE equity markets ended the week on a positive note (+0.4%), as price gains on the Dubai Financial Market were more than offset by price drops on the Abu Dhabi Securities Exchange, stoked by falling

EQUITY MARKETS INDICATORS (MAY 28- JUNE 3, 2023)

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	168.2	-1.1%	30.4%	6.3	39.9%	0.1	19,008	1.7%	-	0.36
Jordan	370.8	-0.5%	-4.7%	18.4	-8.2%	9.4	24,790.6	3.9%	8.3	1.34
Egypt	229.1	2.2%	-3.2%	351.9	57.5%	4,633.6	35,954.3	50.9%	7.5	2.10
Saudi Arabia	484.0	-1.6%	3.9%	7,105.9	10.5%	782.88	2,831,806.5	13.0%	14.3	4.52
Qatar	167.8	-2.3%	-5.0%	1,049.2	29.1%	1,194.2	166,491.4	32.8%	11.9	1.59
UAE	131.4	0.4%	-4.4%	3,043.3	59.8%	3,026.6	886,665.0	17.8%	14.3	2.71
Oman	250.9	0.3%	-3.6%	18.7	23.8%	31.9	22,210.0	4.4%	14.4	1.07
Bahrain	218.4	0.3%	13.3%	13.1	37.8%	10.5	18,707.6	3.6%	10.7	1.46
Kuwait	126.4	0.2%	-8.9%	714.9	24.4%	662.6	127,924.9	29.1%	17.0	1.83
Morocco	236.6	2.2%	6.6%	61.1	12.5%	5.1	56,191.7	5.7%	21.0	3.25
Tunisia	65.6	1.1%	5.7%	21.0	-29.0%	4.3	7,994.1	13.7%	12.0	2.25
Arabian Markets	912.8	-1.0%	0.0%	12,403.9	23.1%	10,361.2	4,197,744.5	15.4%	14.2	3.83

Values in US\$ million; volumes in millions * Market cap-weighted averages

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

oil prices. In Dubai, DEWA's share price rose by 1.6% to AED 2.49. Emirates NBD's share price increased by 1.1% to reach AED 13.80. Dubai Islamic Bank's share price went up by 2.5% to AED 5.30. Emaar Properties' share price surged by 3.6% to AED 6.10. TECOM's share price expanded by 2.1% to AED 2.39. In contrast, in Abu Dhabi, Taqa's share price shed 4.5% to AED 2.97. ADNOC Drilling's share price retreated by 1.9% to AED 3.70. ADNOC Gas's share price declined by 1.0% to AED 3.09. Etisalat's share price edged down by 0.7% to AED 22.94.

The Egyptian Exchange extended its upward trajectory for the second consecutive week, as reflected by a 2.2% rise in the S&P Egypt index, mainly supported by some favorable financial results. A closer look at individual stocks shows that Telecom Egypt's share price surged by 3.4% to LE 24.2. Telecom Egypt reported 2023 first quarter net profits of LE 4.1 billion, up by 144% relative to the same period of the previous year. Emaar Misr's share price jumped by 9.0% to LE 3.04. Emaar Misr reported a 41% year-on-year expansion in its 2023 first quarter net profits to reach LE 2.2 billion. Juhayna Food Industries' share price went up by 1.7% to LE 12.7. Juhayna Food Industries reported 2023 first quarter net profits of LE 339 million versus net profits of LE 144 million a year earlier. ElSewedy Electric's share price skyrocketed by 14.6% to LE 18.81. ElSewedy Electric reported 2023 first quarter net profits of LE 2.9 billion against net profits of LE 761 million during the corresponding period of the previous year.

FIXED INCOME MARKETS: MIXED PRICE MOVEMENTS IN MENA BOND MARKETS THIS WEEK

Activity was mixed in MENA fixed income markets this week, as market players weighed China's lackluster economic recovery following faster-than-expected contraction in factory activity in May 2023 against strong US job report that has fueled bets about a US Fed rate hike in July 2023.

In the Abu Dhabi credit space, sovereigns maturing in 2026, 2027 and 2031 registered weekly price expansions of 0.50 pt to 0.75 pt. SEC'24 and '28 traded down by 0.13 pt and 0.25 pt respectively. Prices of Etisalat'26 retreated by 0.13 pt. Regarding new issues, First Abu Dhabi Bank raised this week US\$ 600 million from the sale of a five-year green bond at 95 bps over US Treasuries versus an initial guidance of 120 bps over UST. The bond sale attracted demand of over US\$ 1.4 billion. A substantial 85% of the allocation went to international investors. Also, 34% of the allocation was dedicated to green investors, representing one of the highest proportions in the market.

In the Dubai credit space, DP World'30 closed down by 0.50 pt. Majid Al Futtaim'29 registered price falls of 0.25 pt.

In the Bahraini credit space, sovereigns maturing in 2026, 2027, 2031 and 2032 registered weekly price expansions ranging between 0.35 pt and 1.25 pt this week. In the Iraqi credit space, prices of sovereigns maturing in 2028 decreased by 0.25 pt week-on-week.

In the Saudi credit space, sovereigns maturing in 2026 and 2027 posted price decreases of 0.31 pt and 0.38 pt respectively, while sovereigns maturing in 2031 recorded price rises of 0.38 pt this week. Saudi Aramco'25 closed up by 0.38 pt.

In the Qatari credit space, sovereigns maturing in 2026 saw price decreases of 0.25 pt, while sovereigns maturing in 2030 saw price gains of 0.38 pt week-on-week. Amongst financials, prices of QNB'25 went down by 0.38 pt.

In the Omani credit space, sovereigns maturing in 2026, 2027 and 2029 posted price increases of 0.33 pt, 0.44 pt and 0.56 pt respectively week-on-week. Omantel'28 edged down by 0.08 pt.

In the Jordanian credit space, sovereigns maturing in 2027 and 2030 posted weekly price expansions of 0.13 pt each.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2030 and 2032 recorded price declines of 0.13 pt to 1.0 pt this week. Euro-denominated sovereigns maturing in 2026 and 2031 traded down by 0.20 pt and 0.48 pt respectively week-on-week.

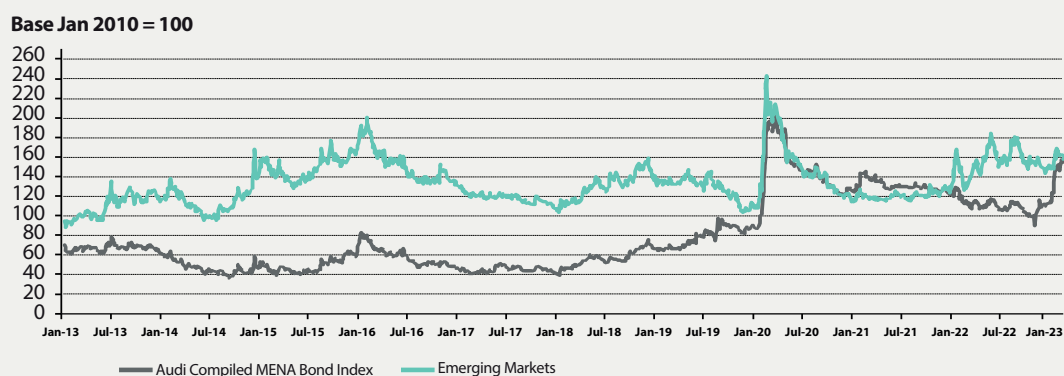
All in all, regional bond markets saw two-way flows this week, as market players balanced a further contraction in China's factory activity in May 2023 against news that the US economy has added last month far more jobs than economists anticipated.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	02-Jun-23	26-May-23	30-Dec-22	Week-on-week	Year-to-date
Abu Dhabi	39	42	44	-3	-5
Dubai	82	85	84	-3	-2
Kuwait	43	44	50	-1	-7
Qatar	39	42	48	-3	-9
Saudi Arabia	61	64	61	-3	0
Bahrain	264	268	231	-4	33
Morocco	142	143	162	-1	-20
Egypt	1,754	1,787	877	-33	877
Iraq	444	416	467	28	-23
Middle East	319	321	225	-2	94
Emerging Markets	124	147	140	-23	-16
Global	452	460	533	-8	-81

Sources: Bloomberg, Bank Audi's Group Research Department

Z-SPREAD BASED AUDI MENA BOND INDEX V/S INTERNATIONAL BENCHMARKS



Sources: Bloomberg, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	SD/-/SD	C/-	RD-/C
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Positive	BB-/Stable/B
Egypt	B-/Negative/B	B3/Stable	B-/Negative/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
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+	Aa3/Positive	AA-/Positive/F1+
Kuwait	A+/Stable/A-1+	A1/Stable	AA-/Stable/F1+
Bahrain	B+/Positive/B	B2/Stable	B+/Stable/B
Oman	BB/Positive/B	Ba2/Positive	BB/Positive/B
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BB+/Stable/A-3	Ba1/Stable	BB+/Stable/B
Tunisia	NR	Caa2/Negative	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\$)	02-Jun-23	26-May-23	30-Dec-22	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,507.50	1,507.50	1,507.50	0.0%	0.0%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	30.85	30.80	24.71	0.2%	24.8%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,460.00	-55.1%	-59.7%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.76	0.0%	-0.2%
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%	0.3%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	-0.1%	-0.1%
Yemeni Riyal (YER)	250.22	250.21	250.24	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	136.22	136.46	137.35	-0.2%	-0.8%
Moroccan Dirham (MAD)	10.20	10.23	10.44	-0.3%	-2.3%
Tunisian Dinar (TND)	3.10	3.10	3.11	0.1%	-0.3%
Libyan Dinar (LYD)	4.82	4.81	4.83	0.2%	-0.1%
Sudanese Pound (SDG)	588.62	597.13	573.81	-1.4%	2.6%

Sources: Bloomberg, Bank Audi's Group Research Department

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