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p.9 MIXED PRICE MOVEMENTS IN MENA EQUITY MARKETS, BOND PRICES MOSTLY DOWN

MENA equity markets traded between gains and losses this week, as a global equity strength (+1.5%) stoked by a potential deregulation under the new US administration, and oil price rebounds, were offset by mounting geopolitical concerns in the Middle East. This was reflected by a shy rise in the S&P index of 0.1%. In parallel, activity in MENA fixed income markets remained mostly skewed to the downside this week, mainly reflecting reduced confidence in aggressive US Federal Reserve interest rate cuts, and as traders are digesting US President-elect's policy impact on the US economy and inflation.

MENA MARKETS: November 17 - November 23, 2024

| | | | |
|---------------------------------|-------|----------------------------------|-----------|
| Stock market weekly trend | ↑ | Bond market weekly trend | ↓ |
| Weekly stock price performance | +0.1% | Average weekly bond price change | -0.11 pt |
| Stock market year-to-date trend | ↓ | Bond market year-to-date trend | ↑ |
| YTD stock price performance | -0.3% | Average yearly bond price change | +3.17 pts |

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ECONOMY

EY SAYS MENA BANKS LOOKING FOR FURTHER GROWTH AND EXPANSION WITHIN THE REGION AND BEYOND

A new report on the MENA banking sector has been issued by EY.

The MENA 2024 Banking Report analyzes banking activities in the MENA region. It provides in-depth insights in terms of sector insights, banking performance, outlook for the financial year and macroeconomic overview.

The MENA banking sector has made significant progress while witnessing considerable changes throughout 2023. Despite the challenges of rising inflation and evolving regulatory landscapes, banks have started to focus more on responsible banking and sustainability. They have proactively responded by investing more in technology-led innovation to address customer needs. As MENA banks look to the future, they must consider seven trends to continue their transformation journey and deliver long-term value for all their stakeholders. MENA banks are actively supporting small and medium-sized enterprises (SMEs), which are the backbone of the region's economy. SMEs in the MENA region, especially in the KSA, Qatar, and the UAE, are optimistic about their growth prospects for 2024.

The competition for skilled professionals, particularly in the financial services sector of the MENA region, remains intense due to ongoing growth. Financial organizations are prioritizing nationalization, developing new skill sets, and fostering leadership to steer through rapid changes. Success for these organizations depends on effectively managing these interconnected aspects. Those that successfully navigate the evolving talent landscape will benefit from the successful execution of their strategies.

The artificial intelligence (AI) landscape in MENA banking is rapidly evolving, with a notable shift toward generative AI (GenAI) models. This opens up transformative potential in areas such as risk assessment, fraud detection, hyper-personalized customer experiences and intelligent virtual assistance. As MENA banks continue to adopt and refine these advanced AI capabilities, the region is poised to lead the way in innovative, AI-driven banking solutions that cater to the evolving needs of the customers.

The year 2023 witnessed a regulatory transformation in MENA's financial sector, with the UAE and the KSA leading the way. Their initiatives aimed to enhance market stability, attract foreign investment and embrace technological advancements. While the financial sector in KSA focused on simplifying foreign investment and opening up new sectors, that of UAE concentrated on digital transformation and expanding its investment fund landscape. These reforms reflect a growing commitment to modernization and financial inclusion, positioning the region as a dynamic hub for financial growth.

With a robust performance in 2023, MENA banks are looking for further growth and expansion within the region and beyond the MENA region. Despite several global and local challenges and risks, the outlook for 2024 is positive, based on market indicators and consistent investor interest. The primary drivers are ambitious plans, projects and supportive budgets by the governments across the region. The MENA region is increasingly viewed as a stable investment destination compared to major global economies facing high inflation and energy prices, as per EY.

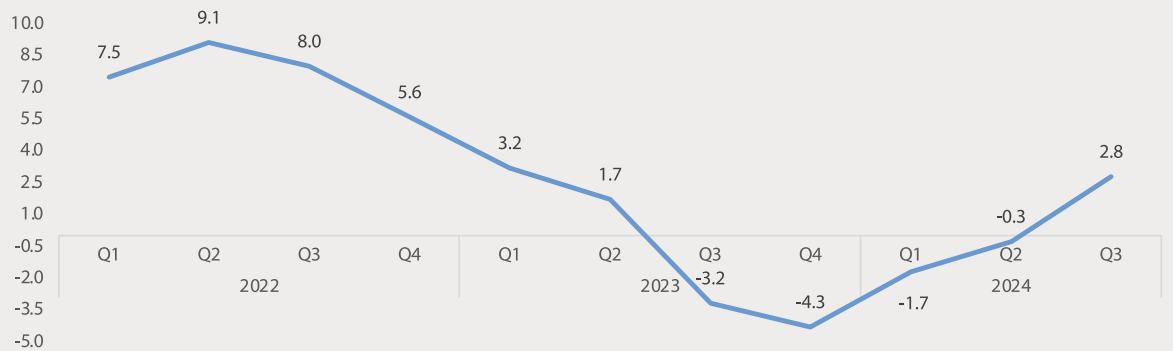
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SAUDI ARABIA'S REAL GDP POSTS POSITIVE GROWTH IN Q3 FOLLOWING DOWNWARDS TREND

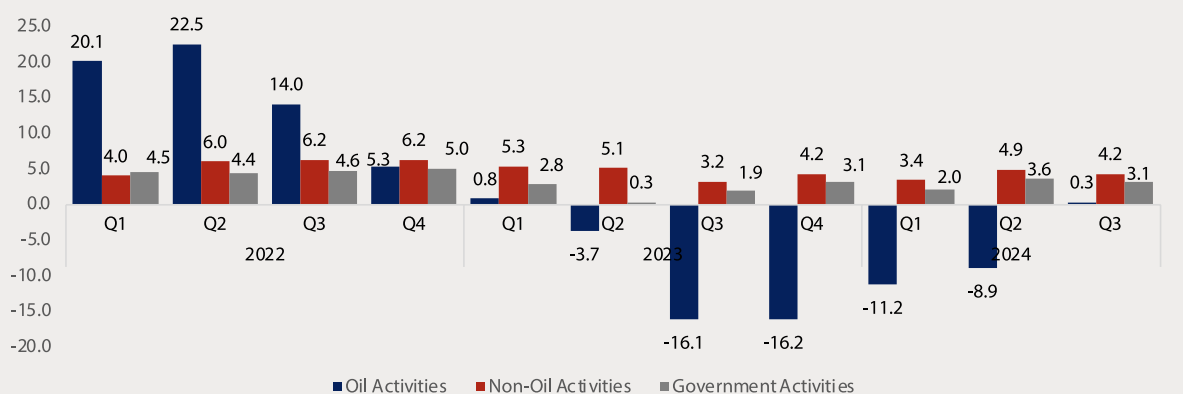
According to recently released data from the General Authority for Statistics (GASTAT), Saudi Arabia's real GDP posted a positive growth of 2.8% year-on-year in the third quarter (Q3) of 2024. This positive growth stands as the first following a continuous downwards trend since the same quarter of the year prior. This growth comes on the back of increases in the GDP of all activities in Saudi Arabia during Q3 2024 against Q3 2023.

In details, real GDP of Saudi Arabia's oil sector posted a marginal year-on-year growth of 0.3% albeit standing as the first growth in real oil GDP since Q2 2023. Additionally, real GDP of Saudi Arabia's non-oil sector continued its positive growth trend in Q3 2024, increasing by 4.2% year-on-year against the same quarter of the year prior. Real GDP relating to government activities in Saudi Arabia also posted a year-on-year growth of 3.1% between Q3 2023 and Q3 2024.

OVERALL REAL GDP YEAR-ON-YEAR GROWTH BY QUARTER (%)



REAL GDP YEAR-ON-YEAR GROWTH BY ACTIVITY TYPE



Source: GASTAT, Bank Audi Group's Research Department

UAE HOSTS SENIOR OECD BUDGET OFFICIALS

The United Arab Emirates has recently hosted senior budget officials from the Organization for Economic Cooperation and Development (OECD) for the Middle East and North Africa. The meeting aimed to provide a platform to share experiences and discuss the latest developments in budgeting and public financial management. The meeting explored ways to enhance cooperation and share knowledge & experiences among regional decision-makers on public financial management.

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According to the Emirati Undersecretary of the Ministry of Finance, the selection of the UAE to host such international meetings, reflects the leading role the country has achieved in financial and economic management. Additionally, the meeting comes at a time of increasing global economic shifts, underscoring the need for cooperation and innovation to improve the management of financial resources and advance sustainable development goals.

During the meeting, a wide range of topics were tackled including the use of innovative financing mechanisms and digital & green transformations as well as the application of artificial intelligence in budgeting and public spending. These technologies are seen as key to improving the efficiency of resource management, aligning spending with strategic priorities and enhancing performance monitoring. These steps are regarded as essential for developing public financial management, ensuring spending efficiency and enabling more informed decision-making.

In parallel, the meeting also featured various sessions on topics such as enhancing financial literacy and public understanding of fiscal issues to support sustainable financial policies, the use of generative AI in budgeting and public spending, performance budgeting and ways to improve public spending efficiency.

OMAN'S BUDGET SURPLUS STANDS AT US\$ 1.2 BILLION IN THE FIRST NINE MONTHS

According to the fiscal performance report by Oman's Ministry of Finance for the first nine months (9M) of 2024, the government's budget surplus has reached OMR 476.0 million (US\$ 1.2 billion). This surplus shows a 39.8% decrease year-on-year against the same period of the year prior, down from a surplus of OMR 791.0 million (US\$ 2.1 billion).

This decrease in the government's budgetary surplus comes on the back of an increase in the government's spending outpacing the increase in the government's revenue.

In details, looking at the Omani government's revenues in 9M 2024, public revenue totaled OMR 9.2 billion (US\$ 23.9 billion). This shows a 3.5% increase, up from OMR 8.9 billion (US\$ 23.1 billion) in the same period of 2023, primarily driven by higher net oil revenue. Net oil revenue in 9M 2024 reached OMR 5.4 billion (US\$ 14.0 billion) showing an increase of 12.4% year-on-year against 9M 2023. Additionally, capital revenues & repayments recorded OMR 18.0 million (US\$ 46.8 million) in 9M 2024, up by 63.6% year-on-year from OMR 11.0 million (US\$ 28.6 million) in 9M 2023.

On the other hand, net gas revenue in Oman reached OMR 1.4 billion (US\$ 3.5 billion) in 9M 2024, down from OMR 1.6 billion (US\$ 4.2 billion) in 9M 2023 showing a year-on-year decrease of 15.0% over the period. Additionally, current revenue recorded a year-on-year decrease of 2.2% between 9M 2023 and 9M 2024 to record OMR 2.4 billion (US\$ 6.2 billion) in the latter.

Concurrently, looking at the Omani government's expenditures in 9M 2024, public expenses totaled OMR 8.7 billion (US\$ 22.7 billion), this shows a 7.8% increase, up from OMR 8.1 billion (US\$ 21.1 billion) in the same period of 2023. In details, current expenditures in 9M 2024 reached OMR 6.2 billion (US\$ 16.0 billion) showing a marginal decrease of 0.4% year-on-year against 9M 2023. Additionally, expenses under settlement were null in 9M 2024, down by OMR 50.0 million (US\$ 130.0 million) from 9M 2023.

On the other hand, expenditures for development in Oman reached OMR 840.0 million (US\$ 2.2 billion) in 9M 2024, up from OMR 671.0 million (US\$ 1.7 billion) in 9M 2023 showing a year-on-year jump of 25.2% over the period. Additionally, contributions and other expenses recorded a year-on-year jump of 44.6% to reach OMR 1.7 billion (US\$ 4.5 billion) in 9M 2024, up from OMR 1.2 billion (US\$ 3.1 billion) in the same period of the year prior.

It is worth noting that the report notes a decrease in the public debt of Oman to reach OMR 14.4 billion (US\$ 37.4 billion) at the end of September 2024, down by 8.3% from OMR 15.7 billion (US\$ 40.8 billion) at the end of September 2023.

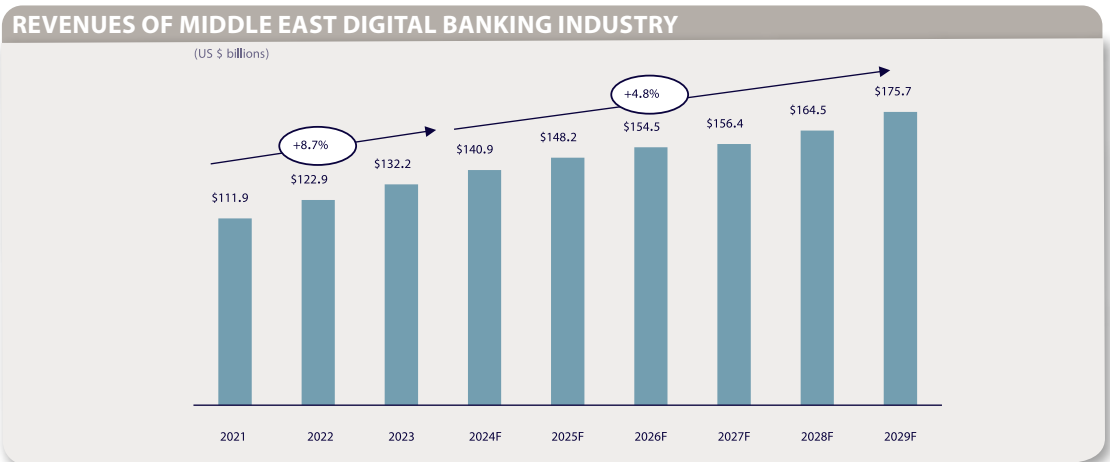
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SURVEYS / REPORTS

UAE LEADS DIGITAL BANKING IN MIDDLE EAST, AS PER ARTHUR D. LITTLE

The UAE is setting the standard for Middle Eastern banking innovation, commanding the largest share of the region’s US\$ 3.2 trillion in banking assets and driving rapid digital growth that places the country at the forefront of financial transformation, according to recent report released by Arthur D. Little (ADL).

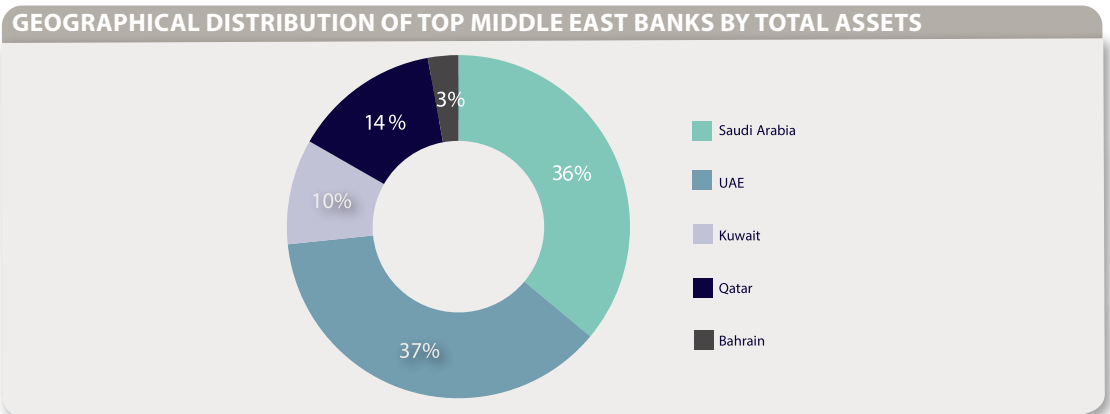
In the Middle East, the banking sector has performed well since the pandemic. The sector recorded revenues of US\$ 140.9 billion in 2023, with the total assets of the top 25 banks across major ME economies reaching US\$ 3.2 trillion.



Source: Arthur D. Little

In details, Saudi Arabia and the UAE dominate the landscape, accounting for nearly three-quarters of the total assets.

According to the Central Bank of the United Arab Emirates (CBUAE) 2023 Annual Report, the total assets of banks operating in the UAE reached US \$1,109 billion. Similarly, Saudi banks reported a 9.5% growth in total assets, amounting to US\$ 971 billion. As reported by Qatar Central Bank, the total assets of the country’s commercial banks increased to over US\$ 540 billion.



Source: Arthur D. Little

In parallel, most Middle East banks are taking steps to adapt to the new landscape by embracing digital innovations, fostering strategic partnerships, enhancing regulatory frameworks, and cultivating a culture of continuous improvement.

Digital banking in the region experienced robust growth, with a Compound Annual Growth Rate (CAGR) of 8.7% between 2021 and 2023, and it is expected to grow to US\$ 175.7 billion at a CAGR of 4.8% from 2024 to 2029.

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Concomitantly, with a CAGR of 8.7% over the past two years, the UAE's digital banking sector has accelerated faster than any of its neighbors, with continued growth projected at a CAGR of 4.8% from 2024 to 2029. The sector is on track to reach US\$ 175.7 billion by 2029. UAE banks are advancing through cutting-edge AI, blockchain, and cloud technologies, setting a new standard for customer experience and operational efficiency.

As the first mover in central bank digital currency, the Central Bank of the UAE (CBUAE) is leading the Middle East with its transformative Central Bank Digital Currency (CBDC) program, establishing a foundation for a modernized and financially inclusive economy. Some of the UAE banking leaders have already integrated blockchain for cross-border payments, enabling faster, more secure transactions that set a regional benchmark for efficiency and innovation.

RIYADH'S OFFICE MARKET SEES STRONG DEMAND AND RENTAL GROWTH IN Q3 2024, AS PER SAVILLIS

Riyadh's office market is experiencing strong growth, driven by heightened demand and a significant rise in rental values, as detailed in Savills Q3 2024 Riyadh Office Market report. The city's strategic efforts to diversify its economy, especially through non-oil sector expansion, have transformed Riyadh into a key business hub, attracting a steady influx of international companies.

According to the report, the city's office market recorded impressive occupancy rates, with Grade A spaces reaching 98%, reflecting high demand for premium office locations. Rents have consistently risen, increasing by 2% q-o-q and a significant 10% y-o-y.

Specific areas like Zone A and Zone B have experienced even more substantial rent increases, reaching 19% and 16% annual growth, respectively. This trend indicates a robust and thriving office market in the capital.

This steady rise underscores Riyadh's attractiveness across key sectors, including Technology, Media, and Telecommunications (TMT), which accounted for 40% of leasing activity, followed by Consulting and FMCG sectors at 20% each.

Additionally, incentives from Saudi Arabia's Regional Headquarters (RHQ) program, such as Saudization exemptions, tax benefits and accelerated visa processing, make Riyadh even more attractive to foreign companies. The upcoming 2025 investment system update is expected to ease regulatory restrictions and enhance investor rights, further cementing the country's business appeal.

This year, over 120 foreign companies relocated their regional headquarters to Riyadh, surpassing previous forecasts. New arrivals include Frost & Sullivan, Goldman Sachs, Rheem, Nintex, Naver Corp, and Bloom Consulting. Additionally, the number of fintech companies in Saudi Arabia reached 224, exceeding the Financial Sector Development Program's target of 168 companies by this period.

Riyadh's rising market appeal is reflected in the surge of inquiries dealt by Savills, with most of the inquiries coming from foreign players, led by US companies, which account for 32% of the total inquiries received by Savills in Q3 2024. This reflects the growing international interest in Saudi Arabia's market and solidifies its position as a regional hub for global business expansion.

With demand growing, Savills reported a significant rise in inquiries for flexible workspaces, particularly for office spaces under 250 square meters, which accounted for 48% of inquiries. This trend reflects companies' preferences for adaptable work environments, aligning with hybrid working models.

To address the high demand, Riyadh is set to add over 1.6 million square meters of Grade A office space by 2028, with major developments such as Prince Mohammed Bin Salman Nonprofit City and Diriyah Gate expected to reshape the city's office landscape. The expansion of these zones would likely moderate rental growth and provide tenants with more choices in the years to come.

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CORPORATE NEWS

SEC, ACWA POWER AND KEPCO SIGN US\$ 4 BILLION SAUDI POWER PURCHASE DEAL

Saudi Electricity Company (SEC), ACWA Power and Korea Electric Power Corporation (KEPCO) announced the signing of a Power Purchase Agreement with Saudi Power Procurement Company (SPPC) for two transformative power generation projects: Rumah 1 and Nairyah 1.

With a combined capacity of 3.6 GW, these Independent Power Plant (IPP) projects represent an advancement in Saudi Arabia's journey toward a sustainable energy future.

These projects are designed to replace oil-based power generation processes, significantly reducing carbon emissions and enhancing environmental sustainability.

With a combined investment of approximately US\$ 4 billion (SR 15 billion), the projects are also poised to drive economic growth by creating job opportunities and strengthening local content contributions.

EMIRATES NBD INKS STRATEGIC US\$ 1.3 BILLION RIYADH AIR FINANCE DEAL

Emirates NBD, one of the leading banking group in the MENAT region, joined hands with seven other financial institutions across Saudi Arabia to provide US\$ 1.3 billion (SR 5 billion) revolving credit facility to Riyadh Air, the newest second flag carrier of Saudi Arabia, as mentioned in a company statement.

Announcing the new finance deal, the funding would provide critical support for Riyadh Air's operational launch, fleet acquisition and infrastructure expansion.

This credit facility would support Saudi Arabia's economic diversification agenda and expand high-potential sectors like aviation and transportation.

TELECOM EGYPT AND VODAFONE EGYPT INK US\$ 604 MILLION AGREEMENTS FOR NETWORK EXPANSION

Telecom Egypt and Vodafone Egypt signed a series of major infrastructure service agreements worth US\$ 604 million (EGP 30 billion) aimed at enhancing Vodafone Egypt's network and preparing it for the rollout of 5G services, as revealed in a company statement.

The agreements would be disbursed over their respective durations, with maturities extending up to 2034.

Among the agreements, Telecom Egypt has extended its transmission services deal with Vodafone Egypt until 2031, supporting Vodafone Egypt's continued network expansion.

Additionally, a four-year agreement has been signed for fiber connectivity to Vodafone's mobile sites. Other agreements include provisions for virtual fixed voice and internet services, expanding Vodafone Egypt's communications offerings in the Egyptian market, and enhancing its portfolio with advanced value-added services and competitive business solutions.

The agreements would allow Vodafone Egypt, the country's largest mobile operator by market share, to offer enhanced services to its customers while integrating its global expertise in 5G technology.

These partnerships align with Telecom Egypt's strategy to monetize its advanced network infrastructure, supporting Egypt's Vision 2030 for digital transformation.

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EFG HERMES LAUNCHES US\$ 300 MILLION EDUCATION FUND AND ACQUIRES GFH SCHOOLS

Egyptian-based EFG Hermes, an EFG Holding company, and one of the leading investment banks in the MENA region, announced that its private equity arm launched a US\$ 300 million Saudi Education Fund (SEF) with the target of building an institutional world-class K-12 operator in Saudi Arabia, as mentioned in a company statement.

SEF aims to capitalize on the clear market opportunity that is evidenced by the growing student population in private schools, which is expected to more than double in line with Saudi's 2030 vision targets and the critical need for strong operators to cater to such growing demand.

EFG Hermes also announced that SEF has entered into definitive agreements with Bahrain-based GFH Financial Group (GFH), one of the leading and dynamic financial group in the GCC, to acquire a portfolio of international schools owned by private equity funds managed by GFH under the brand name of Britus Education.

This portfolio includes four schools in Saudi Arabia, two in the UAE and one in Bahrain, boasting a total capacity of approximately 12,000 students, with nearly 8,000 students currently enrolled.

PIF AND GOOGLE CLOUD TO SET UP GLOBAL AI HUB IN SAUDI ARABIA

PIF sealed a strategic partnership with Google Cloud for the establishment of a global Artificial Intelligence (AI) hub near Dammam, in the Saudi Arabia's Eastern Region, as reported in a company statement.

This collaboration aims to enhance the Saudi workforce by offering AI programs to millions of students and professionals, supporting the national objective of growing the Information and Communication Technology (ICT) sector by 50%.

Under this partnership, customers would be able to leverage Google Cloud's technology to drive growth across industries and expand the capacity for AI application delivery.

According to PIF, businesses and their consumers can anticipate improved AI application quality and data services, delivered locally and with greater efficiency.

Subject to regulatory approvals, the partnership would also emphasize joint research on Arabic language models and Saudi-specific AI applications. This would provide local businesses, researchers and developers the opportunity to incorporate these models into their systems, enabling sophisticated Arabic-language AI agents and applications.

The landmark deal further positions Saudi Arabia as a global AI hub and a top destination for enterprises and startups.

ARAMCO AND SINOPEC BREAK GROUND ON CHINESE PETROCHEMICAL PROJECT

Saudi oil giant Aramco joined forces with leading Chinese petroleum groups, Sinopec and Fujian Petrochemical Company Limited (FPCL), to break ground on its integrated refining and petrochemical complex in Fujian Province, as indicated in a company statement.

The upcoming facility would boast a 16 million tons-per-year oil refining unit and a 1.5 million tons-per-year ethylene unit, in addition to two million tons per year paraxylene and downstream derivatives capacity, and a 300,000 tons crude oil terminal.

FPCL, a joint venture between Sinopec and Fujian Petrochemical Industrial Group Company, would own a 50% stake in the complex, with Aramco and Sinopec each holding a 25% stake.

The project is expected to be fully operational by the end of 2030.

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CAPITAL MARKETS

EQUITY MARKETS: TWO-WAY FLOWS IN MENA EQUITIES THIS WEEK

MENA equity markets traded between gains and losses this week, as a global equity strength (+1.5%) stoked by a potential deregulation under the new US administration, and oil price rebounds, were offset by mounting geopolitical concerns in the Middle East. This was reflected by a shy rise in the S&P index of 0.1%.

The heavyweight Saudi Exchange, whose market capitalization represents about two-thirds of the total regional market capitalization, operated on a positive territory this week, as reflected by a 0.6% increase in the S&P Saudi index, mainly tracking global equity price gains, and driven by oil price rebounds (+5.8%) to reach US\$ 75.17 per barrel amid escalating tensions between Russia and Ukraine and signs of growing Chinese crude imports, in addition to some favorable company-specific factors.

A closer look at individual stocks shows that Petro Rabigh's share price surged by 3.7% week-on-week to reach SR 8.40. Qassim Cement's share price closed 0.8% higher at SR 53.70. Qassim Cement's Board of Directors recommended the distribution of dividends at a rate of SR 0.65 per share for the third quarter of 2024. Maaden's share price increased by 0.9% to SR 53.00. Maaden reported 2024 third quarter net profits of SR 972 million compared to a net loss of SR 83 million a year earlier. Alinma Bank's share price rose by 0.9% to SR 27.65. SNB Capital raised its recommendation on Alinma Bank's stock to "Overweight" from "Neutral", with a price target of SR 36.20, which implies a 32% increase from last price. SNB's share price edged up by 0.3% to SR 33.10. Al Rajhi Bank's share price surged by 3.5% to SR 93.50. SAIB's share price went up by 1.5% to SR 13.90.

In contrast, the UAE equity markets closed the week on a negative note, as reflected by a 1.0% weekly fall in the S&P UAE index, mainly pressured by rising geopolitical concerns in the Middle East. This compounded with ex-dividend activity and some unfavorable company-specific factors. In Abu Dhabi, Agility Global's share price dropped by 2.2% to AED 1.31. Agility Global's stock traded ex-dividend on November 20. Taqa's share price fell by 1.0% to AED 2.83. Taqa's stock went ex-dividend on November 22. Alpha Dhabi Holding's share price plunged by 5.3% to AED 11.18. Aldar Properties' share price declined by 2.7% to AED 7.53. ADNOC's share price decreased by 3.4% to AED 3.43. Etisalat's share price contracted by 2.3% to AED 17.00. FAB's share price went down by 2.9% to AED 12.90. International Holding Company's share price closed 2.6% lower at AED 403.

EQUITY MARKETS INDICATORS (NOVEMBER 17 - NOVEMBER 23, 2024)

| Market | Price Index | week-on-week | Year-to-Date | Trading Value | week-on-week | Volume Traded | Market Capitalization | Turnover ratio | P/E* | P/BV* |
|---------------------|--------------|--------------|--------------|-----------------|---------------|-----------------|-----------------------|----------------|-------------|-------------|
| Lebanon | 188.0 | -0.8% | 3.2% | 5.2 | -3.3% | 0.8 | 21,246.8 | 1.3% | - | 0.52 |
| Jordan | 377.1 | 0.0% | 2.0% | 25.7 | -18.8% | 28.5 | 23,806.6 | 5.6% | 8.9 | 1.17 |
| Egypt | 252.8 | -3.6% | -25.1% | 241.8 | -25.0% | 6,620.0 | 44,540.1 | 28.2% | 9.0 | 2.43 |
| Saudi Arabia | 513.1 | 0.6% | -1.9% | 5,934.7 | -26.1% | 3,416.9 | 2,712,512.1 | 11.4% | 16.7 | 4.12 |
| Qatar | 170.7 | -0.4% | -3.5% | 341.2 | -22.9% | 728.1 | 169,726.1 | 10.5% | 12.5 | 1.56 |
| UAE | 141.4 | -1.0% | 2.6% | 2,879.4 | -12.3% | 2,890.7 | 994,924.0 | 15.0% | 19.3 | 3.56 |
| Oman | 253.4 | -0.6% | 1.0% | 16.0 | -80.8% | 86.8 | 31,165.5 | 2.7% | 11.3 | 0.98 |
| Bahrain | 235.5 | -1.1% | 4.9% | 6.9 | -19.1% | 17.3 | 19,504.9 | 1.8% | 11.2 | 1.32 |
| Kuwait | 134.1 | 0.0% | 6.7% | 891.8 | -31.9% | 2,062.1 | 138,686.3 | 33.4% | 17.2 | 1.94 |
| Morocco | 313.7 | -0.4% | 19.1% | 150.2 | -38.9% | 11.0 | 75,252.8 | 10.4% | 20.4 | 2.86 |
| Tunisia | 65.5 | -0.8% | 2.0% | 5.4 | -33.1% | 2.5 | 7,745.7 | 3.6% | 10.7 | 1.96 |
| Arab Markets | 971.3 | 0.1% | -0.3% | 10,498.4 | -23.8% | 15,864.8 | 4,239,110.8 | 12.9% | 16.9 | 3.70 |

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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In Dubai, Dubai Islamic Bank's share price retreated by 0.5% week-on-week to AED 6.53. Air Arabia's share price contracted by 1.7% to AED 2.88. HSBC cut its recommendation on Air Arabia's stock to "Hold" from "Buy", with a price target of AED 3.30, which implies a 13% increase from last price. Emaar Development's share price closed 0.9% lower at AED 11.25. AlphaMena cut its recommendation on Emaar Development's stock to "Reduce" from "Add", with a price target of AED 11.30, which implies a 0.4% increase from last price. TECOM' share price edged down by 0.3% to AED 3.13.

Boursa Kuwait saw two-way flows this week, as traders weighed an oil price rebound against rising geopolitical concerns in the Middle East. This was reflected by a nil change in the S&P Kuwait index. A closer look at individual stocks shows that National Bank of Kuwait's share price rose by 0.9% to Kwf 878. Burgan Bank's share price increased by 1.1% to Kwf 184. Specialties Group Holding's share price jumped by 6.0% to Kwf 142. Al Masaken International Real Estate Development's share price surged by 5.6% to Kwf 37.8. Boursa Kuwait's share price closed 0.5% higher at Kwf 2,150. Senergy Holding's share price climbed by 10.6% to Kwf 58.4. Mabaneer's share price went up by 1.2% to Kwf 825. Agility Public Warehousing's share price increased by 1.5% to Kwf 273. The Commercial Real estate Company's share price expanded by 2.0% to Kwf 150. Kuwait Finance House's share price nudged up by 0.1% to Kwf 744.

In contrast, Gulf Bank's share price edged down by 0.3% over the week to Kwf 321. Al Ahli Bank of Kuwait's share price decreased by 0.7% to Kwf 271. Kuwait International Bank's share price contracted by 1.6% to Kwf 189. Kuwait Investment Company's share price shed 4.4% to Kwf 172. Kuwait Projects Holding's share price dropped by 4.5% to Kwf 100.3. United Real Estate's share price plunged by 12.0% to Kwf 100.3. National Real Estate's share price declined by 2.6% to Kwf 79.8.

FIXED INCOME MARKETS: ACTIVITY IN MENA BOND MARKETS MOSTLY SKEWED TO DOWNSIDE

Activity in MENA fixed income markets remained mostly skewed to the downside this week, mainly reflecting reduced confidence in aggressive US Federal Reserve interest rate cuts, and as traders are digesting US President-elect's policy impact on the US economy and inflation.

In the Saudi credit space, sovereigns maturing in 2026 and 2031 registered price expansions of 0.13 pt and 0.20 pt respectively, while sovereigns maturing in 2030 posted price drops of 0.15 pt this week. Moody's upgraded the Government of Saudi Arabia's long-term local and foreign currency issuer and senior unsecured ratings to "Aa3" from "A1". Moody's also upgraded Saudi Arabia's local and foreign currency medium-term note program ratings to "(P)Aa3" from "(P)A1". The outlook has been changed to "Stable" from "Positive". The upgrade reflects Moody's assessment that economic diversification has continued to progress and the momentum would be sustained. The "Stable" outlook indicates balanced risks to the rating at a higher level, as per the international rating agency.

Concurrently, SEC'28 closed down by 0.15 pt. Prices of SABIC'28 dropped by 0.13 pt. STC'29 traded down by 0.06 pt. As to new issues, Saudi Investment Bank raised US\$ 750 million this week from the sale of a Perpetual, callable after 5 years, Additional Tier 1 sustainable Sukuk at a yield of 6.375%, narrowing from initial price thoughts of 6.875%.

In the Dubai credit space, sovereigns maturing in 2029 posted shy price retreats of 0.04 pt week-on-week. DP World'30 was down by 0.08 pt. Emirates Airlines'28 closed down by 0.09 pt. Prices of Emaar'26 fell by 0.11 pt. Majid Al Futtaim'29 registered price decreases of 0.06 pt. In contrast, Emirates NBD Perpetual (offering a coupon of 6.125%) recorded price gains of 0.16 pt. As to new issues, Emirates NBD raised this week US\$ 500 million from the sale of a sustainability linked loan bond at 90 bps over US Treasuries against an initial price guidance of 125 bps over UST.

In the Abu Dhabi credit space, sovereigns maturing in 2026 saw weekly price rises of 0.22 pt, while sovereigns maturing in 2027 and 2031 posted price drops of 0.14 pt and 0.12 pt respectively. Mubadala'26 was up by 0.12 pt, while Mubadala'27 nudged down by 0.05 pt. Prices of Taqa'26 and '28 contracted by 0.13 pt and 0.12 pt respectively. Amongst financials, prices of First Abu Dhabi Bank'25 increased by 0.08 pt week-on-week.

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In the Bahraini credit space, sovereigns maturing in 2031 saw price declines of 0.33 pt, while sovereigns maturing in 2026, 2027 and 2032 registered price gains of up to 0.40 pt this week. Prices of NOGA'27 traded up by 0.21 pt.

In the Qatari credit space, sovereigns maturing in 2030 saw price drops of 0.63 pt week-on-week. Amongst financials, QNB'25 traded up by 0.05 pt. In the Omani credit space, sovereigns maturing in 2026 posted price gains of 0.10 pt, while sovereigns maturing in 2027 and 2029 recorded price drops of 0.29 pt and 0.41 pt this week. Omantel'28 traded down by 0.14 pt.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 contracted by 0.11 pt week-on-week. In the Iraqi credit space, sovereigns maturing in 2028 posted weekly price decreases of 0.06 pt. In the Jordanian credit space, sovereigns maturing in 2027 and 2030 registered price decreases of 0.27 pt each week-on-week.

In the Egyptian credit space, US dollar-denominated sovereigns maturing in 2027, 2032 and 2040 posted price falls of 0.23 pt, 0.17 pt and 0.22 pt respectively, while sovereigns maturing in 2030 recorded price gains of 0.29 pt this week. Euro-denominated sovereigns maturing in 2031 traded down by 0.46 pt.

All in all, regional bond markets remained mostly under downward price pressures this week, with traders lowering the chance to less than 60% that the US Federal Reserve would cut interest rates in its December FOMC meeting.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

| in basis points | 22-Nov-24 | 15-Nov-24 | 31-Dec-23 | Week-on-week | Year-to-date |
|------------------|-----------|-----------|-----------|--------------|--------------|
| Abu Dhabi | 40 | 44 | 41 | -4 | -1 |
| Dubai | 61 | 61 | 63 | 0 | -2 |
| Kuwait | 65 | 61 | 46 | 4 | 19 |
| Qatar | 40 | 42 | 46 | -2 | -6 |
| Saudi Arabia | 62 | 64 | 54 | -2 | 8 |
| Bahrain | 191 | 189 | 204 | 2 | -13 |
| Morocco | 91 | 93 | 111 | -2 | -20 |
| Egypt | 591 | 613 | 1,152 | -22 | -561 |
| Iraq | 338 | 357 | 450 | -19 | -112 |
| Middle East | 164 | 169 | 241 | -5 | -77 |
| Emerging Markets | 46 | 62 | 42 | -16 | 4 |
| Global | 282 | 285 | 379 | -3 | -97 |

Sources: Bloomberg, Bank Audi's Group Research Department

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SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS

| | Standard & Poor's | Moody's | Fitch |
|----------------------|-------------------|---------------|-----------------|
| LEVANT | | | |
| Lebanon | SD/-/SD | C/Stable | RD/-/C |
| Syria | NR | NR | NR |
| Jordan | BB-/Stable/B | Ba3/Stable | BB-/Stable/B |
| Egypt | B-/Negative/B | Caa1/Positive | B/Stable/B |
| Iraq | B-/Stable/B | Caa1/Stable | B-/Stable/B |
| GULF | | | |
| Saudi Arabia | A/Positive/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/Positive/F1+ |
| Kuwait | A+/Stable/A-1+ | A1/Stable | AA-/Stable/F1+ |
| Bahrain | B+/Stable/B | B2/Stable | B+/Stable/B |
| Oman | BBB-/Stable/B | Ba1/Positive | BB+/Stable/B |
| Yemen | NR | NR | NR |
| NORTH AFRICA | | | |
| Algeria | NR | NR | NR |
| Morocco | BB+/Positive/A-3 | Ba1/Stable | BB+/Stable/B |
| Tunisia | NR | Caa2/Stable | CCC+/C |
| Libya | NR | NR | NR |
| Sudan | NR | NR | NR |

NR= Not Rated

RWN= Rating Watch Negative

RUR= Ratings Under Review

* Emirate of Abu Dhabi Ratings

FX RATES (per US\$)

| | 22-Nov-24 | 15-Nov-24 | 31-Dec-23 | Weekly change | Year-to-date |
|-----------------------|-----------|-----------|-----------|---------------|--------------|
| LEVANT | | | | | |
| Lebanese Pound (LBP) | 89,500.00 | 89,500.00 | 15,000.00 | 0.0% | 496.7% |
| Jordanian Dinar (JOD) | 0.71 | 0.71 | 0.71 | 0.0% | 0.0% |
| Egyptian Pound (EGP) | 49.67 | 49.36 | 30.89 | 0.6% | 60.8% |
| 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 | 3.58 | 3.64 | 1.6% | 0.0% |
| Kuwaiti Dinar (KWD) | 0.31 | 0.31 | 0.31 | 0.0% | -0.6% |
| Bahraini Dinar (BHD) | 0.38 | 0.38 | 0.38 | 0.0% | 0.0% |
| Omani Riyal (OMR) | 0.38 | 0.38 | 0.38 | 0.0% | 0.1% |
| Yemeni Riyal (YER) | 249.99 | 249.88 | 250.27 | 0.0% | -0.1% |
| NORTH AFRICA | | | | | |
| Algerian Dinar (DZD) | 133.87 | 133.39 | 134.17 | 0.4% | -0.2% |
| Moroccan Dirham (MAD) | 10.07 | 10.01 | 9.88 | 0.6% | 2.0% |
| Tunisian Dinar (TND) | 3.17 | 3.16 | 3.07 | 0.5% | 3.3% |
| Libyan Dinar (LYD) | 4.88 | 4.88 | 4.77 | 0.0% | 2.2% |
| 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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