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The MENA WEEKLY MONITOR

Economy

p.2 S&P THINKS MOST GCC GOVERNMENTS POSSESS SUFFICIENT LIQUID ASSETS AND FX RESERVES TO SUPPORT BANKS UNDER HYPOTHETICAL STRESS SCENARIOS

In a recent report on the region, S&P argues that most GCC governments possess sufficient liquid assets and foreign exchange reserves to support banks under its hypothetical stress scenarios, but such support could weigh on some sovereigns' fiscal and external profiles.

Also in this issue

Surveys

p.5 MENA POWER SECTOR NEEDS US$ 209 BILLION IN INVESTMENT SPENDING OVER NEXT 5 YEARS, AS PER APICORP

The MENA region will need to invest US$ 209 billion in the power sector over the next five years according to a report from the Arab Petroleum Investments Corporation (APICORP).

Also in this issue

Corporate News

p.7 SAUDI ARAMCO AWARDS US$ 18 BILLION DEALS TO BOOST PRODUCTION CAPACITY

Saudi Aramco has awarded 34 contracts worth a total of US$ 18 billion for the engineering, procurement and construction (EPC) of the Marjan and Berri increment programs.

Also in this issue

Markets In Brief

p.9 REGIONAL EQUITIES UP, BOND PRICES DOWN WEEK-ON-WEEK

MENA equity markets posted weekly price gains this week, as reflected by a 1.4% increase in the S&P Pan Arab Composite Index. The heavyweight Saudi Tadawul, the Qatar Exchange, the UAE equity markets and Boursa Kuwait posted price rises, mainly supported by some favorable financial results, extended stock split operations, MSCI upgrade to emerging market status and oil price gains, while the Egyptian Exchange pursued its downward trajectory on some profit-taking operations. In parallel, regional bond markets saw mostly downward price movements, mainly tracking US Treasuries move after higher-than-forecast US inflation and strong US jobs report in June 2019, which reduced bets of an aggressive rate cut by the US Federal Reserve at end-July.

MENA MARKETS: WEEK OF JULY 07 - JULY 13, 2019

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+1.4%	Weekly Z-spread based bond index	-0.2%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↓
YTD stock price performance	+11.2%	YTD Z-spread based bond index	+9.0%

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ECONOMY

S&P THINKS MOST GCC GOVERNMENTS POSSESS SUFFICIENT LIQUID ASSETS AND FX RESERVES TO SUPPORT BANKS UNDER HYPOTHETICAL STRESS SCENARIOS

Tensions between the US and Iran have increased, but S&P has not changed any bank or sovereign ratings or outlooks in the GCC. This is because, in its base case, S&P does not expect direct military conflict between the two countries or their regional allies. Furthermore, it expects the Strait of Hormuz to remain open to the global oil trade. If the strait were blocked (even for a few days), or if there is a significant escalation in tensions between allies of either the US or Iran that could affect Gulf countries, the potential related loss of investor confidence could weigh on ratings of GCC banks and sovereigns.

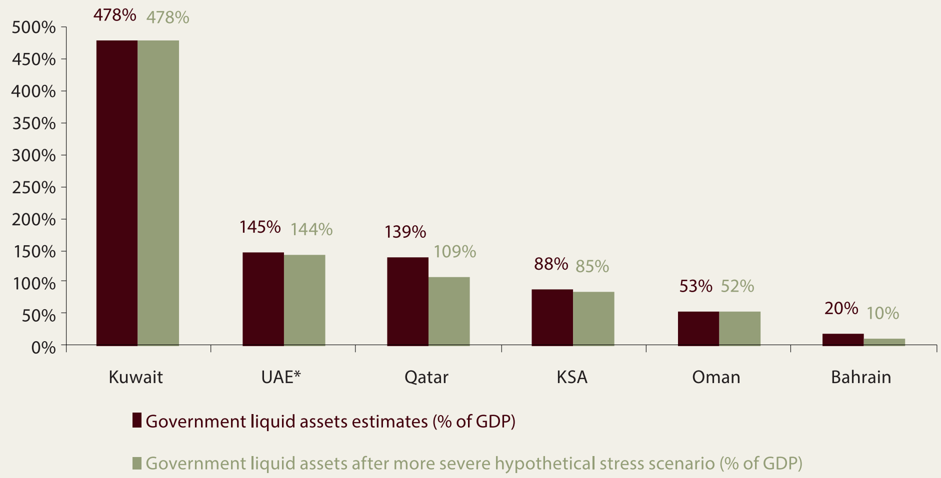
Against this backdrop, investors are asking S&P about the potential implications for banks and sovereigns in the GCC. S&P responds to such questions and presents some bank-funding-related hypothetical stress test scenarios. S&P excludes potential second-round effects on banks' asset quality or capitalization, but thinks these could be significant if tensions were to increase materially.

For most banking systems in the GCC, strong customer bases support their system-wide funding profiles. S&P estimates that expat deposits account for about 30% of total domestic deposits in Qatar and the UAE, higher than its estimate for other GCC countries (10%), due to the larger percentage of expatriates in the Qatari and UAE populations. These estimates impact S&P’s stress scenarios hereafter. The other key feature of the GCC banking system is that, except for Qatar and to a lesser extent Bahrain, total external debt is relatively limited. Indeed, three out of the six countries are in net external asset positions.

Geopolitical risk has been part of daily life for GCC citizens and corporates for several decades. However, over the past three years, and particularly in recent months, geopolitical risk has risen, in S&P’s opinion. The rating agency conducted two hypothetical stress scenarios based on a relatively simple set of assumptions to try to assess the potential effect of a confidence shock on GCC banking systems. S&P assumed in these hypothetical scenarios that a relatively high proportion of expat deposits would leave the system, outlining a peculiarity of GCC banks versus non-regional peers.

Under the first hypothetical scenario (modest stress scenario), S&P would expect that most GCC countries would display strong resilience and would be able to finance outflows using their own internal sources or by liquidating their own external assets. S&P estimates Qatari and Saudi banks would require 9% of GDP and 0.5% of GDP of funding support from their governments respectively. Qatar's position is explained

GCC GOVERNMENT SUPPORT OF BANKS TO GDP



* includes S&P estimates of Abu Dhabi government's liquid assets

Sources: S&P, Bank Audi's Group Research Department by the substantial net external liabilities of its banks. In Saudi Arabia's case, the estimated funding support is due to its large local deposit base, on which S&P estimates of expatriate deposit withdrawals are applied. The UAE displays a comfortable surplus underpinned by the conservative management of external debt.

Under the second hypothetical scenario (more severe stress scenario), which S&P views as highly unlikely to occur, all systems aside from Kuwait would have a funding gap and would require government or Central Bank support. Qatar would require almost 30% of GDP, Bahrain 10% of GDP and Saudi Arabia almost 3% of GDP, while the other countries' funding gaps would be smaller.

S&P assesses four of the six GCC governments as highly supportive of their banking systems. The ability to provide this support is underpinned by the substantial liquid assets available to GCC governments, aside from Bahrain and Oman, and their very strong track record of support in case of need. The most recent demonstration of this support was seen at the start of the Qatar boycott in 2017. Outflows were more than offset by an injection by the government, related entities, and the Qatar Central Bank. Foreign deposits have since returned to pre-boycott levels.

S&P also considers that foreign exchange reserves could be used to support banks and offset the withdrawal of external liabilities, as was the case in Qatar during the 2017 boycott. S&P estimates that authorities possess sufficient resources to support their banks under its hypothetical stress scenarios. However, deploying these assets would be a drain on government assets and could weigh on S&P’s sovereign fiscal and external assessments, putting downward pressure on the ratings. Governments could also move to shore up confidence in banks by deploying funds in addition to any potential shortfall, further pressuring liquid assets.

DUBAI AND ABU DHABI OUTLOOKS IMPROVE SUBSTANTIALLY, SAYS AT KEARNEY

According to a report by AT Kearney, Dubai and Abu Dhabi's outlook in terms of personal well-being, long-term investment, GDP growth, innovation, transparency and ease of doing business has improved substantially over the last one year, thanks to the host of reforms and measures taken at the federal and emirate level.

AT Kearney's Global Cities Index 2019 has raised the outlook of Dubai by ten positions to 32nd while Abu Dhabi's ranking leapt even higher by 30 positions to 20th, one of the best improvements in outlook ratings among 130 global cities.

Dubai's outlook is better than the capitals and developed cities of Asia, Europe and the US including Seattle, Atlanta, Beijing, Los Angeles, Seoul, Rome and Hong Kong, among others. The UAE capital, meanwhile, is rated by AT Kearney even higher, beating the likes of New York, Washington DC, Frankfurt, Houston, Montreal, Brussels and Taipei, among others.

AT Kearney attributes the improvement in rating to the initiatives announced by the two emirates such as reduction in public services fee, 100% foreign ownership, long-term visas, free tourist visas for tourists under the age of 18, introduction of e-services by the public sector and a stimulus package to create jobs, among others, over the past year, which improved their attractiveness, quality of life and governance and ease of doing business.

The two emirates boast the best outlook among the Arab world, as per the report. Regionally, Muscat also saw massive jump in its outlook as it rose 41 positions to 58th in the AT Kearney report. Jeddah and Riyadh improved three and six positions to 84th and 85th, respectively. Doha slipped four positions to 66th while Kuwait City fell nine positions to 67th.

Last but not least, the report added that Middle Eastern cities are gaining ground as openness in the region is propelling cities towards greater prominence on the global stage.

UAE RATINGS REFLECT CONTINUED STRENGTH OF COUNTRY'S EXTERNAL POSITION, SAYS CAPITAL INTELLIGENCE

Capital Intelligence (CI) announced that it has affirmed the Long-Term Foreign Currency Rating (LT FCR) and Long-Term Local Currency Rating (LT LCR) of the United Arab Emirates (UAE) at "AA-". The sovereign's Short-Term Foreign Currency Rating (ST FCR) and Short-Term Local Currency Rating (ST LCR) have also been affirmed at "A1+". The outlook for the ratings remains "stable".

The ratings reflect the continued strength of the country's external position which is characterized by the availability of substantial financial assets. The ratings are also supported by sound public finances, the stable domestic political situation, and a high GDP per capita. In addition, the ratings reflect CI's expectation that the oil rich emirate of Abu Dhabi would be willing to support federal institutions in the unlikely event of financial distress.

The UAE's external accounts are deemed strong as per Capital Intelligence. The current account posted a healthy surplus of about 6.6% of GDP in 2018 (6.8% in 2017) and is projected to remain in surplus – averaging 5.1% of GDP in 2019-21. Official foreign exchange reserves grew to US$ 99.5 billion in December 2018 (December 2017: US$ 95.4 billion), and provide sufficient coverage of short-term external debt on a remaining maturity basis.

Although there is limited disclosure on the assets of sovereign wealth funds, it is estimated that the Abu Dhabi Investment Authority (ADIA), the largest of the UAE's wealth funds, has around US$ 825 billion under management. This is three times the size of the country's total external debt (as estimated by the IMF), and was equivalent to around 194% of GDP in 2018. While the net creditor position of the country cannot be taken as a solvency risk indicator of individual emirates, CI expects that Abu Dhabi, being the wealthiest emirate, would provide financial assistance to the federal government and/or the central bank if required.

The pace of growth in real output remained robust in 2018, supported by a gradual recovery in hydrocarbon activities, as well as the revival of banking credit and government and foreign investment. As a result, the economy grew by 1.7% compared to 0.8% in 2017. Real output growth is expected to expand by an average of 3.1% in 2019-21, supported by government infrastructure spending ahead of Dubai's 2020 World Expo. However, the outlook remains subject to ongoing risks arising from geopolitical uncertainties, including growing tension in the Persian Gulf. Inflation rose to 3.1% in 2018 following the introduction of a 5% VAT rate, but is on course to decline to an average of 2.1% in 2019-21.

The public finances remained sound since the introduction of VAT (which has helped to improve the budget structure), partially offsetting the government's decision to increase its capital spending in order to boost growth. According to Capital Intelligence, the consolidated budget deficit (which is dominated by Abu Dhabi and Dubai) stood at 1.7% of GDP (2017: 1.6%).

ABU DHABI EXPORTS THROUGH PORTS INCREASE BY 14.8% ANNUALLY IN Q1 2019

The value of exports through Abu Dhabi ports increased by 14.8% from AED 24.0 billion (US$ 6.5 billion) in the first quarter of 2018 to AED 27.6 billion (US$ 7.5 billion) in the same period of 2019.

The value of exports of business sector rose by 11.7%, the government sector by 1,887.1%, and the individual sector by 67.8% compared with the same period of 2018, as per Statistic Centre – Abu Dhabi (SCAD).

Value of exports decreased by 3.9% during Q1 2019 compared with Q4 2018. This was as a result of decreases in the value of the business sector and government sector by 4.3% and 11.7% respectively, while the value of the individual sector increased by 18.4% over the same period.

The value of imports decreased by 7.7% from AED 26.2 billion in Q1 2018 to AED 24.2 billion in Q1 2019. The business sector decreased by 16.8% and the individual sector by 33.7%, while the value of the government sector increased by 156.3% during the same period.

SURVEYS

MENA POWER SECTOR NEEDS US$ 209 BILLION IN INVESTMENT SPENDING OVER NEXT 5 YEARS, AS PER APICORP

The MENA region will need to invest US$ 209 billion in the power sector over the next five years according to a report from the Arab Petroleum Investments Corporation (APICORP).

Between 2019 and 2023, investment in the MENA energy sector could reach US$ 1 trillion, with the power sector accounting for the largest share at 36 percent, spurred by growing electricity demand and greater momentum for renewable energy, as per APICORP's MENA Power Investment Outlook 2019-2023.

The power sector continues to evolve throughout the MENA region, driven by the need for countries to meet demand growth, diversify their economies and create efficiencies.

APICORP also estimates that MENA power capacity will need to expand by an average of 4% each year between 2019 and 2023, which corresponds to 88GW by 2023, to meet rising consumption and pent-up demand. Highly leveraged power projects in the region continue to be largely financed based on non-recourse or limited recourse structure, with debt-equity ratios in the 60:40 to 80:20 range, even 85:15 for lower risk profile projects backed by strong government payment guarantee.

APICORP predicts that close to US$ 350 billion could be invested in MENA's power sector in the next five years, with renewable energy accounting for 34% of power investment, or 12% of total energy investment.

It is worth noting that renewable energy developments in the Arab world have gained tremendous momentum in recent years, driven primarily by governments that recognize the urgency of tackling rising demand for energy coupled with the declining costs of solar PV.

From a business model perspective, Jordan and Morocco have so far led the region with their renewable initiatives. Morocco's target for renewable energy as a share of total generation is ambitious, standing at 42 percent by 2020, as per the same source.

However, across the region, the policy signals, change in business models and investment/credit support required in grids and storage to accompany the introduction of renewables are yet to be seen.

Furthermore, the MENA region will need to install 88GW of generation capacity over the period 2019-23. This is expected to translate into $142 billion for generation, and approximately 68 billion for transmission & distribution (T&D).

Moreover, the private sector is critical for risk management due to its track record in performance, technology and cost efficiency that it provides for financing.

Greater participation and financing from the private sector is imperative to the energy sectors growth; as more evenly shared responsibility in financing will ensure a reliable supply of competitively priced power. The energy sector represents significant opportunities for private sector financing in the long term, according to APICORP.

DUBAI'S APARTMENT, VILLA SALES PRICES DOWN IN SECOND QUARTER OF 2019, AS PER CHESTERTONS

Dubai's tenants and end-users are continuing to benefit from reduced apartment and villa sales prices, as well as a softening rental market, a trend expected to continue for the remainder of the year, according to international real estate services firm, Chestertons. In the sales market, prices for both apartments and villas witnessed a decrease of 4% in Q2. From a villa perspective, Palm Jumeirah remained the most resilient, softening by 1% to AED 1,967 per square foot, stated Chestertons in its Observer: Dubai Market Q2 2019 report.

In contrast, The Lakes witnessed the highest price decline at 6% to AED 1,038 per square foot while declines in The Meadows/Springs dropped 5% to AED 854 per square foot followed by Jumeirah Park softening by 4% to AED 827 and 3% in Arabian Ranches to AED 833 per square foot.

This could be attributed to the fact that many older villa communities are showing signs of fatigue and are in need of refurbishment. This is resulting in a higher level of demand for newer properties, stated the report.

According to Chestertons, these declines are a result of continued oversupply to the Emirate's residential real estate market, where an anticipated 47,502 apartments, villas and townhouses are set to be completed this year, almost double of that delivered in 2018.

In the apartment sales market, The Greens, Dubailand and Dubai Motor City showed relative levels of resilience, only witnessing a 2% decrease from the previous quarter to AED 907 per square foot in The Greens and AED 706 per square foot in Dubailand and AED 700 per square foot in Dubai Motor City, stated the property expert.

The Views and Downtown Dubai witnessed the highest declines of 9% and 7% resulting in prices of AED 1,090 per square foot and AED 1,401 per square foot respectively, which is likely a result of oversupply. At the value end of the scale, International City witnessed no movement and prices remained at AED 481 per square foot, it added.

In the rental market, there was a more marked weakening compared to Q1, with average apartment rates declining by 5% and villas by 8% quarter-on-quarter. As a result, many tenants have seen an increase in potential property options.

In the villa rental market, Jumeirah Islands, The Meadows and Arabian Ranches, all witnessed declines of 11%, on average, with prices for a typical four-bedroom now AED 210,000, AED 180,000 and AED 160,000. Palm Jumeirah was the most resilient location in the villa rental market, denoting a 2% decline which was closely followed by The Springs which fell by 3%.

The value of transactions completed in Q2 rose by 31% from AED 5.6 billion in Q1 2019 to AED 7.4 billion in Q2, with Downtown Dubai the most popular location in terms of transaction value at AED 1.1 billion.

KUWAIT'S RETAIL SECTOR POISED FOR SOLID GROWTH, AS PER CBRE

Kuwait's retail sector is witnessing major development activity with 167,000 square meters of gross leasable area (GLA) set to be handed over between 2020 and 2021, according to global real estate advisory firm CBRE.

The country's retail demand remains split between popular community centers that have a focus on F&B (food and beverages) concepts as well as larger scale regional shopping centers, with the latter continuing to demonstrate very high occupancy rates and stable leasing rates, stated CBRE in its report.

CBRE research indicates that in the second quarter, there is 702,000 square meters of shopping mall GLA in the Kuwait real estate market which is categorized as being either regional or super-regional in scale. This is across a total of eight existing properties, with an additional three pipeline development projects that are currently under construction and planned for completion by 2021, added the report.

While supply and demand dynamics look positive for Kuwait's retail sector in general, this should be tempered with a degree of caution by developers when taking into consideration wider macro-economic conditions. According to CBRE, the retail GLA per capita in Kuwait is currently 0.22 square meters which ranks the country third in the GCC.

In addition, average mall occupancy levels are seen to be strong at 93% across existing stock which indicates an opportunity for customer, as well as retailer-led, demand growth over the short to medium term, it stated.

CORPORATE NEWS

SAUDI ARAMCO AWARDS US$ 18 BILLION DEALS TO BOOST PRODUCTION CAPACITY

Saudi Aramco has awarded 34 contracts worth a total of US$ 18 billion for the engineering, procurement and construction (EPC) of the Marjan and Berri increment programs.

The company plans to boost the Marjan and Berri fields' production capacity by 550,000 barrels per day of crude oil and 2.5 billion standard cubic feet a day (BSCFD) of gas, said a statement from Saudi Aramco. More than 90 companies and institutions were invited to bid on the packages, and 16 Saudi and international companies were chosen in the fields of engineering, supply and construction.

According to Saudi Aramco, contractors working on these projects are required to maximize the procurement of material and equipment from local suppliers and manufacturers to help achieve the group's In-Kingdom Total Value Add Program (IKTVA) goals, which aim to increase the company's locally-sourced goods and services to 70% by 2021.

The Marjan increment program is an integrated development project for oil, associated gas, non-associated gas and cap gas from the Marjan offshore field. It includes a new offshore gas oil separation plant, and 24 offshore oil, gas and water injection platforms. The offshore oilfield development project aims to increase the Marjan Field production by 300 million bpd and process 2.5 BSCFD of gas, and produce an additional 360 million bpd of C2+NGL.

The company also plans to expand its Tanajib onshore oil facilities and construct a new gas plant, to include gas treatment and processing, NGL recovery and fractionation, and gas compression facilities. A cogeneration facility will be developed, in addition to a water desalination facility and new transfer pipelines.

Through the Berri increment program, the company plans to add 250,000 barrels of Arabian Light Crude per day from the offshore oilfield. The planned facilities will, upon completion, include a new gas oil separation plant in Abu Ali Island to process 500,000 barrels of Arabian Light Crude Oil per day, and additional gas processing facilities at the Khursaniyah gas plant to process 40,000 barrels of associated hydrocarbon condensate. The program includes a new water injection facility, two drilling islands, 11 oil and water offshore platforms and 9 onshore oil production and water supply drill sites.

SIEMENS WINS US$ 319 MILLION IRAQ POWER PLANT SUPPLY ORDER

Global technology powerhouse Siemens clinched an order worth more than € 284 million (US$ 319 million) to supply gas and steam turbines and generators as well as long-term power generation services for a 840-megawatt (MW) power plant located in the Maisan Governorate in the southern region of Iraq.

The contract was awarded jointly by Citic Construction Company, the engineering, procurement and construction firm building the plant and Iraqi developer Maisan Power Company (MPC), a part of Raban Al-Safina for Energy Projects (Rasep), which is owned by Raban Al Safina Group.

The independent Maisan Combined Cycle Power Plant is expected to deliver first power by March 2021 and enter full combined cycle mode by early 2022.

The Siemens scope of supply includes two STG5-4000F gas turbines, one SST5-4000 I-L steam turbine, three SGEN5-2000H generators, along with automation and control systems, transformers and related electrical equipment, the fuel gas system, and supervision during the implementation period by the Siemens team.

For the project, Siemens will also utilize its Power Diagnostics Services (PDS), part of the Omni vise Digital Services portfolio.

FIRST BAHRAIN SIGNS UP ALGHANAH FOR NEW RETAIL PROJECT

First Bahrain Real Estate Development Company appointed Alghanah Group for the construction of its upcoming retail project in Seef area of the Kingdom.

The new development is the first phase of a project which will feature over 79,000 square feet of premium retail space, built on 114,000 square feet of land just across the street from the City Centre Mall, said the statement from First Bahrain.

Designed to serve the surrounding residential area, the site will feature a mix of cafes, restaurants, entertainment and retail shops.

Located along Road 2819, in between a group of new residential towers, the project will provide up to 38 units ranging in size from 300 to 2,300 square feet of leasable area. These offerings will include food & beverage, entertainment and services.

ACWA POWER AND MUBADALA INK UAQ DESALINATION PLANT AGREEMENT

Saudi-based Acwa Power said its consortium with MDC Power Holding Company, an entity fully owned by Mubadala Investment Company, entered into a water purchase agreement with Federal Electricity & Water Authority (FEWA) for a 150-million-gallons-per-day desalination plant to be located in the northern emirate of Umm Al Quwain (UAQ).

Under the terms of the agreement, FEWA will hold a 20% of the stake, while Acwa Power and Mubadala will each own 40% of the plant, which will utilize seawater reverse osmosis technology.

The government of Umm Al Quwain will join as a partner in the project and will own a stake at a later date, said a statement from Acwa Power.

Construction is expected to commence in the second half of 2019, with initial water production scheduled in 2021, said the statement.

The project is part of the UAE's effort to optimize water production and meet the increasing demand for water in the country, as per the source.

DUBAI AIRPORT INSTALLS SOLAR ENERGY SYSTEM

Dubai Airports (DXB) and Etihad Energy Services Company (Etihad Esco), announced the installation of a solar energy system comprising 15,000 photovoltaic panels at Dubai International's Terminal 2.

Etihad Esco is an energy service company and a wholly-owned subsidiary of Dubai Electricity and Water Authority (DEWA).

With a capacity of 5 MWp, the solar project will generate 7,483,500 kWh of energy annually for Dubai Airports.

The project will reduce existing Terminal 2 load by 29%, while also slashing annual CO_2 emissions by 3,243 metric tons, said a statement from DEWA.

The project is part of Shams Dubai, DEWA's first smart initiative that aims to promote the use of clean renewable energy sources. The program encourages the installation of solar panels on rooftops to generate electricity from solar power and connecting it to DEWA's grid to transfer surplus generation, it stated.

As per the deal, Etihad Esco will provide maintenance services for Dubai Airports for a period of seven years from completion.

CAPITAL MARKETS

MENA EQUITIES UP WEEK-ON-WEEK ON FAVORABLE MARKET-SPECIFIC AND COMPANY-SPECIFIC FACTORS

MENA equity markets posted weekly price gains this week, as reflected by a 1.4% increase in the S&P Pan Arab Composite Index. The heavyweight Saudi Tadawul, the Qatar Exchange, the UAE equity markets and Boursa Kuwait posted price rises, mainly supported by some favorable financial results, extended stock split operations, MSCI upgrade to emerging market status and oil price gains, while the Egyptian Exchange pursued its downward trajectory on some profit-taking operations.

The heavyweight Saudi Tadawul registered a 1.4% increase in prices week-on-week, mainly driven by oil price gains, some favorable company-specific factors, bets on strong 2019 second quarter results, and increased appetite for Saudi stocks before they go ex-dividend. Crude oil prices rose by 3.9% week-on-week after industry data showed more-than-expected fall in US inventories during the week ending 5th of July 2019 and as major US producers evacuated rigs in the Gulf of Mexico before a storm. On the other hand, EFG Hermes forecast a 7.6% yearly growth in 2019 second quarter net profits for the Saudi financial sector.

Within this context, Riyad Bank's share price surged by 5.4% over the week to reach SR 28.45. Banque Saudi Fransi's share price closed 0.7% higher at SR 42.20. The ex-dividend day for both stocks was set on July 14, 2019. Saudi Enaya Cooperative Insurance's share price went up by 1.5% to SR 11.92. Saudi Enaya Cooperative Insurance Company signed a health insurance agreement with Soliman Fakeeh Hospital. The gross value of the deal would exceed 5% of Enaya's gross revenue for the year ended 31st of December 2018. United Electronics Company (known as Extra) posted a 6.5% jump in its share price to reach SR 73.80. Extra registered a 59% year-on-year increase in its 2019 second quarter net profits to reach SR 73 million. Amongst petrochemicals, Advanced Petrochemical Company's share price increased by 1.4% to SR 59.70. Petro Rabigh's share price edged up by 0.5% to SR 20.50.

The Qatar Exchange saw a 0.3% rise in prices week-on-week, mainly helped by some favorable company-specific factors and extended stock split operations in the "transportation sector". Nakilat's share price reached QR 2.31 this week against QR 22.65 at the end of last week. Nakilat reported 2019 first half net profits of QR 476 million as compared to net profits of QR 445 million a year earlier, up by 6.9% year-on-year. Milaha's share price closed the week at QR 6.51 versus QR 64.3 at the end of last week. Also, Ooredoo's share price surged by 3.1% to reach QR 7.02 on bets of higher earnings during

EQUITY MARKETS INDICATORS (JULY 07 TILL JULY 13, 2019)

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	73.9	-1.2%	-11.9%	1.2	-25.0%	0.2	8,029.0	0.8%	6.2	0.59
Jordan	370.0	-0.2%	-3.0%	31.7	-26.0%	24.4	21,841.4	7.6%	11.9	1.37
Egypt	324.8	-1.2%	17.9%	174.1	31.8%	912.5	46,101.5	19.6%	11.0	2.33
Saudi Arabia	392.6	1.4%	15.9%	3,788.2	19.5%	593.6	562,833.1	35.0%	17.2	2.49
Qatar	187.0	0.3%	-0.9%	241.5	0.8%	303.2	159,573.6	7.9%	15.5	2.08
UAE	115.1	1.5%	1.8%	424.4	0.0%	563.9	246,413.1	9.0%	11.4	1.81
Oman	189.3	-0.2%	-11.2%	17.8	-30.8%	59.3	16,633.7	5.6%	8.9	0.92
Bahrain	153.3	3.0%	28.0%	19.8	-22.5%	26.0	23,631.0	4.4%	11.2	1.68
Kuwait	116.0	3.4%	22.5%	915.5	50.6%	1,027.2	103,230.4	46.1%	17.4	2.08
Morocco	270.6	1.0%	0.4%	54.9	10.6%	3.1	60,555.1	4.7%	19.0	2.76
Tunisia	70.8	0.5%	0.7%	5.4	14.1%	2.2	8,170.7	3.5%	13.5	2.40
Arabian Markets	**810.6**	**1.4%**	**11.2%**	**5,674.5**	**20.1%**	**3,515.7**	**1,257,012.3**	**23.5%**	**15.3**	**2.21**

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

Sources: S&P, Bloomberg, Bank Audi's Group Research Department the second quarter of 2019 after a "clean-up" of the company's operations in Indonesia.

The UAE equity markets posted a 1.5% increase in prices week-on-week, mainly supported by some favorable company-specific factors. In Abu Dhabi, Aldar Properties' share price surged by 5.7% to AED 2.05. The Abu Dhabi government awarded Aldar Properties AED 5 billion worth of development projects. In Dubai, Emaar Properties' share price jumped by 6.0% to AED 4.75. Emaar Development's share price surged by 4.8% to AED 4.11. The Egyptian subsidiary of Emaar Properties, Emaar Misr Development, agreed with El Nasr Housing and Development to settle a dispute on Uptown Cairo land.

Boursa Kuwait extended its upward trajectory over this week, posting a 3.4% surge in prices, mainly supported by some favorable financial results and MSCI's recent decision to reclassify Kuwait to emerging market status starting May 2020. National Bank of Kuwait's share price went up by 3.0% to KWf 1,017. National Bank of Kuwait posted a 9.9% year-on-year rise in its 2019 second quarter net profits to reach KWD 101 million. Boubyan Bank's share price increased by 2.1% to reach KWf 597. The bank posted 2019 second quarter net profits of KWD 14 million versus net profits of KWD 13 million a year earlier. Zain's share price climbed by 6.4% to KWf 583.

In contrast, the Egyptian Exchange posted a 1.2% fall in prices week-on-week, mainly on reduced sentiment following dwindling FDI and doubling current account deficit during the first quarter of 2019, and driven by some unfavorable financial results. Ezz Steel's share price plunged by 14.6% to LE 10.03. Ezz Steel announced a widening 2019 first quarter standalone net loss after tax of LE 369 million as compared to a net loss of LE 187 million during the corresponding period of 2018. Eastern Tobacco's share price retreated by 0.4% to LE 15.29. Telecom Egypt's share price dropped by 1.9% to LE 14.26. Juhayna Food Industries' share price shed 3.1% to LE 9.87. Palm Hills Development's share price fell by 3.7% to LE 2.32.

FIXED INCOME MARKETS: MENA BOND PRICES MOSTLY DOWN, TRACKING US TREASURIES MOVE

MENA fixed income markets saw mostly downward price movements this week, mainly tracking US Treasuries move after higher-than-forecast US inflation and strong US jobs report in June 2019, which reduced bets of an aggressive interest rate cut by the US Federal Reserve at end-July.

In the Qatari credit space, sovereigns maturing between 2020 and 2049 saw price contractions ranging between 0.13 pt and 2.38 pts week-on-week. Amongst financials, Commercial Bank of Qatar'23 closed down by 0.13 pt. Prices of QNB'21 decreased by 0.11 pt. In contrast, QIB'24 traded up by 0.27 pt. Prices of QIIB'24 improved by 0.31 pt. Ahli Bank Qatar'22 was up by 0.07 pt.

In the Saudi credit space, US dollar-denominated sovereigns maturing between 2021 and 2050 registered price retreats ranging between 0.06 pt and 1.50 pt this week. Euro-denominated sovereigns maturing in 2039 closed down by 0.19 pt. Aramco papers maturing between 2022 and 2049 saw price falls of up to 0.48 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2021, 2022, 2026, 2027 and 2047 registered price drops of 0.13 pt to 0.88 pt week-on-week. Prices of ADNOC'29 and '47 decreased by 0.21 pt and 0.52 pt respectively. Etisalat'24 was up by 0.12 pt, while Etisalat'26 closed down by 0.08 pt. Mubadala'26, '29 and '41 posted price gains of up to 0.39 pt. Prices of Taqa papers maturing in 2024 and 2026 rose by 0.15 pt and 0.03 pt respectively, while Taqa'30 traded down by 0.08 pt.

Amongst financials, prices of ADIB Perpetual (offering a coupon of 7.125%) contracted by 0.06 pt week-on-week. Al Hilal Bank'23 was down by 0.03 pt. In contrast, prices of First Abu Dhabi Bank'24 improved by 0.19 pt. CI Ratings affirmed the Long-Term Foreign Currency Rating (LT FCR) and Short-Term Foreign Currency Rating (ST FCR) of First Abu Dhabi Bank at "AA-" and "A1+" respectively. CI Ratings also assigned a Bank Standalone Rating (BSR) of "a-". The outlook for the LT FCR and BSR is "stable". The bank's LT FCR is set three notches above the BSR to reflect the very high likelihood of extraordinary support from the government in case of need.

In Dubai, sovereigns maturing in 2023, 2029 and 2043 were down by 0.11 pt, 0.42 pt and 0.84 pt respectively this week. Emirates Airline'28 closed down by 0.19 pt. Prices of DP World'23 declined by 0.30 pt. DP World mandated Citigroup, Dubai Islamic Bank and Standard Chartered to arrange fixed income investor meetings in Hong Kong, Singapore and London for the sale of a 10-year benchmark Reg S US dollar Sukuk, subject to market conditions. As to papers issued by financial institutions, DIB'23 closed up by 0.11 pt. Prices of Emirates NBD'21 and '22 increased by 0.02 pt and 0.07 pt respectively, while those of Emirates NBD Perpetual (offering a coupon of 6.125%) were down by 0.06 pt.

As to credit ratings, Capital Intelligence affirmed the Long-Term Foreign Currency Rating (LT FCR) and Long-Term Local Currency Rating (LT LCR) of the UAE at "AA-". The sovereign's Short-Term Foreign Currency Rating (ST FCR) and Short-Term Local Currency Rating (ST LCR) have also been affirmed at "A1+". The outlook for the ratings remains "stable". The ratings reflect, according to CI, the continued strength of the country's external position, the sound public finances, the stable domestic political situation, and a high GDP per capita.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	12-Jul-19	05-Jul-19	31-Dec-18	Week-on-week	Year-to-date
Abu Dhabi	57	60	67	-3	-10
Dubai	132	130	129	2	3
Kuwait	57	57	66	0	-9
Qatar	56	58	82	-2	-26
Saudi Arabia	75	79	105	-4	-30
Bahrain	241	246	293	-5	-52
Morocco	103	107	111	-4	-8
Egypt	302	309	391	-7	-89
Lebanon	926	861	770	65	156
Iraq	312	316	519	-4	-207
Middle East	**227**	**223**	**254**	**4**	**-27**
Emerging Markets	**124**	**121**	**188**	**3**	**-64**
Global	**180**	**182**	**189**	**-2**	**-9**

Sources: Bloomberg, Bank Audi's Group Research Department

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

Sources: Bloomberg, JP Morgan, Bank Audi's Group Research Department

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	B-/Negative/B	Caa1/Stable	B-/Negative/B
Syria	NR	NR	NR
Jordan	B+/Stable/B	B1/Stable	BB-/Stable/B
Egypt	B/Stable/B	B2/Stable	B+/Stable/B
Iraq	B-/Stable/B	Caa1/Stable	B-/Stable/B
GULF			
Saudi Arabia	A-/Stable/A-2	A1/Stable	A+/Stable/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA/Stable/F1+*
Qatar	AA-/Stable/A-1+	Aa3/Stable	AA-/Stable/F1+
Kuwait	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+
Bahrain	B+/Stable/B	B2/Stable	BB-/Stable/B
Oman	BB/Negative/B	Ba1/Negative	BB+/Stable/F3
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BBB-/Stable/A-3	Ba1/Stable	BBB-/Stable/F3
Tunisia	NR	B2/Stable	B+/Negative/B
Libya	NR	NR	NR
Sudan	NR	NR	NR

NR= Not Rated RWN= Rating Watch Negative * Emirate of Abu Dhabi Ratings

FX RATES (per US$)	12-Jul-19	05-Jul-19	31-Dec-18	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%	-0.2%
Egyptian Pound (EGP)	16.61	16.64	17.92	-0.2%	-7.3%
Iraqi Dinar (IQD)	1,182.28	1,182.28	1,192.68	0.0%	-0.9%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.66	3.66	3.65	0.0%	0.1%
Kuwaiti Dinar (KWD)	0.30	0.30	0.30	0.0%	0.1%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.39	0.39	0.39	0.0%	0.0%
Yemeni Riyal (YER)	250.00	250.00	250.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	119.05	119.05	117.65	0.0%	1.2%
Moroccan Dirham (MAD)	9.56	9.60	9.54	-0.4%	0.3%
Tunisian Dinar (TND)	2.86	2.89	3.05	-1.2%	-6.1%
Libyan Dinar (LYD)	1.39	1.40	1.40	-0.3%	-0.3%
Sudanese Pound (SDG)	45.11	45.11	47.62	0.0%	-5.3%

Sources: Bloomberg, Bank Audi's Group Research Department

DISCLAIMER