



# MENA WEEKLY MONITOR

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**p.9 MENA CAPITAL MARKETS UNDER DOWNWARD PRICE PRESSURES AMID INTENSIFYING REGIONAL CONFLICT**

MENA equity markets plunged deeper into the red (-2.1%) this week, mainly pressured by intensifying conflict between Israel and Iran, and on news that the US military is positioning itself to potentially join Israel's attacks on Iran. Concurrently, activity in MENA fixed income markets remained mostly tilted to the downside amid heated conflict between Israel and Iran, as the US Federal Reserve indicated that the Central Bank is still on course to deliver two interest rate reductions this year, while forecasting higher inflation and slower economic growth than previously anticipated. This compounded with tepid May US retail data, which solidified traders' bets for two rate cuts, with the first fully priced in rate cut forecast in October.

MENA MARKETS: June 15 - June 21, 2025

|                                 |       |                                  |          |
|---------------------------------|-------|----------------------------------|----------|
| Stock market weekly trend       | ↓     | Bond market weekly trend         | ↓        |
| Weekly stock price performance  | -2.1% | Average weekly bond price change | -0.03 pt |
| Stock market year-to-date trend | ↓     | Bond market year-to-date trend   | ↑        |
| YTD stock price performance     | -4.3% | Average yearly bond price change | +0.91 pt |

## ECONOMY

### ARAB REGION FACES INTERCONNECTED CRISES ACROSS SOCIOECONOMIC, INSTITUTIONAL AND ECOLOGICAL DIMENSIONS

According to a new report by ESCWA, the Arab region faces interconnected crises across socioeconomic, institutional and ecological dimensions, with Governments struggling to develop sustainable policies, especially in conflict-affected countries. The Arab Governance Report V explores pathways for postconflict recovery, aiming to prevent relapse and to build institutional capacities for sustainable development.

The 2020–2030 Decade of Action presents a critical opportunity for reform, particularly in conflict zones. Institutional reform, focused on improving government effectiveness and service delivery, is key to overcoming fragility and inefficiency. By strengthening institutions and aligning reforms with Sustainable Development Goals (SDGs), the region can foster lasting peace, growth and resilience. The time for action is now, as the region moves toward a decade of transformative change as per the report.

The report's Key findings are that Governance challenges in the Arab region are the most severe in conflict-affected countries. There is a positive correlation between governance quality and human development; addressing public sector challenges and inefficiencies requires a multifaced approach, focusing on improving institutions, service delivery, inclusiveness and transparency.

Inclusive and accountable governance is key to sustainable development and SDG 16, setting the conditions for achieving all SDGs. Conflict undermines development, while peace enables the implementation of development policies. Conflict-affected countries often have weak institutions and experience low levels of trust. Institutional reform and effective governance are required for recovery and development.

Financial unsustainability, corruption, bureaucratic inefficiencies and a disconnect between planning and financing are significant challenges in the Arab region; they weaken governance and services, worsened by conflicts. International support can drive local reforms, making post-conflict reconstruction an opportunity to address root issues and build resilience. The humanitarian-development-peace nexus is a transformative approach that integrates crisis response with long-term stability. Policymakers should adopt it to foster resilience in fragile States. Strong national institutions are vital but often lack capacity. Governments should lead crisis coordination efforts, reducing reliance on external actors. Effective governance in fragile settings requires multi-year planning, linking aid, development, and peacebuilding within national strategies, leveraging international frameworks like the SDGs to guide the transition from response to recovery. Limited resources hinder institutionbuilding. The nexus approach advocates for multi-partner pooled funds which can ensure flexible financing for both crises and long-term reforms.

Governments need to adopt risk-informed policymaking tools, such as risk scans and foresight analysis, to anticipate and address complex, evolving threats like climate change and governance failures. To ensure policies remain effective in addressing current and future risks, Governments should implement strong evaluation frameworks. Regular monitoring based on key performance indicators will track policy impact and adapt to evolving risks.

The Arab region is facing a governance crisis driven by socioeconomic, institutional and environmental challenges. Many countries, particularly those experiencing conflict, are struggling to maintain stability and resilience. To reverse this trend, countries must prioritize governance reform, focusing on improving institutional capacity, public service delivery and transparency. Without decisive action, the region risks deepening its vulnerabilities, further delaying sustainable recovery and development. Policy recommendations Governments must ensure that reforms are inclusive and responsive to the needs of their populations, particularly in countries where institutional fragility has left societies vulnerable. Countries in the Arab region need to strengthen their institutional frameworks to foster inclusive governance and prevent the recurrence of conflict.

Countries in the Arab region should enhance cross-sectoral coordination and strengthen collaboration among key stakeholders to ensure a sustainable recovery. Integrating shortterm solutions into a broader strategic framework will pave the way for long-term stability and inclusive growth. Governments should invest in digital infrastructure and e-governance tools to enhance public service delivery, transparency and citizen engagement, strengthening accountability and data-driven decision-making. Authorities should use data analytics to identify needs and allocate resources effectively, ensuring evidence-based, targeted recovery strategies for vulnerable communities. Governments should adopt adaptive governance frameworks that integrate disaster risk reduction and cross-sectoral collaboration to enhance resilience

and ensure stability amid crises. Governments must focus on building institutions that are responsive to all citizens, regardless of socioeconomic status, to foster social cohesion and prevent the recurrence of conflict. They also need to integrate sustainability into their policy frameworks, prioritizing climate adaptation, resource management and ecological resilience.

#### QATAR'S REAL GDP RECORDS YEAR-ON-YEAR INCREASE OF 3% IN 2024

According to recent data from the Qatar Planning & Statistics Authority (PSA), the country's GDP at constant prices recorded QR 713.5 billion (US\$ 196.0 billion) in 2024, recording a year-on-year increase of 2.9%, up from QR 693.2 billion (US\$ 190.4 billion) in 2023. This growth came on the back of increases in all major economic sectors within the Qatari environment.

The Primary Sector (weight of 36.3% of total GDP), which includes the extraction of natural resources, recorded QR 259.3 billion (US\$ 71.2 billion) in 2024, up by 0.7% year-on-year from QR 257.5 billion (US\$ 70.7 billion) in 2023. Within the primary sector, Mining & Quarrying Activities (weight of 36.1% of total) recorded a year-on-year increase of 0.7% between 2023 and 2024 while other activities within the primary sector recorded a year-on-year increase of 1.0% during the period.

The Secondary Sector (weight of 20.2%), which includes manufacturing activities, recorded QR 143.9 billion (US\$ 39.5 billion) in 2024, up by 2.4% year-on-year from QR 140.6 billion (US\$ 38.6 billion) in 2023. Manufacturing Activities GDP (weight of 7.4%) recorded QR 52.7 billion (US\$ 14.5 billion) in 2024 noting a year-on-year decrease of 2.4% against the year prior. On the other hand, Construction Activities GDP (weight of 11.0%) and Other Secondary Sector GDP (weight of 1.7%) recorded year-on-year increases of 1.3% and 41.6% respectively.

The Tertiary Sector (weight of 43.5%), which includes services activities, recorded QR 310.2 billion (US\$ 85.2 billion) in 2024, up by 5.1% year-on-year from QR 295.1 billion (US\$ 81.1 billion) in 2023. Among the Tertiary Sector's subsectors, all have recorded year-on-year increases during the period. The Wholesale & Retail Trade (weight of 7.7%), recorded a year-on-year increase of 6.0% between 2023 and 2024 to reach QR 55.3 billion (US\$ 15.2 billion) in the latter. Transportation & Storage (weight of 4.1%) and Financial & Insurance Activities (weight of 8.3%) recorded year-on-year increases of 3.8% and 5.4% between 2023 and 2024. Additionally, Real Estate Activities (Weight of 7.3%) and Public Administration Activities (weight of 8.2%) recorded year-on-year increases of 6.8% and 3.1% respectively during the period. Other Tertiary Sector Activities (Weight of 7.8%) recorded a year-on-year increase of 5.4% during the period, as per data from Qatar's PSA).

#### GDP BREAKDOWN BY SECTOR

|                                       | 2023    | 2024    | 2024 Weights (%) | Var 2024/2023 (%) |
|---------------------------------------|---------|---------|------------------|-------------------|
| (QR million)                          |         |         |                  |                   |
| <b>Primary Sector</b>                 | 257,512 | 259,342 | 36.3%            | 0.7%              |
| o.w. Mining & Quarrying               | 255,485 | 257,295 | 36.1%            | 0.7%              |
| o.w. Others                           | 2,027   | 2,047   | 0.3%             | 1.0%              |
| <b>Secondary Sector</b>               | 140,568 | 143,942 | 20.2%            | 2.4%              |
| o.w. Manufacturing                    | 54,010  | 52,706  | 7.4%             | -2.4%             |
| o.w. Construction                     | 77,787  | 78,814  | 11.0%            | 1.3%              |
| o.w. Others                           | 8,771   | 12,422  | 1.7%             | 41.6%             |
| <b>Tertiary Sector</b>                | 295,085 | 310,212 | 43.5%            | 5.1%              |
| o.w. Wholesale & Retail Trade         | 52,156  | 55,289  | 7.7%             | 6.0%              |
| o.w. Transportation & Storage         | 28,442  | 29,514  | 4.1%             | 3.8%              |
| o.w. Financial & Insurance Activities | 56,372  | 59,403  | 8.3%             | 5.4%              |
| o.w. Real Estate Activities           | 48,836  | 52,144  | 7.3%             | 6.8%              |
| o.w. Public Administration            | 56,497  | 58,225  | 8.2%             | 3.1%              |
| o.w. Others                           | 52,782  | 55,637  | 7.8%             | 5.4%              |
| <b>Real GDP</b>                       | 693,165 | 713,496 | 100.0%           | 2.9%              |
| Mining & Quarrying GDP                | 255,485 | 257,295 | 36.1%            | 0.7%              |
| Non-Mining & Quarrying GDP            | 437,680 | 456,201 | 63.9%            | 4.2%              |

Sources: Qatar's PSA, Bank Audi Group Research Department

It is worth noting that Non-Mining & Quarrying GDP (weight of 63.9%) recorded a year-on-year expansion of 4.2% between 2023 and 2024 to reach QR 456.2 billion (US\$ 125.3 billion) in the latter, up from QR 437.7 billion (US\$ 120.3 billion) in the former.

EGYPT'S YEAR-ON-YEAR CPI INFLATION PICKS UP PACE AGAIN IN APRIL

According to data from the Central Bank of Egypt (CBE), the country has registered a year-on-year inflation in prices of 13.9% in April 2025 against prices in April 2024. This inflation was caused by an inflation in the prices of all General Index components within the period.

It is worth noting that Egypt's CPI inflation increased at a faster pace year-on-year in April than was noted in March by 0.3 percentage points. This shows that inflation in Egypt is picking up pace again following a decreasing trend since February.

In details, year-on-year inflations were recorded in the prices of Food & Beverages (weight of 32.7%) of 6.0% year-on-year between April 2024 and April 2025. Among sub-indices of Food & Beverages, Fruits & Vegetables (weight of 5.5% of total) recorded a year-on-year increase in prices of 21.0% while Food Items Excluding Fruits & Vegetables (weight of 24.5%) recorded a year-on-year CPI inflation of 2.4% during the period, as per data from CBE.

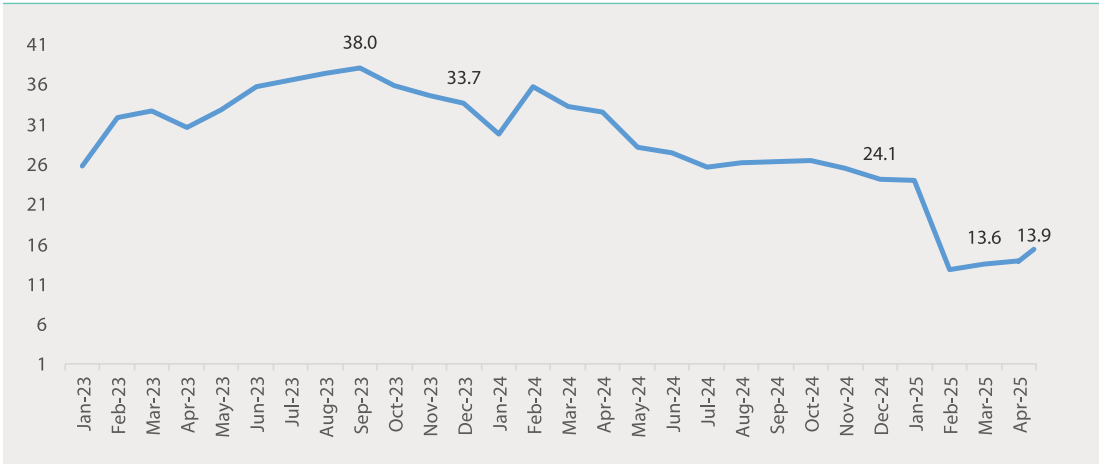
Prices of Housing, Water, Electricity, Gas & Other Fuels (weight of 19.5%) recorded a year-on-year increase of 13.9% respectively during April 2025 against the same month of the year prior. Year-on-year price inflations during the period were also recorded in Medical Care (with a weight of 8.6%) and Transportation (with a weight of 6.7%) of 35.0% and 37.4% respectively during the period. Additionally, the price of Education (weight of 5.5%), Hotels, Cafes & Restaurants (weight of 5.0%) and Tobacco & Related Products (weight of 4.4%) recorded year-on-year inflations of 11.2%, 16.9% and 15.9% respectively between April 2024 and April 2025.

Clothing & Footwear (weight of 4.4%) and Miscellaneous Goods & Services (weight of 4.4%) noted year-on-year inflations of 17.4% and 14.5% respectively during April 2025. The prices of Furnishings, Household Equipment & Maintenance (weight of 3.9%), Communications (weight of 2.8%) and Recreation & Culture (weight of 2.2%) also noted year-on-year inflations of 15.2%, 12.3% and 20.8% respectively during the period, as per data from CBE.

Additionally, looking at Egypt's Core CPI (weight of 73.1%) evolution between April 2024 and April 2025, a year-on-year inflation of 10.4% is noted.

Looking at sub-indices included into Core CPI, Regulated Items (weight of 21.4% of total) recorded a year-on-year inflation of 25.5% during the period. Retail Items (weight of 14.3%) reported a year-on-year inflation of 22.6% between April 2024 and April 2025. Prices of Paid Services (weight of 7.0%) and Other Services (weight of 27.3%) recorded year-on-year inflations of 9.2% and 16.2% respectively during the period, as per data from CBE.

YEAR-ON-YEAR CPI INFLATION IN EGYPT (%)



Sources: CBE, Bank Audi Group Research Department

SURVEYS / REPORTS

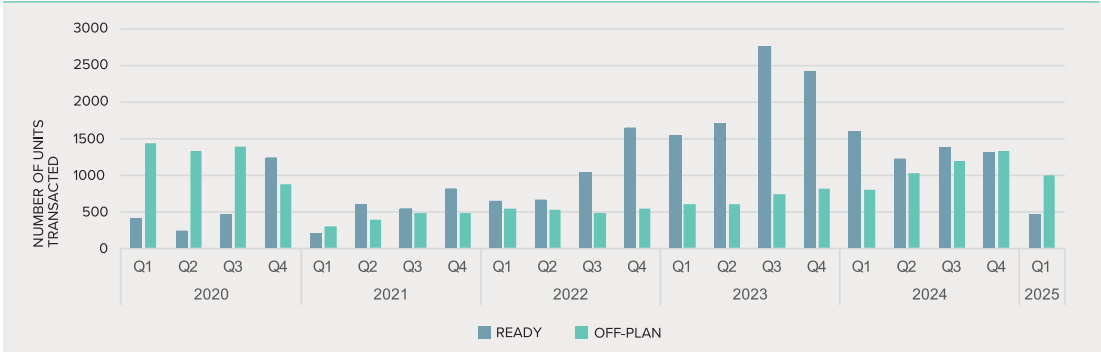
ABU DHABI RESIDENTIAL MARKET SHOWS RESILIENCE AMID SUPPLY CONSTRAINTS IN Q1 2025, AS PER SAVILLS

Abu Dhabi residential market continues to show resilience in Q1 2025, supported by sustained demand, limited new supply and the Emirate’s growing international appeal, according to the Savills Q1 2025 Abu Dhabi Residential Market report.

In Q1 2025, just under 1,500 residential units were transacted within Abu Dhabi Municipality, reflecting a 39% year-on-year decline and the lowest quarterly figure since Q2 2022. Only 10 new projects entered the market during the period, delivering fewer than 3,000 units, impacting transaction levels. This limited pipeline resulted in a competitive landscape across the leasing, secondary sales, and off-plan segments, with waiting lists for good quality buildings re-emerging and off-plan units increasingly trading at a premium.

Strong demand resulted in higher average sales across the market, which rose from AED 14,100 per sqm in Q1 2024 to AED 16,200 per sqm in Q1 2025, representing a 13.4% year-on-year increase. Abu Dhabi continues to see Ultra High Net Worth Individuals (UHNWIs) and high-level executives setting up family businesses, purchasing second homes or weekend homes, as well as long-term renters moving towards owner occupation. The limited number of new launches and completion of under-construction projects resulted in increased activity in the ready market, which accounted for 68% of transactions in Q1 2025, up from 44% in 2024 and 25% in 2023.

ABU DHABI RESIDENTIAL TRANSACTION TREND



Sources: CBE, Bank Audi Group Research Department

In parallel, interest in villas and townhouses continued to rise, supported by Abu Dhabi’s business-friendly ecosystem, strategic location and government initiatives to attract global investments, with professionals bringing families in tow to the Emirate. In Q1 2025, this demand resulted in average capital values rising 7% on Reef, 10% on Yas Island and 26% on Saadiyat Island. Off-plan projects made up 47% of villa transactions in Q1 2025, compared to 66% in Q1 2024.

Apartment transactions continued to dominate transaction volumes, accounting for 63% of overall transactions in Q1 2025, down slightly from 68% in 2024. Demand was led by ready stock, accounting for 77% of all apartment transactions.

Yas Island, Reem Island, Raha and Reef were the most transacted locations for apartments, accounting for 78% of transactions. While the capital values for apartments maintained the elevated levels seen in 2024 across Al Raha, Reem Island and Yas Island, the standout performer for Q1 2025 was Saadiyat Island with a 22% increase y-o-y, reflecting the prime stock being delivered by Aldar.

Abu Dhabi’s residential real estate market continued to demonstrate pockets of robust growth in Q1 2025, driven by its increasing appeal, diversified product offering and favorable business environment.

Strong occupancy and limited supply are putting pressure on existing stock and resulting in pent-up demand, particularly for master-planned communities and the luxury sector.

Savills anticipates a continuing shift in mindset from long-term renting to buying among the expat population supported by visa reforms and the developing education sector, making the city more attractive to families. International developers are entering the Abu Dhabi market, mirroring the influx of expatriates and strength of the Abu Dhabi economy. Additionally, the recent announcement of a Disney theme park on Yas Island adds further to the offering in Abu Dhabi and is likely to stimulate further activity.

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#### UAE LEADS GLOBALLY IN METROLOGY

The UAE continues to advance its efforts to build a knowledge-based economy rooted in innovation and advanced technology, with metrology, the science of measurement, emerging as a key enabler of the country's future vision. It plays a vital role in enhancing quality of life, boosting industrial competitiveness, ensuring transactional accuracy and reinforcing the reliability of standards across economic and other critical sectors.

Spearheading this transformation is the Emirates Metrology Institute (EMI), which leads a comprehensive national system, positioning the UAE as a trusted regional and global hub for precision measurement sciences. This progress directly supports the UAE's sustainable development goals, strengthens national capabilities and enhances international confidence in the country's quality infrastructure.

It is worth noting that metrology plays a particularly critical role in ensuring social and economic justice, as accurate measurement is the cornerstone of fairness in both commercial and industrial transactions. It also helps protect consumer rights and promotes fair competition among products and services.

Advanced measurement systems contribute to market stability, facilitate trade and promote transparency, thereby stimulating economic growth and increasing investor confidence. EMI reinforces these principles by providing a reliable national metrology system that encourages innovation, reduces resource waste and enhances product quality, aligning closely with the UAE's sustainability goals.

According to data obtained from the EMI, the institute is currently working on a range of advanced projects designed to improve measurement accuracy and upgrade the UAE's metrology infrastructure to meet the highest international standards. These include the development of specialized laboratories serving critical sectors.

In addition, a feasibility study has been completed for the establishment of a Chemical Metrology Laboratory, which would support critical areas such as healthcare, food safety and environmental monitoring.

These projects reflect the institute's goal to building a robust scientific infrastructure that enhances trust in the UAE market and supports the country's journey toward a competitive, innovation-driven economy. By fostering fair, secure and standards-aligned commercial environments, EMI is helping to attract investments, support industrial development and ensure compliance with international best practices.

The institute has also actively attracted international expertise and invested in the development of Emirati talent through advanced training programs and strategic knowledge partnerships. As a result, it nurtured a team of skilled young Emiratis capable of leading national laboratories in line with the highest standards of quality and competence.



## CORPORATE NEWS

### LUNATE AND BROOKFIELD TO LAUNCH US\$ 1 BILLION RESIDENTIAL BUILD-TO-SELL JOINT VENTURE

US-based Brookfield Asset Management, through its Middle East private equity strategy and Lunate, an Abu Dhabi-based global alternative investment manager with more than US\$ 110 billion in assets under management, announced a Joint Venture (JV) to invest in the residential real estate sector in the Middle East.

The JV, with total projected equity of US\$ 1 billion, would focus on developing high-quality build-to-sell and opportunistic buy-to-sell residential assets across the UAE, Saudi Arabia and other markets in the Middle East. Lunate would commit a significant cornerstone investment to the JV and would leverage its regional network and capabilities to help drive the JV's commercialization and fundraising efforts.

The JV would establish its own dedicated team to develop and manage these assets. It aims to capitalize on favorable trends in the Middle East's residential real estate market, underpinned by strong economic performance and robust population growth. The region continues to draw global interest as an emerging investment destination, demonstrated by the UAE's position as the top location for wealthy migrants in 2024

### EMIRATES DEVELOPMENT BANK LAUNCHES US\$ 272 MILLION BILLION EMIRATES GROWTH FUND TO ACCELERATE GROWTH OF SMES

Emirates Development Bank (EDB) announced the launch of the Emirates Growth Fund (EGF), a transformative US\$ 272 million (AED 1 billion) growth equity platform designed to accelerate the scale, resilience and global competitiveness of UAE-based SMEs.

EGF targets UAE-headquartered SMEs with strong growth potential, typically generating AED 10 million or more in annual revenue, and invests between AED 10 and 50 million per company. The fund's approach centers on active minority investments, ensuring that founders retain operational control, while gaining strategic support in areas such as governance, growth strategy, operational optimization and institutionalization.

By focusing on priority sectors aligned with the UAE's strategic goals, EGF is set to deepen the nation's industrial base, enhance local supply chains, and stimulate high-skilled job creation, all critical pillars of long-term economic resilience.

### NAIF ALRAJHI INVESTMENT AND TGCC TO EXECUTE LANDMARK PROJECTS IN SAUDI ARABIA

In a strategic move aimed at contributing to the continued growth and diversification of Saudi Arabia's real estate sector, Naif Alrajhi Investment, a prominent Saudi investment group and a leader in real estate development, financial markets and mergers & acquisitions, entered a partnership with TGCC (Travaux Généraux de Construction de Casablanca), a leader in the construction industry, through its Saudi subsidiary TGCC Middle East.

The partnership aims to collaborate on the construction of projects developed by Naif Alrajhi Investment within Saudi Arabia, underscoring the strong confidence and significant potential both parties see in the Saudi real estate market.

This partnership would support Saudi Vision 2030 by enabling the development of high-quality sustainable projects.

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#### STC BAHRAIN BOOSTS 5G NETWORK WITH HUAWEI DEAL

stc Bahrain, a digital enabler and Huawei, a global technology leader, signed a strategic agreement to jointly innovate and develop cutting-edge 5G-Advanced (5G-A) and AI-powered digital services, enhancing monetization capabilities to ensure business success, as mentioned in a company statement.

This cooperation aims to build a robust ecosystem for next-generation technologies, empowering enterprises and delivering personalized experiences across the ICT sector. The agreement outlines a comprehensive roadmap for collaboration, encompassing joint R&D, market exploration and ecosystem development.

This agreement also intends to facilitate the development of 5G-Advanced (5G-A) services, AI-driven digital solutions, collaborative enterprise 5G Mobile Private Networks (MPNs) and enhanced network operations

Businesses would have access to AI-driven tools that enhance efficiency, while individuals would benefit from comprehensive training programs cultivating expertise in AI and emerging technologies. The collaboration would leverage AI to optimize network performance and ensure faster service delivery.

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#### EGA AND SUNSTONE SIGN JOINT DEVELOPMENT AGREEMENT

Emirates Global Aluminium, one of the largest industrial company in the UAE outside oil and gas, and Sunstone, one of the world's largest independent pre-baked anode producers from China, signed a joint development to progress the development of an anode manufacturing plant in Abu Dhabi, as indicated in a company statement.

It is worth noting that anodes are required in the smelting of aluminum. EGA produces some 1.35 million tons of anodes every year at its own plants in Jebel Ali and Al Taweelah, and the remainder of the company's need is currently imported.

The new anode manufacturing facility in Khalifa Economic Zone Abu Dhabi would have a capacity of 300 thousand tons of anodes per year, replacing most of EGA's imports and potentially making the UAE only the second country in the world after China to export anodes globally.

Construction of the new anode manufacturing facility is expected to begin during 2026, with first production reached as early as 2028.

Within the mandate to attract and enable high-impact investments in Abu Dhabi, Abu Dhabi Investment Office (ADIO) has played an important role to enable Sunstone's entry into the Abu Dhabi market, which includes Sunstone benefiting from ADIO's energy and land support programs, which are key initiatives in Abu Dhabi's industrial strategy

EGA and Sunstone have completed a feasibility study for the project, which the two companies intend to develop in a joint venture with Sunstone owning a 55% shareholding and EGA a 45% shareholding.

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#### WIPRO BOOSTS MIDEAST PRESENCE WITH NEW RIYADH HQ

India-based Wipro Limited, one of the leading AI-powered technology services and consulting company, announced the relocation of its Middle East regional headquarters from Al Khobar to Riyadh, Saudi Arabia.

The inauguration of Wipro's new regional headquarters in Riyadh would accelerate the growth of Saudi Arabia's digital economy. This is the latest addition to Wipro's growing presence in the region, which includes offices in Riyadh, Al Khobar, Jeddah and Jubail.

In addition to this new office opening, Wipro also signed a MoU with Prince Mohammad Bin Fahd University (PMU) to establish a Center of Excellence (CoE) in Riyadh. The CoE would focus on equipping young Saudi nationals with future-ready skills, creating a talent pool that can add value to organizations and the country.



## CAPITAL MARKETS

### EQUITY MARKETS: MENA EQUITIES PLUNGE DEEPER IN RED AMID ESCALATING ISRAEL-IRAN CONFLICT

MENA equity markets plunged deeper into the red this week, as reflected by 2.1% contraction in the S&P Pan Arab Composite index, mainly pressured by intensifying conflict between Israel and Iran, and on news that the US military is positioning itself to potentially join Israel's attacks on Iran.

The heavyweight Saudi Exchange, whose market capitalization represents about 60% of the total regional market capitalization, continued its nosedive this week, as reflected by a 2.1% drop in the S&P Saudi index, mainly weighed by mounting Israel-Iran hostilities and as the US floated the possibility of joining Israeli strikes against Iran. Saudi equity price falls took place despite soaring Brent oil prices (+3.7% week-on-week to reach US\$ 77.01 per barrel on Friday), as speculation the US would join the conflict added to concerns about oil supply disruptions in the Middle East.

A glance at individual stocks shows that petrochemicals giant Saudi Aramco's share price declined by 0.6% this week to reach SR 24.82. Saudi Kayan Petrochemical Company's share price shed 5.0% to SR 4.53. Advanced Petrochemical Company's share price closed 2.8% lower at SR 27.80. Petro Raghieb's share price decreased by 3.1% to SR 6.68. As to banking stocks, SNB's share price decreased by 2.6% to SR 34.15. Riyad Bank's share price fell by 4.1% to SR 26.60. Alinma's share price retreated by 1.4% to SR 25.20. Banque Saudi Fransi's share price plunged by 5.4% to SR 16.52. Arab National Bank's share price dropped by 2.5% to SR 20.48. Saudi Investment Bank's share price closed 4.0% lower at SR 14.10.

Concurrently, Etihad Etisalat's share price declined by 1.2% week-on-week to SR 56.30. Herfy Food's share price dropped by 3.4% to SR 20.10. Mideast Healthcare's share price nosedived by 5.8% to SR 51.60. Solutions' share price contracted by 4.2% to SR 244.60. Savola Group's share price decreased by 1.1% to SR 26.25. STC's share price edged down by 0.8% to SR 41.60. Saudi Paper Manufacturing Company's share price closed 5.7% lower at SR 58.50. Almarai's share price declined by 2.3% to SR 48.75. Maaden's share price went down by 4.2% to SR 48.20. Saudi Public Transport's share price plunged by 5.3% to SR 12.50. City Cement's share price fell by 5.5% to SR 16.16. Elm Company's share price went down by 1.2% to SR 930.80. Arabian Drilling's share price nosedived by 6.7% to SR 72.50. Red Sea International's share price declined by 1.5% to SR 35.10.

### EQUITY MARKETS INDICATORS (JUNE 15 - JUNE 21, 2025)

| 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             | 180.2        | 0.7%         | -20.7%       | 1.4             | -23.2%       | 0.1             | 20,364.3              | 0.4%           | -           | 0.57        |
| Jordan              | 430.6        | -1.9%        | 10.2%        | 30.9            | 29.3%        | 9.6             | 27,295.2              | 5.9%           | 9.9         | 1.30        |
| Egypt               | 248.4        | -7.5%        | 2.7%         | 273.2           | -13.8%       | 3,663.0         | 43,100.3              | 33.0%          | 7.4         | 2.13        |
| Saudi Arabia        | 462.4        | -2.1%        | -11.0%       | 5,943.0         | 104.8%       | 842.0           | 2,420,874.7           | 12.8%          | 15.6        | 3.69        |
| Qatar               | 169.2        | -3.4%        | -2.3%        | 703.6           | 83.1%        | 913.6           | 166,363.9             | 22.0%          | 12.7        | 1.56        |
| UAE                 | 155.0        | -0.6%        | 1.8%         | 3,727.2         | 2.2%         | 4,203.3         | 1,055,402.2           | 18.4%          | 12.4        | 2.31        |
| Oman                | 257.8        | -0.7%        | 1.5%         | 146.0           | 43.6%        | 342.4           | 33,285.0              | 22.8%          | 9.4         | 1.02        |
| Bahrain             | 229.7        | -1.3%        | -0.5%        | 5.6             | 137.6%       | 8.2             | 17,574.6              | 1.7%           | 9.9         | 1.36        |
| Kuwait              | 148.1        | -2.8%        | 9.8%         | 1,375.2         | 38.7%        | 1,881.0         | 153,006.3             | 46.7%          | 18.9        | 2.12        |
| Morocco             | 412.6        | -2.7%        | 34.3%        | 251.8           | 30.9%        | 9.8             | 102,932.8             | 12.7%          | 18.8        | 2.80        |
| Tunisia             | 78.3         | -0.1%        | 18.1%        | 21.3            | 67.3%        | 6.1             | 9,837.3               | 11.2%          | 12.0        | 2.18        |
| <b>Arab Markets</b> | <b>950.1</b> | <b>-2.1%</b> | <b>-4.3%</b> | <b>12,479.3</b> | <b>45.5%</b> | <b>11,879.0</b> | <b>4,050,036.8</b>    | <b>16.0%</b>   | <b>14.5</b> | <b>3.08</b> |

Values in US\$ million; volumes in millions

\* markets cap-weighted averages

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

The Qatar Stock Exchange came under downward price pressures this week, as reflected by a 3.4% fall in the S&P Qatar index, mainly pressured by escalating Israel-Iran hostilities and on prospects of US forces joining the war. 51 out of 53 traded stocks posted price drops, while one stock registered price gains, and one stock saw no price change week-on-week.

A closer look at individual stocks shows that Aamal's share price plummeted by 9.5% this week to reach QR 0.747. Vodafone Qatar's share price shed 5.8% to QR 2.240. Mazaya Real Estate Development's share price closed 7.5% lower at QR 0.557. Ooredoo's share price contracted by 5.6% to QR 11.770. Qatar Fuel's share price edged down by 0.3% to QR 14.640. Qatar Navigation's share price fell by 3.7% to QR 10.520. Qatar Gas Transport's share price plunged by 8.7% to QR 4.545. As to banking stocks, QNB's share price went down by 2.2% week-on-week to QR 16.850. Masraf Al Rayan's share price decreased by 2.8% to QR 2.220. Doha Bank's share price decreased by 3.9% to QR 2.370. Qatar Islamic Bank's share price fell by 4.0% to QR 21.290. The Commercial Bank's share price contracted by 6.4% to QR 4.265. Qatar Aluminum Manufacturing's share price retreated by 4.5% to QR 1.245. Qatar Insurance's share price plunged by 7.2% to QR 1.802. Baladna Company's share price went down by 5.8% to QR 1.155. Barwa Real Estate's share price closed 4.6% lower at QR 2.600.

Boursa Kuwait closed the week on a negative note this week, as reflected by a 2.8% contraction in the S&P Kuwait index, as a risk-off sentiment governed amid intensifying regional tensions and news that the US is weighing to join Israeli strikes on Iran's nuclear sites. A closer look at individual stocks shows that National Industries Group's share price plunged by 7.5% week-on-week to reach KWf 222. Agility Public Warehousing's share price plummeted by 21.1% to KWf 198. Heavy Engineering Industries and Shipbuilding's share price dropped by 3.0% to KWf 867. Mobile Telecommunications Company's share price closed 1.9% lower at KWf 469. Jazeera Airways' share price contracted by 13.9% to KWf 1,335. Mabanees's share price declined by 3.1% to KWf 857. As to banking stocks, National Bank of Kuwait's share price retreated by 2.0% to KWf 933. Commercial Bank of Kuwait's share price shed 4.3% to KWf 510. Boubyan Bank's share price decreased by 1.8% to KWf 674.

#### **FIXED INCOME MARKETS: ACTIVITY IN MENA FIXED INCOME MARKETS MOSTLY TILTED TO DOWNSIDE**

Activity in MENA fixed income markets remained mostly tilted to the downside this week amid heated conflict between Israel and Iran, as the US Federal Reserve indicated that the Central Bank is still on course to deliver two interest rate reductions this year, while forecasting higher inflation and slower economic growth than previously anticipated. Concomitantly, the latest economic data showed that the US retail sales dropped more than expected in May 2025, cementing bets about two US Fed rate cuts this year if energy prices don't become a threat to the disinflationary path.

In the Saudi credit space, sovereigns maturing in 2028, 2029, 2030 and 2034 registered weekly price decreases of up to 0.34 pt, while sovereigns maturing in 2060 recorded shy price increases of 0.07 pt. Prices of Aramco'30, '34 and '50 contracted by 0.08 pt, 0.13 pt and 0.08 pt respectively. Prices of SEC'44 fell by 0.18 pt. In contrast, SABIC'28 posted price rises of 0.11 pt. Amongst financials, Banque Saudi Fransi'29 traded up by 0.08 pt. Prices of Al Rajhi Bank'29 rose by 0.06 pt. As to new issues, Saudi National Bank raised this week US\$ 1.25 billion from the sale of Reg S 10-year non-call 5 Tier 2 notes at 200 bps over UST against an initial price guidance of 235 bps over UST. The notes are issued under the bank's US\$ 10 billion Euro medium Term Note program.

In the Bahraini credit space, sovereigns maturing in 2035 recorded price drops of 0.28 pt week-on-week. In the Qatari credit space, sovereigns maturing in 2034, 2040 and 2050 registered price drops of up to 0.52 pt. Prices of Ooredoo'43 increased by 0.37 pt. Amongst financials, Qatar International Islamic Bank'29 traded up by 0.13 pt. Prices of Doha Finance'29 fell by 0.10 pt.

In the UAE credit space, sovereigns maturing in 2033, 2041 and 2052 recorded weekly price declines of 0.08 pt, 0.32 pt and 0.44 pt respectively. In the Dubai credit space, sovereigns maturing in 2030 posted price gains of 0.86 pt week-on-week. Prices of Majid Al Futtaim'29 went up by 0.17 pt. DP World'49 was down by 0.34 pt. Emirates Airlines'28 closed down by 0.06 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2027 saw weekly price drops of 0.17 pt. Prices of Mubadala'28 and '30 fell by 0.22 pt and 0.11 pt respectively. Prices of Taqa'28, '30 and '36 retreated by 0.13 pt, 0.27 pt and 0.14 pt respectively. Aldar Investment Properties'33 recorded price decreases of 0.13 pt. ADNOC Murban'29 was down by 0.09 pt. Amongst financials, prices of FAB'35 expanded by 0.07 pt.

In the Kuwaiti credit space, KIPCO'27 traded up by 0.72 pt week-on-week. In the Iraqi credit space, sovereigns maturing in 2028 posted weekly price increases of 0.17 pt. In the Omani credit space, sovereigns maturing in 2028 and 2031 registered price gains of 0.11 pt and 0.15 pt respectively this week, while sovereigns maturing in 2051 recorded price drops of 0.08 pt. Omantel'28 closed up by 0.14 pt.

In the Egyptian credit space, sovereigns maturing in 2028, 2033, 2040 and 2050 posted price contractions of up to 0.91 pt, while sovereigns maturing in 2030 registered price expansions of 2.90 pts this week.

All in all, regional bond markets continued to register mostly downward price movements this week, amid escalating hostilities between Israel and Iran, and as the US Federal Reserve stayed on track for two interest rate cuts later this year. This compounded with tepid May US retail data, which solidified traders' bets for two rate cuts, with the first fully priced in rate cut forecast in October.

#### MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

| in basis points  | 20-Jun-25 | 13-Jun-25 | 31-Dec-24 | Week-on-week | Year-to-date |
|------------------|-----------|-----------|-----------|--------------|--------------|
| Abu Dhabi        | 39        | 38        | 43        | 1            | -4           |
| Dubai            | 61        | 60        | 64        | 1            | -3           |
| Kuwait           | 65        | 66        | 64        | -1           | 1            |
| Qatar            | 39        | 38        | 44        | 1            | -5           |
| Saudi Arabia     | 77        | 79        | 65        | -2           | 12           |
| Bahrain          | 228       | 226       | 187       | 2            | 41           |
| Morocco          | 107       | 107       | 94        | 0            | 13           |
| Egypt            | 581       | 570       | 591       | 11           | -10          |
| Iraq             | 332       | 303       | 301       | 29           | 31           |
| Middle East      | 170       | 165       | 162       | 5            | 8            |
| Emerging Markets | 151       | 147       | 174       | 4            | -23          |
| Global           | 249       | 248       | 277       | 1            | -28          |

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/Stable      | RD/-/C          |               |              |
| Syria  | NR                | NR            | NR              |               |              |
| Jordan   | BB-/Stable/B      | Ba3/Stable    | BB-/Stable/B    |               |              |
| Egypt  | B-/Stable/B       | Caa1/Positive | B/Stable/B      |               |              |
| Iraq   | B-/Stable/B       | Caa1/Stable   | B-/Stable/B     |               |              |
| GULF   |                   |               |                 |               |              |
| Saudi Arabia   | A+/Stable/A-1     | Aa3/Stable    | A+/Stable/F1+   |               |              |
| United Arab Emirates   | AA/Stable/A-1+*   | Aa2/Stable    | AA-/Stable/F1+  |               |              |
| Qatar  | AA/Stable/A-1+    | Aa2/Stable    | AA/Positive/F1+ |               |              |
| Kuwait   | A+/Stable/A-1+    | A1/Stable     | AA-/Stable/F1+  |               |              |
| Bahrain  | B+/Negative/B     | B2/Stable     | B+/Negative/B   |               |              |
| Oman   | BBB-/Stable/B     | Ba1/Positive  | BB+/Positive/B  |               |              |
| Yemen  | NR                | NR            | NR              |               |              |
| NORTH AFRICA   |                   |               |                 |               |              |
| Algeria  | NR                | NR            | NR              |               |              |
| Morocco  | BB+/Positive/A-3  | Ba1/Stable    | BB+/Stable/B    |               |              |
| Tunisia  | NR                | Caa1/Stable   | CCC+/C          |               |              |
| Libya  | NR                | NR            | NR              |               |              |
| Sudan  | NR                | NR            | NR              |               |              |
| NR= Not Rated                      RWN= Rating Watch Negative                      RUR= Ratings Under Review                      * Emirate of Abu Dhabi Ratings |                   |               |                 |               |              |
| FX RATES (per US\$)  | 20-Jun-25         | 13-Jun-25     | 31-Dec-24       | Weekly change | Year-to-date |
| LEVANT   |                   |               |                 |               |              |
| Lebanese Pound (LBP)   | 89,500.00         | 89,500.00     | 89,500.00       | 0.0%          | 0.0%         |
| Jordanian Dinar (JOD)  | 0.71              | 0.71          | 0.71            | 0.0%          | 0.0%         |
| Egyptian Pound (EGP)   | 50.66             | 49.77         | 50.84           | 1.8%          | -0.4%        |
| Iraqi Dinar (IQD)  | 1,310.00          | 1,310.00      | 1,310.00        | 0.0%          | 0.0%         |
| GULF   |                   |               |                 |               |              |
| Saudi Riyal (SAR)  | 3.75              | 3.75          | 3.76            | 0.0%          | -0.1%        |
| UAE Dirham (AED)   | 3.67              | 3.67          | 3.67            | 0.0%          | 0.0%         |
| Qatari Riyal (QAR)   | 3.64              | 3.64          | 3.64            | 0.0%          | 0.0%         |
| Kuwaiti Dinar (KWD)  | 0.31              | 0.31          | 0.31            | 0.0%          | -0.4%        |
| 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)   | 242.70            | 243.17        | 249.57          | -0.2%         | -2.8%        |
| NORTH AFRICA   |                   |               |                 |               |              |
| Algerian Dinar (DZD)   | 130.09            | 130.19        | 135.56          | -0.1%         | -4.0%        |
| Moroccan Dirham (MAD)  | 9.14              | 9.12          | 10.13           | 0.2%          | -9.8%        |
| Tunisian Dinar (TND)   | 2.91              | 2.93          | 3.19            | -0.6%         | -8.8%        |
| Libyan Dinar (LYD)   | 5.44              | 5.45          | 4.91            | -0.2%         | 10.7%        |
| 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 Departement.

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