MAY 18 - MAY 24
2025 | WEEK 7

MENA WEEKLY MONITOR

Audi Capital

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MENA equity markets came under downward price pressures this week, as reflected by a 1.0% contraction in the S&P Pan Arab Composite index, mainly tracking global equity weakness (-1.4%) after Moody's downgraded the US from its top credit rating, which added to concerns about the outlook for the global economic growth. This was exacerbated by some unfavorable company-specific factors and falling oil prices. In parallel, activity in MENA fixed income markets remained skewed to the downside this week, mainly tracking US Treasuries move after Moody's became the latest major credit rating agency to downgrade the US triple-A credit rating, and on concerns about a proposed US tax-cut bill that threatens to enlarge the US deficit.

MENA MARKETS: May 18 - May 24, 2025

Stock market weekly trend	↓	**Bond market weekly trend**	↓
Weekly stock price performance	-1.0%	**Average weekly bond price change**	-0.31 pt
Stock market year-to-date trend	↓	**Bond market year-to-date trend**	↑
YTD stock price performance	-0.3%	**Average yearly bond price change**	+0.45 pt

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ECONOMY

REGIONAL GROWTH PROJECTED TO INCREASE IN 2025 AND 2026 AS PER IMF

According to the just released Regional Economic Outlook of the IMF, the global economy's recovery from the multiple negative shocks of recent years appears increasingly fragile and vulnerable to new risks. Increased geopolitical fragmentation, rising trade tensions, and weaker international cooperation are generating extraordinary uncertainty that is weighing on global economic prospects, with expectations of weaker growth and wider economic imbalances than foreseen at the time of the October 2024 Regional Economic Outlook: Middle East and Central Asia.

The spike in global economic uncertainty in the first months of 2025 is starting to affect the economies of the Middle East and North Africa (MENA) and Caucasus and Central Asia (CCA) regions through subdued energy prices and tighter external financial conditions. Global factors play a key role in affecting domestic uncertainty for these economies, amplifying important regional sources of uncertainty, including ongoing conflicts, pockets of political instability, and vulnerability to severe changes in climate conditions.

In the MENA region, growth is estimated to have slowed in 2024. In oil-importing economies, conflicts weighed on some countries. Oil-exporting economies successfully navigated a complex and uncertain economic landscape, aided by ongoing diversification efforts, despite reduced oil activity because of extended OPEC+ voluntary production cuts. Growth is still projected to increase in 2025 and 2026, but at a considerably slower pace than anticipated last October as spillovers from escalating global trade tensions and heightened uncertainty add to a more gradual resumption of oil production (after the extension of OPEC+ voluntary production cuts and tighter sanctions on the Islamic Republic of Iran), lingering effects of conflicts in the region, and slower-than-expected progress in implementing structural reforms in some economies. Inflation is projected to continue to decline gradually over the medium term, remaining elevated only in a few cases.

Economies in the CCA region experienced robust output growth in 2024, exceeding the October 2024 REO projections, mainly because of stronger and longer-than-anticipated positive spillovers on domestic demand from Russia's war in Ukraine. These effects are expected to normalize over the next few years and, together with plateauing hydrocarbon production growth and smaller fiscal stimulus, are expected to lead to a slowdown in CCA economic growth. Inflation has been trending down for most economies and is projected to generally remain within established targets over the medium term.

The risks to the outlook remain to the downside. The main downside risks are a resurgence of conflicts and persistently heightened global uncertainty, particularly related to changes in tariffs and potential trade dislocations that could stifle domestic and external demand and further tighten financial conditions and weaken the oil sector. IMF analysis shows that spikes in uncertainty triggered by global shocks are associated with large and persistent output losses in both the MENA and CCA regions. If the sharp rise in uncertainty since early 2025 continues, it could lead output to fall about 4.5 percent below its original trend after two years for the average economy in the MENA and CCA. There are also some upside risks: a swift and sustainable resolution of conflicts in the region and more effective implementation of structural reforms could lead to a greater-than-projected improvement of economic prospects in the near and medium terms.

Amid such exceptionally high uncertainty, policymakers face the difficult task of mitigating short-term risks while rebuilding economic buffers and simultaneously pursuing medium-term growth prospects. Strengthening fiscal sustainability and safeguarding price stability become even more important amid potential new adverse shocks to growth and financial conditions. Emphasizing macro-stability will require avoiding costly and difficult-to-reverse fiscal support to sectors or firms adversely affected by new protectionist measures. A more appropriate response would involve accelerating structural reforms to strengthen international competitiveness and attract foreign direct investment in non-extractive industries. Diversifying away from traditional trade partners and commodities while deepening cross-regional integration will strengthen resilience to external shocks. Strengthening governance and institutional frameworks will enhance the capacity to respond effectively to increased uncertainty.

While governance reforms are essential for laying the groundwork for reconstruction and stabilization in conflict-affected economies, new forms of international cooperation involving regional stakeholders will be vital to secure the extensive financing needed for reconstruction and humanitarian support amid dwindling external financing, including international aid, as per IMF.

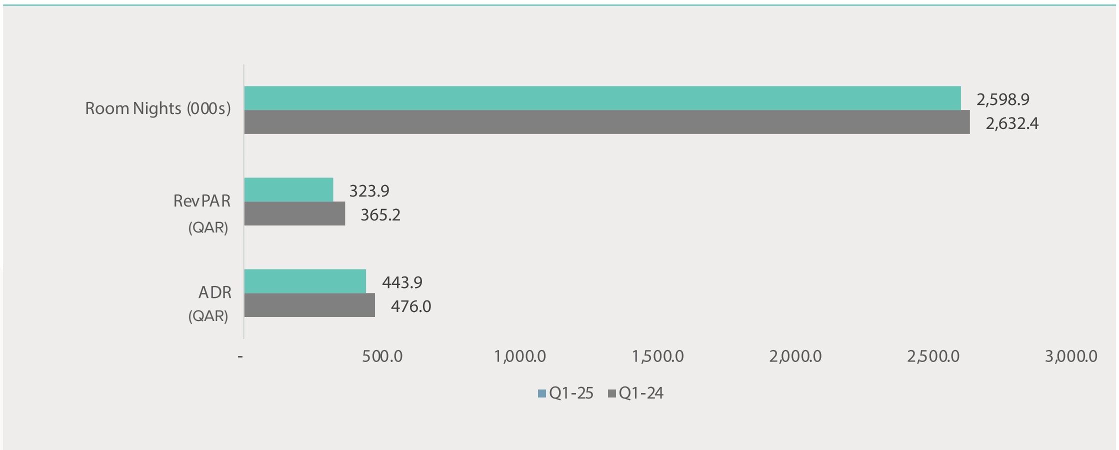
ACCOMMODATIONS WITHIN QATAR REPORT NEGATIVE PERFORMANCE IN Q1-2025

According to data from the Qatari National Tourism Council (QNTC), during the first quarter (Q1) of 2025, occupancy rate within Qatar's accommodations reached 71.3%, down by 3.9 percentage points (pps) from 75.2% in the same period of 2024.

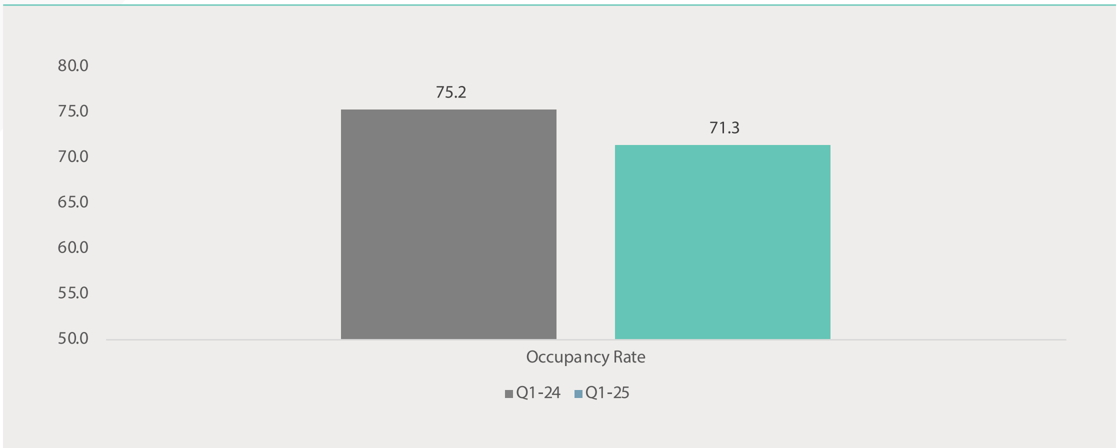
Additionally, the Average Daily Rate (ADR) in Qatari accommodations reached QAR 443.9 (US$ 121.6) per day in Q1-2025, noting a year-on-year decrease of 6.7% from QAR 476.0 (US$ 130.4) per day in Q1-2024.
In parallel, total room nights in Qatari accommodations recorded 2,598.9 thousand in Q1-2025, down from 2,632.4 thousand in Q1-2024 noting a year-on-year decrease of 1.3% during the period.

In turn, the average Revenue Per Available Room (RevPAR) of Qatari accommodations during Q1-2025 reached QAR 323.9 (US$ 88.7) per available room. This figure marks a decrease in the RevPAR of Qatari accommodations by 11.3% year-on-year, down from QAR 365.2 (US$ 100.1) per available room in Q1-2024, as per the QNTC.

EVOLUTION OF THE PERFORMANCE OF ACCOMMODATIONS IN QATAR



OCCUPATION RATE OF ALL QATARI ACCOMMODATIONS (%)



Sources: QNTC, Bank Audi Group Research Department

QATAR'S PMI IMPROVES AT SLOWER RATE IN APRIL

The headline Qatar Financial Centre (QFC) PMI for April 2025 recorded 50.7, showing a decrease of 1.3 points from figures noted in the month prior. The latest figure denotes an improvement in non-oil private sector activity within Qatar during the month albeit at a slower rate than the month prior.

In details, the latest survey data showed a further overall improvement in business conditions in Qatar's non-energy sector in April. Output increased for the first time in 2025, although new business declined and there were signs that the booming labor market was beginning to cool.

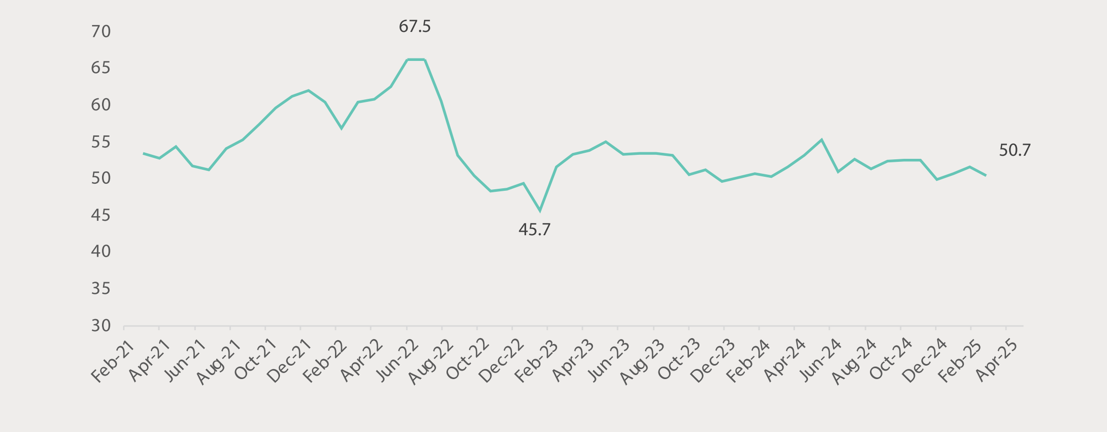
The easing in the PMI from 52.0 in March to 50.7 in April signals a slower overall rate of growth. This was influenced by a fall in new orders, faster suppliers' delivery times and a slower rate of job creation. The latest PMI reading was the lowest in three months and below the long-run survey average of 52.3, as per the QFC PMI report for April 2025.

Overall business activity expanded in April, reflecting growth in manufacturing, services and wholesale & retail. Construction remained a weak point, although building activity showed signs of stabilizing. With total activity rising and outstanding business expanding for the seventh time in eight months, companies expanded their input inventories for the second month running by raising purchasing volumes. This was aided by the quickest improvement in suppliers' delivery times in eight months.

There was evidence in the latest survey that the booming labour market was cooling. The rate of employment growth remained elevated in April, extending the current sequence of job creation to nine months. Workforce growth remained strong in all sectors, although all four registered softer gains than in March. The overall rate of job creation was the slowest since last August.

Average wages and salaries increased at the slowest rate in five months in April, albeit still one of the strongest since the survey began in 2017. In contrast, inflation of prices paid for physical inputs rose to a four-month high. Charges levied by non-oil private sector firms fell for the ninth month running and at the fastest rate since November 2024. Qatari firms remained confident regarding the 12-month outlook, with optimism linked to growth in real estate and construction, a rising expatriate population, investment, tourism and government development initiatives. Sentiment was weaker than in March, however, and below the long-run survey trend. This partly reflected a reduction in new business during the month, the third contraction in 2025 so far albeit at a modest rate, as per the QFC PMI report for April 2025.

QATAR'S HEADLINE COMPOSITE PMI



Source: QFC, Bank Audi Group Research Department

SURVEYS / REPORTS

GCC RETAIL SECTOR TO SURGE UP TO US$ 390 BILLION BY 2028

The retail industry in the GCC emerged as a key enabler of economic diversification, technological innovation and consumer-centric growth. The retail sector is expanding rapidly, projected to reach over US$ 390 billion by 2028, driven by digital innovation, changing shopper behavior and strategic government initiatives, according to a report by issued by LOGIC Consulting.

Retail is no longer just a transactional space in the region. It is becoming a cornerstone of national development agendas, fostering private investment and energizing adjacent sectors such as logistics, real estate and tourism.

The report highlights the evolution of consumer expectations across the GCC. Shoppers are now more digitally fluent, time-sensitive and experience-driven, with 87% of consumers in the region using both online and offline channels to make purchases.

In details, the GCC's retail ecosystem is broadly split into two pillars: food and non-food, each showing robust but distinct growth paths. Food retail is expected to grow from US$ 127.2 billion in 2023 to US$ 162 billion by 2028, supported by rising urbanization and shifting dietary preferences. At the same time, non-food retail, which includes luxury, electronics and fashion, is surging faster, with a CAGR of 6.2%, expected to hit US$ 243.6 billion within the same period.

Saudi Arabia and the UAE continue to lead the region, representing currently over 75% of all retail sales, and a share that is set to grow further.

Concurrently, as luxury retail continues to thrive, a powerful countertrend is emerging: value-driven retail. Private labels, cooperative societies and budget-friendly chains are resonating with a growing middle class and price-sensitive consumers. Simultaneously, ethical and sustainable retail is gaining momentum, with over half of GCC consumers now prioritizing environmentally responsible brands.

In parallel, from AI-enabled platforms to hyper-personalized e-commerce journeys, retailers are reinventing themselves at breakneck speed. The emergence of "quick commerce", ultra-fast delivery in under 30 minutes, is reshaping how consumers access everyday essentials.

Digital-first players like Noon and Amazon.ae are competing head-to-head with legacy giants such as Carrefour and Lulu, who are now embedding AI, live inventory and omnichannel logistics into their operating models.

The report also outlines how organized retail is expanding, with nearly 4 million square meters of new retail space expected by 2028. Yet the future lies beyond square footage, experiential shopping, augmented reality and predictive personalization are becoming the norm.

SAUDI ARABIA POSITIONED TO LEAD US$ 8 BILLION FEEDER SHIPPING BOOM, AS PER ARTHUR D. LITTLE

As global logistics undergo rapid transformation, latest research from Arthur D. Little (ADL) positions Saudi Arabia as a future powerhouse in feeder shipping (the practice of transporting containers between smaller regional ports and major global hubs), a high-potential segment of maritime trade set to grow to US$ 451 billion globally by 2030.

The Middle East, East Africa, Turkey (MEEAT), and South Asia region alone is forecast to account for US$ 8 billion of that total, making it one of the most strategically valuable feeder markets in the world. At the heart of this regional surge is Saudi Arabia.

In details, unlocking opportunities in the feeder shipping sector Saudi ports are poised to capture up to 45% of Red Sea feeder trade and 35% of Gulf trade, driven by infrastructure investment, geographic advantage and Vision 2030's logistics transformation agenda. Red Sea throughput alone is projected to nearly double from 12 million TEUs in 2021 to 23 million by 2030, positioning the country as a cornerstone for intra-regional and East–West container movement.

In parallel, feeder shipping, is attracting growing interest from operators and investors due to returns on assets of 17% to 23%. This performance significantly outpaces returns in other freight and logistics segments such as rail, trucking and traditional maritime transport. While historically overlooked, the sector has become an increasingly vital part of the global shipping ecosystem.

Saudi Arabia's ability to combine geographic proximity to high-growth corridors with government-backed investment strategies creates a uniquely scalable feeder shipping environment that few markets globally can match.

ADL's analysis outlines a phased strategy for capturing this opportunity. New entrants to the Saudi market are encouraged to adopt asset-light models, chartering vessels and building lean, responsive operations before scaling through asset ownership and deeper integration with major liners, freight forwarders and regional exporters. This approach helps reduce capital risk while allowing operators to adapt quickly to demand and align with specific Saudi trade flows in the Red Sea, Gulf and Arabian Sea.

The report also highlights feeder shipping's compatibility with Saudi Arabia's environmental priorities. Feeder vessels, being smaller and more agile, are easier to retrofit for clean fuels such as methanol, biodiesel hybrids or hybrid-electric propulsion. This flexibility supports Saudi Arabia's goals to reduce carbon emissions by 25% by 2030 and reach net-zero by 2060.

With container volumes rising, infrastructure expanding, and consolidation accelerating across the shipping landscape, ADL concludes that Saudi Arabia is uniquely positioned to lead the next phase of growth in feeder shipping.

EMIRATE OF SHARJAH OUTLOOK REVISED TO "NEGATIVE" ON RISING FISCAL RISKS, AS PER S&P GLOBAL RATING

S&P Global Ratings revised from "stable" to "negative" its outlook on the long-term foreign and local currency sovereign credit ratings on the Emirate of Sharjah. At the same time, S&P affirmed its "BBB-/A-3" long-term and short-term foreign and local currency sovereign credit ratings on Sharjah.

The "negative" outlook reflects rising risks to Sharjah's fiscal position over the next two years.

In details, Sharjah has been running large fiscal deficits since the pandemic and the headline deficit widened to an estimated AED 10 billion (6.7% of GDP) in 2024 from AED 8.7 billion in 2023 (6% of GDP), on account of high capital expenditure (capex) and debt servicing costs.

Under the current base-case scenario, S&P still forecasts that budgetary deficits would persist but gradually decline to 4.5% of GDP by 2028, helping stabilize net general government debt at around 56% of GDP in 2028. This, in turn, implies broader public sector debt (including debt of State-owned enterprises) peaking at just over 60% of GDP. However, in S&P's view, there are risks of further fiscal slippages, especially if public sector spending continues to grow, costs of debt servicing are higher, or additional revenue inflows from the new corporate income tax.

CORPORATE NEWS

QATAR AIRWAYS INKS US$ 96 BILLION BOEING ORDER

State-owned airline Qatar Airways signed an agreement to buy 210 aircraft from United States manufacturer Boeing, as mentioned in a company statement.

The deal for the Boeing 777X and 787 planes with GE Aerospace engines was worth up to US$ 96 billion.

The deal, revealed as the largest wide-body jet order in Boeing's history, underscores deepening commercial and defense ties between the US and Qatar.

PIF AND FRANKLIN TEMPLETON SIGN MOU TO INVEST US$ 5 BILLION IN SAUDI FINANCIAL MARKETS

The Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund, and Franklin Templeton Financial Company (FTFC), an American multinational investment management holding company, signed a non-binding memorandum of understanding (MoU) to partner in investing up to US$ 5 billion to further develop Saudi Arabia’s financial markets, as reported in a company statement.

These investments may range across Saudi equity and fixed income strategies in the public and private markets, aiming to broaden investment offerings for both Saudi and international investors.

Under the MoU, both entities seek to collaborate on a range of investment strategies and products in Saudi Arabia, with the goal of developing opportunities that align with their shared objectives. Additionally, Franklin Templeton would deploy programs and initiatives to transfer knowledge, foster talent and promote innovation in the asset management sector.

The MoU underscores PIF’s ongoing strategy to strengthen partnerships with top international financial institutions, while also diversifying its investments portfolio. The collaboration forms part of PIF’s broader efforts to diversify the Saudi economy and further develop local capital markets.

EMIRATES NBD AND SC VENTURES ANNOUNCE MOU TO EXPLORE STRATEGIC INNOVATION IN MENA

Emirates NBD, one of the leading banking group in the Middle East, North Africa and Turkey region, signed a Memorandum of Understanding (MoU) with SC Ventures, the innovation, FinTech investment and venture-building arm of Standard Chartered, to explore strategic opportunities for collaboration, as revealed in a company statement.

The collaboration outlines the intent of both parties to jointly explore innovation-led initiatives, support ventures in the Middle East and North Africa region, explore investment opportunities, tapping into their respective portfolios, capabilities and market insights.

The partnership would also focus on identifying synergies across digital innovation, strategic partnerships and venture co-creation in financial services.

GBS PARTNERS WITH HUAWEI CLOUD TO EXPAND CLOUD OFFERINGS IN SAUDI ARABIA

Gulf Business Solutions (GBS), one of the leading provider of technology solutions in Saudi Arabia, announced a strategic partnership with China-based Huawei Cloud, meeting the Saudi Arabia's rising demand for advanced, tailored cloud services.

This collaboration allows GBS to significantly expand and diversify its cloud solutions portfolio, leveraging Huawei Cloud's powerful, scalable and secure technology stack.

The partnership would also enable GBS to provide bespoke cloud services to public and private sector clients across Saudi Arabia, helping organizations modernize their IT infrastructure, increase agility and drive digital transformation in alignment with Vision 2030.

DU COLLABORATES WITH IGNYTE TO EMPOWER SMES GROWTH IN UAE

UAE-based du, one of the leading telecom and digital services provider, announced its strategic partnership with Ignyte, a dynamic digital platform curated by Dubai International Financial Centre (DIFC) under the Sheikh Hamdan Initiative.

The collaboration is set to accelerate AI innovation, support startups and expand digital inclusion across the UAE in line with du's commitment to fostering the growth of SMEs through advanced digital transformation solutions for entrepreneurs.

The partnership would benefit from the du Business ecosystem, offering bundled value and exclusive telecom integrations through a strategic platform collaboration designed to empower the business community. Startups gain from mentorship in business, technology and telecom, which boosts their market preparedness and stability.

Concurrently, Ignyte's network promotes connections with investors and corporations, speeding up growth and increasing the likelihood of success. In alignment with du Business' SME strategy, this initiative would enable SMEs by offering robust digital solutions that navigate the complexities of the current business world, propel digital transformation and champion business excellence.

The collaboration aligns with the D33 agenda, aiming to directly engage with over 100,000 entrepreneurs in the next three years, making this a cornerstone for innovative and entrepreneurial success in the region.

HYUNDAI MOTOR MANUFACTURING MIDDLE EAST BREAKS GROUND ON SAUDI PLANT

Hyundai Motor Manufacturing Middle East (HMMME), a joint venture between the Public Investment Fund (PIF) and Hyundai Motor Company, breaks ground on Hyundai's first manufacturing plant in the Middle East at the King Salman Automotive Cluster within King Abdullah Economic City (KAEC), as reported in a company statement.

The facility is expected to produce its first vehicle by the fourth quarter of 2026 and aims for an annual output of 50,000 vehicles. The production would include both Internal Combustion Engine (ICE) vehicles and electric vehicles (EVs). It is worth noting that PIF holds a 70% stake in HMMME, with Hyundai owning the remaining 30%.

HMMME aims to establish a strong foundation for automotive manufacturing in Saudi Arabia. Leveraging local talent, the facility would create thousands of jobs while promoting knowledge transfer and skills development. The localization of Hyundai vehicles is set to accelerate the growth of Saudi Arabia's automotive and mobility ecosystem, advancing its industrial future.

This partnership is also a part of a broader series of PIF initiatives positioning Saudi Arabia as a global automotive hub. Together, these efforts are transforming the sector, enhancing domestic manufacturing capabilities and strengthening infrastructure and supply chains.

CAPITAL MARKETS

EQUITY MARKETS: MENA EQUITIES UNDER DOWNWARD PRICE PRESSURES, TRACKING GLOBAL EQUITY WEAKNESS AND ON FALLING OIL PRICES

MENA equity markets came under downward price pressures this week, as reflected by a 1.0% contraction in the S&P Pan Arab Composite index, mainly tracking global equity weakness (-1.4%) after Moody's downgraded the US from its top credit rating, which added to concerns about the outlook for the global economic growth. This was exacerbated by some unfavorable company-specific factors and falling oil prices.

The heavyweight Saudi Exchange, whose market capitalization represents about 60% of the total regional market capitalization, slid back into the red (-2.5%) this week, mainly tracking a global sell-off mood as the souring sentiment over the US fiscal outlook following Moody's US credit rating downgrade triggered a broader risk-off tone across global markets. This was exacerbated by a 1.0% week-on-week fall in Brent oil prices to reach US$ 64.78 on Friday on reports that OPEC+ is discussing a production increase for July, in addition to some unfavorable market-specific and company-specific factors. In fact, the latest data showed that Saudi crude oil exports fell to 5.754 million barrels per day in March 2025, down from 6.547 million bpd in February.

A glance on individual stocks shows that Riyad Bank's share price went down by 1.9% week-on-week to SR 28.35. HSBC cut its recommendation on Riyad Bank's stock to "Hold" from "Buy", with a price target of SR 31.40, which implies a 5.5% increase from last price. ANB's share price closed 0.7% lower at SR 21.68. Al Rajhi Bank's share price went down by 3.9% to SR 94.00. Banque Saudi Fransi's share price retreated by 0.6% to SR 17.46. Alinma Bank's share price fell by 2.0% to SR 27.30.

As to petrochemicals stocks, Saudi Aramco's share price shed 3.8% over the week to SR 25.15. Petro Rabigh's share price went down by 1.7% to SR 6.87. Yansab's share price closed 2.8% lower at SR 30.00. Saudi Kayan Petrochemical Company's share price plummeted by 6.6% to SR 5.10. Advanced Petrochemical Company's share price decreased by 3.5% to SR 29.40. SABIC's share price dropped by 2.5% to SR 58.80. SNB Capital cut its recommendation on SABIC's stock to "Neutral" from "Overweight", with a price target of SR 64.50, which implies a 6.6% increase from last price.

Concurrently, Northern Region Cement's share price conbracted by 3.6% week-on-week to SR 8.25. Northern Region Cement reported 2025 first quarter net profits of SR 8 million against net profits of SR 52 million a year earlier. City Cement's share price fell by 4.4% to SR 18.40. City Cement's Board of Directors recommended not to distribute cash dividends for the second half of the year 2024. Red Sea International's

EQUITY MARKETS INDICATORS (MAY 18 - MAY 24, 2025)

Market	Price Index	week-on-week	Year-to-Date	Trading Value	week-on-week	Volume Traded	Market Capi-talization	Turnover ratio	P/E*	P/BV*
Lebanon	177.2	-2.2%	-22.0%	2.1	-94.3%	0.1	20,029.6	0.5%	-	0.56
Jordan	423.8	0.3%	8.5%	57.0	14.8%	22.2	26,913.5	11.0%	9.8	1.26
Egypt	262.8	0.3%	8.6%	307.3	9.0%	5,318.2	45,802.6	34.9%	7.8	2.12
Saudi Arabia	487.7	-2.5%	-6.2%	4,927.4	-19.2%	783.9	2,491,770.5	10.3%	15.9	3.73
Qatar	177.4	1.9%	2.4%	761.6	37.9%	1,261.6	174,966.9	22.6%	13.3	1.63
UAE	160.2	0.4%	5.2%	3,202.1	-6.1%	2,999.3	1,060,208.7	15.7%	12.8	2.26
Oman	258.1	1.8%	1.6%	93.3	70.4%	230.6	32,380.9	15.0%	9.4	1.01
Bahrain	231.1	0.4%	0.1%	10.4	152.0%	8.2	18,072.0	3.0%	10.1	1.34
Kuwait	149.9	-0.2%	11.1%	1,053.1	-11.3%	1,274.4	154,862.0	35.4%	18.6	2.15
Morocco	413.1	3.1%	34.4%	256.4	-11.9%	8.4	103,232.5	12.9%	19.2	2.74
Tunisia	78.8	1.8%	19.0%	21.0	77.9%	5.6	9,766.4	11.2%	12.8	2.21
Arab Markets	**990.1**	**-1.0%**	**-0.3%**	**10,691.8**	**-10.8%**	**11,912.3**	**4,138,005.6**	**13.4%**	**14.9**	**3.10**

Values in US$ million; volumes in millions

** markets cap-weighted averages*

Sources: S&P, Bloomberg, Bank Audi'sGroup Research Departement.

share price plunged by 7.1% to SR 39.75. Red Sea International reported a net loss of SR 4.5 million in the first quarter of 2025 compared to a net loss of SR 12.0 million in the same period of the previous year. First Milling Company's share price dropped by 4.2% to SR 54.90. Al Rajhi Capital cut its recommendation on First Milling Company's stock to "Neutral" from "Overweight", with a price target of SR 57.

In contrast, activity in the Qatar Stock Exchange remained tilted to the upside (+1.9%) this week, bucking global equity weakness, mainly supported by some upbeat corporate earnings and favorable market valuations. In fact, Qatari stocks traded at a P/E of 13.3 times against an average P/E by of 14.9 times in the MENA region. 41 out of 53 traded stocks posted price gains, while 12 stocks registered price falls week-on-week.

A closer look at individual stocks shows that Ooredoo's share price increased by 2.8% over the week to QR 12.950. Ooredoo has previously reported 2025 first quarter net profits of QR 960 million against net profits of QR 913 million a year earlier. Qatar Gas Transport' share price expanded by 2.3% to reach QR 4.923. Qatar Gas Transport has previously announced 2025 first quarter net profits of QR 433 million against net profits of QR 420 million a year earlier, up by 3.2% year-on-year. Doha Insurance's share price closed 2.5% higher at QR 2.590. QLM Life & Medical Insurance's share price jumped by 6.1% to QR 2.100. Qatar's seven listed insurers have reported combined net profits of QR 424 million for the first quarter of 2025 against net profits QR 382 million for the corresponding period of the previous year. Concurrently, Lesha Bank's share price skyrocketed by 10.0% to QR 1.915. QNB's share price rose by 1.5% to QR 17.450. Masraf Al Rayan's share price went up by 2.0% to QR 2.345. Dukhan Bank's share price increased by 2.8% to QR 3.671. The Commercial Bank's share price edged up by 0.7% to QR 4.390.

The UAE equity markets closed the week on a positive note, as reflected by a 0.4% rise in the S&P UAE index, mainly on improved overall investor sentiment following a slew of business agreements between the UAE and the US, which overshadowed falling oil prices and some unfavorable company-specific factors.

In Abu Dhabi, ADIB's share price nudged up by 0.4% week-on-week to AED 19.18. First Abu Dhabi Bank's share price closed 1.0% higher at AED 16.02. Aldar Properties' share price increased by 1.2% to AED 8.37. Alpha Dhabi Holding's share price went up by 1.9% to AED 11.66. In contrast, ADCB's share price shed 1.3% to AED 12.14. AlphaMena cut its recommendation on ADCB's stock to "Reduce" from "Add", with a price target of AED 12.80, which implies a 4.2% increase from last price. ADNOC Logistics & Services' share price plunged by 5.3% to AED 4.44. HSBC cut its recommendation on ADNOC Logistics & Services' stock to "Hold" from "Buy", with a price target of AED 5.30, which implies a 15% increase from last price. ADNOC Drilling's share price contracted by 1.9% to AED 5.17. ADNOC Gas' share price fell by 3.3% to AED 3.22.

In Dubai, Emirates NBD's share price rose by 1.8% over the week to AED 23.00. Amlak Finance's share price edged up by 0.6% to AED 0.830. du's share price increased by 1.1% to AED 9.00. Dubai Investments' share price closed 0.4% higher at AED 2.37. Emaar Properties' share price went up by 1.5% to AED 13.55. Emaar Development's share price expanded by 0.4% to AED 13.40. AlphaMena raised its recommendation on Emaar Development's stock to "Buy" from "Add", with a price target of AED 17.80, which implies a 33% increase from last price. In contrast, DEWA's share price declined by 1.8% to AED 2.69. FAB Securities cut its recommendation on DEWA's stock to "Accumulate" from "Buy", with a price target of AED 2.98, which implies a 10% increase from last price. Deyaar Development's share price went down by 2.6% to AED 0.891. SALIK's share price retreated by 1.0% to AED 5.73. Shuaa Capital's share price shed 5.4% to AED 0.227.

FIXED INCOME MARKETS: MENA BOND MARKETS REMAIN ON FALL, MAINLY TRACKING US TREASURIES MOVE FOLLOWING US CREDIT RATING DOWNGRADE

Activity in MENA fixed income markets remained skewed to the downside this week, mainly tracking US Treasuries move after Moody's became the latest major credit rating agency to downgrade the US triple-A credit rating, and on concerns about a proposed US tax-cut bill that threatens to enlarge the US deficit.

In the Saudi credit space, sovereigns maturing in 2030, 2034, 2050 and 2060 recorded price drops ranging between 0.06 pt and 1.29 pt this week. Prices of Aramco'34 and '50 went down by 0.64 pt and 1.14 pt respectively. SEC'30 and '44 traded down by 0.20 pt and 1.07 pts respectively. STC'29 closed down by 0.30 pt. In contrast, prices of SABIC'28 rose by 0.33 pt. Amongst financials, Banque Saudi Fransi'29 was down by 0.13 pt. In contrast, SNB'29 traded up by 0.10 pt. Regarding new issues, Alinma Bank raised US$ 500 million this week from the sale of Reg-S perpetual non-call 5.5-year Fixed Rate Resettable Additional Tier 1 Capital Sukuk at a yield of 6.5% against an initial price guidance of 7%.

In the Bahraini credit space, sovereigns maturing in 2028, 2030, 2035 and 2051 recorded price contractions ranging between 0.17 pt and 0.66 pt week-on-week. In the Qatari credit space, sovereigns maturing in 2028, 2030, 2034, 2040 and 2050 saw weekly price declines of up to 0.72 pt. Prices of Ooredoo'28, '31 and '43 decreased by 0.10 pt, 0.44 pt and 1.38 pt respectively. Amongst financials, prices of QNB'29 contracted slightly by 0.09 pt. As to plans for new issues, AlRayan Bank mandated banks as Joint Lead Managers and Bookrunners to arrange a series of fixed income investor meetings and calls ahead of the sale of a Regulation S only US dollar-denominated benchmark size fixed rate five-year Sukuk offering under the US$ 4 billion Trust Certificate at 120 bps over UST.

In the UAE credit space, sovereigns maturing in 2031, 2033, 2041 and 2052 recorded price falls of up to 1.49 pt this week. In the Dubai credit space, sovereigns maturing in 2030 and 2050 posted weekly price drops of 0.08 pt and 1.04 pt respectively. DP World'30 and '49 were down by 0.08 pt and 0.91 pt respectively. Emirates Airlines'28 closed down by 0.05 pt. In contrast, prices of Majid Al Futtaim'29 went up by 0.25 pt. Amongst financials, prices of Emirates NBD Bank'27 retreated slightly by 0.06 pt.

In the Abu Dhabi credit space, sovereigns maturing in 2027, 2030, 2034 and 2050 saw price contractions of up to 1.03 pt this week. ADNOC Murban'29 was down by 0.07 pt. Prices of Mubadala'28, '30, '34, '41 and '50 registered price drops ranging between 0.14 pt and 1.18 pt. Prices of Taqa'30 and '36 declined by 0.18 pt and 0.58 pt respectively, while Taqa'28 was up by 0.10 pt. Aldar Investment Properties'33 traded down by 0.07 pt. Amongst financials, prices of ADCB'29 decreased by 0.12 pt. FAB'28, '29 and '35 posted price decreases of up to 0.07 pt. In the Sharjah credit space, sovereigns maturing in 2030 recorded price falls of 0.21 pt week-on-week.

In the Kuwaiti credit space, prices of sovereigns maturing in 2027 decreased by 0.10 pt week-on-week. In contrast, KIPCO'27 traded up by 0.09 pt. In the Omani credit space, sovereigns maturing in 2028, 2031 and 2051 recorded price falls of 0.19 pt, 0.39 pt and 1.27 pt respectively this week. Omantel'28 traded down by 0.19 pt.

In the Egyptian credit space, sovereigns maturing in 2033, 2040 and 2050 posted price contractions of up to 2.67 pts, while sovereigns maturing in 2028 and 2040 registered price rises of 0.45 pt and 0.31 pt respectively this week.

All in all, regional bond markets came under downward price pressures this week, mainly tracking declines in US Treasuries, as investors demanded more interest for holding government debt following Moody's US credit rating downgrade from "Aaa" to "Aa1", and as the proposed US tax cuts are adding to concerns about the US fiscal position.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	23-May-25	16-May-25	31-Dec-24	Week-on-week	Year-to-date
Abu Dhabi	37	37	43	0	-6
Dubai	58	57	64	1	-6
Kuwait	63	65	64	-2	-1
Qatar	35	35	44	0	-9
Saudi Arabia	76	74	65	2	11
Bahrain	228	218	187	10	41
Morocco	112	112	94	0	18
Egypt	593	556	591	37	2
Iraq	335	353	301	-18	34
Middle East	171	167	162	4	9
Emerging Markets	157	150	174	7	-17
Global	256	256	277	0	-21

Sources: Bloomberg, Bank Audi's Group Research Department

Audi Capital

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$)	23-May-25	16-May-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)	49.90	50.15	50.84	-0.5%	-1.8%
Iraqi Dinar (IQD)	1,310.00	1,310.00	1,310.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.76	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%	0.0%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	-0.1%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	0.0%
Yemeni Riyal (YER)	243.88	244.16	249.57	-0.1%	-2.3%
NORTH AFRICA					
Algerian Dinar (DZD)	133.16	132.91	135.56	0.2%	-1.8%
Moroccan Dirham (MAD)	9.31	9.24	10.13	0.7%	-8.1%
Tunisian Dinar (TND)	3.02	3.01	3.19	0.4%	-5.3%
Libyan Dinar (LYD)	5.51	5.47	4.91	0.8%	12.2%
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'sGroup Research Departement.

DISCLAIMER