The MENA WEEKLY MONITOR

CONTACTS

Treasury & Capital Markets

Bechara Serhal
(961-1) 977421
bechara.serhal@banqueaudi.com

Nadine Akkawi
(961-1) 977401
nadine.akkawi@banqueaudi.com

Private Banking

Toufic Aouad
(961-1) 954922
toufic.aouad@bankaudipb.com

Corporate Banking

Khalil Debs
(961-1) 977229
khalil.debs@asib.com

RESEARCH

Marwan Barakat
(961-1) 977409
marwan.barakat@banqueaudi.com

Jamil Naayem
(961-1) 977406
jamil.naayem@banqueaudi.com

Salma Saad Baba
(961-1) 977346
salma.baba@banqueaudi.com

Fadi Kanso
(961-1) 977470
fadi.kanso@banqueaudi.com

Gerard Arabian
(961-1) 964047
gerard.arabian@banqueaudi.com

Farah Nahlawi
(961-1) 959747
farah.nahlawi@banqueaudi.com

Anthony Badr
(961-1) 964714
anthony.badr@banqueaudi.com

Nivine Turyaki
(961-1) 959615
nivine.turyaki@banqueaudi.com

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The year 2017 will continue to be a tough year for the MENA region, but the gradual rise in oil prices will see the projects' market begin to regain some vigor, as per MEED Business Review.

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MENA MARKETS: WEEK OF JANUARY 01 - JANUARY 07, 2017

Stock market weekly trend	↑	Bond market weekly trend	↑
Weekly stock price performance	+1.1%	Weekly Z-spread based bond index	-4.2%
Stock market year-to-date trend	↑	Bond market year-to-date trend	↑
YTD stock price performance	+1.1%	YTD Z-spread based bond index	-4.2%

ECONOMY

MEED BUSINESS REVIEW SAYS US$ 208 BILLION IN MAJOR CONTRACTS TO BE AWARDED IN MENA THIS YEAR

A pipeline of about US$ 208 billion worth of major contracts is scheduled to be awarded across the Middle East and North Africa region this year, according to a MEED Business Review report.

A majority of these major contracts (61%) would be in the GCC region as per the same source.

In terms of mega projects (contracts valued at US$ 1 billion or above), there are about US$ 75 billion of deals scheduled to be let in the GCC and Egypt this year.

The power, oil and transport sectors will drive mega projects spending this year, accounting for 83% of the total value, as per the MEED Business Review. Major contract awards expected include contracts on the Mohamed bin Rashid al-Maktoum Solar Park in Dubai and upgrades at the Ruwais Refinery in the UAE.

It is no secret that 2017 will continue to be a tough year for the region, but the gradual rise in oil prices will see the projects' market begin to regain some vigor. Governments still plan to invest in the much-needed infrastructure and are looking at alternate ways to fund schemes, according to the same source.

Between 2018 and the start of 2020, there is a pipeline of more than US$ 500 billion worth of contracts slated for award in the GCC and Egypt. Not all will be let over the period, but the value of awards is expected to pick up, especially as Dubai and Qatar head towards hosting their respective global events of Expo 2020 and the 2022 FIFA World Cup, as per MEED Business Review.

According to the report, the GCC has been predominantly driven by major infrastructure projects in the past 15 years. These schemes have created jobs, fueled immigration, expanded economies and changed the landscape of many cities in the region.

However, some mega projects in the past few years have been dogged by delays, cancellations and cost overruns. Postponements of tender deadlines or awards have also become a common problem for major infrastructure upgrades.

Mega projects may drive economies, but they are the result of long-term masterplans drawn up by governments. The most recent to be launched is Riyadh's vision 2030 and the National Transformation Program, released in late April 2016 in response to low oil prices and its fiscal deficit. The plan calls for a significant program of infrastructure upgrades.

In 2016, the value of major contract awards in the Kingdom of Saudi Arabia fell by about 52% to US$ 25.1 billion, compared to US$ 52.1 billion of deals let in the previous year. This year, Saudi Arabia is expected to award about US$ 43 billion of deals, a 73% uplift on 2016, but still lower than the 2015 figure, according to the MEED Business Review.

UAE AND KSA EXPERIENCE STRONG NON-OIL PRIVATE SECTOR GROWTH IN DEC 2016, SAYS EMIRATES NBD

The UAE and Saudi Arabia experienced strong non-oil private sector growth in December 2016, according to survey data from Emirates NBD.

Improved sentiment in both countries comes amid a rise in oil prices following agreed output cuts by both OPEC and non-OPEC producers, suggesting that businesses believe that the negative impacts of fiscal austerity may be tailing off.

Emirates NBD's purchasing managers' index (PMI) for the UAE rose to 55 in December 2016 from 54.2 in November. A reading above 50 indicates that the non-oil economy is growing, while a reading below 50 suggests that it is contracting. The rising PMI score in the UAE indicated a solid expansion in the non-oil private sector during the past quarter, as rising output in December led to higher orders amid a return to growth of new export business.

It is worth noting that the UAE's PMI score for 2016 averaged 53.9, compared to 56.0 in 2015, indicating slower growth during the past year.

Saudi Arabia's PMI score, meanwhile, rose to 63.3 in December from 60.3 in November, following moves by the government to pay outstanding invoices. Output growth in the Kingdom hit a four-month high last month, with nearly a third of firms reporting higher output during December, as per Emirates NBD. But while firms have increased purchases and accumulated inventories in anticipation of future orders, employment growth in the sector remains marginal, as per the same source.

On the other hand, private sector business sentiment remained severely depressed in Egypt in December 2016, according to Emirates NBD data, with sharp rises in material costs weighing on output following the country's currency devaluation in November.

As a matter of fact, Egypt's non-oil PMI score stood at 42.8 in December, the country's 13th consecutive negative rating, an improvement from November's score of 41.8. December's ranking rounded off the country's worst quarter on average since data collection began five years ago. Sharp inflation resulted in purchasing costs rising at a near-record pace, restricting output, according to Emirates NBD, with the resulting higher prices hurting demand.

FITCH PUBLISHES OMAN'S LONG-TERM FOREIGN AND LOCAL CURRENCY ISSUER DEFAULT RATINGS AT "BBB"

Fitch published Oman's long-term foreign and local currency issuer default ratings (IDRs) at "BBB" with a "stable" outlook. Fitch also published the country ceiling at "A-", and short-term foreign and local currency IDRs at "F2".

Oman's ratings reflect its low public and external debt, strong balance sheet and high GDP per capita, balanced against its double-digit fiscal deficit and a very hydrocarbon-dependent budget and economy. Its World Bank governance indicators are at the "BBB" median level but are held back by low scores on "voice and accountability".

Fitch expects that external debt issuance and draw-downs from wealth funds to finance budget deficits would result in sovereign net foreign assets falling to 28% of GDP by 2018, down from 48.5% of GDP at end-2016. Fitch forecasts the government's net domestic assets (mostly bank deposits minus local debt) would remain above 10% of GDP. At those levels, the government would still have a stronger balance sheet than most countries in the "BBB" rating category.

According to the rating agency, the earlier sharp fall in oil and gas prices hit Oman hard. Fitch expects hydrocarbon revenues to fall by 22% in 2016, after a 41% drop in 2015, but they would still make up around 70% of government revenues. The rating agency expects current spending to have fallen by 5% in 2016, after a 15% cut in 2015, mostly due to a drop in subsidy expenditure as a result of lower oil prices and the removal of subsidies. Nevertheless, the government budget deficit would still have widened to 17.2% of GDP in 2016 from 16.5% of GDP in 2015. Outturns for the first 10 months of 2016 indicate that the deficit would overshoot the budget target of OMR 2.7 billion.

EGYPT'S ANNUAL URBAN CONSUMER PRICE INFLATION JUMPS TO 23.3% ANNUALLY IN DECEMBER 2016

Egypt's annual urban consumer price inflation jumped for the second month since the pound was freely floated last year to reach 23.3% annually in December 2016 from 19.4% in November, as per the official CAPMAS statistics agency.

Egypt abandoned its currency peg of 8.8 to the U.S. dollar on Nov. 3 in a move that has since seen the currency depreciate roughly by half. It was accompanied with a 300 basis point interest rate hike to fight inflationary pressures.

Despite the hike, inflation is rising sharply and is expected to climb further this year as the government pushes on with economic reforms, including fuel subsidy cuts and the implementation of a value-added tax (VAT), that helped it secure a US$ 12 billion International Monetary Fund loan program.

In cities and towns, food and beverage inflation touched 28.3% annually in December. Healthcare inflation stood at 32.9% while that of transportation was 23.2%.

In parallel, Egypt's net foreign reserves rose to US$ 24.265 billion at the end of December from US$ 23.058 billion at the end of November, as per official data.

The reserves were further supported by a US$ 2 billion repurchase transaction that the Central Bank secured with global banks last month. The transaction with a consortium of international banks has a maturity of one year.

Domestic debt rose by 5.3% in the first quarter of 2016/2017 to reach LE 2.8 trillion (US$ 154.4 billion) at the end of September verses LE 2.619 trillion at the end of June, as per the Central Bank. Egypt's external debt rose to US$ 60.2 billion at the end of September from US$ 55.8 billion at the end of July.

JORDAN BUDGET DEFICIT STANDS AT US$ 1.1 BILLION AT END OF NOVEMBER 2016 AFTER FOREIGN GRANTS

Jordan's general budget deficit stood at JD 803.3 million (US$ 1.1 billion) at the end of November 2016 after foreign grants, compared to JD 1.3 billion (US$ 1.8 billion) in the same period of 2015, according to the Ministry of Finance.

It is worth noting that the deficit before foreign grants stood at JD 1.2 billion (US$ 1.7 billion) compared to JD 1.5 billion (US$ 2.1 billion) in the same period of 2015.

Domestic revenues and foreign grants reached JD 6.187 billion (US$ 8.723 billion) compared to JD 5.735 billion (US$ 7.578 billion), a rise of JD 452.0 million (US$ 637.3 million). Foreign grants stood at JD 404.0 million (US$ 569.6 million) compared to JD 448.0 million (US$ 631.7 million) in the same period of 2015.

Government spending at the end of November 2016 reached JD 6.99 billion (US$ 9.85 billion) compared to JD 6.76 billion (US$ 9.53 billion) in the same period of 2015.

SURVEYS

BAHRAIN TOPS MENA COUNTRIES AS TOP DESTINATION FOR EXPATS, ACCORDING TO HSBC

Bahrain topped MENA countries and came in the 9th position globally as top destination for expats in HSBC's Expat Explorer global report.

In the ninth edition of this annual survey, nearly 27,000 expats from 190 countries and territories shared their thoughts and experiences of expat life.

The research is used to create country league tables covering three aspects of life abroad, economics, experience and family. Singapore took the first place as the best overall destination. Switzerland came in the top position in the economics league table, New Zealand topped the league table for expat experience, and Sweden was the best destination for expat families.

According to the report, the Middle East remains an excellent destination for expats to improve their earnings, increase their savings and enjoy greater disposable income, despite the fact that all Middle Eastern countries (except Kuwait) have slipped slightly in this year's Economics league table.

Among MENA countries, Bahrain came in the top position (9th globally) with an overall score of 0.50, scoring 0.51 in terms of economics and 0.56 in terms of experience and 0.44 in terms of the family sub-indicator, as per HSBC.

The UAE came in the second position among MENA countries and 12th globally with an overall score of 0.49. In terms of the sub-indicators, the UAE scored 0.58 in economics placing it in the 5th spot globally for this sub-indicator, 0.50 in terms of experience and 0.40 in terms of family.

The third position among MENA countries was occupied by Oman with an overall score of 0.46, having registered 0.52 for economics, 0.51 in terms of experience and 0.34 for the family sub-indicator.

EXPAT EXPLORER OVERALL LEAGUE TABLE

Country	Expat Explorer Overall		Economics		Experience		Family	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Bahrain	9	0.50	17	0.51	6	0.56	9	0.44
United Arab Emirates	12	0.49	5	0.58	19	0.50	22	0.40
Oman	18	0.46	14	0.52	15	0.51	34	0.34
Qatar	29	0.42	8	0.53	40	0.4	36	0.33
Saudi Arabia	31	0.42	11	0.53	37	0.42	39	0.32
Kuwait	35	0.39	22	0.48	43	0.38	41	0.3
Egypt	44	0.33	40	0.31	45	0.37	40	0.31

Sources: HSBC, Bank Audi's Group Research Department

SUKUK ISSUANCE TO REMAIN SUBDUED IN THE GCC THIS YEAR, AS PER S&P

The GCC would need around US$ 275 billion of financing in 2017-2019 and around 50% of this amount would stem from conventional Sukuk issuance, according to a recent report by S&P.

According to the report, several observers anticipated a surge of issuance in core markets, and particularly in the Gulf Cooperation Council (GCC), when oil prices started dropping at mid-year 2014. The windfall materialized, but only in the conventional debt market, where issuance in the GCC almost doubled in 2016 compared to 2015, while Sukuk issuance dropped by 6%, as per the report.

The global Sukuk market is expected to remain fairly quiet in 2017, with total issuance reaching around US$ 60 billion to US$ 65 billion, as per the report.

The relatively subdued Sukuk market anticipated for this year is mainly due to reasons related to the complexity of Sukuk issuance.

In 2016, global Sukuk issuance fell short of market expectations, although it was higher than in 2015. S&P believes the Sukuk market will remain subdued in 2017, since the issuance process is still quite complex.

S&P does not foresee a substantial increase in Sukuk issuance in the GCC this year, rather it anticipates some member countries might take the Islamic finance route alongside a conventional one.

According to the report, Bahrain will most likely remain a prominent player after issuing US$ 3.2 billion of Sukuk in 2016. Other GCC members will probably tap the market in 2017.

UAE PROPERTY MARKET IS OVER THE WORST, AS PER JLL

Increased jobs cuts across the UAE coupled with uncertainty in the macroeconomic environment were the main driving factors in the UAE's property market in 2016, putting downward pressure on rents and sale prices, according to a report by JLL.

According to the report, which analyzed performance in the third quarter of 2016, average prime rents for two-bedroom apartments in Abu Dhabi fell 6% year-on-year to reach around Dh 157,000 per annum.

Meanwhile, average sales prices in prime locations fell 11% year-on-year, with lower transaction volumes.

The decline came on the back of lower demand due to fewer employees, with a wave of job cuts within government, oil and gas, and financial services sectors, as per the report.

According to the report, other than a decline in prices in 2016, one of the key trends has been a flight to more affordable housing as many companies cut their housing allowances and tenants opted for cheaper units.

In 2016, the decline in rental rates has been greater than that in the sales market, highlighting the continued preference for renting among expatriates, as per the report.

CORPORATE NEWS

BAHRAIN LNG TO START CONSTRUCTION WORK ON ITS NEW TERMINAL THIS MONTH

Bahrain LNG would start the construction work on its new terminal this month and complete it by 2019.

The terminal is jointly owned by the Oil and Gas Holding Company (Nogaholding) and a consortium consisting of Teekay LNG Partners, Gulf Investment Corporation (GIC) and Samsung C&T (Samsung).

On completion, the terminal would have a capacity of 800 million standard cubic feet per day and be operated under a 20-year agreement.

It would comprise a floating storage unit (FSU), an offshore LNG receiving jetty and breakwater, an adjacent regasification platform, subsea gas pipelines from the platform to shore, an onshore gas receiving facility, and an onshore nitrogen production facility.

The project was awarded to the Teekay LNG-GIC-Samsung consortium in December 2015 by the National Oil & Gas Authority (Noga) of Bahrain following an international competitive tendering process.

The project is being developed to supplement local gas production in Bahrain and ensure capacity to meet peak seasonal gas demand and industrial growth. It would also enable the country to procure internationally-traded LNG on a competitive basis.

The terminal would form a vital part of the energy infrastructure of Bahrain. It would give the country the security of energy supply that it needs to meet its growth in demand for natural gas; to fuel large industrial projects, to generate power and water, and for enhanced oil recovery, as per a company statement.

The company has sealed a US$ 741 million loan for the platform's construction with a syndicate of nine international and regional banks.

The loan has a tenor of 20 years, and Korea's export credit agency Korea Trade Insurance Corporation (K-sure) provided commercial and political risk cover for about 80% of the financing.

Standard Chartered, Arab Petroleum Investments Corporation and the Korea Development Bank acted as lead banks. The syndicate also includes Ahli United Bank, Santander, Crédit Agricole, ING Bank, Natixis and Société Générale.

The engineering, procurement and construction (EPC) contract was awarded to GS Engineering & Construction, while Teekay LNG was signed up for supply of the FSU which would be modified specifically for this project, through a 20-year time-charter agreement.

PETROFAC WINS US$ 600 MILLION OMAN GAS PROJECT DEAL

British oilfield services company Petrofac secured an engineering, procurement and construction (EPC) contract worth nearly US$ 600 million from Salalah LPG for a key liquefied petroleum gas (LPG) extraction project at Salalah in the southern part of the country.

Salalah LPG is a wholly-owned subsidiary of Oman Oil Facilities Development Company.

As per the 36-month lump sum contract, Petrofac would construct the LPG unit and associated facilities, including tie-ins to existing pipeline infrastructure, together with LPG storage and jetty facilities at the Port of Salalah.

BRF AND QATAR INVESTMENT AUTHORITY TO ACQUIRE TURKISH POULTRY FIRM BANVIT IN US$ 470 MILLION VENTURE

Brazilian food processor BRF SA and Qatar's sovereign wealth fund agreed to buy the operations of Turkish poultry producer Banvit in a joint venture, as per BRF.

BRF would take a 60% stake in the venture and the Qatar Investment Authority would take 40% in a deal that calculates Banvit's enterprise value at US$ 470 million. The deal is part of BRF's move into the halal market, with Banvit being integrated into OneFoods, a BRF subsidiary dedicated to halal food that began operations recently.

The first phase of the deal involves acquiring 79.5% of Turkish market leader Banvit, followed by a tender offer for the rest of the company.

BAHRAIN'S BIN FAQEEH TO DELIVER US$ 270 MILLION BAHRAIN PROJECTS IN Q1 2017

Bin Faqeeh, a Bahrain-based privately-owned real estate investment company, would start delivering US$ 270 million worth of real estate development projects to the owners during the first quarter of 2017, as per a company statement.

The list of real estate development projects that would be delivered includes: The Grand, Plus, The Nest, Dar Tower, Forbes Tower, The Treasure, 360° and The Tweet. With the completion of these eight real estate development projects, the total number of delivered projects would reach 30, which constitutes 80% of total projects in the pipeline.

NAKHEEL AND CENTARA INK JV DEAL TO BUILD US$ 136 MILLION DEIRA ISLANDS RESORT

Dubai-based master developer Nakheel and Thai hotel group Centara Hotels and Resorts signed a joint venture agreement to create a 550-room, AED 500 million (US$ 136 million) beachfront resort with waterpark at Deira Islands.

Under the agreement, the two companies would deliver a resort on a stretch of beach on Nakheel's new 15.3 square km tourism, leisure, retail and entertainment hub, as per a company statement. The joint venture with Centara is the latest development in the company's expansion into Dubai's hospitality sector and its second international joint venture for Deira Islands.

As the first Centara establishment in the UAE, the new resort would cover an area of 295,900 square feet and include a waterpark, dining facilities, business center, kids' club, spa and fitness center. The resort is anticipated to have soft opening in 2019 and grand opening in 2020, as per a statement by Nakheel.

ITALIAN FIRM AWARDED KING FAHD INTERNATIONAL STADIUM MODIFICATION CONTRACT

Saudi Arabia's General Authority of Sports awarded a contract to Schiattarella Associati for the modification of King Fahd International stadium in Riyadh.

Under the terms of the deal, the Italy-headquartered architecture firm would oversee the refurbishment of a section of the stadium large enough to accommodate almost 50,000 spectators.

The company's proposal features an artificial hill at the base of the stadium, which would be used to link ground and concourse-level bleachers. Approximately 1,000 parking spaces would be installed beneath the artificial hill, and access areas to the facility's West Stand would be integrated in line with FIFA requirements. A green area would separate the hill and the stadium, allowing natural light to illuminate its entrances and acting as a filter between the facility and its parking lots. Schiattarella Associati's previous GCC projects include the Celebration Hall of Riyadh and the Addirriyah Art Centre in Saudi Arabia, and the Qatar Underwater Archaeological Museum (QUAM).

CAPITAL MARKETS

EQUITY MARKETS: REGIONAL STOCK MARKETS INITIATE THE YEAR 2017 WITH PRICE GAINS

Regional equity markets initiated the year 2017 with price gains, as reflected by a 1.1% weekly increase in the S&P Pan Arab Composite Index, mainly supported by price increases in the Egyptian Exchange, the Qatar Exchange and the UAE equity markets amid some favorable company-specific and market-specific factors, while the heavyweight Saudi Tadawul registered shy price declines on some profit-taking operations.

The UAE equity markets registered a 2.4% rise in prices week-on-week, driven by some favorable company-specific and market-specific factors. A monthly Reuters survey of leading Middle East fund managers at end-December 2016 found them bullish on regional equities in general, especially the UAE and Qatar, where they intend to capture high annual dividend yields.

In Dubai, Amlak Finance's share price surged by 4.6% over the week to close at AED 1.320. Amlak Finance renegotiated part of its debt restructuring deal, to which the Islamic mortgage provider agreed with creditors following the local property market crash of 2008. Dubai Islamic Bank's share price increased by 2.5% to close at AED 5.710. Dubai Islamic Bank sold its stake in Jordan Dubai Islamic Bank to Bank Al Etihad and Etihad Islamic Investment Co. Dubai Financial Market's share price climbed by 5.6% to AED 1.320. Dubai Financial Market mulls introducing regulated short-selling.

In Abu Dhabi, equities saw price gains, supported by some speculative trade around banks that may announce merger plans in 2017 and as the Abu Dhabi government approved investment of AED 241 million for development of infrastructure projects within the emirate. Abu Dhabi Commercial Bank's share price jumped by 7.2% to AED 7.40. Union National Bank's share price closed 1.3% higher at AED 4.60. NBAD's share price went up by 2.6% to AED 10.25. First Gulf Bank's share price increased by 1.2% to AED 13.00. FGB and NBAD announced in 2016 that they would merge in the first quarter of 2017. Aldar Properties' share price rose by 1.5% to AED 2.67.

The Qatar Exchange registered a 2.2% rise in prices week-on-week, as investors showed appetite to add Qatari stocks to their holdings at the beginning of the year in the aim of capturing high annual dividend yields. Ooredoo's share price went up by 3.4% to QR 105.30. Vodafone Qatar's share price

EQUITY MARKETS INDICATORS (JANUARY 01, 2017 TILL JANUARY 07, 2017)

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	106.9	0.0%	0.0%	1.1	-92.5%	0.1	10,955.0	0.5%	6.6	0.94
Jordan	403.2	-0.1%	-0.1%	34.3	-26.3%	22.4	24,530.6	7.3%	14.7	1.76
Egypt	264.8	4.4%	4.4%	323.1	7.7%	2,014.3	34,475.6	48.7%	12.7	1.73
Saudi Arabia	299.0	-0.2%	-0.2%	6,655.7	-9.0%	1,400.7	448,203.6	77.2%	14.8	2.26
Qatar	189.7	2.2%	2.2%	310.0	21.7%	39.1	158,164.6	10.2%	15.2	1.98
UAE	128.7	2.4%	2.4%	907.1	12.7%	2,793.8	227,635.5	20.7%	14.1	1.99
Oman	264.8	0.0%	0.0%	42.4	54.8%	71.6	23,241.7	9.5%	12.0	1.64
Bahrain	119.5	-1.7%	-1.7%	7.2	-81.0%	25.2	17,979.3	2.1%	10.3	1.10
Kuwait	79.1	1.7%	1.7%	249.7	-8.8%	802.2	79,546.3	16.3%	14.3	1.66
Morocco	285.8	8.4%	8.4%	231.2	-24.5%	12.5	61,526.5	19.5%	18.2	2.24
Tunisia	72.0	-1.2%	-1.2%	7.9	-74.5%	2.6	8,329.6	4.9%	13.9	1.89
Arabian Markets	**690.5**	**1.1%**	**1.1%**	**8,769.8**	**-6.8%**	**7,184.6**	**1,094,588.2**	**41.7%**	**14.6**	**2.04**

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

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

increased by 2.2% to QR 9.58. QNB's share price rose by 1.2% to QR 164.90. Doha Bank's share price closed 2.2% higher at QR 35.65.

The Egyptian Exchange recorded a 4.4% surge in prices week-on-week, as foreign funds continued to flow into the bourse, a trend which has been consistent since the float of the Egyptian Pound two months ago. Palm Hills Development's share price climbed by 12.9% to close at LE 3.50. Palm Hills Development said it signed an agreement with the Ministry of Housing to buy a major plot in West Cairo to build a new project. Talaat Moustafa Group's share price rose by 3.1% to LE 9.41. Ezz Steel's share price surged by 7.2% to LE 19.03. Commercial International Bank's share price went up by 1.0% to LE 73.82. EFG-Hermes' share price jumped by 10.2% to LE 28.13.

In contrast, the heavyweight Saudi Tadawul posted a shy retreat in prices of 0.2% week-on-week. Some equities registered prices falls on some profit-taking operations, while some petrochemical stocks reported price gains amid news that Gulf OPEC members initiated the year 2017 with an oil output cut in the aim of supporting global oil prices. NCB's share price declined by 0.7% to SR 42.34. Banque Saudi Fransi's share price dropped by 4.1% to SR 24.95. Samba's share price plunged by 4.7% to SR 23.21, although the bank's Board of Directors proposed the distribution of dividends at a rate of SR 0.50 per share for the second half of 2016, which is higher than the SR 0.45 per share dividend paid a year earlier. In contrast, petrochemicals giant SABIC's share price increased by 1.1% to SR 92.51. Advanced Petrochem's share price closed 1.7% higher at SR 46.75. Yansab's share price climbed by 4.6% to SR 56.51.

BOND MARKETS: REGIONAL BOND MARKETS START THE YEAR ON A POSITIVE TONE

Regional credit markets started 2017 on a positive note, with prices tracking the rise in oil prices which closed last week at US$ 54 per barrel. The Audi-compiled MENA bond index, a z-spread based index, contracted by 4.2% week-on-week, and Middle-Eastern five-year sovereign CDS spreads fell by 12 bps to attain 273 bps on average.

In Abu Dhabi, the IPIC curve traded well, seeing price increases of up to 0.875 pt week-on-week, and those of Etisalat'19 to '26 rose by up to 2.0 pts. Mubadala'21 to '23 also saw price rises of up to 1.0 pt, and prices of Taqa'19 to '36 rose by up to 1.250 pt. As to papers issued by financial institutions, ADCB papers witnessed prices increase by up to 0.375 pt, and those of NBAD by up to 0.625 pt.

In Dubai, the sovereign curve performed strongly seeing price increases of up to 3.50 pts on a weekly basis, as five-year CDS spreads contracted by 15 bps to reach 135 bps. DP World'17 closed down by 0.25 pt, while DP World'20 to '37 increased by up to 2.0 pts. In the corporate space, prices of Emaar'19 to '26 rose by up to 0.375 pt and those of MAF'17 to '25 expanded by up to 1.625 pt. It is worth adding that Investment Corp of Dubai, a State-owned holding company, appointed banks including JP Morgan Chase & Co. and HSBC Holdings Plc for a potential sale of Islamic bonds this year. In the financial space, DIB and Emirates NBD papers saw prices increase by up to 1.0 pt.

In the Qatari credit space, prices of Qatar'20 to '46 expanded by up to 1.250 pt week-on-week, and those of Qtel'25 to '43 rose by up to 0.875 pt. QNB'18 and '21 also closed up by 0.250 pt and 0.375 pt respectively, and prices of Commercial Bank of Qatar'19 (7.50%) and '21 moved up by 0.50 pt each.

Moving on to the Saudi bond market, prices of SECO'17 to '44 rose by up to 2.0 pts over the week, and Dar Al Arkan'18 and '19 traded up by 1.250 pt and 1.750 pt respectively. With regards to bond issuances in the Kingdom, ACWA Power plans to issue US$ 1 billion worth of bonds in February 2017, with the company mandating Jefferies, Citi, CCB Singapore, Mizuho and Standard Chartered to arrange the bond. In Kuwait, KIPCO'20 and '23 closed up by 0.250 pt and 0.750 pt respectively. Kuwait plans to issue US$ 10 billion worth of sovereign bonds in May 2017, according to Bloomberg. Additionally, Kuwait Oil Tanker Co. is weighing in a potential US$ 3.3 billion debt sale.

In Bahrain, prices of Bahrain'18 to '44 rose by up to 1.125 pt week-on-week, and Mumtalakat'21 closed up by 1.0 pt, as the sovereign's five-year CDS spreads contracted by 33 bps to attain 270 bps. It is

worth noting that Bahrain's Gulf International Bank chose six banks to arrange an upcoming US dollar-denominated bond sale. The bond would be a benchmark transaction, which traditionally means upwards of US$ 500 million, and could be launched as early as the end of January. Citigroup, HSBC, JP Morgan, Mizuho, National Bank of Abu Dhabi and Standard Chartered are the lead banks, while JP Morgan and National Bank of Abu Dhabi are coordinating the transaction.

Furthermore, Oman'26 and National Bank of Oman'19 closed up by 0.375 pt and 0.250 pt respectively on a weekly basis. The GCC country recently invited banks to arrange a potential dollar debt sale, according to Bloomberg. At the same time, Fitch published Oman's long-term foreign and local currency issuer default ratings (IDRs) at "BBB" with a "stable" outlook. Fitch also published the country ceiling at "A-", and short-term foreign and local currency IDRs at "F2". Elsewhere in the region, five-year CDS sovereign spreads in Lebanon and Morocco fell 20 bps and 10 bps to attain 500 bps and 170 bps respectively.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	06-Jan-17	30-Dec-16	31-Dec-15	Week-on-week	Year-to-date
Abu Dhabi	56	61	93	-5	-5
Dubai	135	150	234	-15	-15
Qatar	74	80	93	-6	-6
Saudi Arabia	105	113	156	-8	-8
Bahrain	270	303	367	-33	-33
Morocco	170	180	207	-10	-10
Egypt	446	450	478	-4	-4
Lebanon	500	520	422	-20	-20
Iraq	704	704	931	0	0
Middle East	**273**	**285**	**331**	**-12**	**-12**
Emerging Markets	**231**	**-**	**-**	**-**	**-**
Global	**210**	**218**	**260**	**-8**	**-8**

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-/Stable/B	B2/Negative	B-/Stable/B
Syria	NR	NR	NR
Jordan	BB-/Negative/B	B1/Stable	NR
Egypt	B-/Stable/B	B3/Stable	B/Stable/B
Iraq	B-/Stable/B	NR	B-/Negative/B
GULF			
Saudi Arabia	A-/Stable/A-2	A1/Stable	AA-/Negative/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Negative	AA/Stable/F1+*
Qatar	AA/Stable/A-1+	Aa2/Negative	AA/Stable/F1+
Kuwait	AA/Stable/A-1+	Aa2/Negative	AA/Stable/F1+
Bahrain	BB-/Stable/B	Ba2/Negative	BB+/Stable/B
Oman	BBB-/Negative/A-3	Baa1/Stable	BBB/Stable/F2
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BBB-/Stable/A-3	Ba1/Stable	BBB-/Stable/F3
Tunisia	NR	Ba3/Negative	BB-/Negative/B
Libya	NR	NR	NR
Sudan	NR	NR	NR

NR= Not Rated * Emirate of Abu Dhabi Ratings

FX RATES (per US$)	06-Jan-17	30-Dec-16	31-Dec-15	Weekly change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,507.50	1,507.50	1,507.50	0.0%	0.0%
Syrian Pound (SYP)	-	-	222.22	-	-
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	17.99	18.12	7.83	-0.7%	-0.7%
Iraqi Dinar (IQD)	1,209.19	1,196.17	1,165.00	1.1%	1.1%
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)	3.64	3.64	3.64	-0.1%	-0.1%
Kuwaiti Dinar (KWD)	0.31	0.31	0.30	0.1%	0.1%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.1%	0.1%
Omani Riyal (OMR)	0.38	0.38	0.38	-0.1%	-0.1%
Yemeni Riyal (YER)	250.00	250.00	217.39	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	109.89	109.89	107.53	0.0%	0.0%
Moroccan Dirham (MAD)	10.12	10.13	9.91	-0.1%	-0.1%
Tunisian Dinar (TND)	2.31	2.30	2.03	0.5%	0.5%
Libyan Dinar (LYD)	1.43	1.44	1.40	-0.6%	-0.6%
Sudanese Pound (SDG)	-	-	6.45	-	-

Sources: Bloomberg, Bank Audi's Group Research Department