The MENA WEEKLY MONITOR

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MENA equity markets remained under downward price pressures this week, as reflected by a 0.7% decline in the S&P Pan Arab Composite Index, within the context of low oil prices, lingering regional geopolitical concerns and some unfavorable market-specific factors. The Egyptian Exchange led the decline (-3.7%), followed the heavyweight Saudi Tadawul (-0.6%), while the UAE equity markets registered a shy price rise of 0.3% and the Qatar Exchange witnessed stability in prices week-on-week. Regional bond markets saw mostly downward price movements, amid weak oil prices and geopolitical concerns, and as some market players reduced their holdings, leaving room for new bond issues.

MENA MARKETS: WEEK OF NOVEMBER 15 - NOVEMBER 21, 2015

Stock market weekly trend	↓	Bond market weekly trend	↓
Weekly stock price performance	-0.7%	Weekly Z-spread based bond index	+12.3%
Stock market year-to-date trend	↓	Bond market year-to-date trend	↓
YTD stock price performance	-15.7%	YTD Z-spread based bond index	+50.8%

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ECONOMY

IIF EXPECTS MENA REAL GROWTH TO REACH 3% THIS YEAR

The Institute of International Finance (IIF) lately released a report titled “MENA: Adjusting to New Realities”. For the 15 MENA countries as a whole, the IIF expects growth to reach 3% in 2015, considerably below the average of 4.5% in the 2005-2014 period.

Economic activity could pick up slightly next year, as the further decline in the GCC will be more than offset by the strong rebound in Iran, where the expected lifting of sanctions should allow for a recovery in oil exports and investment, and a pick-up in the oil importers.

MENA oil-exporting countries are currently facing difficult challenges in adjusting to the sustained decline in international oil prices. The drop in oil prices will shift the aggregate current account of the region’s oil exporters to a deficit of US$ 82 billion in 2015, from a surplus of US$ 233 billion last year, as per the report. Also, the sharp and sustained decline in oil prices makes fiscal adjustment unavoidable. While some countries have started to consolidate their budgets, the fiscal deficits are projected to be large in most countries.

While most oil exporters have room to smooth the adjustment due to large buffers and the ability to borrow, that space will become increasingly limited, and oil exporters will need to move seriously toward fiscal consolidation to avoid a significant rundown of foreign assets, according to the IIF. Low-priority projects are being phased over time, subsidies are being reduced and the tax base broadened. At the same time, increased debt issuance will slow the rate of foreign asset depletion.

A tighter fiscal stance will lead to weaker growth. The IIF said that non-oil growth in the GCC will weaken further from 3.9% in 2015 to 2.6% in 2016. The banking systems are well positioned to cope with low oil prices in the next few years although liquidity conditions are tightening and rates are rising. Prolonged low oil prices would weaken asset quality and profitability.

SELECTED ECONOMIC INDICATORS FOR COVERED MENA COUNTRIES

	Real GDP growth			Fiscal balance/GDP			Current account balance/GDP		
	2014e	2015f	2016f	2014e	2015f	2016f	2014e	2015f	2016f
Bahrain	4.5%	3.7%	3.0%	-3.6%	-12.7%	-11.3%	3.3%	-2.6%	-3.3%
Kuwait	-1.6%	0.6%	1.3%	20.9%	7.0%	10.6%	32.5%	9.7%	7.8%
Oman	4.0%	4.4%	4.1%	-3.4%	-15.6%	-14.5%	5.0%	-12.5%	-11.8%
Qatar	4.0%	4.1%	4.5%	16.1%	1.5%	1.8%	24.4%	4.4%	1.6%
Saudi Arabia	3.6%	3.2%	1.4%	-3.4%	-21.0%	-18.3%	11.1%	-2.8%	-3.1%
UAE	4.6%	3.3%	3.3%	5.0%	-4.0%	-2.1%	13.6%	2.6%	2.4%
Algeria	3.8%	3.0%	3.0%	-7.1%	-14.2%	-11.7%	-4.3%	-17.6%	-14.6%
Iran	3.0%	1.4%	5.8%	-1.2%	-3.1%	-2.8%	4.5%	-0.8%	-1.8%
Iraq	-1.9%	1.4%	4.1%	-5.3%	-21.4%	-17.1%	-2.8%	-13.5%	-12.4%
Libya	-18.3%	-4.7%	2.4%	-42.3%	-60.8%	-47.7%	-16.7%	-21.0%	-18.9%
Egypt	2.2%	4.1%	3.2%	-12.7%	-11.5%	-10.8%	-1.0%	-3.7%	-4.1%
Jordan	3.1%	3.0%	3.6%	-9.4%	-3.9%	-3.2%	-6.7%	-2.7%	-1.4%
Lebanon	1.7%	1.2%	2.5%	-6.4%	-8.0%	-8.2%	-21.8%	-14.9%	-14.0%
Morocco	2.4%	4.7%	3.3%	-4.9%	-4.0%	-3.3%	-6.3%	-2.0%	-2.1%
Tunisia	2.3%	0.7%	3.0%	-4.9%	-6.5%	-5.5%	-9.1%	-13.5%	-12.7%

Source: IIF

The oil price drop has not led to significant pressure on dollar-pegged currencies, reflecting confidence underpinned by large foreign currency assets. The IIF expects the authorities in the GCC to maintain their pegs. The flexibility of the labor market allows for improving competitiveness without the need for currency adjustment.

Risks to the outlook in MENA oil exporters remain tilted to the downside. Oil prices could decline further from slower-than-expected global growth (partly due to a more rapid slowdown in China) or from higher-than-anticipated global oil production. In this event, most oil exporters would be forced into a sharper adjustment of policies, further adding to the growth slowdown currently in play.

For the region's oil importers, the drop in oil prices and non-fuel commodity prices is providing more space for supportive fiscal and monetary policies. However, spillovers from regional conflicts (including the wars in Libya, Syria and Iraq), security concerns, and the slow pace of reforms continue to weigh on private confidence. While fiscal and current account deficits will narrow, public debt levels will remain high particularly in Lebanon, Egypt and Jordan, as per the report.

The IIF expects a pick-up in average growth for the five oil importers (Egypt, Jordan, Lebanon, Morocco and Tunisia) from 2.2% in 2015 to 3.5% in 2016, driven by consumption and public investment in Egypt and a strong rebound in agricultural production in Morocco. However, growth would still be too low to make serious inroads into persistently high unemployment in all of these countries, especially among the youth, and widespread socioeconomic disparities.

There are also downside risks to the outlook in MENA oil importers. A worsening of security conditions and spillovers from regional conflicts and slower implementation of reforms would undermine tourism, private investment and macroeconomic stability.

IMF SAYS JORDAN'S ECONOMY REMAINS RESILIENT IN A DIFFICULT REGIONAL ENVIRONMENT

The IMF said at the conclusion of a mission visit to Jordan that the Kingdom's economy remains resilient in a difficult regional environment, with the conflicts in Iraq and Syria continuing to affect trade, tourism, and investor confidence. Nonetheless, growth picked up in the second quarter despite a slowdown in agriculture, and is projected to reach 2.5% this year and exceed 3% in 2016. Reflecting sharp declines in fuel and transportation prices, inflation is expected by the Fund to drop to -0.7% this year (with core inflation at around 3%), before recovering to about 2% in 2016 as fuel prices stabilize. Owing to weak exports and tourism, the current account deficit (excluding grants) was about 0.5% of GDP in the first half of the year. It is projected at about 11.5% of GDP for 2015, lower than last year owing to lower oil prices, and to broadly stay at this level in 2016.

International reserves are at an adequate level, while credit to the private sector continued to improve and banking sector indicators remained sound, according to the IMF. The combined deficit of the central government and the electricity company NEPCO amounted to 2.8% of GDP during January-September, slightly higher than expected. This reflects a central government revenue shortfall of 1.3% of GDP, including from lower oil prices, which was partly offset by spending restraint. At the same time, NEPCO is close to reaching a balanced budget, owing to the further decline in petroleum product prices and increased LNG volumes for electricity production.

Regarding policies in 2016 and beyond, the IMF said it had constructive discussions on how to find the right balance between tackling Jordan's economic challenge of raising growth and employment with the need to reduce its high public debt and current account deficit. Striking the right balance will require both structural reforms to boost jobs and growth, and sustained fiscal adjustment to reduce debt to safer levels. To help ensure that growth becomes high, sustained, and job-creating, structural reforms envisaged under Vision 2025 would need to address Jordan's long-standing obstacles in the areas of business environment (including access to finance) and competitiveness, governance, public institutions, and labor market reforms, as per the Fund. It will also be important for policies to bolster equity and fairness, including by requiring those with the ability to contribute their fair share to fiscal revenue and by creating a level playing field for enterprises. In this context, the design of fiscal adjustment must make room for growth-enhancing measures, such as by increasing capital spending, and for a gradual clearance of arrears. At the same time, it is critical that the international community continues to support Jordan through grants, including by helping the country bear the costs of hosting of Syrian refugees, according to the IMF.

S&P LOWERS LONG-TERM LOCAL AND FOREIGN CURRENCY SOVEREIGN CREDIT RATINGS ON OMAN TO "BBB+" FROM "A-"

Standard & Poor's lowered the long-term local and foreign currency sovereign credit ratings on the Sultanate of Oman to "BBB+" from "A-". The outlook is "negative". The rating agency affirmed the short-term ratings at "A-2". At the same time, the rating agency revised the transfer and convertibility assessment on Oman to "A-" from "A".

Standard & Poor's projects a sharp increase in Oman's general government and current account deficits over 2015-2018, and expects that trend growth in real per capita GDP would remain materially below that of peers. These factors were included in the downside scenario of S&P's previous review, and the rating agency therefore lowered the long-term ratings on Oman to "BBB+".

Since S&P's review in May, the rating agency lowered its brent oil price assumptions to average US$ 63 per barrel (/bbl) in 2016-2018 from US$ 72/bbl. This shift in S&P's assumptions alongside the much weaker-than-expected fiscal and external data outturns over the first half of 2015, led the rating agency to materially revise its key credit metrics for Oman for 2015-2018.

Oman posted a budget deficit of OMR 2.68 billion (US$ 7.0 billion) during the first eight months of 2015, compared to an OMR 205.7 million surplus reported in the same period a year earlier. In the first eight months of this year, government revenues fell by 36% compared to a year ago, as oil proceeds declined by 46%. Oman's government increased oil output to a record high of 992,700 barrels per day in June. Budget expenditures declined by 3.2% over January-August 2015 compared to the same period in 2014 because the government cut its hydrocarbon-related investment and military spending. The rating agency currently forecasts a general government deficit of about 15% of GDP in 2015.

Standard & Poor's thinks that the government has limited room for spending cuts, given that nearly 50% of spending relates to public-sector wages and subsidies and exemptions, which are typically difficult to reduce. S&P expects some cuts to outlays on subsidies, as well as the postponement of some defense spending and lower-priority capital expenditures in the 2016 budget. The rating agency understands that the 2016 budget would be based on an oil price assumption of US$ 55/bbl compared to US$ 75/bbl in 2015. The Omani government committed to increasing non-hydrocarbon-related tax revenues over the medium term.

As a result, S&P expects the general government deficit to average nearly 12% of GDP in 2015-2018. Standard & Poor's assumes that deficit financing would result in an annual average increase in Oman's government debt of some 3% of GDP a year over 2015-2018. The rating agency also estimates that the government's net asset position would fall from 59% of GDP in 2015 to 19% in 2018.

SURVEYS

DUBAI 16TH GLOBALLY IN INNOVATION, AS PER THE DUBAI CHAMBER OF COMMERCE AND PwC

Based on the Dubai Innovation Index, done in cooperation with PwC, the Dubai Chamber of Commerce and Industry revealed that Dubai occupies a higher rank than some of the world's leading innovation-driven cities like Shanghai, Beijing, Madrid, Istanbul, Moscow, Milan, Sao Paulo and Mumbai.

In details, according to the index, Dubai ranked 16th out of the 28 peer global cities which are currently considered the most prominent players in the field of innovation and creativity, while ranking 11th in the world for its efficiency in innovation outputs.

The Dubai Innovation Index, which measures innovation within 61 indicators, shows Dubai's superiority in the field of output and performance, particularly in the launch of new products and services and outputs of technology. However, intellectual property and opportunities for collaboration with institutions and economies for scientific work have emerged as areas for improvement. Moreover, the index showed medical care, media, marketing, IT, retail/industrial sectors as the most innovative while professional services, agriculture, fisheries, construction and energy sectors turned out to be the least innovative in Dubai.

It is worth noting that Dubai comes ahead of two other MENA cities that feature in the list of 28 leading cities in innovation worldwide, with each of Doha and Riyadh occupying the 19th and 20th positions, respectively. On top of the global rank are London, Hong Kong, and Singapore. Ahead of Dubai come directly each of San Francisco, Berlin, and Kuala Lumpur, while Shanghai, Beijing, and Doha follow in rank.

According to PwC, the Dubai Innovation Index is unique and comprehensive as it evaluates and compares macroeconomic data to private sector views of a city. The macroeconomic index compares Dubai against the leading innovative cities in the world and highlights that Dubai has made significant progress and investments in recent years towards the post-oil knowledge economy. Dubai however needs to further enhance its R&D and STEM (Science, Technology, Engineering and Mathematics) emphasis and investments to be even more competitive.

The Chamber has announced that it will focus more on raising the percentage of private sector contribution to innovation, adding that the Chamber's two main objectives behind its innovation strategy is to support and promote innovation in the private sector and to consolidate the Chamber's reputation as one of the most innovative chambers of commerce in the world.

The results of the Dubai Innovation Index, which surveyed about 1,000 companies, showed that 63% of the participating companies do not have a staff of more than 100 employees, while 75% of the participation in the survey companies do not exceed AED 100 million in size, and 14% of respondents range in size between AED 100 million and AED 1 billion.

Companies from real estate and construction sector topped the survey list with 12% followed by travel and hospitality 11%, and energy and professional services companies are equally divided with 10%, while the participation rate of food and beverage and hospitality and leisure and entertainment sector companies amounted to 9%.

The Dubai Chamber innovation strategy is to stimulate innovation in the private sector which is based on three main pillars including enablers of innovation, measuring innovation and honoring innovators as the growth and development of innovation requires the contribution of all segments of society. The Chamber plans to invest AED 100 million during the next three years in innovative projects and initiatives such as the Dubai Innovation Index and the Dubai Chamber Innovation Lab as well as smart applications that enhance customer experience while strengthening Dubai's position as one of the best global business destinations. This investment is part of Dubai Chamber's strategy to invest AED 500 million over the next three years to serve the business community and to enhance its global competitiveness.

DUBAI AHEAD OF MIDDLE EASTERN COUNTERPARTS IN HOTEL OCCUPANCY RATE IN THE FIRST TEN MONTHS OF 2015, AS PER EY

Ernst & Young issued its latest Hotel Benchmark Survey on the Middle East for the first ten months of this year (four and five star hotels), according to which occupancy rates decreased in seven cities within the region, increased in five cities and remained constant in two cities, namely Dubai and Ras Al Khaimah.

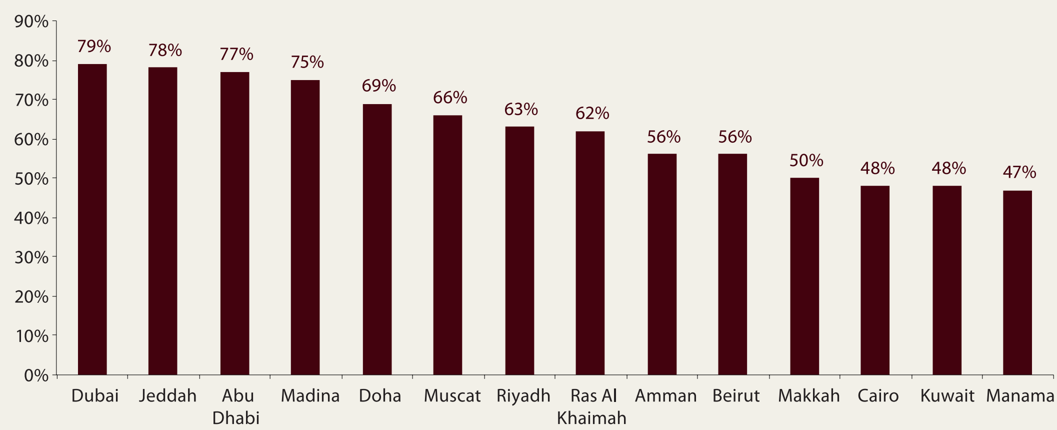
Occupancy rates decreased in seven of the 14 cities considered in the survey with Amman registering the most significant decrease of 6%. In contrast, occupancy rates rose in five cities, with the highest increase of 12% registered by Cairo.

As per EY, the cities of Dubai, Jeddah and Abu Dhabi took over the first three ranks amongst peers in hotel occupancy, with 79% for Dubai, 78% for Jeddah and 77% for Abu Dhabi. At the lower end of the regional scale were Kuwait (48%), Cairo (48%) and Manama (47%).

Furthermore, a total of seven cities reported increases in the average room rate, registering +22.6% in the case of Makkah. The most significant upward movements after Makkah were posted by Cairo (+22.3%) and Madina (+18.2%). The most significant decreases were registered by Manama (-9.3%), Dubai (-6.4%), and Riyadh (-6.1%). Jeddah, Makkah, and Kuwait reported the highest average room rates of US$ 286, US$ 266 and US$ 263, respectively. At the lower end were Cairo, Ras Al Khaimah, and Amman with US$ 112, US$ 145 and, US$ 155 respectively.

In this context, the rooms' yield increased in seven cities while the other seven reported a decrease. The most significant increases were seen in Cairo, Madina and Beirut with +62.4%, +20.5% and +12.7%, respectively. Amman, Manama and Kuwait reported the highest decreases of -15.3%, -12.5% and -7.7%, respectively. Jeddah (US$ 225), Dubai (US$ 200) and Madina (US$ 171) had the highest rooms' yields, while those of Cairo (US$ 54), Amman (US$ 87), and Ras Al Khaimah (US$ 90) were the lowest.

HOTEL OCCUPANCY RATES IN MIDDLE EASTERN CITIES (10M15, FOUR & FIVE STAR HOTELS)



Sources: Ernst & Young, Bank Audi's Group Research Department

CORPORATE NEWS

ABRAAJ GROUP, IFC AND THE IFC AFRICAN LATIN AMERICAN AND CARIBBEAN FUND TO SELL THEIR 37.5% STAKE IN SAHAM FINANCES

Abraaj Group, International Finance Corp (IFC) and the IFC African Latin American and Caribbean Fund (IFC ALC Fund) plan to sell their 37.5% stake in Moroccan insurer Saham Finances, as per Abraaj.

Abraaj and its partners would sell 30% of Saham to Sanlam Group and 7.5% to Saham Group, as per a company statement. The sale is subject to regulatory approval and is expected to close in early 2016, as per the same source.

Founded in 2002, The Abraaj Group one of the leading investors operating in the growth markets of Asia, Africa, Latin America, the Middle East and Turkey. The Group has over 20 offices spread across five regional hubs in Dubai, Istanbul, Mexico City, Nairobi and Singapore, as per Abraaj. Local presence across these markets provides the Group with expertise, know-how, proprietary transactional access and the ability to grow partner businesses across borders.

EMIRATES GLOBAL ALUMINIUM INVITES BANKS TO PARTICIPATE IN US$ 4.9 BILLION LOAN

State-owned Emirates Global Aluminium (EGA), one of the largest aluminium firms in the world, invited banks to participate in a US$ 4.9 billion loan to refinance existing project finance debt, as per a company statement.

EGA, created by the merger of State-owned aluminium companies Dubai Aluminium (Dubal) and Abu Dhabi's Emirates Aluminium (Emal), would raise funds with a seven-year lifespan. The deal would include both conventional and Islamic debt.

The announcement mentioned the company mandated BNP Paribas, Citi, Dubai Islamic Bank, Emirates NBD, ING, National Bank of Abu Dhabi and Natixis to arrange the loan.

The loan was structured with a three-year grace period and a balloon payment of 30% on maturity.

It is important to note that the loan would be used to refinance existing project finance debt facilities which Emirates Aluminium secured in 2007 and 2012.

THE QATAR INVESTMENT AUTHORITY SELLS ITS SHARES IN SHELL AND THE UK'S BG GROUP FOR US$ 1.5 BILLION

The Qatar Investment Authority sold its shares in Shell and the UK's BG Group for US$ 1.5 billion, by selling approximately 43 million shares in BG worth US$ 840 million and 24 million shares worth US$ 643 million in Shell.

Royal Dutch Shell is a multinational oil company of British and Dutch origin and is the second-largest private energy company in the world.

BG Group is a British multinational natural gas company and one of the top 20 groups operating in the oil and gas fields in the world.

KSA'S ARAB PETROLEUM INVESTMENTS CORP. TO ACQUIRE SHIPPING ASSET

Saudi Arabia-based Arab Petroleum Investments Corp. (APICORP) plans to acquire a shipping asset and could close that deal either year-end or in the first quarter of 2016, as per Reuters.

APICORP provides a full range of project finance solutions designed to help energy companies create value and growth.

Although focused on the Arab world, APICORP extends its support to non-Arab projects that bring direct benefits to Arab economies. In 2011, APICORP established a partnership with the International Finance Corporation (IFC), a member of the World Bank Group, to co-finance developing-country energy projects featuring Arab investments.

SAUDI TELECOM CO. SUBMITS OFFER TO INCREASE STAKE IN KUWAIT'S VIVA TO 100%

Saudi Telecom Co. (STC) submitted an offer to increase its stake in Kuwait's VIVA to 100%, with the latter pending approval from Kuwait's market regulator.

STC's voluntary offer document proposed to purchase all issued shares in the Kuwaiti firm. Its current stake in VIVA, which only listed on Kuwait's bourse in December 2014, is 26%, as per a bourse statement.

UAE'S AL RAMZ CAPITAL PLANS REVERSE TAKEOVER WITH 82.4% ACQUISITION OF DUBAI DEVELOPMENT CO.

Al Ramz Capital, a brokerage house in the United Arab Emirates, plans a reverse takeover with its 82.4% acquisition of Dubai Development Company (DDC).

A reverse takeover is when a private company becomes a publicly listed company after acquiring a controlling stake in a public company. It allows companies to become listed without having to go through an initial public offering.

Al Ramz Capital was established in Abu Dhabi in 1998 as a limited liability company, and is licensed by the Securities and Commodities Authority to operate in the Abu Dhabi Securities Market, Dubai Financial Market and Nasdaq Dubai.

KUWAIT'S AGILITY TO RAISE AROUND US$ 1 BILLION TO FUND FUTURE GROWTH ACROSS ITS BUSINESS

Kuwait's Agility, one of the largest Gulf Arab transport logistics companies, plans to raise around US$ 1 billion to fund future growth across its business, as per the company's Chief Executive.

The company is focusing on diversifying its business across emerging markets as low oil prices risk delaying some projects in the Middle East, as per the same source.

Agility is already present in around 100 countries and plans further expansion within the Association of South East Asian Nations (ASEAN), the GCC and Africa, as per the same source.

CAPITAL MARKETS

EQUITY MARKETS: REGIONAL STOCK MARKETS REMAIN UNDER DOWNWARD PRICE PRESSURES AMIDST LOW OIL PRICES AND GEOPOLITICAL CONCERNS

MENA equity markets remained under downward price pressures this week, as reflected by a 0.7% decline in the S&P Pan Arab Composite Index, amidst low oil prices, lingering regional geopolitical concerns, and some unfavorable market-specific factors.

The heavyweight Saudi Tadawul reported a 0.6% decrease in prices week-on-week, amidst shy investor appetite as all eyes focused on the Kingdom's 2016 budget set to be announced late December 2015, and driven by some unfavorable market-specific factors. KSA's Shura Council agreed on a 2.5% annual tax on undeveloped land in urban areas that would take effect six months later, in a move aimed at encouraging development and solving a housing shortage. Alkhodari's share price shed 4.4% to SR 18.30. Alkhodari said that Saudi Arabia's construction industry faces difficult times ahead as the prospect of State budget cuts added to painful labor reforms (as companies have had to hire more Saudi citizens instead of cheaper foreign workers), in a sign of the strain on an economy squeezed by lower oil prices. Under these conditions, building and construction stocks registered price falls week-on-week. Al Babtain's share price plunged by 7.3% to SR 33.70. Saudi Steel Pipe's share price declined by 2.2% to SR 21.95. Arabian Pipes Company's share price shed 3.4% to SR 13.52. As to petrochemicals, Sahara Petrochemical Company's share price fell by 3.4% to SR 11.40. Advanced Petrochemical Company's share price shed 5.0% to SR 45.78. Petro Rabigh's share price declined by 1.9% to SR 14.15.

The Egyptian Exchange witnessed a 3.7% fall in prices week-on-week, mainly dragged by geopolitical concerns following news that a terrorist act brought down a Russian passenger plane in Egypt on October 31, 2015. Egyptian equities followed a downward trajectory despite news that the World Bank expects to make a US$ 1 billion development policy loan available to the country next month, which would be the first of three loans under a three-year program. EFG-Hermes' share price shed 3.9% to LE 8.05. Talaat Moustafa Group's share price retreated by 1.1% to LE 6.22. SODIC's share price closed 1.9% lower at LE 7.83. Telecom Egypt's share price fell by 1.3% to LE 6.31. Oriental Weavers' share price plunged by 7.8% to LE 9.30.

In contrast, the UAE equity markets posted a shy weekly increase in prices of 0.3%, as some investors sought to buy beaten-down stocks amidst relatively attractive valuations. Dubai Islamic Bank's share

EQUITY MARKETS INDICATORS (NOVEMBER 15, 2015 TILL NOVEMBER 21, 2015)

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	101.8	-0.8%	-3.9%	4.8	3.0%	0.5	10,208.5	2.5%	6.9	0.93
Jordan	380.0	-1.3%	-5.3%	26.4	-40.9%	21.0	24,208.1	5.7%	17.8	1.54
Egypt	307.0	-3.7%	-32.3%	302.3	-8.7%	1,312.9	54,115.6	29.0%	17.7	2.67
Saudi Arabia	295.7	-0.6%	-15.5%	6,200.0	-7.2%	1,171.4	430,461.9	74.9%	34.9	2.27
Qatar	186.1	0.0%	-16.3%	419.1	10.5%	37.1	155,392.1	14.0%	13.9	1.99
UAE	117.1	0.3%	-15.6%	884.4	22.5%	1,792.4	211,545.3	21.7%	14.3	1.81
Oman	268.6	-0.9%	-6.5%	37.4	13.3%	60.4	23,448.1	8.3%	12.3	1.85
Bahrain	102.4	-1.1%	-13.1%	3.0	-63.5%	11.5	18,422.2	0.8%	12.3	1.15
Kuwait	81.7	-1.9%	-15.9%	219.0	-16.0%	615.9	81,006.2	14.1%	16.5	1.49
Morocco	203.3	-	-	12.1	-76.8%	1.0	43,624.1	1.4%	18.1	3.75
Tunisia	71.9	0.0%	-13.5%	6.6	-27.2%	3.0	8,306.9	4.2%	25.2	4.72
Arabian Markets	**670.4**	**-0.7%**	**-15.7%**	**8,115.2**	**-4.7%**	**5,027.2**	**1,060,738.9**	**39.8%**	**23.1**	**2.12**

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

Sources: S&P, Bloomberg, Bank Audi's Group Research Department price rose by 3.8% to AED 6.250. Arabtec Holding Company's share price went up by 1.7% to AED 1.200. Arabtec proposed building 13,000 homes in Egypt. Emaar Properties' share price closed 1.6% higher at AED 6.170. Emaar said its Saudi unit, Emaar Middle East, launched its Emaar residences project at Jeddah Gate. Dubai Islamic Bank's share price increased by 3.8% to AED 6.250. DIB said it may open in Tanzania after starting operations in Kenya by the end of 2015.

In Abu Dhabi, Aldar Properties' share price jumped by 4.4% to AED 2.35. Aldar Properties posted 2015 third quarter net profits of AED 634 million, up by 9.4% year-on-year. Etisalat's share price surged by 4.2% to AED 16.10. MSCI would include Etisalat in its emerging market index at end-November 2015. The telecoms operator allowed in September 2015 foreign investors to own the blue-chip stock.

Finally, the Qatar Exchange saw stability in prices week-on-week. 22 out of 43 listed stocks posted price increases, while 18 stocks registered price declines and 3 stocks witnessed no price change over this week. Nakilat's share price jumped by 2.2% to QR 24.99. MSCI would include Nakilat in its emerging market index at end-November 2015. Ezdan's share price edged up by 0.1% to QR 17.31. The company announced that it allocated QR 1.5 billion to start the "Ezdan City" housing project next year. In contrast, Gulf International Services' share price shed 1.4% to QR 57.00. GIS was removed from MSCI Qatar Index. Doha Bank's share price retreated by 0.4% to QR 47.10. QNB Financial Services cut Doha Bank to "accumulate" from "outperform".

BOND MARKETS: MOSTLY DOWNWARD PRICE MOVEMENTS ACROSS REGIONAL BOND MARKETS

MENA fixed income markets saw mostly downward price movements this week, within the context of weak oil prices and lingering geopolitical concerns, and as some market players reduced their holdings, leaving room for new bond issues.

In Dubai, sovereigns maturing between 2020 and 2023 closed down by up to 0.63 pt week-on-week. Amongst quasi-sovereigns, DEWA'16 and '20 were down by 0.13 pt and 0.38 pt respectively. Prices of Emirates Airline'16, '23 and '25 declined by 0.38 pt, 0.50 pt and 0.13 pt respectively. DP World'17 closed down by 0.38 pt, while DP World'20 and '37 traded up by 0.63 pt and 0.50 pt respectively. Fitch revised DP World's outlook to "positive" from "stable" and affirmed its long-term Issuer Default Rating at "BBB-". Fitch also affirmed DP World's senior unsecured rating at "BBB-" and its short-term IDR at "'F3". The "positive" outlook is supported by improving cash flow margins in the first half of 2015, strong liquidity, and expected deleveraging from 2016 onwards, assuming continued bolt-on acquisitions, as per Fitch.

In the Qatari space, sovereigns maturing between 2017 and 2020 registered price falls of up to 0.25 pt week-on-week. Qatari Diar'20 was down by 0.25 pt. Prices of Qtel'18 and '19 decreased by 0.25 pt and 0.13 pt respectively. Amongst financials, Commercial Bank of Qatar'19 closed down by 0.13 pt. QIB'17 and '20 saw price decreases of 0.13 pt and 0.50 pt respectively. Regarding new issues, International Bank of Qatar issued a five-year US$ 500 million bond under its US$ 2 billion EMTN program. The deal, which evoked strong response from international, regional and local investors, was oversubscribed and was jointly managed by Citigroup, QNB Capital and Standard Chartered Bank.

In Saudi Arabia, SECO papers saw mixed price movements this week. SECO'22 and '24 traded down by 0.25 pt and 0.63 pt respectively, while SECO'23, '43 and '44 attracted a decent bid, closing up by 0.13 pt, 1.50 pt and 2.25 pts respectively. Price rises were mainly supported by news that Saudi Arabia is collaborating with OPEC and non-OPEC members to stabilize the global oil market. Prices of Dar Al Arkan'16, '18 and '19 fell by 0.25 pt, 2.00 pts and 1.25 pt respectively. Regarding plans for new issues, Saudi Arabia announced plans to raise SR 20 billion through the sale of 5-year, 7-year and 10-year bonds at a yield of 2%, 2.25% and 2.9% respectively to local banks.

In Bahrain, sovereigns maturing in 2020, 2022 and 2023 posted price falls of 2.75 pts, 1.50 pt and 1.38 pt respectively. Bahrain launched a US$ 1.5 billion dual-tranche offering, with the deal split between a US$ 700 million January 2021 bond at a yield of 5.875% and a US$ 800 million January 2026 note that has been launched at 7%. This compares to initial price thoughts of high 5% on the shorter note and 7% area on the longer-dated tranche. Demand for the deal reached US$ 2.4 billion. Bank ABC, BNP Paribas, Citigroup, HSBC and JP Morgan ran the transaction.

Finally, Egyptian sovereigns maturing in 2020 and 2025 were up by 0.25 pt and 0.38 pt respectively, while Egypt'40 closed down by 0.25 pt. Standard & Poor's revised the outlook on the Arab Republic of Egypt to "stable" from "positive" and affirmed the "B-/B" long-term and short-term foreign and local currency sovereign credit ratings. The outlook revision to "stable" reflects S&P's view that the economic recovery would not outperform the rating agency's previous expectations, with GDP growth projected at 4.0% on average over the next three years. S&P also thinks that Egypt's external imbalances would persist, with gross external financing needs exceeding 100% of the country's current account receipts and usable reserves in the next few years. According to the rating agency, the strong external support that Egypt has received over the past few years could be affected by fiscal pressures in GCC countries. S&P expects that Egypt's economic growth would be supported by broad political stability, alongside policymakers' commitments to embark on a new round of economic and fiscal reforms.

MIDDLE EAST 5Y CDS SPREADS V/S INTL BENCHMARKS

in basis points	20-Nov-15	13-Nov-15	31-Dec-14	Week-on-week	Year-to-date
Abu Dhabi	73	75	64	-2	9
Dubai	206	203	227	3	-21
Qatar	74	76	82	-2	-8
Saudi Arabia	149	157	67	-8	82
Bahrain	343	343	242	0	101
Morocco	201	208	179	-7	22
Egypt	451	438	282	13	169
Lebanon	413	422	394	-9	19
Iraq	815	810	369	5	446
Middle East	**303**	**304**	**213**	**-1**	**90**
Emerging Markets	**450**	**508**	**453**	**-58**	**-3**
Global	**225**	**245**	**240**	**-20**	**-15**

Sources: Bloomberg, Bank Audi's Group Research Department

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

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

SOVEREIGN RATINGS & FX RATES

SOVEREIGN RATINGS	Standard & Poor's	Moody's	Fitch
LEVANT			
Lebanon	B-/Negative/B	B2/Negative	B/Negative/B
Syria	NR	NR	NR
Jordan	BB-/Stable/B	B1/Stable	NR
Egypt	B-/Stable/B	B3/Stable	B/Stable/B
Iraq	B-/Stable/B	NR	B-/Stable/B
GULF			
Saudi Arabia	A+/Negative/A-1	Aa3/Stable	AA/Negative/F1+
United Arab Emirates	AA/Stable/A-1+*	Aa2/Stable	AA/Stable/F1+*
Qatar	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+
Kuwait	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+
Bahrain	BBB-/Negative/A-3	Baa3/Negative	BBB-/Stable/F3
Oman	BBB+/Negative/A-2	A1/Negative	NR
Yemen	NR	NR	NR
NORTH AFRICA			
Algeria	NR	NR	NR
Morocco	BBB-/Stable/A-3	Ba1/Stable	BBB-/Stable/F3
Tunisia	NR	Ba3/Stable	BB-/Stable/B
Libya	NR	NR	NR
Sudan	NR	NR	NR

NR= Not Rated   * Emirate of Abu Dhabi Ratings

FX RATES (per US$)	20-Nov-15	13-Nov-15	31-Dec-14	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	222.22	181.82	0.0%	22.2%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.1%
Egyptian Pound (EGP)	7.83	7.83	7.15	0.0%	9.6%
Iraqi Dinar (IQD)	1,198.06	1,198.06	1,195.03	0.0%	0.3%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	-0.1%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	-0.1%	-0.1%
Kuwaiti Dinar (KWD)	0.30	0.30	0.29	0.1%	3.7%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.1%	0.1%
Omani Riyal (OMR)	0.38	0.39	0.39	-0.1%	0.0%
Yemeni Riyal (YER)	212.77	217.39	212.77	-2.1%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	108.70	107.53	87.72	1.1%	23.9%
Moroccan Dirham (MAD)	10.04	9.96	9.07	0.8%	10.6%
Tunisian Dinar (TND)	2.05	2.03	1.86	0.8%	9.8%
Libyan Dinar (LYD)	1.40	1.39	1.20	0.7%	16.9%
Sudanese Pound (SDG)	6.09	6.09	5.97	0.0%	2.0%

Sources: Bloomberg, Bank Audi's Group Research Department

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