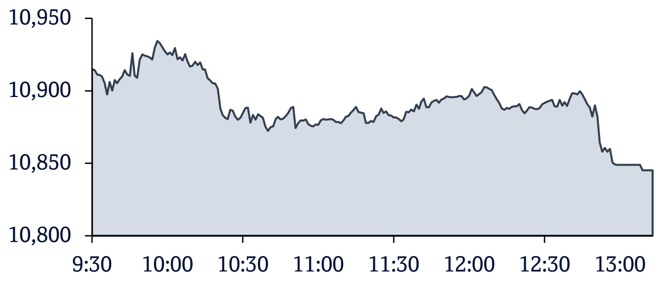
QNB FINANCIAL SERVICES

الداعم الرسمي لكأس العالم FIFA 2022™ في الشرق الأوسط وإفريقيا
Official Middle East and Africa Supporter of the FIFA World Cup 2022™

Daily Market Report

Thursday, 05 January 2023

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.6% to close at 10,845.1. Losses were led by the Insurance and Industrials indices, falling 1.2% and 0.9%, respectively. Top losers were QLM Life & Medical Insurance Co. and Qatar Islamic Insurance Company, falling 6.3% and 3.5%, respectively. Among the top gainers, Lesha Bank gained 5.2%, while Al Meera Consumer Goods Co. was up 1.6%.

GCC Commentary

Saudi Arabia: The TASI Index fell 1.2% to close at 10,531.9. Losses were led by the Diversified Financials and Capital Goods indices, falling 2.5% each. Arab National Bank declined 4.8%, while Al Yamamah Steel Industries Co. was down 4.1%.

Dubai: The DFM Index gained marginally to close at 3,329.4. The Industrials index rose 0.8%, while the other indices ended flat or in red. Dar Al Takaful rose 4.6%, while Dubai Islamic Insurance and Reinsurance Co. was up 4.4%.

Abu Dhabi: The ADX General Index fell 0.3% to close at 10,237.2. The Telecommunications index declined 1.1%, while the Financials index fell 0.3%. National Cooperation for Tourism & Hotels declined 5.0%, while Abu Dhabi National Takaful Co. was down 4.9%.

Kuwait: The Kuwait All Share Index fell 0.7% to close at 7,082.7. The Consumer Discretionary index declined 2.4%, while the Energy index fell 2.0%. Salbookh Trading Co. declined 8.2%, while Asiya Capital Investments Company was down 8.0%.

Oman: The MSM 30 Index fell 0.5% to close at 4,848.4. The Financial index fell 0.9%, while the Industrial index declined marginally. Asaffa Foods declined 5.0%, while Oman Qatar Insurance was down 4.7%.

Bahrain: The BHB Index gained 0.3% to close at 1,891.7. Gains were led by the Financials and Industrials indices, rising 0.3% each. GFH Financial Group rose 2.9%, while Al Salam Bank was up 2.0%.

Market Indicators	04 Jan 23	03 Jan 23	%Chg.
Value Traded (QR mn)	351.5	398.3	(11.7)
Exch. Market Cap. (QR mn)	615,974.0	619,700.7	(0.6)
Volume (mn)	109.5	115.4	(5.1)
Number of Transactions	12,491	15,212	(17.9)
Companies Traded	46	45	2.2
Market Breadth	9:34	27:18	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	22,214.33	(0.6)	1.5	1.5	12.1
All Share Index	3,495.53	(0.6)	1.7	1.7	127.3
Banks	4,506.33	(0.6)	2.1	2.1	13.6
Industrials	3,850.90	(0.9)	1.8	1.8	10.5
Transportation	4,308.71	(0.1)	(0.6)	(0.6)	13.7
Real Estate	1,579.80	(0.8)	1.3	1.3	16.8
Insurance	2,149.99	(1.2)	(1.7)	(1.7)	14.5
Telecoms	1,308.38	(0.7)	(0.8)	(0.8)	11.8
Consumer Goods and Services	8,004.05	0.2	1.1	1.1	22.3
Al Rayan Islamic Index	4,650.07	(0.3)	1.3	1.3	8.5

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
ADNOC Drilling Co.	Abu Dhabi	3.13	3.3	11,976.2	5.0
GFH Financial Group	Bahrain	0.25	2.9	50.0	0.8
Borouge PLC	Abu Dhabi	2.68	2.3	22,821.8	5.9
BBK	Bahrain	0.50	1.4	10.4	0.8
Abu Dhabi Ports Co.	Abu Dhabi	5.99	1.2	9,190.4	4.4

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Sahara Int. Petrochemical	Saudi Arabia	33.70	(2.6)	2,694.4	(0.7)
SABIC Agri-Nutrients Co.	Saudi Arabia	142.40	(2.6)	1,197.4	(2.6)
Saudi Tadawul Gr. Holding	Saudi Arabia	180.20	(2.6)	593.0	(0.4)
Mouwasat Medi. Services Co	Saudi Arabia	203.00	(2.6)	126.0	(2.9)
The Saudi National Bank	Saudi Arabia	50.00	(2.0)	3,069.0	(1.0)

Source: Bloomberg (# in Local Currency) (## GCC Top gainers/ losers derived from the S&P GCC Composite Large Mid Cap Index)

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Lesha Bank (QFC)	1.21	5.2	14,905.4	5.9
Al Meera Consumer Goods Co.	16.25	1.6	113.0	3.0
Gulf International Services	1.53	1.4	8,534.4	4.7
Qatar Navigation	9.93	1.3	433.4	(2.2)
Qatar National Cement Company	4.90	1.2	242.9	1.2

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
QLM Life & Medical Insurance Co.	4.20	(6.3)	29.6	(12.5)
Qatar Islamic Insurance Company	8.35	(3.5)	0.2	(4.0)
The Commercial Bank	4.86	(3.5)	1,572.9	(2.8)
Dlala Brokerage & Inv. Holding Co.	1.15	(2.9)	898.9	0.7
Estithmar Holding	1.85	(2.6)	8,004.9	2.8

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Lesha Bank (QFC)	1.21	5.2	14,905.4	5.9
Qatar Aluminum Manufacturing Co.	1.54	(0.3)	12,808.2	1.0
Gulf International Services	1.53	1.4	8,534.4	4.7
Masraf Al Rayan	3.24	(0.8)	8,448.9	2.1
Estithmar Holding	1.85	(2.6)	8,004.9	2.8

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Industries Qatar	13.31	(1.3)	62,529.1	3.9
QNB Group	18.15	(0.3)	54,426.3	0.8
Masraf Al Rayan	3.24	(0.8)	27,551.9	2.1
Qatar Islamic Bank	19.85	0.0	24,930.5	7.0
Qatar Aluminum Manufacturing Co.	1.54	(0.3)	19,601.2	1.0

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,845.12	(0.6)	1.5	1.5	1.5	96.21	168,099.3	12.1	1.4	4.2
Dubai	3,329.41	0.0	0.0	(0.2)	(0.2)	59.98	157,925.7	9.4	1.1	3.3
Abu Dhabi	10,237.18	(0.3)	0.1	0.7	0.7	341.82	695,374.1	18.2	2.9	2.0
Saudi Arabia	10,531.90	(1.2)	0.5	0.5	0.5	1,200.24	2,611,230.5	15.9	2.1	2.7
Kuwait	7,082.68	(0.7)	(2.9)	(2.9)	(2.9)	111.89	149,601.2	19.4	1.6	2.9
Oman	4,848.40	(0.5)	(0.2)	(0.2)	(0.2)	6.98	22,351.1	13.8	1.0	3.6
Bahrain	1,891.71	0.3	(0.2)	(0.2)	(0.2)	1.58	64,697.5	5.2	0.7	5.6

*Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any)*

Qatar Market Commentary

- The QE Index declined 0.6% to close at 10,845.1. The Insurance and Industrials indices led the losses. The index fell on the back of selling pressure from Qatari shareholders despite buying support from non-Qatari shareholders.
- QLM Life & Medical Insurance Co. and Qatar Islamic Insurance Company were the top losers, falling 6.3% and 3.5%, respectively. Among the top gainers, Lesha Bank (QFC) gained 5.2%, while Al Meera Consumer Goods Co. was up 1.6%.
- Volume of shares traded on Wednesday fell by 5.1% to 109.5mn from 115.4mn on Tuesday. However, as compared to the 30-day moving average of 102.9mn, volume for the day was 6.4% higher. Lesha Bank (QFC) and Qatar Aluminum Manufacturing Co. were the most active stocks, contributing 13.6% and 11.7% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	29.78%	28.54%	4,348,294.8
Qatari Institutions	20.87%	30.29%	(33,110,174.7)
Qatari	**50.65%**	**58.83%**	**(28,761,879.8)**
GCC Individuals	0.08%	0.18%	(353,629.3)
GCC Institutions	9.71%	7.35%	8,301,033.8
GCC	**9.80%**	**7.54%**	**7,947,404.5**
Arab Individuals	12.60%	12.09%	1,798,946.3
Arab Institutions	0.03%	0.00%	114,086.6
Arab	**12.63%**	**12.09%**	**1,913,032.8**
Foreigners Individuals	3.39%	2.67%	2,522,717.7
Foreigners Institutions	23.54%	18.88%	16,378,724.9
Foreigners	**26.93%**	**21.55%**	**18,901,442.5**

*Source: Qatar Stock Exchange (*as a % of traded value)*

Global Economic Data and Earnings Calendar

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
04-01	US	Institute for Supply Management	ISM Manufacturing	Dec	48.4	48.5	49
04-01	US	Institute for Supply Management	ISM New Orders	Dec	45.2	NA	47.2
04-01	US	Bloomberg	Wards Total Vehicle Sales	Dec	13.31m	13.40m	14.14m
04-01	UK	The British Retail Consortium	BRC Shop Price Index YoY	Dec	7.30%	NA	7.40%
04-01	UK	Bank of England	Net Consumer Credit	Nov	1.5b	1.0b	0.7b
04-01	EU	Markit	S&P Global Eurozone Composite PMI	Dec	49.3	48.8	48.8
04-01	EU	Markit	S&P Global Eurozone Services PMI	Dec	49.8	49.1	49.1
04-01	Germany	German Federal Statistical Office	Import Price Index MoM	Nov	-4.50%	-1.70%	-1.20%
04-01	Germany	German Federal Statistical Office	Import Price Index YoY	Nov	14.50%	18.00%	23.50%
04-01	Germany	Markit	S&P Global Germany Services PMI	Dec	49.2	49	49
04-01	Germany	Markit	S&P Global Germany Composite PMI	Dec	49	48.9	48.9
04-01	Japan	Markit	Jibun Bank Japan PMI Mfg	Dec	48.9	NA	48.8

Source: Bloomberg (s.a. = seasonally adjusted; n.s.a. = non-seasonally adjusted; w.d.a. = working day adjusted)

Earnings Calendar

Tickers	Company Name	Date of reporting 4Q2022 results	No. of days remaining	Status
QNBK	QNB Group	11-Jan-23	6	Due
QIBK	Qatar Islamic Bank	16-Jan-23	11	Due
QFLS	Qatar Fuel Company	18-Jan-23	13	Due

Source: QSE

Qatar

- **Commercial Bank opens nominations for its board membership 2023 -** Commercial Bank announces the opening of nominees for the board memberships, years from 2023 to 2025. Applications will be accepted starting from 08/01/2023 till 03:00 PM of 22/01/2023. (QSE)
- **Qatar Insurance opens nominations for its board membership 2023 -** Qatar Insurance announces the opening of nominees for the board memberships, years from 2023 to 2025. Applications will be accepted starting from 08/01/2023 till 07:00 AM of 22/01/2023. (QSE)
- **Qatar ranks first on FDI standouts watchlist 2023 -** Qatar ranks first among the world's top destinations for foreign direct investment (FDI), owing to its strong economic and investment momentum into 2023, with an investment momentum score of 87.64 (Table 1) according to the newly released "FDI Standouts Watchlist 2023" by fDi Intelligence. The report analyses the macroeconomic and foreign direct investment (FDI) trajectory of the world's top 50 FDI destinations, using data from the International Monetary Fund (IMF) and foreign investment monitor fDi Markets. In its key highlights, the fDi Intelligence report indicated that

Table 1: Top 5 countries in fDi's Inaugral FDI Standout Watchlist 2023

Country	Region	Investment Momentum Score*	GDP Growth 2023**	Inflation 2023**	Growth in FDI Capex (CAGR 2019-2022)	Growth in FDI Projects (CAGR 2019-2022)
Qatar	MENA	87.64	2.4%	3.3%	201%	70%
India	South Asia	86.20	6.1%	5.1%	28%	6%
Morocco	MENA	82.46	3.1%	4.1%	86%	-11%
Oman	MENA	81.14	4.1%	1.9%	27%	-16%
Ireland	Europe	80.61	4.0%	6.5%	31%	13%

Source: fDi Markets, IMF *fDi estimates **IMF estimates

Qatar ranks first among the world's top 50 FDI destinations. Qatar is also expected to carry the strongest investment momentum into 2023.In 2022, the top sectors for FDI projects were Oil and Gas, financial services, and software and IT services, according to the report. Qatar has achieved a 70% annual growth in FDI projects between 2019 and 2022, and its economy is expected to grow by 2.4% in 2023, while inflation is expected not to exceed 3.3%, it added. The Middle East and Central Asian region are expected to grow by 3.6%, and Sub-Saharan Africa by 3.7%, by 2023. Major economies from the MENA region are expected to carry the strongest investment momentum into 2023, led by Qatar, followed by India and Morocco, the report noted. The reported highlighted the Investment Promotion Agency Qatar (IPA Qatar) which oversees investment promotion activities under the "Invest Qatar" brand and acts as the country's umbrella organization for FDI attraction. Through its close coordination with Qatari licensing platforms, it helps businesses advance their ambitions and achieve long-term success by delivering the support, advice, and expertise needed. IPA Qatar's goal is to showcase Qatar as an exceptional investment destination, connecting international investors to business opportunities, while bringing progress to the country's economic development and diversification goals across sectors and geographies. (Peninsula Qatar)

- **Al Meera conducts final testing of 'Al Meera Smart' -** Al Meera Consumer Goods Company is all set to open its first 'Al Meera Smart', the first fully autonomous checkout-free store in Qatar, at Aspire Park, as it successfully conducts final test run of the hi-tech innovative outlet. The pilot smart shop planned to open soon is a reflection of Al Meera's comprehensive expansion plan and continuous digital transformation strategy as it aims to ensure citizens and residents in Qatar enjoy easy access to hassle-free shopping, thanks to modern technology and the latest cashless payment solutions. The first Al Meera Smart store is powered by artificial intelligence (AI) technology which will eventually be applied in different locations within Al Meera's growing network in Qatar. It will be ready to offer services to customers based on a quick and self-service method, providing snacks, beverages, grab-and-go meals, and other basic goods supported by a cashier-less process. The frictionless smart store operates through a collection of cameras and sensors that track customers from point of entry until they leave, speeding up the purchasing process to make shopping transactions faster, simpler, less stressful and more enjoyable. Saving customers, the need to queue for payment after picking their items, shoppers can create a virtual shopping cart, put the items in their pocket, bag, purse or simply carry them, and the software will directly charge the cost of the purchased items from the customers' credit card as soon as they leave the shop. The store is a unique addition to the existing number of checkout-free lines in Al Meera branches across the country, besides the operational self-service branch in the Qatar Energy tower in Al Dafna, West Bay. (Peninsula Qatar)
- **DMEA: Hungary clears a path for Qatari LNG deal -** Hungary has signed a political agreement clearing the way for the start of talks between energy group MVM and QatarEnergy on the purchase of Qatari natural gas, Minister of Foreign Affairs and Trade Peter Szijjarto said in Doha on December 14. Qatar is the world's second-biggest exporter of LNG and is upgrading production and delivery capacities, Szijjarto said, adding that Hungary could "realistically" start taking deliveries of Qatari gas within three years if Croatia scales up capacity of its LNG terminal on the Adriatic coast. He also highlighted the role of the European Union, saying infrastructure developments will be needed in order to bring large volumes of natural gas to Hungary via the southern and south-eastern European LNG terminals. If Croatia expands the capacity of the Krk LNG terminal as it has promised, there will be a realistic possibility for Hungary to receive gas from Qatar within about three years, according to Hungary's top diplomat. (Bloomberg)
- **E-commerce market projects QR17bn revenue -** According to a report by Statista, the online sales platform in Qatar is estimated to reach QR17bn ($4.67bn) in 2023. The research and data analyzing group show a salient rise in the e-commerce market resulting in gaining profits for the industry in coming years. While numerous firms in the country are focusing on providing customers via e-commerce platforms hassle-free, citizens and residents are opting for online shopping according to their convenience. This beyond doubt has strengthened the industry and helped in reinforcing Qatar's economy. The data also shows that the industry is optimistic about surging at a compound annual growth rate (CAGR) of 11.32% in the next four years enabling the sector to expand steadily and supply products to customers across the country. With a vital increase in CAGR, the market volume is expected to reach a volume of QR26.11bn ($7.17bn) by 2027. E-commerce market volume in 2023 forecast a whopping QR5,083bn ($1,396bn), while most of the revenue is generated in China, the study shows. The enlarging industry evinces a robust platform to fortify the country's economy eventuating in more sales in the online platform. The data reveals that in the next four years, the number of users is anticipated to reach a total of 2.5mn users across the region. Statista's report states that in 2023, user penetration is expected to hit 74.8% and will grow by nearly 2.8% by 2027. The report also indicates that the average revenue per user (APRU) will be reaching QR7.50K ($2.06K). With the concluded global tournament and upcoming international events, the achievement rates in the market are expected to patently increase driving Qatar's economy towards positive revival. (Peninsula Qatar)
- **World Cup boosts retail, services sectors in Dec. -** The latest Purchasing Managers' Index (PMI™) survey data from Qatar Financial Centre (QFC) indicated further rapid growth of business activity in December as the FIFA World Cup Qatar 2022TM progressed through the month. As was the case in November, wholesale, retail, and service providers in particular registered rapid expansions in activity. These sectors also drove a record overall increase in prices charged for goods and services. Furthermore, the 12-month outlook for business activity strengthened further to the highest since July 2020. The Qatar PMI indices are compiled from survey responses from a panel of around 450 private sector companies. The panel covers the manufacturing, construction, wholesale, retail, and services sectors, and reflects the structure of the non-energy economy according to official national accounts data. The headline Qatar Financial Centre PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. The PMI rose for the second month running from 48.8 in November to 49.6 in December, pointing to a near stabilization in overall non-energy private sector business conditions at the end of 2022. As was the case in November, a rapid rise in activity – the Output Index posted 62.8 on the back of surging retail trade and services – was countered by a construction-driven pause in new work, as well as improving supply chains. Non-oil private sector output rose for the thirtieth consecutive month in December. The rate of growth was little-changed since November and well above the long-run survey average. Sector data revealed especially marked growth in wholesale & retail and services, reflecting the continued impact of the FIFA World Cup Qatar 2022TM. Across 2022 as a whole, the Output Index trended at 69.0, by far the highest annual figure in the survey history, compared with a long-run the strongest rate in four months. Meanwhile, employment rose at the fastest pace since July. Input prices paid by financial services companies rose only fractionally in December. While charges levied for services increased for the first time in six months. Yousuf Mohamed Al Jaida, Chief Executive Officer, QFC Authority said: "The FIFA World Cup Qatar 2022 makes its mark on the Qatari economy in December, with another rapid increase in business activity fueled by the retail and services sectors. The December data round off a stellar 2022 with the Output Index and headline PMI trending at 69.0 and 57.7 respectively, the highest annual averages since the survey began in 2017."The tournament's legacy is also looking secure, with widespread reports from companies of post-competition business opportunities and an expected permanent boost to tourism. The Future Activity Index, tracking the 12-month outlook, rose to a 29-month high in December." Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and for key regions including the Eurozone. They are the most closely watched business surveys in the world, favored by central banks, financial markets and business decision-makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. (Peninsula Qatar)
- **Qatar's Budget a solid financial roadmap for 2023 -** The 2023 budget of Qatar was commended by sectoral heads as a solid financial road map to steer the economy towards excellence as the year unfolds. The financial plan for 2023 has been applauded for prioritizing expenditure and aiming at a noteworthy budget surplus during the year. A noteworthy feature of the budget 2023 according to industry experts is the allocation for the health and education sectors which has been increased for the current year in line with the state's continued focus on the two sectors. The measures to develop a number of new schools and improve school facilities in addition to a number of new and existing hospitals and healthcare centers were commended by sector officials. Spending on healthcare in the 2023 budget is estimated at QR21.1bn compared to

QR20bn in 2022 which is 11% of the total budget while spending on the education sector has been estimated at QR18bn compared to QR17.8bn in 2022 or 9% of the total budget. The efforts to ensure a dignified life and an advanced standard of living for all Qatari citizens by raising salaries by QR4bn compared to last year following HH the Amir Sheikh Tamim bin Hamad Al-Thani's decision to raise pension for retirees has been praised by the business community. Spending on salaries and wages to be increased this year while slashing expenditures on major projects is a salient feature of the financial plan for the year. Spending on salaries and wages will increase by QR4bn (6.3%) compared to 2022 which is estimated at QR62.5bn. Spending will cover grants, allowances and retirement based on the recent pension plan which sets a minimum age and period of service. The plan to implement 22 new projects this year at a total cost of QR9.8bn is another remarkable aspect of the 2023 budget. The volume of planned expenditures decreased by 2.6% this year against last year at QR199bn is another highlight of the budget. Allocations for major projects this year will decline by 13.6% compared to 2022 estimated at QR63.9bn with the completion of several infrastructure and strategic projects the latest of which is the expansion of Hamad International Airport prior to the start of the FIFA World Cup 2022. (Peninsula Qatar)

- **Qatar flight bookings skyrocket during World Cup, driven by Middle Eastern travelers -** The first ever FIFA Football World Cup in the history of the Middle East region, which was held in Qatar, had seen flight bookings to the country skyrocketing by 77% month-on-month in November 2022 and by more than 87% compared to November 2019, latest International Air Transport Association (IATA) data reveal. In November, most travelers to Qatar came from the Middle East, rather unsurprisingly. However, compared to other regions, it equaled to only 56% increase in bookings in November 2022 when compared to the same month in 2019, IATA Economics noted. The second runner-up in November (in terms of travelers to Qatar) was Europe, with a 146% increase in ticket sales compared to the same month in 2019. Similarly impressive was the 1074% increase of bookings from Central and South America, although bookings from this region were the lowest among the regions in absolute terms. In the Middle East, bookings between Qatar and the United Arab Emirates (UAE), Qatar and Oman, as well as Qatar and Saudi Arabia, also increased because international travelers lodged in these countries and then shuttled to Qatar for specific matches. In particular, IATA noted the share of passengers booking a return flight from Saudi Arabia to Qatar with only 0-1 nights of stay increased from 5% in October to 16% in November. For the UAE, the share increased from 14% to 51%, and for Oman from 5% to 44%. Looking more closely at bookings to Qatar, ticket sales originating in Morocco – a surprising semi-finalist in the FIFA World Cup Qatar 2022 – increased considerably in the week following its national team's knockout of Spain in the Round of 16. In particular, spontaneous bookings from Morocco to Qatar for the day of the match against Portugal increased from a total of four bookings three days prior to the match to 1171 bookings two days before the match. For the match against France, IATA data show bookings jumped from five bookings three days before to a total of 1565 bookings two days before the match. The same applies for ticket sales from Argentina, the winning team of the tournament. Once the South American country qualified for the final against football heavyweight France, bookings to Qatar almost doubled. The majority of tickets for flights before the final were purchased two days before, indicating the Argentinian fans reacted quickly to travel to Qatar to see the final match. IATA economists, however, noted their data excludes charter flights, which in fact were quite significant in Argentina, increasing the total number of visitors. Air transport is vital for international sports events, allowing people to travel and support their teams. After two and half years of travel restrictions, people are eager to travel again despite the challenging circumstances that the world is facing at present. Middle East outlook: Middle East carriers are expected to post a profit of $268mn in 2023, after an estimated loss of $1.1bn in 2022. In 2023, passenger demand growth of 23.4% is expected to outpace capacity growth of 21.2%. Over the year, the region is expected to serve 97.8% of pre-crisis demand levels with 94.5% of pre-crisis capacity. The region has benefited from a certain degree of re-routing resulting from the war in Ukraine, and more significantly so from the pent-up travel demand using the region's extensive global networks as international travel markets re-opened. Globally, IATA expects a return to profitability for the global airline industry in 2023 as airlines continue to cut losses stemming from the effects of the Covid-19 pandemic to their business in 2022. In 2023, airlines are expected to post a small net profit of $4.7bn — a 0.6% net profit margin. It is the first profit since 2019 when industry net profits were $26.4bn (3.1% net profit margin). In 2022, airline net losses are expected to be $6.9bn (an improvement on the $9.7bn loss for 2022 in IATA's June outlook). This is significantly better than losses of $42bn and $137.7bn that were realized in 2021 and 2020 respectively. (Gulf Times)
- **EURO 5 diesel fuel will apply to all bus, truck imports -** The Ministry of Transport (MoT) has stated that 'EURO 5 diesel fuel will apply to all Qatar's bus and truck imports, starting 2023'.The Ministry said in a tweet, "The policy of using pure diesel fuel equivalent to the European classification (EURO 5), adopted by the Ministry of Transport, supports plans to develop road transport, reduce emissions and carbon emissions and use clean energy in the fields of transportation. "In a video presentation shared with the tweet, the Ministry said that efforts continue worldwide to reduce carbon emissions, in line with UN SDGs. "Qatar is taking serious steps for a better environment for the coming generations. The Ministry of Transport adopted the policy to deploy EURO 5-equiv-alent clean diesel fuel with plans to use clean energy in transportation." "EURO 5 diesel fuel will apply to all Qatar's bus and truck imports, starting 2023," the MoT said in the graphic. The Ministry said that compared to current EURO 2-3, EURO 5 standards for CO do not exceed 1.5%. It further said that it working closely with bodies concerned to secure alternatives to support using clean energy in transportation. Earlier the Ministry had said in a statement that it was working on the project in collaboration with the Qatar General Organization for Standards and Metrology (QS), the General Directorate of Traffic, Qatar Energy and several other relevant entities. The Ministry had said that Qatar Energy will provide all transportation sector's needs of EURO 5-equivalent diesel fuel to be used on many buses and trucks countrywide, thus significantly reducing carbon emissions and pollution. The step will promote the transformation to eco-friendly vehicles strategy in Qatar. It will contribute to upgrading the specifications of buses and trucks to using the clean diesel fuel equivalent to the EURO 5 diesel, thus achieving environmental sustainability by rolling out more clean technologies, fuels and electrical energy to reduce vehicle exhausts and harmful carbon emissions. (Peninsula Qatar)
- **CSRGulf report: World Cup a boon for tourism in Gulf countries -** The Arab Gulf Center for Studies and Research (CSRGulf) has revealed all Gulf countries benefited immensely from the FIFA World Cup Qatar 2022 — the first to be hosted in the Middle East and the Arab world, except for Kuwait, which ranked last. According to the Kuwait-based think-tank, over 2.5mn people visited the region during the World Cup, of which hosts Qatar, the United Arab Emirates (UAE), and Saudi Arabia were significant beneficiaries in terms of tourism. However, CSRGulf said that Kuwait failed to fully maximize the tourism potential brought by the World Cup due to the delay in restructuring its tourism sector and aviation fleet and the delay in completing expansion works on the international airport. Meanwhile, Qatar has the second largest contribution to the nation's GDP through tourism. The sector brings in 10.3% of the nation's GDP behind the UAE. According to CSRGulf, the tourism infrastructure has significantly benefited from Qatar's hosting of the World Cup, and thanks to the development of the sector, benefiting from the World Cup activities and the promotion of several tourist destinations in the country. The UAE topped the classification of the Gulf countries in terms of tourism revenues and its contribution to the gross domestic product. The sector contributes more than 11.6% to the UAE's output. The Center stated that Bahrain is third in the region as tourism contributes 6.8% to its GDP. Saudi Arabia placed fourth is an emerging destination for tourism and entertainment in the Middle East. Tourism contributes 5.3% of the Kingdom's GDP, with projections pointing towards a significant increase. Kuwait and Oman bring up the least, with tourism bringing in 3.3% and 3% of their GDP, respectively. The CSRGulf report also stated that the air fleets of major airlines in the Gulf and the increased flights to Qatar contributed to the region's tourism growth during the World Cup. A per the report, the UAE and Qatar have the most extensive air fleet, with 257 and 200, respectively, while Saudi Arabia has 144. Oman's numbers are put between 52-64; Bahrain has 36 operated by Gulf Airlines, while

Kuwait ranked the last in the Gulf, with about 33 aircraft. During the World Cup, GCC countries opened their borders to visiting World Cup fans, enabling Hayya Card holders' multi-entry visas to their countries for stays, ranging up to 90 days. A RedSeer Strategy Consultants report in November estimated that the World Cup would provide a lucrative $4bn uplift to the GCC spending levels with increasing spending by tourists and locals. Meanwhile, Gulf tourists spend six times more than the rest of the world. A 2018 World Tourism Organization report expenditure was estimated to be more than $60bn in 2017, up from $40bn in 2010. (Peninsula Qatar)

- **QEERI's project to support climate change policy in Qatar -** Qatar Environment and Energy Research Institute (QEERI)'s Economics and Policy Program is developing an energy systems model of Qatar to support policymaking in the areas of climate change mitigation and long-term infrastructure planning. The project in partnership with Imperial College London, Kahramaa and the Al Attiyah Foundation, aims to equip Qatar with a state-of-the-art tool, of the same kind and standard used by leading governments worldwide, said Executive Director QEERI, Dr. Marc Vermeersch. He also said that the system is being developed in line with Qatar's increasingly ambitious commitment to carbon emissions targets, which will require a transformation of the national energy system in all its components such as industry, transport, power generation and buildings. "The tool also aims to facilitate multi-stakeholder dialogue around climate change policy in Qatar," Dr. Vermeersch told The Peninsula. A member of Hamad Bin Khalifa University, QEERI is considered as one of the region's leading institutes and is working in the fields of energy, water, corrosion and environment for more than a decade. Multiple centers at QEERI — namely Energy Center, Water Center, Environment and Sustainability Center, Corrosion Center, Natural and Environ-mental Hazards Observatory, Earth Sciences Program and Economics and Policy Program are working on a number of large projects that aim to make a specific contribution towards achieving sustainability in Qatar. (Peninsula Qatar)

International

- **US job openings fall less than expected in November -** US job openings fell moderately in November as the labor market remains tight, which could see the Federal Reserve increasing interest rates to a higher level than currently anticipated. Job openings, a measure of labor demand, slipped 54,000 to 10.458mn on the last day of November, the Labor Department said in its monthly Job Openings and Labor Turnover Survey, or JOLTS report, on Wednesday. Economists polled by Reuters had forecast 10mn job openings. The Fed is engaged in its fastest interest rate-hiking cycle since the 1980s as tries to dampen demand, including for labor, in order to tame high inflation. (Reuters)
- **US labor market remains tight; manufacturing slumps further -** US job openings fell less than expected in November as the labor market remains tight, which could see the Federal Reserve boosting interest rates to a higher level than currently anticipated to tame inflation. There was, however, encouraging news in the inflation fight, with a survey from the Institute for Supply Management (ISM) on Wednesday showing its measure of prices paid by manufacturers for inputs diving in December to the lowest level since February 2016, discounting the plunge early in the COVID-19 pandemic. The Fed is engaged in its fastest interest rate-hiking cycle since the 1980s as it tries to dampen demand, including for labor, to quell inflation. Last month, the US central bank projected interest rates could rise to a peak of 5.1%. But persistent labor market tightness has led economists to expect that borrowing costs will increase to a much higher level and remain there for a while. "The labor markets are still too darn hot for policymakers," said Christopher Rupkey, chief economist at FWDBONDS in New York. "Fed officials won't be confident their monetary tightening is working until hiring demand begins to slow." Job openings, a measure of labor demand, slipped 54,000 to 10.458mn on the last day of November, the Labor Department said in its monthly Job Openings and Labor Turnover Survey, or JOLTS report. Data for October was revised higher to show 10.512mn openings instead of the previously reported 10.334mn. Economists polled by Reuters had forecast 10mn job openings. There were 1.74 jobs for every unemployed person in November. Professional and business services reported an additional 212,000 job openings, while vacancies increased 39,000 in nondurable goods manufacturing. But job openings dropped 75,000 in finance and insurance, one of the industries hardest hit by higher borrowing costs and fell 44,000 in federal government. The job openings rate was unchanged at 6.4%, though it was 0.9 percentage point below its peak in March 2022. Hiring fell to 6.055mn from 6.111mn in October. But hiring increased 74,000 in the healthcare and social assistance sector. The hiring rate dipped to 3.9% from 4.0% in October. The Fed last year hiked its policy rate by 425 basis points from near zero to a 4.25%-4.50% range, the highest since late 2007. Last month, it projected at least an additional 75 basis points of increases in borrowing costs by the end of 2023. Minutes of the Fed's Dec. 13-14 policy meeting published on Wednesday showed officials acknowledged "significant progress" over the past year to bring inflation down and thought the central bank now needed to balance its fight against price pressures with the risks of slowing the economy too much and "potentially placing the largest burdens on the most vulnerable groups" through higher-than-necessary unemployment. (Reuters)
- **Citi/YouGov: UK public's inflation expectations fell in December -** The British public's expectations for future inflation fell last month, according to a survey from Citi and YouGov which the US bank said showed a reduced risk that a recent 41-year high in inflation would become entrenched. The BoE closely watches surveys of households' inflation expectations, as it believes they can offer a guide to future wage demands and businesses' ability to pass on higher costs. Citi said the average expectation for inflation in five to 10 years' time dropped to 3.6% in December from 3.9% in November. It peaked at 4.8% in August, before the government announced plans to temporarily cap household energy tariffs. Prior to the pandemic, when consumer price inflation was broadly in line with the BoE's 2% target, these longer-term inflation expectations averaged between 2.9% and 3.4%. Inflation expectations for 12 months' time dropped to 5.7% in December from 6.1% in November and peaked at 10.3% in August where survey participants were given a wider range of potential options for inflation than had been typical before the pandemic. "Today's data, especially the easing in long-term expectations, suggest that some of the upside risks that have stalked UK inflation expectations in recent months are beginning to soften," Citi economist Ben Nabarro said. "It would be premature to declare victory. But these data to point to a moderating risk of more embedded inflation through 2023," he added. British consumer price inflation reached its highest level since 1981 in October at 11.1%, before dropping to 10.7% in November. The BoE has said it expects inflation to remain high over the coming months, but to fall to about 5% by late 2023. Much of the surge in inflation reflected a jump in natural gas prices after Russia invaded Ukraine in February, but post-pandemic supply-chain bottlenecks, labor shortages and trade frictions caused by Brexit have also played a role. (Reuters)
- **BoE Data: UK housing market stalls, credit card borrowing accelerates -** Britain's housing market slowed dramatically in November and people ramped up borrowing on credit cards, according to Bank of England data on Wednesday that underscored the effects of rising interest rates and the cost-of-living crisis. British lenders approved 46,075 mortgages in November, down from 57,875 in October and marking the lowest level since June 2020, when the housing market slowed to a crawl following the onset of the COVID-19 pandemic. A Reuters poll of economists had pointed to approvals of 55,000. Other gauges of the housing market show a sharp slowdown underway after house prices surged by around a quarter during the pandemic. Mortgage lender Halifax forecast last month that house prices will fall around 8% this year, and BoE interest rates reached 3.5% in December, their highest since 2008 and up from 0.1% a year earlier. Bond market turmoil triggered by former prime minister Liz Truss's short-lived tax-cut plans had already caused many lenders to withdraw mortgage offers in October. The BoE said lending to consumers rose in net terms by 1.5bn pounds ($1.8bn) in November - driven by a 1.2bn jump in credit card borrowing, the largest such increase since March 2004. The figures are not adjusted for inflation. While in normal times rising consumer borrowing often reflects a growing economy, economists point to soaring energy bills, food prices and borrowing costs as some of the biggest drivers today. November's money and credit figures showed further signs that higher interest rates are dampening activity, particularly in the housing market. And this will be a constant theme

throughout the year ahead," said Ashley Webb, an economist with consultancy Capital Economics. Economists polled by Reuters mostly say 2023 will be a tough year for Britain's economy, with the consensus pointing to a 0.9% contraction this year. (Reuters)

- **BCC: UK businesses face 'bleak' outlook after poor end to 2022 -** British businesses are gloomy about prospects for 2023 as they face the likelihood of a surge energy bills and ongoing post-Brexit trade difficulties, the British Chambers of Commerce said late on Wednesday. The BCC's quarterly economic survey - the largest private-sector survey of business sentiment - showed that 36% of businesses expect lower profits this year, compared with 34% who expect a rise. The proportion expecting higher sales over the next 12 months dropped to 44% from 54% six months earlier. The survey took place from Nov. 7 to Nov. 30 and received responses from more than 5,600 firms, mostly smaller businesses. "The situation remains critical for the majority of SMEs who find themselves cut adrift by monumental inflationary pressures, often driving triple digit percentage cost increases, particularly on energy," the BCC's head of research, David Bharier, said. A current 18bn pound ($22bn) program of energy subsidies for businesses expires at the end of March, and earlier on the Wednesday the government said it would publish new plans next week. However, finance minister Jeremy Hunt warned businesses that he viewed the current system as unsustainable, and that any future support would be on a smaller scale. "The outlook from businesses remains bleak," BCC director general Shevaun Haviland said. "Providing businesses with clarity regarding the new energy support package must be top of the government's agenda," she added. Smaller businesses continued to face difficulty trading with the European Union after Brexit, and also when sending goods between mainland Britain and Northern Ireland, due to the EU's requirement for checks on British goods moving to the province, which has an open border with EU member state Ireland. "The impasse over the Northern Ireland Protocol continues to loom and the UK government must work with the European Commission to reach a negotiated solution on its business compliance burdens," Haviland said. (Reuters)
- **SMMT: UK car sales hit 30-year low in 2022 but could grow 15% this year -** British new car sales fell to their lowest level since 1992 last year as manufacturers struggled against pandemic-related parts shortages but could grow 15% in 2023 as those supply-chain issues ease, an industry body said on Thursday. The Society of Motor Manufacturers and Traders (SMMT) said that according to preliminary figures, British new car registrations fell 2% to 1.61mn units last year, about 700,000 units below the pre-pandemic total hit in 2019. (Reuters)
- **PMI: Eurozone recession may not be as deep as expected -** Eurozone business activity contracted less than initially thought at the end of last year as price pressures eased, according to a survey which suggested the bloc's recession may not be as deep as expected. S&P Global's final composite Purchasing Managers' Index (PMI) for the Eurozone, seen as a good gauge of economic health, rose to 49.3 in December from November's 47.8, above a preliminary estimate of 48.8. While the index has been below the 50-mark separating growth from contraction since July, December was a five-month high. The final data was compiled earlier than usual last month due to the holiday season. "The Eurozone economy continued to deteriorate in December, but the strength of the downturn moderated for a second successive month, tentatively pointing to a contraction in the economy that may be milder than was initially anticipated," said Joe Hayes, senior economist at S&P Global Market Intelligence. "Nevertheless, there is little evidence across the survey results to suggest the Eurozone economy may return to meaningful and stable growth any time soon." A December Reuters poll predicted the region's economy contracted 0.3% last quarter and would do so by 0.4% this quarter. Overall demand declined for a sixth straight month, albeit at a shallower pace than initially thought. The PMI new business index bounced to 47.0 from 45.8, comfortably above the 46.5 flash estimate. A PMI covering the bloc's dominant services industry climbed to within a whisker of the breakeven point, registering 49.8 compared to November's 48.5. The preliminary estimate was 49.1. Price pressures in the sector eased last month although did remain elevated. The output prices index dropped to 61.0 from 62.3 and its lowest since August. That will likely be welcomed by policymakers at the European Central Bank who have been tightening monetary policy to try and contain inflation running considerably above their target. (Reuters)
- **PMI: Decline in German services sector eases, raising hopes for milder recession -** High inflation and economic uncertainty extended a downturn in the German services sector in December, though a slower pace of decline in activity adds to hopes of a milder-than-expected recession, a survey showed on Wednesday. S&P Global's final services Purchasing Managers' Index (PMI) rose to 49.2 from 46.1 in November. That marks the highest reading since July, when the current downturn began, and was slightly above a flash estimate of 49.0. Slower input cost and output charge inflation were a further sign that underlying price pressures have passed their peak, said Phil Smith, economic associate director at S&P Global, though they were still among the highest levels on record. "Encouragingly, however, the downturn has lost momentum, which together with a slower decline in manufacturing production at the end of the year adds to the hopes that any recession will be milder than initially feared," said Smith. The German composite PMI index, which comprises both the services and manufacturing sectors, rose to 49.0 in December from 46.3 in November, slightly above a flash reading of 48.9. December marked the sixth month in a row that the reading was below the 50 mark that separates growth from contraction. (Reuters)
- **Caixin PMI: China's Dec services sector extends declines as COVID cases surge -** China's services activity shrank in December as surging COVID infections hit demand, a private-sector survey showed on Thursday, although the pace of recent declines slowed while business confidence rose to a 17-month high. The Caixin/S&P Global services purchasing managers' index (PMI) rose to 48.0 in December from 46.7 in November, but remained below the 50-point mark, which indicates contraction in activity, for a fourth straight month. China abruptly removed its stringent zero-COVID strategy in early December after rare public protests over the protracted curbs, triggering a surge COVID infections across the country. The hit to business caused by the new spread of the virus extends the pain to the services sector from the country's stringent COVID curbs, which were lifted in early December, and reflects a similar trend seen in a larger official services PMI published last week. Companies in the Caixin/S&P survey reported the falls in output and new work for the fourth straight month in December, and external demand fell into contraction from growth the previous month. However, surveyed firms were nonetheless bullish about recovery prospects for the next 12 months thanks to the lifting of COVID restrictions that could lead to increased consumption, with the confidence index rising to a 17-month high. In December, companies also continued to cut staff and raise their prices, while input cost inflation softened. Chinese leaders have pledged to focus on stabilizing the economy in 2023 and step-up policy adjustments to cushion the impact from a surge in COVID infections at a time when a weakening global economy is hurting exports. "This requires not only elevated social expectations and confidence in development, but various policies to work in tandem in stabilizing the job market and effectively increasing the disposable income of residents," said Wang Zhe, senior economist at Caixin Insight Group. Caixin/S&P's composite PMI, which includes both manufacturing and services activity, rose to 48.3 in December from 47.0 in the previous month, remaining in contractionary territory for the fourth straight month. The Caixin PMI is compiled by S&P Global based on responses to questions sent to purchasing managers in China. (Reuters)

Regional

- **Gulf green, sustainable bond and sukuk market sets new record in 2022 -** The market for green and sustainable bonds and sukuk in the Gulf economies set a new record in 2022, with the issue count more than doubling as notable government-related entities and banks entered the market, according to data from Bloomberg's Capital Markets League Tables. Total 2022 Gulf Co-operation Council (GCC) green and sustainable bond and sukuk issuances reached $8.5bn from 15 deals compared to $605mn from six deals in 2021. Saudi Arabia was the leading issuer within the region, accounting for more than 50% of total volumes, with the UAE accounting for the remaining issue volume. In 2021, all GCC issuances were generated by the UAE only. The GCC region bucked the global trend which saw sales of new green and sustainable bonds and sukuk around the world decrease by 14% to $739bn during 2022, in part due to global uncertainty and the rising interest rate environment, it said. Within the Gulf region, 2022 saw notable debut issuances such as $3bn green bond from Saudi Arabia's Public Investment Fund; $750mn debut sustainable sukuk from Dubai Islamic Bank; $750mn debut sustainable sukuk from Saudi National Bank; and $500mn green bond from Abu Dhabi Commercial Bank. Among established issuers, First Abu Dhabi Bank remained among one of the region's leaders in 2022 with three green bond issuances accounting for approximately $1.49bn during the period. "Following COP27 in Egypt and ahead of COP28 in the UAE, the trajectory of the wider region's green finance market has taken on new significance. 2022 proved to be a record year for green and sustainable bonds and sukuk in the Gulf, whereby the debut of several notable government-related entities and banks suggests sustainable finance is continuing to enter the mainstream in the region," said Venty Mulani, data specialist-sustainable fixed income, Bloomberg. (Gulf Times)

- **Opec: World oil demand expected to increase by 2.2mn bpd year-on-year in 2023 -** The world's oil demand is expected to increase by 2.2mn barrels per day year-on-year in 2023, Opec said in its latest monthly oil market report. The OECD (Organization for Economic Co-operation and Development) oil demand is forecast to increase by 0.3mn bpd. This is mostly in OECD Americas, while other OECD regions are not expected to see noticeable growth. In the non-OECD, oil demand is forecast to increase by 1.9mn bpd with China and India seeing the largest growth. This forecast assumes the successful containment of Covid-19 and a resumption of pre-pandemic economic growth in China, while India's oil demand is projected to be supported by continued healthy economic growth. Non-Opec supply growth in 2022 was estimated at 1.9mn bpd. The main drivers of growth are estimated to have been the US, Canada, Guyana, Russia, China and Brazil. US shale oil companies continued to focus on shareholder returns, with higher production costs amid supply chain shortages and inflation limiting overall production growth. In 2023, non-Opec supply is forecast to expand by 1.5mn bpd y-o-y. US tight oil output and offshore start-ups in Latin America and the North Sea are expected to drive growth. The US is expected to lead the way with a share of about 75% of total growth, followed by Norway, Brazil, Canada, Kazakhstan and Guyana. Non-Opec upstream sector investment in 2022 was estimated at around $424bn, up around 19% y-o-y. It is forecast at $459bn in 2023, up by 8% y-o-y. Going forward, several challenges still lie ahead, Opec noted. For example, persistently high inflation may necessitate further monetary tightening measures by major central banks. Rising interest rates, it said, will be a cause for concern for countries with high sovereign debt levels. Tight labor markets, amid calls for higher wages, will add pressure, as will continued supply chain issues. However, a resolution of the geopolitical conflict in Eastern Europe and a relaxation of China's zero-Covid policy could provide some upside potential. Global GDP growth for 2023 is forecast at 2.5%. According to Opec, the global economy continued its recovery path throughout much of 2022, albeit at varying levels among regions, and with a notable slowdown towards the end of the year. The eurozone saw unexpectedly strong growth in H1,2022 before decelerating in H2, 2022, amid rising inflation that prompted the European Central Bank monetary tightening and concerns about a possible energy crunch in the winter heating season. The US economy faced challenges in H1,2022, but recovered somewhat in H2, 2022, supported by ongoing healthy consumption levels. In the non-OECD, China's strict zero-Covid policy has dampened GDP growth in 2022. India witnessed strong economic growth in H1,2022, but decelerated slightly in Q3,2022 amid high inflation levels. For 2022, world GDP growth was estimated at 2.8%. (Gulf Times)
- **Saudi Central Bank plans to launch open banking services in Q1 2023 -** Saudi Central Bank (SAMA) plans to launch open banking services in the first quarter of 2023, state-owned SPA news agency reported. As part of the open banking framework issued in November 2022, the central bank launched the open banking lab to enable innovation and accelerate the development of open banking services in the Kingdom. The lab will provide banks and fintechs with a technical testing environment to enable them to develop, test, and certify their open banking services to ensure compatibility with the open banking framework. Open banking services is a new concept in the financial industry and aims to enable the consumers of financial institutions to securely share their financial data with a third-party provider. This will help to provide new and innovative financial services and products for consumers. The implementation of open banking services is one of the initiatives of the fintech strategy, one of the pillars of the financial sector development program under Saudi Vision 2030. The council of ministers approved the fintech strategy of ministers in May 2022. The report said that the first phase of the open banking services focused on the account information service, while the second version will highlight the payment initiation service. (Zawya)
- **Saudi British Bank reappoints Lubna Sulaiman Olayan as chair of board -** Saudi British Bank (SABB) has reappointed trailblazing Lubna Sulaiman Olayan as chair of the board of directors for another three-year term. Olayan was first appointed to the role in 2019 and was the first woman to serve as the head of a Saudi Arabian bank. Olayan was CEO of the Olayan Financing Company, one of the kingdom's largest conglomerates, until she stepped down in April 2019. The company, founded by her father in 1947, focuses on distribution, manufacturing, services and investments. Saad Abdulmohsen Al Fadly was appointed as vice chairman of the bank at its ordinary general assembly subject to non-objection from the Saudi Central Bank (SAMA). The bank reported profits of SAR 1.397bn ($372mn) in the third quarter of 2022, up from SAR 886mn year-on-year, while profits for the first nine months of 2022 were up to SAR 3.483bn from SAR 2.774bn in 2021. (Zawya)
- **Flynas doubles growth in 2022; flights surge by 45% -** Saudi Arabia's flynas, a leading low-cost airline in the region, has doubled annual growth in operation and performance during 2022, increasing passengers by 91% to 8.7mn; flights by 45% to 66,000 and seat capacity by 46%. Additionally, flynas launched 16 new destinations and 30 new routes as the fleet upscaled to 43 aircraft, reported Saudi Press Agency (SPA). "The growth rates recorded by flynas during 2022 in performance, operations, and localization programs reflect the company's commitment to continuing expansion under the slogan 'We Connect the World to the Kingdom' and to consolidating its leading position as the best low-cost airline in the Middle East and one of the top 10 airlines in the world of its category," said CEO and Managing Director of flynas Bander Almohanna. "The annual results confirm the progress in the company's strategic plan with the receiving of 8 new Airbus A320neo and joining 2 Airbus A330 aircraft, which will contribute to serving pilgrims and Umrah performers as well as expanding to new markets. Moreover, the company's Board of Directors approved raising the booking orders of 250 aircraft, in line with the goals of the Saudi vision 2030, and the civil aviation strategy to reach 330mn passengers, 250 international destinations, and 100mn tourists annually," he added. Almohanna stressed the company's commitment to the localization of jobs, qualifying young Saudi talent, and the empowerment of women in the aviation sector, as flynas launched the Future Engineers program in 2022 to localize the aircraft engineering and maintenance jobs, and to graduate and employ 150 engineers over the coming years. The program started with 30 Saudi engineers, while 100 Saudi first officer cadet pilots were accepted in the Future Pilots training program. (Zawya)
- **AD Ports forms JV for services in Caspian, Black Sea -** Abu Dhabi-based AD Ports Group, a leading facilitator of global trade, has signed an agreement with Kazmortransflot (KMTF), to launch a joint venture (JV) to provide offshore and shipping services for energy companies in the Caspian and Black Seas. The JV is 51% owned by AD Ports Group and 49% owned by KMTF, a fully owned offshore logistics and services subsidiary of the Kazakh National Oil Company (KazMunayGas). In addition, the two parties have signed an agreement to pool tanker resources. The joint venture, will look at investments opportunities and offer a broad range of services, including offshore support vessels, integrated offshore logistics and subsea solutions and, in future will offer container feeder, ro-ro and crude oil transportation in the Caspian Sea and Black Sea. The enterprise will tender for a number of projects with estimated maritime contract values of more than AED2.8bn ($762mn). By combining AD Ports Group's diverse portfolio of global maritime services and shallow water offshore expertise with the strong fleet, track record and local knowledge of KMTF, the joint venture will create new opportunities in the highly valued Caspian Sea and the Black Sea regions. AD Ports Group and KMTF also signed a seven-year vessel pooling agreement, the joint venture includes

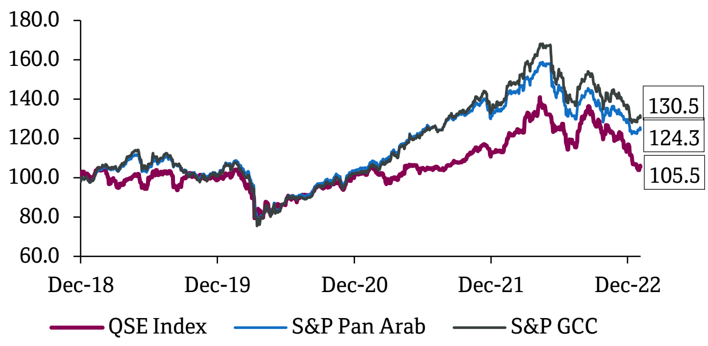
the provision of several tankers for the transportation of crude oil internationally. The agreement will see KMTF's fleet working alongside Safeen Group's existing AFRAMAX tanker, with the aim of acquiring further vessels. The objective is to jointly carry 8-10mn tonnes of crude annually in the coming years. The Caspian Sea region is one of the oldest oil-producing areas in the world and is an increasingly important source of global energy production. (Zawya)

- **UAE's non-oil private sector output growth falls to 15-month low -** Growth in the UAE's non-oil private sector slowed for the second month in a row in December, as output and new business growth rose at the slowest pace in over a year, according to a survey released on Wednesday. The seasonally adjusted S&P Global UAE Purchasing Managers' Index (PMI) dropped from 54.4 in November to 54.2 last month, the lowest reading since January. Both output and new business growth eased to 15-month lows, while employment rose at the softest rate in eight months. "The UAE PMI fell for the second month in a row… almost registering the lowest reading in 2022 and providing further signs that growth momentum has moderated from its post-pandemic peak in the third quarter," said David Owen, economist at S&P Global Market Intelligence. "While domestic demand conditions are holding up relatively strong, weakness in the global economy led to a first decrease in new export business since August 2021." Owen said businesses were also less upbeat that business conditions would be sustained in 2023, as expectations for the new year dropped to their lowest level since early last year amid global economic concerns. "Businesses were less confident that output growth would be sustained in 2023, as year-ahead expectation fell to the weakest level since February 2021 amid concerns that economic problems abroad will seep through into the domestic economy," Owen noted. "On the positive side, firms enjoyed a renewed fall in their expenses as commodity prices moderated and input availability improved, which supported an additional cut to selling prices." With growth slowing down, businesses in the non-oil private sector also made fewer hiring last month. "Job numbers rose at the softest rate in eight months and only marginally overall. Reduced hiring efforts added to capacity constraints as businesses saw a solid and accelerated increase in backlogs at work," the survey said. (Zawya)
- **Pakistan's trade with UAE to surpass $10.6bn in 2023 -** The bilateral trade between Pakistan and the United Arab Emirates is expected to grow double from the $10.6bn volume achieved in 2021-2022, Pakistan's top diplomat in the UAE said. The last calendar year recorded a $10.6bn in trade "the highest volume Pakistan had in the Middle East and North Africa (MENA) region," he added. "The potential is much more. I have been tasked by the political leadership of my country to increase trade, promote business opportunities, investment and elevate cultural interaction between Pakistan and the UAE," Ambassador Faisal Niaz Tirmizi told the Emirates News Agency (WAM) in an exclusive interview at the Embassy of Pakistan in Abu Dhabi. Tirmizi, who assumed his responsibilities as Pakistan's new Ambassador to the UAE in October 2022, spoke in detail about topics concerning Pakistan-UAE relations, economic cooperation, climate change, tourism, and cultural exchanges. (Zawya)
- **Dubai's $8.7tn financial plan will double economy, make the city one of the global top 3 -** Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, set out a 32tn-Dirham ($8.7tn) economic plan on Wednesday. By spurring trade and investments over the next decade, the new economic agenda, named D33, aims to double the size of the emirate's economy and place Dubai among the top 3 economic cities in the world. In a series of tweets, Sheikh Mohammed announced that the emirate's foreign trade will reach 25tn dirhams during the next decade. Dubai will also add trade corridors with 400 new cities around the world. "Dubai's economic agenda includes 100 transformative projects. Total economic targets amount to 32tn dirhams over the next ten years," Sheikh Mohammed tweeted. We will be doubling our foreign trade to reach 25 trillion dirhams during the next decade." Dubai is also planning to attract FDI exceeding 700bn dirhams within ten years, Dubai ruler tweeted. "We have more than 300,000 investors in Dubai..and I invite everyone to join our journey to be one of the fastest growing cities in the world," Sheikh Mohammed tweeted. (Zawya)
- **Dubai Chamber of Commerce launches Solar & Renewable Energy Business Group -** Dubai Chamber of Commerce, one of the three chambers operating under Dubai Chambers, has launched the Solar & Renewable Energy Business Group, to drive the uptake of renewable energy amongst businesses and the private sector in Dubai. "As the world shifts to renewable energy and a decarbonized economy, the establishment of the Solar & Renewable Energy Business Group is timely and relevant. It comes at the heels of UAE's COP28 presidency, highlighting the importance of the country's Energy Strategy 2050 and Dubai's Clean Energy Strategy. "The business group will foster better understanding of these clean energy targets amongst local businesses while providing them insights to drive the shift to renewable energy. This will boost their efforts to support and accelerate Dubai's energy transition and the ambition of making the emirate a hub for the green economy," said Maha AlGargawi, Executive Director of Business Advocacy at Dubai Chambers. Over the last couple of decades, the share of oil in the UAE's gross domestic product (GDP) has considerably decreased. From approximately 43% in 2001, this share dropped a third of GDP to 33% in 2011 and much lower to 27% in 2021. The UAE is well on its way to achieve its clean energy targets as outlined in the UAE Energy Strategy 2050. Announced in 2017, the UAE Energy Strategy 2050 aims to reduce the carbon footprint on power generation by 70%, improve energy efficiency by 40%, increase the contribution of clean energy from 25% to 50% and save a total of AED700bn. The UAE has since launched notable initiatives and taken significant steps towards realizing these goals by 2050. The UAE Government will invest AED600bn in renewable energy by 2050 to meet the country's growing energy demand from clean and sustainable resources. Dubai launched its own Clean Energy Strategy in 2015, with the objective of producing 75% of its energy demand from clean sources by 2050, making Dubai a hub for the green economy. One landmark project in solar energy is the Mohammed bin Rashid Al Maktoum Solar Park in Dubai which it is expected to have a production capacity of 5,000 MWh by 2030. (Zawya)
- **Dubai Emirates Group's dnata invests $14mn to boost Iraq operations -** Dubai-based airport services provider dnata, a subsidiary of Emirates Group, is investing around $14mn to boost its operations in Iraq, according to a statement on Wednesday. The company said it has broken ground on its new 20,000-square-metre cargo warehouse to expand its operations at Erbil International Airport. It is expected to create up to 50 additional jobs in Iraq. "The facility represents an investment of $14mn," the statement said. Scheduled for completion in September 2024, the facility is in response to growing demand for cargo services in Erbil. It will have the capacity to process 100,000 tonnes of cargo every year, including perishables, pharmaceuticals and dangerous goods. "Our new facility will incorporate cutting-edge technologies and the latest carbon reduction initiatives in design and operation… We stay committed to the Iraqi aviation industry and continue to invest in our operations to contribute to the development of Erbil as a regional cargo hub," said Jaffar Dawood, dnata's Senior Vice President for UAE and Iraq airport operations. The new project follows the opening of a new cool chain facility and a bus maintenance facility in 2022 at Erbil airport. In recent years, dnata has also made investments in new cargo facilities in London and Manchester (UK), Karachi and Lahore (Pakistan), as well as additional cargo capacity and infrastructure in Brussels (Belgium), Sydney (Australia) and Toronto (Canada). Last January, the company announced it would invest more than €200mn ($212.4mn) in dnata Cargo City Amsterdam at Schiphol Airport. (Zawya)
- **Burgan Bank granted wealth management license -** Kuwait's Burgan Bank announced that it was recently granted a license to offer wealth management services to its clients by the Capital Markets Authority (CMA). The license, issued as a preliminary approval that's valid for six renewable months, marks a new chapter for Burgan Bank in its pursuit of comprehensive financial excellence and offering premium advisory and management solutions to its elite clientele. According to the initial approval under CMA resolution No. 200 of 2022, Burgan Bank is now licensed to offer its clients a new range of services that includes investment advisory, unregistered securities brokerage, and investment portfolio management. All of this will be operated by the bank's Wealth Management team and facilitated by dedicated and professional

Relationship Managers whose responsibilities entail assisting clients in fulfilling banking transactions that range from simple, everyday operations to big scale domestic and international investments. (Zawya)

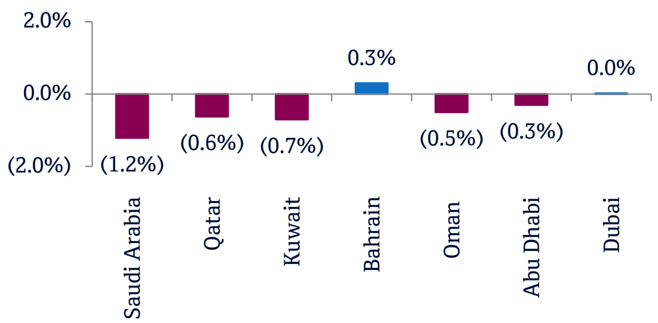
- **Kuwait embarks on second satellite project -** Having launched the first Kuwaiti satellite (KuwaitSat-1) into space, the national team is not taking a break, already embarking on a second identical project, designing the second one, KuwaitSat-2. Dr. Yasser Abdulrahim has told KUNA in an interview at his office that he and his team of scientists are in the initial stage of a much harder and complex mission, the making of parts of the second satellite, tentatively to be launched in three years. The second satellite of the Cube Sat 2 type will be larger than the first one, launched into the space on Tuesday, marking Kuwait's first endeavor to be among ranks of nations that had made headways in the realm. Dr. Abdulrahim said that the planned satellite would examine solar panels, due to be designed and built at Kuwait University and would be equipped with a high-definition camera, the Hyper Expected type, that transmits information and not only pictures about the atmosphere levels and the sea contents. A scientist, who was lecturing 35 trainees at a nearby hall, said that personnel of the first project would train their peers who would be involved in the second mission. He revealed that laboratories in Kuwait had been modified to match specifications of the laboratories at nations of advanced space knowledge and experience, adding that national cadres had taken part in installing and programming cameras attached to the first satellite. Based on this experience, the national team is aspiring to make most parts of the new satellite in Kuwait. "We are up to the challenge, and we can make it in the near future by Allah's will," said Dr. Abdulrahim confidently. However, he acknowledged that a lot of technologies are needed to build a full-fledged national industry for satellites production. A single unavailable chip may halt the whole process of making a satellite, he explained. Dr. Abdulrahim has also acknowledged that there is lack of know-how as to testing the satellite. Despite some of the snags, he has affirmed that the confidence is quite high to attain the utter objective, building full scale national satellite sector. Kuwait's first satellite was successfully launched into space on Tuesday, a milestone effort in setting up the country's space industry. "Kuwait Sat-1" was launched onboard the SpaceX Falcon 9 from the US State of Florida's Cape Canaveral, in an endeavor undertaken by Kuwait University and funded by the Kuwait Foundation for the Advancement of Sciences. The launch was the culmination of diligent work over the course of the past three years, aiming to bring Kuwait's space ambitions to fruition. (Zawya)
- **Oman Air partners with HSBC for currency solution -** Oman Air, the national carrier of the Sultanate, has partnered with HSBC Oman on a unique and innovative international payments process, which will dramatically increase efficiency and security. Via a centralized treasury hub in Oman, HSBC's Global Disbursement solution, developed as a bespoke service for Oman Air, will deliver simultaneous multiple currency payments and an improved track and trace function for every transaction. The new service enables Oman Air to process foreign currency payments through a single bank account, using HSBC's extensive global network and transparent FX rates. This reduces dependency on other third-party banks, reducing the costs of processing these payment types and the hours worked in doing so. This strengthens the relationship with HSBC as Oman Air's bank of choice for international payments. "Oman Air continues to invest in innovative financial solutions as a crucial component of our success as a truly global airline," said Oman Air Chief Executive Officer Abdulaziz Al Raisi. "HSBC's Global Disbursement solution provides us with simplicity, expediency, and security. We are confident that this partnership will enable us to achieve a more streamlined international payments procedure and ultimately, enhance our guest experience," Abdulaziz continued. "At HSBC Oman, we are committed to innovating in our technology to make banking easier, more accessible, and more secure for our clients. Our Global Disbursement solution is designed to simplify the cross-border payment process by reducing costs, minimizing risk and improving transparency. Our Global Payments Solutions Team has a proven record of providing clients across the MENAT Region with a comprehensive suite of market leading, innovative solutions and products to help them do business every day," said Melika Betley, CEO of HSBC Oman. The Global Disbursement solution will introduce significant reduction in the overall working hours spent on payment creation and reconciliation, as it enables Oman Air to process multiple currency payments at the same time, provides detailed status reports and to track and trace every payment transaction. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,854.56	0.8	1.7	1.7
Silver/Ounce	23.76	(1.0)	(0.8)	(0.8)
Crude Oil (Brent)/Barrel (FM Future)	77.84	(5.2)	(9.4)	(9.4)
Crude Oil (WTI)/Barrel (FM Future)	72.84	(5.3)	(9.2)	(9.2)
Natural Gas (Henry Hub)/MMBtu	3.77	0.8	7.1	7.1
LPG Propane (Arab Gulf)/Ton	73.25	(5.2)	3.5	3.5
LPG Butane (Arab Gulf)/Ton	100.75	(2.7)	(0.7)	(0.7)
Euro	1.06	0.5	(0.9)	(0.9)
Yen	132.63	1.2	1.2	1.2
GBP	1.21	0.7	(0.2)	(0.2)
CHF	1.08	0.7	(0.6)	(0.6)
AUD	0.68	1.7	0.4	0.4
USD Index	104.25	(0.3)	0.7	0.7
RUB	118.69	0.0	0.0	58.9
BRL	0.18	0.5	(2.7)	(2.7)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,624.35	0.9	0.8	0.8
DJ Industrial	33,269.77	0.4	0.4	0.4
S&P 500	3,852.97	0.8	0.4	0.4
NASDAQ 100	10,458.76	0.7	(0.1)	(0.1)
STOXX 600	440.19	1.4	2.6	2.6
DAX	14,490.78	2.2	3.1	3.1
FTSE 100	7,585.19	0.4	1.5	1.5
CAC 40	6,776.43	2.9	3.7	3.7
Nikkei	25,716.86	(2.6)	(2.6)	(2.6)
MSCI EM	974.22	1.2	1.9	1.9
SHANGHAI SE Composite	3,123.52	0.6	1.2	1.2
HANG SENG	20,793.11	3.2	4.9	4.9
BSE SENSEX	60,657.45	(0.9)	(0.3)	(0.3)
Bovespa	105,334.46	0.9	(6.9)	(6.9)
RTS	949.91	(1.4)	(2.1)	(2.1)

Source: Bloomberg ($ adjusted returns,)*

Contacts

QNB Financial Services Co. W.L.L.
Contact Center: (+974) 4476 6666
info@qnbfs.com.qa

Doha, Qatar
Saugata Sarkar, CFA, CAIA
Vice President - Research
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
Assistant Vice President - Research
shahan.keushgerian@qnbfs.com.qa

Phibion Makuwerere, CFA
Assistant Vice President - Research
phibion.makuwerere@qnbfs.com.qa

Roy Thomas
Assistant Vice President - Research
roy.thomas@qnbfs.com.qa

Dana Saif Al Sowaidi
Associate - Research
dana.alsowaidi@qnbfs.com.qa