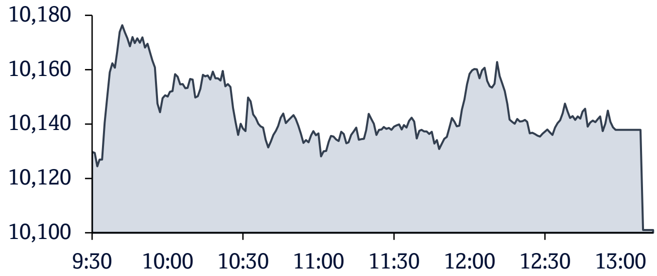
QSE Intra-Day Movement



Market Indicators	27 Mar 23	26 Mar 23	%Chg.
Value Traded (QR mn)	474.2	346.9	36.7
Exch. Market Cap. (QR mn)	588,564.0	589,344.5	(0.1)
Volume (mn)	197.0	177.3	11.1
Number of Transactions	16,774	10,796	55.4
Companies Traded	48	48	0.0
Market Breadth	29:17	36:8	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	21,678.10	(0.2)	0.9	(0.9)	11.5
All Share Index	3,382.64	(0.3)	1.1	(1.0)	124.1
Banks	4,291.97	(0.4)	1.5	(2.1)	12.1
Industrials	3,955.92	(0.8)	(0.4)	4.6	11.6
Transportation	3,934.91	1.4	1.4	(9.2)	11.3
Real Estate	1,415.06	0.7	1.5	(9.3)	16.0
Insurance	1,882.82	(1.2)	0.3	(13.9)	15.3
Telecoms	1,445.03	(0.1)	2.0	9.6	51.7
Consumer Goods and Services	7,690.96	0.4	1.8	(2.8)	21.0
Al Rayan Islamic Index	4,496.23	0.1	1.1	(2.1)	8.5

Qatar Commentary

The QE Index declined 0.2% to close at 10100.1. Losses were led by the Insurance and Industrials indices, falling 1.2% and 0.8%, respectively. Top losers were Damaan Islamic Insurance Company and Estithmar Holding, falling 6.1% and 5.3%, respectively. Among the top gainers, Qatar General Insurance & Reinsurance Co. gained 10.0%, while Dukhaan Bank was up 8.1%.

GCC Commentary

Saudi Arabia: The TASI Index gained marginally to close at 10,463.6. Gains were led by the Health Care Equipment & Svc and Insurance indices, rising 2.9% and 2.3%, respectively. Takween Advanced Industries Co rose 10.0%, while Al Kathiri Holding Co. was up 9.9%.

Dubai: The DFM Index fell 0.7% to close at 3,326.4. The Consumer Staples index declined 2.3%, while the Financials index fell 1.6%. Islamic Arab Insurance Company declined 3.9% while SHUAA Capital was down 3.5%.

Abu Dhabi: The ADX General Index fell 0.8% to close at 9,422.5. The Industrial index declined 4.5%, while the Real Estate index fell 1.7%. Ghitha Holding and National Marine Dredging Co. were down 10.0% each.

Kuwait: The Kuwait All Share Index fell 0.2% to close at 7,014.6. The Consumer Staples index declined 1.6%, while the Utilities index fell 1.1%. Credit Rating & Collection declined 9.7%, while Gulf Cables & Electrical Industries Group Co. was down 5.0%.

Oman: The MSM 30 Index gained 0.2% to close at 4,852.5. The Financial index gained 0.2%, while the other indices ended flat or in red. Al Batinah Power rose 10%, while A'Saffa Foods was up 9.1%.

Bahrain: The BHB Index fell 0.7% to close at 1,878.4. The Materials index declined 6.0%, while the Industrials index fell 0.4%. Aluminum Bahrain declined 5.7% while Solidarity Bahrain was down 2.1%.

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Dr. Sulaiman Al Habib Medical Services Group Co	Saudi Arabia	272.00	3.8	173.3	23.3
Bank Dhofar	Oman	0.16	3.2	23.3	(8.6)
Dar Al Arkan Real Estate	Saudi Arabia	15.54	2.0	6,335.0	33.7
Borouge PLC	Abu Dhabi	2.56	1.6	7,656.1	1.2
Burgan Bank	Kuwait	0.22	1.4	836.3	(0.9)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
National Marine Dredging	Abu Dhabi	25.22	(10)	992.9	3.0
Saudi Arabian Fertilizer Co.	Saudi Arabia	127.40	(3.0)	3,519.0	(12.9)
Q Holding	Abu Dhabi	2.24	(3.0)	2,746.2	(44.0)
Saudi British Bank	Saudi Arabia	33.80	(2.7)	2,546.7	(13.2)
Multiply Group	Abu Dhabi	3.29	(2.7)	13,962.8	(29.1)

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%
Qatar General Ins. & Reins. Co.	1.005	10.0	177.6	(31.5)
Dukhaan Bank	3.363	8.1	21,983.3	0.0
Lesha Bank (QFC)	0.983	5.0	6,974.7	(14.1)
Baladna	1.304	4.1	11,130.7	(14.8)
Mazaya Qatar Real Estate Dev.	0.598	4.0	25,400.5	(14.1)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Damaan Islamic Insurance Company	3.730	(6.1)	4.9	0.0
Estithmar Holding	1.941	(5.3)	25,936.4	7.8
Qatar Industrial Manufacturing Co	2.800	(4.0)	97.9	(12.8)
Qatar Insurance Company	1.635	(2.0)	1,202.1	(15.0)
Qatar Electricity & Water Co.	16.60	(1.8)	224.5	(6.2)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Estithmar Holding	1.941	(5.3)	25,936.4	7.8
Mazaya Qatar Real Estate Dev.	0.598	4.0	25,400.5	(14.1)
Dukhaan Bank	3.363	8.1	21,983.3	0.0
Qatar Aluminium Manufacturing Co.	1.526	1.6	19,512.2	0.4
Salam International Inv. Ltd.	0.543	1.9	13,626.1	(11.6)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Dukhaan Bank	3.363	8.1	71,387.7	0.0
QNB Group	16.20	(1.2)	52,137.1	(10.0)
Industries Qatar	12.80	(0.8)	51,898.7	(0.1)
Estithmar Holding	1.941	(5.3)	51,713.2	7.8
Qatar Aluminum Manufacturing Co.	1.526	1.6	29,728.2	0.4

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,100.97	(0.2)	0.9	(4.4)	(5.4)	129.39	160,913.4	11.5	1.3	4.8
Dubai	3,326.40	(0.7)	(1.1)	(3.2)	(0.3)	43.42	158,997.2	8.9	1.1	3.9
Abu Dhabi	9,422.54	(0.8)	(1.3)	(4.3)	(7.7)	312.18	709,152.4	22.3	2.4	1.9
Saudi Arabia	10,463.61	0.0	0.2	3.6	(0.1)	1,851.14	2,638,808.6	15.7	2.2	3.1
Kuwait	7,014.58	(0.2)	(0.5)	(3.2)	(3.8)	102.22	146,887.8	16.3	1.1	3.6
Oman	4,852.52	0.2	(0.4)	2.1	(0.1)	9.39	22,808.6	11.2	0.8	3.8
Bahrain	1,878.41	(0.7)	(1.1)	(2.8)	(0.9)	14.53	65,080.0	6.0	0.6	6.3

*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 0.2% to close at 10,100.1. The Insurance and Industrials indices led the losses. The index fell on the back of selling pressure from non-Qatari shareholders despite buying support from Qatari shareholders.
- Damaan Islamic Insurance Company and Estithmar Holding were the top losers, falling 6.1% and 5.3%, respectively. Among the top gainers, Qatar General Insurance & Reinsurance Co. gained 10%, while Dukhaan Bank was up 8.1%.
- Volume of shares traded on Monday rose by 11.1% to 197mn from 177.3mn on Sunday. Further, as compared to the 30-day moving average of 134mn, volume for the day was 47% higher. Estithmar Holding and Mazaya Qatar Real Estate Dev. were the most active stocks, contributing 13.2% and 12.9% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	37.18%	34.56%	12,384,371.9
Qatari Institutions	26.81%	21.10%	27,096,874.2
Qatari	**63.99%**	**55.66%**	**39,481,246.0**
GCC Individuals	0.47%	0.46%	47,349.9
GCC Institutions	1.96%	3.24%	(6,057,773.5)
GCC	**2.43%**	**3.70%**	**(6,010,423.6)**
Arab Individuals	12.14%	12.68%	(2,537,397.6)
Arab Institutions	0.00%	0.27%	(1,262,854.3)
Arab	**12.14%**	**12.95%**	**(3,800,251.9)**
Foreigners Individuals	3.71%	2.46%	5,951,741.8
Foreigners Institutions	17.73%	25.24%	(35,622,312.4)
Foreigners	**21.44%**	**27.70%**	**(29,670,570.6)**

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

Earnings Calendar and Global Economic Data

Earnings Calendar

Tickers	Company Name	Date of reporting 1Q2023 results	No. of days remaining	Status
QIBK	Qatar Islamic Bank	11-Apr-23	14	Due
QFLS	Qatar Fuel Company	12-Apr-23	15	Due
QISI	Qatar Islamic Insurance	30-Apr-23	33	Due

Source: QSE

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
03-27	US	Federal Reserve Bank of Dallas	Dallas Fed Manf. Activity	Mar	-15.70	-10.00	-13.50
03-27	Japan	Bank of Japan	PPI Services YoY	Feb	1.80%	1.70%	1.60%
03-27	China	National Bureau of Statistics	Industrial Profits YTD YoY	Feb	-22.90%	NA	NA

Qatar

- **Qatar Islamic Bank to disclose its Quarter 1 financial results on April 11 -** Qatar Islamic Bank to disclose its financial statement for the period ending 31st March 2023 on 11/04/2023. (QSE)
- **Qatar Fuel Co. to disclose its Quarter 1 financial results on April 12 -** Qatar Fuel Co. to disclose its financial statement for the period ending 31st March 2023 on 12/04/2023. (QSE)
- **Clarification for shareholders on calculating Zakat for Baladna's shares for the fiscal year ended 31 December 2022 -** Baladna has announced the issuance of a letter from Professor Dr. Ali Al Quradaghi, Chairman of Baladna's Shariah Advisory Committee, addressed to Baladna shareholders for the zakat calculation of Baladna shares for the period ended December 31, 2022. (QSE)
- **KPMG: Qatar banks record lowest cost-to-income, highest coverage on Stage 3 loans in GCC -** Qatar's banks had the lowest cost-to-income ratio (22.8%) and the highest coverage ratio on Stage 3 loans (82.7%) among the Gulf Co-operation Council (GCC) lenders in 2022, according to KPMG, a multinational professional services network, and one of the Big Four accounting organizations. Qatari banks' cost-to-income ratio stood much lower than the 39.9% for the Gulf banks, said KPMG's eighth edition of the GCC listed banks' results. Titled 'Cautious Optimism', the report said the coverage ratio in the Gulf banks stood much lower at 67.1% in the review period. With assets of $327bn, QNB remained the largest bank in the GCC region, said the report, which offers a thorough year-on-year analysis of the financial results and key performance indicators of leading listed commercial banks in the region. Qatar's banks' return on equity (RoE) stood at 13%, second to the UAE's 13.7%, it said, adding in terms of return on assets (RoA), it was 1.4% in Qatar compared to 1.7% in Saudi Arabia and 1.6% in the UAE. The capital adequacy ratio of Qatar banks was 19.2% at the end of 2022 against 20.3% in Bahrain and 19.7% in Saudi Arabia. The net interest margin of Qatar's lenders stood at 2.7% in 2022 compared to 3.6% in Bahrain, 3.4% in Saudi Arabia and 3% in the UAE. In terms of dividend payout, Qatar's banking system reported 50.7% against Oman's 137.5% and Kuwait's 95.3% in the review period. On the wider Gulf banking industry, the report said profitability saw another double-digit increase of 25.3%, driven particularly by a growth in loan books, increased interest margins, lower loan impairment and a continued focus on cost efficiencies. Asset growth remained robust as banks increased their asset base by 9.9%, which was driven by lending to high quality customers. "Listed banks in the GCC region continued their post-Covid recovery with strong double-digit asset while maintaining a conservative approach to credit provisioning, tight cost control and healthy capital levels, amid a future outlook based on cautious optimism," said Omar Mahmood, head of Financial Services, KPMG in the Middle East, South Asia, and Caspian Region, and Partner, KPMG in Qatar. Net interest margins were up 0.2%, owing to the rising interest rate environment, which helped drive profit growth. The overall NPL (non-performing loan) ratio for the GCC banking sector decreased by 0.1% and now stands at 3.8%, reflecting the conservative approach to credit risk management. Net impairment charges on loans and advances fell by an average of 11.2%, mainly in Stage 2 and 3 portfolios, indicating an improvement in credit quality. The ROA increased by 0.2% compared with the prior year, owing to the rise in profitability being higher than the asset growth. Cost-to-income ratios reduced to 40.9% in 2022 to 39.9% in 2021, reflecting the continued focus on cost reductions and operating efficiency initiatives. The average coverage ratio for Stage 2 and 3 loans increased by 0.4% and

1.7% respectively from the prior year, demonstrating how banks continue to be cautious in relation to their approach to provisioning. The report also highlighted a 1.2% decrease in return on equity (ROE), compared to 2021, as equity growth outpaced profitability increases. (Gulf Times)

- **Qatar ranks 6th globally in terms of trade surplus in 2022 -** Qatar was ranked in sixth place in terms of trade surplus in 2022, up five spots from 2021, with a trade surplus of $97.5bn. According to a report by the Russian "RIA Novosti" news agency, Qatar came ahead of Germany, which dropped to seventh place globally with a surplus of $85.34bn, 2.5 times lower than 2021 results. Under the title 'China and Russia become world leaders in trade surpluses,' the report by the Russian "RIA Novosti" news agency stated that China and Russia became the world leaders in terms of trade surplus in 2022 and broke their records for that indicator. According to the study by RIA Novosti, during 2022, China's trade surplus rose by 30% and reached its peak point in the entire history of observations - $877.6bn. Russia increased its surplus by 1.7 times to a record $333.4bn, allowing it to rise to second place among the largest economies in the world, while Saudi Arabia came third ahead of Norway and Australia. The study was based on data from the national statistical services of the 60 largest economies in the world from January to December. The final sample includes economies that, as of mid-March, disclosed data for 2022 and received a trade surplus. Qatar's trade balance surged 64.9% on annual basis with the support of increased Qatari exports. According to the Planning and Statistics Authority (PSA), in 2022, Qatar recorded a trade balance surplus of QR 354.85bn compared to QR 215.25bn in 2021. Qatar's trade balance performance was supported by the increase in Qatar's exports by 50.2% to reach QR 476.71bn compared to QR 317.42bn in 2021. Meanwhile, Qatar's imports increased by 19.3% to reach QR 121.86bn in 2022 compared to QR 102.17bn in 2021. (Gulf Times)
- **Moody's: Qatar Energy, other NOCS driving up demand for jackup rigs in Gulf -** QatarEnergy, along with other national oil companies (NOCs) in the Gulf Co-operation Council (GCC), is driving up the demand for jackup rigs in the region in view of their large capital spending, according to Moody's, an international credit rating agency. "We expect demand for services from OFS (oilfield services) companies in EMEA (Europe, Middle East and Asia) to remain robust during 2023 as international oil companies and NOCs increase their capital spending in a continued effort to ramp up their production capacity. This is especially the case for many of the GCC-based NOCs, such as QatarEnergy, Aramco and Abu Dhabi National Oil Company, which is driving an expansion in offshore drilling activity and increasing demand for jackup rigs," Moody's said in a latest report. The stable operating performance of the NOCs in the GCC region and the increase in their capital spending would continue to support demand for new rigs as well as long-term rig renewals, it said. Quoting RigLogix, Moody's said the number of contracted rigs in the GCC region has risen to 131 in 2022 from 115 in 2021 and "is expected to increase to 134 in 2023". The NOCs' large capital spending programs, in particular in the Middle East, will continue to drive the current jackup rig supply-demand imbalance, it said, adding the Gulf NOC's strong operating performance, underpinned by a solid recovery of oil demand in 2021 and 2022, will continue to support long-term rig renewals led by Saudi Aramco. Finding that the sharp rise in oil prices since mid-2021 has boosted oil companies' cash flows, leading to a significant improvement in their credit strength; the report said QatarEnergy's retained cash flow-to-net debt ratio "strengthened markedly" in 2021 to 195.6% from negative 2.6% in 2020 and we expect the ratio to improve further in 2022." Highlighting that the GCC-based NOCs are increasing their capital spending upstream for two main reasons; it said the GCC oil and gas producers will likely play a bigger role in providing much-needed supply to Europe over the longer term as European countries seek ways to reduce their energy dependence on Russia. Moreover, in a carbon transition scenario, as demand reduces over the course of the next decades there is a risk that some of the assets of these NOCs could become stranded and lose value over time, it added. "Against this backdrop, all major NOCs in the region have committed to increase their production targets over the course of the next four to five years," the report said. In this regard, Moody's noted that QatarEnergy will hike its liquefied natural gas (LNG) production by 60% by 2027 versus 2020 levels. In March 2020, Saudi Arabia's ministry of energy directed Aramco to increase its maximum sustainable capacity (MSC) to 13mn barrels per day by 2027 from the current level of 12mn and raise its natural gas production by 50% by 2030. (Gulf Times)
- **Qatar's public transit system to go fully electric -** The public transportation system of Qatar will be converted to fully electric thanks to the FIFA World Cup Qatar 2022 legacy, said a top official. "The mega sporting event has built a legacy for transportation system of Qatar," said Khaled Hassan Kafud, Director of Public Relations and Communication Department at Mowasalat (Karwa). Speaking to Qatar TV recently, he said that now Qatar has an advanced sustainable transportation system with eco-friendly buses. "The public transportation system of Qatar will be switched to eclectic completely," said Kafud. He said that apart from the public transit buses, Mowasalat (Karwa) deployed about 2,500 eco-friendly buses for schools, ferrying over 60,000 students daily. Speaking about Lusail Bus Depot, he said that it set a Guinness world record as the largest electric bus depot with a capacity of 478 buses. Lusail Bus Depot relies on solar energy for charging as it includes some 11,000 PV solar panels to generate 4 megawatts of power daily to feed its buildings, and this is in line with Qatar's National Environment and Climate Change Strategy (QNE) goals, and helps achieve the leadership's vision and Qatar National Vision 2030 goals. The depot, which is part of Ministry of Transport's Public Bus Infrastructure Program, consists of eight bus stations and four depots supported with more than 650 electric charging units for e-bus operations. It also includes four Park & Ride parking lots that serve public transit and mobility, in addition to developing over 2,300 bus stops within and outside of Doha City. (Peninsula Qatar)
- **Amir appoints Minister of State for Interior Affairs, undersecretary of Ministry of Interior -** His Highness the Amir Sheikh Tamim bin Hamad al-Thani issued on Monday Amiri Order No (6) of 2023 appointing HE Sheikh Abdulaziz bin Faisal bin Mohamed al-Thani as Minister of State for Interior Affairs. The order is effective starting from the date of its issuance and is to be published in the official gazette. His Highness the Amir Sheikh Tamim bin Hamad al-Thani issued on Monday decree No (25) of 2023 appointing HE Abdullah bin Khalaf bin Hattab al-Kaabi as Undersecretary of the Ministry of Interior. The decree is effective starting from the date of its issuance and is to be published in the official gazette. (Gulf Times)

International

- **World Bank warns of 'lost decade' in global growth without bold policy shifts -** Average potential global economic growth will slump to a three-decade low of 2.2% per year through 2030, ushering in a "lost decade" for the world's economy, unless policymakers adopt ambitious initiatives to boost labor supply, productivity and investment, the World Bank warned on Monday. Failure to reverse the expected broad-based slowdown in potential gross domestic product (GDP) growth would have profound implications for the world's ability to tackle climate change and reduce poverty, it said in a new report. But concerted efforts to boost investment in sustainable sectors, cut trade costs, leverage growth in services, and expand labor force participation could boost potential GDP growth by up to 0.7 percentage point to 2.9%, the report said. "A lost decade could be in the making for the global economy," said World Bank chief economist Indermit Gill, although he said policies that incentivize work, increase productivity, and accelerate investment could reverse the trend. The World Bank is also watching developments in the banking sector, which come as rising interest rates and tightening financial conditions drive up the cost of borrowing for developing countries, Ayhan Kose, director of the World Bank's forecasting group, told reporters. "The slowdown we are describing ... could be much sharper, if another global financial crisis erupts, especially if that crisis is accompanied by a global recession," Kose said, noting that recessions could weigh on growth prospects for years. The average GDP growth rate is a sort of "speed limit" for the global economy, charting the maximum long-term rate at which it can grow without sparking excess inflation. The report said the overlapping crises of the past few years, including the COVID-19 pandemic and Russia's invasion of Ukraine, had ended nearly three decades of sustained economic growth, adding to building worries about slowing productivity, which is essential for income growth and higher wages. As a result, average potential growth in GDP was seen dropping to 2.2% from 2022-2030, down from 2.6% in 2011-21, and nearly a third lower than the 3.5%

rate seen from 2000-2010. Low investment will also slow growth in developing economies, with their average GDP growth dropping to 4% for the rest of the 2020s, from 5% in 2011-2021 and 6% from 2000-2010. Rising productivity, higher incomes and declining inflation helped one out of four developing countries reach high-income status over the past three decades, but those economic forces are now in retreat, the report said. It said productivity was likely to grow at its slowest clip since 2000, investment growth in 2022-2024 would be half the rate seen in the last 20 years and international trade was growing at a much slower rate. To change the trajectory, policymakers should prioritize taming inflation, ensuring financial-sector stability and reducing debt, while promoting climate-friendly investments that could add 0.3 percentage point to annual potential growth. Lowering the costs associated with shipping, logistics, and regulations could boost trade, it said, calling for changes to remove the current bias toward carbon-intensive goods inherent in many countries' tariff schedules and eliminate restrictions on access to environmentally friendly goods and services. Expanding exports of digital services could result in big productivity gains, while raising labor force participation rates for women and others could raise global potential growth rates by as much as 0.2 percentage point a year by 2030. (Reuters)

- **US banking concerns shift from crisis to growth woes -** After the collapse of two US banks and record outflows from smaller lenders, the banking industry is shifting its concern from an immediate crisis to a medium-term worry: economic growth. Deposits held by small US banks dropped by a record $119bn to $5.46tn after the collapse of Silicon Valley Bank on March 10, according to data released Friday by the Federal Reserve. "We expect stress in the banking system to weigh on credit growth, which will in turn reduce real GDP growth," Goldman Sachs analysts led by chief economist Jan Hatzius wrote in a note, referring to gross domestic product. Financial markets remain unsettled by the lack of clarity on the government willingness to guarantee customer deposits, Hatzius wrote. Investors are also concerned about the shaken confidence of depositors and uncertainty looming over smaller banks, he added. As customers move money from their checking accounts to park it into money market accounts, consumer spending will probably decrease, Torsten Slok, chief economist at Apollo Global Management, wrote in a note. Tighter credit conditions will exert meaningful pressure on economic activity, but the effect will not be catastrophic unless the situation escalates into "full-blown crisis of confidence," Barclays analysts wrote in a note last week. Recent stress in the banking sector and the possibility of a follow-on credit crunch bring the United States closer to recession, Minneapolis Fed President Neel Kashkari told CBS' "Face the Nation" on Sunday. Government policies, including insuring deposits for collapsed lenders Silicon Valley Bank and Signature Bank, and the provision of more liquidity to banks, have limited stress in the financial system, but not eliminated it, Goldman Sachs analysts wrote in a report. US regulators announced on Monday they would backstop a deal for regional lender First Citizens BancShares to acquire failed Silicon Valley Bank, triggering an estimated $20bn hit to a government-run insurance fund. The deal comes after the Federal Deposit Insurance Corporation (FDIC) took over Silicon Valley Bank on March 10 after depositors rushed to pull out their money in a bank run that also brought down Signature Bank and wiped out more than half the market value of several other US regional lenders. "Banking system stress remains high, but there are some signs of stabilization," Bank of America Corp analysts wrote in a note. "Growth in bank emergency funding appears to be moderating." The Fed data should provide some assurance that funding strains will be more short-lived than feared, UBS analysts said in a note. (Reuters)
- **Fed's Jefferson: 'Still learning' impact of tighter monetary policy -** The US Federal Reserve is "still learning" how much impact its interest rate increases have had on the economy and inflation, Federal Reserve Governor Philip Jefferson said on Monday. Inflation "has started to come down," with some of that due to tighter monetary policy and some due to other factors such as improving global supply chains, Jefferson said in remarks prepared for delivery at an event at Washington and Lee University. But "monetary policy affects the economy and inflation with long, variable, and highly uncertain lags, and we are still learning about the full effect of our tightening thus far," Jefferson said. He did not comment on recent bank stress or provide his views about whether the Fed should continue raising interest rates at upcoming meetings. However inflation "should fall back" toward the Fed's 2% target as higher interest rates discourage spending in interest-rate sensitive sectors of the economy like housing. (Reuters)
- **Fed's Jefferson: Stress among small, regional banks, could hit small businesses hardest -** The shuffling of deposits from small to large banks could have a disproportionate impact on US small businesses that depend heavily on community and regional financial institutions for credit, Federal Reserve Governor Philip Jefferson said on Monday. "We are focused on the macroeconomy but we are aware ... that there are potential distributional aspects," if depositors move cash away form smaller banks, Jefferson said. Recent banking sector stress has led to declining deposits at smaller institutions and "we are going to have to see how that plays out," Jefferson said. "That could have a disproportionate impact on small businesses ... We want community and regional banks to be strong." Jefferson's comments show how the recent failure of Silicon Valley Bank and Signature Bank have complicated what had been a monetary policy debate tightly focused on inflation, and the need to raise interest rates higher to control it. The sudden stress in the banking sector has raised the possibility of a broader slowdown in credit as banks grow more cautious, particularly smaller institutions seen as possibly more vulnerable to the sort of run that took down SVB. Data last week from the Fed showed a record outflow of deposits from small and smaller regional US banks in the week after Silicon Valley's collapse, with deposits among banks outside the 25 largest dropping by nearly $120bn in the week ended March 15. While a "credit crunch" could aid the Fed's fight against inflation but leave less money in the pockets of businesses and households, too sharp or disorderly a contraction could lead to a recession. However Jefferson also said that inflation "is too high" and that he would like to see it return to the central bank's 2% target "sooner as opposed to later." He did not say whether he thinks further interest rate increases are appopriate or not, but said he hoped inflation could be brought under control "in a way that does not damage the economy any more than is necessary." (Reuters)
- **US backstops Silicon Valley Bank sale to First Citizens -** US regulators said on Monday they would backstop a deal for regional lender First Citizens BancShares to acquire failed Silicon Valley Bank, triggering an estimated $20bn hit to a government-run insurance fund. The deal comes after the Federal Deposit Insurance Corporation (FDIC) took over Silicon Valley Bank on March 10 after depositors rushed to pull out their money in a bank run that also brought down Signature Bank and wiped out more than half the market value of several other US regional lenders. The deal was "momentous" for First Citizens, CEO Frank Holding told investors on a conference call Monday. "We believe this transaction is a great outcome for depositors." The Raleigh, North Carolina-based lender has completed 21 such government-assisted deals, including 14 since 2009 when CEO Holding was made chairman, according to a Piper Sandler note on Monday. The FDIC fund does not take US taxpayer money and is instead replenished by a levy on member banks. "The FDIC's sale of SVB helps show business can go on as usual for the banking industry," a team of Wells Fargo analysts led by Mike Mayo said in a note on Monday. First Citizens will not pay cash upfront for the deal. Instead, it said it granted equity appreciation rights in its stock to the FDIC that could be worth up to $500mn -- a fraction of what Silicon Valley Bank was worth before it failed. (Reuters)
- **BRC: Food prices push UK shop price inflation to new high -** Soaring food prices pushed annual inflation in British shops to its highest in at least 18 years in March, industry data showed on Tuesday. The British Retail Consortium said overall shop price inflation rose to 8.9% from 8.4% in February, the largest increase since the British Retail Consortium's (BRC) records started in 2005. Prices in the BRC's food category were 15% higher than a year ago, chiming with official inflation data last week that showed food and drink prices rose in February at the fastest annual rate since 1977. "Shop price inflation has yet to peak," said BRC Chief Executive Helen Dickinson, who cited the rising cost of sugar as a major driver of higher food prices in March. Sugar prices have been hit by falling production, rising energy prices and a pesticide ban in Britain to protect bees. "Fruit and vegetable prices also rose as poor harvests in Europe and North Africa worsened availability, and imports became more expensive due to the weakening pound," Dickinson said. British supermarkets have

grappled with a shortage of key salad staples, particularly tomatoes, cucumbers and peppers after cold weather in growing areas. The country's annual consumer price inflation - which includes services and other non-shop goods such as energy - rose unexpectedly to 10.4% in February. It hit a 41-year high of 11.1% in October. (Reuters)

- **BoE's Bailey says rate-setters can put inflation before bank worries -** Bank of England Governor Andrew Bailey signaled on Monday that interest rate-setters would focus on fighting inflation and would not be swayed unduly by worries about the health of the global banking system. Some investors have argued that central banks should take into account the banking turmoil when setting interest rates. On Sunday, Erik Nielsen, group chief economics advisor at UniCredit in London, said central banks should not separate monetary policy from financial stability at a time of heightened fears that banking woes could lead to a broad financial crisis. Bailey on Monday pushed back against this view in a speech at the London School of Economics. He said there were "big strains" in the global banking sector, but added that banks in Britain were resilient and able to support the economy. "With the Financial Policy Committee on the case of securing financial stability, the Monetary Policy Committee can focus on its own important job of returning inflation to target," Bailey said. "The key thing for the Monetary Policy Committee is that it has the tools to do its job - but those tools are not being constrained by other factors," Bailey added, in answer to audience questions. The BoE has tightened policy repeatedly since December 2021, in a cycle that has pushed Bank Rate from 0.1% to 4.25% today. Bailey said it would take time for the effects of this to be felt. "When we look at the outlook for inflation today, we have to recognize that the full effect of the higher level of Bank Rate is still to work its way through financial markets and the real economy," he said in his speech. "You can see very short-run ... facts but for monetary policy, you'd want a longer run." As well as the BoE, the European Central Bank, US Federal Reserve and Swiss National Bank have all raised interest rates this month, despite the high-profile bank failures including Silicon Valley Bank and Credit Suisse. In his speech, Bailey repeated the BoE's view that further monetary tightening would be required if signs of persistent inflationary pressure became evident. "With this in mind, the MPC's response will be firmly anchored in the emerging evidence," Bailey said. (Reuters)

Regional

- **Gulf institutions may find ripe pickings with distressed financial assets in the West -** The distress in the global banking sector could result in some Gulf banks taking stakes in the distressed lenders in the West, a new report has suggested. “GCC-based investment firms are uniquely positioned to take advantage of the distress that multi-national firms are experiencing which has probably taken their value lower than their fair value,” a report by Forex.com said on Monday. Previously, many GCC firms had taken advantage of undervalued assets during the global financial crisis in 2008, when Abu Dhabi and Qatar-based investment funds invested $12.1bn in undervalued Barclays Bank stocks, together owning almost 30% of stocks. According to Reuters, the Abu Dhabi investment firm exited the investment 5 years later for a $2.5bn profit, followed by its Qatari counterpart in 2012, which had made $2.7bn in profits. “Accordingly, there is a high chance for sovereign and semi-sovereign investment funds in the GCC region to seriously consider investing in global banking assets which are currently in distress, in need of cash and, most likely, undervalued. Backed by oil-generated cash, GCC investors have the means and experience to take advantage of such situations, turning a potentially globalized crisis into their advantage,” the report said. Analysts note that the biggest risk resulting from the collapse of three US banks is the “fever of withdrawing deposits from banks” resulting from depositors losing faith in the banking sector and seeking to save their deposits, similarly to what happened with Signature Bank. Several Middle Eastern stock indexes fell slightly last week. “The ever-changing outlook of the global banking sector is creating a climate of uncertainty, which is leading investors to take a risk-off approach to capital allocation. Whenever that happens, outflows from equity funds, especially from emerging markets, are observed,” the report said. Adding to the pressure are the tight financial conditions that resulted from friction in the interbank lending market. Banks have been seeking liquidity from each other and from central banks, and as such liquidity is being called in, investments or trading positions are being liquidated, starting with those exposed to emerging market equities as they are considered riskier. Globally, analysts feel that the Silicon Valley Bank (SVB) crisis is most likely to drive regulators around the world to put more regulations and oversight on the composition of banks’ balance sheets to make sure that such duration mismatch is not as severe as it was for SVB. Following the SVB collapse, everyone started comparing the current banking situation in the United States with the one the country had faced back in 2008. However, according to senior Forex.com analysts, there is a big difference between the two, and this difference may just be the reason why the current financial and banking situation in the US may not result in a globalized financial crisis that affects the Mena region. In 2008, banks and financial institutions held sub-prime assets that represented a credit quality risk. Back then, careless management was to blame. In contrast, the current banking crisis was not caused by carelessness, but rather by duration of maturity risk, the analysts note. A run on the bank can cripple any bank, not just SVB. Technically, the latter didn’t do anything wrong; it was just a victim of an interest rate that went from zero to over 4% in almost a blink, reaching the highest rate ever to be recorded in the history of the US banking industry. Since the global financial crisis central banks have raised the deposit insurance in the case of the US from $100,000 per account to $250,000. Furthermore, when the SVB crisis hit, the Federal Reserve stepped in to guarantee the entirety of deposits, not just those within the FDIC $250,000 insurance, which is unprecedented in the history of American banking. In the UAE, the Central Bank had guaranteed all bank deposits following the 2008 crisis, reassuring depositors of the strength and stability of the Emirati banking system, and preventing a bank run. This has earned the UAE the reputation of regional financial and banking hub ever since, as no bank in the Emirates had suffered the fate of Lehman or SVB. Most recently, it was reported that deposits in the 18 publicly-traded UAE banks have increased by 32% or Dh315bn in 2022, with total assets expected to reach almost Dh3.5tn by the end of 2022. According to FOREX.com strategic analysts, and based on the above, UAE Banks could be among the safest banks in the world today. Well-capitalized and backed by a capable central bank, they are well-shielded from the current US banking crisis, with chances of facing a bank run being highly unlikely, especially following the 2008 UAE Central Bank’s move which comforted depositors. (Zawya)

- **KPMG: Listed GCC banks continue post-COVID recovery -** Listed banks in the GCC region continued their post-COVID recovery with strong double-digit asset while maintaining a conservative approach to credit provisioning, tight cost control and healthy capital levels, amid a future outlook based on cautious optimism, Omar Mahmood, Head of Financial Services, KPMG in the Middle East, South Asia, and Caspian Region and Partner, KPMG in Qatar, has said. With banks looking to navigate through pandemic-driven difficulties toward economic recovery and stability, KPMG published the eighth edition of its GCC-listed banks’ results. Titled ‘Cautious Optimism’, the report offers a thorough analysis of the financial results and key performance indicators (KPIs) of leading listed commercial banks in the region, in comparison with the previous year, to highlight the main financial trends in the GCC countries. Out of all the GCC nations, KPMG said, Qatar had the lowest cost-to-income ratio (22.8%) and the highest coverage ratio on stage 3 loans (91.6%), with Qatar National Bank being the largest bank by assets in the region at $327bn. The following salient findings emerged from the financial results’ analysis for the year ended 31 December 2022 for the GCC region as a whole: Profitability saw another double-digit increase of 25.3%, driven particularly by growth in loan books, increased interest margins, lower loan impairment and a continued focus on cost efficiencies. Asset growth remained robust as banks increased their asset base by 9.9%, which was driven by lending to high-quality customers. Net interest margins increased by 0.2%, as a result of the rising interest rate environment, which helped drive profit growth. The overall NPL ratio for the GCC banking sector decreased by 0.1% and now stands at 3.8%, reflecting the conservative approach to credit risk management. Net impairment charges on loans and advances decreased by an average of 11.2%, with the drop observed mainly in stage 2 and 3 portfolios, indicating an improvement in credit quality. Cost-to-income ratios reduced compared to

2021 (40.9% to 39.9%), reflecting the continued focus on cost reductions and operating efficiency initiatives. The average coverage ratio for stage 2 and 3 loans increased by 0.4% and 1.7% respectively from the prior year, demonstrating how banks continue to be cautious in relation to their approach to provisioning. Share prices overall remained stable year on year with a marginal increase of 0.7% compared with the previous year. The report also highlighted a 1.2-% decrease in return on equity (ROE), compared to 2021, as equity growth outpaced profitability increases. The dividend payout ratio in the region also witnessed a near-identical drop of about 1.3% as banks looked to safeguard their earnings to further bolster equity positions and support future growth. According to the report, banks continued extending adequate coverage for their performing loan book as stage 1 net provision charges grew six-fold compared to 2021. Furthermore, while well above the minimum regulatory requirements across all GCC countries, the average sector capital adequacy ratio dipped marginally (0.3%) to reach 18.6%. The GCC listed banks' results anticipate the banking sector in the region to continue its pursuit of building on its strong foundation, aided by a robust economic environment. As banks in the region aim to look past the COVID-19 crisis, it is expected that accelerated innovation plans, technology focus and continued government investment will witness further growth in the future. Out of all the GCC countries, Qatar had the lowest cost-to-income ratio. (Qatar Tribune)

- **Saudi National Bank chair resigns in wake of Credit Suisse loss -** The chairman of top Credit Suisse (CSGN.S) shareholder Saudi National Bank (SNB) (1180.SE) has stepped down less than two weeks after making comments blamed for contributing to the Swiss lender's demise. Ammar Al Khudairy said on March 15 that the biggest Saudi bank by assets could not buy more shares in Credit Suisse (CSGN.S) on regulatory grounds. That helped trigger to a further sell-off in the Swiss bank's shares, exacerbating a crisis of confidence in the lender which saw clients pull out more than $110bn in the final quarter of 2022. The sell-off led to a government-arranged takeover of Credit Suisse by rival UBS (UBSG.S) and saw SNB take a loss of more than $1bn on its stake of almost 9.9%. SNB had paid 5.5bn riyals ($1.46bn) for the stake last November. Its own shares have shed more than $26bn in value since Oct. 27 when it committed to making the investment. "It (SNB's investment in Credit Suisse) worried certain investors mainly because SNB invested overseas at a time when the domestic opportunity is more compelling," said Shabbir Malik, an analyst at EFG Hermes. CEO Saeed Mohammed Al Ghamdi will take over as chairman from Al Khudairy, who the bank on Monday said had resigned for personal reasons. Deputy CEO Talal Ahmed Al Khereiji takes over as acting chief executive, a bourse statement said. Shares in SNB closed down 0.11% on Monday after having jumped almost 2% following the news. The leadership changes are effective March 27. (Reuters)
- **Sources: Saudi Aramco to ramp up Jizan fuel output -** Saudi Aramco's Jizan refinery is set to increase output of ultra-low sulphur diesel (ULSD) and reduce exports of vacuum gasoil (VGO) as it ramps up production in the second quarter, industry sources said. The refinery could produce up to 250,000 barrels per day (bpd) of ULSD, or 10-ppm gasoil, when it hits full capacity. This could boost Aramco's fuel exports to Europe, the sources said. European countries have been looking to replace supply from Russia after the European Union imposed an embargo on Russian oil product imports from Feb. 5. Both Saudi Aramco and Kuwait Petroleum Corp are ramping up output from new refineries this year, which will help meet supply shortfalls in Europe and cool prices of refined products. "Increasing availability of Middle Eastern gasoil will also weigh on arbitrage opportunities to ship Asian gasoil to West of Suez," FGE analysts said in a note. "We expect the share of Middle Eastern volumes in Europe's diesel import mix to increase relative to Asia in the coming months." Saudi Aramco declined to comment. Located in Saudi Arabia's southwest Red Sea coast, the $21bn Jizan refinery and petrochemicals complex capable of processing 400,000 barrels per day of crude started up in end-December 2021 to early 2022 after a delay from 2018, a source close to the matter said. The boost in refining capacity will also help Saudi Arabia to lock in more long-term agreements to sell refined products to customers while using naphtha as feedstock for petrochemicals, the sources said. The refinery's hydrocracker unit and integrated gasification combined-cycle (IGCC) plant have just been started up, they added. A hydrocracker processes residual fuel and VGO to produce diesel and kerosene. This could end Jizan's residual fuel exports, with about 90,000 bpd of high-sulphur fuel oil and vacuum residues estimated to be fed into the power plant, said FGE. The refinery offered one VGO cargo of 80,000 tonnes (500,000 barrels) for April 15-17 loading, industry sources said, though exports are likely to fall in subsequent months. (Reuters)
- **Saudi Aramco boosts China investment with two refinery deals -** Saudi Aramco (2222.SE) raised its multi-bn dollar investment in China by finalizing and upgrading a planned joint venture in northeast China and acquiring an expanded stake in a privately controlled petrochemical group. The two deals, announced separately on Sunday and Monday, would see Aramco supplying the two Chinese companies with a combined 690,000 barrels a day of crude oil, bolstering its rank as China's top provider of the commodity. Aramco said on Monday it had agreed to acquire a 10% stake in privately controlled Rongsheng Petrochemical Co Ltd (002493.SZ) for about $3.6bn. The deal includes the supply of 480,000 bpd of crude oil to Rongsheng-controlled Zhejiang Petrochemical Corp (ZPC) for 20 years, Aramco added. It follows a preliminary agreement Aramco reached with the Zhejiang provincial government in 2018 for a 9% stake in ZPC. The deals are the biggest to be announced since Chinese President Xi Jinping visited the kingdom in December where he called for oil trade in yuan, a move that would weaken the U.S. dollar's dominance in global trade. Aramco's investments highlight Riyadh's deepening ties with Beijing which have raised security concerns in Washington, Riyadh's traditional ally. In a deal brokered by China, Iran and Saudi Arabia agreed to re-establish relations earlier this month after years of hostility that had fueled conflicts across the region. Beijing's secret role in the breakthrough shook up dynamics in the Middle East, where the United States was for decades the main dealmaker. Saudi Arabia and other Gulf states like the United Arab Emirates have said that they would not choose sides amid an increased polarization of global politics, and they were diversifying partners to serve national economic and security interests. The deal also highlights growing competition between Saudi Arabia and its ally Russia in crude supplies to China. Western sanctions on Moscow over its war in Ukraine forced Russia to divert its oil away from Europe and to sell it at steep discounts to other markets, including China. Russia unseated Saudi Arabia as China's top oil supplier in the first two months of the year. Aramco is already selling crude to the east China plant which operates an 800,000-bpd refinery, the single largest in China, under sales agreements renewed annually. The Rongsheng deal comes on the heels of Aramco's agreement with Chinese partners on Sunday for an oil refinery and petrochemical project in the northeast Chinese province of Liaoning that is expected to start in 2026 to meet the country's growing demand for fuel and chemicals. The Liaoning project, in the city of Panjin, will be Aramco's second major refining-petrochemical investment in China and follows the world's top oil exporter reporting a record profit of $161bn in 2022. Joint venture Huajin Aramco Petrochemical Company (HAPCO) will build and operate the Panjin complex that will house a 300,000 barrels per day (bpd) oil refinery and a cracker with annual production capacity of 1.65mn tonnes of ethylene and 2mn tonnes of paraxylene, Aramco said in a statement. (Reuters)
- **Saudi Arabia achieves self-sufficiency in dairy products -** Saudi Arabia has been able to achieve self-sufficiency 120% in dairy products and its derivatives in less than half a century. The Kingdom is among the top dairy exporting countries not only in the Middle East but also in the world, which came as result of the the balanced development plans and policies, especially in the agricultural and livestock sectors. According to the current statistics revealed by the National Committee of Dairy Producers in the Federation of Saudi Chambers (FSC), the volume of dairy consumption has recorded an increase during the holy month of Ramadan by 15%. The milk production in Saudi Arabia reached more than 7mn liters per day, or more than 18mn bottles daily. The number of trucks that transport and distribute the dairy products daily reached more than 10,000, while the number of retail stores that receive dairy products daily is 38,000. Regarding workers, the statistics showed that the number of Saudi workers in the dairy companies reached more than 10,500. The dairy sector contributed more than SR7bn to the national economy. Dairy companies in Saudi Arabia are working according to the integrated

production chain model, starting from raw materials until the final product. This model is only implemented in a few countries in the world. The operation process of these companies include bringing the best breeds of milk-producing cows, which guarantee high production and quality. This is in addition to securing the best and finest types of green fodder and grains from several reliable international sources. Dairy companies in the Kingdom apply strict control procedures in several aspects, most notably in preserving, storing, transporting and distributing fresh milk. The companies link all distribution sites and centers, refrigerated distribution cars and display refrigerators in sales outlets to an informational e-system. The dairy sector comes on top of the national food security list in terms of nutritional value as well as added value to the GDP. (Zawya)

- **Saudi dates exports surges by 5.4% in 2022 -** The Ministry of Environment, Water and Agriculture (MEWA) has revealed that the Saudi date exports recorded an increase by 5.4% in 2022, compared to 2021, exceeding SR1bn and 280mn. Saudi Arabia gives the palms and dates sector great interest and care through working on developing it and ensuring its sustainability. This is in addition to increasing its contribution in GDP, as the dates achieved self-sufficient exceeding 125%, while the quantities of its production have exceeded 1.54mn tons annually. The Saudi dates have spread in several global markets, and the number of countries that import the Saudi dates is 116 countries across the world. They are importing more than 300 types of the highest quality Saudi dates. According to MEWA, Saudi Arabia embraces more than 33mn palm trees, more than 123,000 agricultural holdings distributed within 13 regions throughout the Kingdom. The dates and palms sector contribute to various important manufacturing industries, such as food and fodder, medical and cosmetics products, building materials industries and others. The manufacturing industries of palm and dates are considered as one of the most important industries globally. It is noteworthy that the Saudi markets are witnessing a huge turnout currently on the purchase of dates due to the advent of the holy month of Ramadan, amidst a significant abundance of all its kinds. (Zawya)
- **Sinopec says will actively explore opportunities in Saudi Arabia -** Top Asian oil refiner Sinopec said on Monday it will actively explore opportunities in Saudi Arabia, where the state oil and gas major already owns a refinery stake. Sinopec Chairman Ma Yongsheng made the remarks without elaboration during a press briefing after the company announced a 6.9% decline in net profit last year. (Reuters)
- **Saudi banks' income up 28.4% in 2022 to hit $16.7bn -** The aggregate net income of Saudi banks increased by 28.4% year-on-year (YoY) to SR62.7bn ($16.7bn) in 2022, a report said, noting that they are likely to remain on a profitable path in 2023 with continued credit growth. The latest Saudi Arabia (KSA) Banking Pulse from leading global professional services firm Alvarez & Marsal (A&M) shows that higher credit demand, better asset yield, and operating efficiencies drove the top Saudi lenders' profitability amidst rising benchmark interest rates. FY'22 witnessed a high credit growth compared with deposits and is seen inching up further given strong economic momentum and investments, pushing the loan-to-deposit ratio to 96.7%. This can largely be attributed to demand in personal loans and real estate activities. The banks' credit growth stood at 14.4% YoY, while deposits grew by 8.3% YoY. In 2023, Saudi Arabian Monetary Authority (SAMA) will continue extending tenors for its support packages and other facilities to avoid a credit crunch. Higher interest rates are expected to result in migration of current and savings accounts toward term deposits. NIM expanded as asset yield improvement surpassed changes in the funding cost. NIM improved by 15bps YoY to 3.0% due to higher spread between yield on credit (YoC) to 5.8% YoY and cost of funds (CoF) to 1.1% in FY'22. The consolidated net interest income (NII) surged (+15.7%) due to a rise in the SAMA policy rate during the year. A&M's KSA Banking Pulse examines data of the 10 largest listed banks in the Kingdom, comparing the FY'22 results against FY'21 results. Using independently sourced published market data and 16 different metrics, the report assesses banks' key performance areas, including size, liquidity, income, operating efficiency, risk, profitability, and capital. The country's 10 largest listed banks analyzed in A&M's KSA Banking Pulse are Saudi National Bank (SNB), Al Rajhi Bank, Riyad Bank (RIBL), Saudi British Bank (SABB), Banque Saudi Fransi (BSF), Arab National Bank (ANB), Alinma Bank, Bank Albilad (BALB), Saudi Investment Bank (SIB) and Bank Aljazira (BJAZ). (Zawya)
- **UAE central bank sees 4.3% economic growth in 2024 -** The United Arab Emirates' central bank expects the country's gross domestic product (GDP) to increase by 4.3% in 2024, up from an estimated 3.9% this year, the UAE state news agency said on Monday. The central bank said the economic growth would be driven by oil and non-oil exports, the real estate and construction sectors, as well as the impact of the 2022 World Cup in neighboring Qatar, it said. (Reuters)
- **UAE exchange house Al Ansari raises $210.5mn in IPO -** UAE-based exchange house Al Ansari Financial Services (IPO-ALAE.DU) said on Monday it has raised 773mn dirhams ($210.5mn) at the high-end of the indicative range in an initial public offering (IPO). The shares were priced at 1.03 dirhams apiece, Al Ansari said in a statement, adding that about 10% of the company - equivalent to 750mn shares - will list on the Dubai Financial Market on April 6. Al Ansari Holding will hold the remaining 90%. The UAE retail offer was oversubscribed by around 44 times, the company said. (Reuters)
- **Top 10 UAE banks post 31% surge in net profit in 2022 -** The top 10 UAE banks have reported a robust operating and financial performance in 2022, with a 31% increase in their net profits, said professional services firm KPMG in a new report. The cost to income ratio during the year also improved on average by 1.8% and banks maintained sufficient capital levels well above the minimum regulatory requirements, according to KPMG's annual UAE Banking Perspectives report, which examines the relevant topics and trends impacting the country's banking sector. The report also found that the banking sector's total assets has increased by 10.6% year-on-year driven by strong growth in deposits, loans, and advances. The UAE banking sector has enjoyed a promising year and is expected to maintain a stable outlook in 2023 with the growing demand for digital financial services, rapid adoption of fintech solutions enhancing customer experience and industry competitiveness, the report added. Abbas Basrai, Partner and Head of Financial Services, KPMG Lower Gulf, said: "The UAE's vibrant economy and its favorable business environment has attracted a significant amount of foreign investment, with banks benefiting from large pools of capital and high net worth customers the UAE is attracting. One of the major factors contributing to the sector's stability is the government's commitment to regulatory reforms. Measures taken by the Central Bank of the UAE to strengthen governance frameworks have led to increased transparency and accountability." According to the KPMG study, banks are recording an increase in the cost of compliance to manage risks associated with regulatory reform. From 2019 till early 2022, the Middle East recorded a 63% increase in the size of its organizations' compliance teams. The total projected cost of financial crime compliance is $4.2bn in early 2022, with the UAE representing a sizeable chunk of this at $1.7bn (40%). It is anticipated that compliance functions will implement technology platforms to maintain and monitor regulatory obligations, enabling compliance risk assessments, alerting potential noncompliance incidents, and allowing action plan tracking. As part of the study, KPMG partnered with social media analytics company, DataEQ, to analyze key drivers of consumer satisfaction amongst major UAE banks. Industry Net Sentiment improved from last year – based on 96,321 tweets about seven UAE banks tracked from January 1 to December 31, 2022. The UAE banking sector achieved an industry aggregate of -7.4%, a seven-percentage point improvement from the industry aggregate of -14.4% last year. To compete in a dynamic environment, UAE banks are embarking on digital growth strategies focused on cloud adoption; expected to provide benefits including scalability, flexibility, faster time-to-value, and cost effectiveness. Consumer demand is also driving banks to deliver technology-enabled services going beyond traditional banking. UAE banks, particularly the larger banking institutions, are exploring the metaverse as a new channel to provide financial services to their customers and connect with the larger banking ecosystem. Customer service generated the highest volume of negative conversations on social media; the biggest pain points for customers were slow turnaround time, non-responsiveness, and staff competency issues. The 2023 study saw downtime overtake perceptions of business conduct as the biggest risk factor, as customers complained about their inability to access online

banking, malfunctioning mobile apps, and faulty ATMs. Combatting financial crime remains a key challenge for the banking sector and the deployment of machine learning (ML) and artificial intelligence (AI) for financial crime detection is also expected to accelerate. Advancements in technology and data will also result in new ways to know-your-customer (KYC) and customer due diligence (CDD) in the next ten years. (Zawya)

- **Dubai Chamber of Digital Economy appoints Saeed Al Gergawi as Vice President -** Dubai Chamber of Digital Economy, one of the three chambers operating under Dubai Chambers, has announced the appointment of Saeed Al Gergawi as its Vice President. Al Gergawi will steer the chamber towards its goals of building the world's best digital infrastructure for Dubai, transform the emirate into an international technology hub, support the interests of technology companies; and strengthen the role of the digital economy in the emirate. Omar Sultan Al Olama, Minister of State for Artificial Intelligence, Digital Economy, and Remote Work Applications, and Chairman of the Board of Directors of the Dubai Chamber of Digital Economy, emphasized the importance of young national cadres in fulfilling the development objectives set by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, for building a brighter future for the city. Al Olama has highlighted that the development of the digital economy in Dubai necessitates empowering the young and talented individuals with the requisite qualifications and experiences to solve future challenges, utilizing cutting-edge tools and approaches to expedite the implementation of initiatives and enhance the competitiveness of sectors that prioritize innovation and technology. This will contribute to the realization of plans that bolster the UAE and Dubai's aspirations to establish themselves as leaders in the global digital economy, thereby benefiting society at large. Al Gergawi was previously the Director of Dubai Future Academy, an initiative under Dubai Future Foundation. He also led projects for the foundation such as the Global Coders Initiative, the 1mn Arab Coders project as well as the foundation's upskilling program. Additionally, he has considerable experience at the Mohammed Bin Rashid Space Center as Mission Strategist for the Emirates Mars Mission and Program Director for the Mars 2117 Program. Dubai Chamber of Digital Economy supports the growth of Dubai's digital economy by ensuring a conducive environment for digital companies to thrive, boost creativity and access new business opportunities. It works to create a global framework to build the economy of the future and offer world-class digital infrastructure to support the dynamic start-up ecosystem and create new opportunities for investors. (Zawya)

- **UAE ready to fast-track digital economy growth -** The UAE is well positioned to carry out its aim to double the contribution of the digital economy to the GDP from 9.7% to 19.4% within the next 10 years, said leading management consultancy Boston Consulting Group (BCG) in a new report. Under the country's digital future central pillar, 'We the UAE 2031' Vision will further ground the country's fast-growing Digital Economy Strategy, according to the report titled "Charting Economic Opportunities in the New Digital Paradigm". The report suggests that digital technology is projected to have accounted for more than two-thirds of productivity growth over the last decade, and over the next decade, will account for 25-30%% of global GDP. Positioning economies appropriately can help them remain competitive, overcome productivity lags, and maintain resilience against internal and exogenous shocks. Dubai's recent D33 plan is supporting competitive interventions to scale up digital programs across 30 companies so they may become global unicorns in new economic sectors. To this end, D33 launched "Sandbox Dubai" to harness the testing and commercialization of new technologies and therefore ground Dubai ever more as a market-leading innovation hub. Faisal Hamady, Managing Director and Partner, BCG, who co-authored the report said: "In a rapidly transforming world, new agile governance structures are required to prioritize considerations around how digital ecosystems can help various sectors grow. Additionally, as existing value pools draw en masse into the digital economy, new value pools with an increasingly diverse array of actors continue to emerge." (Zawya)

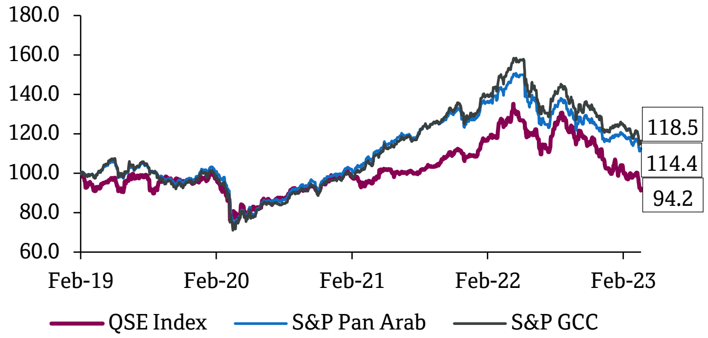
- **UAE, Israel sign deal to lower customs duties on 96% of products -** The UAE and Israel on Sunday signed Customs Cooperation Agreement, reducing customs duties on 96% of products, resulting in a substantial increase in bilateral trade between the two countries. The Customs Agreement follows the Comprehensive Economic Partnership Agreement (CEPA) signed between the two countries in May 2022. This was announced by Mohamed Al Khaja, ambassador of the UAE to Israel, Benjamin Netanyahu, Israel's prime minister, and Eli Cohen, Israel's foreign minister late on Sunday. The two countries had signed to advance bilateral trade beyond $10bn (Dh36.7bn) in five years. The agreement was built on the exponential growth in trade and investment that the two countries enjoyed following the signing of the Abraham Accords. Bilateral trade between the UAE and Israel more than doubled last year with the Emirates becoming among the top 20 trading partners of Israel. Trade jumped 109.7% to $2.56bn (Dh9.4bn) in 2022 as compared to $1.22bn in the previous year, excluding software trade. The UAE is now the 16th largest trading partner of Israel out of 126 countries. In the presence of Prime Minister @Netanyahu, I signed today w/ Foreign Minister @EliCoh1 on a Customs Cooperation Agreement, putting into force the CEPA (free trade) btw. Israel & the UAE. We expect this to boost trade, improve the standard of living and lower the cost of goods. pic.twitter.com/BYWkE9jIPP — Mohamed Al Khaja (@AmbAlKhaja) March 26, 2023 The UAE aims to sign CEPA with 26 countries over the next few years to double the size of the economy to Dh3tn by 2030. "In the presence of Prime Minister Netanyahu, I signed today with Foreign Minister Eli Cohen a Customs Cooperation Agreement, putting into force the CEPA (free trade) between Israel and the UAE. We expect this to boost trade, improve the standard of living and lower the cost of goods," Al Khaja said in a tweet late on Sunday. The Israeli prime minister said the customs agreement will lower the tariffs on about 96% of the products, hence, lowering the cost of living and creating new jobs in Israel. "The historic peace agreement we signed with the UAE continues to bear fruit for the benefit of the citizens of both countries. The customs agreement will lead to the implementation of the free trade agreement between Israel and the UAE, which will lower tariffs, the cost of living and give a boost to business between Israel and the UAE," Netanyahu said. Israel's foreign minister Cohen said the new agreement constitutes good news for the Israeli economy and further evidence of the importance of the Abraham Accords. (Zawya)

- **Israel says UAE free trade deal to take effect April 1 -** Israel and the United Arab Emirates on Sunday signed a customs agreement, Israeli officials said, the final step of a free trade deal inked after the two countries normalized ties. Signed in May 2022, the free trade deal is set to take effect on April 1 and is the first of its kind between Israel and an Arab country, Israeli authorities said. Hailing the "historic" free trade pact, Israeli Prime Minister Benjamin Netanyahu said it would "reduce customs duties, lower the cost-of-living and inject energy into business between Israel and the UAE". A statement from the Israeli foreign ministry said the free trade deal would see customs duties "lowered or cancelled on approximately 96% of goods and will allow Israeli companies to gain access to UAE government tenders". Bilateral trade between the two countries last year registered more than $2.5bn, excluding software and services, making the Gulf country "Israel's 16th largest trading partner" the ministry added. The deal was signed by Israeli Foreign Minister Eli Cohen and the UAE's ambassador to Israel Mohamed Al Khaja in a ceremony overseen by Netanyahu. The UAE and Israel signed in September 2020 a US-brokered deal establishing ties between the two countries, part of a series of deals with Arab countries that became known as the Abraham Accords. "The taking effect of the free trade agreement is important news for the Israeli economy, for the strengthening of ties with the UAE and is further testament to the importance of the Abraham Accords," Cohen said Sunday. Israel's foreign ministry spokesman Lior Hayat told AFP the customs deal marks "the final step" of the free trade agreement that is due to "take effect on April 1". The UAE was the first Gulf country to normalize ties with Israel and only the third Arab nation to do so after Egypt and Jordan. (Zawya)

- **Sources: Oman's OQ seeks bookrunners for gas pipelines IPO -** Oman's OQ Gas Network, the pipelines business of the sultanate's state oil giant OQ, has invited banks to pitch for bookrunner roles in its planned initial public offering (IPO), two sources close to the matter told Reuters OQ Gas Network is preparing for a public share sale that could take place as early as June, the sources said on condition of anonymity because the matter was not public. One of the sources said OQ could raise more than $500mn from the deal. Bank of America (BAC.N) and Bank Muscat (BKMB.OM) were selected last year for top roles on the deal, the sources said. OQ declined to comment when contacted by Reuters on Monday. Reuters reported last May that Oman's state energy company was considering an IPO of its gas pipeline network. The planned IPO follows this month's flotation of OQ's oil drilling business, Abraj Energy Services, which raised $244mn from selling a 49% stake. OQ Gas Network is Oman's exclusive gas transportation system operator, which supplies natural gas to the country's power plants, freezones, industrial clusters, LNG complexes and other customers. Companies from the Middle East raised $21.9bn through IPOs in 2022, more than half the total for the wider Europe, Middle East and Africa region, Dealogic data shows. (Reuters)

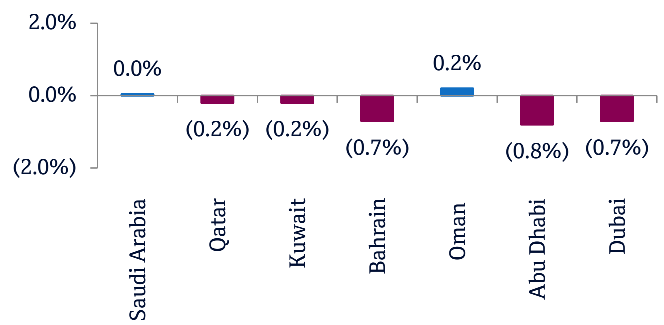
- **Bahrain reports growth of 4.9% for 2022 -** Bahrain reported an increase in its GDP for 2022 with a growth rate of 4.9%, a statement from the finance ministry of Bahrain said on Monday. According to the statement this rate is the highest the Gulf kingdom has achieved since 2013. The statement also added that non-oil GDP grew by 6.2%, the highest since 2012. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,956.67	(1.1)	(1.1)	7.3
Silver/Ounce	23.08	(0.6)	(0.6)	(3.6)
Crude Oil (Brent)/Barrel (FM Future)	78.12	4.2	4.2	(9.1)
Crude Oil (WTI)/Barrel (FM Future)	72.81	5.1	5.1	(9.3)
Natural Gas (Henry Hub)/MMBtu	2.03	(0.5)	(0.5)	(42.3)
LPG Propane (Arab Gulf)/Ton	78.30	4.0	4.0	10.7
LPG Butane (Arab Gulf)/Ton	82.00	4.5	4.5	(19.2)
Euro	1.08	0.4	0.4	0.9
Yen	131.57	0.6	0.6	0.3
GBP	1.23	0.4	0.4	1.7
CHF	1.09	0.5	0.5	1.0
AUD	0.67	0.1	0.1	(2.4)
USD Index	102.86	(0.3)	(0.3)	(0.6)
RUB	110.69	0.0	0.0	58.9
BRL	0.19	0.9	0.9	1.7

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,702.42	0.4	0.4	3.8
DJ Industrial	32,432.08	0.6	0.6	(2.2)
S&P 500	3,977.53	0.2	0.2	3.6
NASDAQ 100	11,768.84	(0.5)	(0.5)	12.4
STOXX 600	444.72	1.3	1.3	5.4
DAX	15,127.68	1.4	1.4	9.5
FTSE 100	7,471.77	1.3	1.3	1.8
CAC 40	7,078.27	1.2	1.2	10.2
Nikkei	27,476.87	(0.4)	(0.4)	4.8
MSCI EM	964.01	(0.8)	(0.8)	0.8
SHANGHAI SE Composite	3,251.40	(0.6)	(0.6)	5.5
HANG SENG	19,567.69	(1.8)	(1.8)	(1.7)
BSE SENSEX	57,653.86	0.5	0.5	(4.6)
Bovespa	99,670.47	1.4	1.4	(8.1)
RTS	1,001.94	2.5	2.5	3.2

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
Head of Research
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
Senior Research Analyst
shahan.keushgerian@qnbfs.com.qa

Phibion Makuwerere, CFA
Senior Research Analyst
phibion.makuwerere@qnbfs.com.qa

Roy Thomas
Senior Research Analyst
roy.thomas@qnbfs.com.qa

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