

## GCC Fixed Income Weekly Review

Global benchmark bond index posted declined over the week (ending 12<sup>th</sup> April 2023). US Treasury yields rose over the week, ahead of the inflation data. Euro zone government bond yields also rose on hawkish ECB comments. In credit, corporate bonds performed mix- Global HY index recorded marginal gains. EM USD bonds recorded marginal losses, led by EM Asia.

Appetite for GCC bonds was mixed over the week. All GCC bonds posted flat returns. Saudi Arabia outperformer while Bahrain underperformed. 5yr CDS sovereign spreads mostly tightened in all GCC countries barring Bahrain and Kuwait. 10yr bond yields rose across all the GCC markets, except for Oman.

Dubai's non-oil sector grew rapidly in March with the **Dubai Purchasing Managers' Index (PMI) rising from 54.1 in February to 55.5 in March**. Elsewhere, Oman is expected to have the highest GDP growth among the GCC members in 2023, **Oman is projected to have the fastest growing economy in the GCC in 2023, with a growth rate of 4.3%**. According to the Ministry of Finance's Fiscal Performance Monthly Bulletin, **Oman's budget surplus at the end of 2023 was OMR372mn**. Also, in Qatar, the preliminary estimates of the country's gross domestic product (GDP) **show that the quarterly GDP at current prices in Q4 of 22 was QAR220.43bn, a significant increase of 26.2%**.

In issuances, **Bahrain raised USD2bn in its first bond sale since 2021. The county raised USD1bn in sukuk maturing in seven years and USD1bn in conventional bonds due in 12 years**. The bond sale attracted strong demand, receiving bid orders worth over USD7.8bn.

Country	Saudi Arabia	Abu Dhabi	Dubai*	Kuwait	Bahrain	Oman	Qatar	Egypt
Moody's	A1	Aa2	Baa2	A1	B2u	Ba3	Aa3	B3
Fitch	A+	AA	-	AA-	B+	BB	AA-	B+

Note: \*Dewa rating used as proxy

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## GCC Fixed Income Weekly Snapshot

+A28:A28:I48				Interest rates			
BBG Barclays	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
EM USD Agg TR	1100.6	-0.2	2.5	Saudi	5.7	-1.5	37.1
EM LatAm TR	941.7	-0.2	2.3	UAE	4.9	-22.2	61.7
EM EMEA TR	329.2	-0.1	1.9	Kuwait	4.3	0.0	25.0
EM Asia TR	596.1	-0.3	3.2	Bahrain	6.4	1.7	21.3
Bahrain TR	180.0	-0.1	2.0	Oman	5.3	0.5	67.5
Oman TR	140.1	0.0	3.3	Qatar	5.8	10.0	55.0
Kuwait TR	142.8	0.0	2.1	US	5.2	-1	-
Qatar TR	133.1	0.1	3.2	12M interbank	Latest	-1w (bp)	YTD (bp)
Saudi Arabia TR	136.5	0.2	2.8	Saudi	5.7	-0.8	-21.9
UAE TR	135.2	0.0	2.5	UAE	5.0	-2.5	-12.5
5Y Sov. CDS	Latest (bp)	-1w (bp)	YTD (bp)	Kuwait	4.7	0.0	12.5
Saudi Arabia	64.3	-1.7	0.9	Bahrain	6.5	6.9	-3.4
Abu Dhabi	43.5	-1.0	-4.1	Oman	5.5	4.3	62.8
Dubai	85.2	-0.7	-8.8	Qatar	6.0	7.5	22.5
Kuwait	57.0	1.4	-3.6	10Y yield	Latest	-1w (bp)	YTD (bp)
Bahrain	263.6	2.8	3.6	Saudi Arabia <sup>^^</sup>	4.5	1.6	-22.3
Oman	166.8	-2.3	-24.2	Abu Dhabi	3.8	8.8	-39.2
Qatar	44.8	-0.6	-5.2	Dubai	4.3	0.4	-11.1
Egypt	1462.1	84.2	557.8	Kuwait	3.9	4.0	5.0
Turkey	552.5	-0.2	34.6	Bahrain	6.8	4.2	-6.9
US	48.2	0.2	21.0	Oman	5.7	-0.5	-37.2
Germany	16.7	-	-3.9	Qatar	3.8	3.4	-36.9

Note: data from 05<sup>th</sup> April 2023 to 11<sup>th</sup> April 2023, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management

<sup>^^</sup> YTD data from 13th January 2023

## Bahrain sold USD2bn in first bond sale since 2021

Bahrain raised USD2bn in its first bond sale since 2021. The county raised USD1bn in sukuk maturing in seven years and USD1bn in conventional bonds due in 12 years. The bond sale attracted strong demand, receiving bid orders worth over USD7.8bn. As a result, the guidance for the sale was adjusted downwards, with the seven-year sukuk being offered at around 6.5%, and the 12-year notes at 7.75%-7.875%. The initial guidance was 6.875% for the sukuk and about 8% for the conventional bonds.

(Source: Zawya)

## Dubai's non-oil business conditions improved at a faster rate in March – PMI

Dubai's non-oil sector grew rapidly in March, with the Dubai Purchasing Managers' Index (PMI) rising from 54.1 in February to 55.5 in March. The report indicates that the non-oil business situation has significantly improved, with increased output, employment, and stock purchases. Additionally, the expansion was supported by restricted supply-side conditions. This indicates that companies are increasing their capacity levels to accommodate output growth.

(Source: Zawya)

## Oman is on track to post the highest GDP growth at 4.3%, according to the World Bank

According to a report by the World Bank, Oman is predicted to have the highest economic growth rate of 4.3% among the six GCC members in 2023. The World Bank has downward revised its economic growth projection for the GCC as a whole, forecasting a slowdown in GDP growth to 3.2% in 2023, down from the previous forecast of 3.7% in October. Despite the deceleration of growth, Oman is expected to perform better than its fellow GCC nations, with the report stating that the fastest growing economy within the GCC in 2023 is projected to be Oman, at 4.3% growth.

(Source: Zawya)

## Oman records a budget surplus of \$966.2mn, repaying \$2.8bn in debt

According to the Ministry of Finance's Fiscal Performance Monthly Bulletin, Oman's budget surplus at the end of March 2023 was OMR372mn, compared to OMR210mn for the same period in 2022. In Q1 of 2023, the government reduced public debt by OMR1.1bn, bringing the total to OMR16.6bn by March 2023. Additionally, the country's public revenue reached OMR2.14bn at the end of February 2023, a 12% increase compared to the same period in 2022. Oman's Medium-Term Fiscal Plan 2021-2024 aims to achieve several goals, including reducing the fiscal breakeven oil price to USD68/bbl, boosting non-hydrocarbon revenue, reducing public debt, improving Oman's credit ratings, restructuring pension funds, developing a social protection system, and achieving other direct and indirect results.

(Source: Zawya)

## Qatar's economy grew by 26.2% in Q4 22

According to the Planning and Statistics Authority (PSA) in Qatar, the preliminary estimates of the country's GDP show that the quarterly GDP at current prices in Q4 of 22 was QAR220.43bn, a significant increase of 26.2% compared to the estimated QAR174.65bn in Q4 of 2021.

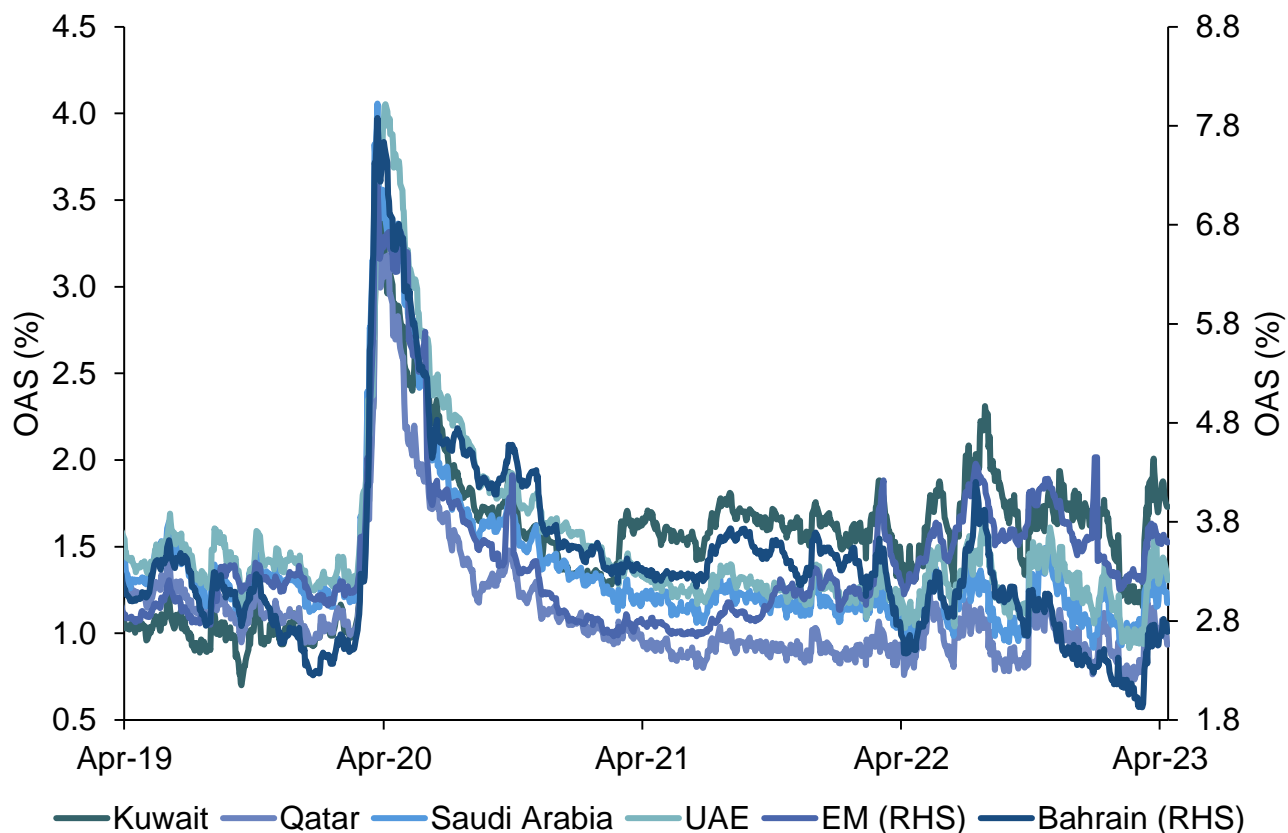
(Source: Zawya)

Issuer	BBG	Sector	Co unt	Issue Amt*	Cpn	Maturity	Maturity Type	Curr ency	Issue Date	Rtg^	YTM (mid)	YTC (mid)
Greensaif Pipelines Bidco Sarl	GASBCM	Industrial	SA	1500	6.51	2/23/2042	SINKABLE	USD	2/23/2023	A	6.37	-
Greensaif Pipelines Bidco Sarl	GASBCM	Industrial	SA	1500	6.13	2/23/2038	SINKABLE	USD	2/23/2023	A	6.19	-
Finance Department Government of Shariah	SHJGOV	Sovereign	AE	1000	6.5	11/23/2032	AT MATURITY	USD	2/23/2023	BB+	6.34	-
BOS Funding Ltd	BOSUH	Financial Institutions	AE	500	7	3/14/2028	AT MATURITY	USD	3/14/2023	BBB+	7.45	-
AL Rajhi Sukuk Ltd	RJHIAB	Financial Institutions	SA	1000	4.75	4/5/2028	AT MATURITY	USD	4/5/2023	A-	4.53	-
SAUDI ELECTRICITY SUKUK	SECOAB	Sovereign	SA	1200	4.632	11/4/2033	AT MATURITY	USD	4/3/2023	A	4.49	-
SAUDI ELECTRICITY SUKUK	SECOAB	Sovereign	SA	800	5.684	11/4/2053	AT MATURITY	USD	4/3/2023	A	5.47	-
KINGDOM OF BAHRAIN	BHTB	Sovereign	BH	1000	7.75	4/18/2035	AT MATURITY	USD	4/6/2023	B+	7.69	-
CBB INTL SUKUK PROG WLL	BHTB	Sovereign	BH	1000	6.25	10/18/2030	AT MATURITY	USD	4/6/2023	B+	5.94	-

\*Amount Issued in USD/AEDmillion, Bloomberg sector classification has been used, ^Issuer rating used where applicable, Fitch rating or equivalent used Source: Fitch Ratings, Moody's ratings, Bloomberg, ADCB Asset Management

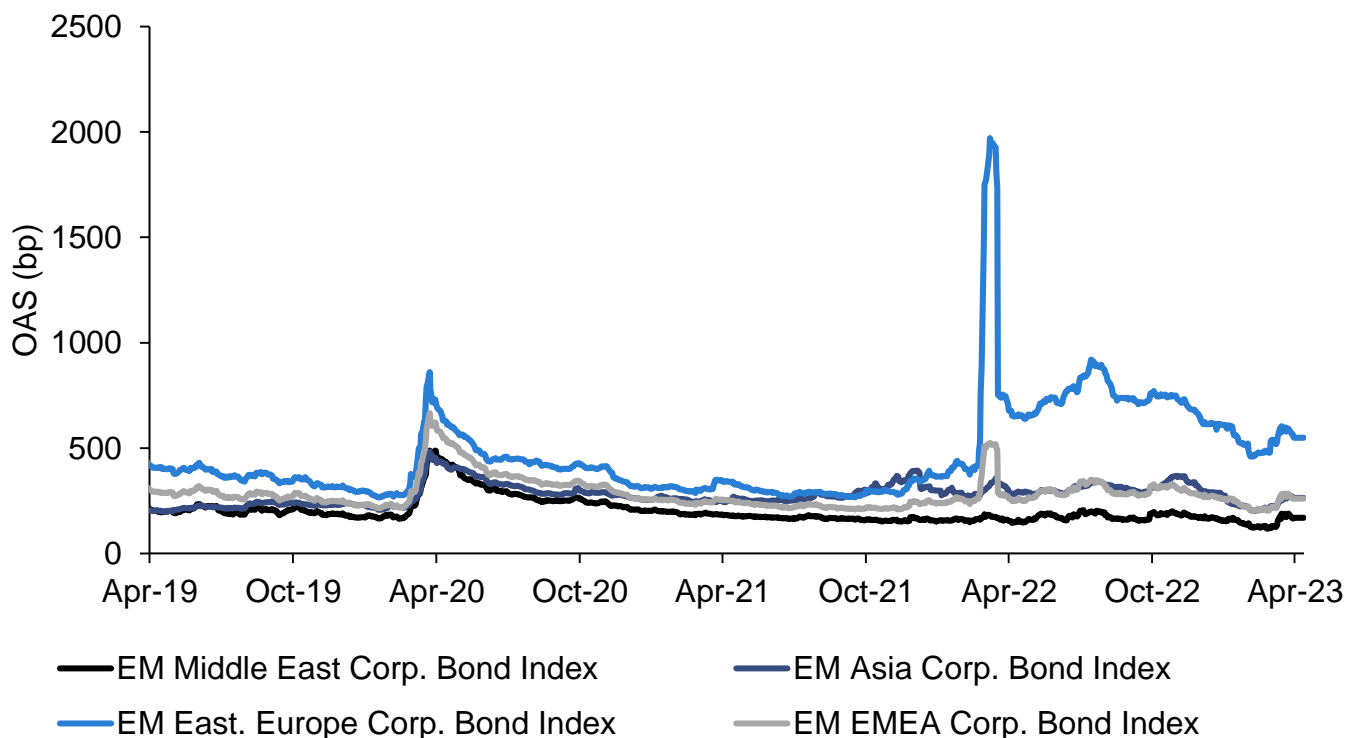
## Appendix

### Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



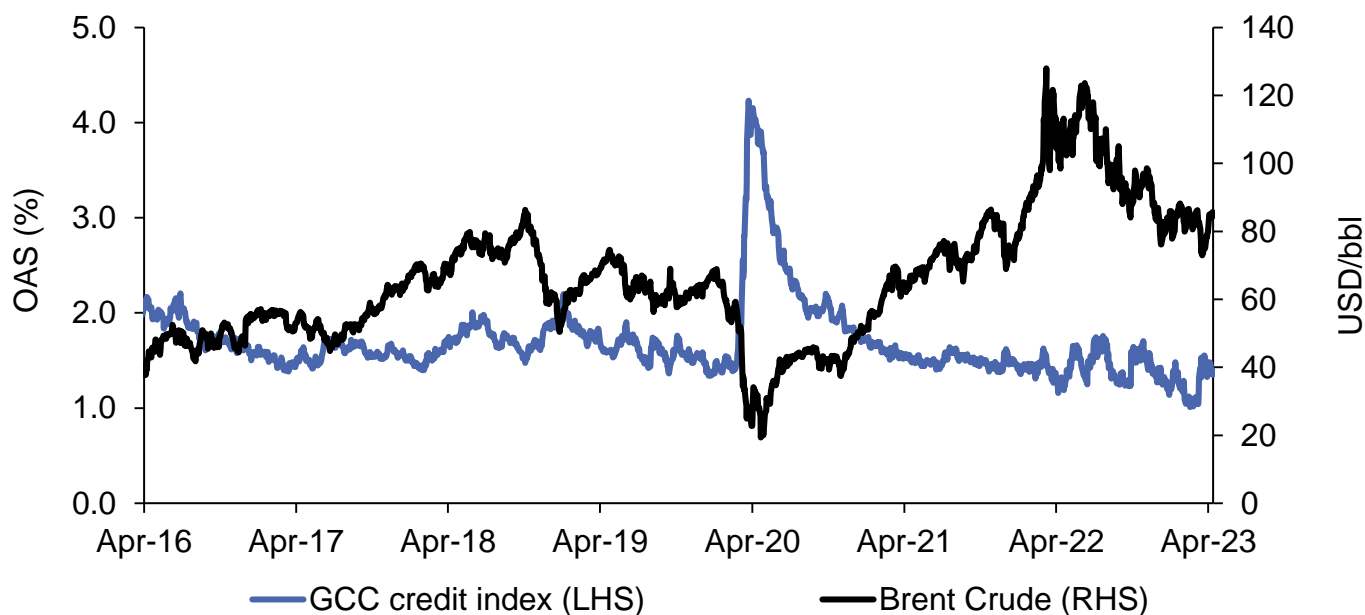
Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

### Emerging markets versus Middle East spread



Source: Credit Suisse Corporate Bond Indices, ADCB Asset Management

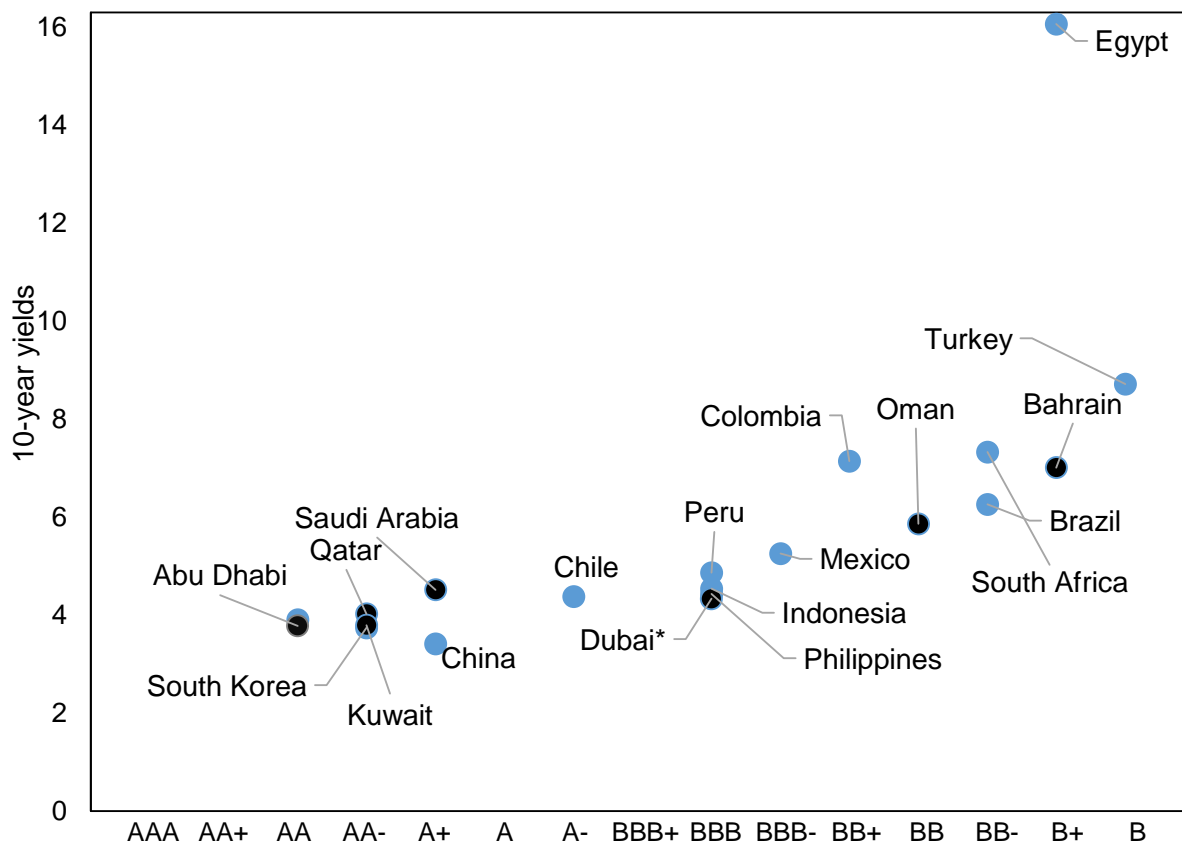
## GCC corporate OAS spread versus Brent Crude



Source: Bloomberg, ADCB Asset Management

## 10yr yield versus Credit ratings (EM vs GCC)

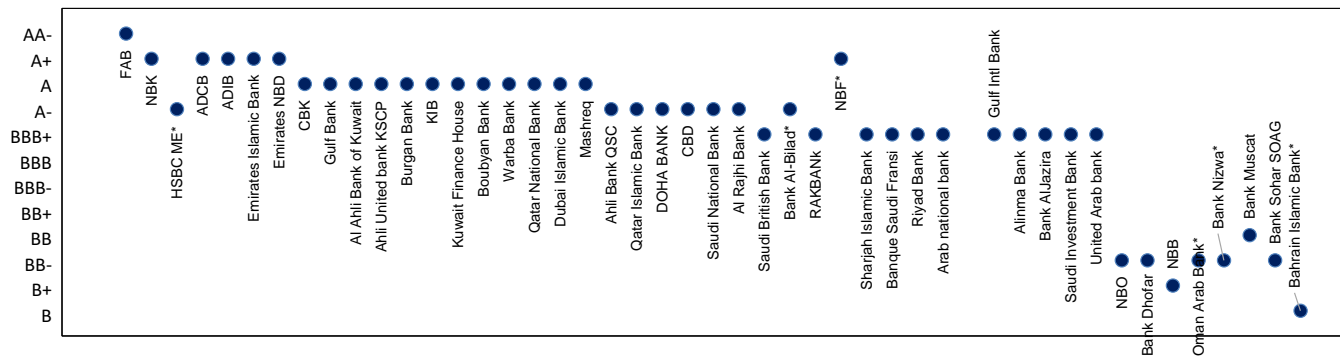
### GCC sovereign valuation versus peers



Source: Bloomberg, ADCB Asset Management, \*Dewa rating used as a substitute for Dubai, Fitch ratings are used for all countries

## GCC Financials Credit Rating

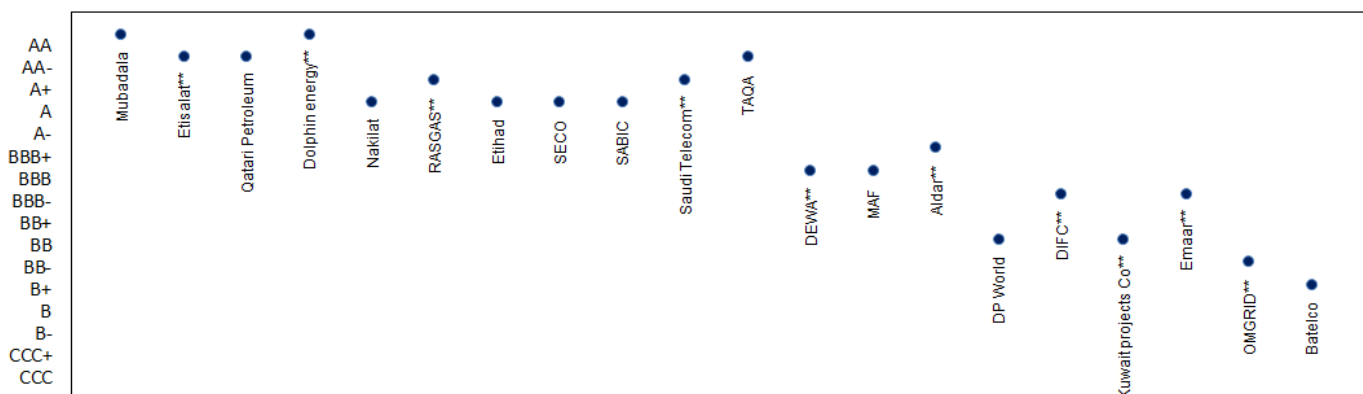
GCC Financials



Note: The ratings refer to Fitch ratings, \*Moody's rating used as substitute where the corporate/bank not rated by Fitch rating  
Source: Bloomberg, ADCB

## GCC Corporate Credit rating

GCC Corporates



Note: The ratings refer to Fitch ratings, \*\*Moody's rating used as substitute where the corporate/bank not rated by Fitch rating  
Source: Bloomberg, ADCB



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