

GCC Weekly Market Update

January 24 2024

GCC fixed income performance

Global benchmark bond index declined over the week (ending 23rd January 2024). 10Y UST Yields rose over the week after the latest jobs data. Eurozone government bond yields rose over the week. In credit, corporate bonds ended the week flat. Global HY index recorded positive gains. EM USD bonds lacked appetite, also registering marginal losses over the week, led by EM LatAM.

Demand for GCC bonds was mostly subdued. All GCC bond markets recorded losses with the exception of Kuwait and Bahrain. 5yr CDS spreads tightened across all GCC countries, barring Kuwait. In the USD sovereign market, the 10yr bond yields rose across the GCC countries with the exception of Dubai and Kuwait.

Dubai experienced a 3.3% growth in its gross domestic product (GDP), between January and September 2023. Elsewhere, **Qatar's consumer price index of December 2023 recorded an increase by 1.59% y-o-y**, and an increase of 1.65% compared to the corresponding month, December 2022.

Saudi Arabia's sovereign wealth fund successfully generated USD5bn through the issuance of high-quality bonds, joining a growing list of borrowers capitalizing on the strong investor appetite for emerging-market debt. **The Public Investment Fund conducted the bond sale, offering senior unsecured notes in USD with maturities of 5, 10, and 30 years.** Banque Saudi Fransi raised 5 years Sukuk with an issue size of USD700mn, at coupon rate of 5% . **Banque Saudi Fransi set the spreads at 105bp over the U.S. Treasuries.** Also, Qatar National Bank (QNB) raised a 5-year USD1bn senior unsecured bond with a margin spread of US Treasury 130bp, at a coupon rate of 4.875% per annum.

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Country	Saudi Arabia	Abu Dhabi	Dubai*	Kuwait	Bahrain	Oman	Qatar	Egypt
Moody's	A1	Aa2	Baa2	A1	B2u	Ba1	Aa3	Caa1
Fitch	A+	AA	-	AA-	B+	BB+	AA-	B-

Note: *Dewa rating used as proxy

GCC Weekly Market Performance

				Interest rates			
BBG Barclays	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
EM USD Agg TR	1153.0	-0.19	-0.7	Saudi	6.2	-1.01	-1.9
EM LatAm TR	1005.6	-0.39	-0.6	UAE	5.1	8.82	-27.2
EM EMEA TR	344.3	-0.17	-0.9	Kuwait	4.3	0.00	0.0
EM Asia TR	614.9	-0.01	-0.6	Bahrain	6.5	0.64	-0.7
Bahrain TR	189.4	0.04	-0.2	Oman	6.0	0.15	-8.6
Oman TR	148.4	-0.33	-0.7	Qatar	6.0	-25.00	-12.5
Kuwait TR	148.3	0.07	0.1	US SOFR	5.3	-1.00	-8.0
Qatar TR	132.1	-0.45	-1.7	12M interbank	Latest	-1w (bp)	YTD (bp)
Saudi Arabia TR	135.8	-0.24	-1.9	Saudi	5.9	-0.12	-5.9
UAE TR	137.0	-0.20	-1.0	UAE	5.2	9.14	7.7
5Y Sov. CDS	Latest (bp)	-1w (bp)	YTD (bp)	Kuwait	4.8	0.00	0.0
Saudi Arabia	62.7	-1.60	8.3	Bahrain	6.4	-0.81	-2.6
Abu Dhabi	47.0	-1.70	3.3	Oman	6.0	-0.75	-10.0
Dubai	73.1	-2.50	5.8	Qatar	6.3	-25.00	-12.5
Kuwait	64.6	1.10	9.5	10Y yield	Latest	-1w (bp)	YTD (bp)
Bahrain	222.5	-2.70	9.8	Saudi Arabia	5.0	6.20	34.0
Oman	128.2	-4.30	6.0	Abu Dhabi	4.5	2.70	23.6
Qatar	54.4	-1.60	7.5	Dubai	4.8	-1.80	11.0
Egypt	1260.7	-99.80	86.3	Kuwait	4.3	-0.30	6.9
Turkey	327.5	5.10	39.2	Bahrain	6.8	0.90	8.5
US	44.9	-3.00	-3.0	Oman	5.7	6.40	20.5
Germany	15.4	-0.70	-2.3	Qatar	4.4	4.20	22.0

data from 17th January 2024 to 23rd January 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management

Dubai's GDP grew by 3.3% in the first nine months of 2023

Dubai experienced a 3.3% growth in its gross domestic product (GDP), between January and September 2023. During those nine-months, the accommodation and food services sector saw a growth of 11.1%, while transportation and storage services increased by 10.9%, and the communications sector grew by 4.4%.

(Source: Zawya)

Qatar's consumer price index rose 1.65% in December to 109.98

Qatar's Consumer Price Index (CPI) of December 2023 recorded an increase by 1.59% y-o-y, and an increase of 1.65% compared to the corresponding month, December 2022. The monthly rise in the CPI for December 2023 was influenced by upward movements in six categories: Recreation and Culture increased by 9.74%; Food and Beverages by 1.14%; Transport by 0.75%; Miscellaneous Goods and Services by 0.22%.

(Source: Zawya)

After Saudi government, Saudi's sovereign wealth fund taps the bond market

Saudi Arabia's sovereign wealth fund successfully generated USD5bn through the issuance of high-quality bonds, joining a growing list of borrowers capitalizing on the strong investor appetite for emerging-market debt. The Public Investment Fund conducted the bond sale, offering senior unsecured notes in USD with maturities of 5, 10, and 30 years. The total demand for these bonds surpassed USD27bn.

(Source: Bloomberg)

Banque Saudi Fransi sold its 5-year sukuk

Banque Saudi Fransi has raised 5-year sukuk with an issue size of USD700mn, at coupon rate of 5% . Banque Saudi Fransi set the spreads at 105bp over the US Treasuries, tightened from the initial guidance of 135bp after the orders tapped USD2.4bn.

(Source: Bloomberg)

Qatar National Bank raised USD1bn

Qatar National Bank (QNB) raised a 5-year USD1bn senior unsecured bond with a margin spread of 130bp over similar US Treasuries, at a coupon rate of 4.875% per annum. The tranche was issued on 23 January 2024 and matures on 30 January 2029.

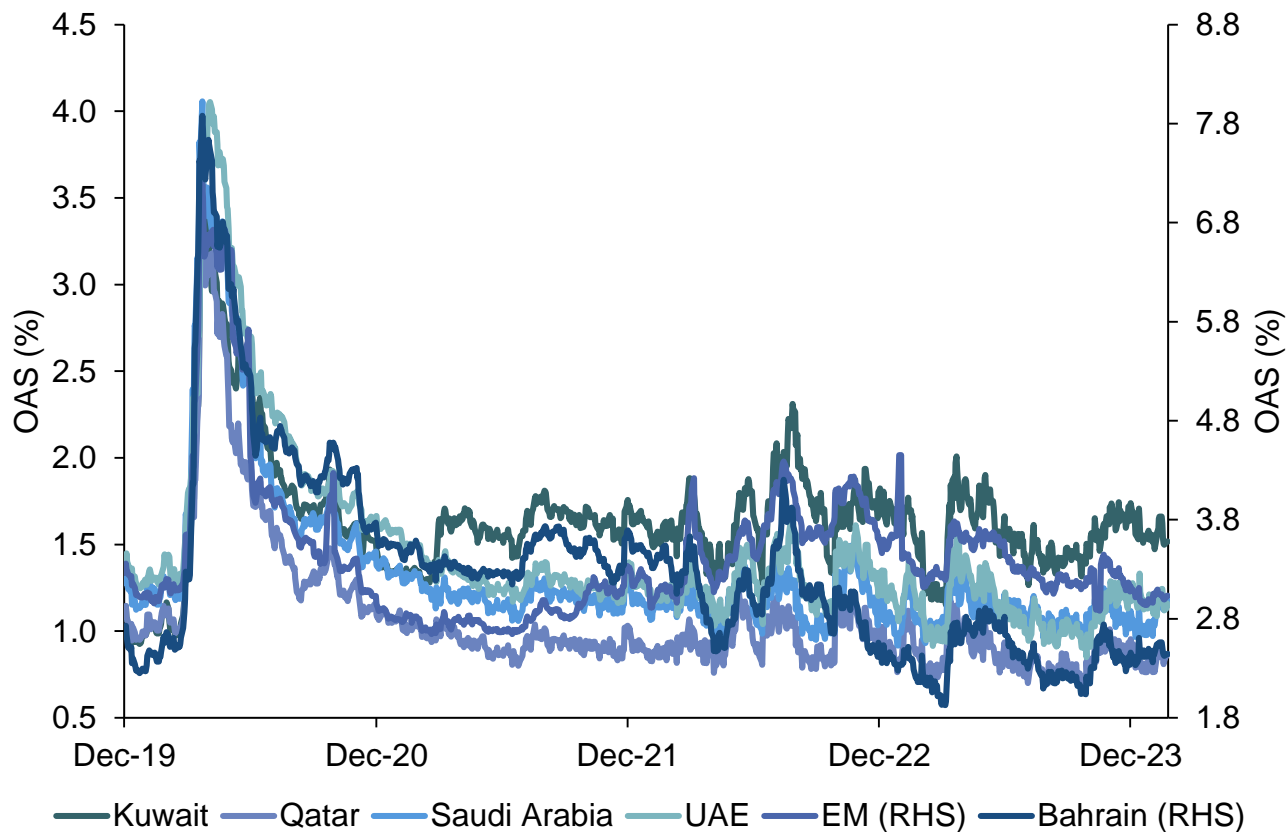
(Source: Bloomberg)

Issuer	BBG	Sector	Country	Issue Amt*	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg [^]	YTM (mid)	YTC
Saudi Government International Bond	KSA	Sovereign	SA	4750	5.75	1/16/2054	AT MATURITY	USD	1/16/2024	A+	5.84	-
Saudi Government International Bond	KSA	Sovereign	SA	4000	5	1/16/2034	AT MATURITY	USD	1/16/2024	A+	5.06	-
Saudi Government International Bond	KSA	Sovereign	SA	3250	4.75	1/16/2030	AT MATURITY	USD	1/16/2024	A+	4.83	-
KFH SUKUK CO	KFHKK	Financial Institutions	KY	1000	5.011	1/17/2029	AT MATURITY	USD	10/1/2024	A	5.02	-
FAB SUKUK COMPANY LTD	FABUH	Financial Institutions	AE	800	4.779	1/23/2029	AT MATURITY	USD	1/8/2024	AA-	4.71	-
Omantel	OTELOM	Sovereign	OM	500	5.375	01/24/2031	AT MATURITY	USD	01/17/2024		5.523	-
Qatar QIIB	QNBQD	Financial Institutions	QD	1000	4.875	01/30/2029	AT MATURITY	USD	01/23/2024	A	5.028	-

*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

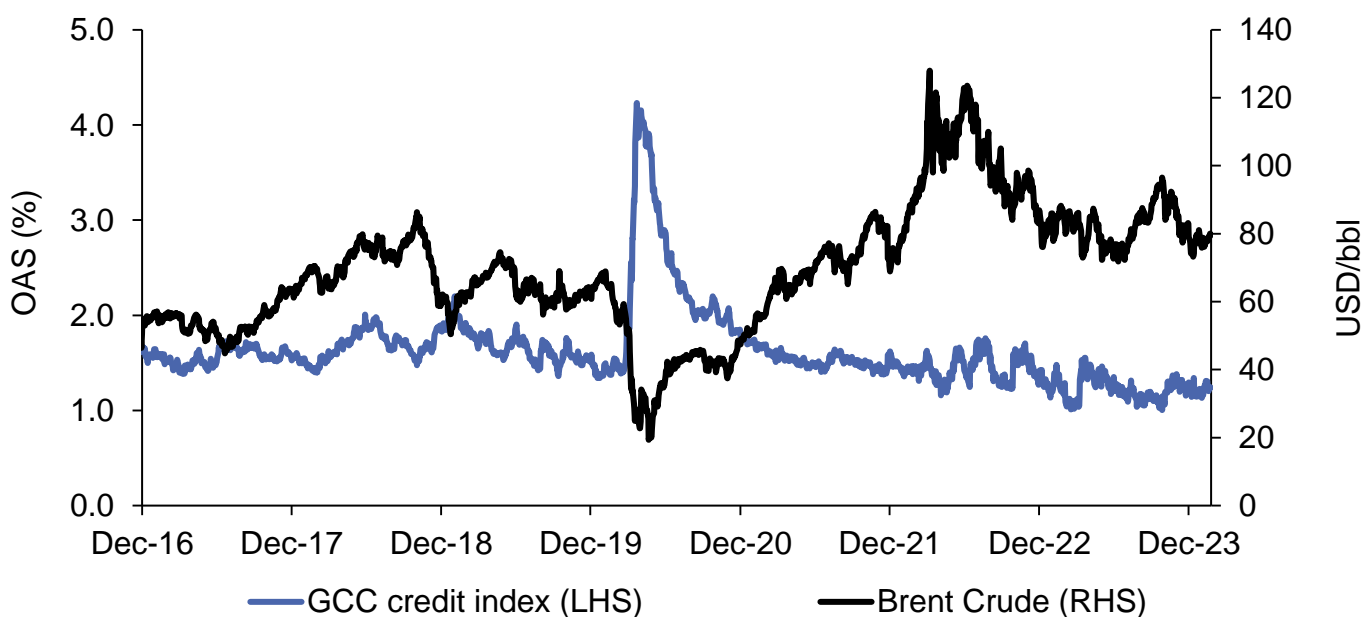
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

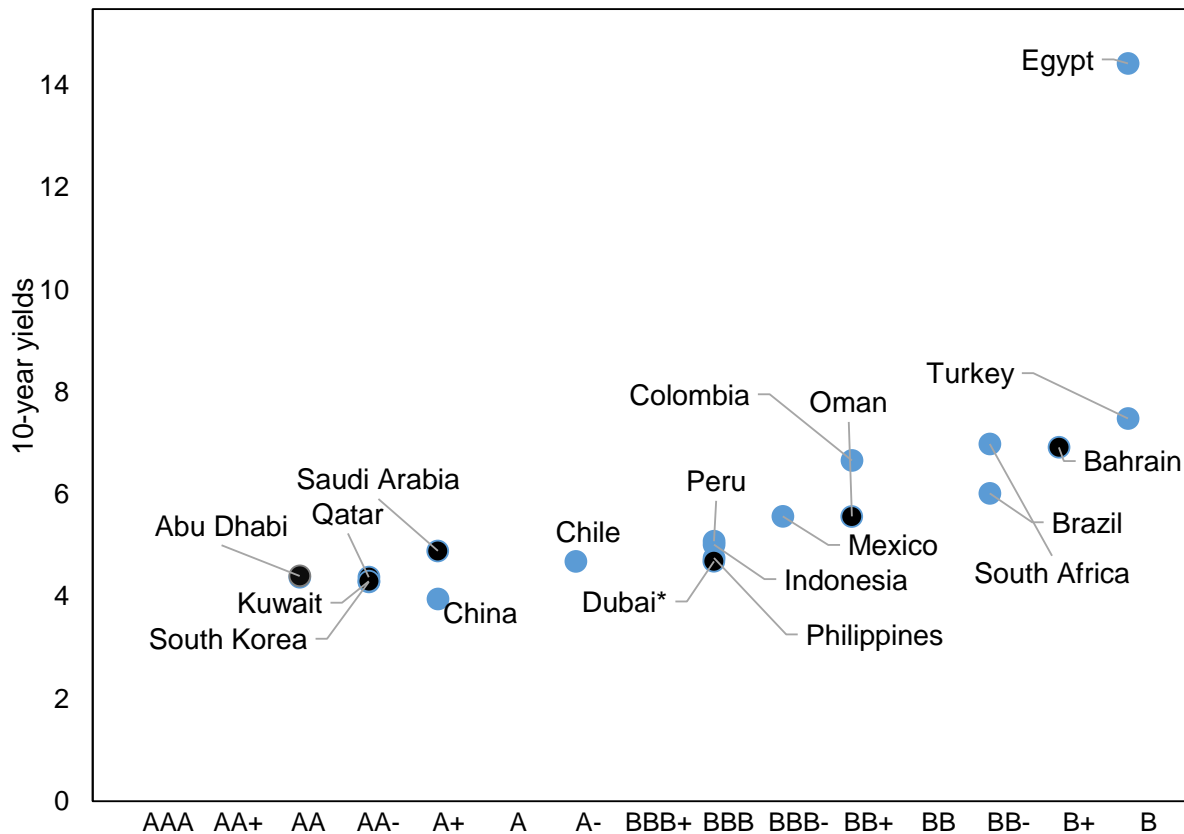
GCC corporate OAS spread versus Brent Crude



Source: Bloomberg, ADCB Asset Management

10yr yield versus Credit ratings (EM vs GCC)

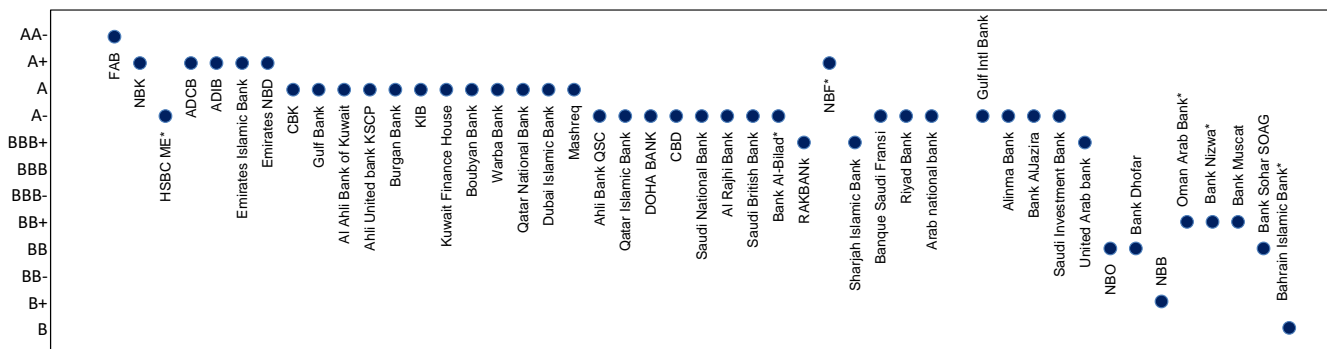
GCC sovereign valuation versus peers



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

GCC Financials Credit Rating

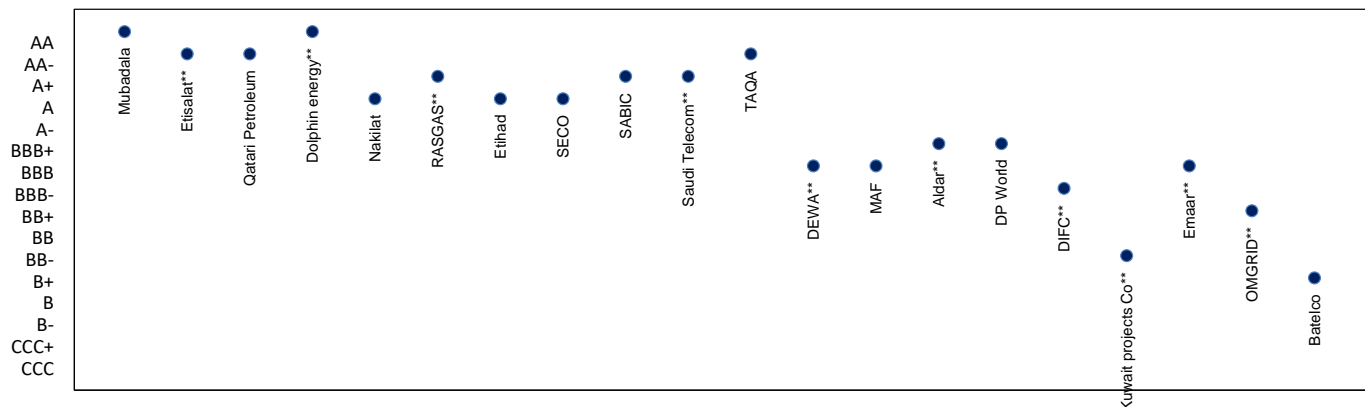
GCC Financials



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

GCC equities – performance, earnings, and valuations snapshot

Equity Index	1W performance	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	-0.5%	18.1x	9.2%	1.6%
DFM	1.7%	9.0x	25.3%	4.2%
Tadawul	0.4%	20.3x	-13.6%	3.0%
DSM	-0.3%	11.7x	-4.8%	4.7%
MSM30	0.5%	7.7x	55.9%	4.8%
BHSE	0.4%	6.7x	NM	8.4%
KWSE	1.3%	13.5x	22.1%	2.7%
MSCI GCC	0.4%	15.7x	-2.4%	3.3%
MSCI EM	1.2%	13.2x	-12.5%	2.7%
MSCI ACWI	2.2%	18.5x	-0.4%	2.0%

Notes: *data as of 24 January 2024

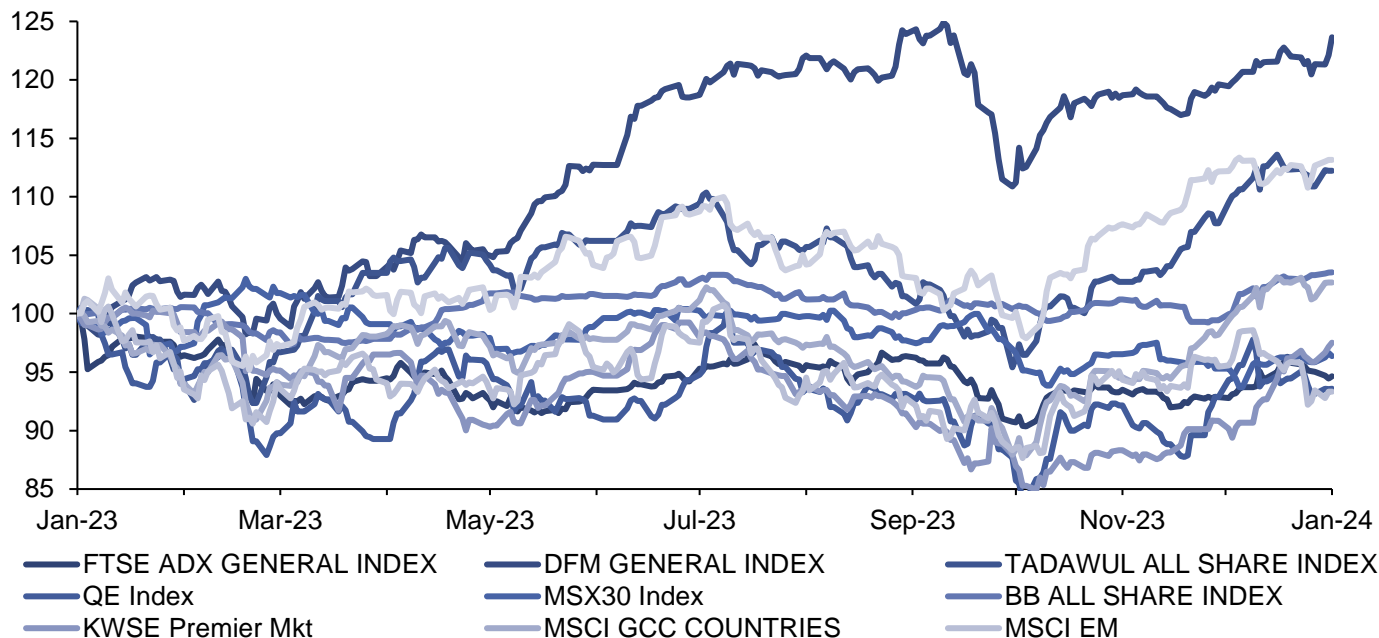
Source: Bloomberg, ADCB

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GCC equity 1Y Performance

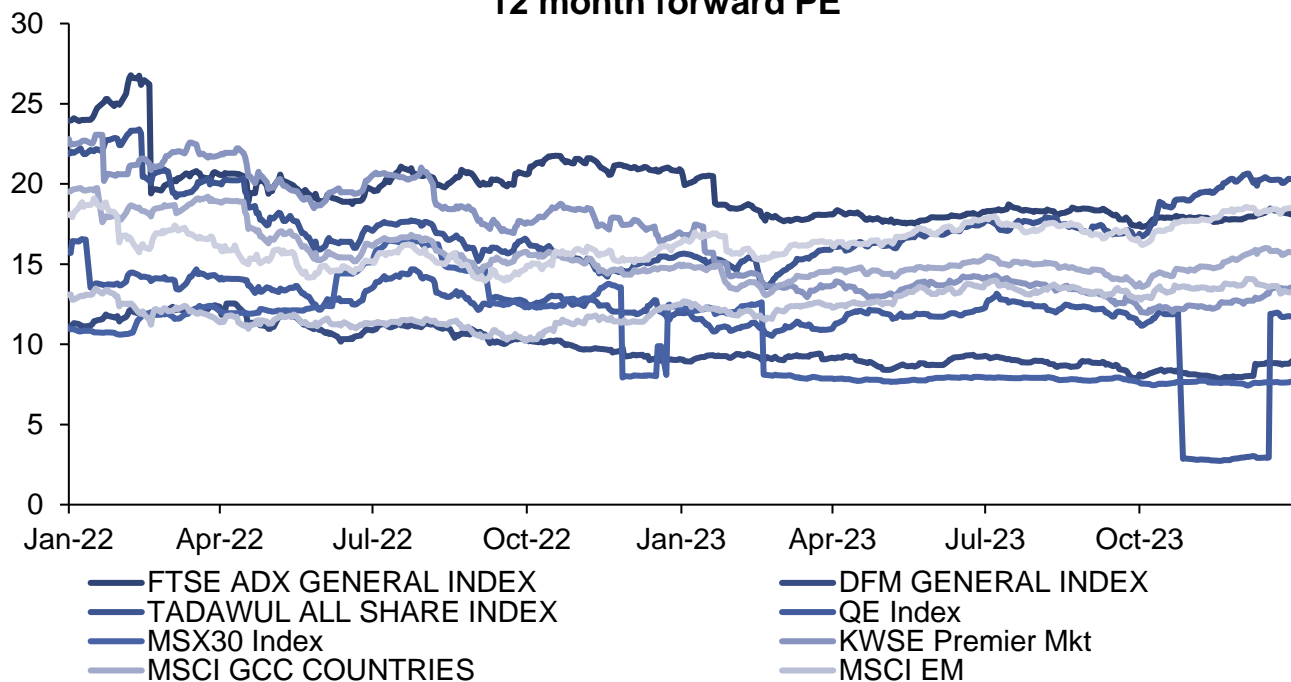
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

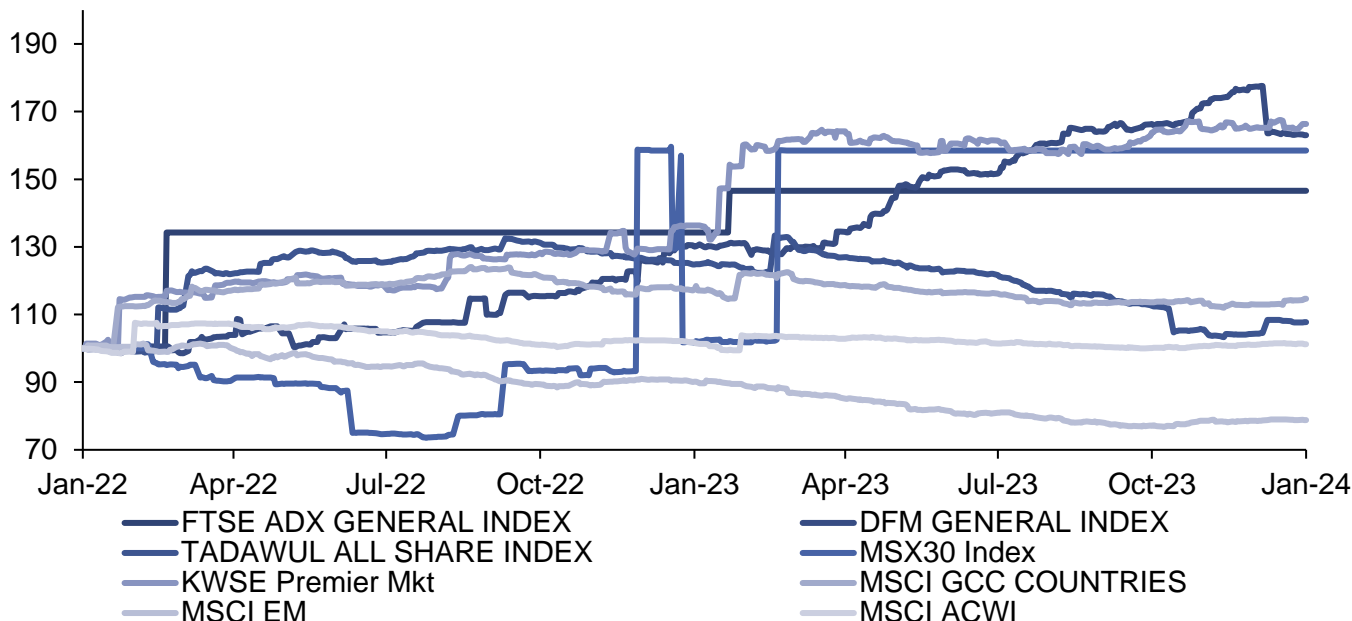
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

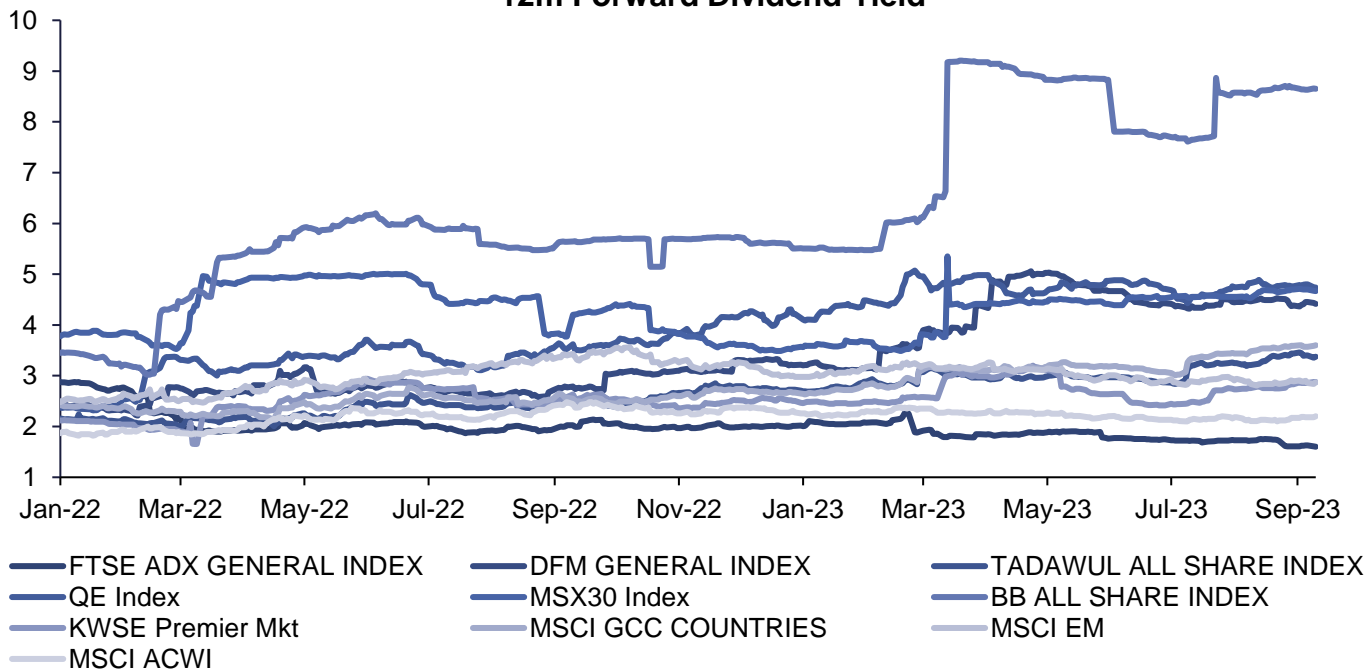
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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