

GCC Fixed Income Weekly Review

Global benchmark bond index posted marginal gains over the week (ending 18th July 2023). 10-Year U.S. Treasury Yields fell ahead of the global inflation data. Eurozone government bond yields fell over the week. In credit, corporate bonds ended the week on a positive note. Global HY index and EM USD bonds recorded positive gains.

Appetite for GCC bonds improved over the week. All GCC bonds posted positive returns. Saudi Arabia was the best performer. Similarly, 5yr CDS sovereign spreads tightened in all GCC countries. In the USD sovereign market, 10yr bond yields declined across all the GCC markets, the most in Kuwait and Oman.

UAE's real gross domestic product (GDP) growth is projected to slow down to 3.9% in 2023. The oil GDP is expected to rise by 3.0% while the non-oil GDP is predicted to increase by 4.2%, according to the Central Bank of the UAE. Elsewhere, Saudi Arabia has witnessed a decline in inflation since the beginning of 2023 when it stood at 3.4% in January. **Saudi Arabia's annual inflation rate eased from 2.8% in May to 2.7% in June,** according to the kingdom's General Authority for Statistics data.

Masdar raised USD750mn from the debut sale of green bonds that attracted over USD4.2bn in demand. **The bonds launched at a spread of 115bp, tighter than the initial guidance of around 150bp** over the same benchmark. **Dar Al Arkan Real Estate Development sold USD600mn in Islamic bonds** due in February 2029. **The Sukuk was launched at 8.25%, tightening from initial guidance of around 8.5%.** The Saudi Arabian company, **Almarai company has raised USD750mn through the sale of USD-denominated trust certificates** under its USD2bn Trust Certificate Issuance Program.

Country	Saudi Arabia	Abu Dhabi	Dubai*	Kuwait	Bahrain	Oman	Qatar	Egypt
Moody's	A1	Aa2	Baa2	A1	B2u	Ba2	Aa3	B3
Fitch	A+	AA	-	AA-	B+	BB	AA-	B

Note: *Dewa rating used as proxy

GCC Fixed Income Weekly Snapshot

				Interest rates			
BBG Barclays	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
EM USD Agg TR	1098.8	0.7	2.3	Saudi	5.4	2.7	4.9
EM LatAm TR	953.3	1.1	3.5	UAE	4.6	7.9	33.2
EM EMEA TR	327.3	0.6	1.3	Kuwait	4.1	0.0	6.3
EM Asia TR	590.8	0.6	2.3	Bahrain	6.1	0.0	0.7
Bahrain TR	178.9	0.8	1.3	Oman	4.9	-8.5	18.5
Oman TR	137.6	0.8	1.4	Qatar	5.3	-	6.7
Kuwait TR	141.6	0.6	1.2	US	4.8	-2.0	-
Qatar TR	130.3	0.8	1.0	12M interbank	Latest	-1w (bp)	YTD (bp)
Saudi Arabia TR	133.8	0.8	0.7	Saudi	5.8	-1.2	-6.7
UAE TR	132.8	0.6	0.7	UAE	5.2	25.8	11.7
5Y Sov. CDS	Latest (bp)	-1w (bp)	YTD (bp)	Kuwait	4.6	0.0	0.0
Saudi Arabia	65.7	1.1	2.3	Bahrain	6.6	0.8	-0.1
Abu Dhabi	45.8	0.7	-1.9	Oman	5.0	-7.5	14.0
Dubai	91.2	-0.8	-2.8	Qatar	5.6	-	-13.3
Kuwait	59.2	-2.8	-1.4	10Y yield	Latest	-1w (bp)	YTD (bp)
Bahrain	254.2	0.6	9.1	Saudi Arabia ^{^^}	4.8	1.5	1.5
Oman	179.9	-0.3	-13.7	Abu Dhabi	4.2	-6.8	-1.0
Qatar	48.9	0.3	-1.0	Dubai	4.3	-4.5	-16.9
Egypt	779.8	-59.4	-124.5	Kuwait	4.0	-9.6	16.9
Turkey	569.6	24.7	51.7	Bahrain	6.7	-15.1	-15.3
US	37.3	8.1	10.2	Oman	5.9	-15.1	-18.0
Germany	18.6	-1.2	-2.0	Qatar	4.2	-8.9	-3.3

data from 12th July 2023 to 18th July 2023, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management

^{^^} YTD data from 13th January 2023

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UAE's real GDP growth will slow down to 3.9% in 2023 due to lower oil production

According to the Central Bank of the UAE, the country's real gross domestic product (GDP) growth is projected to slow down to 3.9% in 2023. This deceleration is primarily attributed to reduced oil production and a more moderate growth rate in the non-oil sector. In 2023, the oil GDP is expected to rise by 3.0% while the non-oil GDP is predicted to increase by 4.2%.

(Source: Zawya)

Saudi inflation rate fell down in June

Saudi Arabia has witnessed a decline in inflation since the beginning of the year when it stood at 3.4% in January. Saudi Arabia's annual inflation rate eased from 2.8% in May to 2.7% in June. Prices for housing, water, electricity, gas and other fuels rose by 9.1% overall in June, while restaurant and hotel prices were up by 4.3% and education up by 3%, according to the kingdom's General Authority for Statistics data.

(Source: Zawya)

Abu Dhabi Masdar plans to issue USD750mn worth of green bonds

Abu Dhabi renewable energy company, Masdar raised USD750mn from the debut sale of green bonds that attracted over USD4.2bn in demand. The bonds launched at a spread of 115bp, tighter than the initial guidance of around 150bp over the same benchmark.

(Source: Zawya)

Saudi developer Dar Al Arkan sold sukuk worth USD600mn

The Saudi Arabian Dar Al Arkan Real Estate Development Co sold USD600mn in Islamic bonds due in February 2029. The Sukuk was launched at 8.25%, tightening from initial guidance of around 8.5%.

(Source: Zawya)

Saudi Almarai raised USD750mn through sukuk sale

Almarai, Saudi Arabia's food and beverages group Company has raised USD750mn through the sale of USD-denominated trust certificates under its USD2bn Trust Certificate Issuance Program. The 10-year sukuk was priced at 5.233% per annum. There are 3,750 certificates sold at a par value of \$200,000 and they will be listed on the Euronext Dublin Market of the Global Exchange Market of the Irish Stock Exchange plc.

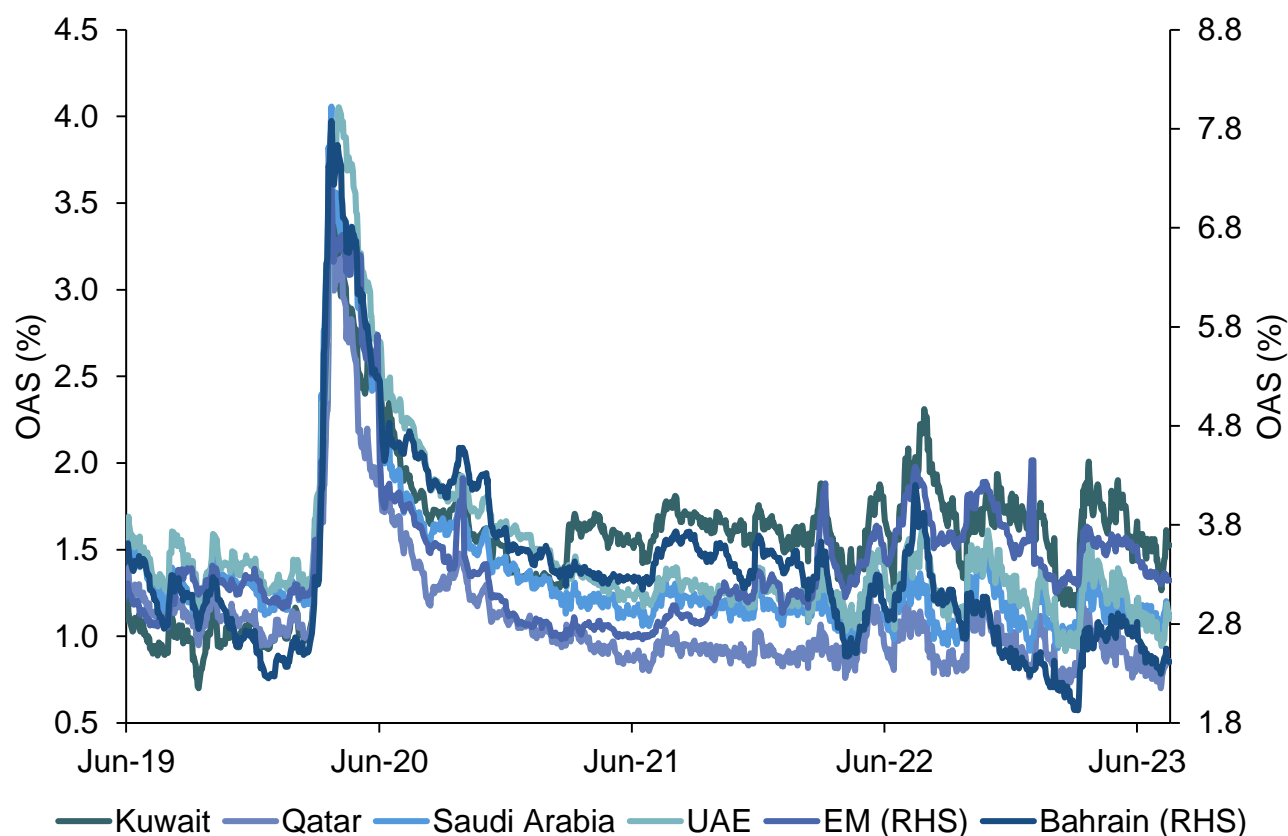
(Source: Zawya)

Issuer	BBG	Sector	Co unt ry	Issue Amt*	Cpn	Maturity	Maturity Type	Curr ency	Issue Date	Rtg^	YTM (mid)	YTC (mid)
KSA SUKUK LTD	KSA	Sovereign	SA	3000	4.511	5/22/2033	AT MATURITY	USD	5/15/2023	A+	4.52	-
KSA SUKUK LTD	KSA	Sovereign	SA	3000	4.27	5/22/2029	AT MATURITY	USD	5/15/2023	A+	4.28	-
Aldar Investment Properties Sukuk Ltd	ALDAR	Financial Institutions	AE	500	4.875	5/24/2033	AT MATURITY	USD	5/17/2023	BBB+	5.05	-
NOGAHOLDING SUKUK	OILGAS	Sovereign	BH	750	6.625	5/25/2033	AT MATURITY	USD	5/17/2023	B+	6.51	-
MAJID AL FUTTAIM HOLDING	MAFUAE	Financial Institutions	AE	500	5	6/1/2033	AT MATURITY	USD	5/23/2023	BBB	5.12	-
BANQUE SAUDI FRANSI	BSFRAB	Financial Institutions	SA	900	4.75	5/31/2028	AT MATURITY	USD	5/23/2023	A-	4.83	-
First Abu Dhabi Bank	FABUH	Agency	AE	600	4.774	6/6/2028	AT MATURITY	USD	6/6/2023	AA-	4.80	-
COMMERCIAL BANK OF DUBAI	CBDUH	Agency	AE	500	5.319	6/14/2028	AT MATURITY	USD	6/07/2023		5.29	-
SC Sukuk 1 Ltd	SHUAA	Financial Institutions	AE	100	8.25	6/13/2028	AT MATURITY	USD	6/13/2023		8.25	-
Adib Capital Invest 3 Ltd	ADIBUH	Financial Institutions	AE	750	7.25	-	PERP/CAL L	USD	7/18/2023		3.66	6.23
Abu Dhabi Commercial Bank PJSC	ADCBUH	Agency	AE	500	5.375	7/18/2028	AT MATURITY	USD	7/18/2023	A+	5.26	-

*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

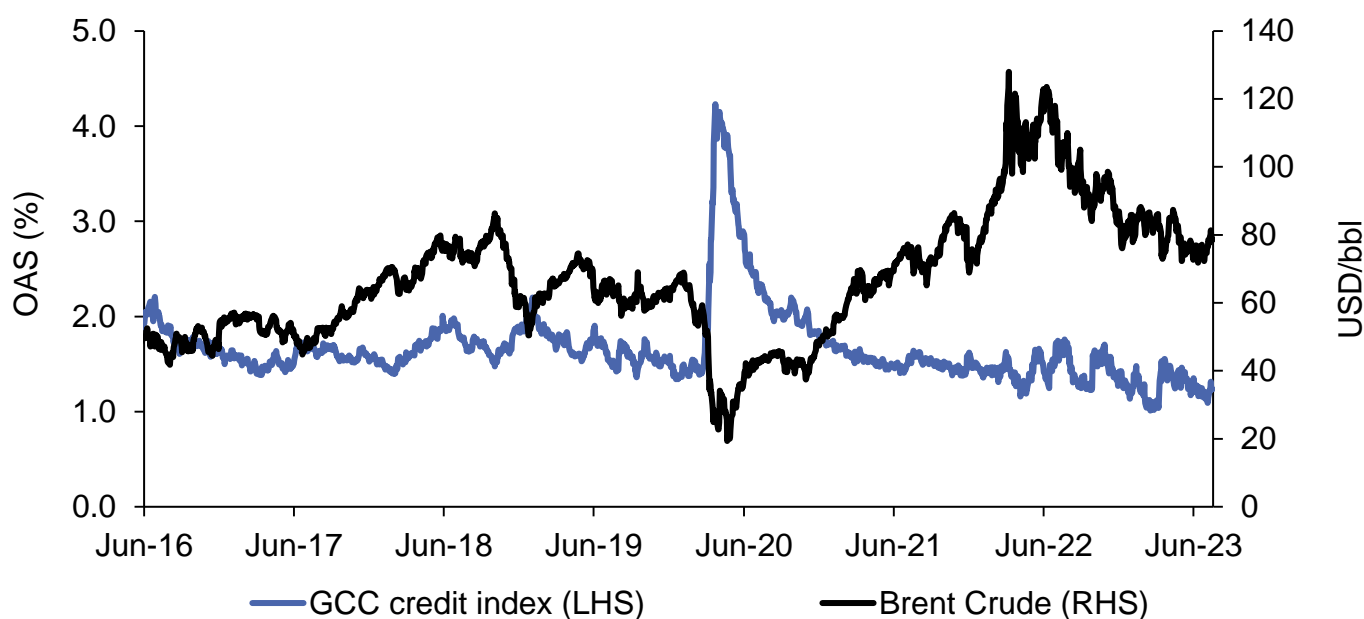
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

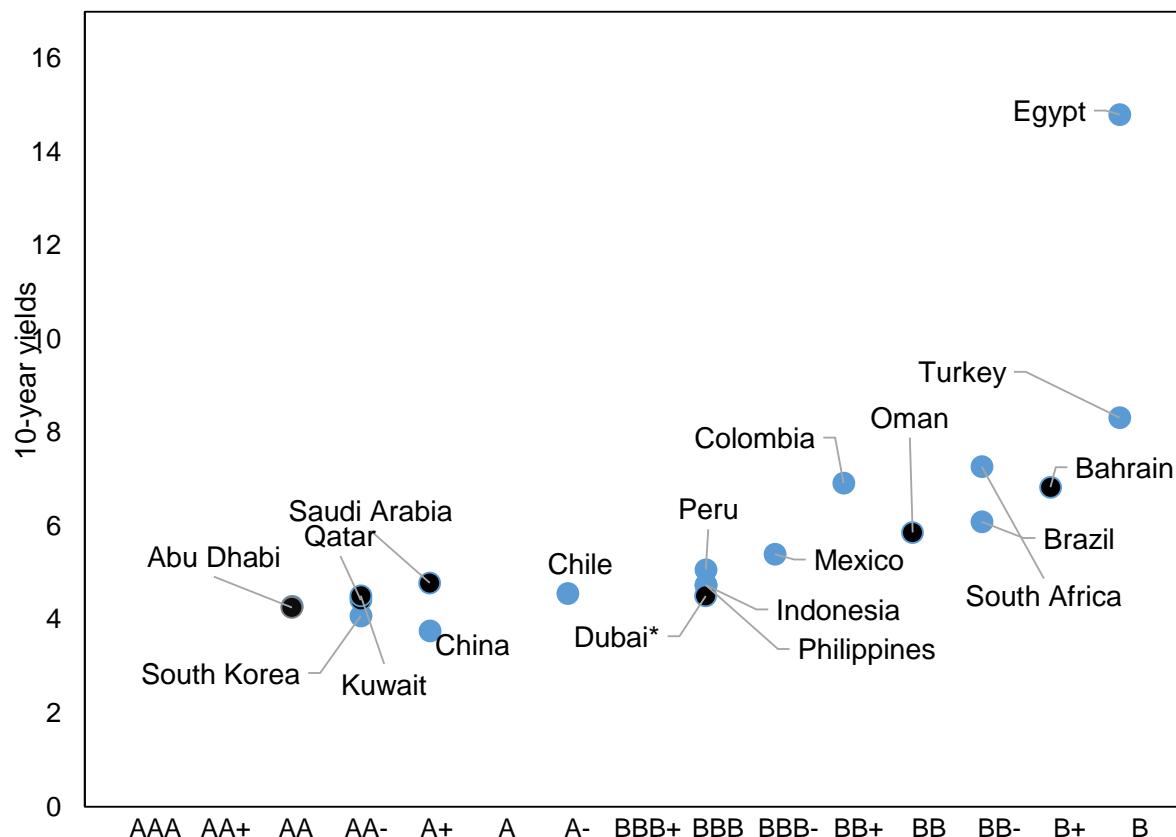
GCC corporate OAS spread versus Brent Crude



Source: Bloomberg, ADCB Asset Management

10yr yield versus Credit ratings (EM vs GCC)

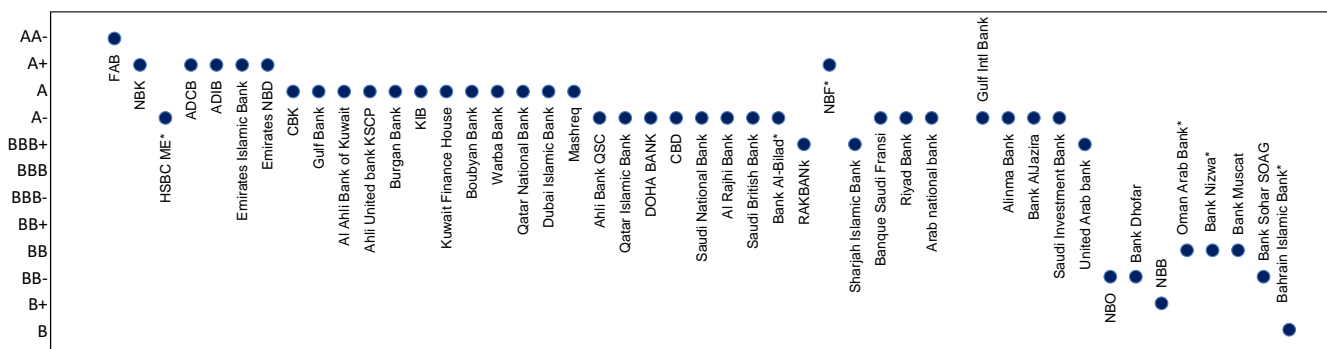
GCC sovereign valuation versus peers



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

GCC Financials Credit Rating

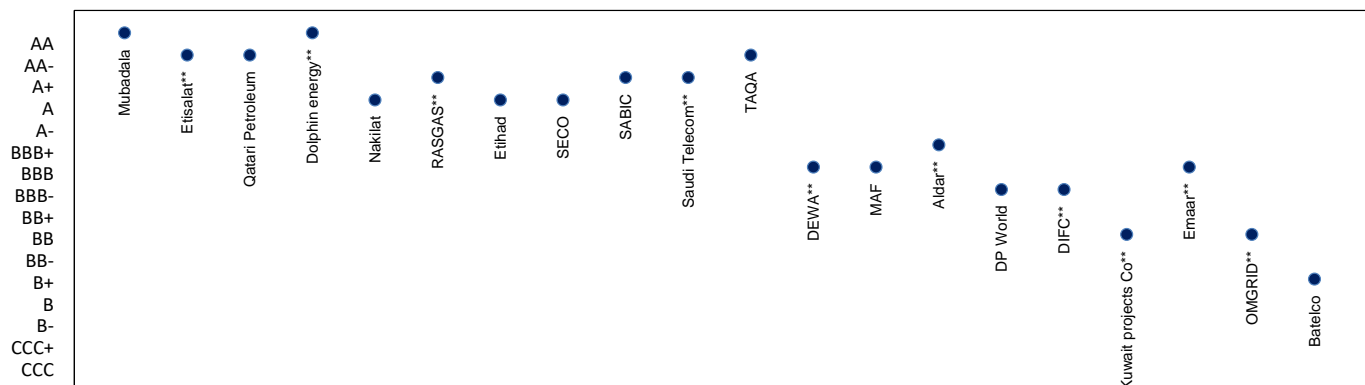
GCC Financials



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

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