

GCC Fixed Income Weekly Review

Global benchmark bond index posted marginal gains over the week (ending 25th July 2023). 10Y UST Yields rose ahead of the Fed meeting. Eurozone government bond yields rose over the week. In credit, corporate IG and HY ended the week on a negative note. EM USD bonds had a negative week, recording losses over the week, led by EM Asia

Appetite for GCC bonds was mixed over the week. Saudi Arabia, Qatar and UAE recorded losses while Oman, Bahrain and Kuwait recorded marginal positive returns. Similarly, 5yr CDS sovereign spreads tightened in all GCC countries. In the USD sovereign market, the 10yr USD bond yields rose across all the GCC markets, except for Oman.

The UAE government earned a total of USD31.4bn in revenue, while expenses amounted to USD25.5bn in Q1 of 2023, according to the Finance Ministry. Elsewhere, according to the International Monetary (IMF), **Saudi Arabia's GDP growth forecast for 2023 has been cut to 1.9% to reflect the impact of prolonged oil production cuts**. The IMF revised its growth forecast for Saudi Arabia from 3.1% to 2.1% in 2023.

First Abu Dhabi Bank (FAB) has successfully issued the first-ever dirham denominated green issuance in the UAE. The successful issuance of AED1.3bn for a 3-year green sukuk, was priced at 4.93% on July 19th. Abu Dhabi Islamic Bank (ADIB) listed its AT1 sukuk on the London stock exchange.

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				3M interbank			
	Latest	-1w %	YTD %		Latest	-1w (bp)	YTD (bp)
EM USD Agg TR	1116.9	-0.36	4.0	Saudi	6.0	3.08	63.9
EM LatAm TR	970.8	-0.34	5.4	UAE	5.4	3.71	112.6
EM EMEA TR	335.0	-0.22	3.7	Kuwait	4.2	-	18.8
EM Asia TR	594.8	-0.55	3.0	Bahrain	6.6	0.00	48.3
Bahrain TR	184.0	0.04	4.3	Oman	5.8	2.05	109.5
Oman TR	142.6	0.27	5.1	Qatar	6.0	0.00	75.0
Kuwait TR	143.2	0.02	2.4	US	5.6	1.71	85.8
Qatar TR	131.6	-0.28	2.1	12M interbank			
Saudi Arabia TR	135.1	-0.33	1.7	Saudi	6.0	3.83	10.7
UAE TR	134.9	-0.11	2.3	UAE	5.6	9.14	49.9
5Y Sov. CDS				10Y yield			
	Latest (bp)	-1w (bp)	YTD (bp)		Latest	-1w (bp)	YTD (bp)
Saudi Arabia	54.4	-1.20	-9.0	Saudi Arabia ^{^^}	4.8	6.20	5.4
Abu Dhabi	36.5	-0.40	-11.1	Abu Dhabi	4.3	8.60	10.4
Dubai	79.3	-0.30	-14.8	Dubai	4.6	5.90	14.0
Kuwait	47.8	-	-12.8	Kuwait	4.5	2.10	70.5
Bahrain	241.8	-9.40	-18.2	Bahrain	6.7	7.50	-21.4
Oman	136.6	-3.30	-54.4	Oman	5.8	-0.20	-30.4
Qatar	36.9	-0.50	-13.0	Qatar	4.3	6.90	14.2
Egypt	1391.2	101.40	486.9				
Turkey	439.2	-21.40	-78.7				
US	35.3	0.30	8.2				
Germany	15.9	0.10	-4.7				

data from 19th July 2023 to 25th July 2023, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management

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

Mohammed Al Hemeiri
Analyst
Tel: +971 (0)2 696 2236
mohammed.alhemeiri@adcb.com

Prerana Seth
Fixed Income Strategist
Tel: +971 (0)2 696 2878
prerana.seth@adcb.com

Ahmed Al Falahi
Analyst
Tel: +971 (0)2 497 3934
ahmed.a5@adcb.com

Kishore Muktinutalapati
Head - Investment Strategy
Tel: +971 (0)2 696 2358
kishore.muktinutalapati@adcb.com

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UAE's government revenue in Q1 23 reached USD31.4bn, while expenditures reached USD25.2bn

The UAE government earned a total of USD31.4bn in revenue, while expenses amounted to USD25.5bn in Q1 of 2023, according to the Finance Ministry. The revenue was derived from various sources, including AED63.5bn from taxes, AED3.9bn from social contributions, and AED48.2bn from other channels like property income, sales of goods, and services. On the other hand, the government's total expenditure during this period was AED92.5bn, which covered both investments in non-financial assets and current expenses.

(Source: Zawya)

Saudi Arabia's GDP growth forecast for 2023 has been cut to 1.9% - IMF

The International Monetary Fund cut its 2023 GDP growth projection for Saudi Arabia to 1.9% to reflect the impact of prolonged oil production cuts. The IMF revised its growth forecast for Saudi Arabia from 3.1% to 2.1% in 2023.

(Source: Zawya)

FAB raised AED1.3bn green sukuk

First Abu Dhabi Bank (FAB) has successfully issued the first-ever dirham denominated green issuance in the UAE. This offering stands out as the largest dirham sukuk and also marks a record for the lowest pricing ever achieved by a financial institution in the UAE's dirham market. The successful issuance of AED1.3bn for a 3-year green sukuk under Regulation S (RegS), was priced at 4.93% on July 19th.

(Source: Zawya)

ADIB presents its USD750mn AT1 sukuk on London Stock Exchange

Abu Dhabi Islamic Bank (ADIB) listed its AT1 sukuk on the London stock exchange. This issuance received outstanding demand, garnering interest from more than 240 investors worldwide and regionally. The final order surpassed USD7bn, making it oversubscribed by over 9 times, and the ultimate pricing was 62.5bp tighter than the initial pricing expectations.

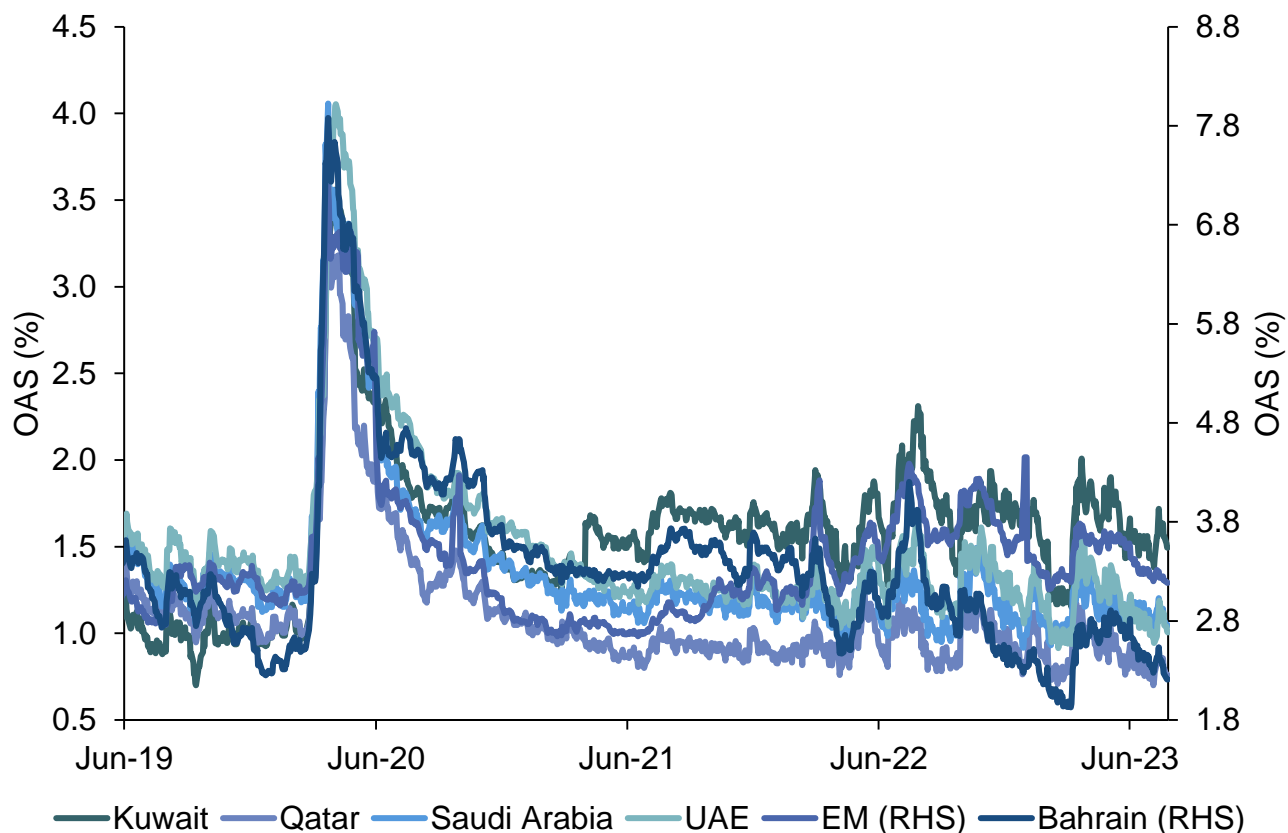
(Source: Zawya)

Issuer	BBG	Sector	Co un try	Issu e Amt*	Cpn	Maturity	Maturity Type	Curr ency	Issue Date	Rtg [^]	YTM (mid)	YTC (mid)
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/CALL	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	-
Masdar Abu Dhabi Future Energy Co	MASDAR	Utility	AE	750	4.875	7/25/2033	AT MATURITY	USD	7/25/2023	A+	4.96	-
Almarai Co JSC	ALMARA	Industrial	SA	750	5.233	7/25/2033	AT MATURITY	USD	7/25/2023	BBB-	5.09	-
Dar Al-Arkan Sukuk Co Ltd	DARALA	Financial Institutions	SA	600	8	2/25/2029	AT MATURITY	USD	7/25/2023	B+	8.18	-

*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

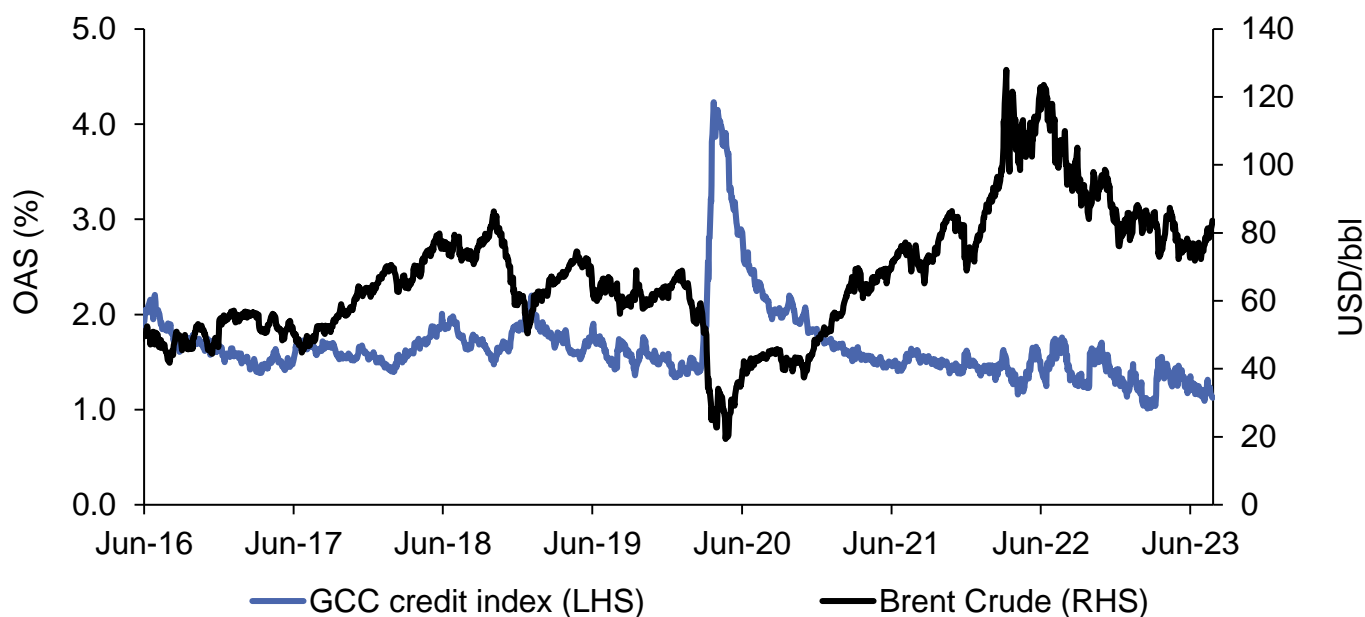
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

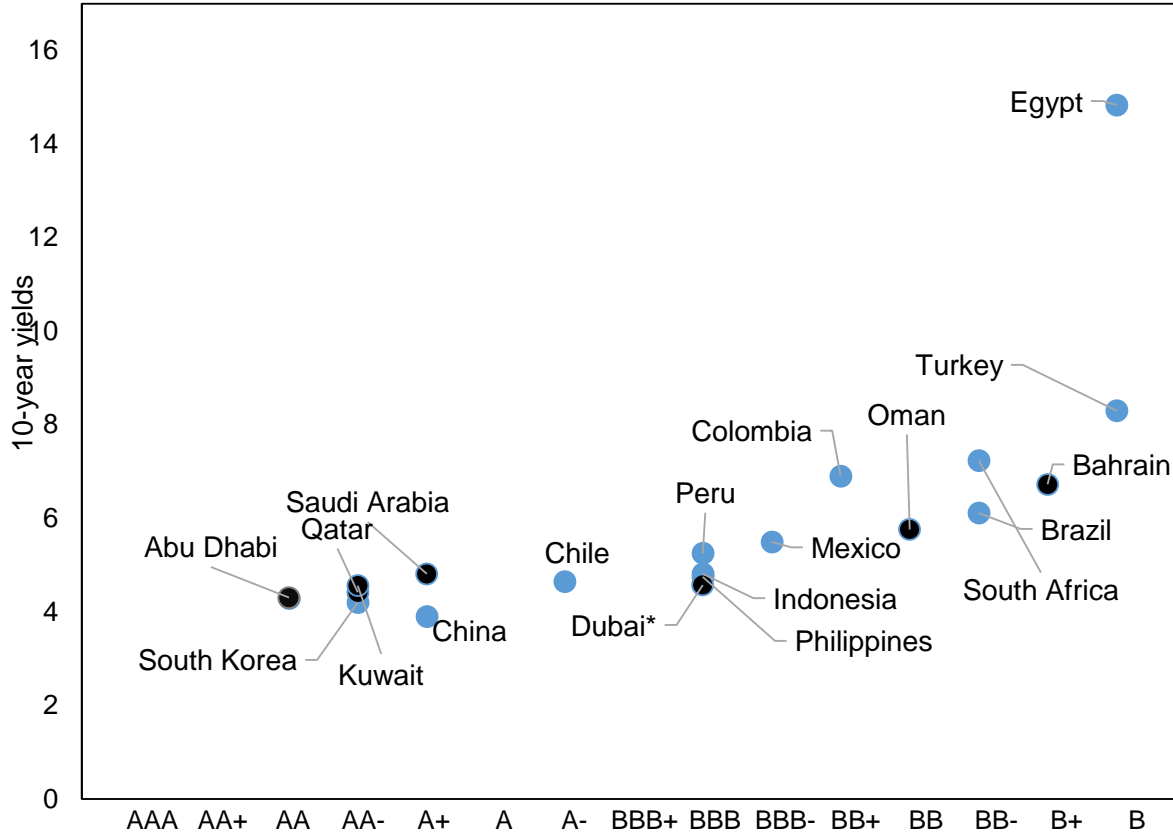
GCC corporate OAS spread versus Brent Crude



Source: Bloomberg, ADCB Asset Management

10yr yield versus Credit ratings (EM vs GCC)

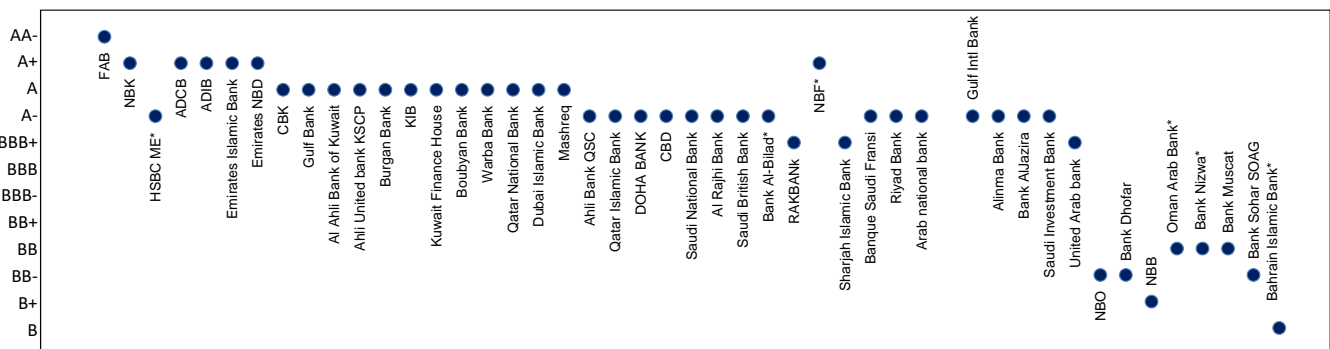
GCC sovereign valuation versus peers



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

GCC Financials Credit Rating

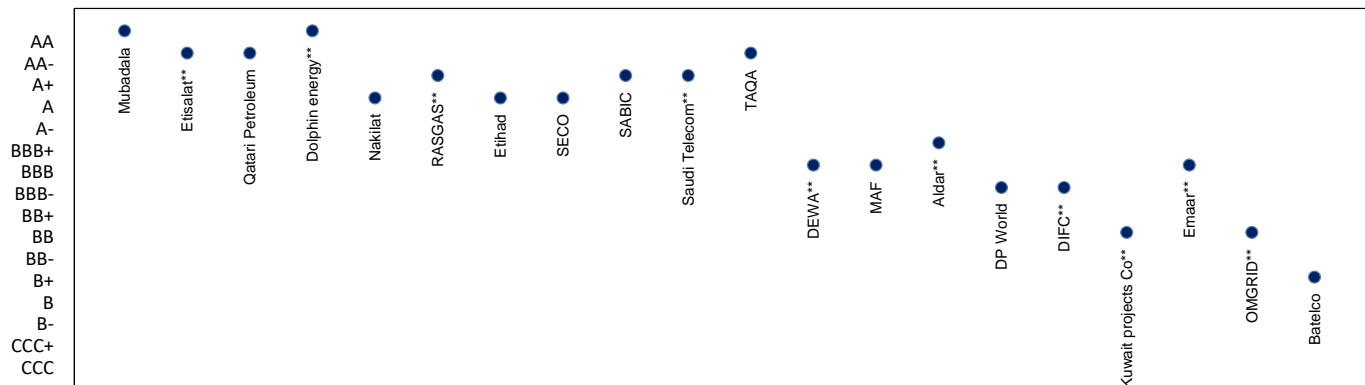
GCC Financials



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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