

GCC Fixed Income Weekly Review

Global benchmark bond index posted gains over the week (ending 14th November 2023). 10Y UST yields fell after soft US inflation print, with expectations for rate cuts next year by the Fed. Eurozone government bond yields fell over the week, as US CPI pushed Eurozone bond yields lower. In credit, Global corporate IG and HY ended the week with gains. EM USD bonds had a positive week, recording gains over the week, led by EMEA.

Appetite for GCC bonds improved over the week. Most GCC bond indices recorded positive returns barring Oman. Saudi Arabia and Qatar were the best performers. 5yr CDS spreads tightened across all GCC countries. 10yr bond yields dropped across all GCC countries barring Oman, with the largest decline in Saudi Arabia and Bahrain. Oman bonds came under pressure on report of declining revenues and shrinking budget surplus.

According to OPEC, the **non-oil economic activities in the UAE continues to see strong performance and are projected to sustain positive growth through 2024**. The country's non-oil private sector is experiencing its most robust growth since June, with new orders reaching their highest level since June 2019. Dubai's non-oil private sector economy continued its positive trend in October, driven by a surge in demand and increasing business confidence across the UAE. **The Dubai PMI climbed for the second consecutive month, rising from 56.1 in September to 57.4 in October**. Elsewhere, **Oman's public revenues in Q3' 2023 reached OMR8.886bn**, a 16% decrease from the same period in 2022, according to the Ministry of Finance.

ADIB has successfully issued a USD500mn green sukuk. The profit rate was priced at 5.695% per annum, with semi-annual payments. The demand for the issuance was high, **resulting in a final orderbook closing at USD2.6bn, reflecting an oversubscription rate of 5.2x. The final price guidance was tightened by 30bp to 115bp over the five-year U.S. Treasury Rate.**

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

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

Nura Al Suwaidi
Analyst
Tel: +971 (0)2 497 3934
Nura.Alsuwaidi@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

Visit [Investment Strategy Webpage](#) to read our other reports

Country	Saudi Arabia	Abu Dhabi	Dubai*	Kuwait	Bahrain	Oman	Qatar	Egypt
Moody's	A1	Aa2	Baa2	A1	B2u	Ba2	Aa3	Caa1
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	1095.8	0.31	2.0	Saudi	6.3	0.86	100.1
EM LatAm TR	940.1	0.34	2.1	UAE	5.4	-2.13	112.2
EM EMEA TR	329.2	0.36	1.9	Kuwait	4.3	0.00	31.3
EM Asia TR	589.4	0.23	2.0	Bahrain	6.7	0.05	51.3
Bahrain TR	183.9	0.50	4.2	Oman	6.0	1.20	134.5
Oman TR	141.7	-0.01	4.5	Qatar	6.0	0.00	75.0
Kuwait TR	144.1	0.27	3.0	US	5.6	1.06	88.7
Qatar TR	126.8	0.58	-1.7	12M interbank	Latest	-1w (bp)	YTD (bp)
Saudi Arabia TR	131.1	0.69	-1.3	Saudi	6.2	1.67	35.0
UAE TR	131.6	0.52	-0.2	UAE	5.7	1.14	55.2
5Y Sov. CDS	Latest (bp)	-1w (bp)	YTD (bp)	Kuwait	4.8	6.25	18.8
Saudi Arabia	55.9	-6.60	-7.6	Bahrain	6.8	0.97	23.1
Abu Dhabi	39.6	-5.10	-8.0	Oman	6.1	3.25	122.3
Dubai	71.5	-3.90	-22.5	Qatar	6.3	0.00	50.0
Kuwait	57.5	-3.60	-3.1	10Y yield	Latest	-1w (bp)	YTD (bp)
Bahrain	231.2	-8.20	-28.8	Saudi Arabia^^	5.3	-11.60	58.6
Oman	136.8	-3.80	-54.2	Abu Dhabi	4.9	-8.90	66.6
Qatar	45.7	-8.30	-4.2	Dubai	5.3	-7.40	85.0
Egypt	1523.8	-22.00	619.5	Kuwait	5.0	-0.10	118.7
Turkey	372.0	-6.00	-145.9	Bahrain	7.2	-10.00	28.9
US	58.5	2.60	31.4	Oman	6.3	0.40	22.1
Germany	20.6	-1.00	-	Qatar	4.9	-9.90	67.9

data from 8th November 2023 to 14th November 2023, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management

^^ YTD data from 13th January 2023

UAE's non-oil economy to grow in 2024 - OPEC

According to OPEC, the non-oil economic activities in the UAE continues to see strong performance and are projected to sustain positive growth through 2024. Furthermore, OPEC predicts that the ongoing upward trajectory in non-oil activities will contribute to further expansion in 2024. The country's non-oil private sector is experiencing its most robust growth since June, with new orders reaching their highest level since June 2019. The tourism sector, constituting approximately 16% of the GDP, continued its strong performance, with the number of visitors to Dubai increasing by 19% y-o-y. (Source: Zawya)

Dubai PMI increased on strong new orders

Dubai's non-oil private sector economy continued its positive trend in October, driven by a surge in demand and increasing business confidence across the UAE. The Purchasing Managers data reveals that new business intakes in Dubai experienced the fastest growth since June 2019, extending across key sectors. The Dubai PMI climbed for the second consecutive month, rising from 56.1 in September to 57.4 in October. This represents the highest reading since August 2022, signaling a robust start to the final quarter of the year. The elevated reading, the second-highest since June 2019, indicates a significant improvement in business conditions across the non-oil economy. (Source: Zawya)

Oman's public revenue reached USD22bn in Q3' 2023

Oman's public revenues in Q3' 2023 reached OMR8.886bn, a 16% decrease from the same period in 2022, according to the Ministry of Finance. Public spending amounted to OMR8.095bn, decreased by 14%, with current expenditure down by 13%. Civil ministries' development expenditure constituted 75% of total development spending at OMR671mn. The electricity sector subsidy and oil product subsidy were OMR408mn and OMR23mn, respectively. Additionally, OMR300mn was allocated to future debt obligations. Oman's General Budget showed that the surplus shrunk to OMR791mn by the end of Q3 2023, compared to OMR1.123bn in the same period of 2022. (Source: Zawya)

ADIB successfully listed USD500mn in green sukuk

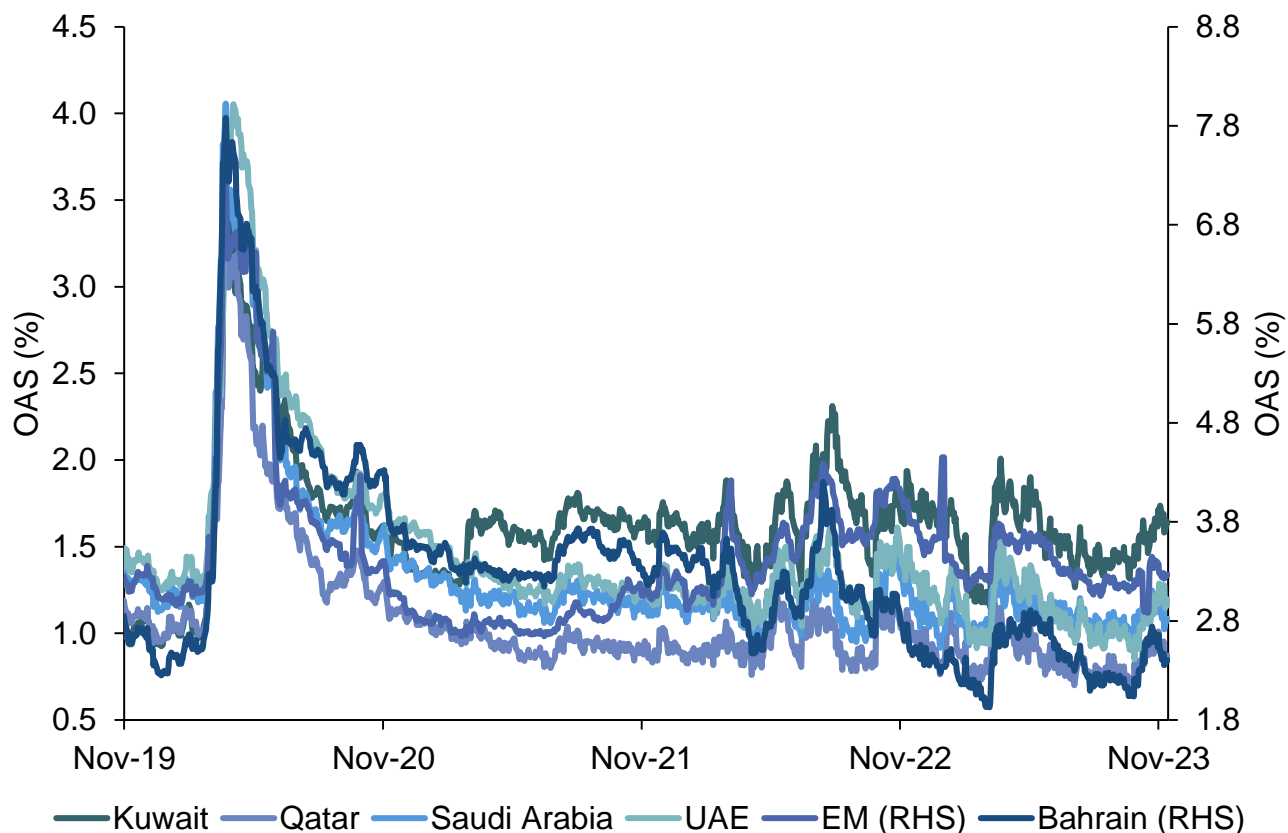
ADIB has successfully issued a USD500mn green sukuk, the world's first dollar-denominated green sukuk, on the London Stock Exchange's International Securities Market and Sustainable Bond Market. The bank received positive reception for the issuance of its five-year senior sukuk, which holds an A+ rating from Fitch and the profit rate was priced at 5.695% per annum, with semi-annual payments. The demand for the issuance was high, resulting in a final order book closing at USD2.6bn, reflecting an oversubscription rate of 5.2x. The final price guidance was tightened by 30bp to 115bp over the five-year U.S. Treasury Rate. (Source: Zawya)

Issuer	BBG	Sector	Country	Issue Amt*	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg^	YTM (mid)	YTC (mid)
Emirates NBD Bank PJSC	EBIUH	Agency	AE	750	5.875	10/11/2028	AT MATURITY	USD	10/03/2023	A+	5.84	-
ALPHA STAR HOLDING	DAMACUH	Agency	AE	300	8.375	4/12/2027	AT MATURITY	USD	10/05/2023	BB	8.34	-
Suci Second Investment Co	PIFKSA	Agency	SA	2250	6	10/25/2028	AT MATURITY	USD	10/18/2023	A+	5.88	-
Suci Second Investment Co	PIFKSA	Agency	SA	1250	6.25	10/25/2033	AT MATURITY	USD	10/18/2023	A+	5.97	-
MDGH GMTN	MUBAUH	Agency	AE	750	5.875	5/1/2034	AT MATURITY	USD	10/25/2023	AA	5.99	-
ITTIHAD INTERNATIONAL IN	ITTIHADUH	Agency	AE	350	9.75	11/9/2028	AT MATURITY	USD	11/2/2023		10.31	-
ADIB SUKUK II CO LTD	ADIBUH	Agency	AE	500	5.695	11/15/2028	AT MATURITY	USD	11/8/2023	A+	5.54	-

*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

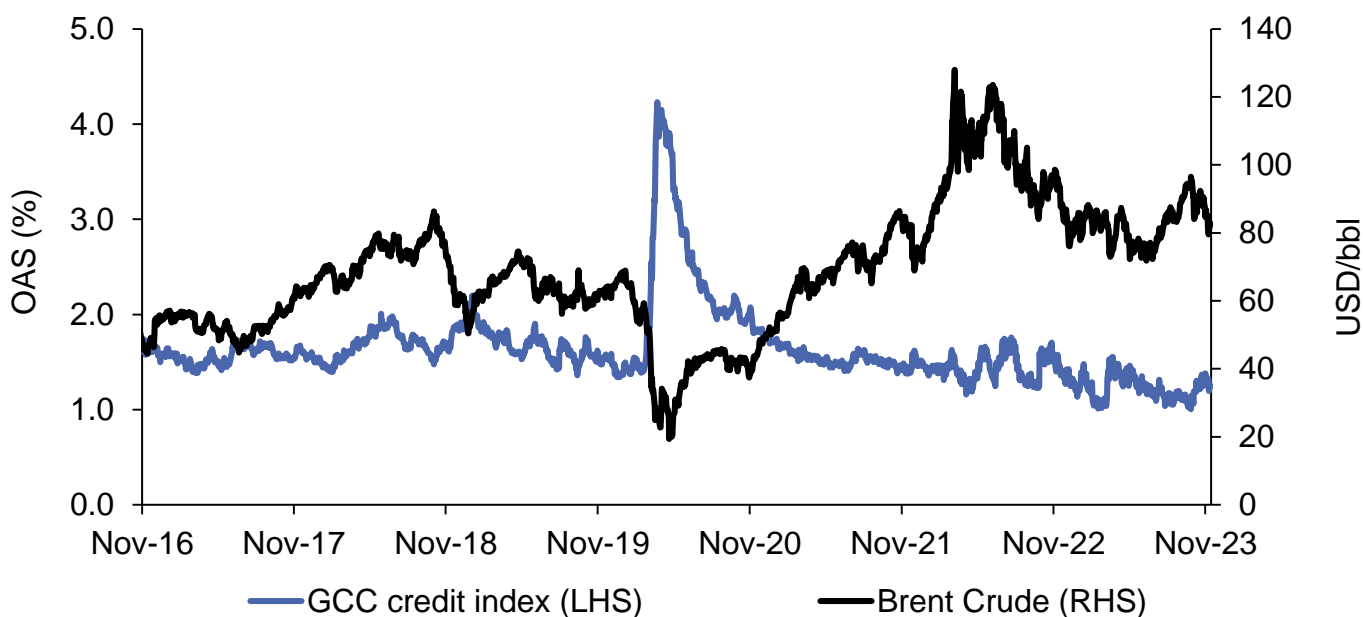
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

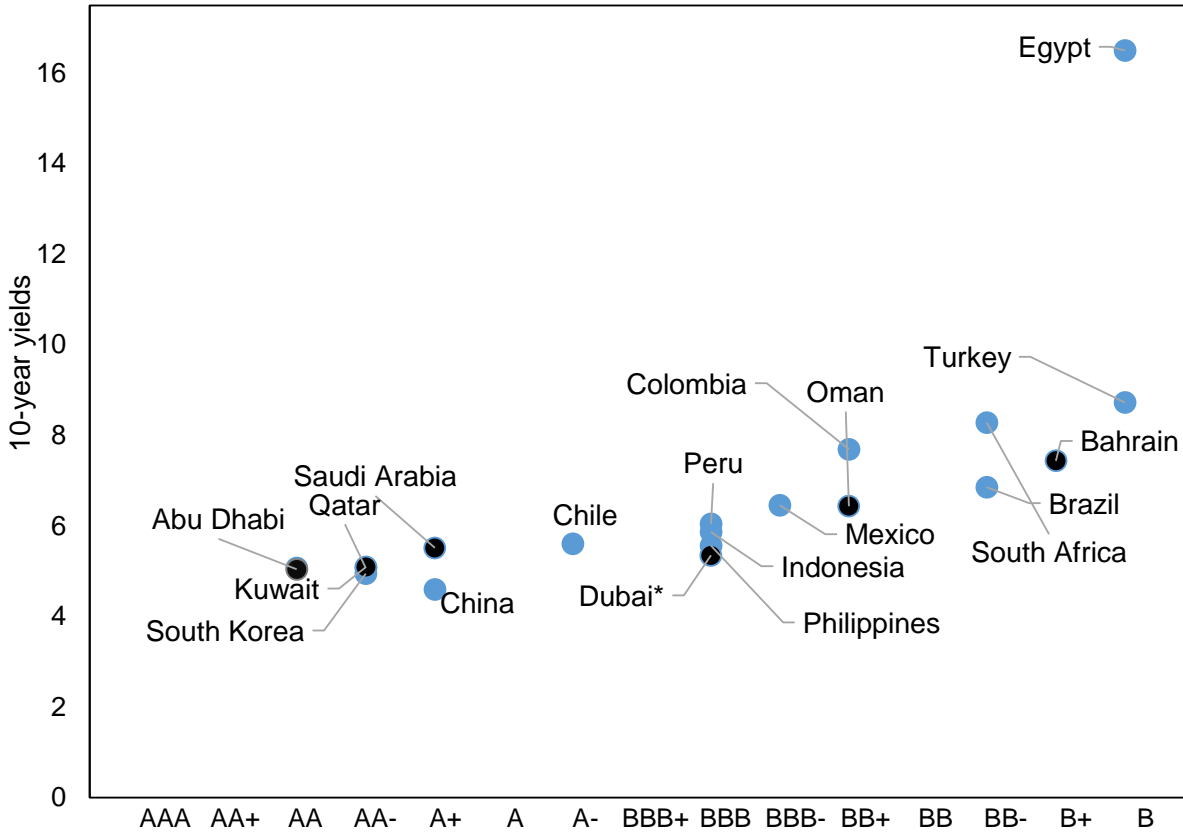
GCC corporate OAS spread versus Brent Crude



Source: Bloomberg, ADCB Asset Management

10yr yield versus Credit ratings (EM vs GCC)

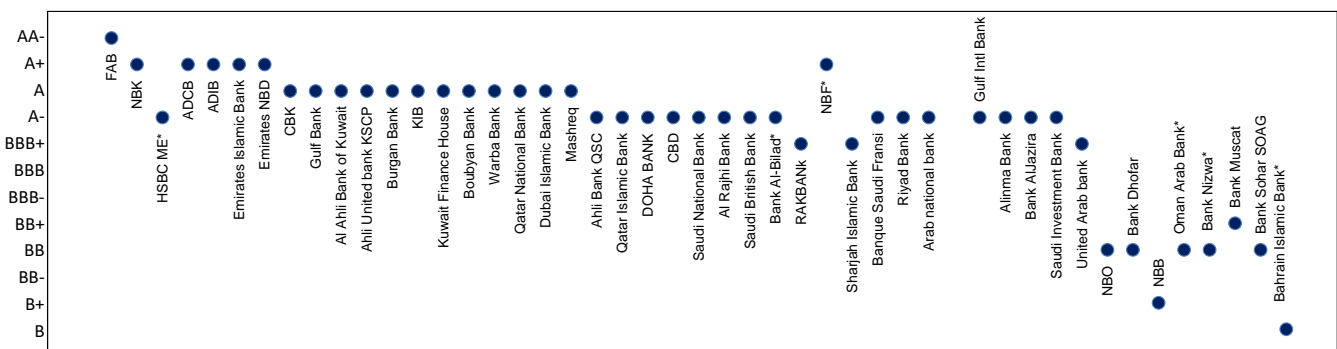
GCC sovereign valuation versus peers



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

GCC Financials Credit Rating

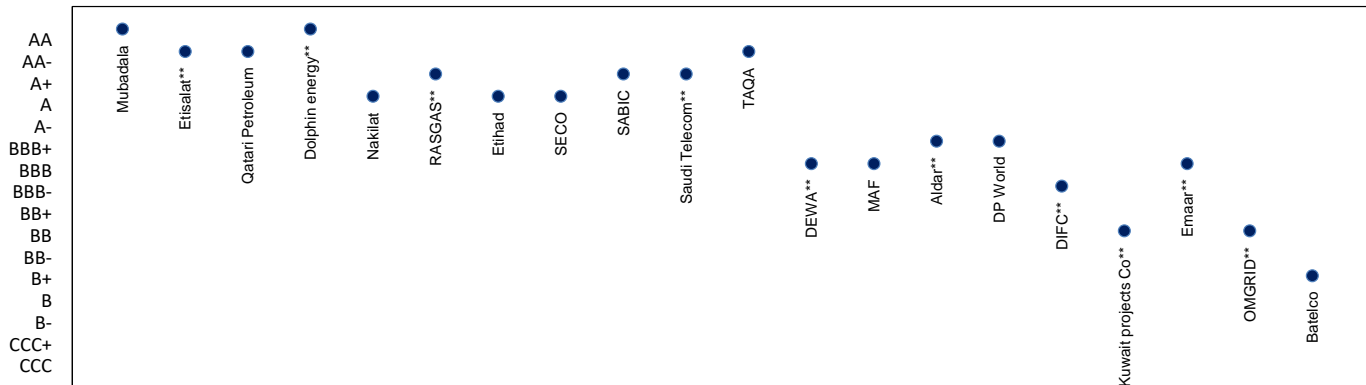
GCC Financials



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

Disclaimer

ADCB Asset Management Limited ("AAML"), is a member of ADCB Group, licensed by Financial Services Regulatory Authority in Abu Dhabi Global Markets under financial services permission number 170036.

This publication is intended for general information purposes only. It should not be construed as an offer, recommendation or solicitation to purchase or dispose of any securities or to enter in any transaction or adopt any hedging, trading or investment strategy. Neither this publication nor anything contained herein shall form the basis of any contract or commitment whatsoever. Distribution of this publication does not oblige ADCB Group to enter into any transaction.

The content of this publication should not be considered as legal, regulatory, credit, tax or accounting advice. Anyone proposing to rely on or use the information contained in the publication should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts regarding information contained in this publication. Investment products are not available to US persons.

Information and opinions contained herein is are based on various sources, including but not limited to public information, annual reports and statistical data that AAML considers accurate and reliable. However, AAML makes no representation or warranty as to the accuracy or completeness of any statement made in or in connection with this publication and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in this publication. This publication is intended for customers who are either retail or professional investors.

Charts, graphs and related data or information provided in this publication are intended to serve for illustrative purposes only. The information contained in this publication is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to their determination. All statements as to future matters are not guaranteed to be accurate. AAML expressly disclaims any obligation to update or revise any forward looking statement to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

ADCB Group does and may at any time solicit or provide commercial banking, investment banking, credit, advisory or other services to the companies covered in its publications. As a result, recipients of this publication should be aware that any or all of foregoing services may at time give rise to a conflict of interest that could affect the objectivity of this publication. Opinions expressed herein may differ from opinions expressed by other businesses or affiliates of ADCB Group.

Past performance does not guarantee future results. Investment products are not bank deposits and are not guaranteed by ADCB Group. They are subject to investment risk, including possible of loss of principal amount invested. This publication may not be reproduced or circulated without ADCB Group written authority. The manner of circulation and distribution may be restricted by law or regulation in certain jurisdictions. Persons who come into possession of this document are required to inform themselves of, and to observe such restrictions. Any unauthorized use, duplication, or disclosure of this document is prohibited by law and may result in prosecution.