

## GCC Fixed Income Weekly Review

Global benchmark bond index posted positive gains over the week (ending 29<sup>th</sup> November 2022). The 10yr UST yields rose as investors monitored Covid developments in China and awaited comments from Federal Reserve officials on monetary policy plans. Eurozone bond yields rose as investors awaited the release of November inflation data. Corporate credit recorded losses, with Global IG underperforming the most. On the other hand, EM USD bonds had a positive week.

Appetite for GCC bonds improved over the week. Saudi Arabia and Qatar outperformed the most. 5yr CDS sovereign spreads widened in Bahrain, Oman, Saudi Arabia, Qatar, and Abu Dhabi while the same tightened in Kuwait, and Dubai. In the USD sovereign market, 10yr bond yields declined across all the GCC markets barring Dubai and Oman. 10yr USD bond yields declined the most in Kuwait by c13bp.

**Abu Dhabi's GDP grew by 11.2% in H1 of 2022 compared with the same period last year, driven by growth in both oil and non-oil sectors.** During Q2 the growth was 11.7%, the strongest growth in six years. Elsewhere, **The Finance Minister of Oman, Sultan bin Salim al Habsi, said that some economic sectors are experiencing growth and improvement in fiscal indicators.** H.E. al Habsi emphasized that Oman's budget for 2023 had been drafted with precautionary policies to address financial and economic challenges, as well as a commitment to achieving the national goals of the 10th Five Year Plan (2021-2025).

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Country	Saudi Arabia	Abu Dhabi	Dubai*	Kuwait	Bahrain	Oman	Qatar	Egypt
Moody's	A1	Aau2	Baa2	A1	Ba2	Ba3	Aa3	B3
Fitch	A	AA	-	AA	B+	BB	AA-	B+

## GCC Fixed Income Weekly Snapshot

				Interest rates			
BBG Barclays	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
EM USD Agg TR	1056.7	0.7	-16.6	Saudi	5.4	-	453.9
EM LatAm TR	900.6	0.1	-15.1	UAE	4.3	-2.9	390.7
EM EMEA TR	320.3	0.8	-20.3	Kuwait	4.0	0.0	250.0
EM Asia TR	566.8	1.2	-13.9	Bahrain	5.8	2.1	427.2
Bahrain TR	174.4	0.4	-2.6	Oman	4.3	6.0	212.2
Oman TR	133.4	0.3	-3.0	Qatar	5.0	-	382.5
Kuwait TR	138.3	0.4	-8.0	US	4.7	-2.2	-
Qatar TR	128.3	1.0	-13.6	12M interbank	Latest	-1w (bp)	YTD (bp)
Saudi Arabia TR	132.1	1.1	-13.5	Saudi	6.1	-	504.5
UAE TR	130.3	0.8	-11.9	UAE	5.1	3.2	435.2
5Y Sov. CDS	Latest (bp)	-1w (bp)	YTD (bp)	Kuwait	4.5	0.0	250.0
Saudi Arabia	60.9	2.1	9.6	Bahrain	6.4	2.5	460.0
Abu Dhabi	48.4	1.2	3.5	Oman	4.6	8.0	156.8
Dubai	106.1	-2.0	6.9	Qatar	5.3	-	397.5
Kuwait	60.1	-4.1	11.3	10Y yield	Latest	-1w (bp)	YTD (bp)
Bahrain	256.1	11.4	-47.9	Saudi Arabia	4.6	-12.5	207.0
Oman	175.0	3.4	-91.0	Abu Dhabi	4.2	-10.6	218.1
Qatar	49.1	1.6	4.0	Dubai	4.6	2.5	202.8
Egypt	811.7	-76.4	303.3	Kuwait	4.4	-12.8	271.7
Turkey	537.3	-20.5	-31.5	Bahrain	7.0	-7.9	115.1
US	30.1	1.4	15.6	Oman	6.2	4.8	127.5
Germany	20.9	-0.2	10.7	Qatar	4.3	-11.5	218.9

Note: \*Dewa rating used as proxy, data from 23<sup>rd</sup> November 2022 to 29<sup>th</sup> November 2022, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management

## Abu Dhabi's economy grew by 11.2% in H1

Abu Dhabi's GDP grew by 11.2% in H1 of 2022 compared with the same period in 2021, driven by growth in both oil and non-oil sectors. During Q2 the growth was 11.7%, the strongest growth in six years. The economy of Abu Dhabi reached AED543bn at the end of the six-month period. The value of the non-oil sector's contributions to the GDP increased by AED28.4bn, according to the Abu Dhabi Statistics Centre (SCAD). Earlier, IMF forecasted that UAE's economy to grow over 6%, driven by a rebound in domestic activity and higher oil prices. The mining and quarrying industry, which includes oil and gas production, accounted for nearly half of GDP. It also includes other sectors, such as manufacturing, which accounted for 8.1% of activity and expanded 10.2%, while construction accounted for 7.7% of activity and expanded 6.9%. Also, health and social work recorded the strongest growth rate at 29.9%.

(Source: Zawya)

## Economic sectors in Oman are experiencing growth and improvement

The Minister of Finance, Sultan bin Salim al Habsi, said that some economic sectors are experiencing growth and improvement in fiscal indicators. H.E. al Habsi added that a decline in public debt was also attributed to financial and economic measures that led to a fiscal surplus in 2022 budget. H.E. al Habsi emphasized that Oman's budget for 2023 had been drafted with precautionary policies to address financial and economic challenges, as well as a commitment to achieving the national goals of the 10th Five Year Plan (2021-2025). Furthermore, he stressed the necessity of cutting the actual cost of producing oil in order to sustain oil sector costs, while leveraging potential gains to benefit social concerns.

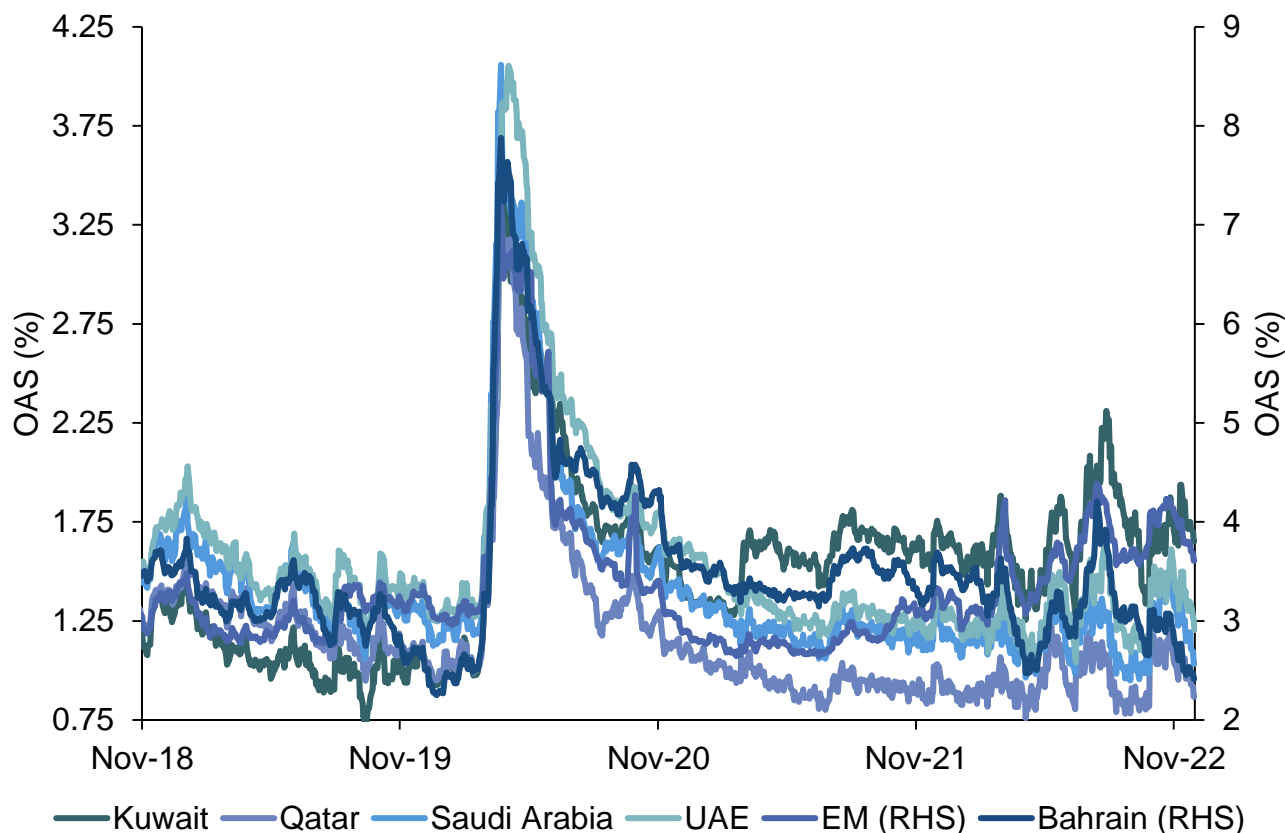
(Source: Zawya)

Issuer	BBG	Sector	Country	Issue Amt*	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg^	YTM (mid)	YTC (mid)
Gaci First Investment Co	PIFKSA	Agency	SA	500	5.375	10/13/2122	CALLABLE	USD	10/13/2022	A	6.70	6.57
Gaci First Investment Co	PIFKSA	Agency	SA	1250	5.25	10/13/2032	CALLABLE	USD	10/13/2022	A	5.40	5.60
Gaci First Investment Co	PIFKSA	Agency	SA	1250	5	10/13/2027	CALLABLE	USD	10/13/2022	A	5.21	5.51
First Abu Dhabi Bank PJSC	FABUH	Agency	AE	700	5.125	10/13/2027	AT MATURITY	USD	10/13/2022	AA-	5.29	-
Emirates NBD Bank PJSC	EBIUH	Agency	AE	500	5.625	10/21/2027	AT MATURITY	USD	10/21/2022	A+	5.75	-
KSA Sukuk Ltd	KSA	Sovereign	SA	2500	5.268	10/25/2028	AT MATURITY	USD	10/25/2022	A	5.27	-
Saudi Government International Bond	KSA	Sovereign	SA	2500	5.5	10/25/2032	AT MATURITY	USD	10/25/2022	A	5.50	-
Arada Sukuk Ltd	ARADAD	Financial Institutions	AE	100	8.125	6/8/2027	AT MATURITY	USD	10/27/2022	BB-	8.39	-
MDGH GMTN RSC Ltd	MUBAUH	Agency	AE	1000	5.5	4/28/2033	CALLABLE	USD	10/28/2022	AA	5.68	5.70
MASHREQBANK PSC	MASQUH	Agency	AE	500	7.875	02/24/2033	CALLABLE	USD	11/23/2022	BBB+	7.72	
BSF FINANCE	BSFR	Agency	SA	700	5.5	11/23/2027	AT MATURITY	USD	11/23/2022	BBB+	5.52	
DIB SUKUK LTD	DIBUH	Agency	AE	750	5.493	11/30/2027	AT MATURITY	USD	11/30/2022	A-	5.41	

\*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

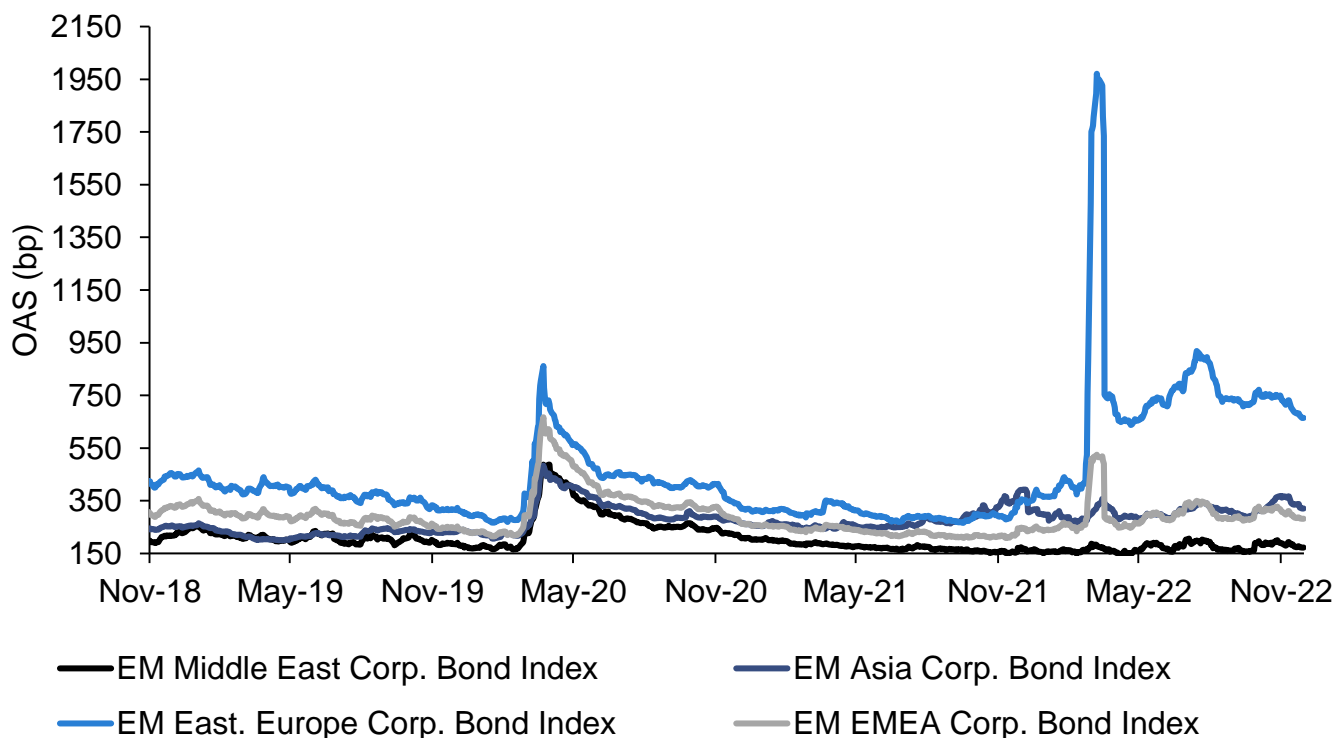
## Appendix

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



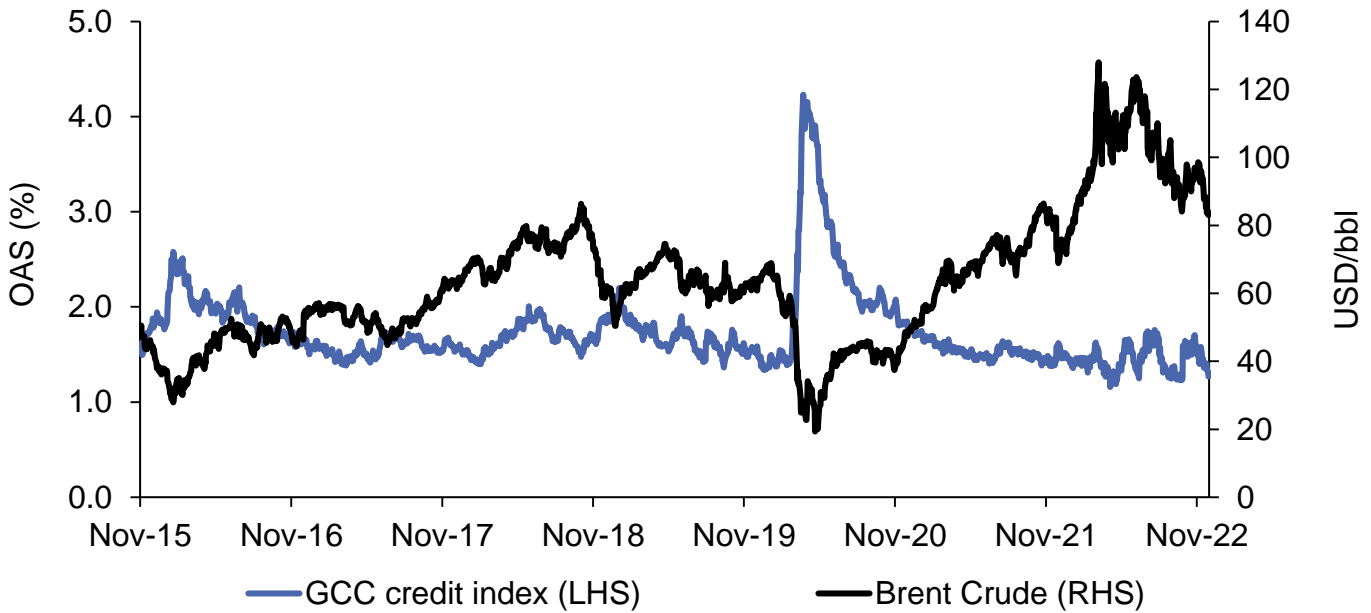
Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

### Emerging markets versus Middle East spread



Source: Credit Suisse Corporate Bond Indices, ADCB Asset Management

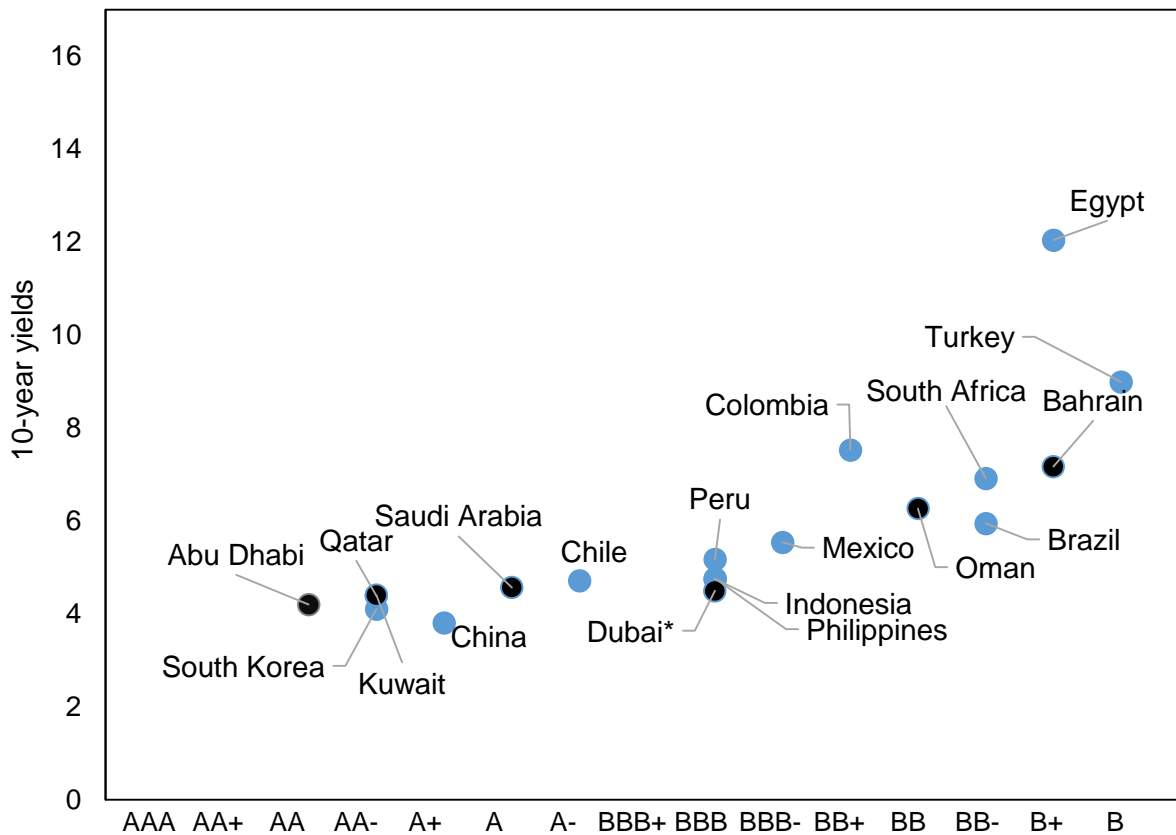
## GCC corporate OAS spread versus Brent Crude



Source: Bloomberg, ADCB Asset Management

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

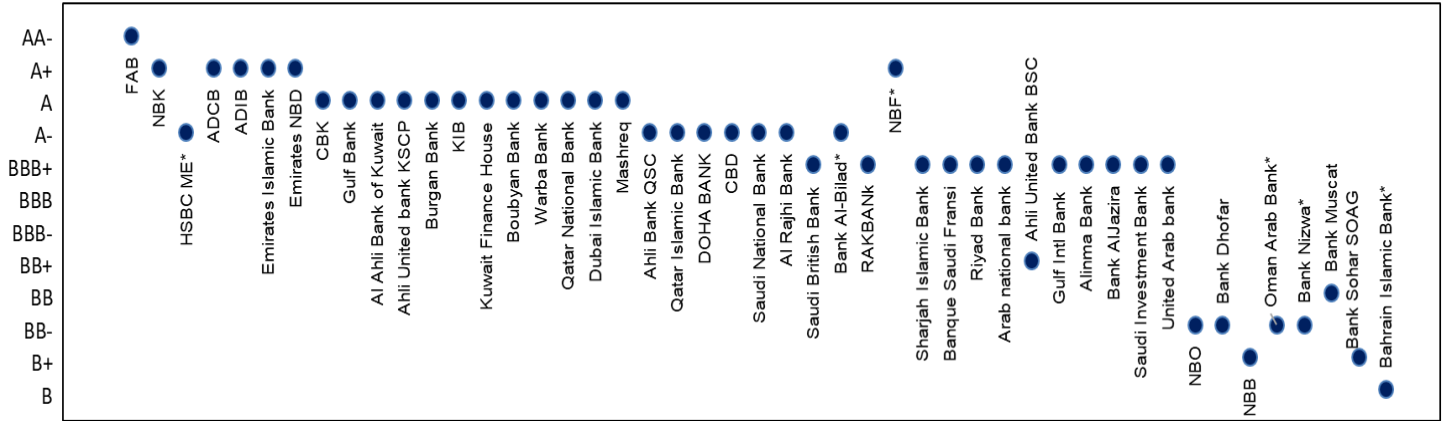
### GCC sovereigns trading cheap versus peers



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

## GCC Financials Credit Rating

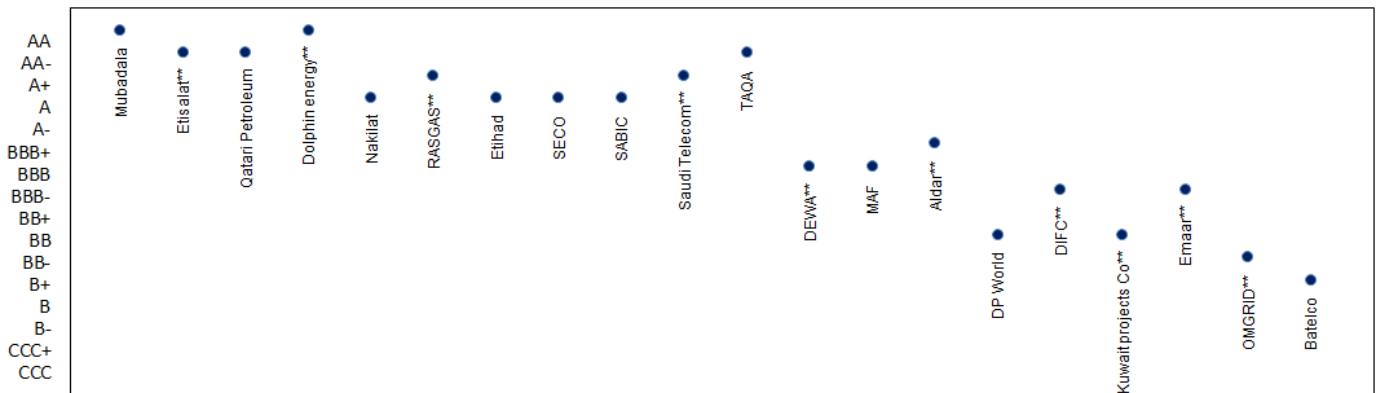
GCC Financials



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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