

GCC Fixed Income Weekly Review

Global benchmark bond index declined over the week (ending 25th October 2022). The 10yr UST yields declined as investors weighed the possibility of an aggressive 75bp rate increase by the Fed. Euro zone bond yields dropped ahead of ECB meeting. The UK's 10-year gilt yield dropped 11bp to 3.63% on 25th October as prices rose. In credit, corporate bonds performed well, led by Global corporate IG index. On the other hand, EM bonds ended the week unchanged as positive return by EM LatAm bonds offset the weekly losses in EM Asia and EM EMEA.

GCC bonds lacked appetite over the week, all GCC bond markets posted negative performance. Qatar underperformed the most. Similarly, CDS spreads widened mostly across all GCC countries with the exception of Oman and Bahrain where spreads tightened. In the USD sovereign market, 10yr bond yields rose across all the GCC markets barring Bahrain. 10yr USD bond yields rose the most in Abu Dhabi and Qatar.

Oman recorded an inflation rate of 2.4% in September 2022. The data showed an increase in the prices of different sectors and groups; education sector increased by 5.1%, food and non-alcoholic beverages by 5%, restaurants, and hotels went up by 1.7%, health sector increased by 3.5%, transportation by 3.1%, water, electricity, gas, and other fuels group by 0.3%. The communications group decreased by 0.1%. Elsewhere, **Sheikh Tamim bin Hamad al-Thani, Emir of Qatar said that initial indicators show GDP growth of 4.3% in the H1 of 2022.** His highness added that the high energy prices have translated into a budget surplus of QAR47.3bn.

Arada has successfully closed a USD100mn tap of its existing Sukuk worth USD350mn, which was issued in June 2022 and listed on the London Stock Exchange. **It was priced at USD0.99 with an investor yield of 8.386%.**

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

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

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Country	Saudi Arabia	Abu Dhabi	Dubai*	Kuwait	Bahrain	Oman	Qatar	Egypt
Moody's	A1	Aaa2	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	990.3	0.0	-21.8	Saudi	5.6	34.5	470.1
EM LatAm TR	841.3	1.4	-20.7	UAE	4.1	12.3	375.4
EM EMEA TR	298.4	-0.2	-25.7	Kuwait	3.3	12.5	181.3
EM Asia TR	535.5	-0.9	-18.7	Bahrain	5.2	14.5	369.4
Bahrain TR	164.8	-0.2	-7.9	Oman	3.6	0.8	143.8
Oman TR	126.3	-0.3	-8.1	Qatar	2.5	-	132.5
Kuwait TR	135.8	-0.2	-9.7	US	4.3	4.9	-
Qatar TR	120.8	-1.2	-18.6	12M interbank	Latest	-1w (bp)	YTD (bp)
Saudi Arabia TR	122.9	-0.9	-19.5	Saudi	6.0	24.2	498.0
UAE TR	124.1	-0.8	-16.1	UAE	4.7	8.7	399.2
5Y Sov. CDS	Latest (bp)	-1w (bp)	YTD (bp)	Kuwait	3.9	6.3	187.5
Saudi Arabia	70.7	17.4	18.7	Bahrain	6.2	20.0	445.8
Abu Dhabi	51.8	2.4	6.9	Oman	3.9	-1.3	91.6
Dubai	133.8	32.3	34.7	Qatar	2.8	-	142.5
Kuwait	81.2	25.9	32.3	10Y yield	Latest	-1w (bp)	YTD (bp)
Bahrain	313.5	-19.6	9.4	Saudi Arabia	5.4	3.2	293.9
Oman	266.0	-28.0	-	Abu Dhabi	5.0	4.3	296.6
Qatar	63.4	14.0	18.2	Dubai	4.9	0.4	234.3
Egypt	1269.5	663.7	761.0	Kuwait	4.7	1.5	308.6
Turkey	693.9	147.1	125.1	Bahrain	8.6	-13.3	271.4
US	32.1	18.9	17.6	Oman	7.2	0.1	225.1
Germany	27.7	18.3	17.4	Qatar	5.0	8.4	289.7

Note: *Dewa rating used as proxy, data from 18th October 2022 to 25th October 2022, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management

Arada successfully closed a USD100mn tap of sukuk

Arada has successfully closed a USD100mn tap of its existing Sukuk worth USD350mn, which was issued in June 2022 and listed on the London Stock Exchange. It was priced at USD0.99 with an investor yield of 8.386%.

(Source: Zawya)

Oman recorded an inflation rate of 2.4% in September 2022.

The inflation rate in Oman was 2.4% at the end of September 2022, according to the National Center for Statistics and Information (NCSI). The data showed an increase in the prices of different sectors and groups; education sector increased by 5.1%, food and non-alcoholic beverages by 5%, restaurants, and hotels went up by 1.7%, health sector increased by 3.5%, transportation by 3.1%, and housing, water, electricity, gas, and other fuels group by 0.3%. Clothing, and footwear group by 1.2%. The communications group decreased by 0.1%.

(Source: Zawya)

Qatar's initial indicators show GDP growth of 4.3% in H1 2022

Sheikh Tamim bin Hamad al-Thani, Emir of Qatar said that initial indicators show GDP growth of 4.3% in the H1 of 2022. His highness added that the high energy prices have translated into a budget surplus of QAR47.3bn.

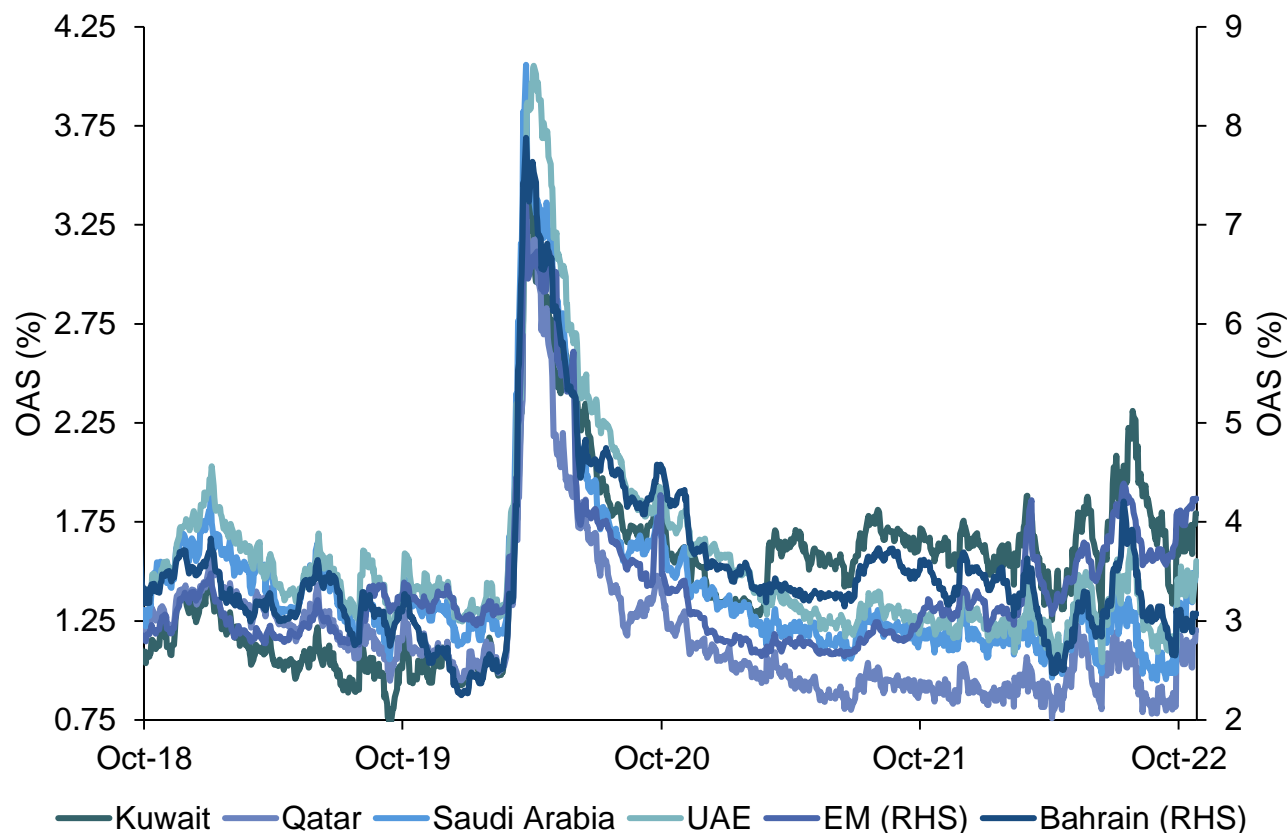
(Source: Reuters)

Issuer	BBG	Sector	Country	Issue Amt*	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg ^	YTM (mid)	YTC (mid)
First Abu Dhabi Bank PJSC	FABUH	Agency	AE	368	4.06	3/1/2027	AT MATURITY	USD	9/1/2022	AA-	-	-
SNB Funding Ltd	SNBAB	Financial Institutions	SA	325	4.06	9/7/2027	AT MATURITY	USD	9/7/2022	A-	-	-
Abu Dhabi Commercial Bank PJSC	ADCBUH	Agency	AE	500	4.5	9/14/2027	AT MATURITY	USD	9/14/2022	A+	4.55	-
Private Department of Skh Mohamed Bin	PVTDEP	Financial Institutions	AE	300	8.75	9/23/2025	AT MATURITY	USD	9/23/2022	B+	8.75	-
Shelf Drilling North Sea Holdings Ltd	SHLFNS	Industrial	AE	250	10.25	10/31/2025	CALL/SINK	USD	9/26/2022	-	-	14.47
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	-

*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

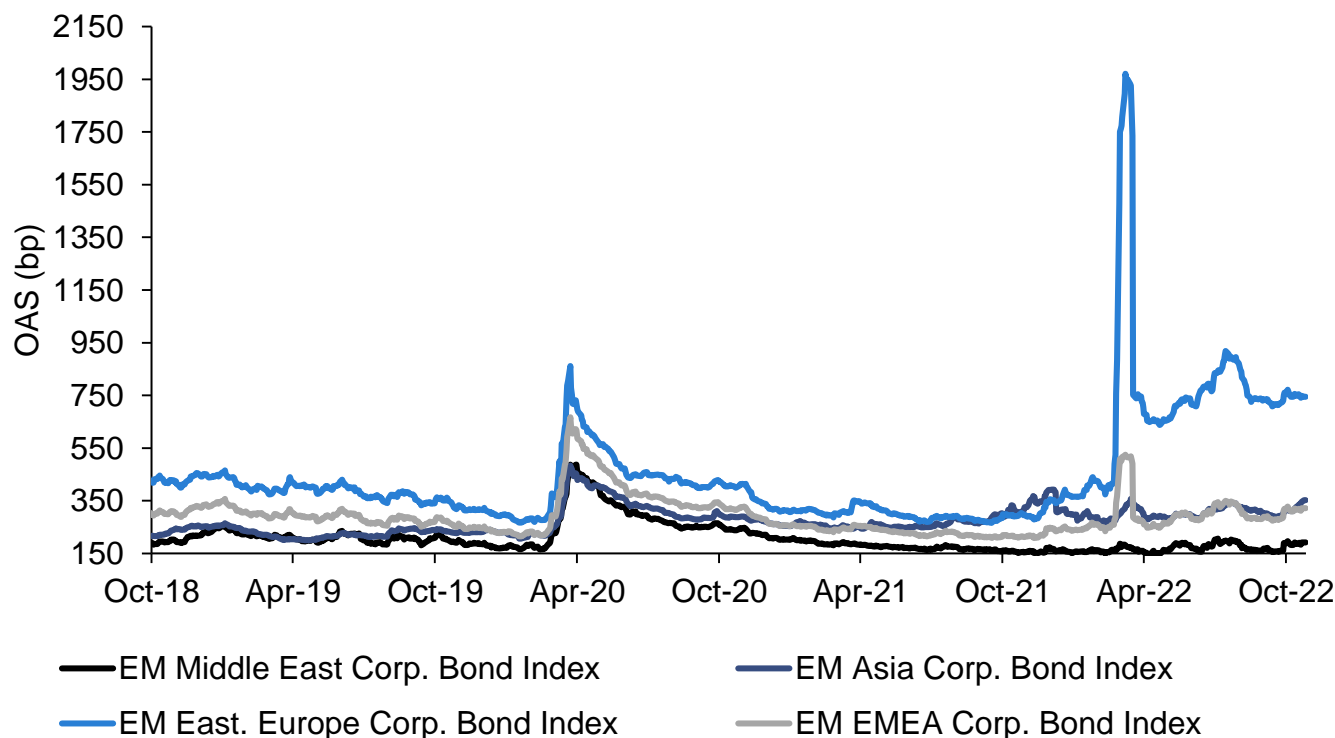
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



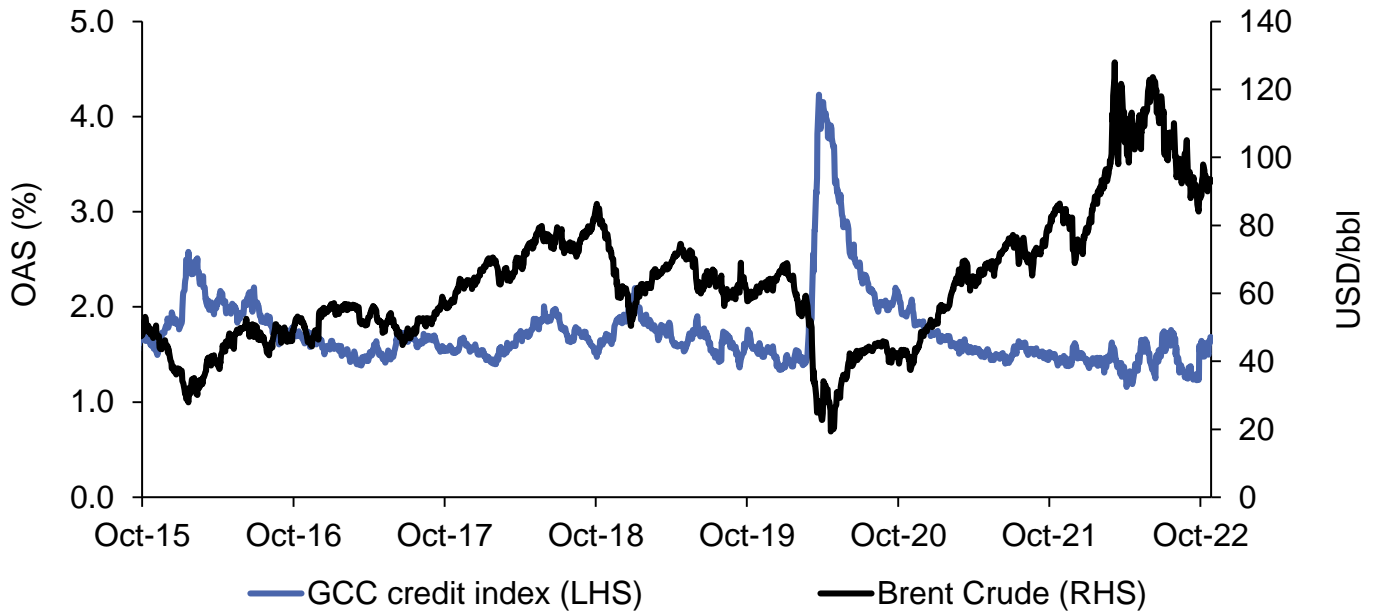
Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

Emerging markets versus Middle East spread



Source: Credit Suisse Corporate Bond Indices, ADCB Asset Management

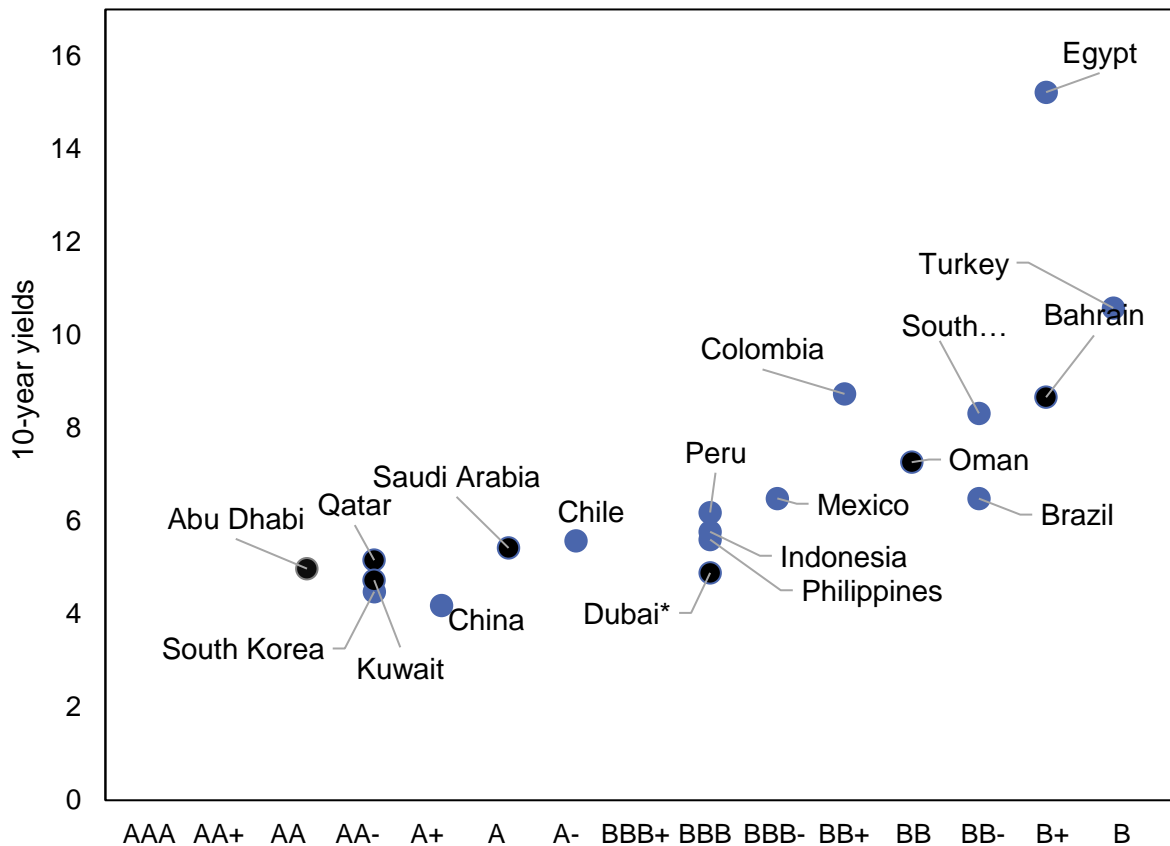
GCC corporate OAS spread versus Brent Crude



Source: Bloomberg, ADCB Asset Management

10yr yield versus Credit ratings (EM vs GCC)

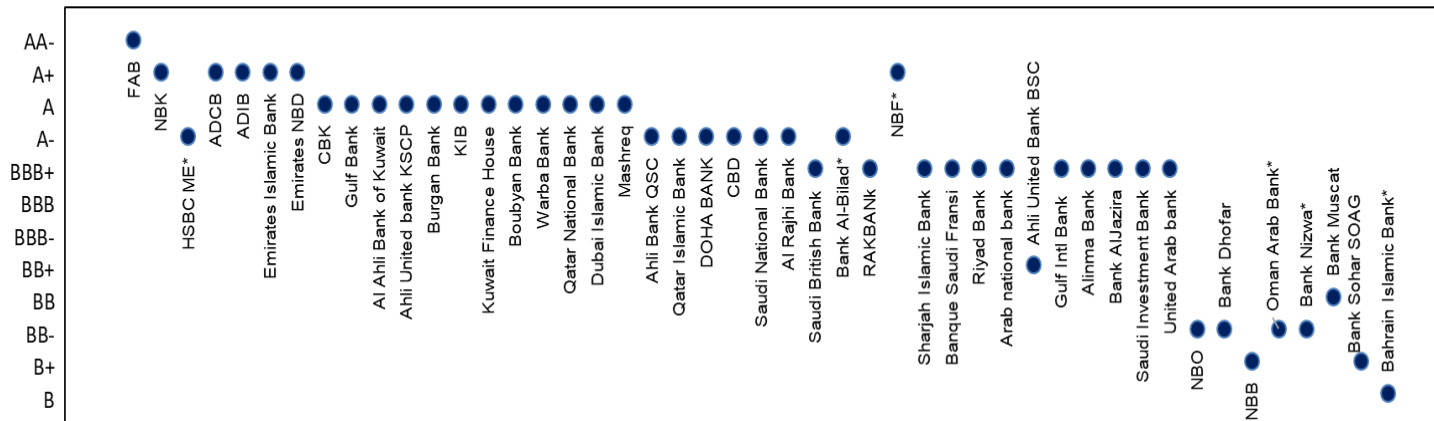
GCC sovereigns trading cheap versus peers



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

GCC Financials Credit Rating

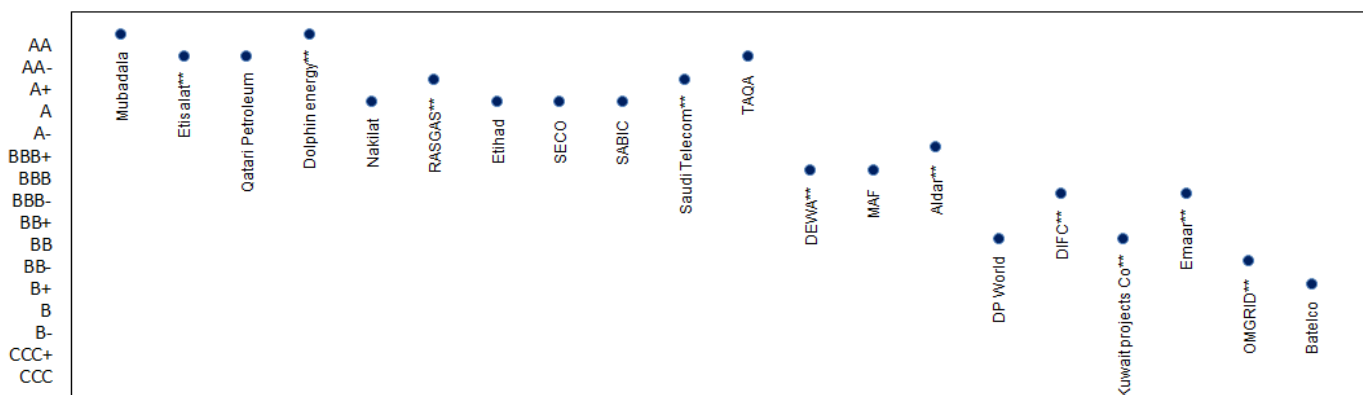
GCC Financials



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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