

## GCC market performance

### GCC fixed income:

Global benchmark bond index recorded marginal gains over the week (ending 27<sup>th</sup> August 2024). 10Y UST yields inched higher despite the Fed chair signalling the start of monetary easing. In credit, Global corporate IG and Global HY had a positive week with the latter outperforming the former. EM had a positive week too, led by EM EMEA. All GCC bond indices recorded positive returns. UAE was the best performer. 5yr CDS spreads tightened across almost all GCC countries, led by Bahrain. In the USD sovereign market, the 10yr bond yields declined across all the GCC countries, except for Qatar.

### GCC equities:

Most regional indices posted mixed gains last week with Bahrain, UAE and Saudi Arabia posting declines, while the rest of the GCC recording gains. Dubai posted the largest weekly gains (1.13%), outperforming the rest of regional indices. On the other hand, Bahrain underperformed the most, posting loss of (0.44%). MSCI GCC outperformed MSCI EM but underperformed MSCI ACWI last week.

### GCC key developments:

- World bank expects UAE's real GDP growth to rise by 3.9% in 2024 and 4.1% in 2025.
- Saudi Arabia's trade surplus surpassed USD26.13bn in Q2'24.
- Saudi Arabia's non-oil exports up by 10.5% in Q2'24.
- Non-oil activities add to Oman's economic growth.
- Food inflation rate jumped in Oman.
- Oman's public debt has decreased to USD37.41bn.
- Wholesale price index increased 2.1% y-o-y in Kuwait.
- Bahrain's re-exports jumped 22% to USD162mn.

### GCC bond issuances:

- Kuwait's largest petrochemicals producer plans to issue a 7-year sukuk.

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## GCC Weekly Market Performance

Index				Rates			
	Latest	-1w %	YTD %		Latest	-1w (bp)	YTD (bp)
Fixed Income				3M interbank			
Global Agg	482.5	0.16	3.42	Saudi	6.08	-2.61	-14.59
Global Treasuries	204.9	0.17	2.45	UAE	5.07	0.21	-34.87
EM USD Agg TR	1245.8	0.22	7.31	Kuwait	4.25	0.00	-6.25
EM LatAm TR	1108.4	0.21	9.61	Bahrain	6.32	-4.46	-20.08
EM EMEA TR	370.7	0.27	6.74	Oman	5.65	-3.10	-38.60
EM Asia TR	653.6	0.16	5.68	Qatar	6.00	0.00	-12.50
Bahrain TR	202.7	0.16	6.83	US SOFR	5.34	3.00	-5.00
Oman TR	157.8	0.24	5.53	5Y Sov. CDS			
Kuwait TR	155.5	0.13	4.92	Saudi Arabia	57.22	-2.00	2.80
Qatar TR	141.4	0.20	5.14	Abu Dhabi	39.86	-1.50	-3.90
Saudi Arabia TR	144.7	0.18	4.49	Dubai	65.08	-0.60	-
UAE TR	145.0	0.33	4.88	Kuwait	78.10	-0.10	23.00
Equity				Bahrain	174.79	-4.60	-37.90
ADX	9334.0	-0.15	-3.93	Oman	108.74	0.60	-13.50
DFM	4343.2	1.13	6.51	Qatar	39.76	-1.20	-7.10
Tadawul	12182.2	-0.04	2.12	10Y yield			
DSM	10188.6	0.69	-1.90	Saudi Arabia	4.68	-0.70	-6.80
MSM30	4691.1	0.24	2.44	Abu Dhabi	4.15	-3.60	-11.90
BHSE	1928.2	-0.44	-1.80	Dubai	4.32	-1.80	-35.80
KWSE	7839.4	0.90	2.74	Kuwait	4.34	-10.80	6.00
MSCI GCC	711.6	0.21	-0.38	Bahrain	6.09	-12.20	-65.60
MSCI EM	1099.8	-0.10	9.63	Oman	5.13	-2.20	-35.60
MSCI ACWI	830.8	0.40	16.28	Qatar	4.11	1.30	-11.40

Note: data from 21<sup>st</sup> August 2024 to 27<sup>th</sup> August 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

## World bank expects UAE's real GDP growth to rise by 3.9% in 2024 and 4.1% in 2025

The World Bank has raised its forecast for the UAE's real GDP growth to 3.9% in 2024, compared to its previous forecast in January of 3.7% and to 4.1% in 2025 from its previous forecast of 3.8%. A report by the world bank also indicated that the UAE's current account surplus is estimated to rise to 8.4% in 2024 and 8.3% in 2025, and that the country will achieve a surplus of 5.1% in its fiscal balance by the end of 2024 and 4.8% in 2025.

(Source: EmiratesNews)

## Saudi Arabia's trade surplus surpassed USD26.13bn in Q2'24

According to the General Authority for Statistics (GASTAT), Saudi Arabia's trade balance recorded a surplus of SAR98.36bn in Q2'24, reaching its highest level during 2024. This represents a quarterly growth of 13.2%, with an increase of SAR11.495bn compared to a surplus of SAR86.873bn in Q1'24.

(Source: Zawya)

## Saudi Arabia's non-oil exports up by 10.5% in Q2'24

According to the General Authority for Statistics (GAS), Saudi Arabia's non-oil exports increased by 10.5% during Q2'24, compared to Q2'23. The International Trade Bulletin for the second quarter of 2024, showed that national non-oil exports increased by 1.4%, excluding re-exports, and the value of re-exported goods increased by 39.1% during Q2'24.

(Source: GulfToday)

## Non-oil activities add to Oman's economic growth

According to the Ministry of Economy, Oman's GDP during the Q1'24 showed continued expansion of non-oil activities, which was a major source of economic growth. The Ministry of Economy mentioned that the contribution of non-oil activities to the GDP during the Q1, at constant prices, amounted to OMR6.8bn, while at current prices it amounted to about OMR7.2bn.

(Source: Zawya)

## Food inflation rate jumped in Oman

According to the National Centre for Statistics and Information, a sharp increase in vegetable and fruit prices, driven by rising import costs and reduced local supply due to seasonal and climatic factors, has hit Omani consumers hard. Vegetable prices surged by over 20% in July 2024 compared to the same month last year, while fruit prices saw a 7.6% increase. The sudden spike in fruit and vegetable prices was a key contributor to Oman's overall inflation rate, which increased to 1.53% in July from 0.7% in June. Additionally, as a result of higher fruit and vegetable prices, Oman's annual food inflation rate jumped sharply to 4.53% in July.

(Source: Zawya)

## Oman's public debt has decreased to USD37.41bn

Oman's public revenue dropped 2% to OMR6,197mn by the end of Q2'24, down from OMR6,342mn in the same period in 2023. This decline is primarily due to reduced net gas revenue and current revenue. By the end of Q2'24, the Ministry of Finance had paid over OMR558mn to the private sector. These payments correspond to vouchers processed through the e-financial system, which had completed their documentation. During the Q2'24, the government managed to settle several outstanding financial obligations, resulting in public debt amounting to OMR14.4bn.

(Source: Zawya)

## Wholesale price index increases 2.1% y-o-y in Kuwait

According to the Central Administration of Statistics, Kuwait's general wholesale price index experienced a 2.1% year-on-year rise by the end of June 2024.

(Source: Zawya)

## Bahrain's re-exports jumped 22% to USD162mn

According to the Information and eGovernment Authority (IGA), Bahrain's non-oil sector continued its upward trajectory in July, with re-exports jumping 22% to BHD61mn from the same period last year. The value of Bahrain made non-oil exports climbed 4pc to BHD337m. Imports also increased, rising 5pc to BHD464m. The trade deficit, the gap between imports and exports, narrowed slightly to BHD66mn in July from BHD68mn a year earlier.

(Source: Zawya)

# GCC Weekly Market View

August 28 2024

## Kuwait's largest petrochemicals producer plans to issues a 7-year sukuk

Kuwait's largest petrochemicals producer, Equate Petrochemical Company, has selected banks for a planned sale for 7-year Islamic bonds, or sukuk. Investor meetings were scheduled from August 27 and will be followed by a benchmark-sized USD-denominated sukuk under Equate's USD2bn trust certificate issuance programme.

(Source: Zawya)

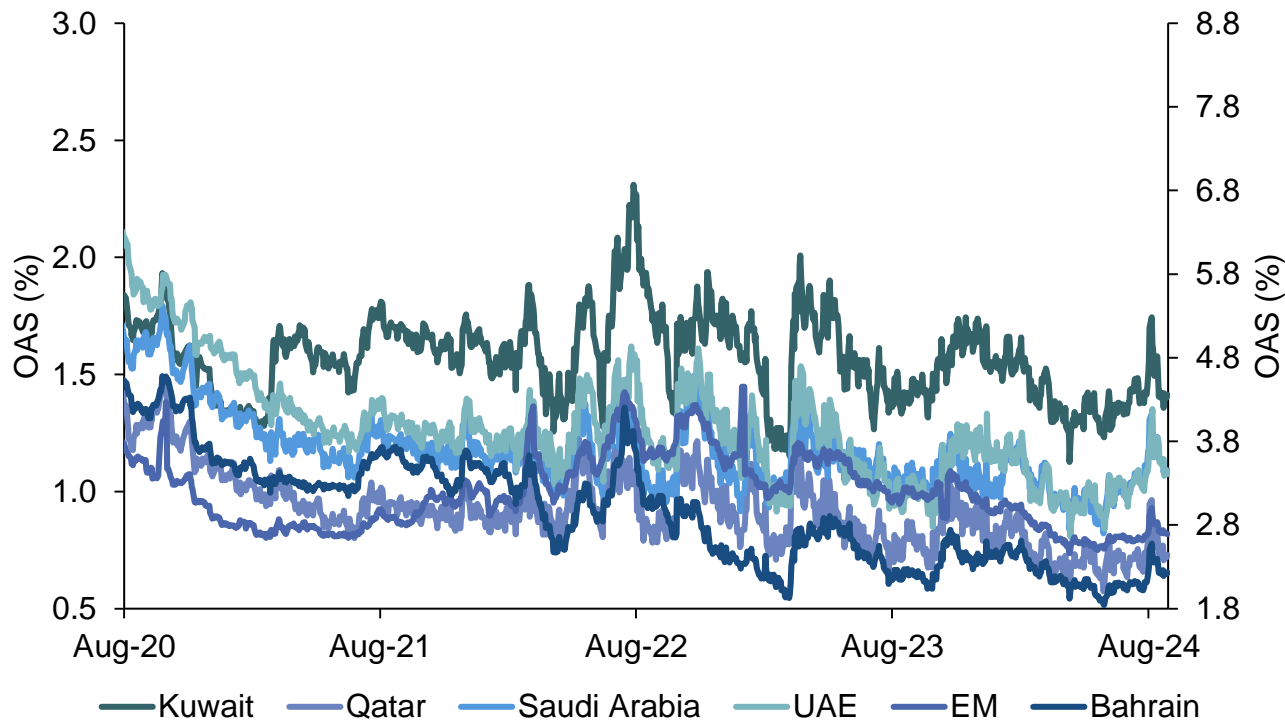
## GCC bond issuances table

Issuer	BBG	Sector	Country	Issue Amt*	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg <sup>^</sup>	YTM (mid)	YTC (mid)
UAE INTERNATIONAL GOVERNMENT BOND	UAE	Sovereign	AE	1500	4.857	7/2/2034	AT MATURITY	USD	7/2/2024	AA-	4.94	-
EDO Sukuk Ltd	ENEDEV	Agency	OM	750	5.662	7/3/2031	AT MATURITY	USD	7/3/2024	BB+	5.68	-
SIB Sukuk Co III Ltd	SIB	Financial Institutions	AE	500	5.25	7/3/2029	AT MATURITY	USD	7/3/2024	A-	5.41	-
Magellan Capital Holdings Ltd	MAGELL	Financial Institutions	AE	360	8.375	7/8/2029	CALLABLE	USD	7/8/2024	BBB-	8.89	8.85
Warba Sukuk Ltd	WARBAB	Financial Institutions	KW	500	5.351	7/10/2029	AT MATURITY	USD	7/10/2024	A	5.28	-
SNB Funding Ltd	SNBAB	Financial Institutions	SA	500	6.5838593	7/11/2029	AT MATURITY	USD	7/11/2024	A-	6.47	-
First Abu Dhabi Bank PJSC	FABUH	Agency	AE	750	5.804	1/16/2035	CALLABLE	USD	7/16/2024	A	5.70	5.75
Saudi Arabian Oil Co	ARAMCO	Agency	SA	2000	5.25	7/17/2034	CALLABLE	USD	7/17/2024	A+	5.14	5.14
Saudi Arabian Oil Co	ARAMCO	Agency	SA	2000	5.875	7/17/2064	CALLABLE	USD	7/17/2024	A+	5.81	5.81
Saudi Arabian Oil Co	ARAMCO	Agency	SA	2000	5.75	7/17/2054	CALLABLE	USD	7/17/2024	A+	5.85	5.85
First Abu Dhabi Bank PJSC	FABUH	Agency	AE	800	6.416666	7/22/2029	AT MATURITY	USD	7/22/2024	AA-	6.33	-
First Abu Dhabi Bank PJSC	FABUH	Agency	AE	800	6.416666	7/22/2029	AT MATURITY	USD	7/22/2024	BBB+	6.33	-
National Bank of Ras Al-Khaimah PSC/The	RAKBNK	Financial Institutions	AE	600	5.375	7/25/2029	AT MATURITY	USD	7/25/2024	AA-	5.28	-
Masdar Abu Dhabi Future Energy Co	MASDAR	Agency	AE	500	4.875	7/25/2029	AT MATURITY	USD	7/25/2024	AA-	5.08	-
Greensaif Pipelines Bidco Sarl	GASBCM	Industrial	SA	1600	6.1027	8/23/2042	SINKABLE	USD	7/31/2024	A+	6.09	-
Greensaif Pipelines Bidco Sarl	GASBCM	Industrial	SA	1400	5.8528	2/23/2036	SINKABLE	USD	7/31/2024	A+	5.72	-
QIIB Senior Oryx Ltd	QIIKQD	Financial Institutions	QA	250	5.247	1/24/2029	AT MATURITY	USD	7/31/2024	A	5.07	-
Fab Sukuk Co Ltd	FABUH	Agency	AE	490	5.49244	8/27/2029	AT MATURITY	USD	8/27/2024	AA-	5.52	-

\*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

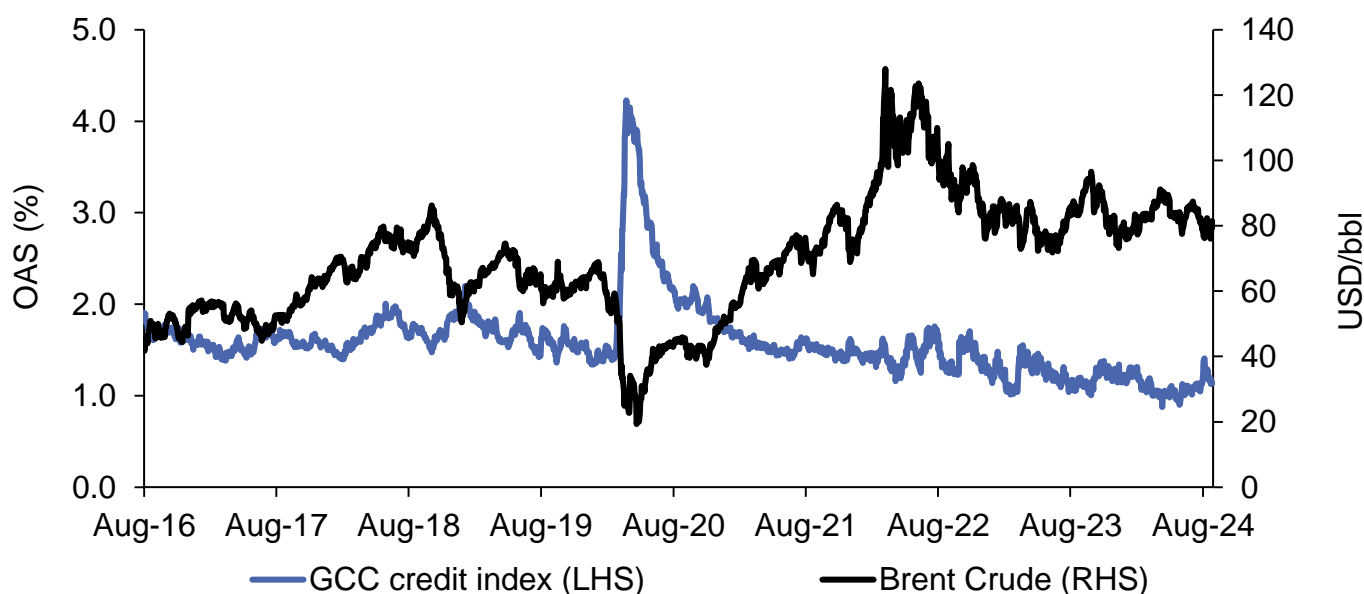
## Appendix

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



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

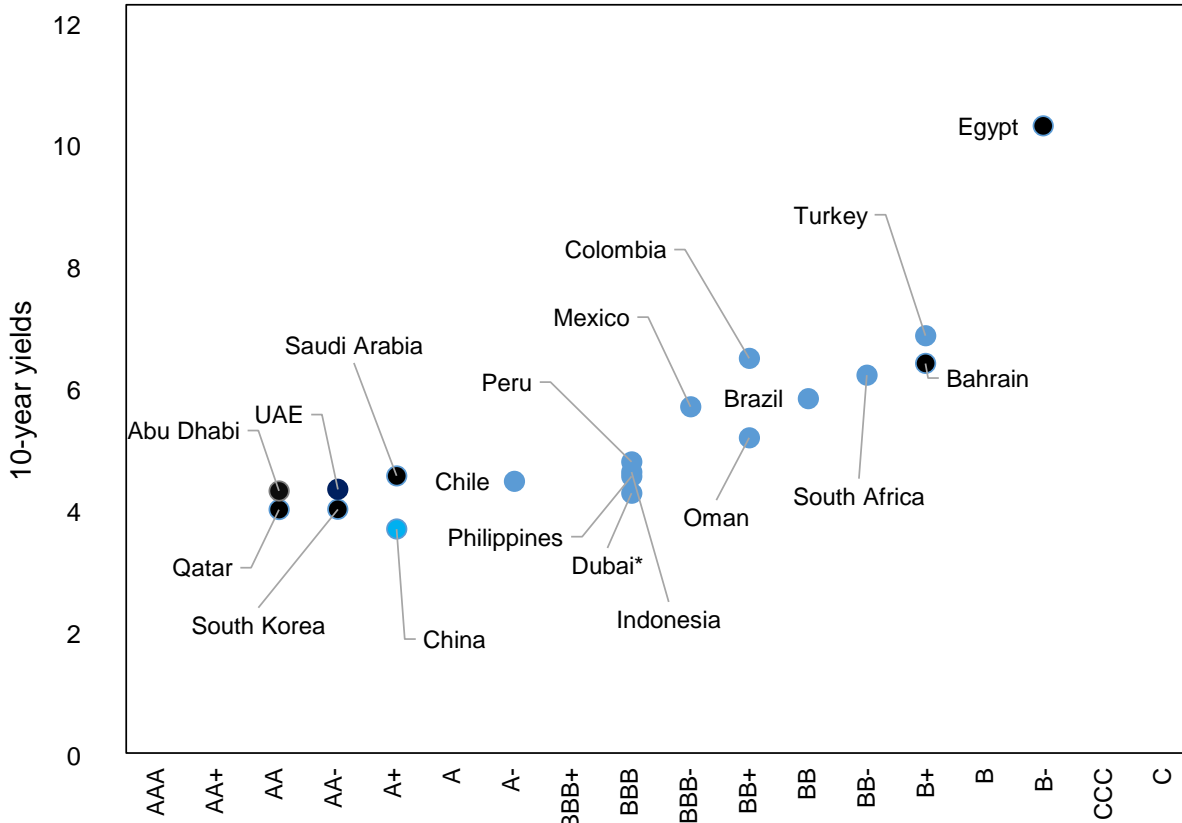
### GCC corporate OAS spread versus Brent Crude



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

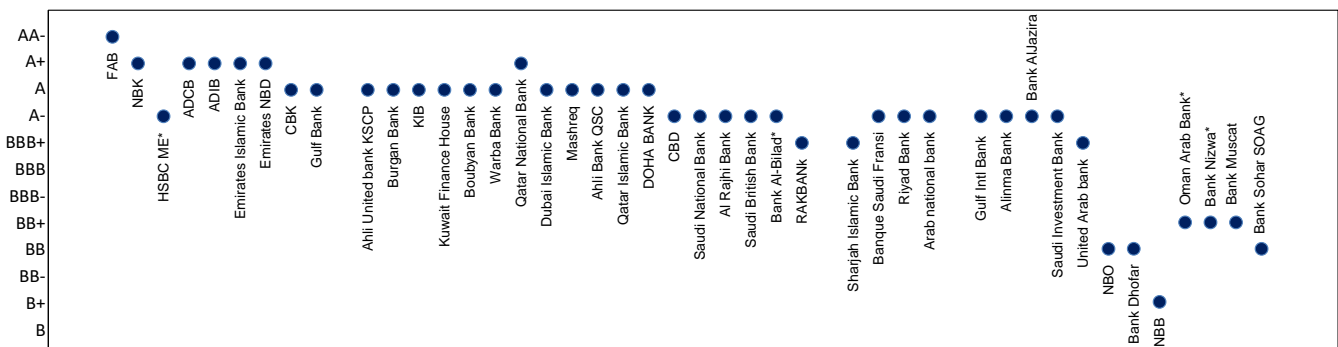
## GCC Sovereign Rating

Country	Saudi Arabia	Abu Dhabi	Dubai*	Kuwait	Bahrain	Oman	Qatar	Egypt
Moody's	A1	Aa2	Baa2	A1	B2u	Ba1	Aa2	Caa1
Fitch	A+	AA	-	AA-	B+	BB+	AA	B-

Note: \*DEWA rated used as proxy for Dubai

## GCC Financials Credit Rating

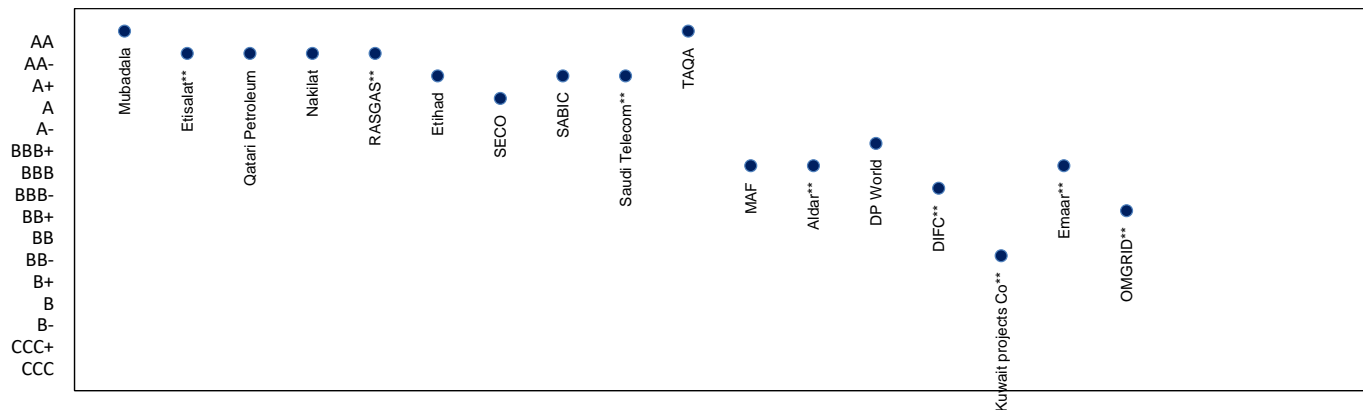
GCC Financials



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

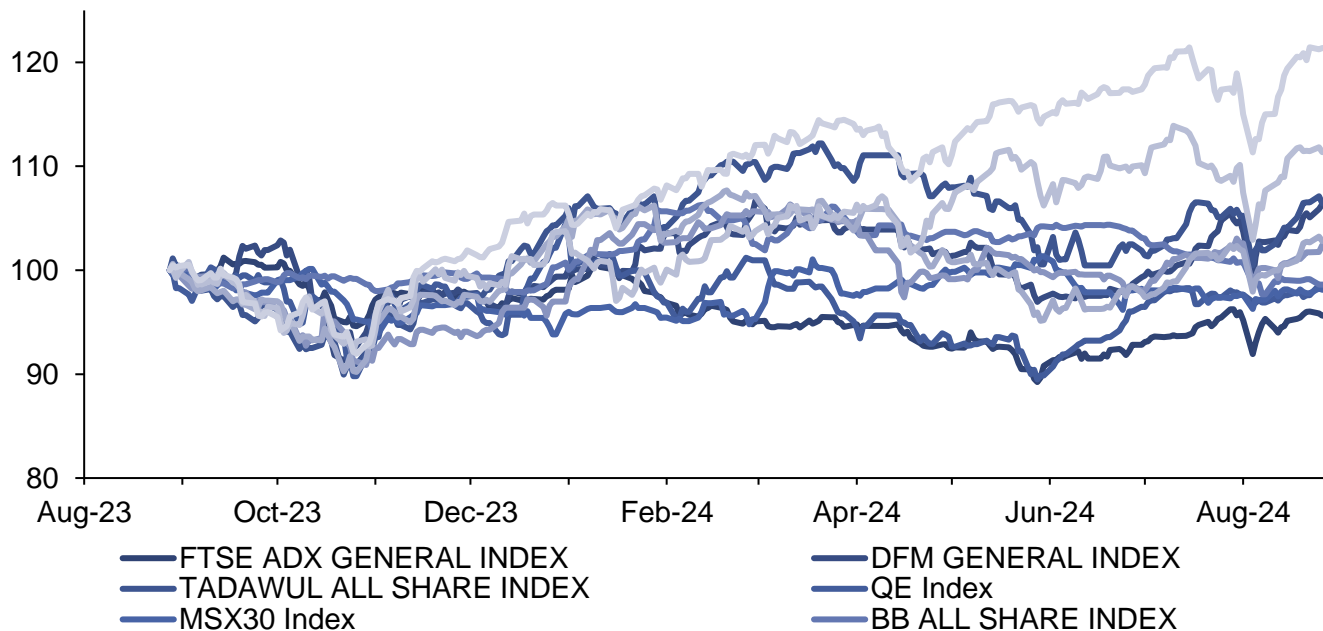
## GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	15.2x	1.4%	2.1%
DFM	8.3x	-	5.5%
Tadawul	17.8x	5.9%	3.6%
DSM	11.2x	8.4%	4.3%
MSM30	9.1x	-42.3%	5.3%
BHSE	7.5x	-	9.0%
KWSE	13.2x	6.3%	2.8%
MSCI GCC	14.6x	6.6%	3.8%
MSCI EM	13.1x	15.0%	2.6%
MSCI ACWI	19.3x	9.2%	1.9%

Notes: \*data as of 28 August 2024  
Source: Bloomberg, ADCB

## GCC equity 1Y Performance

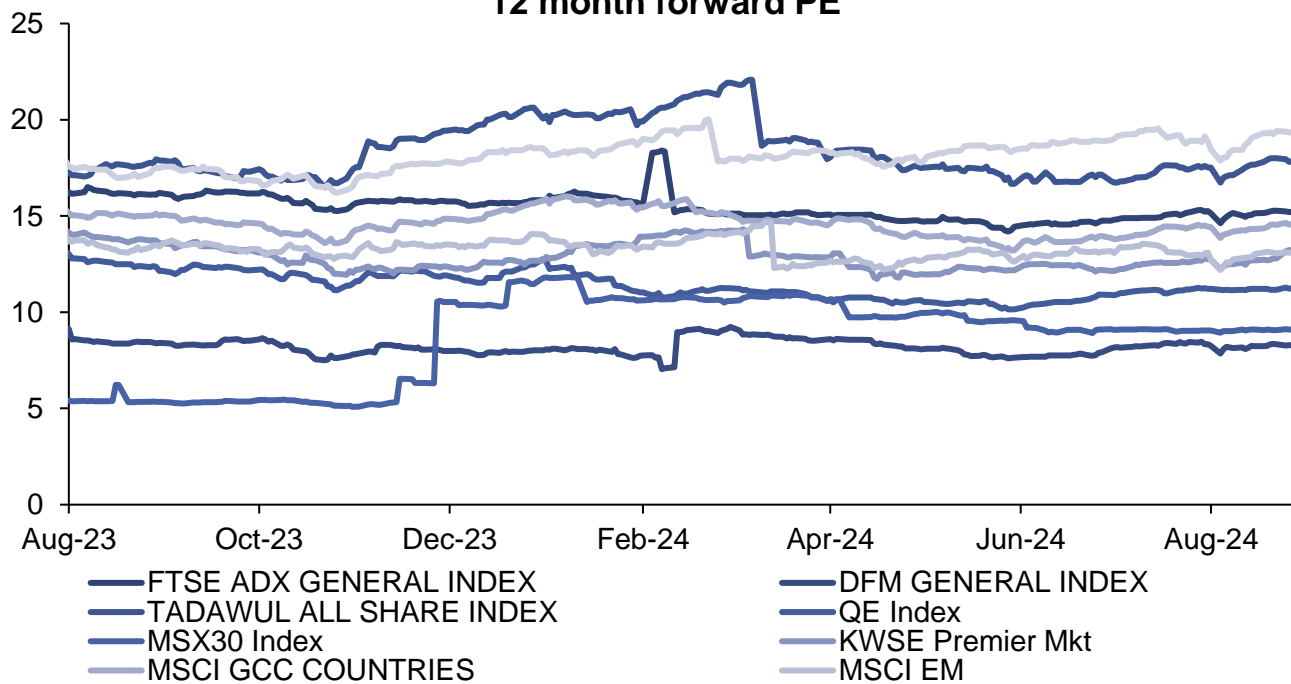
### 1Y performance



Source: Bloomberg, ADCB

## GCC equity 12m forward PE

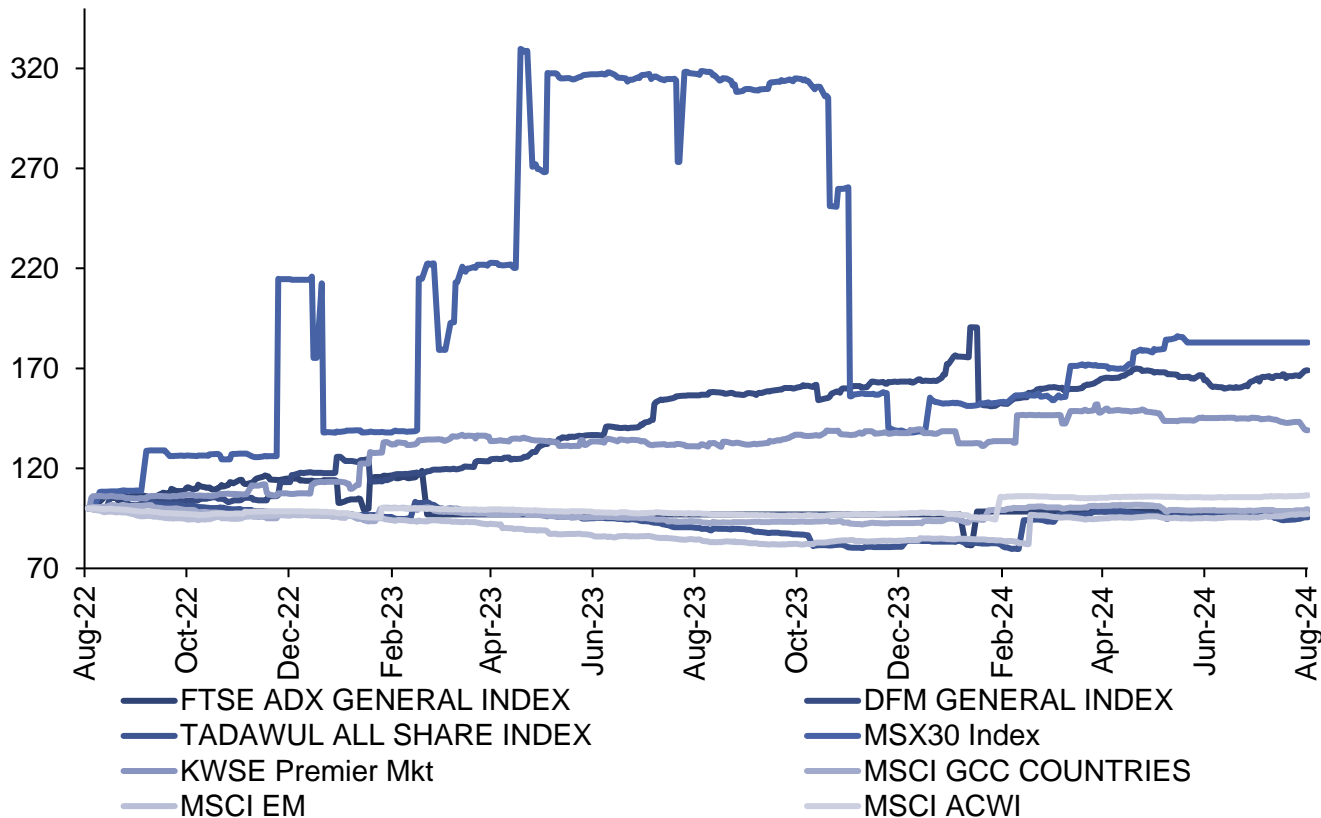
### 12 month forward PE



Source: Bloomberg, ADCB

## GCC equity 12m forward EPS

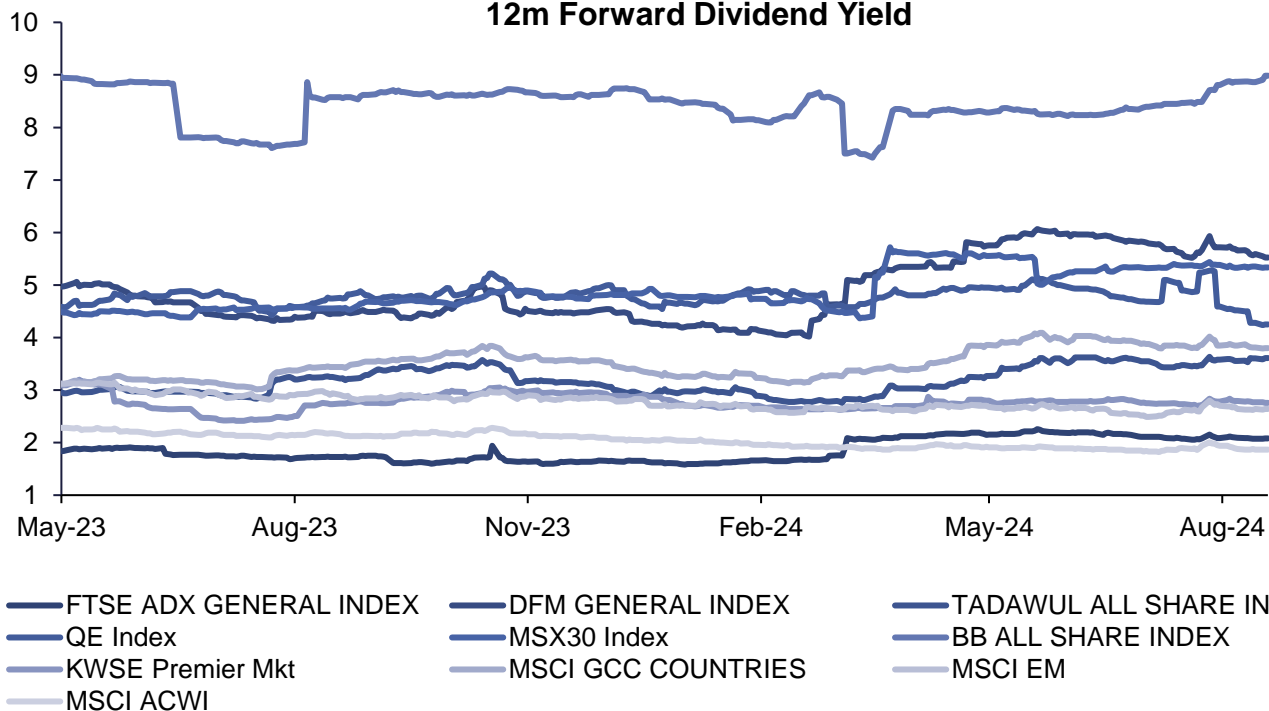
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

## GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB



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