

GCC market performance

GCC fixed Income:

Global benchmark bond index declined over the week (ending 7th February 2024). 10Y UST Yields rose over the week. In credit, Global corporate IG and HY ended the week on a negative note. EM had a negative week, registering declines over the week, led by EM Asia. All GCC markets recorded negative returns. Saudi Arabia underperformed the most. 5yr CDS spreads tightened across all GCC countries barring Dubai. In the USD sovereign market, the 10yr bond yields rose across the GCC countries, led by Bahrain and Abu Dhabi.

GCC equities:

GCC equities over all underperformed, led by Qatar which were down 1.86%. Tadawul posted most gains (2.33%), outperforming the rest of regional indices. MSCI GCC outperformed MSCI EM and MSCI ACWI last week.

GCC key developments:

- GCC central banks kept interest changes unchanged following the Fed's decision to pause.
- The UAE PMI fell to its lowest level in five months.
- Fitch affirmed Saudi Arabia's rating to 'A+' with a stable outlook.
- The IMF raised its forecast for Saudi Arabia's economic growth to 5.5% for 2025.
- Saudi Arabia's GDP growth decreased by 0.9% in 2023.
- The Saudi Arabia PMI fell from 57.7 in December 2023 to 55.4 in January 2024.
- Saudi Arabia recorded a USD4.27bn budget surplus in 2023.
- Saudi National Bank recorded more than 7% jump in 2023 net profit.
- Abu Dhabi Commercial Bank posted a record net profit during 2023, rising 28% to AED8.2bn.
- Emirates NBD reported a net profit of AED21.5bn.
- First Abu Dhabi Bank posted a net profit of AED16.4bn .
- Dubai Islamic Bank posted a net profit of AED7.01bn.
- National Bank of Kuwait recorded net profit of KD560.6mn.
- Qatar Islamic Bank reported net profit of QAR4.305bn.
- Oman's banks recorded 18.6% net profit growth in 2023.
- Abu Dhabi ADNOC net profit for 2023 dropped 5%.

GCC bond issuances:

- **Saudi Electricity Company (SEC) has announced the successful completion of its offer of dual-tranche sukuk, which raised a total of USD2.2bn.** The offer consisted of a 5-year sukuk tranche of USD800mn priced at the fixed profit rate of 4.942% and a 10-year sukuk tranche of USD1.4bn priced at fixed profit rate of 5.194%.
- **Bahrain raised USD2bn in dual tranche debt, consisting of 7-year bond and 12-year bond.**
- **Emirates Strategic Investments raised USD700mn in 5-year sukuk.**

Mohammed Al Hemeiri

Senior Analyst

Tel: +971 (0) 281 264 50

mohammed.alhemeiri@adcb.com

Prerana Seth, CFA

Fixed Income Strategist

Tel: +971 (0) 281 264 49

prerana.seth@adcb.com

Kishore Muktinutalapati

Head - Investment Strategy

Tel: +971 (0) 281 264 57

kishore.muktinutalapati@adcb.com

Nura Al Suwaidi

Analyst

Tel: +971 (0) 281 255 13

Nura.Alsuwaidi@adcb.com

Ahmed Al Falahi

Analyst

Tel: +971 (0) 281 264 98

ahmed.a5@adcb.com

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GCC Weekly Market Performance

Index				Rates			
	Latest	-1w %	YTD %		Latest	-1w (bp)	YTD (bp)
Global Agg	460.0	-1.10	-1.4	3M interbank			
Global Treasuries	196.3	-1.16	-1.9	Saudi	6.3	-9.8	4.0
EM USD Agg TR	1161.8	-0.21	0.1	UAE	5.4	19.00	0.7
EM LatAm TR	1015.4	-0.13	0.6	Kuwait	4.3	0.00	0.0
EM EMEA TR	346.9	-0.08	-0.2	Bahrain	6.4	-5.50	-11.4
EM Asia TR	618.3	-0.44	0.0	Oman	6.0	1.80	-6.0
Bahrain TR	190.0	-0.33	-0.1	Qatar	6.0	-	-12.5
Oman TR	148.8	-0.18	-0.6	US SOFR	5.3	-1.00	-8.0
Kuwait TR	148.4	-0.11	0.1	5Y Sov. CDS	Latest	-1w (bp)	YTD (bp)
Qatar TR	133.3	-0.11	-0.9	Saudi Arabia	54.81	-5.60	0.40
Saudi Arabia TR	136.8	-0.39	-1.3	Abu Dhabi	40.20	-4.7	-3.5
UAE TR	137.7	-0.08	-0.5	Dubai	75.63	0.2	8.3
Equity	Latest	-1w %	YTD %	Kuwait	61.99	-2.6	6.9
ADX	9354.7	-1.9	-3.9	Bahrain	215.56	-	2.9
DFM	4169.7	-0.37	1.9	Oman	118.05	-3.6	-4.2
Tadawul	12247.4	2.33	1.2	Qatar	44.89	-5.8	-1.9
DSM	9944.6	-1.86	-4.7	10Y yield	Latest	-1w (bp)	YTD (bp)
MSM30	4546.6	-0.05	-0.4	Saudi Arabia	5.0	8.8	29.9
BHSE	2062.5	-0.18	5.1	Abu Dhabi	4.5	11.90	18.8
KWSE	7961.6	-0.10	4.2	Dubai	4.5	3.80	-17.3
MSCI GCC	722.3	0.76	0.4	Kuwait	4.4	5.80	10.8
MSCI EM	1002.6	2.47	-0.3	Bahrain	6.9	13.70	14.9
MSCI ACWI	745.1	1.35	3.7	Oman	5.7	6.40	19.1
				Qatar	4.4	7.80	18.7

Note: data from 31st January 2024 to 7th February 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management

GCC central banks hold interest rates unchanged

Central banks in the GCC followed the Federal Reserve's decision to keep interest rates unchanged in order to protect their currencies' peg against the US dollar, with Kuwait the only exception as its dinar is linked to a basket of currencies. The UAE central bank maintained its interest rates following the US Federal Reserve's decision to hold overnight interest rates steady within the 5.25%-5.50% range for the fourth time. The UAE Central Bank maintained its base rate on Overnight Deposit Facility (ODF) without change at 5.40%.

(Source: Zawya)

UAE's non-oil business activities fell to a 5-month low in January- PMI

The UAE's non-oil business activities experienced a decline, reaching a five-month low in January. This was attributed to reduced output and new orders, as well as weak employment growth. The UAE Purchasing Managers' Index (PMI) fell from 57.4 in December to 56.6 in January, marking its lowest level in five months.

(Source: Zawya)

Fitch affirmed Saudi Arabia's rating to 'A+' with a stable outlook

Fitch rating agency, has affirmed Saudi Arabia's long-term foreign-currency issuer default rating (IDR) at 'A+' with a 'stable' outlook. These ratings indicate the nation's robust fiscal and external balance sheets, surpassing the 'A' and 'AA' median benchmarks. Fitch projected a budget deficit of 2.3% of GDP for 2024.

(Source: Zawya)

Saudi Arabia's economic growth forecast was raised to 5.5% for 2025- IMF

The International Monetary Fund (IMF) has revised its projection for Saudi Arabia's economic growth, offering a more positive perspective. The IMF now anticipated a growth rate of 5.5% for Saudi Arabia in 2025, which is up from the earlier estimate of 4.5% in October 2023.

(Source: Zawya)

Saudi Arabia's GDP growth decreased by 0.9% in 2023- GASTAT

According to the General Authority of Statistics (GASTAT), Saudi GDP decreased by 0.9% y-o-y in 2023, due to a decline in oil activities by 9.2%. The decline in oil activities could be related to a cut in oil production in line with OPEC+. The non-oil activities rose by 4.6%, and government activities by 2.1%.

(Source: Zawya)

Saudi Arabia business conditions slowed to a 2-year low in January- PMI

In Saudi Arabia, business conditions have decelerated to the lowest levels in two years, impacted by rising cost pressures and reduced demand, particularly within the non-oil private sector. The Saudi Arabia PMI declined from 57.7 in December to 55.4 in January, indicating a modest enhancement in the overall health of the nation's non-oil economy.

(Source: Zawya)

Saudi Arabia recorded a USD4.27bn budget surplus in 2023

According to Saudi Arabia's investment ministry, The Saudi Arabia recorded a surplus of SAR16bn (USD4.27bn) in 2023 compared to the previous forecast deficit of SAR82bn.

(Source: Zawya)

Abu Dhabi Commercial Bank posted a record of net profit of Dh8.2b

Abu Dhabi Commercial Bank (ADCB) posted a record level of net profit during 2023, rising 28% y-o-y to AED8.2bn, attributed to strong growth across diverse income streams amid positive UAE consumer and business sentiment. ADCB proposed paying a cash dividend of AED0.56 per share for the full year 2023, up from a cash and stock payout in 2022 of AED0.18 and AED0.37 per share respectively.

(Source: ADCB/ Zawya)

Emirates NBD reported a net profit of AED21.5bn

Emirates NBD, reported a net profit of AED21.5bn, up 65% y-o-y from AED13bn in 2022. The bank proposed a 100 fils dividend and 20 fils celebrating its 60th anniversary, doubling last year's dividend. The jump in net profit was delivered on the back of 'a stable low-cost funding base, increased transaction volumes and substantial recoveries.

(Source: Zawya)

First Abu Dhabi Bank posted a net profit of AED16.4bn

First Abu Dhabi Bank (FAB) posted a net profit of AED16.4bn, 22% higher y-o-y or 56% higher on an underlying basis when excluding gains from the sale of stake in subsidiaries. FAB has recommended a dividend payout of AED7.8bn, representing 50% of the net profit.

(Source: Zawya)

Dubai Islamic Bank posted a net profit of AED7.01bn

Dubai Islamic Bank (DIB) net profit for 2023 rise to its highest level, supported by higher non-funded income and lower impairment charges. Total net profit reached AED7.01bn, up by 26% y-o-y compared to AED5.552bn in 2022.

(Source: Zawya)

Saudi National Bank recorded more than 7% jump in 2023 net profit

Saudi National Bank (SNB) recorded a 7.7% jump in full-year net profit supported by higher operating income and lower impairment charges. The bank made a net profit of SAR20.01bn in 2023, up from SAR18.6 in 2022.

(Source: Zawya)

National Bank of Kuwait recorded net profit of KD560.6mn

National Bank of Kuwait recorded a net profit of KD560.6 mn (USD1.8 bn), up 10.1% y-o-y from KD509.1 mn (USD1.7bn) in 2022. The bank proposes a total dividend of KD35 fils.

(Source: Zawya)

Qatar Islamic Bank reported net profit of QAR4.305bn

Qatar Islamic Bank, the country's largest Islamic bank, reported a net profit of QAR4.305bn in 2023. The bank proposed to distribute QAR0.725 per share cash dividends, translating to 72.5% of the nominal share value.

(Source: Zawya)

Oman's banks recorded 18.6% net profit growth in 2023

Oman's banks recorded net profit of OMR453.5mn in 2023, up 18.6%. The banking sector benefited from local economic indicators in 2023, including economic growth, foreign trade, investment, government revenues, and spending. The total assets of Omani banks to OMR8.8bn at the end of 2023, up 14.9%.

(Source: Zawya)

Abu Dhabi ADNOC net profit for 2023 dropped 5%

Abu Dhabi's ADNOC distribution reported a 5% y-o-y drop in 2023 net profit to AED2.60bn (USD708mn) due to lower inventory gains during the year.

(Source: Zawya)

Saudi Electricity Company raised USD2.2bn from sukuk offering

Saudi Electricity Company (SEC) has announced the successful completion of its offer of dual-tranche sukuk, which raised a total of USD2.2bn. The offering included dual-tranche five- and 10-year sukuk, as a part of the SEC's international sukuk programme. The offer consisted of a 5-year sukuk tranche of USD800mn priced at the fixed profit rate of 4.942% and a 10-year sukuk tranche of USD1,400mn priced at fixed profit rate of 5.194%.

(Source: Bloomberg)

Bahrain issued dual-tranche debt

Bahrain raised USD2bn in dual tranche debt. The issuance included USD1bn at 6% in 7-year bond and USD1bn at 7.5% in 12-year bond. The kingdom received bid orders exceeding USD12bn.

(Source: Bloomberg)

Emirates Strategic Investments sold USD700mn in 5-year sukuk

Emirates Strategic Investments raised USD700mn in 5-year sukuk. The firm set the spread at 180bp over the US Treasuries, tighter than initial price guidance of 210bp over the same benchmark earlier in the day, after the orders topped USD1.7bn.

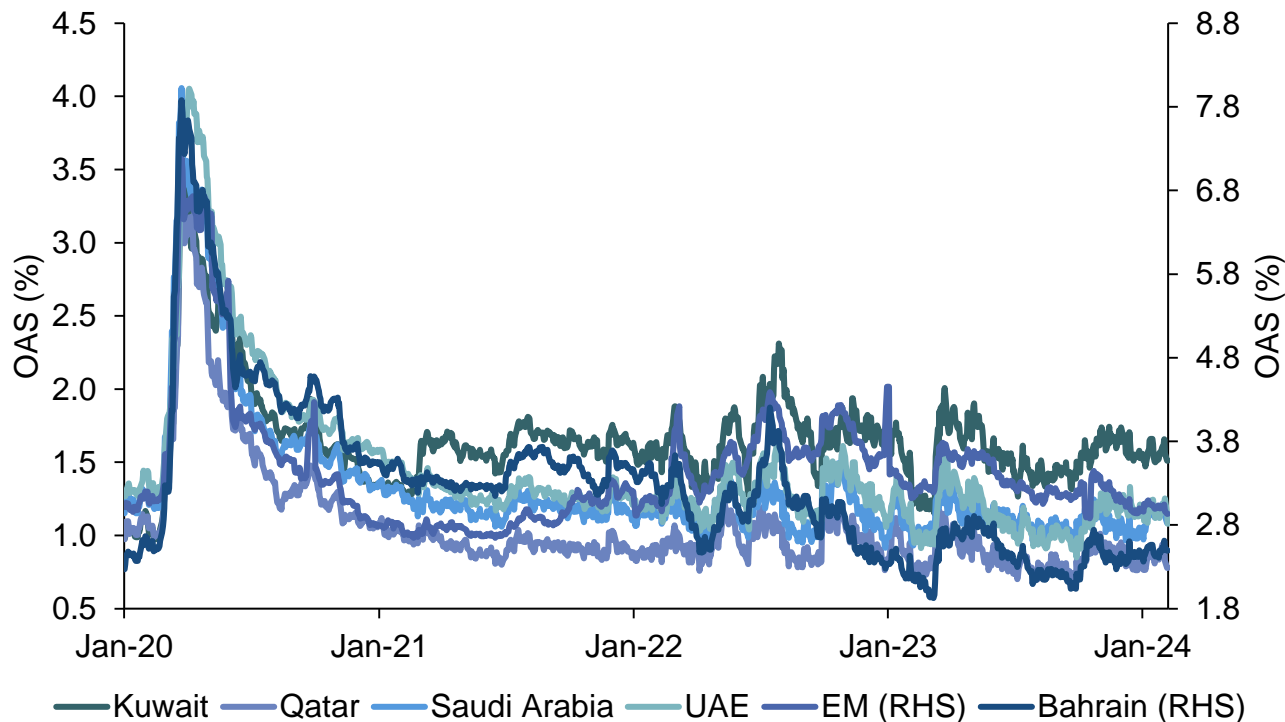
(Source: Reuters)

Issuer	BBG	Sector	Country	Issue Amt*	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg^	YTM (mid)	YTC
Saudi Government International Bond	KSA	Sovereign	SA	4750	5.75	1/16/2054	AT MATURITY	USD	1/16/2024	A+	5.84	-
Saudi Government International Bond	KSA	Sovereign	SA	4000	5	1/16/2034	AT MATURITY	USD	1/16/2024	A+	5.06	-
Saudi Government International Bond	KSA	Sovereign	SA	3250	4.75	1/16/2030	AT MATURITY	USD	1/16/2024	A+	4.83	-
KFH SUKUK CO	KFHKK	Financial Institutions	KY	1000	5.011	1/17/2029	AT MATURITY	USD	10/1/2024	A	5.02	-
FAB SUKUK COMPANY LTD	FABUH	Financial Institutions	AE	800	4.779	1/23/2029	AT MATURITY	USD	1/8/2024	AA-	4.71	-
Omantel	OTELOM	Sovereign	OM	500	5.375	01/24/2031	AT MATURITY	USD	01/17/2024	BB+	5.523	-
Qatar QIIB	QNBQD	Financial Institutions	QD	1000	4.875	01/30/2029	AT MATURITY	USD	01/23/2024	A	5.028	-
BSF Sukuk Ltd	BSFR	Financial Institutions	SA	700	5	01/25/2029	AT MATURITY	USD	1/25/2024	A-	5.10	-
Emirates NBD Bank PJSC	EBIUH	Agency	AE	600	6.745	1/31/2029	AT MATURITY	USD	1/31/2024	A+	6.69	-

*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

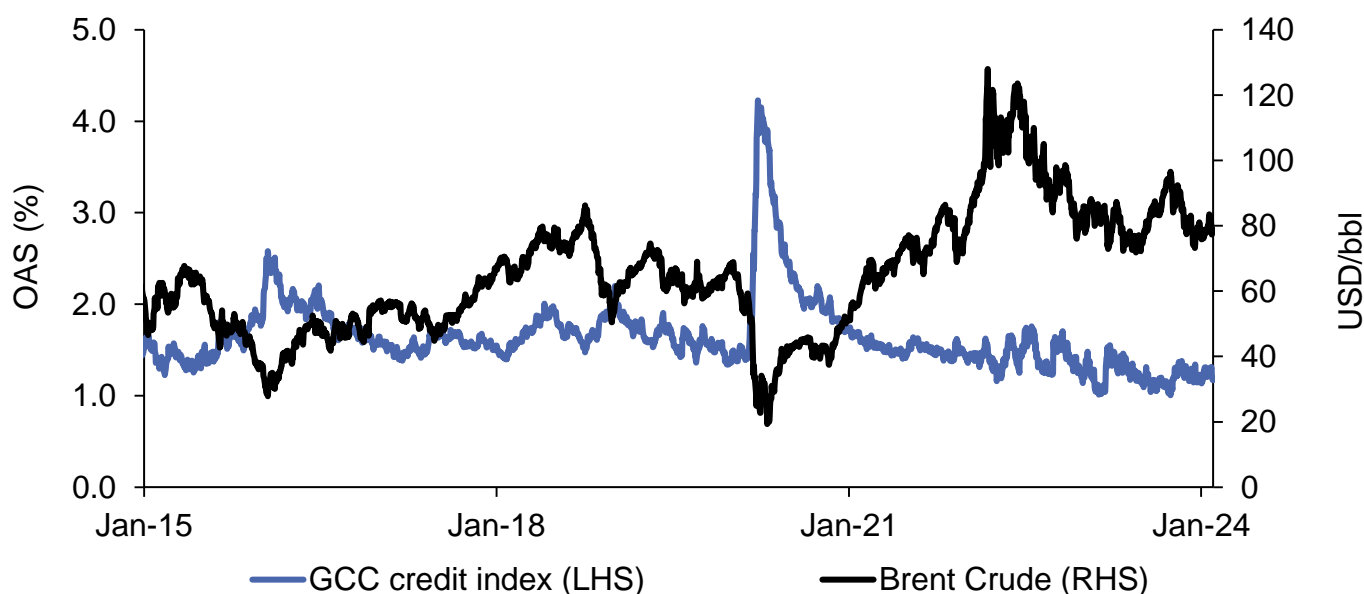
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

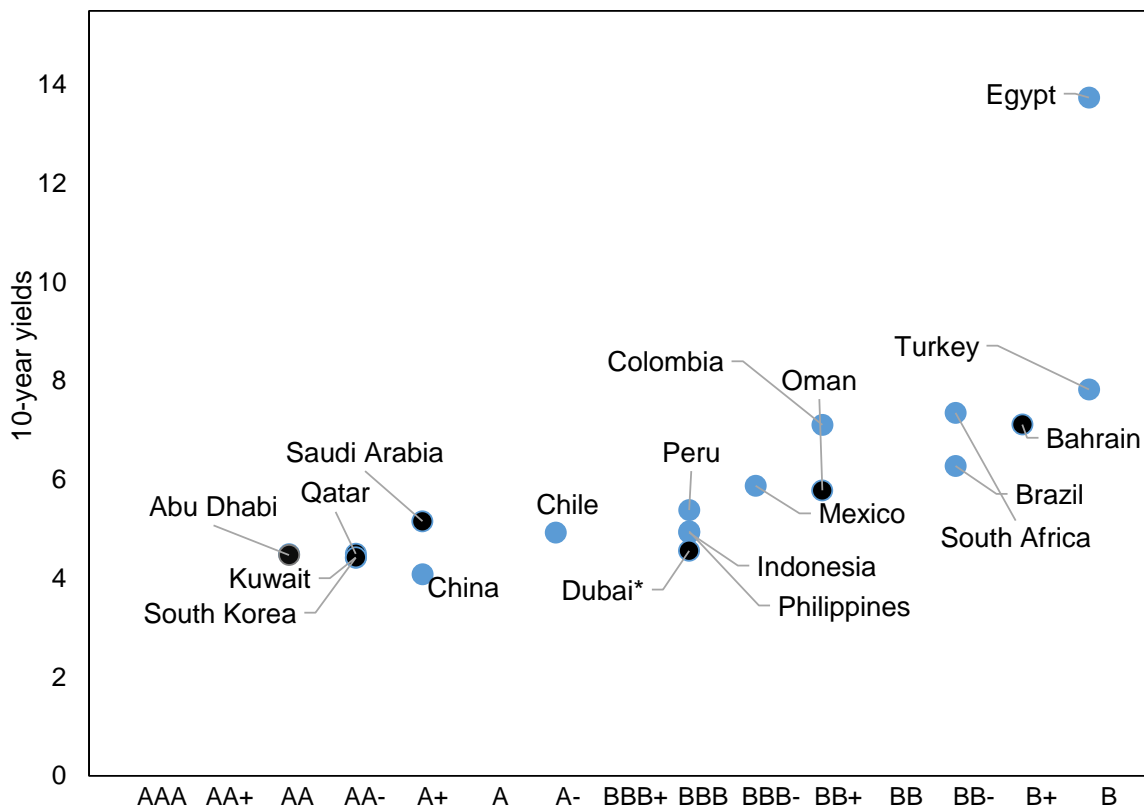
GCC corporate OAS spread versus Brent Crude



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

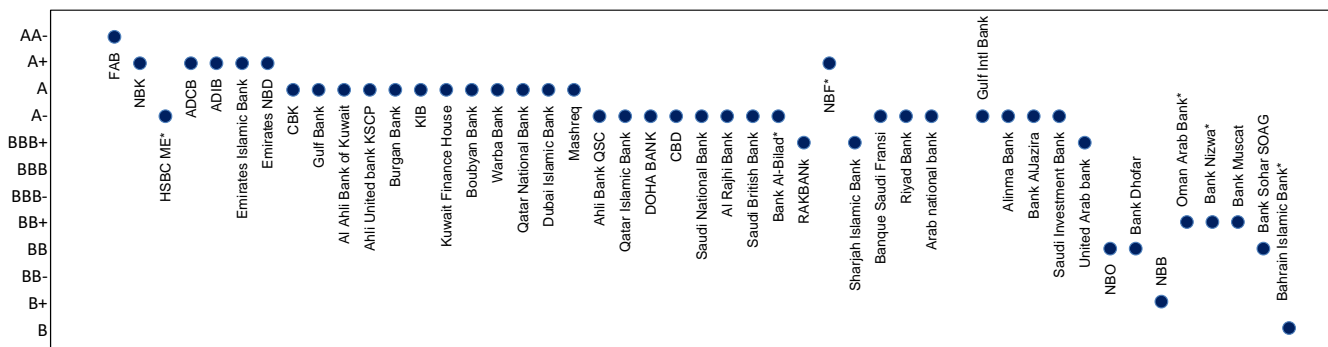
GCC Sovereign Rating

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

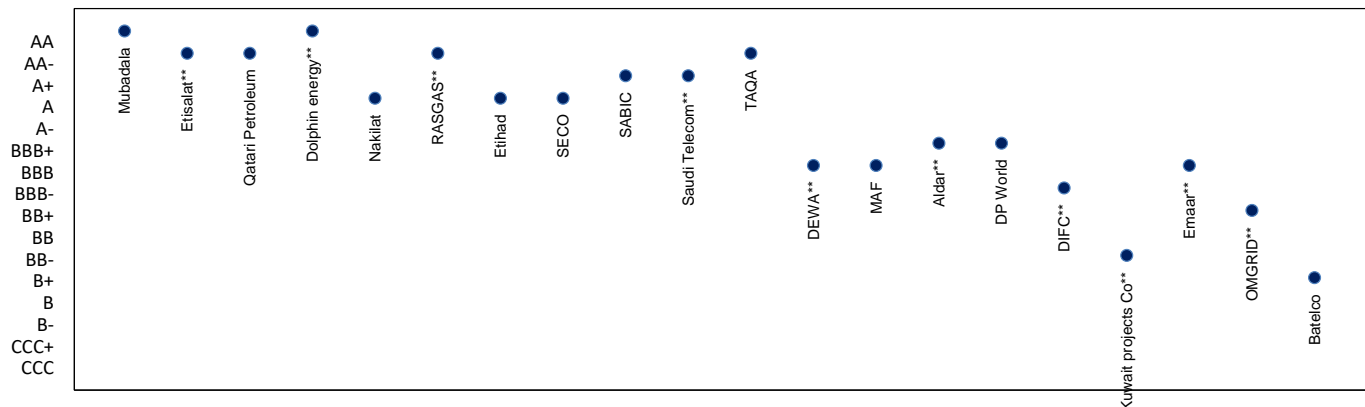
GCC Financials



Note: The ratings refer to Fitch ratings, *Moody's rating used as substitute where the corporate/bank not rated by Fitch ratingSource: 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

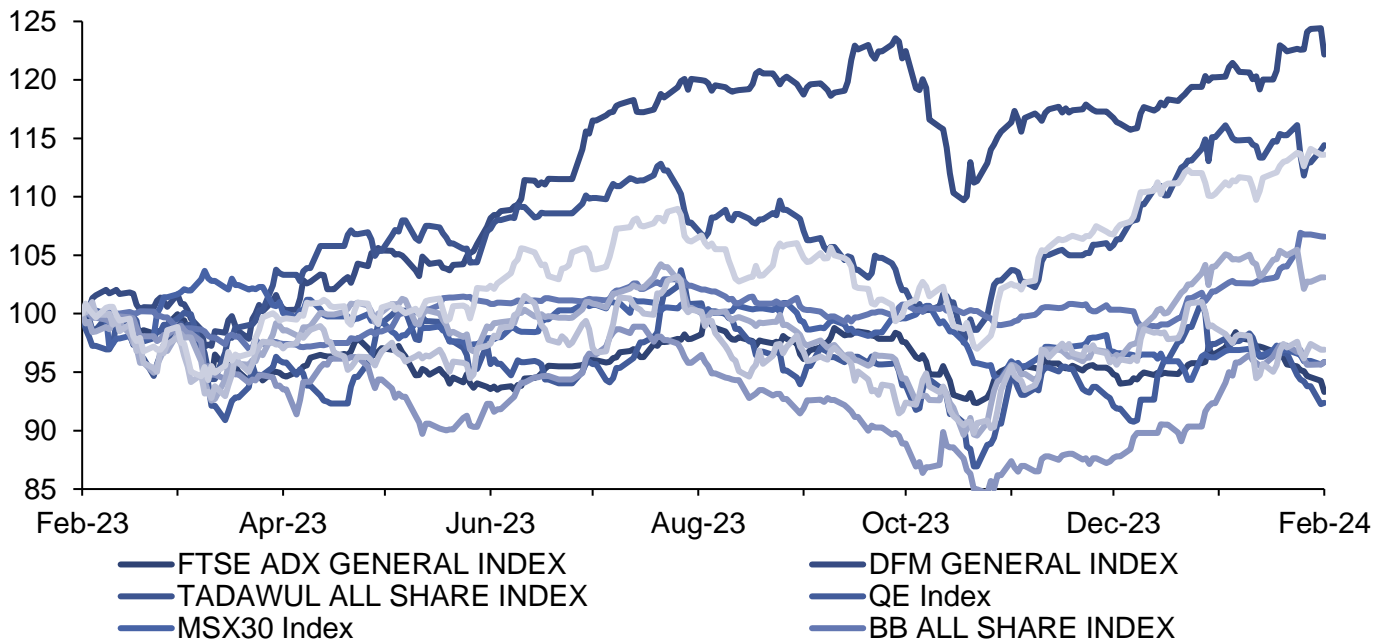
GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	18.3x	5.6%	1.7%
DFM	8.8x	27.6%	4.2%
Tadawul	20.3x	-14.2%	3.0%
DSM	11.0x	-2.1%	4.9%
MSM30	7.6x	54.5%	4.8%
BHSE	6.9x	-	8.1%
KWSE	13.5x	23.1%	2.7%
MSCI GCC	15.6x	-2.0%	3.3%
MSCI EM	13.2x	-10.5%	2.7%
MSCI ACWI	19.0x	0.2%	2.0%

Notes: *data as of 08 February 2024
Source: Bloomberg, ADCB

GCC equity 1Y Performance

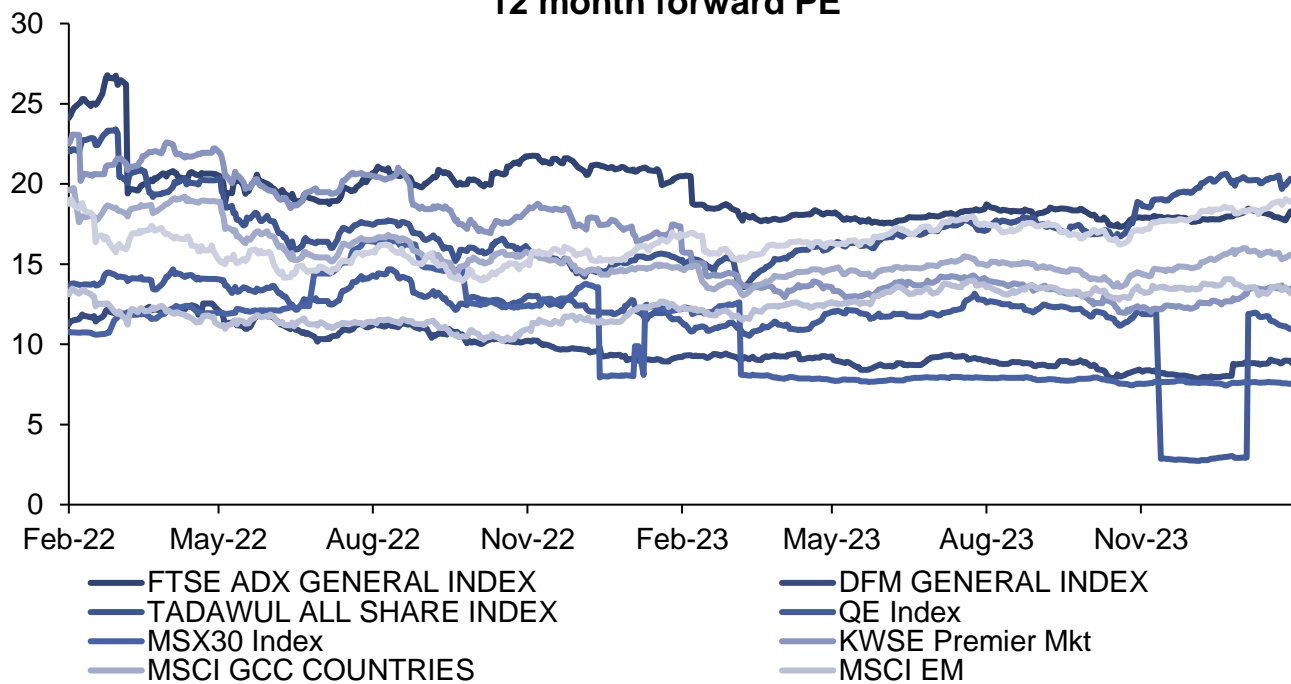
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

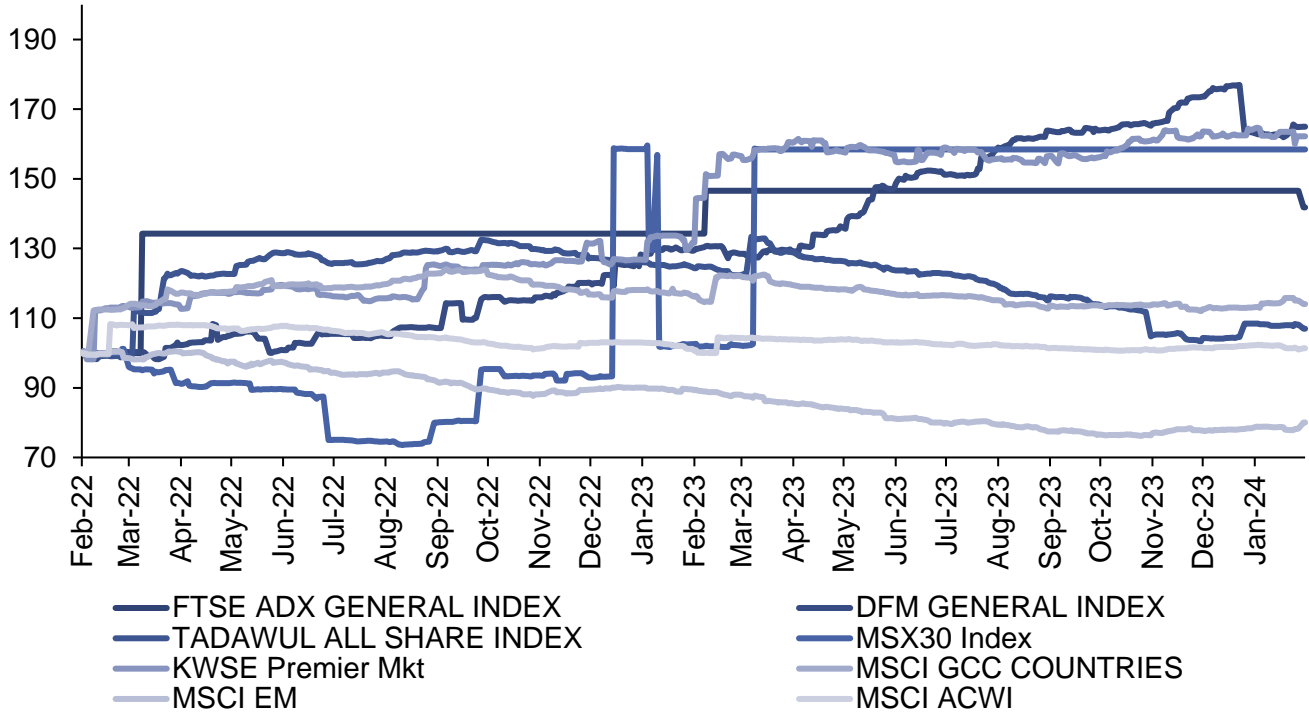
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

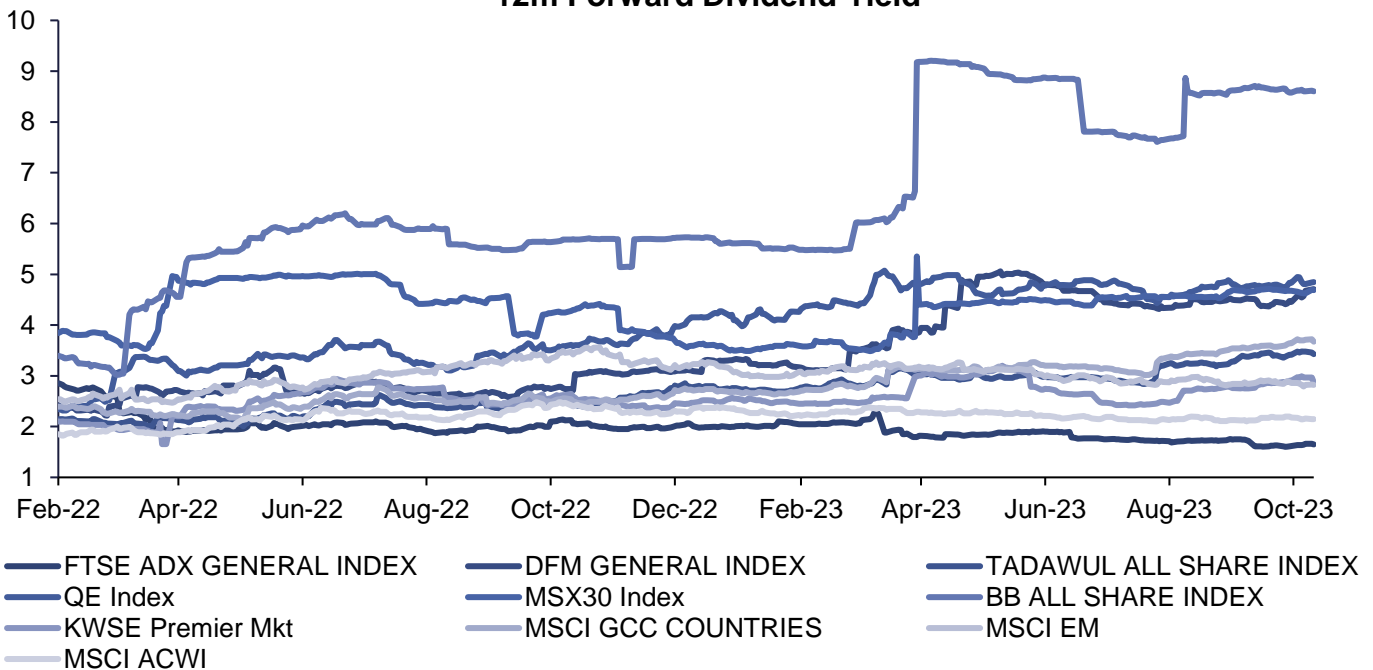
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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