

GCC market performance

GCC fixed Income:

Global benchmark bond index gained over the week (ending 27th February 2024). 10Y UST yields ended almost unchanged. In credit, Global corporate IG and HY ended the week on a positive note with HY leading the gains. EM had a positive week too, registering gains over the week, led by EM EMEA. Demand for GCC bonds was strong. All GCC bond indices recorded positive returns. Bahrain was the best performer. 5yr CDS spreads tightened across all GCC countries barring Dubai. In the USD sovereign market, 10yr bond yields dropped across the GCC countries barring Abu Dhabi, Qatar and Kuwait.

GCC equities:

GCC regional indices were mixed last week. Qatar, Dubai, and Kuwait posted gains. Qatar outperformed the most (1.27%). Abu Dhabi, Bahrain and Saudi Arabia posted negative returns. Abu Dhabi underperformed the most, posting loss of (1.08%). MSCI GCC underperformed MSCI ACWI and MSCI EM last week. MSCI GCC was down 0.22%. While MSCI ACWI and MSCI EM were up 1.71% and 0.70% respectively.

GCC key developments:

- Dubai's economy to grow by 5% in 2024.
- Saudi Arabia GDP surpassed over USD1tn.
- ADNOC Distribution proposed 75% of profit as minimum annual dividend.
- SABIC 2023 profit dropped to USD976mn.
- Qatar Islamic Bank approved cash dividend.

GCC bond issuances:

- Abu Dhabi planning to tap the Eurobond market.
- Dubai Islamic Bank plans to sell 5-year sustainable sukuk.
- Saudi PIF to sell 7-year dollar sukuk.
- Arabian Centres plans to sell 5-year sukuk.
- Alinma Bank plans to issue USD- denominated AT1 sukuk.
- Sharjah government plans to issue a 12-year sustainable bond sale.
- Saudi National Bank issued USD850mn Sukuk.
- FAB launched USD850mn in 5-year debt.
- Bingham Holding successfully issued its USD300mn sukuk.

GCC Weekly Market Performance

Index				Rates			
Fixed Income	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
Global Agg	457.95	0.20	-1.84	Saudi	6.23	-1.34	0.23
Global Treasuries	195.44	0.23	-2.27	UAE	5.24	-7.82	-18.36
EM USD Agg TR	1165.34	0.45	0.38	Kuwait	4.31	0.00	0.00
EM LatAm TR	1021.39	0.54	1.01	Bahrain	6.38	0.32	-13.91
EM EMEA TR	348.40	0.58	0.32	Oman	5.98	-	-6.25
EM Asia TR	617.39	0.19	-0.18	Qatar	6.00	-	-12.50
Bahrain TR	190.92	0.40	0.64	US SOFR	5.31	1.00	-8.00
Oman TR	148.77	0.16	-0.49	5Y Sov. CDS	Latest	-1w (bp)	YTD (bp)
Kuwait TR	148.61	0.11	0.26	Saudi Arabia	53.64	-1.70	-0.80
Qatar TR	133.05	0.25	-1.04	Abu Dhabi	37.83	-1.60	-5.90
Saudi Arabia TR	136.48	0.26	-1.41	Dubai	64.41	0.20	-2.90
UAE TR	137.41	0.14	-0.64	Kuwait	61.04	-0.50	6.00
Equity	Latest	-1w %	YTD %	Bahrain	207.97	-2.50	-4.70
ADX	9287.80	-1.08	-4.40	Oman	114.36	-1.30	-7.90
DFM	4272.55	0.41	4.78	Qatar	41.08	-1.50	-5.70
Tadawul	12601.55	-0.26	5.64	10Y yield	Latest	-1w (bp)	YTD (bp)
DSM	10496.94	1.27	1.07	Saudi Arabia	5.11	-1.30	41.30
MSM30	4577.81	-0.04	-0.04	Abu Dhabi	4.66	3.00	39.50
BHSE	2043.22	-0.32	4.06	Dubai	4.58	-6.20	-10.40
KWSE	8157.73	0.28	6.91	Kuwait	4.52	0.70	24.00
MSCI GCC	743.72	-0.22	4.12	Bahrain	6.84	-8.60	8.70
MSCI EM	1027.75	0.70	2.45	Oman	5.77	-3.00	28.70
MSCI ACWI	760.70	1.71	6.47	Qatar	4.58	0.80	35.30

Note: data from 21st February 2024 to 27th February 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management

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Dubai's economy to grow by around 5% in 2024

According to Aziz Abdulla Al Ghurair, Chairman of Dubai Chambers, Dubai's economy is expected to grow by around 5% this year and that Dubai benefited from robust infrastructure, an appealing business environment, and an expected decrease in interest rates starting in the middle of the year.

(Source: Zawya)

Saudi Arabia GDP surpassed over USD1tn

According to the Minister of Investment, Khalid Al Falih, the gross domestic product (GDP) of Saudi Arabia has jumped to more than SAR4tn from SAR2.6tn in nominal terms.

(Source: Zawya)

ADNOC Distribution proposed 75% of profit as minimum annual dividend

ADNOC Distribution has recommended the introduction of a new dividend policy for 2024-28 based on paying annual dividend of USD700mn or a minimum 75% of net profit, whichever is higher, subject to shareholders' approvals.

(Source: Zawya)

SABIC 2023 profit dropped to USD976mn

SABIC Agri-Nutrients Company net income fell 64% to SAR3.66bn (USD976mn) in 2023, compared to SAR10.04bn in 2022. The company approved a 30% cash dividend, or SAR1.42bn.

(Source: Zawya)

Qatar Islamic Bank approved cash dividend

Qatar Islamic Bank recorded net profit of QAR4305mn. QIB also approved the proposal to distribute 72.50% cash dividends of the nominal value per share, QAR0.725 per share.

(Source: Zawya)

Abu Dhabi planning to tap the Eurobond market

Abu Dhabi is planning to sell the emirate's first bond since 2021 to join a flurry of issuances by emerging economies this year. Abu Dhabi has issued at least USD2bn every time it has tapped the dollar bond market in the past decade. Abu Dhabi plans to issue debt follow sales to take advantage of lower yields on US Treasuries, which raised the attractiveness of higher-risk bonds.

(Source: Bloombergnews)

Dubai Islamic Bank plans to sell 5-year sustainable sukuk

Dubai Islamic Bank, plans to sell 5-year sustainable sukuk. The initial price guidance for the Islamic debt sale has been placed around 125bp over US Treasuries. The Bank plans to sell benchmark-sized U.S. USD-denominated, senior sustainable sukuk under Dubai Islamic Bank's USD7.5bn Trust Certificate Issuance Programme.

(Source: Zawya)

Saudi PIF to sell 7-year dollar sukuk

Saudi Arabia's Public Investment Fund has commenced the sale of US USD-denominated sukuk with maturity of 7-year. The initial price for the bond sale has been set at a premium of around 115bp above US Treasury bonds.

(Source: Bloomberg)

Arabian Centres plans to sell 5-year sukuk

Arabian Centres is planning to sell 5-year non-callable Islamic bonds, or sukuk. The firm plans to issue benchmark-sized USD denominated senior unsecured sukuk, subject to market conditions. The firm announced a tender offer for its existing USD500mn trust certificates due in 2024.

(Source: Reuters)

Alinma Bank plans to issue USD-denominated AT1 sukuk

Alinma Bank has given initial price guidance of around 7% for its Additional Tier 1 sukuk non-callable for 5.5 years. The bank plans to sell benchmark-sized USD-denominated perpetual Additional Tier 1 Capital Certificates through a special purpose vehicle.

(Source: Zawya)

Sharjah government plans to issue a 12-year sustainable bond sale

The government of Sharjah picked banks to arrange investor meetings ahead of its 12-year sustainable bond issuance. The investor meetings which commenced on Feb. 27 will be followed by a benchmark USD-denominated senior unsecured sustainable bond offering, subject to market conditions.

(Source: Zawya)

Saudi National Bank issued USD850mn Sukuk

Saudi National Bank (SNB), announced the successful completion of an offering of sukuk amounting to USD850mn. The bank revealed that these sukuk have a maturity period of 5 years, with an annual return of 5.129%.

(Source: Zawya)

FAB launched USD850mn in 5-year debt

First Abu Dhabi Bank (FAB) has launched USD850mn in 5-year debt. The spread on the debt sale was set at 90bp over US Treasuries, tighter than the initial guidance of 120bp over the same benchmark, after it received more than USD2.1bn in orders.

(Source: Bloomberg)

Binghatti Holding successfully issued its USD300mn sukuk

Binghatti Holding has successfully launched its inaugural sukuk issuance, raising USD300m in 3-year sukuk. The sukuk was priced at 9.625%, saw an impressive order book of USD621mn, exceeding its target by 2.1x.

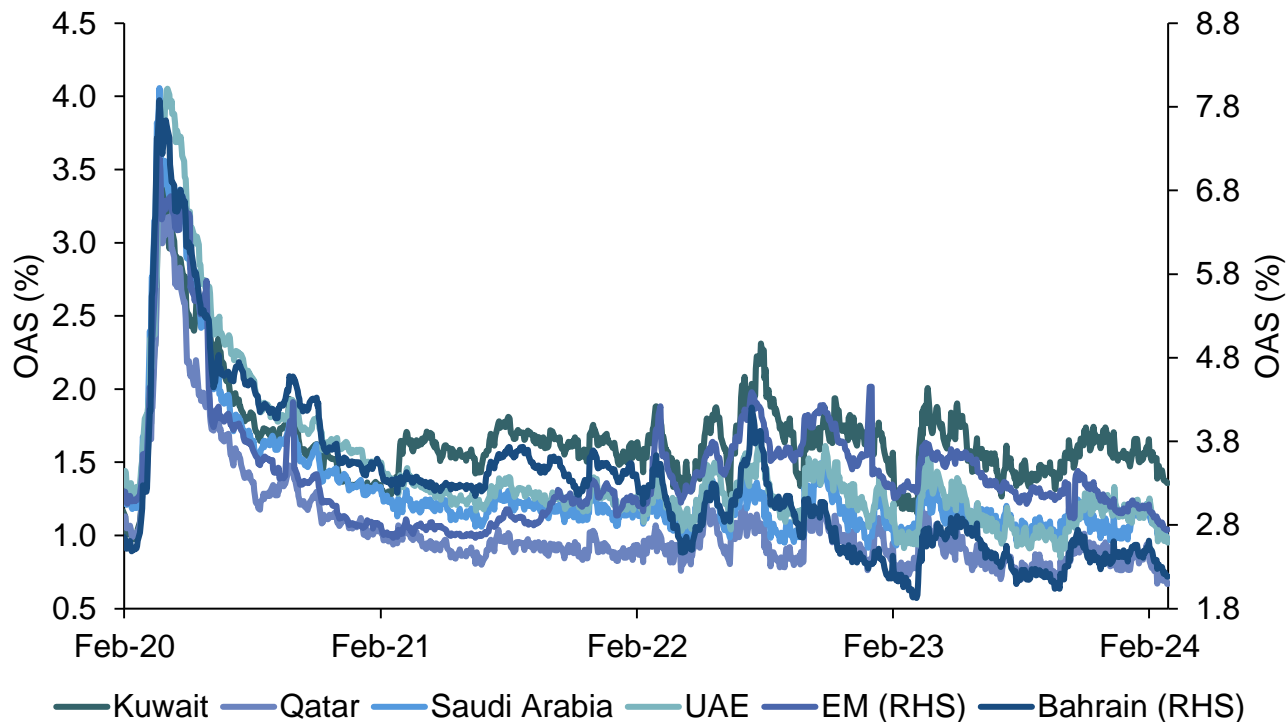
(Source: Zawya)

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	-
Bahrain Government International Bond	BHRAIN	Sovereign	BH	1000	7.5	2/12/2036	AT MATURITY	USD	2/12/2024	B+	7.43	-
CBB International Sukuk Programme Co	BHRAIN	Sovereign	BH	1000	6	2/12/2031	AT MATURITY	USD	2/12/2024	B+	6.04	-
Saudi Electricity Sukuk Programme Co	SECO	Agency	SA	1400	5.194	2/13/2034	AT MATURITY	USD	2/13/2024	A	5.24	-
Saudi Electricity Sukuk Programme Co	SECO	Agency	SA	800	4.942	2/13/2029	AT MATURITY	USD	2/13/2024	A	5.00	-
Esic Sukuk Ltd	ESICSU	Financial Institutions	AE	700	5.831	2/14/2029	AT MATURITY	USD	2/14/2024	BBB-	5.89	-
Mazoon Assets Co SAOC	MAZOO N	Agency	OM	500	5.5	2/14/2029	AT MATURITY	USD	2/14/2024	BB+	5.66	-
SNB Sukuk Ltd	SNBAB	Agency	SA	850	5.129	2/27/2029	AT MATURITY	USD	2/27/2024	A-	5.19	-
First Abu Dhabi Bank PJSC	FABUH	Agency	AE	850	5	2/28/2029	AT MATURITY	USD	2/28/2024	AA-	5.18	-

*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

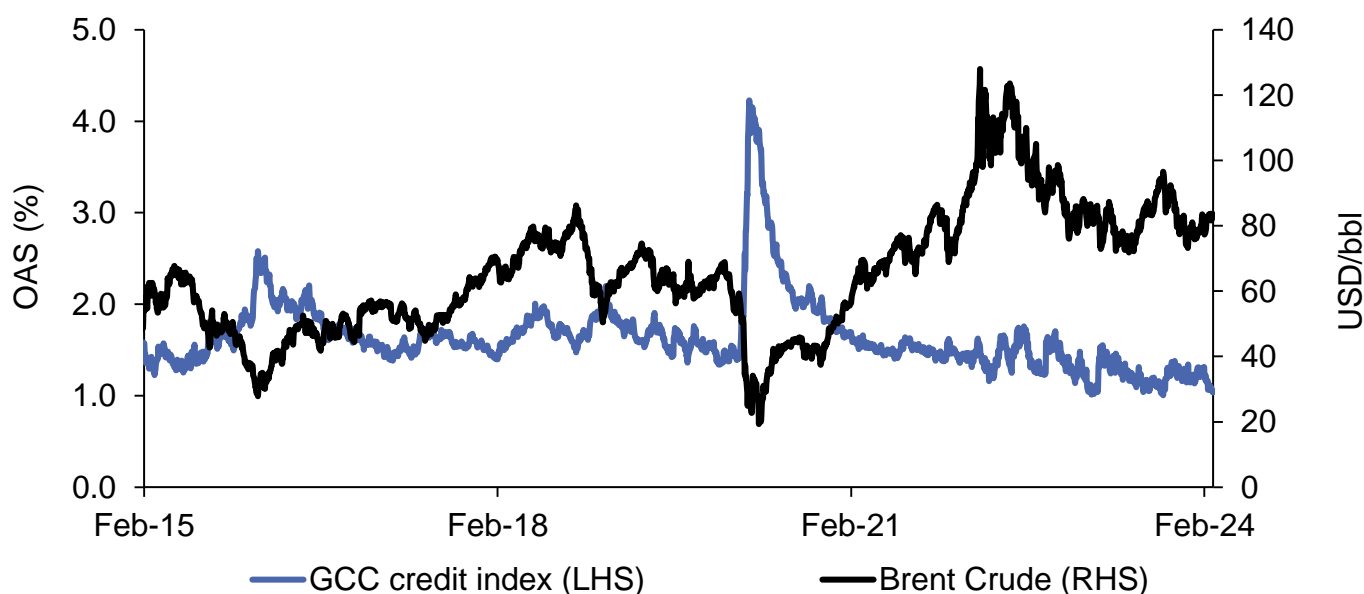
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



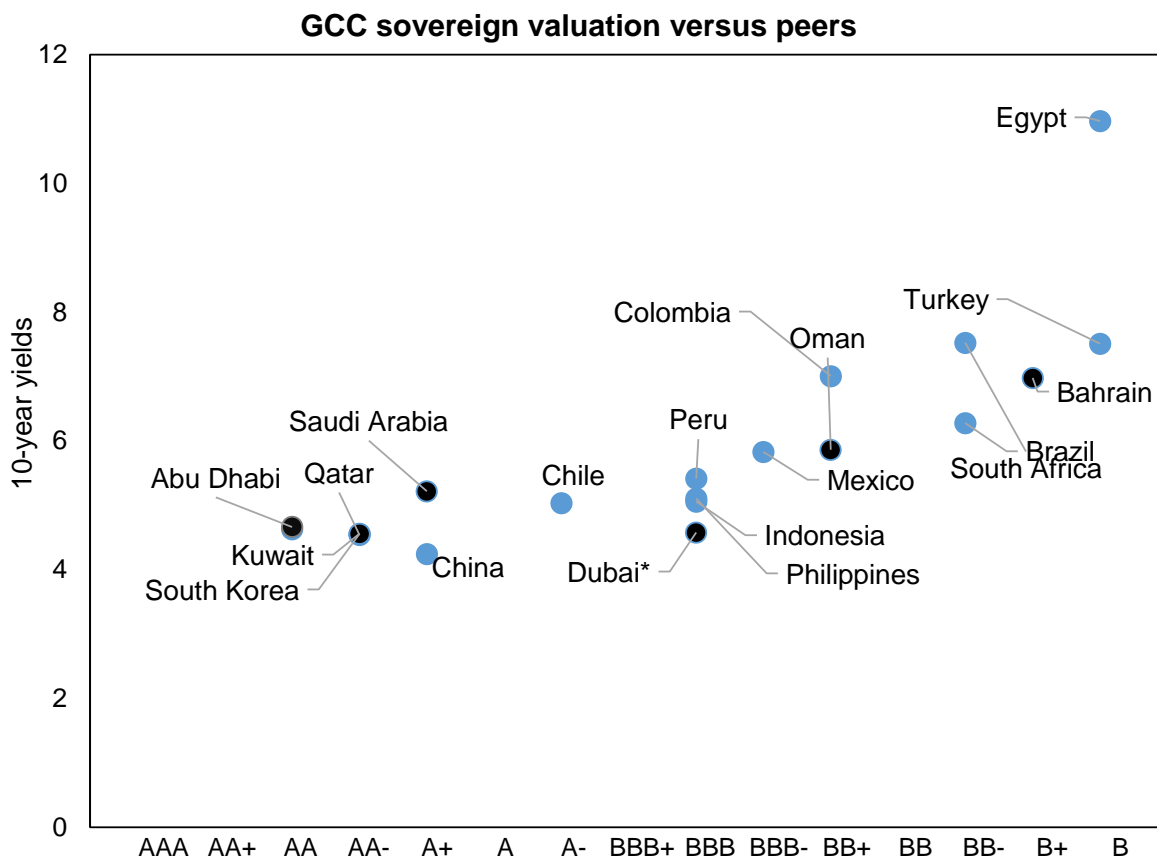
Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

GCC corporate OAS spread versus Brent Crude



Source: Bloomberg, ADCB Asset Management

10yr yield versus Credit ratings (EM vs GCC)



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

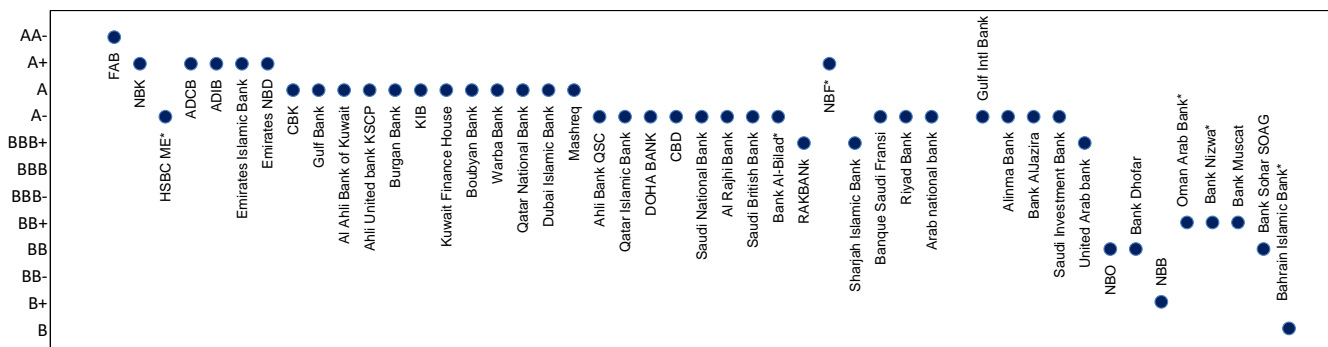
GCC Sovereign Rating

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

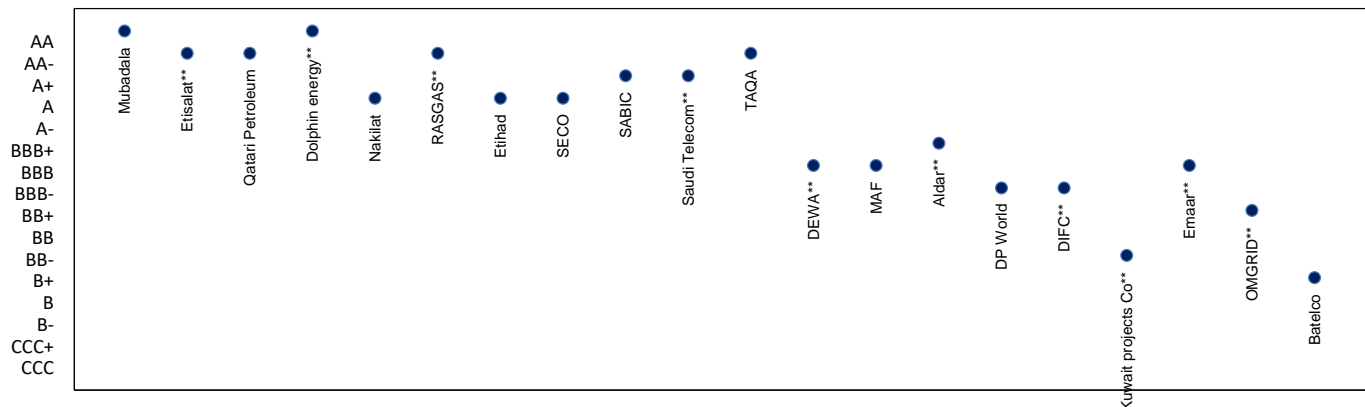
GCC Financials



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	25.5x	-31.6%	1.7%
DFM	9.0x	29.5%	4.0%
Tadawul	21.7x	-14.3%	2.8%
DSM	11.4x	-3.4%	4.8%
MSM30	7.6x	55.0%	4.7%
BHSE	6.9x	-	8.5%
KWSE	13.7x	4.8%	2.6%
MSCI GCC	15.0x	-0.5%	3.1%
MSCI EM	14.2x	-11.9%	2.6%
MSCI ACWI	17.8x	6.1%	1.9%

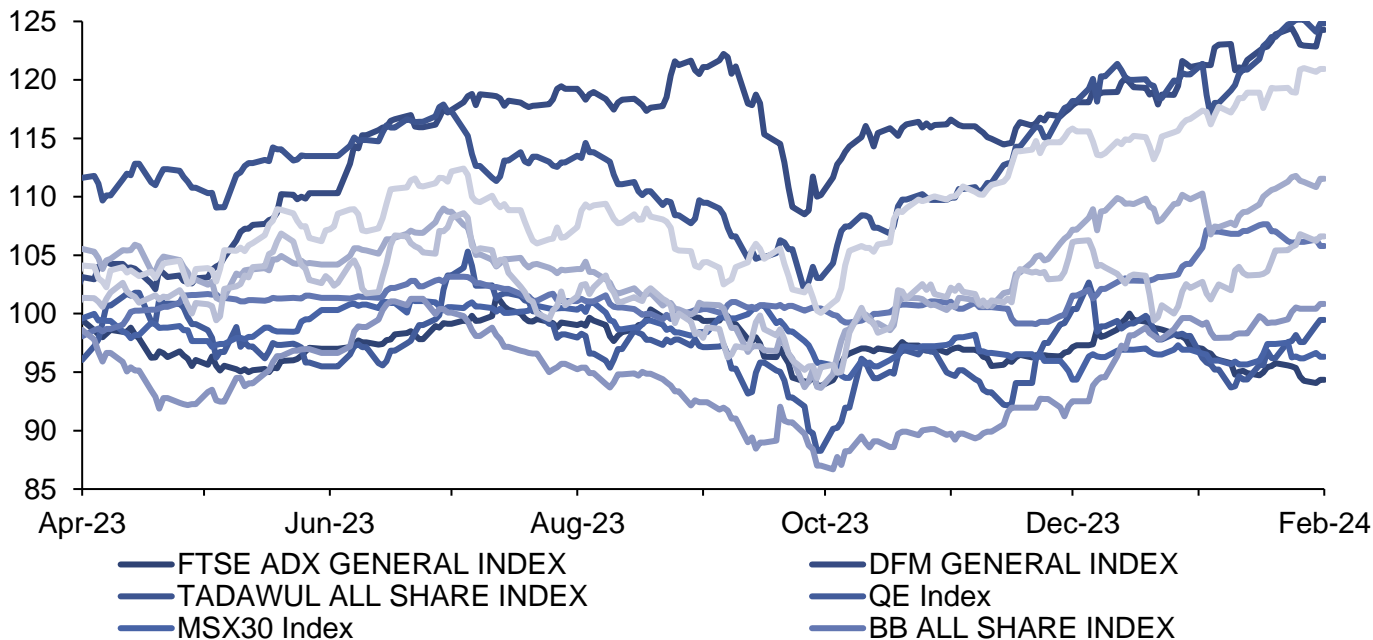
Notes: *data as of 28 February 2024
Source: Bloomberg, ADCB

GCC Weekly Market View

February 28 2024

GCC equity 1Y Performance

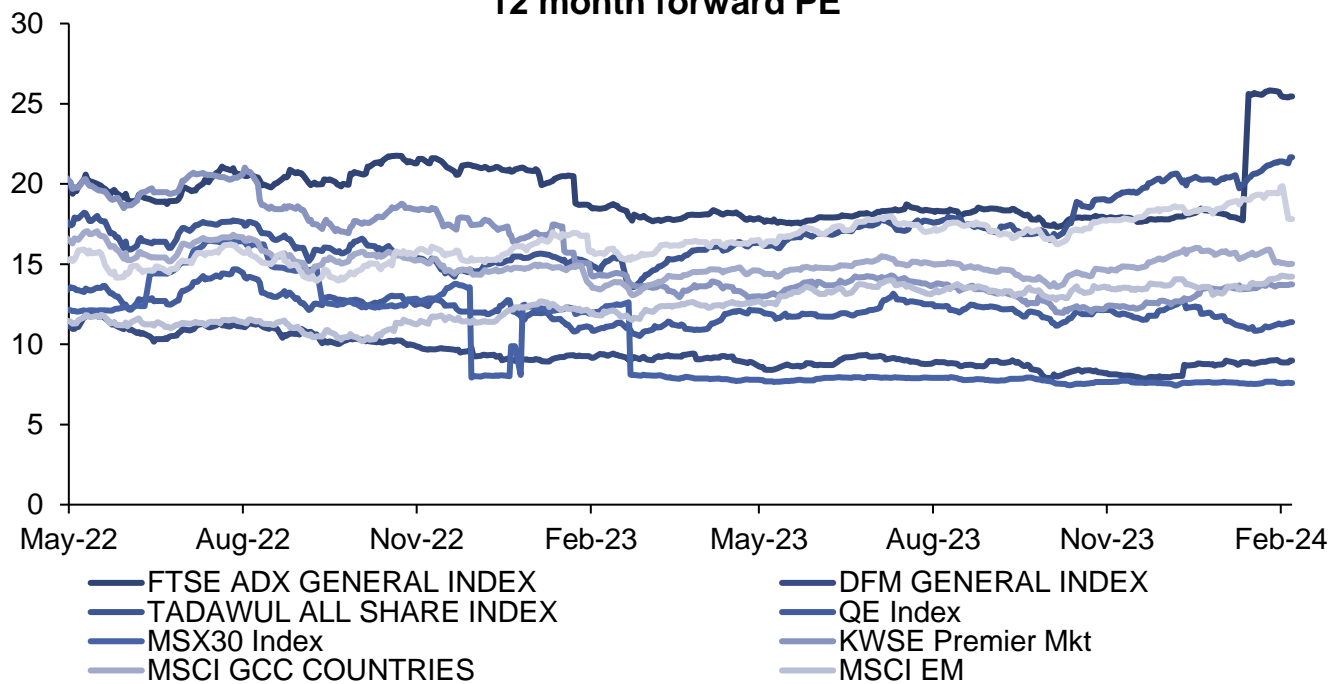
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

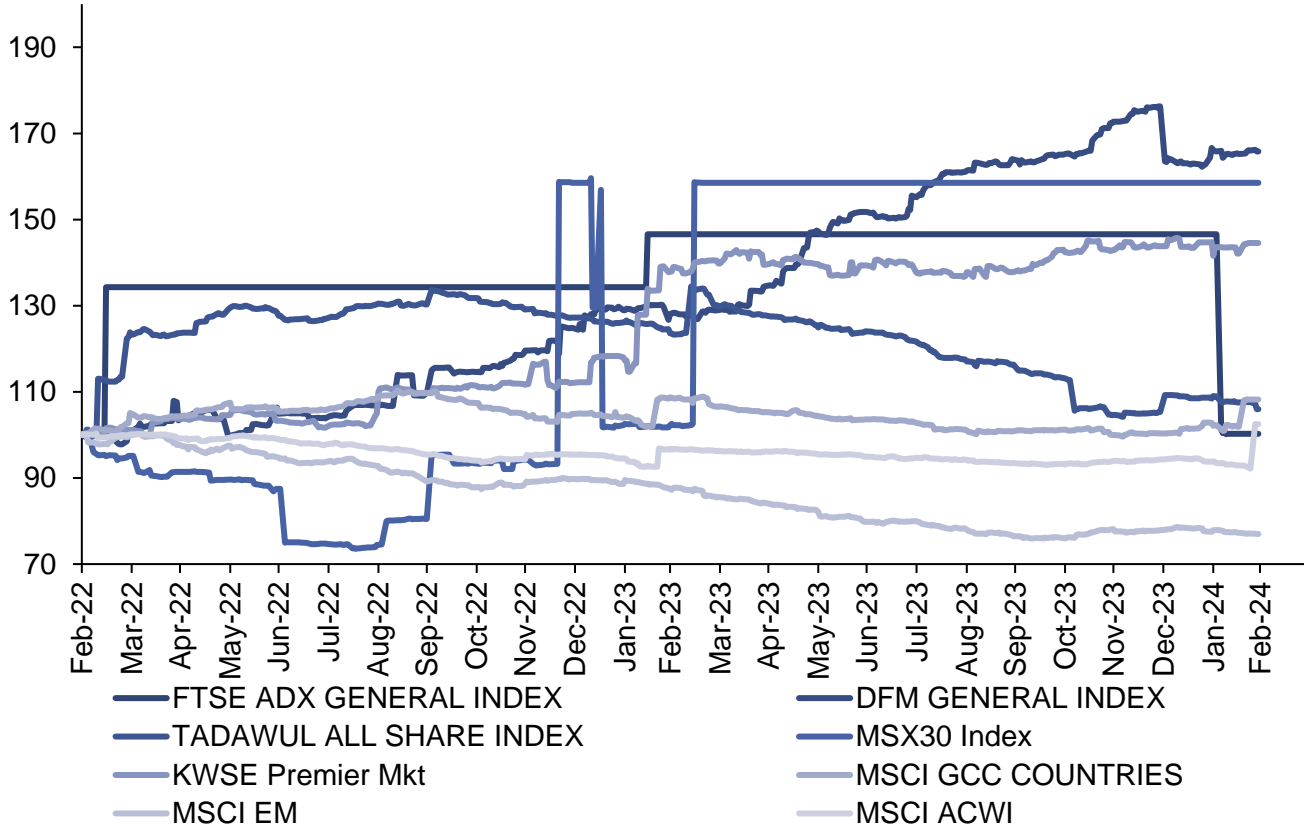
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

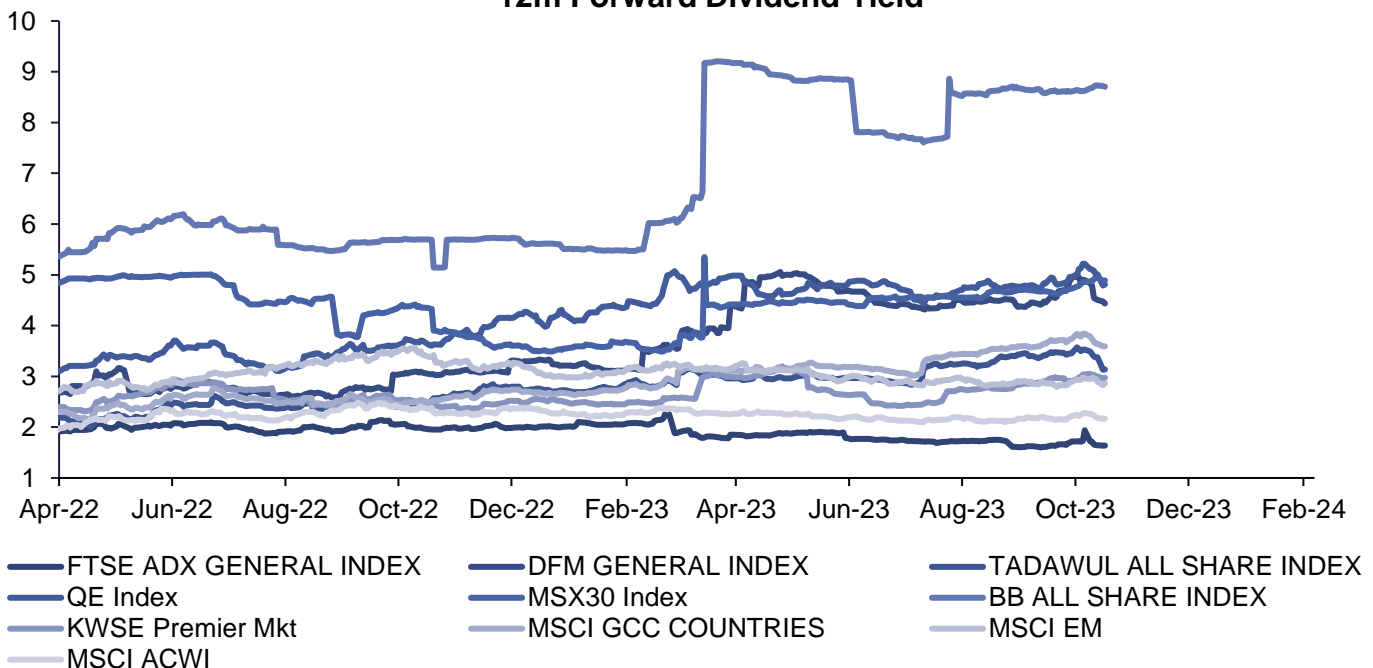
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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