

GCC market performance

GCC fixed income:

Global benchmark bond index recorded marginal losses over the week (ending 2nd July 2024). 10Y UST yields rose over the week as odds of President Trump winning the election jumped post the first Presidential debate. In credit, Global corporate IG and HY ended the week on a negative note. EM had a negative week too, led by EM LatAm. All GCC bond indices recorded negative returns with Qatar and Saudi Arabia underperforming the most. 5yr CDS spreads mostly tightened across all the GCC countries with the exception of Bahrain. In the USD sovereign market, the 10yr bond yields rose across all the GCC countries, led by Abu Dhabi.

GCC equities:

Most regional indices recorded gains last week with the exception of Bahrain and Saudi Arabia. Dubai posted most gains (1.43%), outperforming the rest of regional indices. BHSE stocks underperformed the most, posting loss of (0.89%). MSCI ACWI was up (0.38%) while MSCI EM and MSCI GCC were down (0.59%) and (0.12%) respectively.

GCC key developments:

- **Fitch affirmed Abu Dhabi's rating at 'AA' with a stable outlook.**
- **UAE's non-oil businesses grew in June 2024 – as per PMI.**
- **Saudi Arabia's non-oil activity dropped to its lowest in 2.5 years – as per PMI.**
- **Kuwait non-oil business improved slower in June than May – as per PMI.**
- Saudi Arabia's April trade surplus soars to record USD41.4bn.
- Unemployment in Saudi Arabia edges higher to 3.50% in Q1'24.
- Oman's inflation rate increased by 0.9% in May.

GCC bond issuances:

- **Sharjah Islamic Bank (SIB) successfully issued a USD500mn sukuk.**
- **Energy Development Oman (EDO) successfully issued a USD750mn Sukuk.**

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GCC Weekly Market Performance

Index				Rates			
Fixed Income	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
Global Agg	455.3	-0.34	-2.4	Saudi	6.2	-1.8	0.5
Global Treasuries	191.9	-0.40	-4.1	UAE	5.3	7.58	-11.5
EM USD Agg TR	1191.8	-0.65	2.7	Kuwait	4.3	0.00	0.0
EM LatAm TR	1052.0	-0.99	4.0	Bahrain	6.4	0.06	-17.2
EM EMEA TR	355.1	-0.55	2.2	Oman	5.7	-4.85	-29.6
EM Asia TR	629.6	-0.39	1.8	Qatar	6.0	-	-12.5
Bahrain TR	195.9	-0.32	3.3	US SOFR	5.4	6.00	1.0
Oman TR	151.5	-0.43	1.4	5Y Sov. CDS	Latest	-1w (bp)	YTD (bp)
Kuwait TR	151.4	-0.02	2.1	Saudi Arabia	55.67	-1.90	1.30
Qatar TR	134.9	-0.76	0.4	Abu Dhabi	44.27	-0.9	0.5
Saudi Arabia TR	138.3	-0.74	-0.1	Dubai	67.44	-0.6	-
UAE TR	139.2	-0.47	0.7	Kuwait	72.07	-1.1	17.0
Equity	Latest	-1w %	YTD %	Bahrain	191.38	1.2	-21.3
ADX	8742.2	1.36	-6.5	Oman	106.17	-0.6	-16.1
DFM	3986.9	1.43	-0.4	Qatar	43.31	-0.7	-3.5
Tadawul	11659.9	-0.43	-2.7	10Y yield	Latest	-1w (bp)	YTD (bp)
DSM	9376.9	1.37	-3.7	Saudi Arabia	5.3	11.2	56.4
MSM30	4829.2	0.23	2.3	Abu Dhabi	4.9	10.30	59.3
BHSE	2021.6	-0.89	2.7	Dubai	4.4	-0.70	-25.3
KWSE	7692.6	0.07	-1.2	Kuwait	5.1	9.80	80.7
MSCI GCC	662.4	-0.12	-5.6	Bahrain	6.7	9.40	-4.1
MSCI EM	1088.0	-0.59	7.6	Oman	5.8	9.00	26.9
MSCI ACWI	792.5	0.38	12.9	Qatar	4.8	6.30	53.2

Note: data from 26th June 2024 to 2nd July 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

Fitch affirmed Abu Dhabi's rating at 'AA' with a stable outlook.

Fitch Ratings has maintained Abu Dhabi's 'AA' rating with a stable outlook. This decision highlights the emirate's robust fiscal health and high GDP per capita. Fitch predicts that Abu Dhabi will achieve fiscal surplus of 5.4% of GDP in 2024 and 3.6% in 2025, following an estimated 11% of GDP surplus in 2023.

(Source: Zawya)

UAE's non-oil businesses grew in June 2024 – PMI

The UAE Purchasing Managers' Index (PMI) increased from 55.3 in May to 54.6 in June. However, companies noted a steep rise in new work during June, with the upturn edging up to the strongest since March.

(Source: Zawya)

Saudi Arabia's non-oil activity dropped to its lowest in 2.5 years – PMI

Saudi Arabia's Purchasing Manager's Index (PMI) dropped to its lowest recorded level since January 2022. The Saudi Arabia's PMI fell from 56.4 in May to 56.4 in June, but still above 50.0 neutral mark, consistent with a robust improvement in business conditions.

(Source: Zawya)

Kuwait non-oil business improved but slower in June than May – PMI

The Kuwait Purchasing Managers' Index (PMI) recorded a headline figure of 51.6 for June, lower than May's 52.4, but still above the 50.0 that signals improving business conditions. Employment levels in Kuwaiti's non-oil companies rose at their fastest recorded rate last month as business conditions continued to improve, but at a slightly slower rate than in May.

(Source: Zawya)

Saudi Arabia's April trade surplus soars to record USD41.4bn

According to the General Authority for Statistics (GASTAT), the trade balance of the Kingdom of Saudi Arabia reached a surplus of SAR41.4bn (USD11bn) in April 2024, which is the highest level so far this year. Additionally, the trade balance has grown by over 48.5% since the beginning of the year, with an increase of SAR13.525bn.

(Source: Zawya)

Unemployment in Saudi Arabia edged higher to 3.50% in Q1'24

According to the General Authority for Statistics (GASTAT), unemployment in Saudi Arabia for both citizens and foreigners inched higher to 3.50% in Q1'24 from 3.40% in Q4'23. Unemployment among Saudis hit 7.60% in Q1'24, down from 7.80% in Q4'23. Meanwhile, Saudi male unemployment went down to 4.20% in Q1'24 from 4.60% in Q4'23.

(Source: Zawya)

Oman's inflation rate increased by 0.9% in May

According to the National Centre for Statistics and Information (NCSI), Oman's inflation rate increased in May 2024 by 0.9%. The data indicated an increase in the prices of food and non-alcoholic beverages groups by 3.8%, miscellaneous goods and services by 3.3%, health by 2.4%, culture and entertainment by 0.6%, housing, water, electricity, gas and other types of fuel by 0.4%, restaurants and hotels by 0.3%, and clothing and shoes at 0.1%. On the other hand, transportation group prices decreased by 1.6%, education by 0.4%, and communications.

(Source: Zawya)

Sharjah Islamic Bank (SIB) successfully issued a USD500mn sukuk

Sharjah Islamic Bank (SIB) successfully closed a USD500mn sukuk issuance in the international capital markets. The offering received a strong response from global investors, attracting orders that peaked at USD1.5bn, over 3x the initial target. The 5-year sukuk was further priced at a spread of 105bp over 5-year US Treasuries, bearing a profit rate of 5.25% per annum and maturing on July 3, 2029. The bank was able to tighten the pricing by 35bp from the initial price guidance of 140bp, reflecting the strong demand from international and Middle Eastern investors.

(Source: Zawya)

Energy Development Oman (EDO) successfully issued a USD750mn Sukuk

Energy Development Oman (EDO), successfully issued a USD750mn Sukuk, marking a significant achievement for Oman's national energy sector. EDO's second in less than a year, was oversubscribed more than 4x, attracting over 115 orders from global investors across Europe, the UK, the US, the Middle East, and Asia. The sukuk was priced at a profit rate of 5.662% for a 7 year term, representing a notable reduction from EDO's previous Sukuk issued in September 2023, which carried a profit rate of 5.875% over a 10 year term. The senior unsecured Sukuk Al Ijara/Murabaha has received a BB+ rating from Fitch. Priced with a spread of 1.35% over US Treasuries, these trust certificates will be issued under the framework of EDO Sukuk Limited's trust certificate issuance program.

(Source: Zawya)

GCC Weekly Market View

July 03 2024

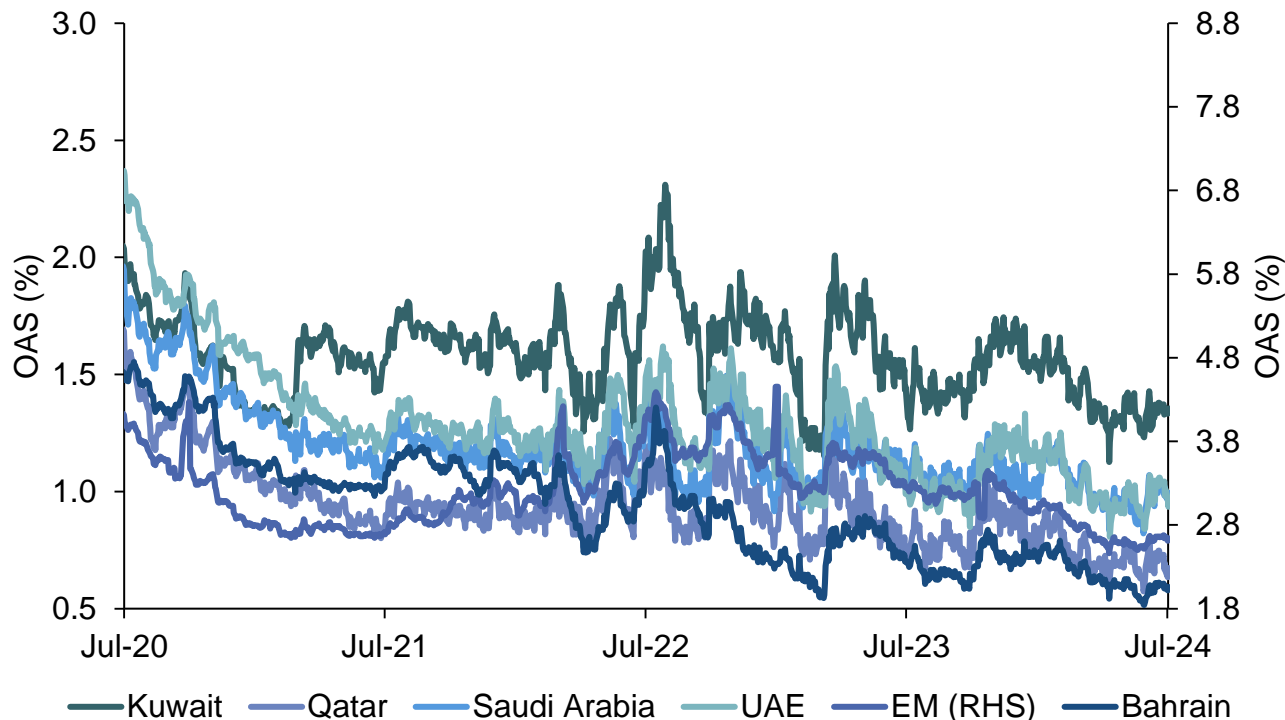
GCC bond issuances table

Issuer	BBG	Sector	Country	Issue Amt*	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg^	YTM (mid)	YTC (mid)
Finance Department Government of	SHJGOV	Sovereign	AE	750	6.125	3/6/2036	AT MATURITY	USD	3/6/2024	A-	6.07	-
Doha Finance Ltd	DHBKQD	Financial Institutions	QA	500	5.25	3/12/2029	AT MATURITY	USD	3/12/2024	A-	5.44	-
CBQ Finance Ltd	COMQAT	Financial Institutions	QA	750	5.375	3/28/2029	AT MATURITY	USD	3/28/2024	A-	5.48	-
MDGH SUKUK LTD	MUBAUH	Financial Institutions	AE	100	4.959	4/4/2034	AT MATURITY	USD	3/26/2024	AA	4.98	-
Abu Dhabi Government	ADGB	Sovereign	AE	1750	5.5	4/30/2054	AT MATURITY	USD	4/30/2024	AA	5.69	-
Abu Dhabi Government	ADGB	Sovereign	AE	1750	4.875	4/30/2029	AT MATURITY	USD	4/30/2024	AA	5.05	-
Abu Dhabi Government	ADGB	Sovereign	AE	1500	5	4/30/2034	AT MATURITY	USD	4/30/2024	AA	5.10	-
KIB Tier 1 Sukuk 2 Ltd	KIBKK	Financial Institutions	KW	300	6.625	-	PERP/CALL	USD	5/1/2024	-	6.48	6.59
Abu Dhabi Developmental	ADQABU	Financials	AE	1250	5.375	05/08/2029	CALLABLE	USD	04/30/2024	AA	5.18	-
Abu Dhabi Developmental	ADQABU	Financials	AE	1250	5.50	05/08/2034	CALLABLE	USD	04/30/2024	AA	5.288	-
EI Sukuk Co Ltd	EIBUH	Agency	AE	750	5.431	5/28/2029	AT MATURITY	USD	5/28/2024	A+	5.41	-
Qatar Government International Bond	QATAR	Sovereign	QA	1500	4.75	5/29/2034	AT MATURITY	USD	5/29/2024	AA	4.80	-
Qatar Government International Bond	QATAR	Sovereign	QA	1000	4.625	5/29/2029	AT MATURITY	USD	5/29/2024	AA	4.79	-
KSA Sukuk Ltd	KSA	Sovereign	SA	1500	5.25	6/4/2030	AT MATURITY	USD	6/4/2024	A+	5.23	-
KSA Sukuk Ltd	KSA	Sovereign	SA	2250	5.25	6/4/2034	AT MATURITY	USD	6/4/2024	A+	5.27	-
MDGH GMTN RSC Ltd	MUBAUH	Agency	AE	750	5.294	6/4/2034	CALLABLE	USD	6/4/2024	AA	5.24	5.24
KSA Sukuk Ltd	KSA	Sovereign	SA	1250	5.25	6/4/2027	AT MATURITY	USD	6/4/2024	A+	5.21	-
Gulf International Bank BSC	GULINT	Agency	BH	500	5.75	6/5/2029	AT MATURITY	USD	6/5/2024	A-	5.82	-
NBK SPC Ltd	NTBKKK	Financial Institutions	KW	500	5.5	6/6/2030	CALLABLE	USD	6/6/2024	A+	5.50	5.33
BBK BSC	BBK	Financial Institutions	BH	500	6.875	6/6/2029	AT MATURITY	USD	6/6/2024	B+	6.92	-
Mashreqbank PSC	MASQUH	Financial Institutions	AE	500	7.125	-	PERP/CALL	USD	6/10/2024		7.02	6.78
Arada Sukuk 2 Ltd	ARADAD	Financial Institutions	AE	400	8	6/24/2029	AT MATURITY	USD	6/24/2024	BB-	7.48	-
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		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

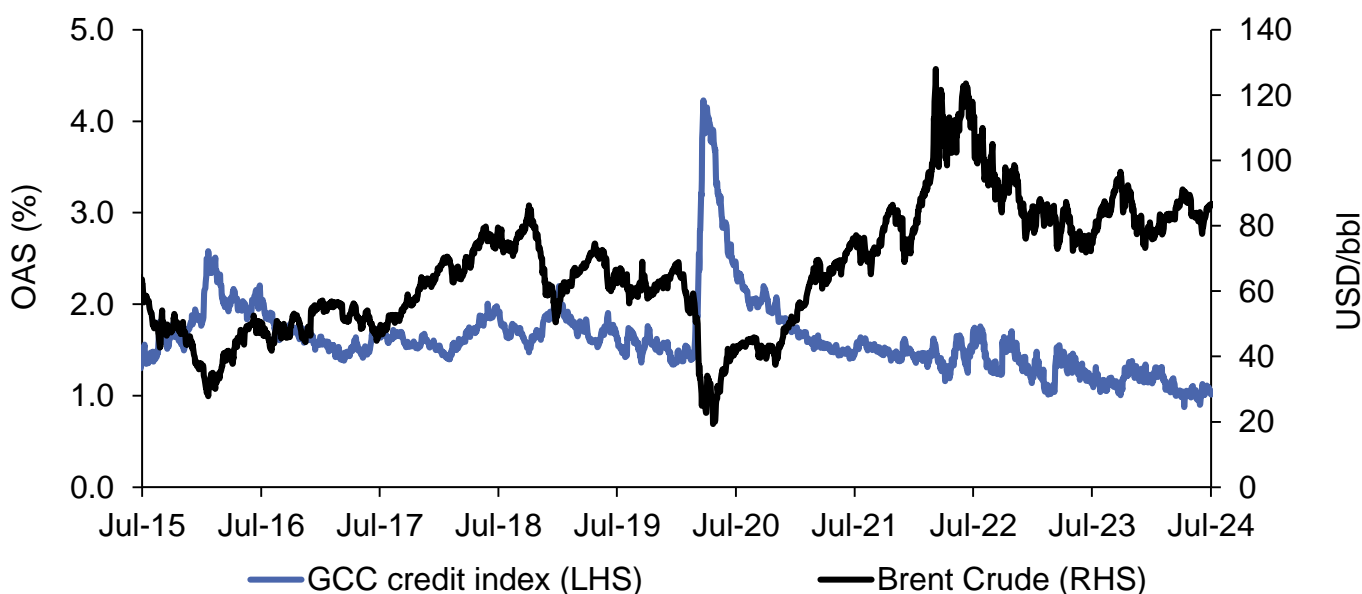
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

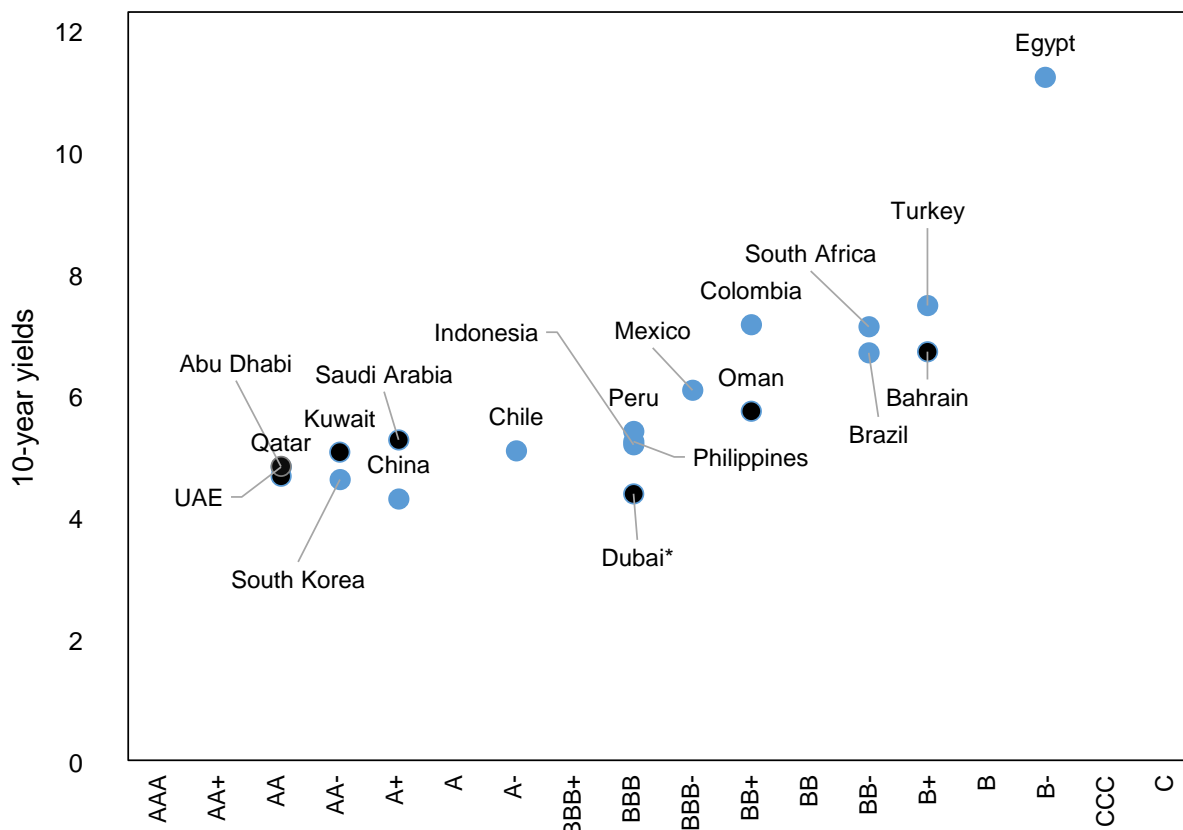
GCC corporate OAS spread versus Brent Crude



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

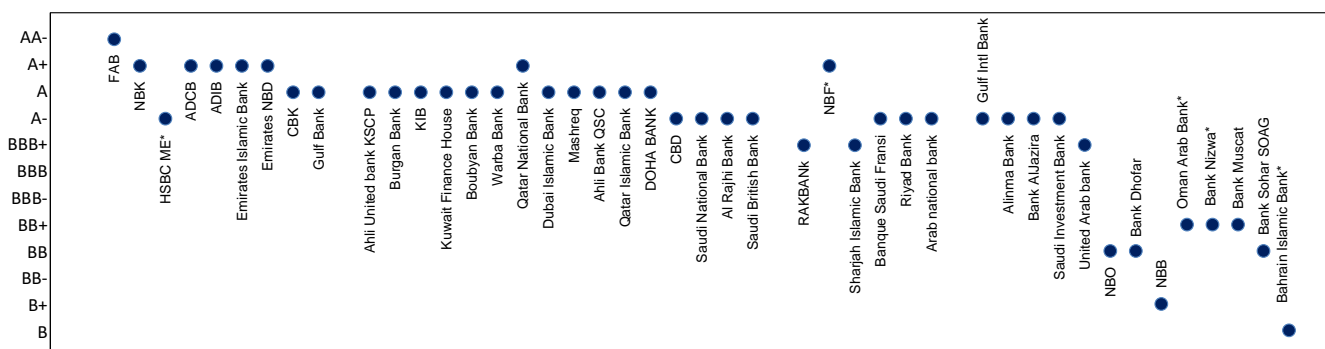
GCC Sovereign Rating

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

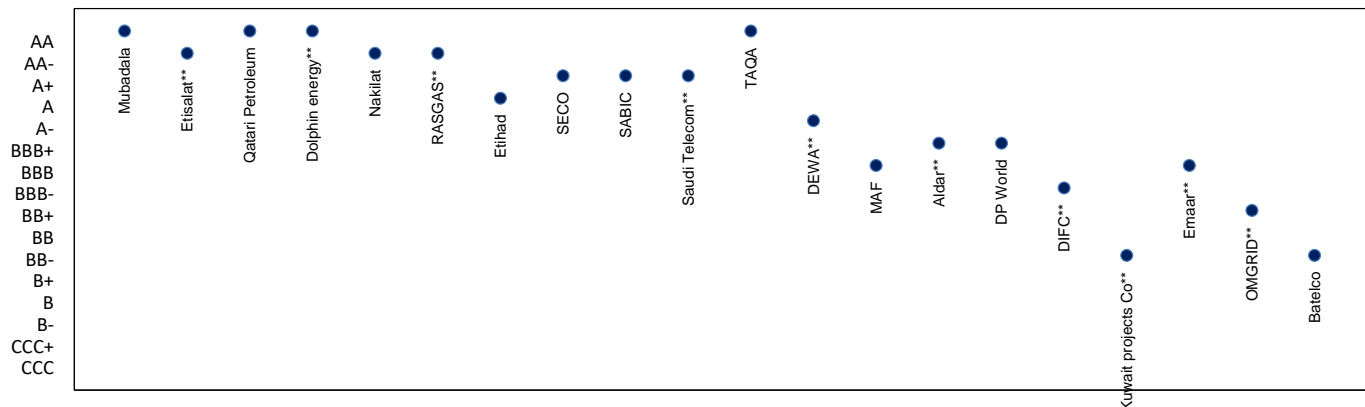
GCC Financials



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

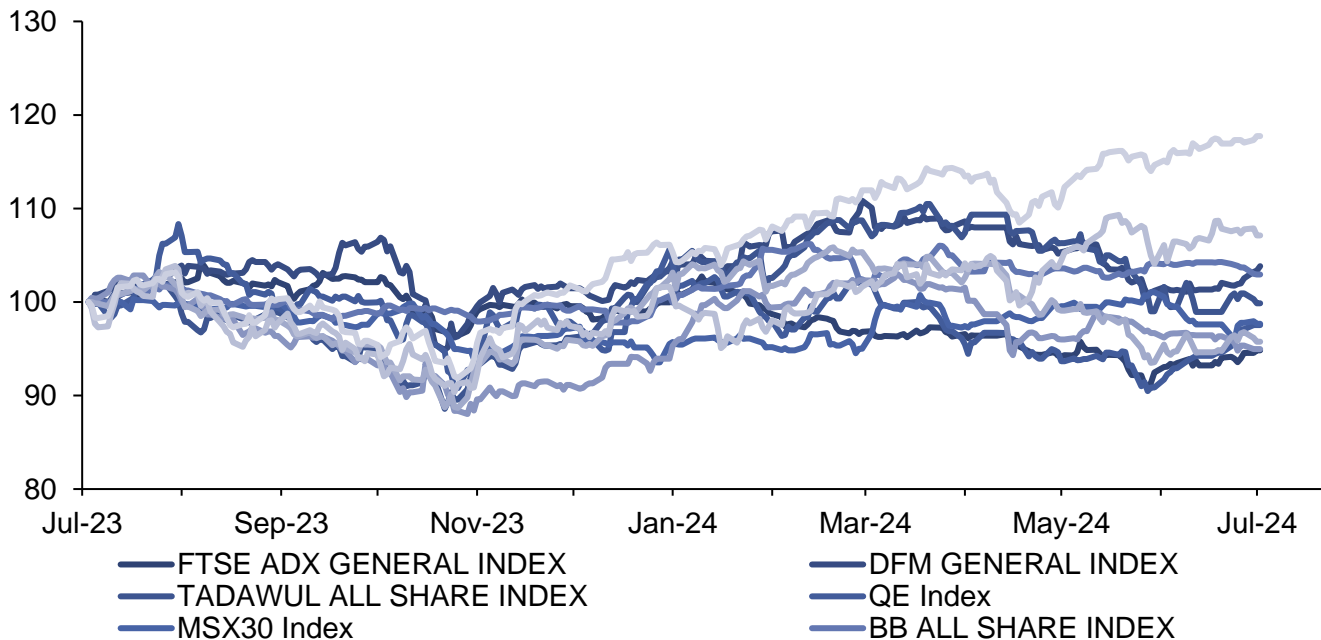
GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	14.8x	1.4%	2.2%
DFM	7.8x	20.9%	5.8%
Tadawul	16.7x	1.8%	3.6%
DSM	10.9x	6.6%	4.8%
MSM30	10.4x	-49.5%	5.2%
BHSE	7.5x	NM	8.3%
KWSE	12.4x	7.0%	2.8%
MSCI GCC	13.9x	3.2%	3.9%
MSCI EM	13.2x	10.3%	2.6%
MSCI ACWI	18.9x	7.6%	1.9%

Notes: *data as of 03 July 2024
Source: Bloomberg, ADCB

GCC equity 1Y Performance

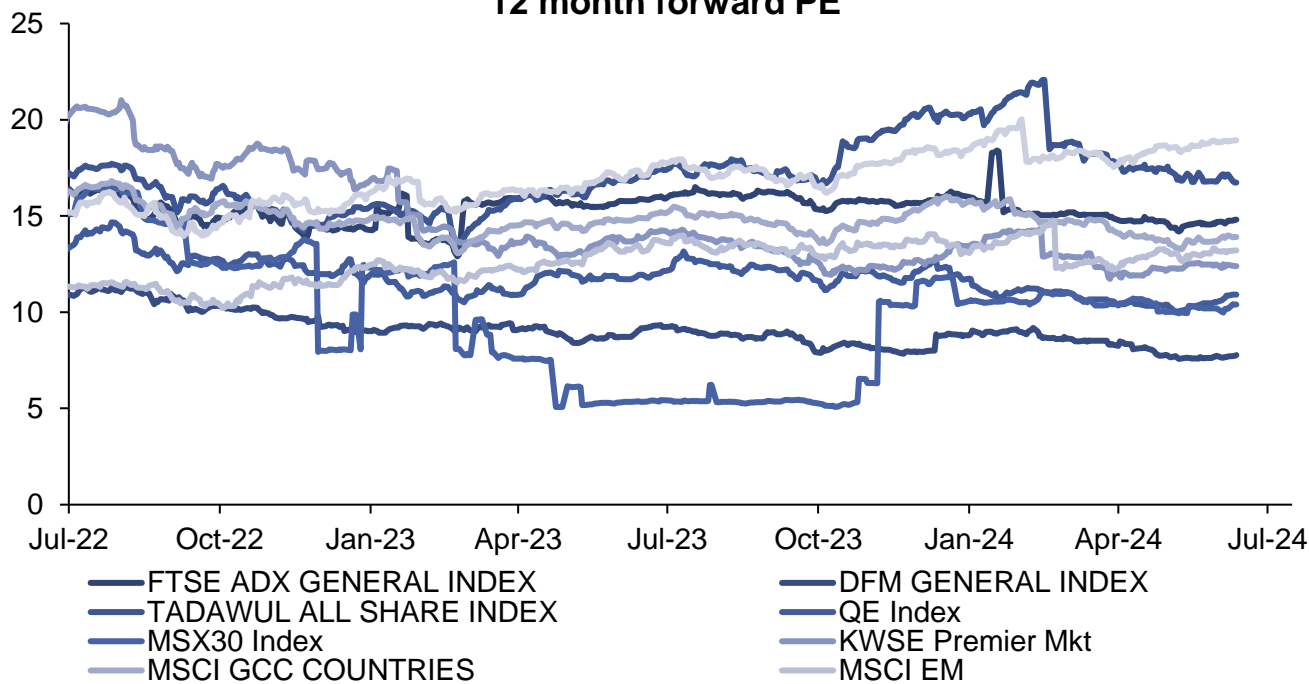
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

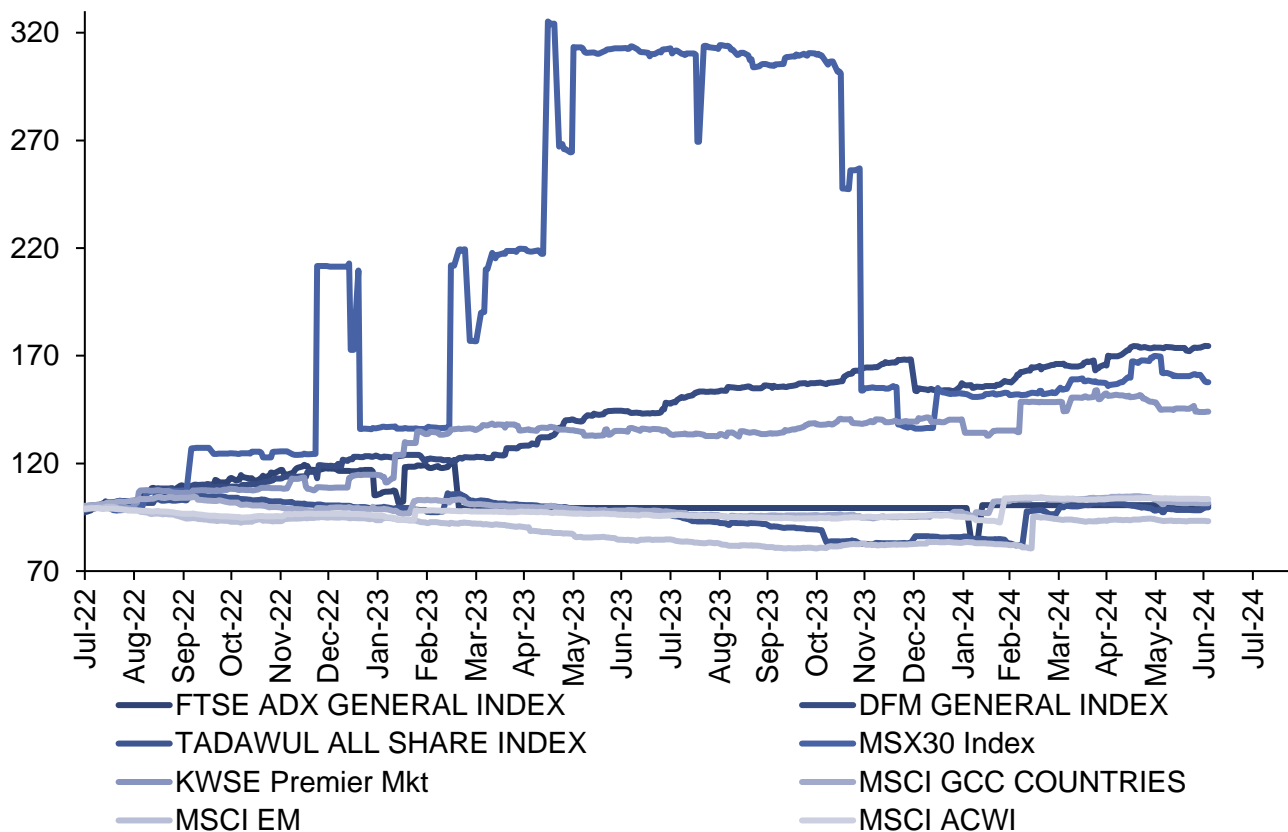
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

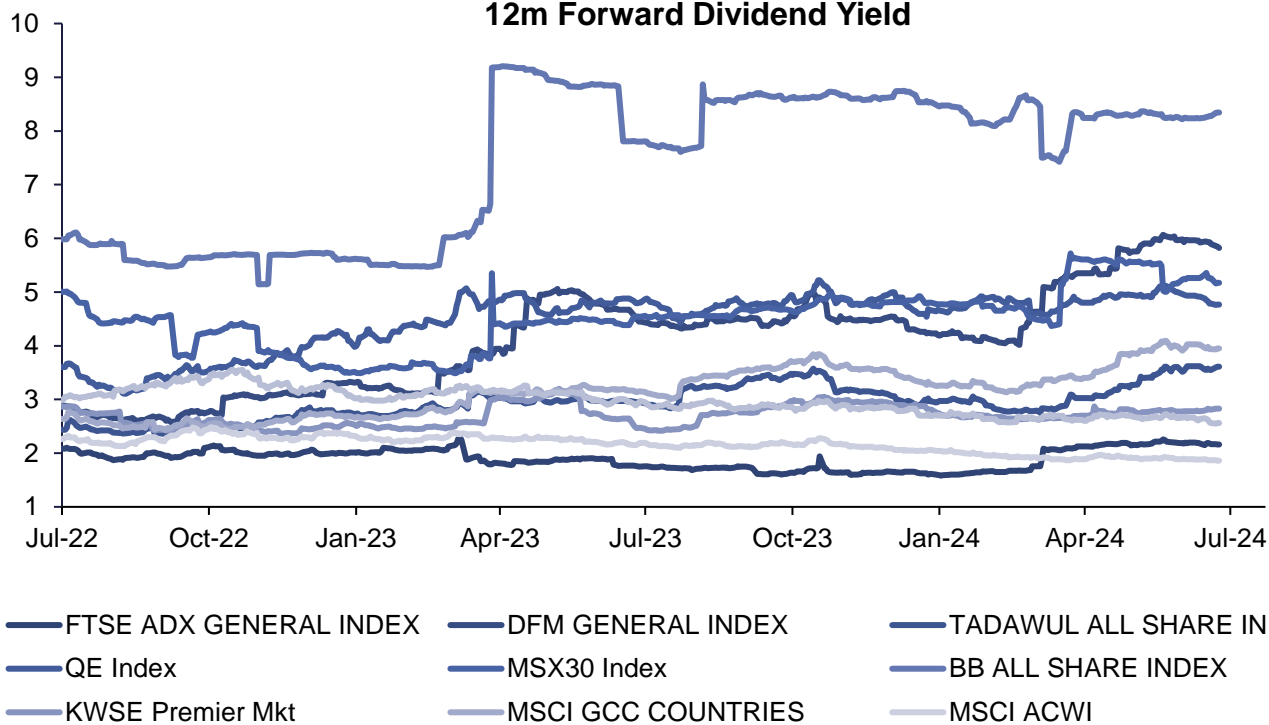
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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