

GCC market performance

GCC fixed income:

Fixed income indices recorded positive returns for the week ending July 16th 2024 on the back of dovish Fed comments and soft economic data. Global Aggregate index rose 1.03%. Global Treasuries led the gain, rising 1.21%. EM USD bonds rose as well, led by EM EMEA. All GCC bond indices recorded positive returns with Oman outperforming the most and Kuwait underperforming. 5yr CDS spreads for the GCC countries narrowed across over the week. In the USD sovereign market, the 10yr bond yields continued to fall for a second consecutive week, with Abu Dhabi bond yields declining the most.

GCC equities:

Most regional indices recorded gains the exception of Bahrain and Oman. Saudi outperformed rising 2.51%. Bahrain stocks underperformed for the third consecutive week, declining 0.44%. MSCI GCC rose 2.22%, outperforming both MSCI EM and MSCI ACWI last week.

GCC key developments:

- **GCC IPOs increase by the boost of Saudi's markets spearhead growth.**
- **GCC and the UK aim to finalize free-trade agreement negotiations this year.**
- **GCC to expand airports in anticipation of a tourism boom.**
- **Saudi Arabia, UAE make 82% of GCC's oil exports to Japan in May 2024**

GCC bond issuances

- **Greensaif Pipeline plans to raise USD3bn in new bonds**
- **National Bank of Ras Al Khaimah planning to sell new 5-year bonds**
- **Abu Dhabi's Masdar to issue new green bonds**

Ahmed Al Falahi

Analyst
Tel: +971 (0) 281 264 98
ahmed.a5@adcb.com

Prerana Seth, CFA

Fixed Income Strategist
Tel: +971 (0) 281 264 49
prerana.seth@adcb.com

Mohammed Al Hemeiri

Senior Analyst
Tel: +971 (0) 281 264 50
mohammed.alhemeiri@adcb.com

Kishore Mukhtinalapati

Head - Investment Strategy
Tel: +971 (0) 281 264 57
kishore.mukhtinalapati@adcb.com

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GCC Weekly Market Performance

Index				Rates			
	Latest	-1w %	YTD %		Latest	-1w (bp)	YTD (bp)
Fixed Income				3M interbank			
Global Agg	464.6	1.03	-0.4	Saudi	6.2	-1.52	-3.2
Global Treasuries	196.1	1.21	-2.0	UAE	5.2	1.62	-19.4
EM USD Agg TR	1213.8	0.68	4.6	Kuwait	4.3	-6.25	-6.3
EM LatAm TR	1074.2	0.66	6.2	Bahrain	6.4	0.00	-17.2
EM EMEA TR	361.6	0.70	4.1	Oman	5.6	-16.25	-40.3
EM Asia TR	639.4	0.67	3.4	Qatar	6.0	0.00	-10.0
Bahrain TR	198.7	0.65	4.7	US SOFR	5.3	0.00	-5.0
Oman TR	154.1	0.85	3.1	5Y Sov. CDS			
Kuwait TR	152.4	0.42	2.8	Saudi Arabia	52.63	-0.40	-1.8
Qatar TR	137.1	0.69	2.0	Abu Dhabi	40.23	-2.30	-3.4
Saudi Arabia TR	140.4	0.72	1.4	Dubai	65.27	-0.40	-
UAE TR	141.1	0.59	2.0	Kuwait	72.11	-	17.0
Equity				Bahrain	181.64	-8.50	-31.0
ADX	9137.9	0.19	-5.8	Oman	98.07	-8.10	-24.1
DFM	4126.1	0.72	0.8	Qatar	40.30	-2.00	-6.5
Tadawul	12107.1	2.51	1.3	10Y yield			
DSM	10151.7	0.32	-1.8	Saudi Arabia	5.1	-13.70	30.4
MSM30	4692.7	-0.12	2.4	Abu Dhabi	4.6	-13.80	30.1
BHSE	1985.8	-0.44	1.1	Dubai	4.3	-2.90	-36.7
KWSE	7772.6	0.61	1.8	Kuwait	4.8	-11.60	55.6
MSCI GCC	698.8	2.22	-2.2	Bahrain	6.5	-13.20	-28.8
MSCI EM	1117.4	0.55	11.4	Oman	5.5	-16.50	-3.7
MSCI ACWI	831.3	0.79	16.3	Qatar	4.5	-11.30	28.7

Note: data from 10th July 2024 to 16th July 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

GCC IPOs increase by the boost of Saudi's markets spearhead growth.

Through 23 Initial Public Offerings, the GCC Markets have raised total proceeds of USD3.6bn in the GCC markets during 1H'24, marking a 32% y-o-y decline in value compared to 1H'23. Saudi Arabia has led the region in terms of IPO proceeds in the first half by raising a total of USD2.1bn, registering 19 initial public offerings constituting 59% of total GCC IPO proceeds.

(Source: Zawya)

GCC and the UK aim to finalize free-trade agreement negotiations this year.

The Gulf Cooperation Council (GCC) Secretary General Jasem Albudaiwi stated that there is an agreement between the GCC and the UK emphasizing the importance of finalizing negotiations for a free-trade agreement this year. These remarks came after the GCC's chief's meeting with the UK Secretary of State for Business and Trade Jonathan Reynolds, with the former sensing strong interest from the new British government to complete the FTA negotiation rounds before the end of 2024.

(Source: Zawya)

GCC to expand airports in anticipation of a tourism boom.

According to a new report by Fitch Ratings, most GCC countries are expanding their airports as anticipation for a surge in tourism. The push to diversify their economies away from oil is expected to see the tourism contribution to GDP rise from USD130bn in 2023 to more than USD340bn by 2030. A sample of GCC air passenger traffic already shows a significant increase compared to pre-pandemic levels, with traffic 8% higher than 2019 and 20% higher than 2022.

(Source: Zawya)

Saudi Arabia, UAE make 82% of GCC's oil exports to Japan in May 2024.

GCC countries exported about 61.85mn barrels of crude oil to Japan. Saudi Arabia and the United Arab Emirates accounted for 82% of the GCC's total oil exports to Japan in May 2024, with a total of 53.69mn exports to Japan between the two countries. The UAE was the top exporter in May accounting for 46.20% of Japan's total oil imports with about 30.19mn barrels.

(Source: Zawya)

Greensaif Pipeline plans to raise USD3bn in new bonds

BlackRock-led investors in Saudi Aramco's gas pipeline network Greensaif Pipelines Bidco plan to raise USD3bn in two-tranche bond sale. The company plans to use the proceeds from the bond sale to refinance a loan used to buy a stake in Aramco Gas pipelines. The company plans to raise USD1.4bn in 2036 maturity bonds at 170bp over the 10yr USTs and USD1.6bn in 2042 maturity bonds at 195bp over similar maturity USTs. The spreads were tightened from the initial guidance of around 205bp and 225bp over similar rated USTs for the 2036 and 2042 bonds respectively. The bid orders for the bond sale topped USD9.2bn.

(Source: Reuters)

National Bank of Ras Al Khaimah planning to sell new 5-year bonds

National Bank of Ras Al Khaimah is planning to sell new 5-year bonds. The initial price guidance for the debt sale has been set at around 170bp over USTs. The bank plans to sell benchmark-sized, USD denominated senior unsecured social bonds under the USD2bn EMTN programme.

(Source: Reuters)

Abu Dhabi's Masdar to issue new green bonds

Abu Dhabi's clean-energy firm Masdar plans to sell USD denominated green bonds in two tranches. The renewable-power company plans to offer 5-year and 10-year green bonds. The company had revealed its plans of raising USD1bn of green bonds earlier this year.

(Source: Reuters)

GCC Weekly Market View

July 18 2024

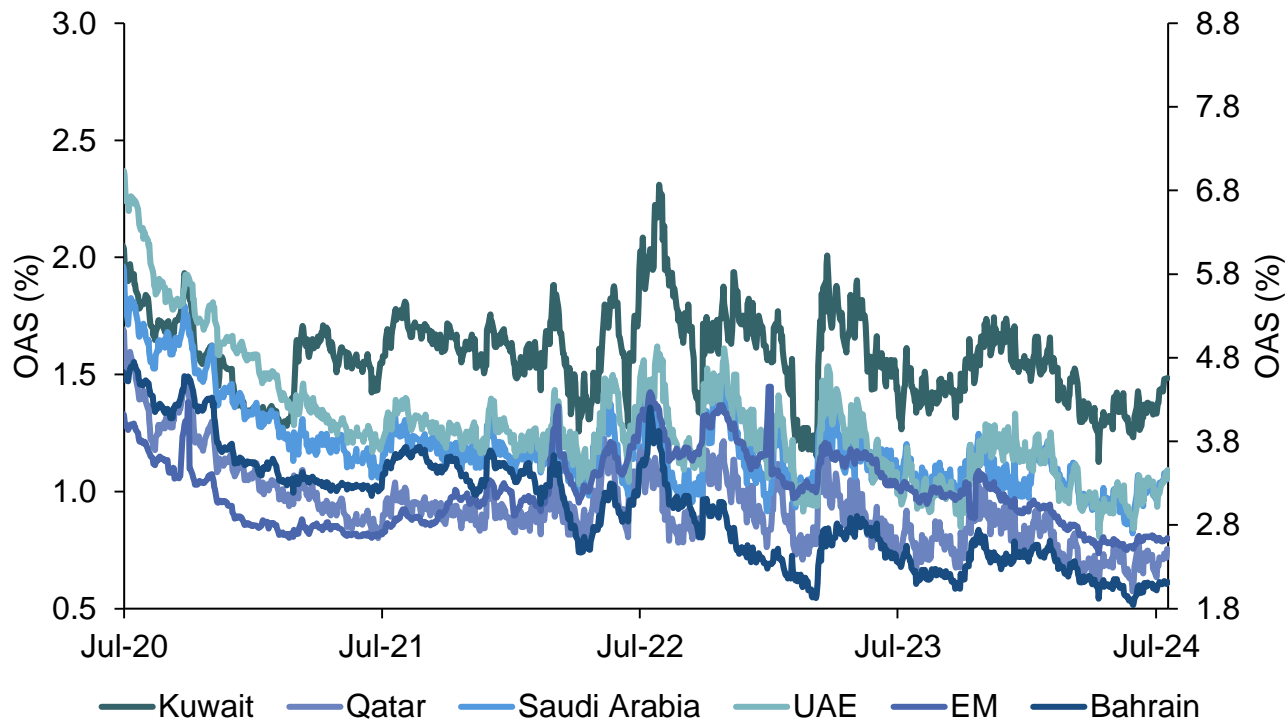
GCC bond issuances table

Issuer	BBG	Sector	Country	Issue Amt*	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg^	YTM (mid)	YTC (mid)
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	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	6.583 8593	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

*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

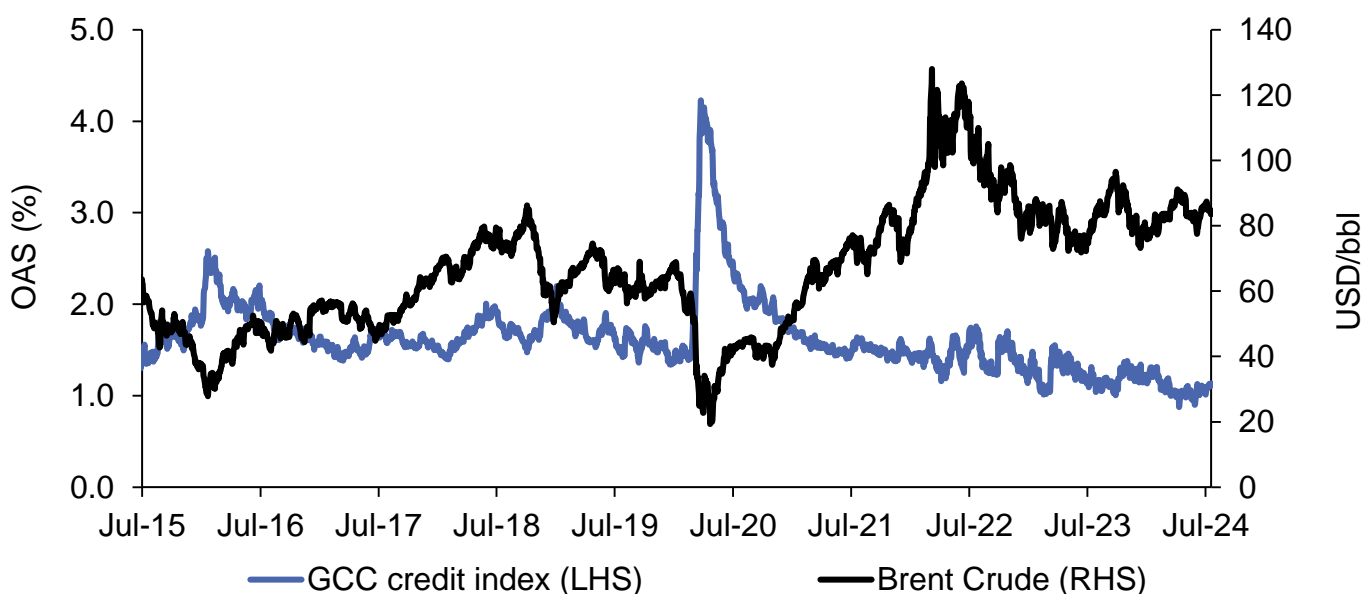
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

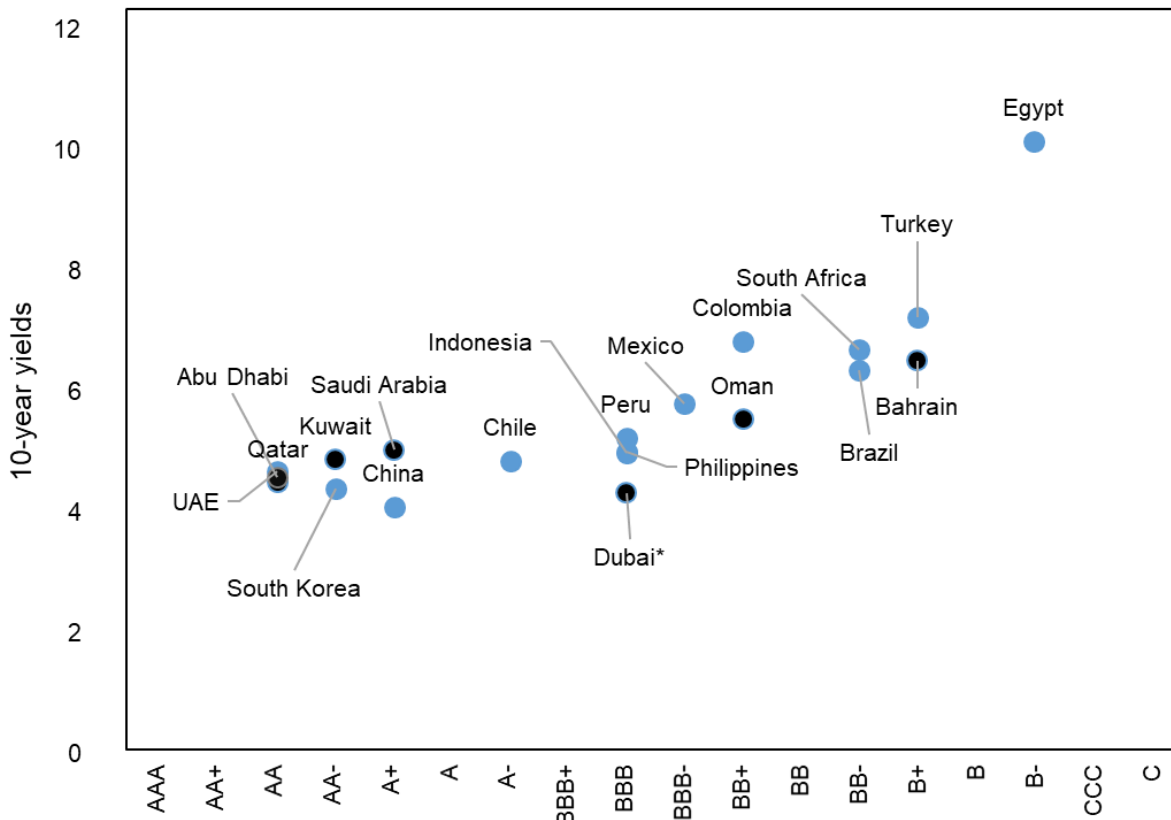
GCC corporate OAS spread versus Brent Crude



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

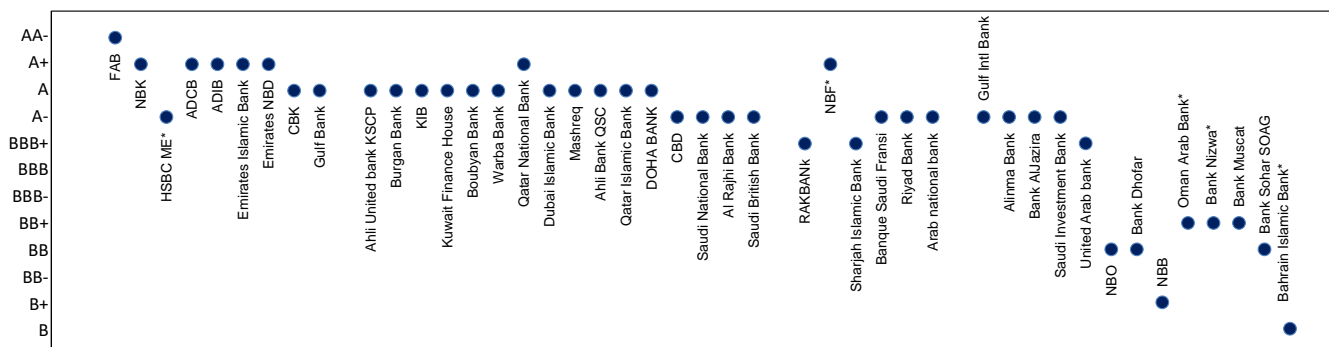
GCC Sovereign Rating

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

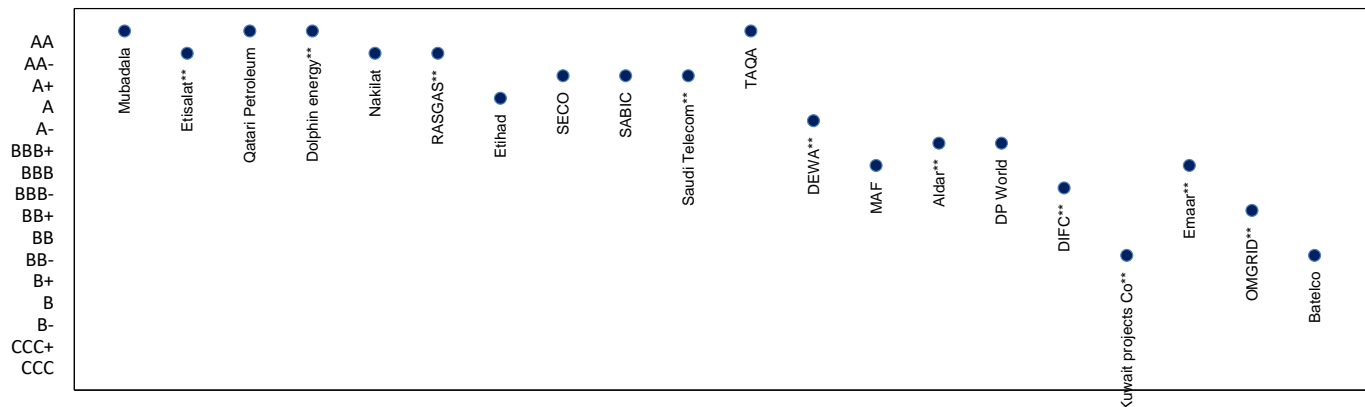
GCC Financials



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

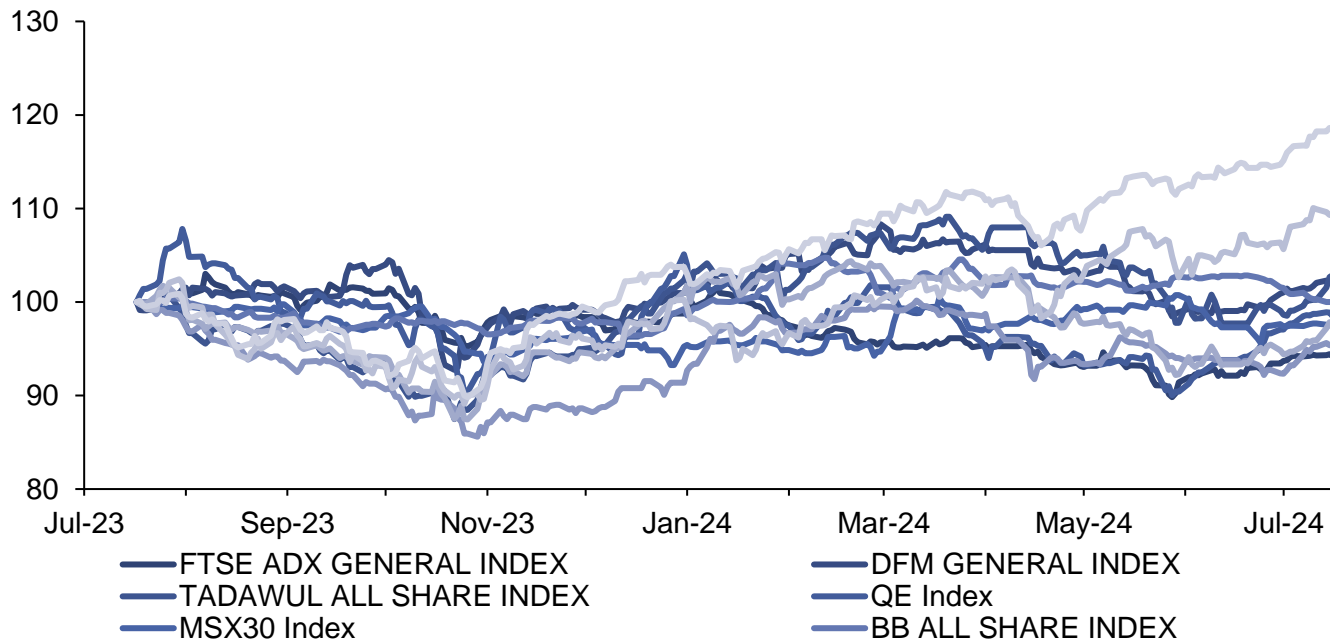
GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	14.9x	1.4%	2.1%
DFM	NA	NA	NA
Tadawul	17.6x	1.7%	3.5%
DSM	11.2x	5.8%	4.7%
MSM30	9.6x	-44.6%	5.3%
BHSE	7.6x	NM	8.4%
KWSE	12.7x	6.9%	2.7%
MSCI GCC	14.3x	3.0%	3.8%
MSCI EM	13.4x	11.5%	2.5%
MSCI ACWI	19.5x	8.0%	1.8%

Notes: *data as of 18 July 2024
Source: Bloomberg, ADCB

GCC equity 1Y Performance

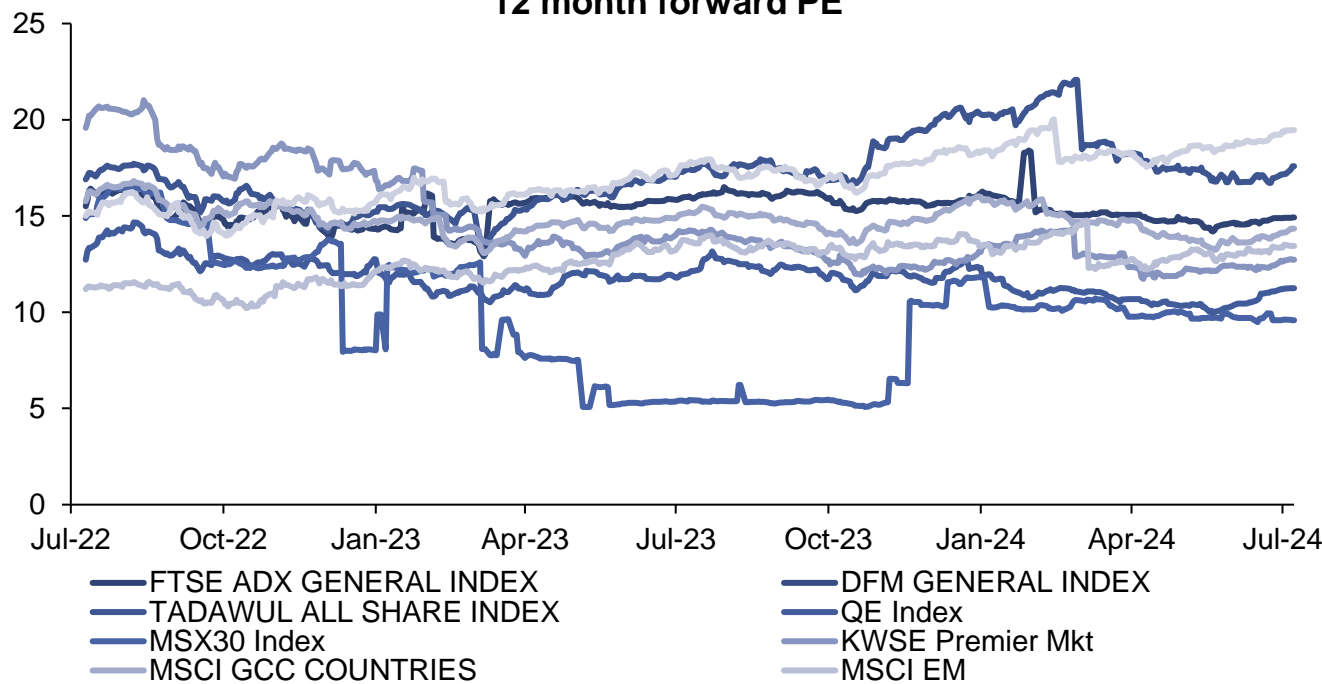
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

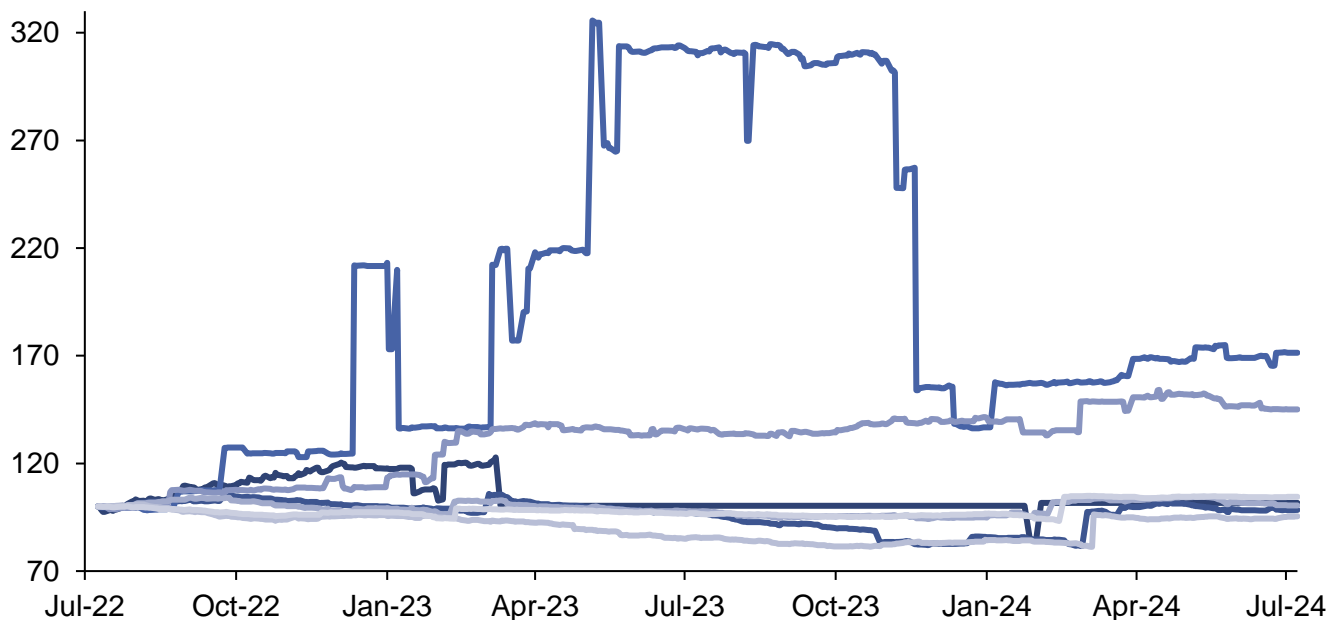
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

12 month forward EPS (indexed to 100 at start)

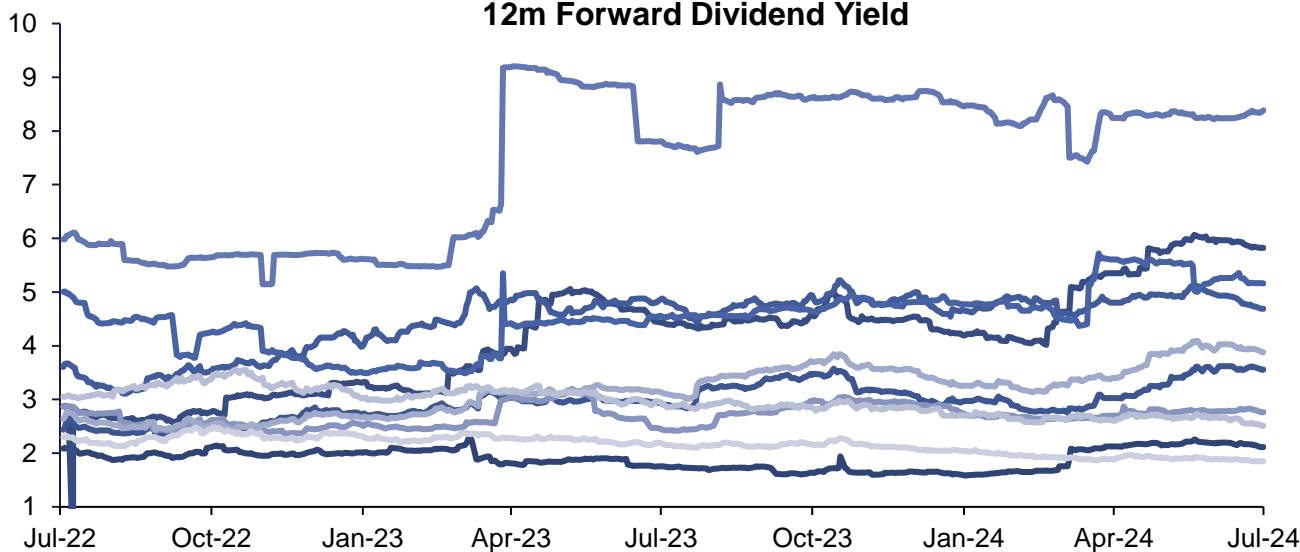


- FTSE ADX GENERAL INDEX
- TADAWUL ALL SHARE INDEX
- KWSE Premier Mkt
- MSCI EM
- DFM GENERAL INDEX
- MSX30 Index
- MSCI GCC COUNTRIES
- MSCI ACWI

Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



- FTSE ADX GENERAL INDEX
- DFM GENERAL INDEX
- TADAWUL ALL SHARE INDEX
- QE Index
- MSX30 Index
- BB ALL SHARE INDEX
- KWSE Premier Mkt
- MSCI GCC COUNTRIES
- MSCI ACWI

Source: Bloomberg, ADCB

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