

GCC market performance

GCC fixed income:

Global benchmark bond index recorded gains over the week (ending 4th June 2024). 10Y UST yields slipped over the week. In credit, Global corporate IG and HY ended the week on a positive note. EM had a positive week, led by EM Asia. All GCC bond indices recorded positive returns with Qatar and Saudi Arabia outperforming the most. 5yr CDS spreads mostly tightened across all the GCC countries, with the exception of Oman and Kuwait. In the USD sovereign market, 10yr bond yields dropped across the all GCC countries, led by Abu Dhabi.

GCC equities:

Most regional indices posted mixed gains last week with Oman, Saudi Arabia and Kuwait posting declines, while the rest of the GCC recording gains. Abu Dhabi posted the largest weekly gains (2.38%), outperforming the rest of regional indices. On the other hand, Oman underperformed the most, posting loss of (0.88%). MSCI GCC outperformed MSCI EM but underperformed MSCI ACWI last week.

GCC key developments:

- **World Bank expects GCC economic growth to rebound to 4.7% in 2025.**
- **UAE's non-oil business growth falls due to flood disruptions, as per PMI.**
- **Saudi non-oil business activity stumbled in May, as per PMI.**
- **Qatar's non-oil businesses marked robust growth in May, as per PMI.**
- The UAE's real GDP rose 3.6% in 2023, ranking 5th globally.
- Saudi inflation remains steady at 1.6% in April.

GCC bond issuances:

- **Mashreqbank sold new AT1 notes.**
- **National Bank of Kuwait successfully priced its first USD500mn green bonds.**
- **Gulf International Bank initiated a 5-year bond sale.**

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

Ahmed Al Falahi

Analyst

Tel: +971 (0) 281 264 98

ahmed.a5@adcb.com

Kishore Muktinutalapati

Head - Investment Strategy

Tel: +971 (0) 281 264 57

kishore.muktinutalapati@adcb.com

Visit [Investment Strategy Webpage](#) to read our other reports

GCC Weekly Market Performance

Index				Rates			
Fixed Income	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
Global Agg	460.0	1.49	-1.4	Saudi	6.3	1.6	2.7
Global Treasuries	194.6	1.46	-2.7	UAE	5.3	-6.34	-12.1
EM USD Agg TR	1194.2	0.84	2.9	Kuwait	4.3	6.25	0.0
EM LatAm TR	1056.7	0.75	4.5	Bahrain	6.3	0.03	-18.5
EM EMEA TR	355.3	0.70	2.3	Oman	5.8	-	-26.8
EM Asia TR	630.6	1.14	2.0	Qatar	6.0	-	-12.5
Bahrain TR	196.0	0.44	3.3	US SOFR	5.4	2.00	-4.0
Oman TR	151.0	0.39	1.0	5Y Sov. CDS	Latest	-1w (bp)	YTD (bp)
Kuwait TR	150.6	0.25	1.6	Saudi Arabia	51.82	-	-2.60
Qatar TR	134.1	0.63	-0.2	Abu Dhabi	38.72	-0.8	-5.0
Saudi Arabia TR	138.1	0.62	-0.2	Dubai	62.45	-2.9	-4.9
UAE TR	138.6	0.53	0.2	Kuwait	72.19	0.1	17.1
Equity	Latest	-1w %	YTD %	Bahrain	185.88	-1.3	-26.8
ADX	8742.2	2.38	-8.2	Oman	98.64	0.3	-23.6
DFM	3986.9	0.66	-2.2	Qatar	38.89	-1.5	-7.9
Tadawul	11659.9	-0.72	-2.7	10Y yield	Latest	-1w (bp)	YTD (bp)
DSM	9376.9	1.99	-8.9	Saudi Arabia	5.2	-10.2	47.1
MSM30	4829.2	-0.88	4.4	Abu Dhabi	4.8	-19.10	56.5
BHSE	2021.6	0.28	4.0	Dubai	4.5	-10.50	-13.9
KWSE	7692.6	-0.71	0.3	Kuwait	5.0	-6.50	74.5
MSCI GCC	662.4	0.36	-6.7	Bahrain	6.6	-9.00	-18.1
MSCI EM	1088.0	-1.88	4.9	Oman	5.7	-7.40	23.8
MSCI ACWI	792.5	0.43	10.2	Qatar	4.8	-12.90	59.0

Note: data from 29th May 2024 to 4th June 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

World Bank expects GCC economic growth to rebound to 4.7% in 2025

The World Bank has revised the economic growth forecast for the Gulf Cooperation Council (GCC) region to 4.7% in 2025, up from the previous projection of 3.8% in April. This year's growth, is now projected to hit 2.8%, down from the previous estimate of 3.6%. There are still positive prospects for the region and the economic rebound in the GCC is mainly due to recovering oil production and strong economic growth in non-oil sectors. OPEC+ are anticipated to gradually relax production quotas during H2 of 2024, while the non-oil sector is set to continue to grow at a robust pace over the medium term.

(Source: Zawya)

UAE's non-oil business growth falls due to flood disruptions – PMI

The UAE's non-oil sector business activity growth slowed to a 16-month low in May due to disruptions resulting from April's record flooding, which caused a surge in backlogs. The UAE Purchasing Managers' Index stayed unchanged from April's eight-month low of 55.3 in May. However, the reading was still above its long-run average of 54.4 and indicated a robust improvement in operating conditions.

(Source: Zawya)

Saudi non-oil business activity stumbled in May – PMI

The non-oil sector in Saudi Arabia grew at a slower pace in May as new orders fell to a 25-month low. The Saudi Arabia Purchasing Managers' Index fell from 57.0 in April to 56.4 in May, and was the second lowest reading in 22 months, higher only than January's low.

(Source: Zawya)

Qatar's non-oil businesses marked robust growth in May – PMI

Qatar's non-oil businesses growth reached an eight-month high as employment grew for the 15th month in a row. Qatar Purchasing Managers' index (PMI) reached 53.6 in May, jumping from 52.0 in April.

(Source: Zawya)

The UAE's real GDP rose 3.6% in 2023, ranking 5th globally

According to Abdullah bin Touq Al Marri, Minister of Economy, the preliminary data for the UAE's 2023 GDP indicated that the GDP reached AED1.68tn at constant prices, representing a 3.6% increase from 2022. The non-oil GDP also grew to AED1.25tn. These growth figures position the UAE as the fifth-largest economy worldwide in terms of real GDP growth. Additionally, the UAE is ranked among the top 10 economies globally in various GDP-related competitiveness indicators.

(Source: Zawya)

Saudi inflation remains steady at 1.6% in April

According to the General Authority for Statistics (GASTAT), Saudi Arabia's inflation rate held steady at 1.6% in April. The consumer price index (CPI) increase was primarily driven by an 8.7% y-o-y rise in housing, water, electricity, gas, and other fuel prices. Additionally, the Wholesale Price Index (WPI) rose by 3.4% in April 2024 compared to the same month in 2023.

(Source: Zawya)

Mashreqbank sold new AT1 notes

Mashreqbank sold USD500mn in AT1 sukuk in USD-denominated perpetual Additional Tier 1 sukuk non-callable for 5.5 years. The yield for the debt issuance was set at 7.125% narrowed from 7%, after the orders topped USD2.1bn.

(Source: Bloomberg)

National Bank of Kuwait successfully priced its first USD500mn green bonds

National Bank of Kuwait (NBK) successfully priced its first USD500mn green bonds under its Global Medium Term Note programme. The Green notes have a 6-year maturity and first call date after 5-years. The total order book for the new issuance peaked at USD1.5bn, resulting in an over subscription of more than 3x. Strong investor demand provided the bank with a significant advantage in pricing the bonds, which featured a spread of 95bp over US Treasuries, the equivalent of a 5.522% reoffer yield. The notes were issued at a discount and had a final coupon of 5.500%, fixed with semi-annual coupon payments until their first call date, followed by a floating rate of SOFR + 116bp paid quarterly thereafter.

(Source: Zawya)

Gulf International Bank initiated a 5-year bond sale

Gulf International Bank, which is owned by Saudi Arabia's sovereign wealth fund, has initiated a 5-year bond sale. The Gulf International Bank has set initial price guidance at around 150bp over US Treasuries. The bank plans to sell USD-denominated senior unsecured 5-year bonds under GIB's existing USD2.5bn Euro Medium Term Note Programme. The deal is reported to be benchmark-sized, which be at least USD500mn.

(Source: Zawya)

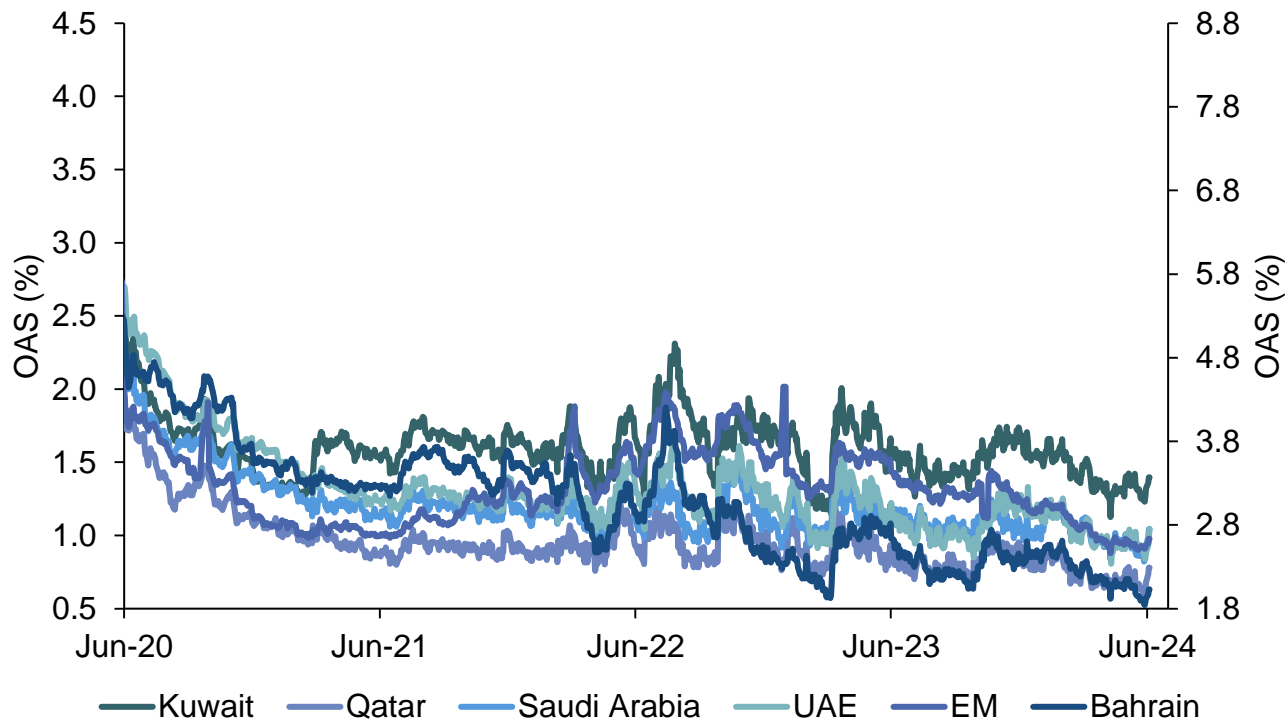
GCC bond issuances table

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	-

*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

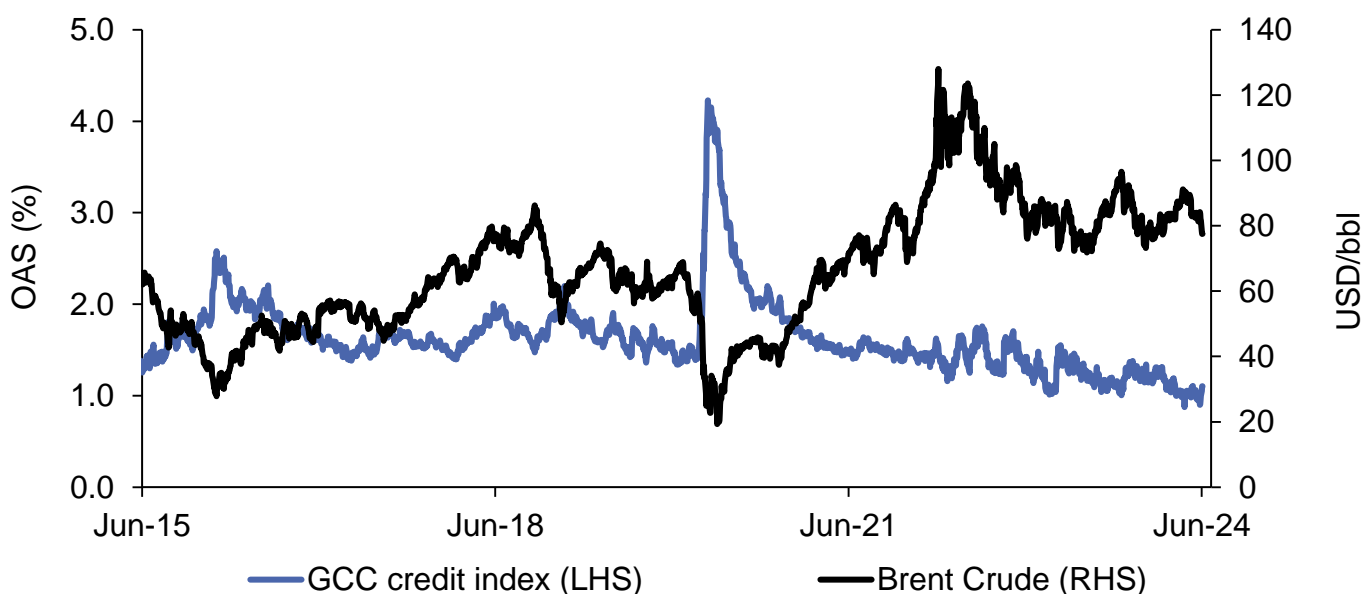
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

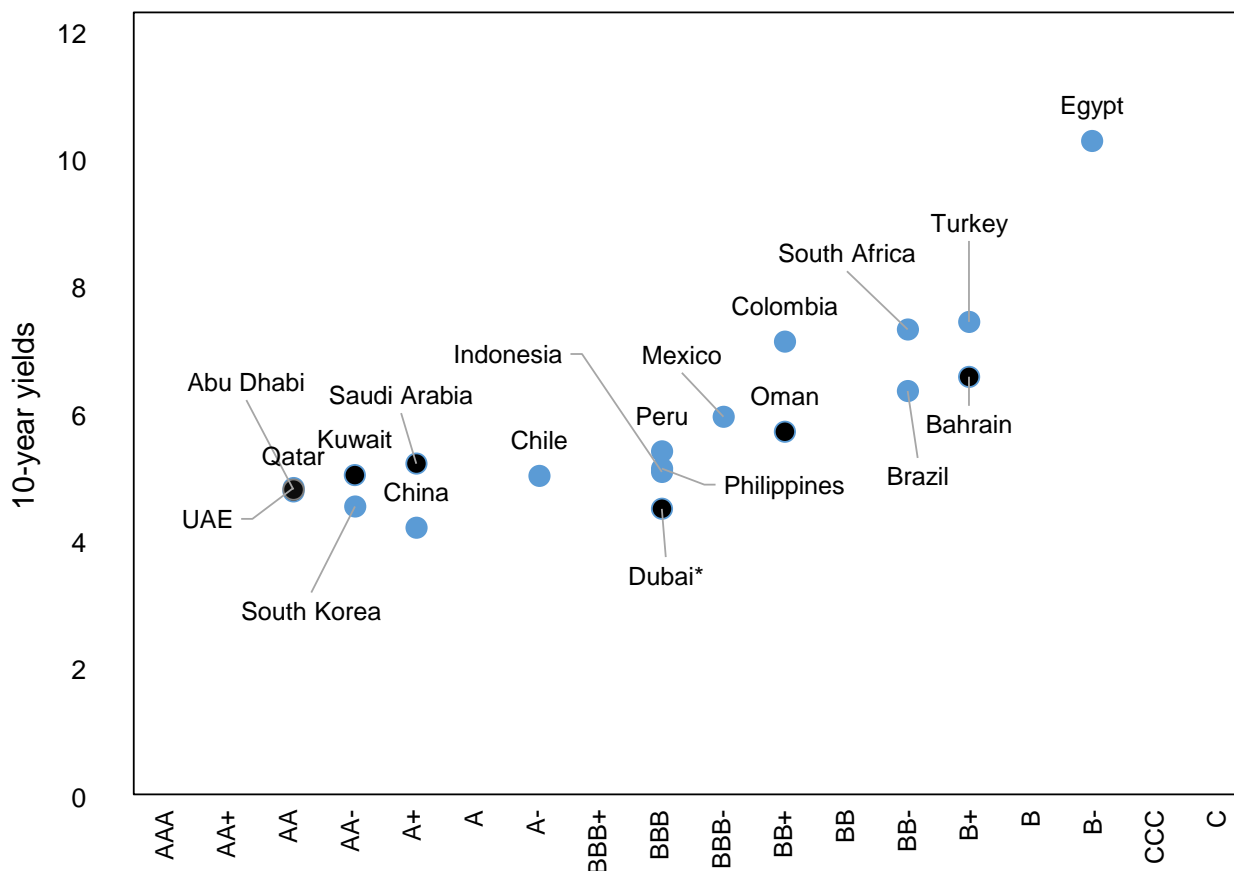
GCC corporate OAS spread versus Brent Crude



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

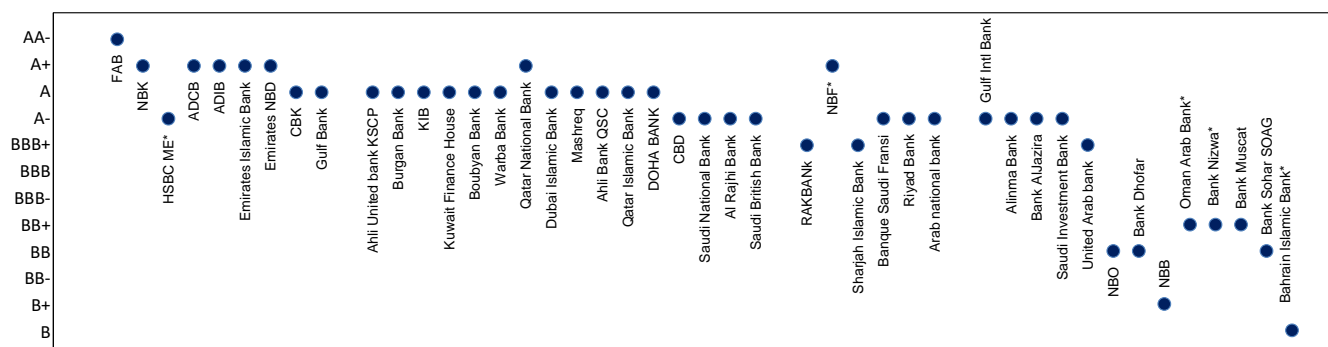
GCC Sovereign Rating

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

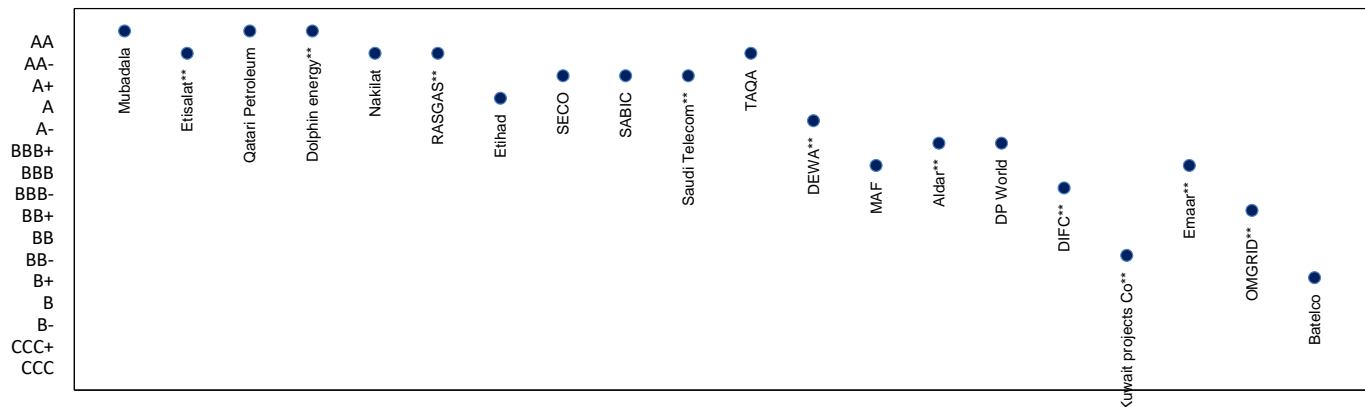
GCC Financials



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

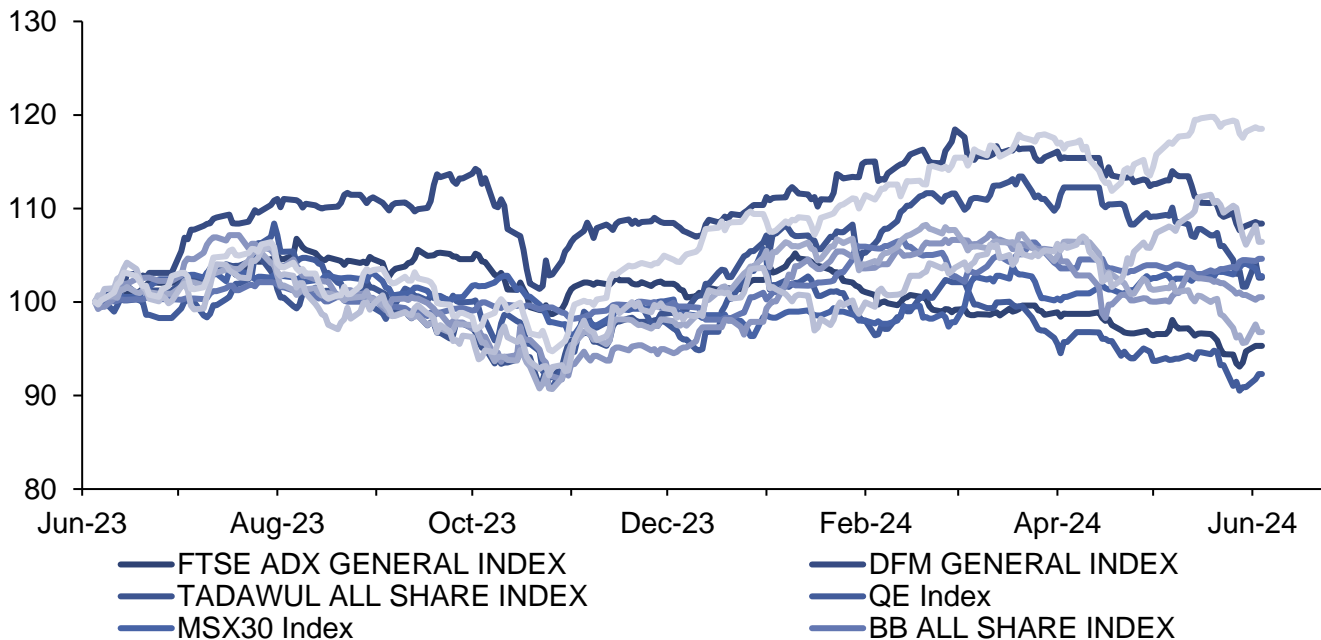
GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	14.6x	1.2%	2.2%
DFM	7.8x	21.1%	6.0%
Tadawul	17.1x	-1.2%	3.6%
DSM	10.2x	5.8%	5.0%
MSM30	10.5x	-49.2%	5.1%
BHSE	7.6x	-	8.2%
KWSE	12.4x	8.5%	2.8%
MSCI GCC	13.8x	2.7%	4.0%
MSCI EM	12.9x	9.4%	2.7%
MSCI ACWI	18.5x	7.4%	1.9%

Notes: *data as of 05 June 2024
Source: Bloomberg, ADCB

GCC equity 1Y Performance

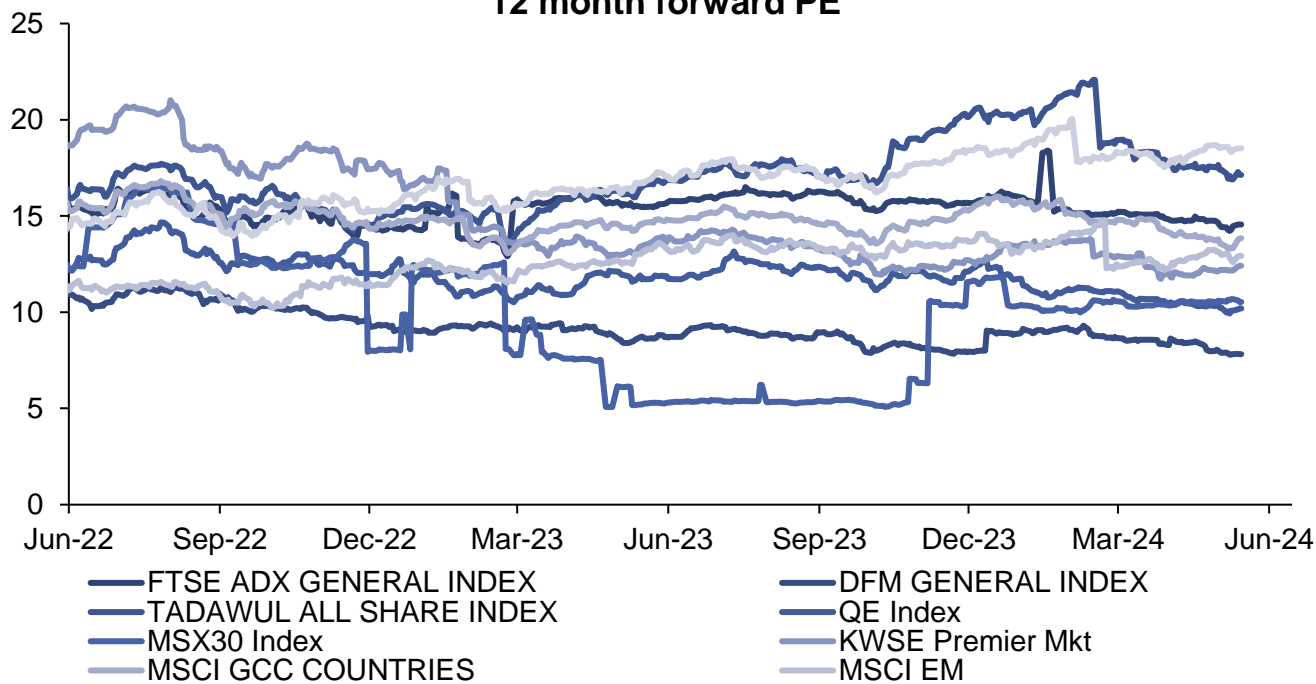
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

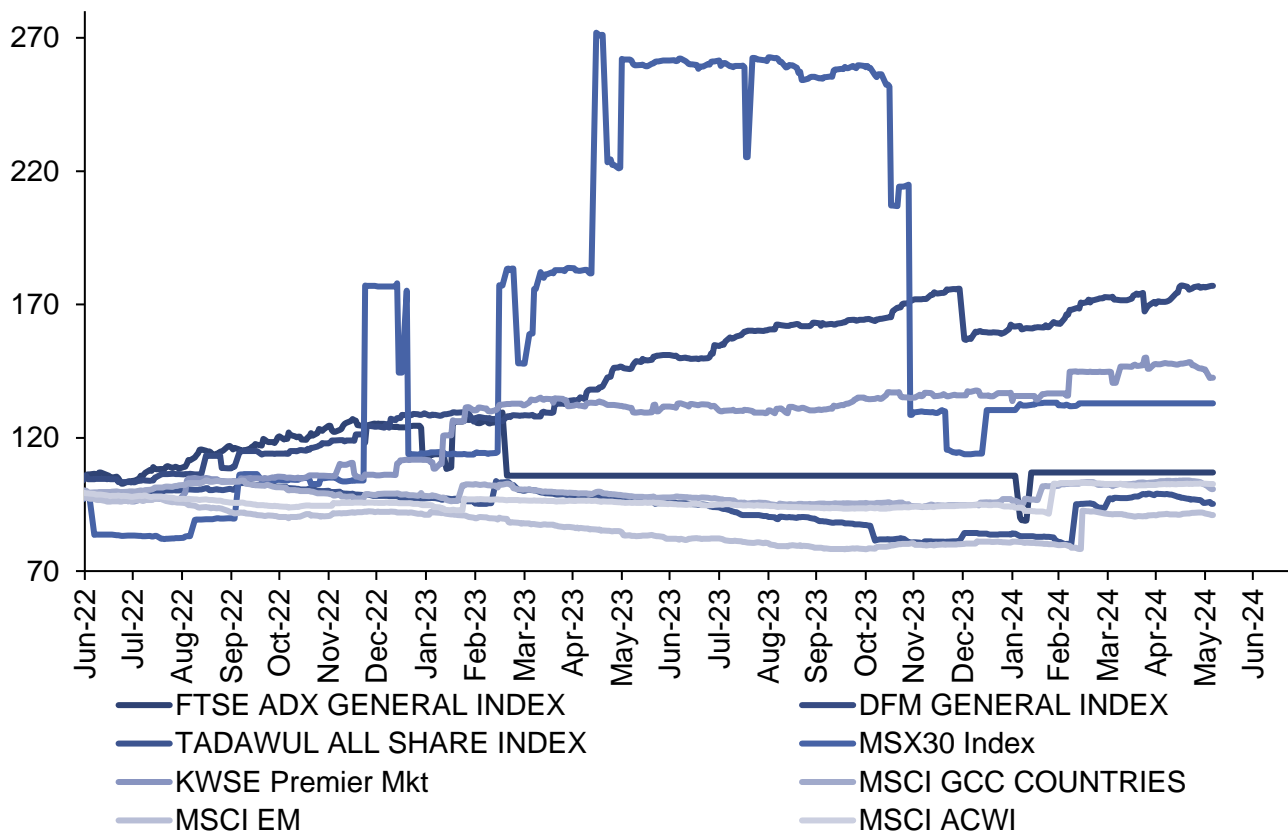
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

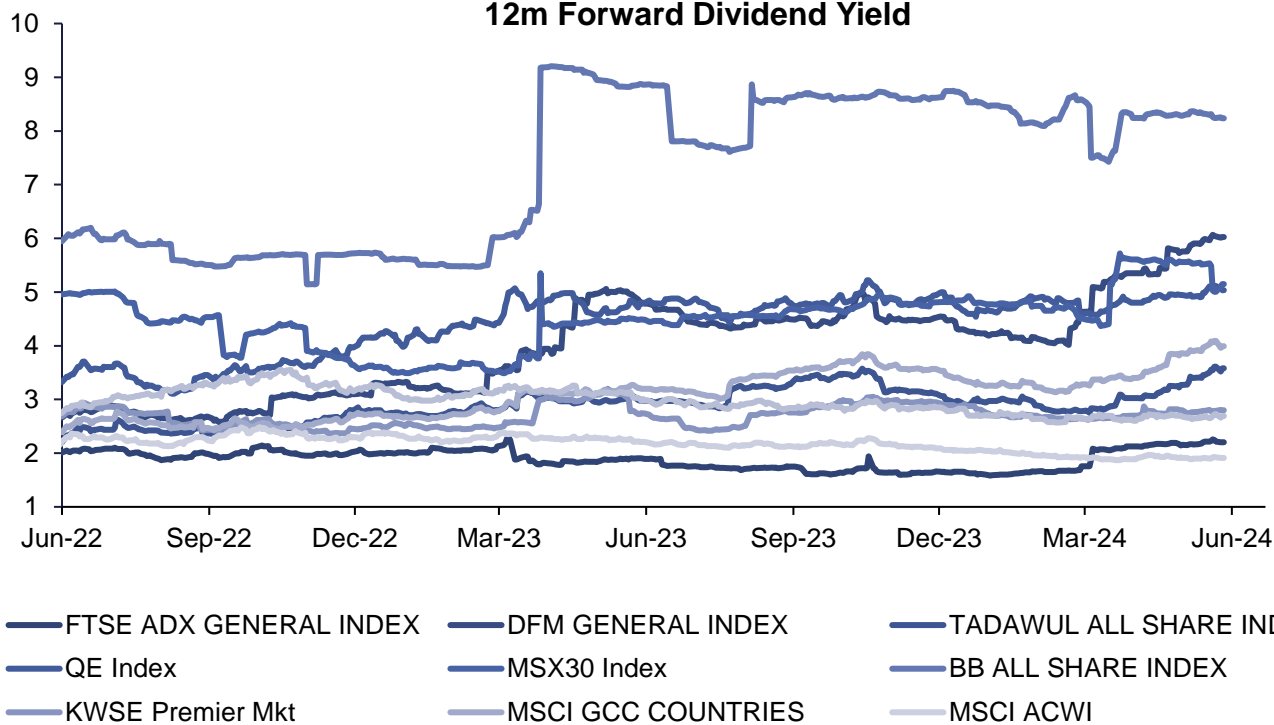
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

Disclaimer

ADCB Asset Management Limited ("AAML"), is a member of ADCB Group, licensed by Financial Services Regulatory Authority in Abu Dhabi Global Markets under financial services permission number 170036.

This publication is intended for general information purposes only. It should not be construed as an offer, recommendation or solicitation to purchase or dispose of any securities or to enter in any transaction or adopt any hedging, trading or investment strategy. Neither this publication nor anything contained herein shall form the basis of any contract or commitment whatsoever. Distribution of this publication does not oblige ADCB Group to enter into any transaction.

The content of this publication should not be considered as legal, regulatory, credit, tax or accounting advice. Anyone proposing to rely on or use the information contained in the publication should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts regarding information contained in this publication. Investment products are not available to US persons.

Information and opinions contained herein is are based on various sources, including but not limited to public information, annual reports and statistical data that AAML considers accurate and reliable. However, AAML makes no representation or warranty as to the accuracy or completeness of any statement made in or in connection with this publication and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in this publication. This publication is intended for customers who are either retail or professional investors.

Charts, graphs and related data or information provided in this publication are intended to serve for illustrative purposes only. The information contained in this publication is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to their determination. All statements as to future matters are not guaranteed to be accurate. AAML expressly disclaims any obligation to update or revise any forward looking statement to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

ADCB Group does and may at any time solicit or provide commercial banking, investment banking, credit, advisory or other services to the companies covered in its publications. As a result, recipients of this publication should be aware that any or all of foregoing services may at time give rise to a conflict of interest that could affect the objectivity of this publication. Opinions expressed herein may differ from opinions expressed by other businesses or affiliates of ADCB Group.

Past performance does not guarantee future results. Investment products are not bank deposits and are not guaranteed by ADCB Group. They are subject to investment risk, including possible of loss of principal amount invested. This publication may not be reproduced or circulated without ADCB Group written authority. The manner of circulation and distribution may be restricted by law or regulation in certain jurisdictions. Persons who come into possession of this document are required to inform themselves of, and to observe such restrictions. Any unauthorized use, duplication, or disclosure of this document is prohibited by law and may result in prosecution.