

GCC market performance

GCC fixed income:

Global benchmark bond index recorded declines over the week (ending 25th June 2024). 10Y UST yields saw a little rise ahead of PCE inflation data this week. Global aggregate bonds recorded negative returns, led by Global treasuries. Global corporate IG came under pressure. Global HY bonds ended flat. EM USD were mostly unchanged with gains in EM EMEA partially offset by losses in EM Asia. All GCC bond indices recorded positive returns with Oman and Qatar outperforming the most. 5yr CDS spreads mostly widened across all the GCC countries. In the USD sovereign market, the 10yr bond yields rose across the GCC countries with the exception of Dubai.

GCC equities:

Most regional indices posted mixed gains last week with Oman, Kuwait and Bahrain posting declines, while the rest of the GCC recording gains. Saudi Arabia posted most gains (2.02%), outperforming the rest of regional indices. Oman stocks underperformed the most, posting loss of (1.73%). MSCI GCC was up (1.89%) outperforming MSCI EM (-0.91%) and MSCI ACWI (-0.17%).

GCC key developments:

- **UAE's economy to grow 3.9% in 2024 and 6.2% in 2025 – as per CBUAE.**
- Saudi non-oil exports surged to USD27.11bn in April 2024.
- Saudi Arabia inflation remained at 1.6% in May 2024.
- Oman's GDP reached USD27bn in Q1'24.
- Qatar's Consumer Price Index edged up in May 2024.
- ADNOC Drilling confirmed a new dividend policy with minimum 10% annual growth.
- UAE telecom e& unit acquires Turkey's GlassHouse for USD60mn.

GCC bond issuances:

- **United Arab Emirates launched the sale of USD1.5bn in 10-year bonds.**
- **Sharjah Islamic Bank started to sell 5-year sukuk.**
- **Energy Development Oman started to sell 7-year sukuk.**

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GCC Weekly Market Performance

Index				Rates			
	Latest	-1w %	YTD %		Latest	-1w (bp)	YTD (bp)
Fixed Income				3M interbank			
Global Agg	459.0	-0.29	-1.6	Saudi	6.3	-1.1	3.7
Global Treasuries	193.6	-0.38	-3.2	UAE	5.2	0.12	-19.2
EM USD Agg TR	1202.5	0.00	3.6	Kuwait	4.3	6.25	0.0
EM LatAm TR	1066.0	-0.02	5.4	Bahrain	6.3	0.33	-17.3
EM EMEA TR	357.6	0.04	3.0	Oman	5.8	-	-27.0
EM Asia TR	633.7	-0.04	2.5	Qatar	6.0	-	-12.5
Bahrain TR	196.7	0.09	3.7	US SOFR	5.3	-	-8.0
Oman TR	152.3	0.22	1.9	5Y Sov. CDS			
Kuwait TR	151.5	0.08	2.2	Saudi Arabia	57.46	6.0	3.10
Qatar TR	136.2	0.21	1.3	Abu Dhabi	44.95	4.8	1.2
Saudi Arabia TR	139.7	0.10	0.9	Dubai	67.71	2.8	-
UAE TR	140.1	0.16	1.3	Kuwait	73.13	0.9	18.1
Equity				Bahrain	192.74	8.0	-19.9
ADX	8742.2	0.36	-7.3	Oman	104.92	5.2	-17.3
DFM	3986.9	0.27	-1.9	Qatar	44.18	5.0	-2.6
Tadawul	11659.9	2.02	-1.7	10Y yield			
DSM	9376.9	1.45	-5.4	Saudi Arabia	5.1	0.8	39.0
MSM30	4829.2	-1.73	0.4	Abu Dhabi	4.7	1.30	43.4
BHSE	2021.6	-0.21	3.7	Dubai	4.3	-11.00	-34.3
KWSE	7692.6	-0.32	-0.4	Kuwait	4.9	3.40	64.5
MSCI GCC	662.4	1.89	-4.9	Bahrain	6.6	5.10	-15.3
MSCI EM	1088.0	-0.91	8.2	Oman	5.6	0.30	16.2
MSCI ACWI	792.5	-0.17	12.5	Qatar	4.7	4.10	43.3

Note: data from 19th June 2024 to 25th June 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

UAE's economy to grow 3.9% in 2024 and 6.2% in 2025 – as per CBUAE

According to the Central Bank of the UAE (CBUAE), the country's GDP is expected to grow by 3.90% in 2024 before accelerating to 6.20% in 2025. Non-oil GDP growth is projected to remain robust at 5.40% in 2024 and 5.30% in 2025, with hydrocarbon expanding 0.30% then 8.40%. Additionally, the country's GDP grew by 4.30% during Q4'23.

(Source: Zawya)

Saudi Arabia inflation remained at 1.6% in May 2024

According to the Saudi General Authority for Statistics, Saudi Arabia's annual inflation rate remained at 1.6% in May, driven primarily by higher housing rents. Housing rents rose 10.5%, food and beverage prices rose 1.4% yoy, while prices for hotels and restaurants rose by 2.5%. Prices of clothing and footwear fell 4%, and vehicle purchase prices dropped 4.1% to bring overall transportation costs down by 2.4%.

(Source: Zawya)

Saudi non-oil exports increased to USD27.11bn in April 2024

According to the General Authority for Statistics (GASTAT), Saudi Arabia's non-oil exports, including re-exports, recorded a jump of 12.4%, reaching SR101.7bn in April 2024. There has also been an increase in non-oil exports excluding re-exports as well, but at a lower rate of 1.6%, while the value of re-exported goods jumped to 56.4% in April.

(Source: Zawya)

Oman's GDP reached USD27bn in Q1'24

According to the National Centre for Statistics and Information (NCSI), Oman's GDP at current prices reached OMR10.4bn (USD27bn) in value during Q1'24, showing both promising growth in non-petroleum sectors and a decline in oil-related activities.

(Source: Zawya)

Qatar's CPI edged up in May 2024

According to the National Planning Council, the CPI for May 2024 reached 107.59 points, showing a 0.44% increase from CPI of April 2024. Recreation and Culture increased by 3.19%, Food and Beverages rose by 1.48%, Miscellaneous Goods and Services increased by 0.28%, Furniture and Household Equipment by 0.16%, and Transport by 0.12%. Communication decreased by 1.03%, Housing, Water, Electricity and other Fuel decreased by 0.91%, Clothing and Footwear decreased by 0.20%, Education was slightly decreased by 0.4%, but was almost stable.

(Source: Zawya)

ADNOC Drilling confirmed a new dividend policy with minimum 10% annual growth

Abu Dhabi-listed ADNOC Drilling has confirmed an enhanced dividend policy with minimum 10% annual growth for five years. The new policy will see at least USD4.8bn distributed to shareholders between 2024 and 2028. The expected cumulative minimum yield from the new policy in the period 2024-2028 is more than 27%. The new policy gives Board of Directors the ability to approve additional discretionary dividends and dividend growth.

(Source: Zawya)

UAE telecom Etisalat unit acquires Turkey's GlassHouse for USD60mn

Emirates Telecommunications Group Company (e&) is acquiring Turkey-based cloud services provider GlassHouse through its wholly owned subsidiary e& enterprise. The unit has signed a binding agreement with Mediterra Capital and the individual selling shareholder to take over 100% of the company for an enterprise value of USD60mn on a cash free, debt free basis.

(Source: Zawya)

United Arab Emirates sold USD1.5bn in 10-year bonds

The United Arab Emirates sold USD1.5bn in 10-year bonds, marking its first Eurobonds sale since September. UAE priced the debt at a yield of 60bp over US Treasuries, tighter than initial price guidance of 90bp over the same benchmark after demand exceeded USD5.75bn.

(Source: Zawya)

Sharjah Islamic Bank started to sell 5-year sukuk

Sharjah Islamic Bank has started to sell 5-year Islamic bonds or sukuk, amounting to USD500mn. The initial price guidance for the debt sale has been placed at around 140bp over U.S. Treasuries. The USD-denominated 5-year sukuk sale will be issued under SIB's USD3bn trust certificate issuance programme.

(Source: Zawya)

Energy Development Oman started to sell 7-year sukuk.

Energy Development Oman has started taking bids for its 7-year sukuk sale. The indicative price for the Islamic debt sale has been set around 170bp over U.S. Treasuries, the document said. The firm is planning to sell benchmark-sized USD-denominated 7-year sukuk under the company's trust certificate issuance programme, which is expected to be priced later in the day.

(Source: Zawya)

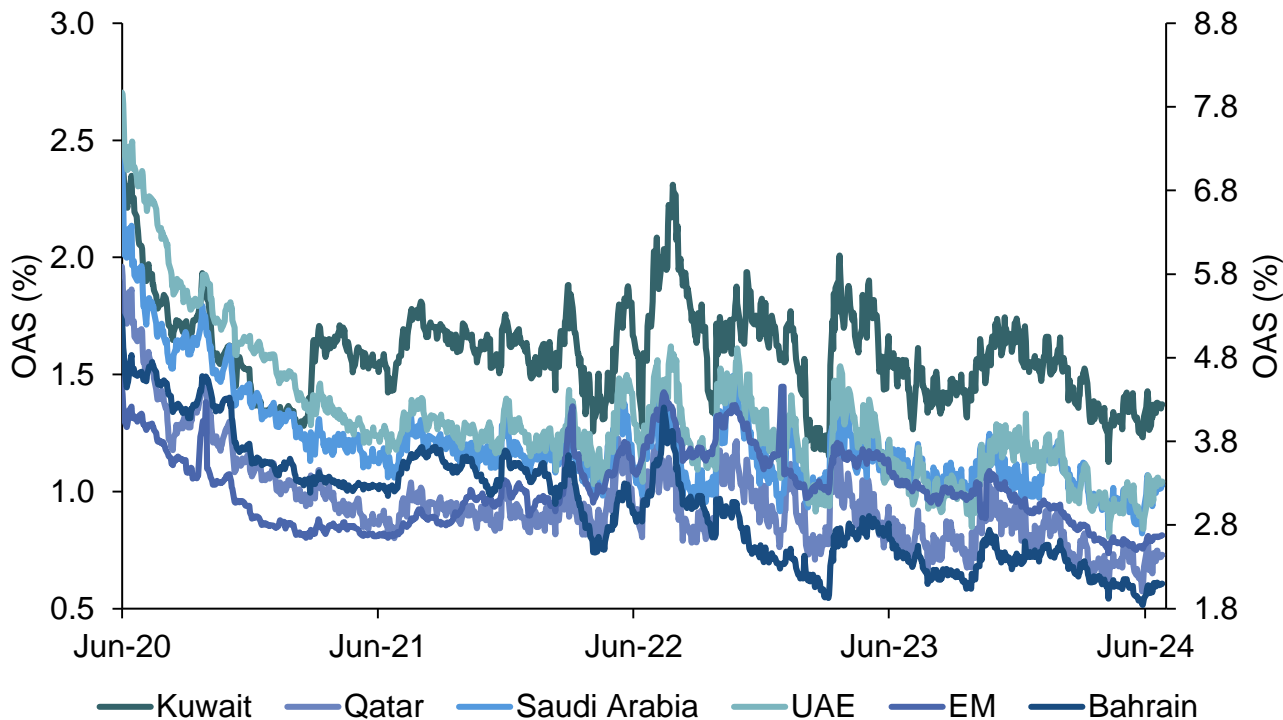
GCC bond issuances table

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	-
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	-

*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

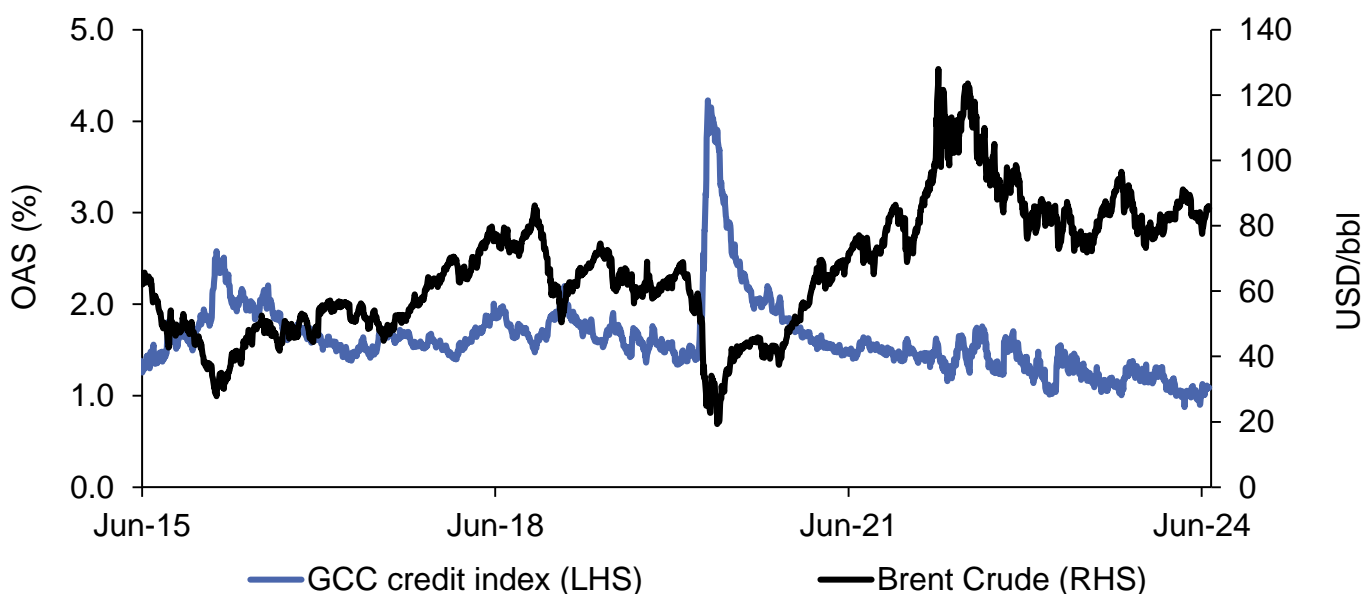
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

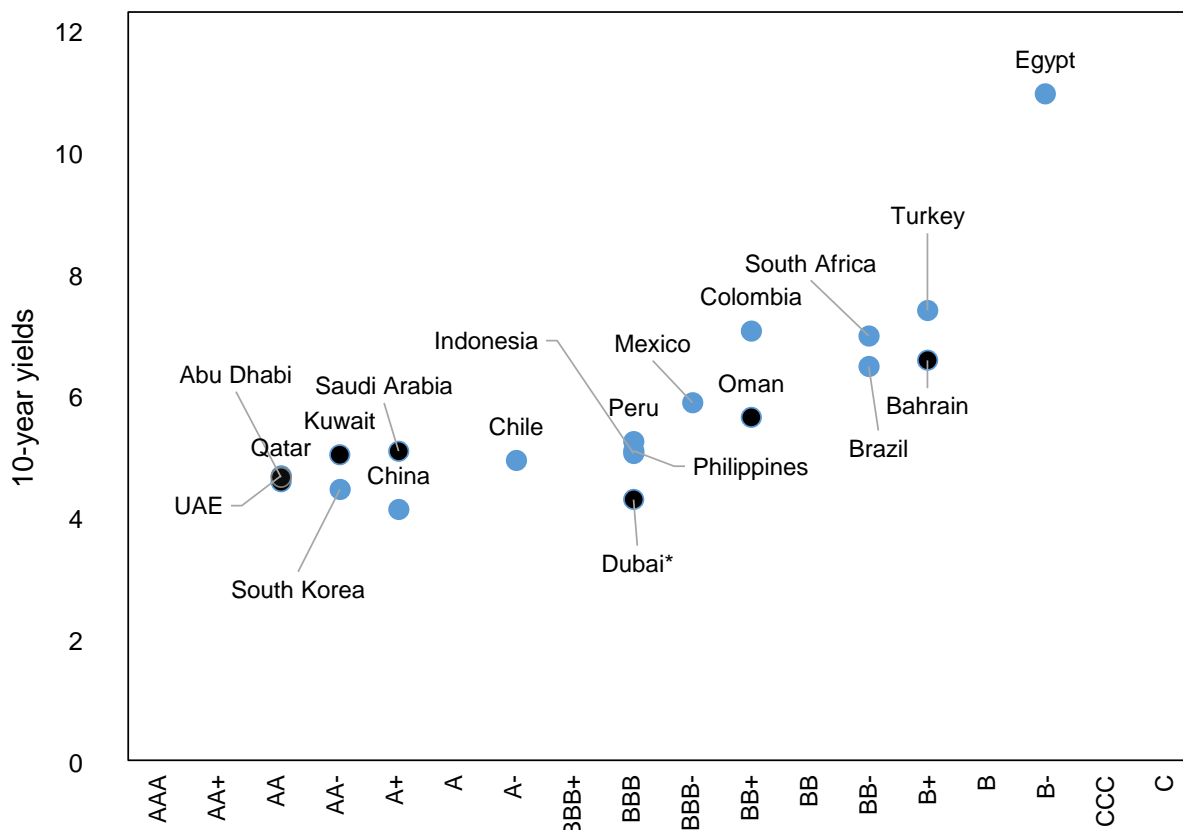
GCC corporate OAS spread versus Brent Crude



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

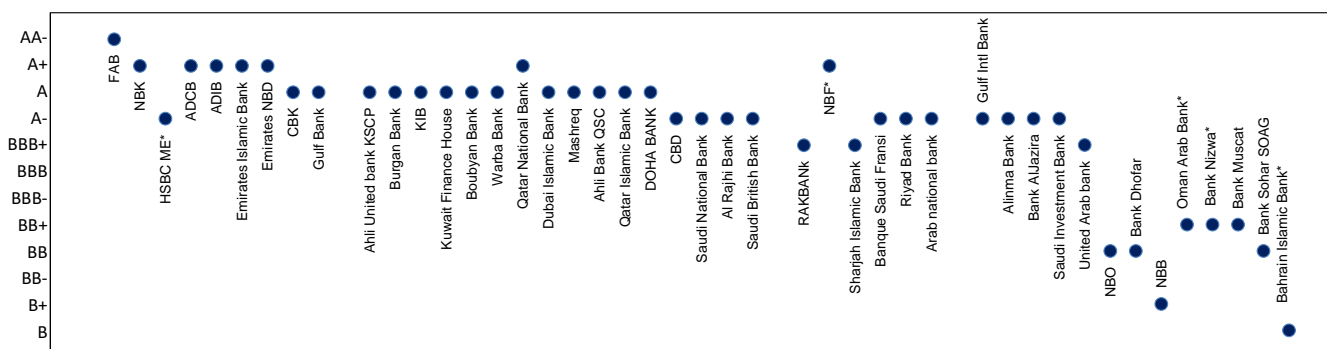
GCC Sovereign Rating

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

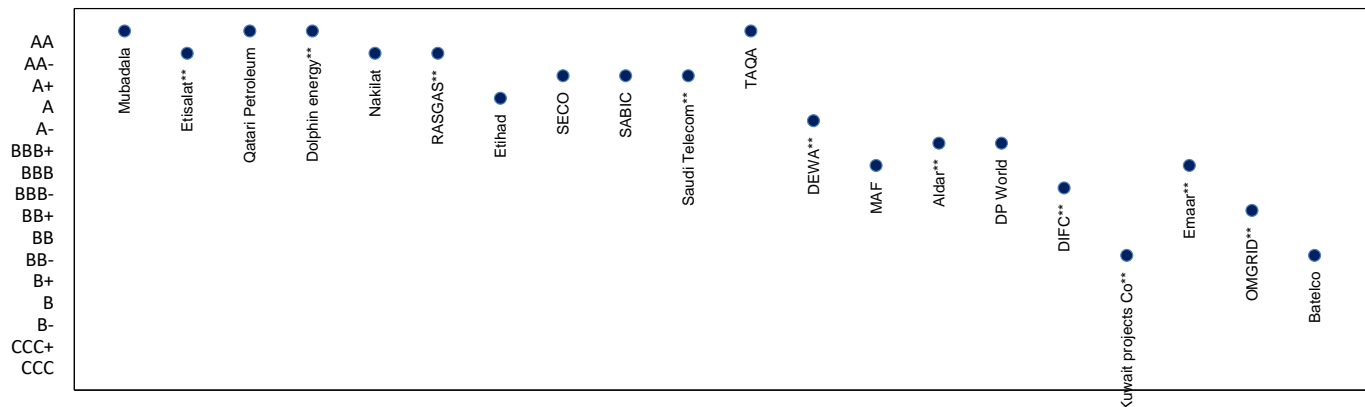
GCC Financials



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

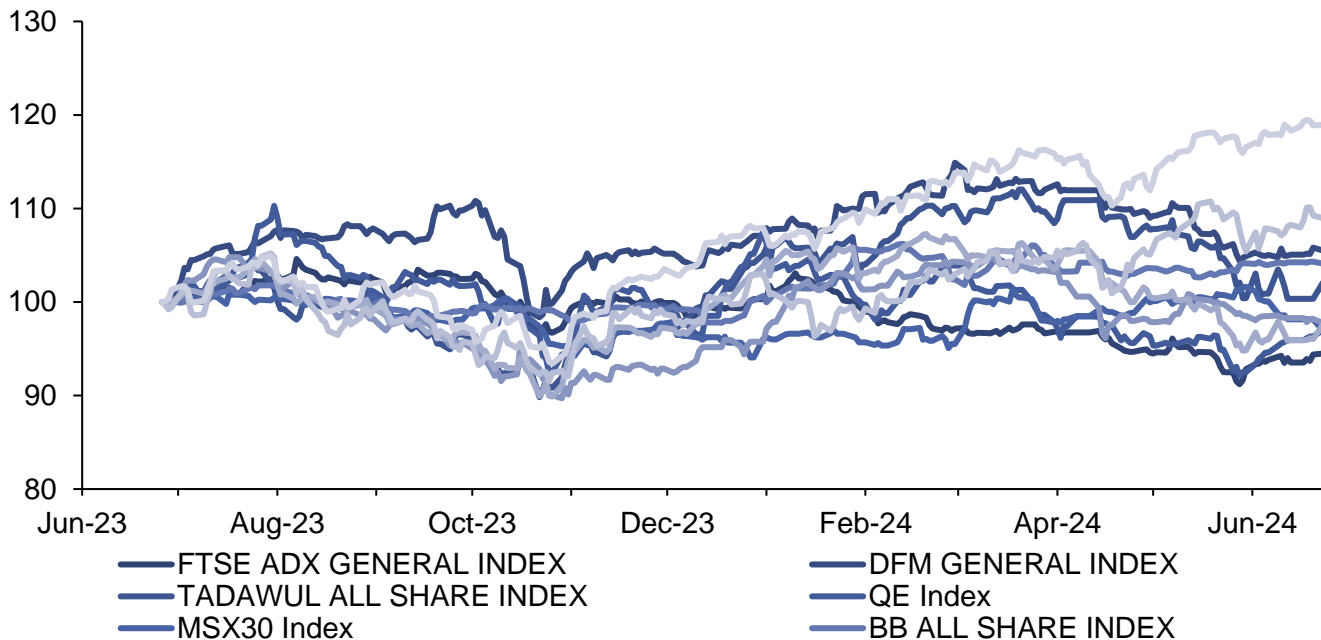
GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	14.7x	1.4%	2.2%
DFM	7.8x	18.3%	5.9%
Tadawul	17.2x	0.4%	3.5%
DSM	10.7x	7.0%	4.9%
MSM30	10.0x	-48.4%	5.4%
BHSE	7.3x	-	8.3%
KWSE	12.2x	9.5%	2.8%
MSCI GCC	13.9x	3.7%	4.0%
MSCI EM	13.1x	10.0%	2.6%
MSCI ACWI	18.8x	7.4%	1.9%

Notes: *data as of 26 June 2024
Source: Bloomberg, ADCB

GCC equity 1Y Performance

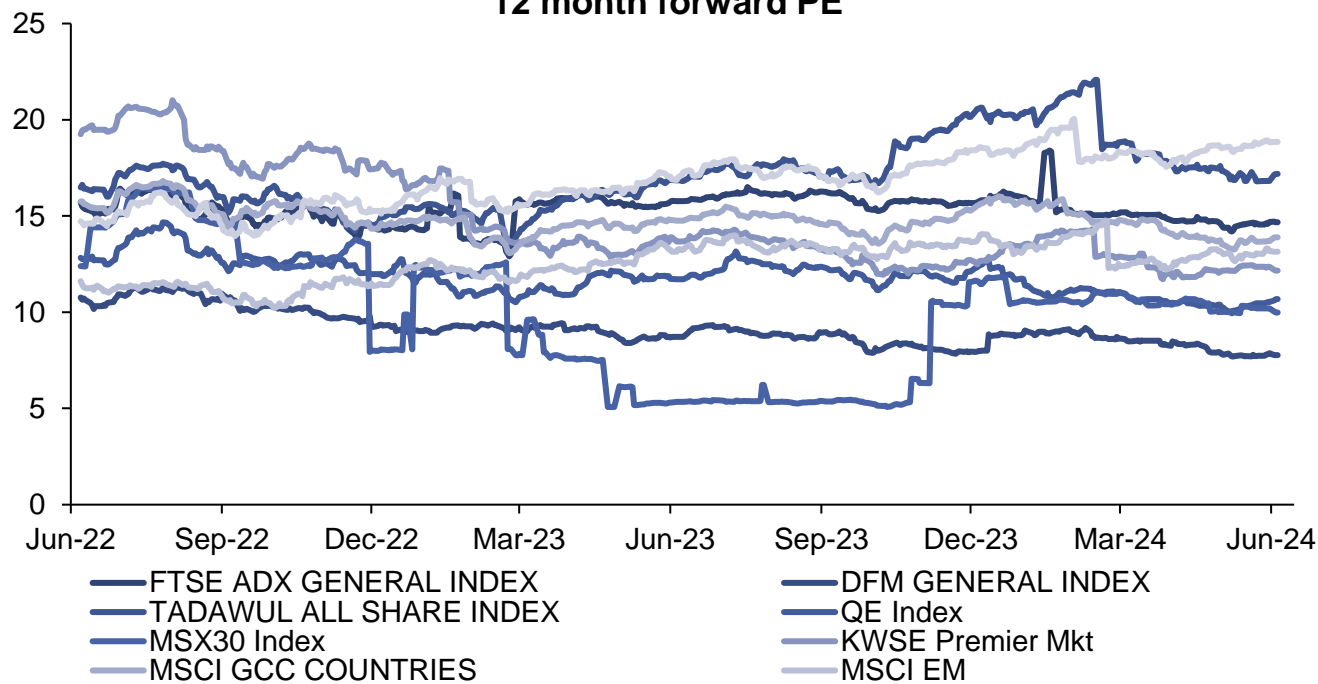
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

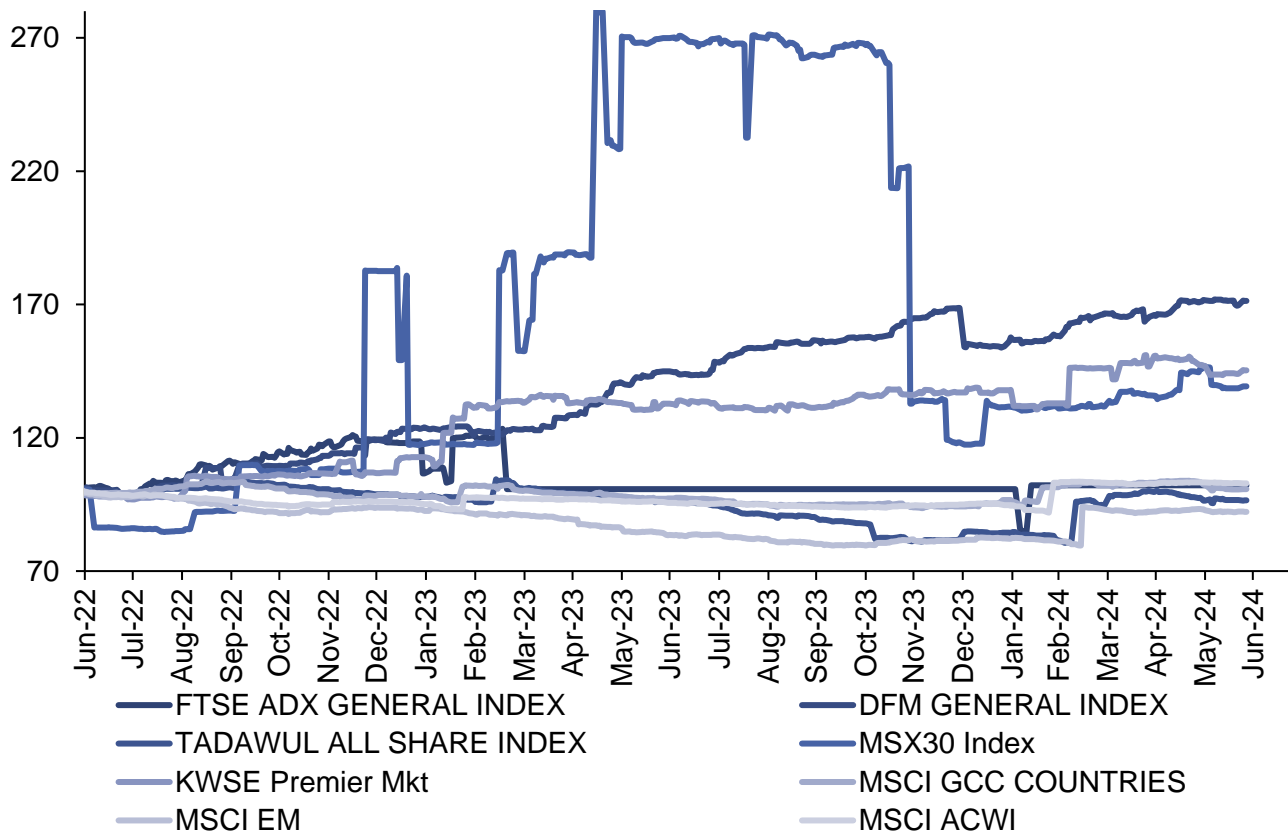
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

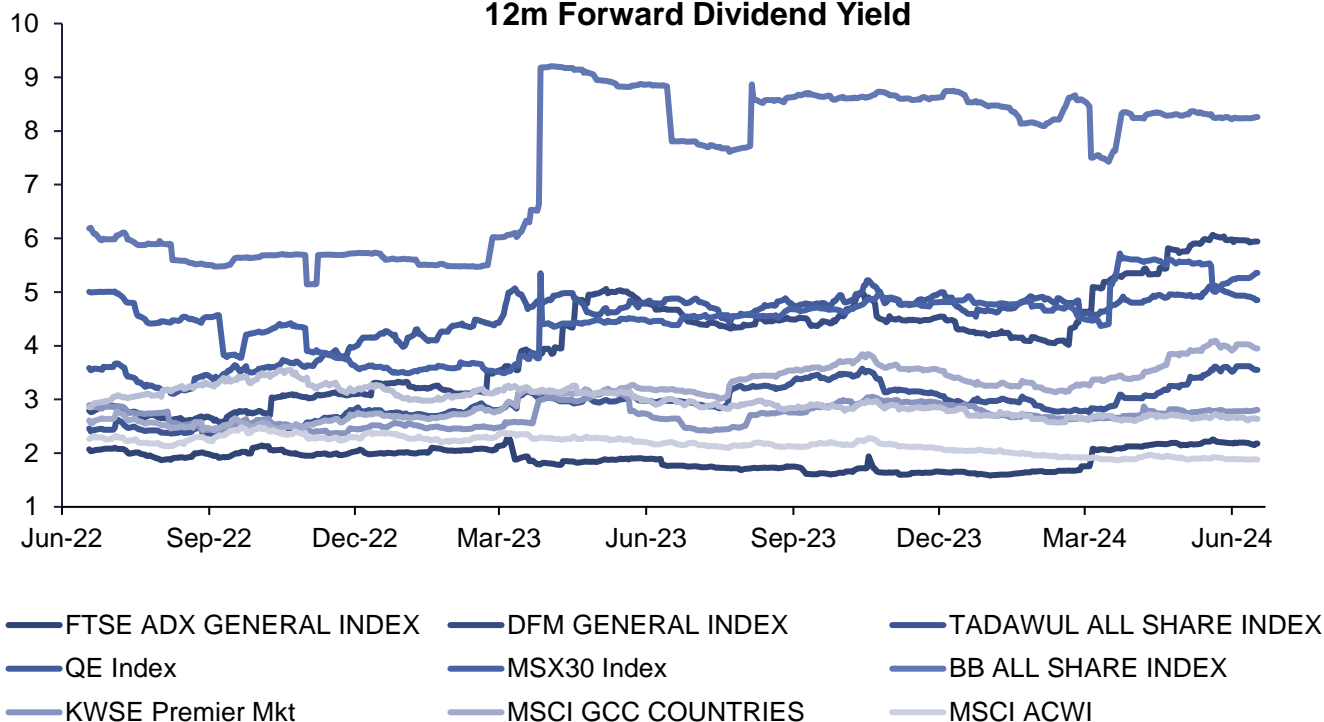
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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