

## GCC market performance

### GCC fixed Income:

Global benchmark bond index gained over the week (ending 7th May 2024). 10Y UST yields declined over the week. Global aggregate bonds recorded positive returns, led by Global treasuries. In credit, Global corporate IG and HY ended the week on a positive note, with IG leading the gains. EM USD recorded gains, led by EM LatAm. All GCC bond indices recorded positive returns. Saudi Arabia and Qatar were the best performers. 5yr CDS spreads tightened across all GCC countries with the exception of Kuwait. In the USD sovereign market, the 10yr bond yields dropped across the GCC countries, led by Oman.

### GCC equities:

Most regional indices posted gains last week with the exception of Qatar, Bahrain, and Kuwait. Dubai posted the most gains (0.56%), outperforming the rest of regional indices. Qatar stocks underperformed the most, posting loss of (0.93%). MSCI GCC underperformed MSCI ACWI last week.

### GCC key developments:

- **GCC central banks held interest rates unchanged.**
- **UAE is aiming to grow the economy at 7% in 2024.**
- **UAE's non-oil sector growth slowed in April, as per PMI.**
- **Saudi Arabia's non-oil activity growth steady in April, as per PMI.**
- **Saudi Arabia's Q1 GDP shrunk by 1.8% y-o-y in Q1'24.**
- Saudi inflation decreased to 1.6% in March 2024.
- Saudi Arabia posted a budget deficit of USD3.30bn Q1'24.
- World Bank revised Kuwait's 2024 real GDP upwards.
- Bank of Sharjah reported a net profit of USD21.78mn in Q1'24.

### GCC bond issuances:

- **Aldar mandated banks for a 10-year green sukuk.**
- **ADQ successfully launched its bond issuance valued at USD2.5bn.**

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## GCC Weekly Market Performance

Index				Rates			
Fixed Income	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
Global Agg	457.28	1.54	-1.99	Saudi	6.27	5.14	3.98
Global Treasuries	194.09	1.63	-2.95	UAE	5.28	1.08	-14.08
EM USD Agg TR	1186.39	1.43	2.20	Kuwait	4.31	0.00	0.00
EM LatAm TR	1056.92	1.67	4.52	Bahrain	6.32	-	-20.44
EM EMEA TR	352.39	1.50	1.47	Oman	5.75	-5.60	-29.00
EM Asia TR	623.12	1.10	0.75	Qatar	6.00	-	-12.50
Bahrain TR	193.26	1.16	1.87	US SOFR	5.31	-1.00	-8.00
Oman TR	149.85	1.26	0.24	5Y Sov. CDS	Latest	-1w (bp)	YTD (bp)
Kuwait TR	149.74	0.52	1.01	Saudi Arabia	52.53	-4.40	-1.90
Qatar TR	132.86	1.42	-1.19	Abu Dhabi	41.45	-2.80	-2.30
Saudi Arabia TR	137.08	1.61	-0.97	Dubai	69.97	-3.20	2.60
UAE TR	137.32	1.13	-0.71	Kuwait	72.11	0.10	17.00
Equity	Latest	-1w %	YTD %	Bahrain	199.01	-7.30	-13.70
ADX	9071.74	0.44	-6.63	Oman	106.38	-4.30	-15.80
DFM	4156.29	0.56	1.93	Qatar	42.39	-2.70	-4.40
Tadawul	12357.99	0.10	3.60	10Y yield	Latest	-1w (bp)	YTD (bp)
DSM	9618.57	-0.93	-7.39	Saudi Arabia	5.23	-21.70	53.10
MSM30	4778.59	0.24	4.35	Abu Dhabi	4.92	-19.10	64.60
BHSE	2023.77	-0.26	3.07	Dubai	4.63	-12.10	-5.70
KWSE	7645.55	-0.19	0.20	Kuwait	5.00	-16.20	71.70
MSCI GCC	698.70	0.02	-2.19	Bahrain	6.77	-23.80	2.50
MSCI EM	1068.26	2.17	6.49	Oman	5.81	-28.40	32.30
MSCI ACWI	778.08	3.16	8.90	Qatar	4.87	-17.60	64.80

Note: data from 1<sup>st</sup> May 2024 to 7<sup>th</sup> May 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

## **GCC central banks held interest rates unchanged**

GCC central banks held interest rates unchanged following the Federal Reserve's decision to keep interest rates unchanged. The UAE central bank maintained its interest rates following the Fed's decision to hold overnight interest rates steady within the 5.25%-5.50% range for the sixth time. The UAE central bank maintained its base rate on Overnight Deposit Facility (ODF) without change at 5.40% and also the interest rate applicable to borrowing short-term liquidity at 50bp above the base rate for all standing credit facilities.

(Source: Zawya)

## **UAE is aiming to grow the economy at 7% in 2024**

According to the Minister of Economy, Abdulla Bin Touq Al Marri, the global challenges have tested the UAE's resilience, and the UAE has been aiming to grow the economy at 7% in 2024 in order to double its gross domestic product (GDP) to AED3tn by 2030. Additionally, The central bank of UAE earlier projected 4.2% growth for 2024 and 5.2% for 2025.

(Source: Zawya)

## **UAE's non-oil sector growth slowed in April - PMI**

The growth of new businesses in the UAE's non-oil sector slowed in April, as heavy rainfall disrupted operations, impacting sales, and led to a significant increase in backlogs. New orders grew at the slowest rate since February 2023. The UAE Purchasing Managers' Index dropped from 56.9 in March to 55.3 in April. This downward trend contrasts with the steady growth observed since December 2020.

(Source: Zawya)

## **Saudi Arabia's non-oil activity growth steady in April - PMI**

Saudi Arabia's non-oil business activity grew at a steady rate in April despite a slowdown in new order growth, with domestic demand driving output. The Saudi Arabia Purchasing Managers' Index stood at 57.0 in April, the same as March, and well above the 50.0 mark denoting expansion in activity.

(Source: Zawya)

## **Saudi Arabia's GDP shrunk by 1.8% y-o-y in Q1'24**

According to the Saudi statistical authority, the country's real gross domestic product (GDP) decreased 1.8% y-o-y in Q1'24, as a decline in oil activities continued to hurt overall growth.

(Source: Zawya)

## **Saudi inflation decreased to 1.6% in March 2024**

According to the Kingdom's General Authority for Statistics (GASTAT), inflation in Saudi Arabia decreased 1.6% in March 2024. The decline was mainly driven by food and beverages, which fell 0.7% m-o-m in March. Wholesale Price Index (WPI) increased by 3.80% y-o-y in March due to a rise in other transportable goods, except metal products, machinery, and equipment transportable goods.

(Source: Zawya)

## **Saudi Arabia posted a budget deficit of USD3.30bn Q1'24**

According to the finance ministry, the kingdom posted a budget deficit of SAR2.387bn (USD3.30bn) in Q1'24, after lower oil revenues and increased spending weighed on the economy. Oil revenues reached SAR181.922bn, while total revenues were SAR293.433bn as non-oil revenues edged higher, although oil still dominates. Public spending was SAR305.820bn surpassing the 2023 levels of SAR283.855bn. Additionally, Saudi Arabia has projected an annual budget deficit of SAR79bn.

(Source: Zawya)

## **World Bank revised Kuwait's 2024 real GDP upwards**

According to Kuwait Financial Centre (Markaz), Kuwait's economic growth (real GDP) projection for 2024 was revised by the World Bank to 2.8% y-o-y, higher than the 2.6% y-o-y forecasted earlier in January 2024 owing to expectations of phasing out of OPEC+ production cuts. However, the IMF has estimated Kuwait's real GDP to contract by 1.4% in 2024, under the assumption that oil production cuts will continue into 2024. Additionally, Kuwait's CPI rose by 3.02% in March with food and beverage segment rising by 5.71%.

(Source: Zawya)

## **Bank of Sharjah reported a net profit of USD21.78mn in Q1'24**

Bank of Sharjah has reported a net profit of AED80mn (USD21.78mn) for Q1'24.

(Source: Zawya)

## Aldar planning to raise USD500mn in new 10-year green sukuk

Aldar Properties is planning to raise USD500mn in new 10-year green sukuk. The initial pricing target is at 140bp above the similar maturity US Treasuries.

(Source: Zawya)

## ADQ successfully launched its bond issuance valued at USD2.5bn

ADQ has successfully launched its bond issuance valued at USD2.5bn on the London Stock Exchange (LSE). This move marks a significant stride in ADQ's efforts to diversify its funding channels and bolster its strategic expansion plans. Taking advantage of favorable market conditions and sustained investor interest in top-tier bonds from emerging markets, the total order book surpassed USD1bn, indicating an oversubscription of over 4.4x than the initial offering. The 5-year tranche worth USD1.25bn was priced with an annual coupon rate of 5.498%, while the 10-year tranche of the same amount carried a coupon rate of 5.5565% per annum. Additionally, ADQ was rated Aa2 by Moody's and AA by Fitch, both with a stable outlook.

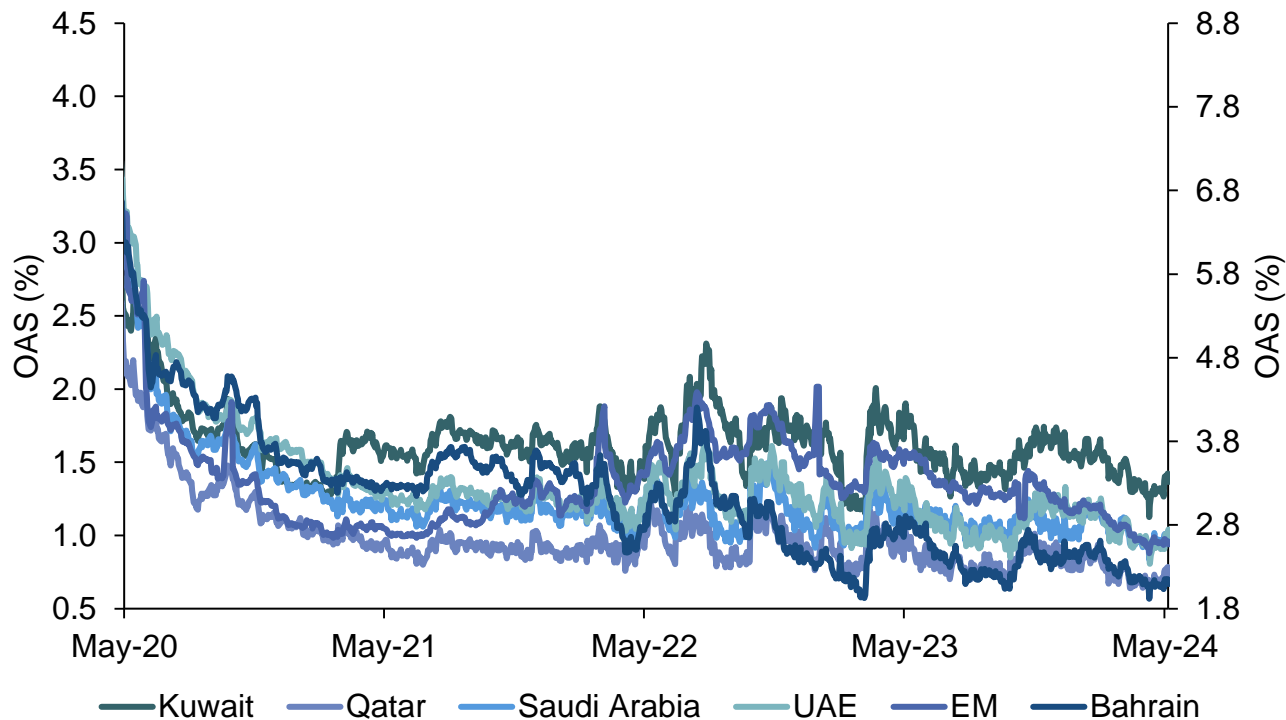
(Source: Zawya)

Issuer	BBG	Sector	Cou ntry	Issue Amt*	Cpn	Maturity	Maturity Type	Curr ency	Issue Date	Rtg^	YTM (mid)	YTC (mid)
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	BHRAIN	Sovereign	BH	1000	6	2/12/2031	AT MATURITY	USD	2/12/2024	B+	6.04	-
Saudi Electricity Sukuk Programme	SECO	Agency	SA	1400	5.194	2/13/2034	AT MATURITY	USD	2/13/2024	A	5.24	-
Saudi Electricity Sukuk Programme	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	MAZOOM	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	-
Binghatti Sukuk SPC Ltd	BINHLD	Financial Institutions	AE	300	9.625	2/28/2027	AT MATURITY	USD	2/29/2024	B+	9.65	-
DIB Sukuk Ltd	DIBUH	Financial Institutions	AE	1000	5.243	3/4/2029	AT MATURITY	USD	3/4/2024	A	5.27	-
Suci Second Investment Co	PIFKSA	Agency	SA	2000	5.171	3/5/2031	AT MATURITY	USD	3/5/2024	A+	5.16	-
Suci Second Investment Co	PIFKSA	Agency	SA	2000	5.171	3/5/2031	AT MATURITY	USD	3/5/2024		5.16	-
Alinma Tier 1 Sukuk Ltd	ALINMA	Financial Institutions	SA	1000	6.5	-	PERP/CALL	USD	3/6/2024	BB+	6.37	6.42
Arabian Centres Co Ltd	ARACEN	Financial Institutions	SA	600	9.5	3/6/2029	CALLABLE	USD	3/6/2024	BB+	9.12	29.05
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		5.18	-
Abu Dhabi Developmental	ADQABU	Financials	AE	1250	5.50	05/08/2034	CALLABLE	USD	04/30/2024		5.288	-

\*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

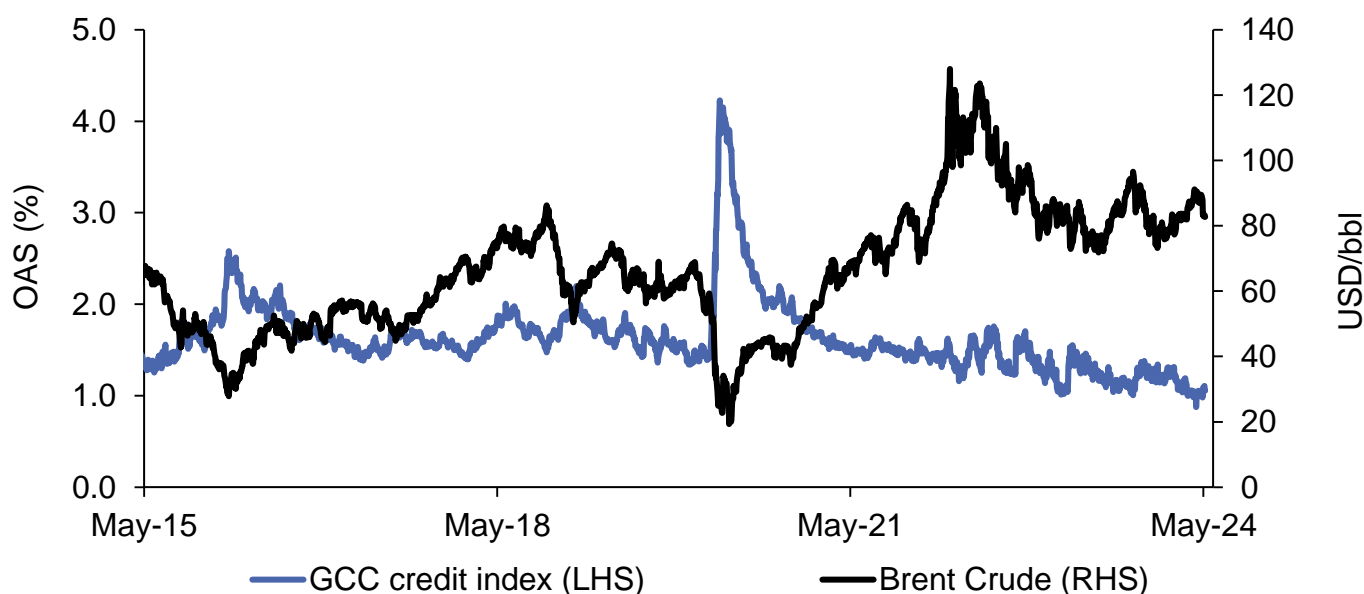
## Appendix

### Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

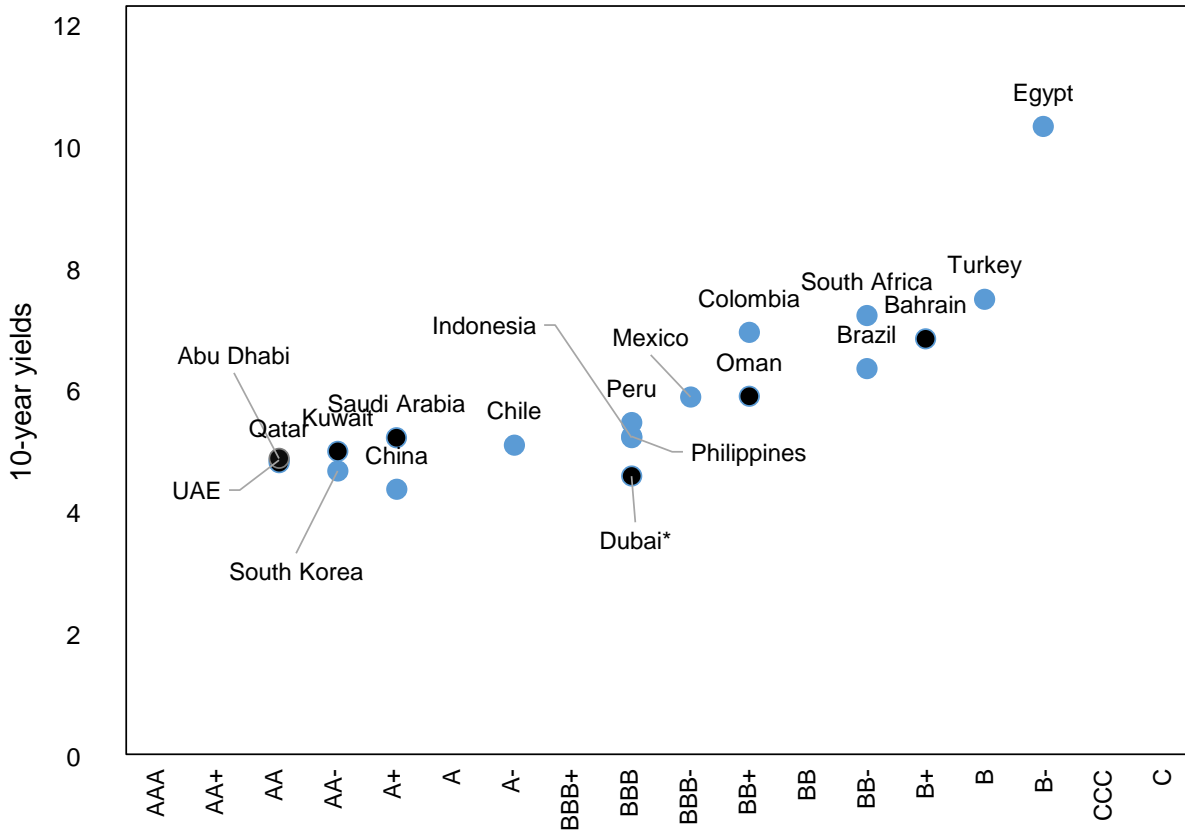
### GCC corporate OAS spread versus Brent Crude



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

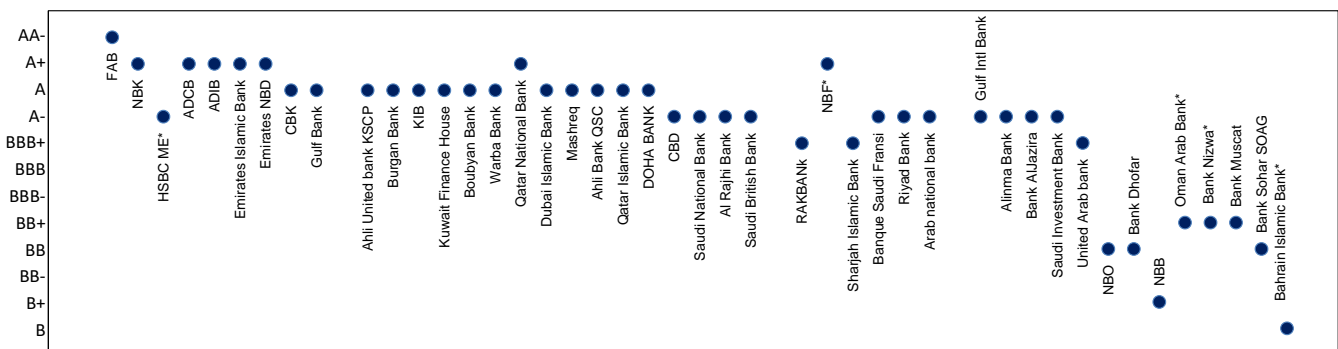
## GCC Sovereign Rating

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

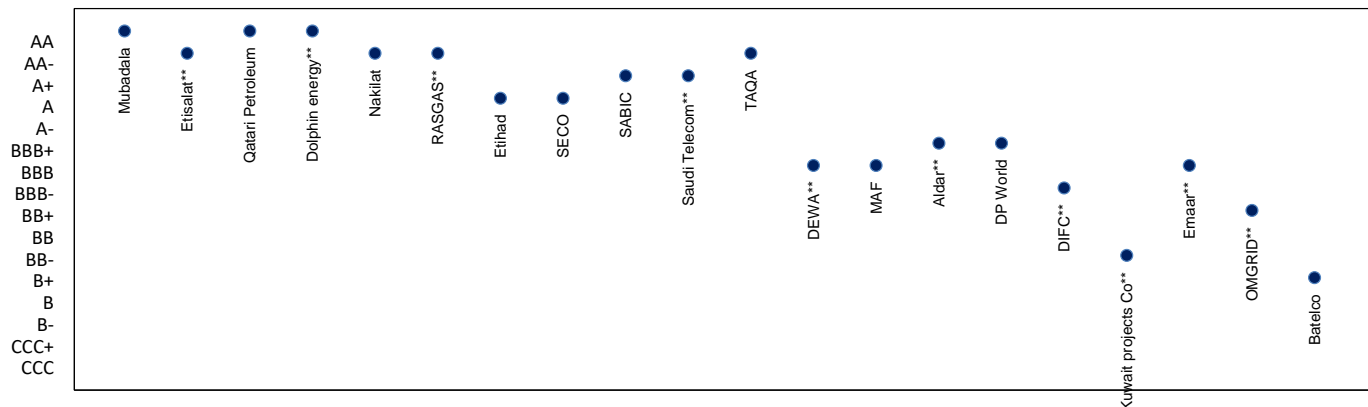
### GCC Financials



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

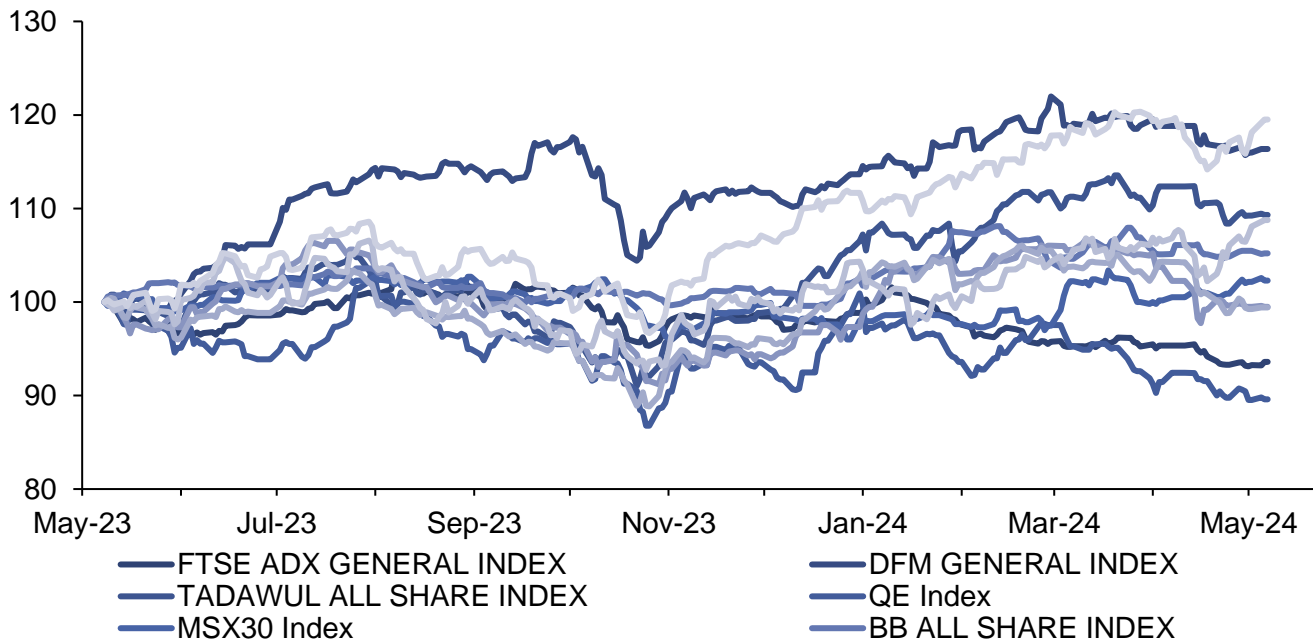
## GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	14.8x	1.2%	2.2%
DFM	8.1x	30.2%	5.8%
Tadawul	17.5x	1.5%	3.3%
DSM	10.5x	3.1%	5.0%
MSM30	10.0x	-23.7%	5.5%
BHSE	7.8x	-	8.3%
KWSE	12.1x	9.6%	2.8%
MSCI GCC	13.9x	4.8%	3.8%
MSCI EM	12.9x	6.3%	2.7%
MSCI ACWI	18.2x	6.5%	1.9%

Notes: \*data as of 08 May 2024  
Source: Bloomberg, ADCB

## GCC equity 1Y Performance

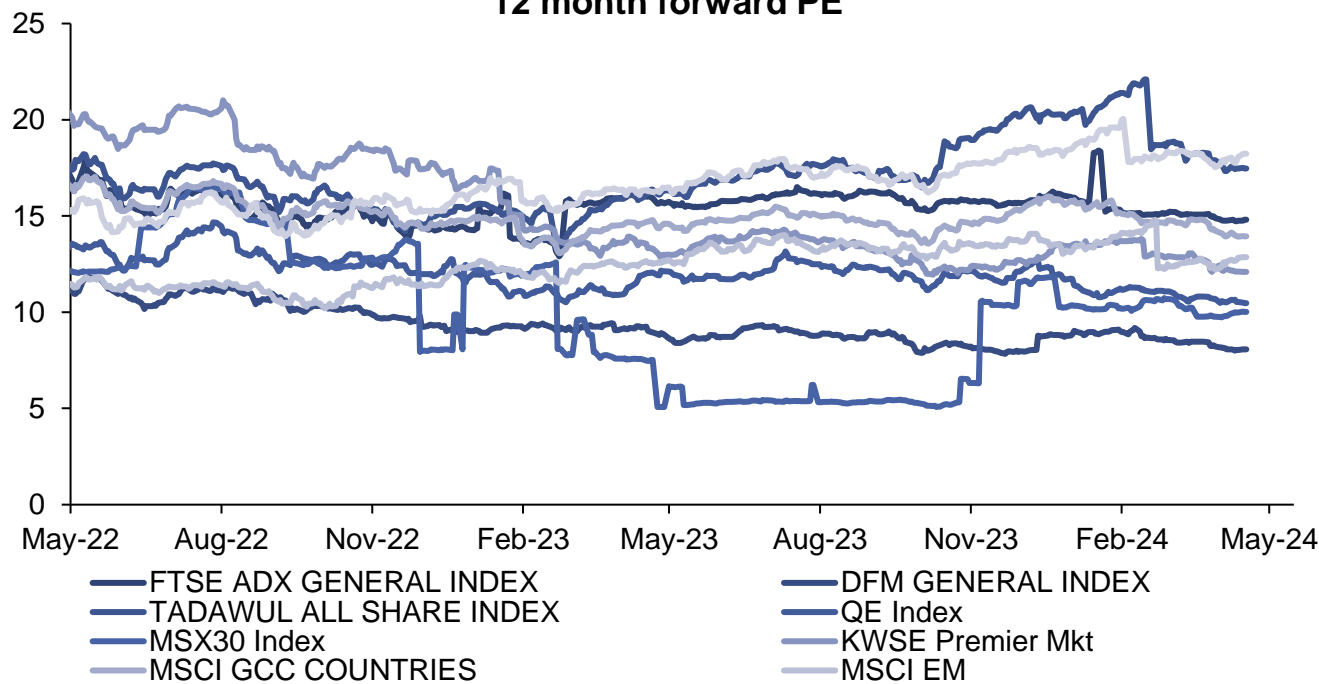
### 1Y performance



Source: Bloomberg, ADCB

## GCC equity 12m forward PE

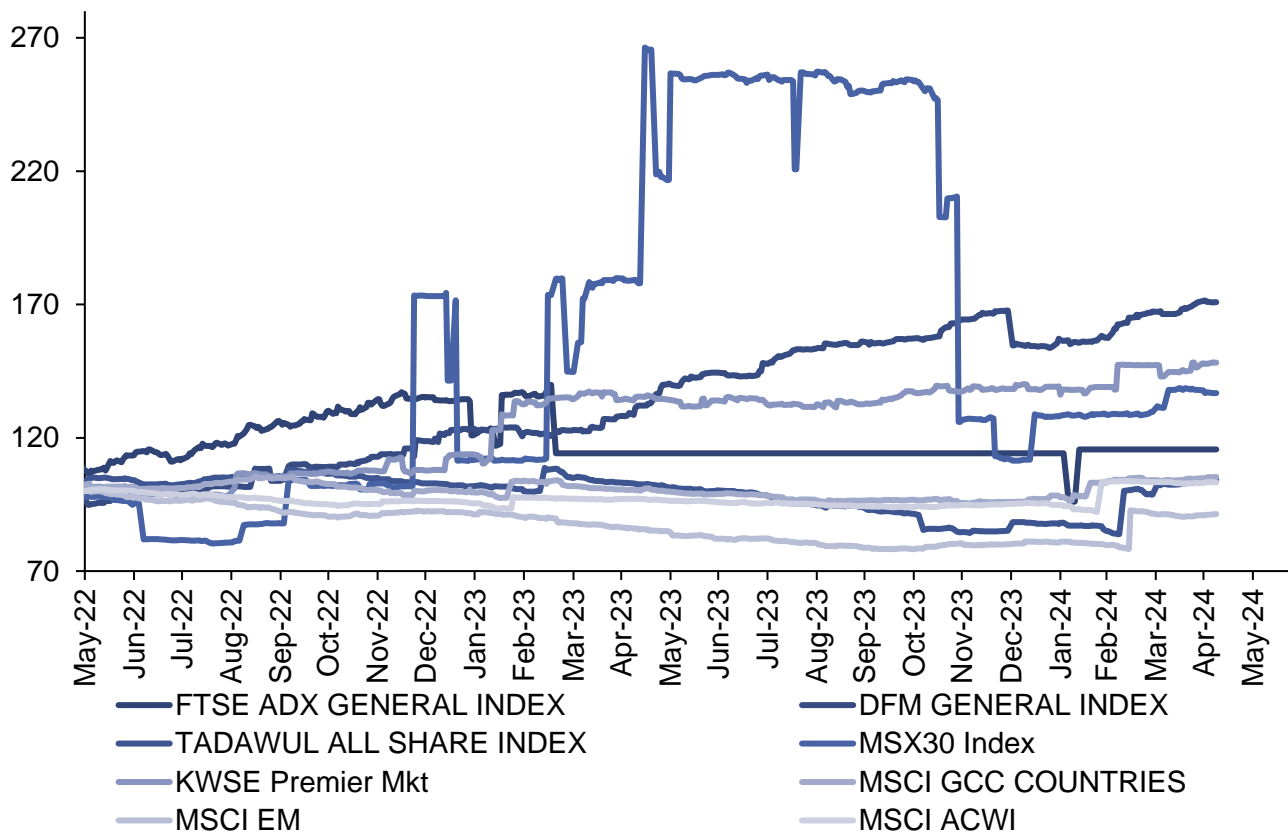
### 12 month forward PE



Source: Bloomberg, ADCB

## GCC equity 12m forward EPS

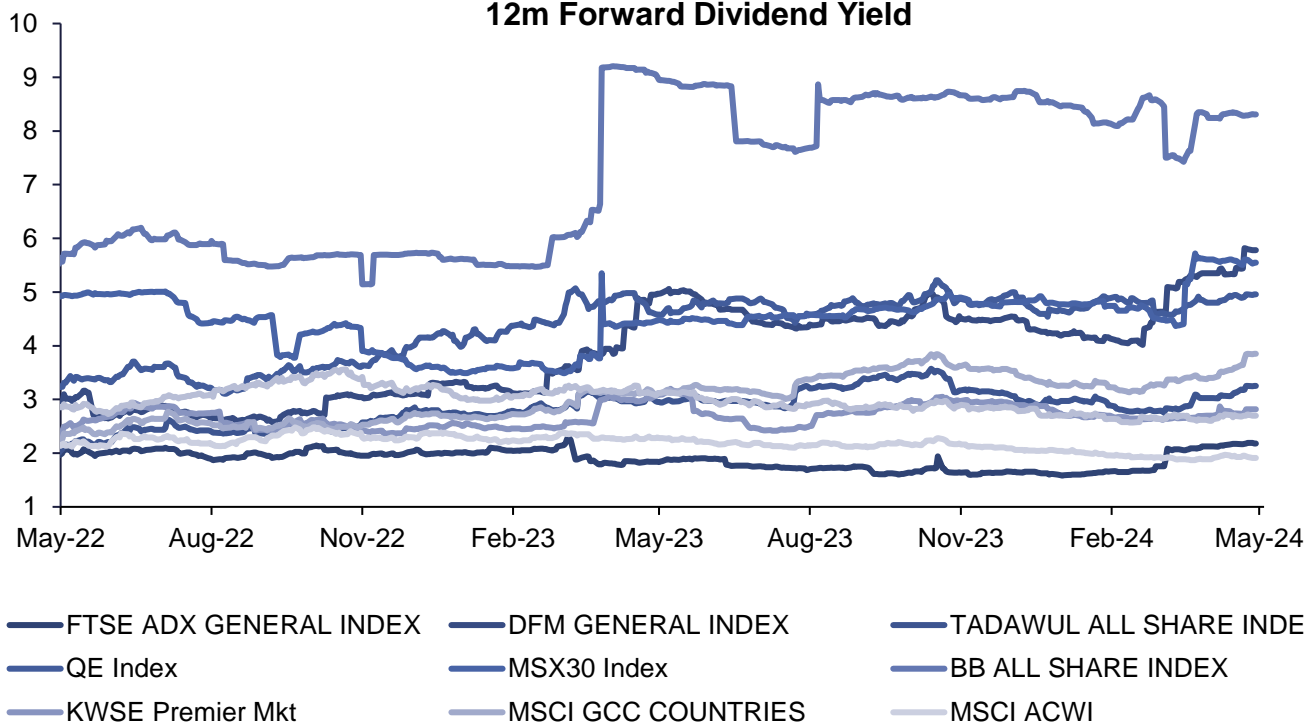
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

## GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB



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