

GCC market performance

GCC fixed income:

Global benchmark bond index gained over the week (ending 14th May 2024). 10Y UST yields declined over the week. Global aggregate bonds recorded positive returns, led by Global corporate bonds. Global HY bonds posted positive returns but US HY ended flat. EM USD recorded gains, again driven by strong appetite for EM LatAm. All GCC bond indices recorded positive returns. Saudi Arabia and Qatar were the best performers. Kuwait underperformed peers. 5yr CDS spreads tightened across all the GCC countries. In the USD sovereign market, the 10yr bond yields dropped across all the GCC countries- the most in Dubai and Qatar.

GCC equities:

Most regional indices posted mixed gains last week with the UAE, Saudi and Bahrain posting declines, while the rest of the GCC recording modest gains. Kuwait posted the largest weekly gains (0.56%), outperforming the rest of regional indices. On the other hand, Saudi stocks underperformed the most, posting loss of (2.72%). MSCI GCC underperformed MSCI EM and MSCI ACWI last week.

GCC key developments:

- IMF says Oman's near-to-medium outlook is favourable.
- Moody's Ratings affirms Bahrain's B2 ratings with stable outlook.
- Saudi Arabia inflation unchanged at 1.6% in April.
- Adnoc Drilling posts 26% jump in 1Q'24 net profit.

GCC bond issuances:

- Al Rajhi bank raised USD1bn in AT1 sustainable sukuk.
- Aldar raised USD500mn in second green sukuk issuance.

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GCC Weekly Market Performance

Index				Rates			
	Latest	-1w %	YTD %		Latest	-1w (bp)	YTD (bp)
Fixed Income				3M interbank			
Global Agg	456.36	0.14	-2.19	Saudi	6.30	6.30	7.11
Global Treasuries	193.28	-0.04	-3.35	UAE	5.33	0.43	-9.20
EM USD Agg TR	1187.88	0.32	2.33	Kuwait	4.25	-6.25	-6.25
EM LatAm TR	1057.24	0.41	4.55	Bahrain	6.32	0.00	-20.49
EM EMEA TR	352.99	0.30	1.64	Oman	5.77	-1.50	-27.50
EM Asia TR	624.16	0.24	0.92	Qatar	6.00	0.00	-12.50
Bahrain TR	193.90	0.37	2.21	US SOFR	5.31	0.00	-8.00
Oman TR	150.15	0.28	0.44	5Y Sov. CDS			
Kuwait TR	149.88	0.06	1.11	Saudi Arabia	52.61	-0.90	-1.80
Qatar TR	133.23	0.34	-0.91	Abu Dhabi	40.11	-1.20	-3.60
Saudi Arabia TR	137.51	0.43	-0.67	Dubai	63.78	-6.40	-3.50
UAE TR	137.62	0.28	-0.49	Kuwait	72.13	0.00	17.10
Equity				Bahrain	189.26	-10.40	-23.50
ADX	9058.46	-1.29	-6.76	Oman	99.03	-6.30	-23.20
DFM	4136.85	-1.35	1.45	Qatar	40.51	-1.60	-6.30
Tadawul	12120.91	-2.72	1.61	10Y yield			
DSM	9646.28	0.24	-7.12	Saudi Arabia	5.22	-3.70	47.20
MSM30	4757.89	0.01	3.89	Abu Dhabi	4.89	-3.40	62.40
BHSE	2023.07	-0.19	3.03	Dubai	4.61	-5.70	-6.80
KWSE	7871.21	2.36	3.16	Kuwait	4.99	-1.00	71.20
MSCI GCC	691.82	-1.55	-3.15	Bahrain	6.75	-2.70	0.50
MSCI EM	1080.96	1.34	7.76	Oman	5.78	-3.90	29.60
MSCI ACWI	785.88	1.18	9.99	Qatar	4.85	-5.40	62.40

Note: data from 8th May 2024 to 14th May 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

IMF says Oman's near-to-medium outlook is favourable.

The International Monetary Fund said in a statement on Monday that Oman's near-to medium-term outlook is favourable with downside risks coming from tensions in the region and abrupt global slowdown. The IMF added that Oman's fiscal and external balances are set to remain in comfortable positions over the medium term supported by rising oil prices and structural reforms.

(Source: Zawya)

Moody's Ratings affirms Bahrain's B2 ratings, maintains stable outlook

Moody's Ratings affirmed the Government of Bahrain's B2 long-term issuer and senior unsecured ratings with a stable outlook. According to Moody's ratings, the rating reflects Bahrain's weak and deteriorating debt burden and debt affordability metrics, and its elevated government liquidity and external vulnerability risks which the rating agency expects to be the key features of the country's credit profile. Moody's ratings expects the country's government debt to reach more than 130% of GDP at the end-2023.

Saudi Arabia inflation unchanged at 1.6% in April

Saudi Arabia's annual inflation rate was unchanged at 1.6% in April, the same as the previous month. Prices in the subcategory of housing, water, electricity, gas and other fuels rose by 8.7% y-o-y with housing rents surging by 10.4% y-o-y. Food and beverage prices rose 0.8% y-o-y while prices for restaurants and hotels increased 2%.

(Source: Zawya)

Al Rajhi bank raised USD1bn in AT1 sustainable sukuk

Saudi Arabia's Al Rajhi Bank closed another USD1bn issuance of USD-denominated Tier 1 capital sustainable sukuk. The issuance received more than USD3.5bn in orders. The final sukuk was priced at a yield of 6.37%, down from an initial guidance of 6.875%.

(Source: Zawya)

Aldar raised USD500mn in second green sukuk

Aldar Investment Properties (AIP) issued an USD500m green sukuk as a part of its USD2bn Trust Certificate Issue Programme established in 2023. This marked AIP's second green sukuk, after the inaugural USD500mn sukuk issued in May 2023. The bond sale attracted strong demand, oversubscribed over 4 times and priced with a 5.50% coupon rate. Aldar also tendered a buy back of the sukuk maturing in September 2025.

(Source: Zawya)

Adnoc Drilling posts 26% jump in 1Q'24 net profit.

Adnoc Drilling Co., a subsidiary of ADNOC, reported a 1Q'24 net profit of USD275mn, 26% y-o-y increase driven by strong revenue. The net profit beat analysts' estimate of USD267mn, according to LSEG data. Revenue for the quarter grew 24% y-o-y to USD886mn.

(Source: Zawya)

GCC Weekly Market View

May 15 2024

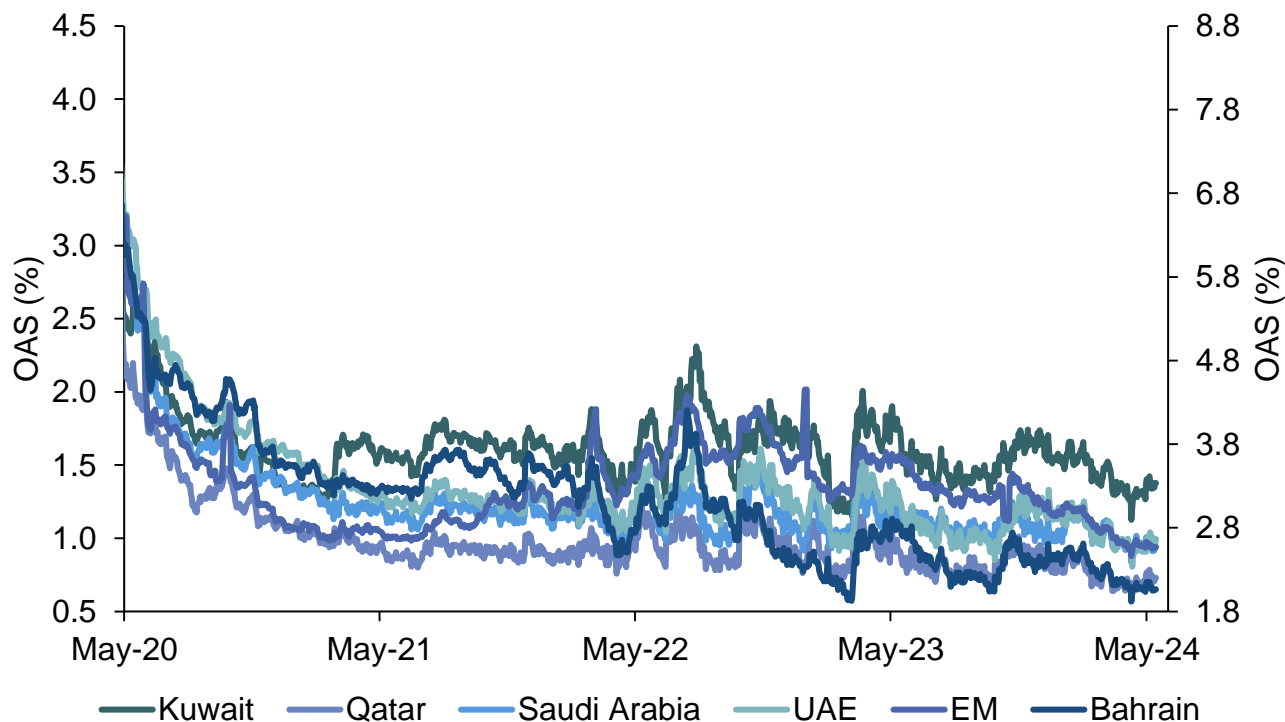
GCC bond issuances table

Issuer	BBG	Sector	Country	Issue Amt*	Cpn	Maturity	Maturity Type	Currency	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	MAZOOON	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	AA	5.18	-
Abu Dhabi Developmental	ADQABU	Financials	AE	1250	5.50	05/08/2034	CALLABLE	USD	04/30/2024	AA	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

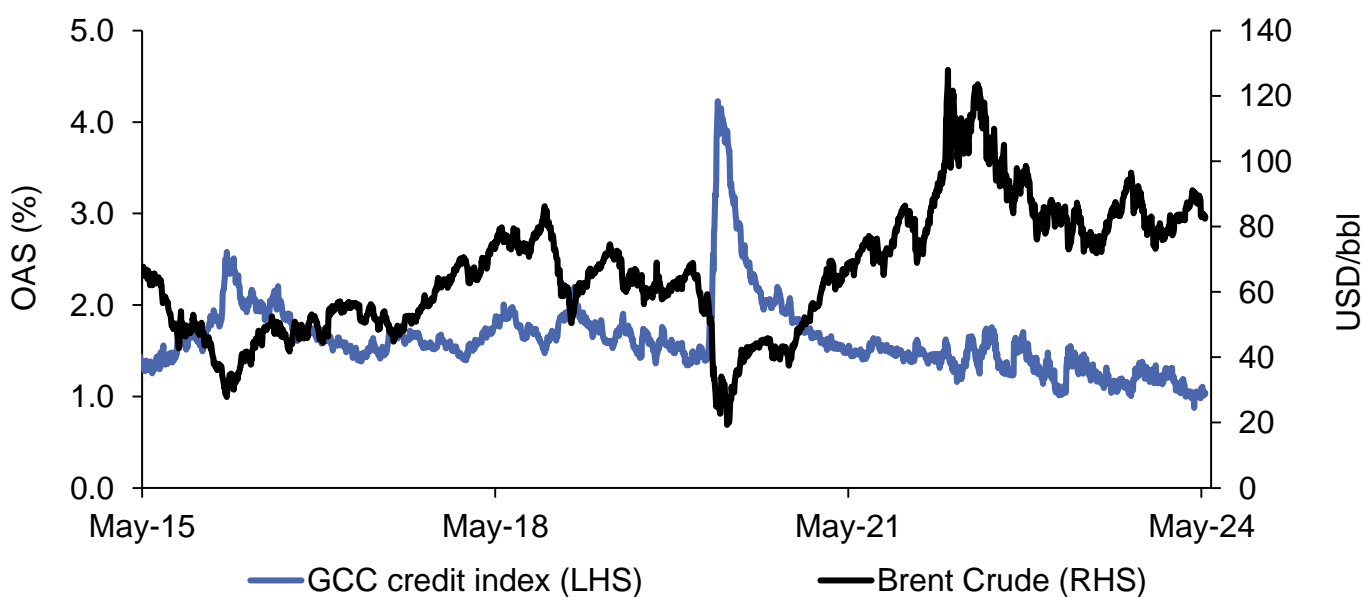
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

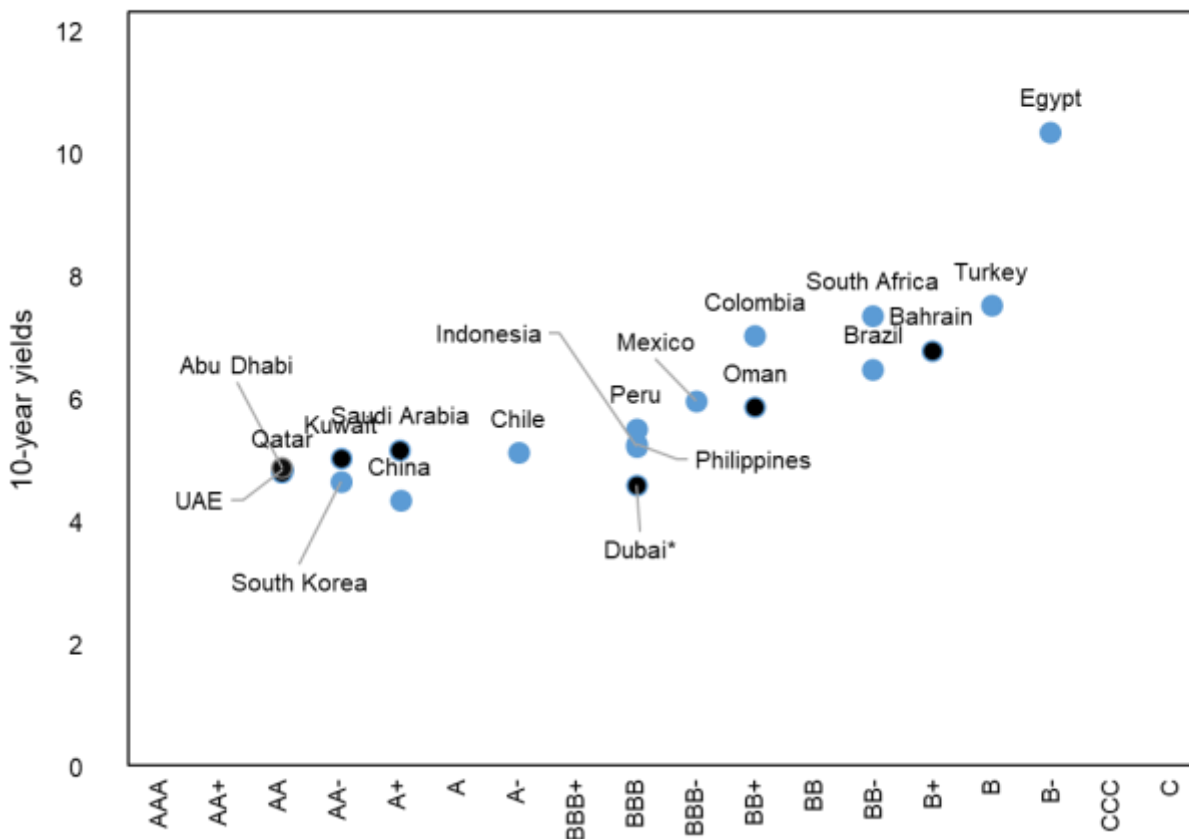
GCC corporate OAS spread versus Brent Crude



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

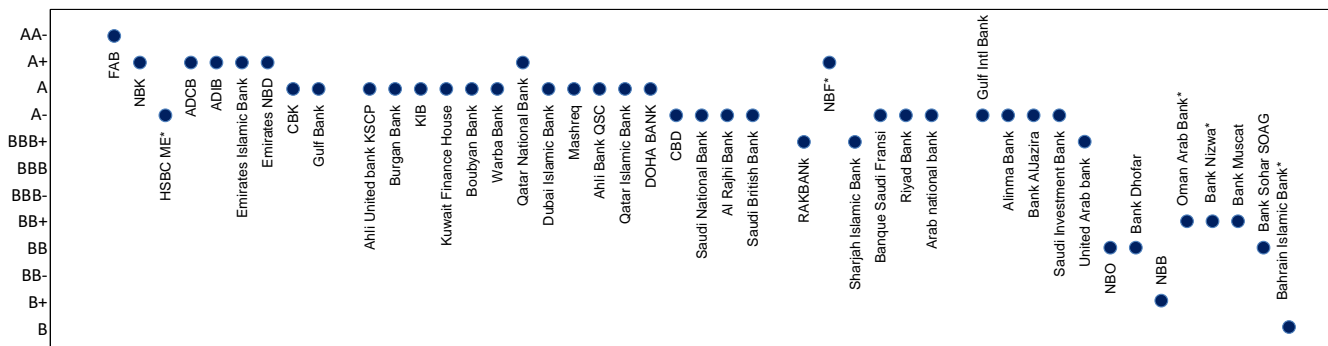
GCC Sovereign Rating

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

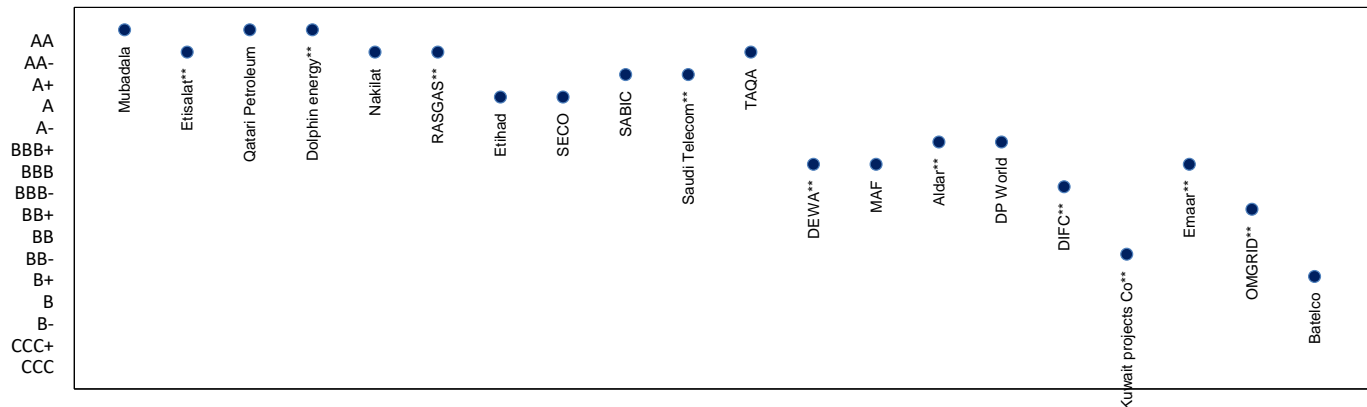
GCC Financials



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	7.9x	30.8%	5.8%
Tadawul	17.3x	0.6%	3.3%
DSM	10.4x	5.4%	4.9%
MSM30	9.9x	-48.4%	5.6%
BHSE	7.5x	-	8.3%
KWSE	12.3x	10.8%	2.7%
MSCI GCC	13.9x	4.3%	3.9%
MSCI EM	13.0x	6.5%	2.7%
MSCI ACWI	18.4x	6.7%	1.9%

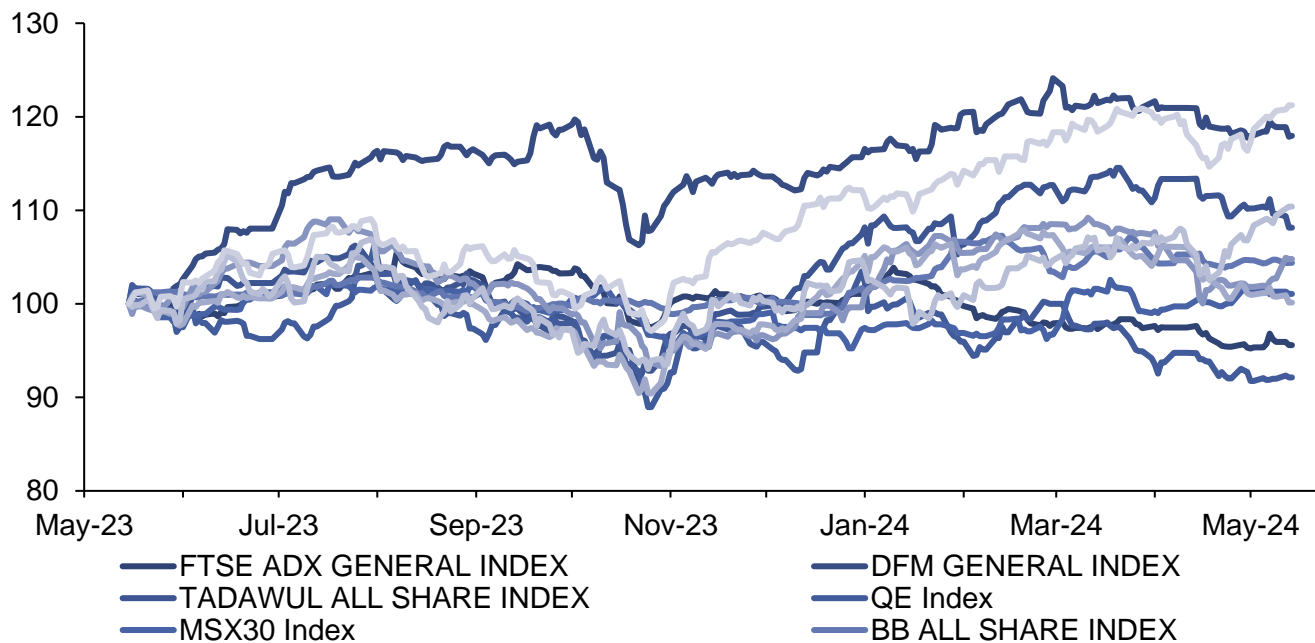
Notes: *data as of 15 May 2024
Source: Bloomberg, ADCB

GCC Weekly Market View

May 15 2024

GCC equity 1Y Performance

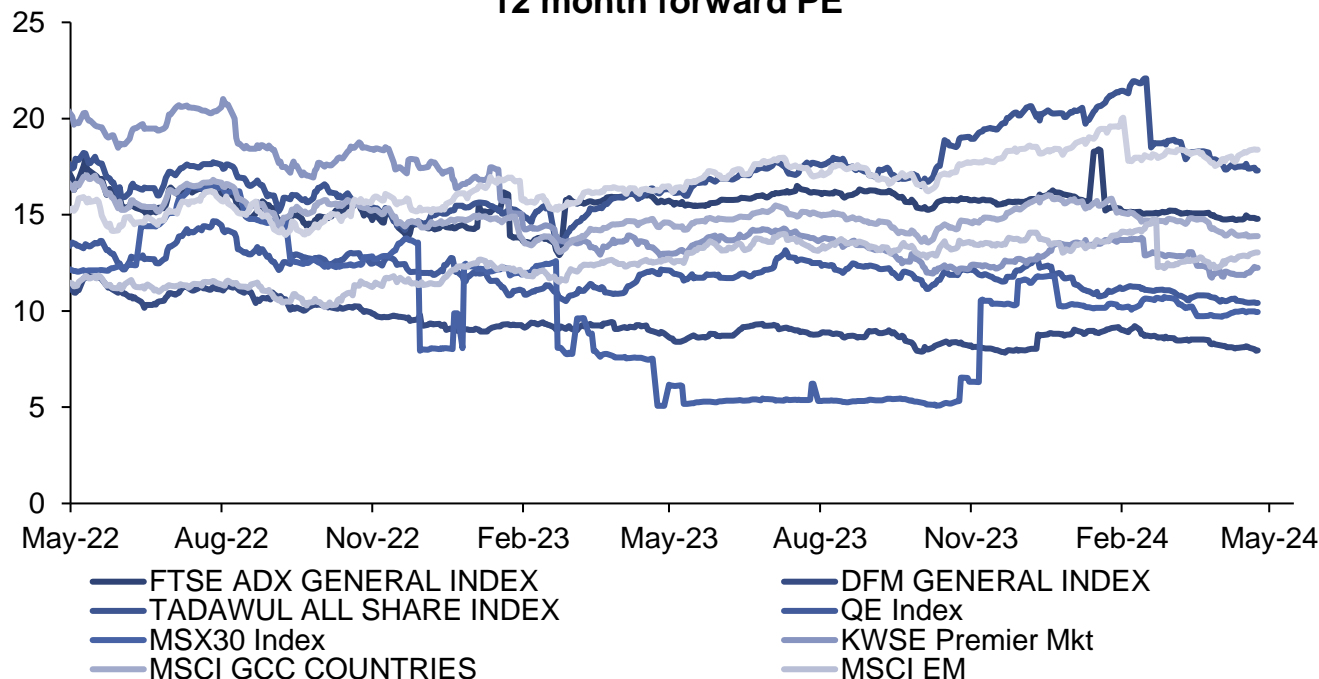
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

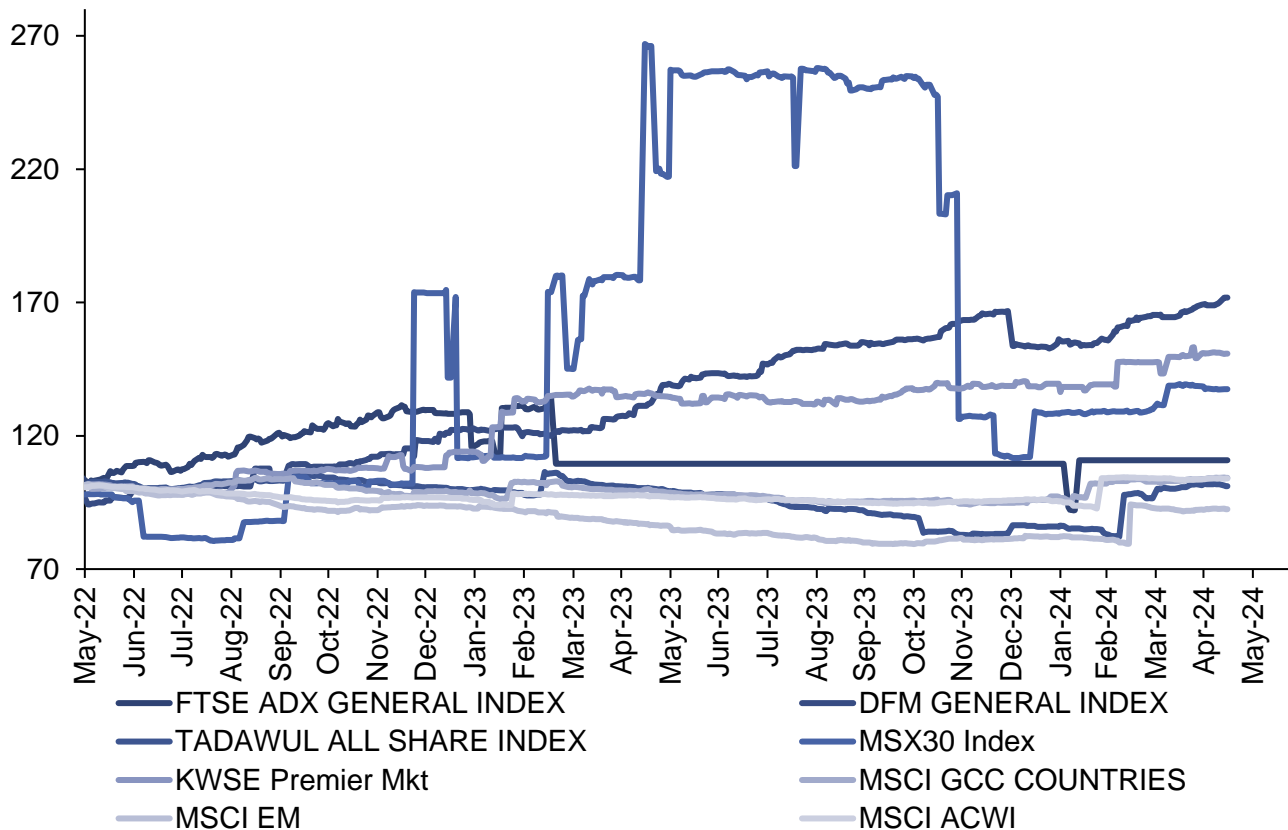
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

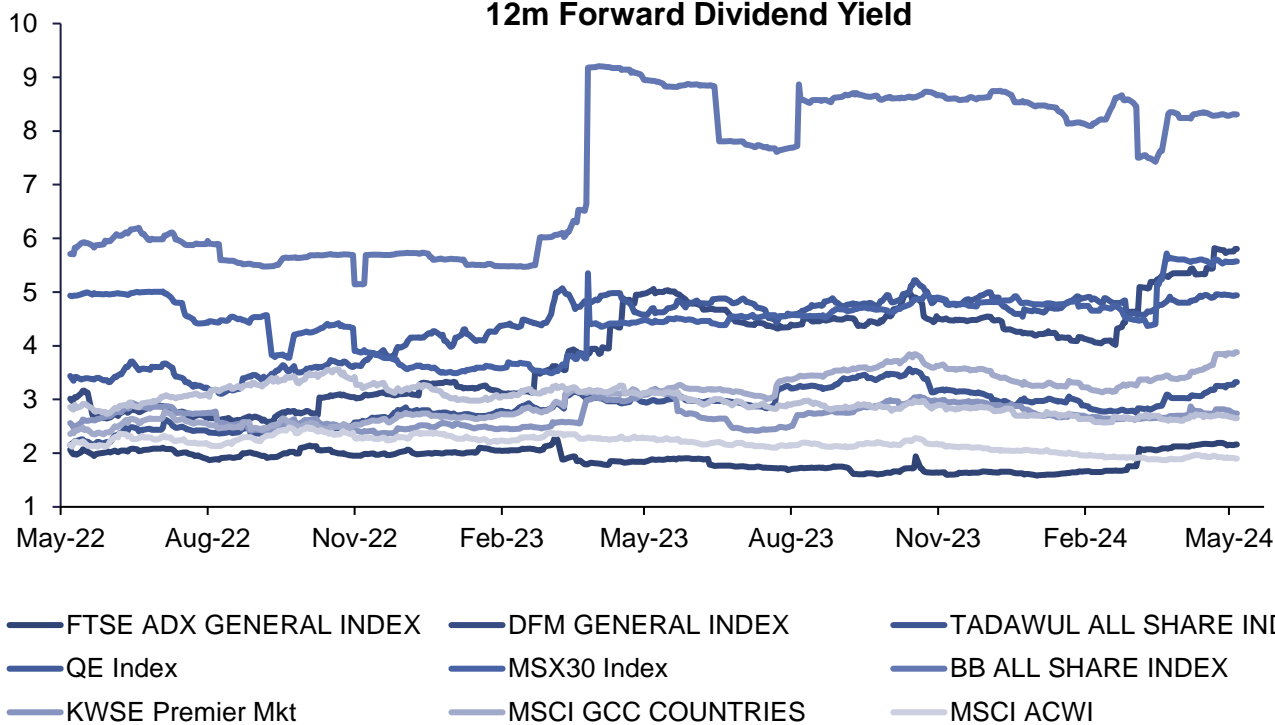
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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