

GCC market performance

GCC fixed income:

Global benchmark bond index recorded marginal losses over the week (ending 28th May 2024). 10Y UST yields rose over the week as investors await fresh data releases on inflation. In credit, Global corporate IG and HY ended the week on a negative note. EM had a negative week too, led by EM LatAm. All GCC bond indices recorded negative returns with Saudi Arabia and Oman underperforming the most. 5yr CDS spreads mostly widened across all the GCC countries, with the exception of Dubai and Kuwait. In the USD sovereign market, the 10yr bond yields rose across all the GCC countries, led by Saudi Arabia.

GCC equities:

GCC regional indices declined last week. MSCI GCC underperformed MSCI ACWI and MSCI EM last week. MSCI GCC was down 4.13%. Within GCC, Oman and Bahrain posted gains with Oman outperforming the most. On the other hand, Saudi Arabia underperformed the most, posting loss of 4.09%.

GCC key developments:

- **Moody's affirms Saudi Arabia's A1 credit rating with positive outlook.**
- **Fitch affirms Oman's credit rating at BB+ with stable Outlook.**
- UAE tourism sector projected to contribute 12% to GDP in 2024.
- Saudi Arabia's non-oil exports increased by 3.3% in Q1'24.
- Inflation rate in Oman increased by 0.4% in April 2024.
- **ADNOC raised USD935mn from secondary share sale in ADNOC Drilling.**
- **UAE's Alef Education set to raise up to USD515mn.**

GCC bond issuances:

- **Bank of Bahrain and Kuwait plans to launch 5-year bond sale.**
- **Kuwait's NBK plans to issue its debut green bonds.**
- **Gulf International Bank hires banks for 5-year bond sale.**

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GCC Weekly Market Performance

Index				Rates			
	Latest	-1w %	YTD %		Latest	-1w (bp)	YTD (bp)
Fixed Income				3M interbank			
Global Agg	456.00	-0.27	-2.26	Saudi	6.26	3.65	3.19
Global Treasuries	193.16	-0.25	-3.42	UAE	5.26	-7.02	-15.67
EM USD Agg TR	1187.84	-0.44	2.32	Kuwait	4.25	-6.25	-6.25
EM LatAm TR	1050.19	-0.78	3.85	Bahrain	6.34	0.34	-18.53
EM EMEA TR	354.40	-0.25	2.05	Oman	5.73	-8.70	-31.50
EM Asia TR	625.26	-0.32	1.10	Qatar	6.00	-	-12.50
Bahrain TR	195.59	-0.09	3.10	US SOFR	5.32	1.00	-7.00
Oman TR	150.96	-0.21	0.98	5Y Sov. CDS			
Kuwait TR	150.30	-0.01	1.39	Saudi Arabia	50.85	0.10	-3.50
Qatar TR	134.06	-0.17	-0.29	Abu Dhabi	38.91	0.50	-4.80
Saudi Arabia TR	138.09	-0.34	-0.24	Dubai	63.00	-3.10	-4.30
UAE TR	138.44	-0.13	0.10	Kuwait	72.10	-0.10	17.00
Equity				Bahrain	184.06	0.70	-28.60
ADX	8742.22	-2.57	-10.02	Oman	96.15	0.50	-26.10
DFM	3986.89	-1.75	-2.22	Qatar	39.59	0.80	-7.20
Tadawul	11659.94	-4.09	-2.25	10Y yield			
DSM	9376.88	-3.41	-9.71	Saudi Arabia	5.24	10.60	48.60
MSM30	4829.15	0.46	5.45	Abu Dhabi	4.96	9.80	68.80
BHSE	2021.58	0.29	2.96	Dubai	4.58	3.30	-10.00
KWSE	7692.63	-1.36	0.82	Kuwait	5.05	8.70	77.00
MSCI GCC	662.39	-4.13	-7.27	Bahrain	6.63	6.00	-12.20
MSCI EM	1088.01	-0.66	8.46	Oman	5.71	7.20	22.70
MSCI ACWI	792.45	-0.09	10.91	Qatar	4.85	4.50	62.40

Note: data from 22nd May 2024 to 28th May 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

Moody's affirms Saudi Arabia's A1 credit rating with positive outlook

Moody's rating agency has reaffirmed Saudi Arabia's credit rating at "A1" with a positive outlook. According to Moody's, Saudi Arabia's efforts have strengthened macroeconomic stability and fiscal policies, supporting the sustainability of the country's economic diversification plans. Moody's positive outlook is also driven by transformative reforms and investments in various non-oil sectors, which are expected to significantly reduce the Kingdom's economic and fiscal reliance on hydrocarbons over time. Additionally, Moody's highlighted Saudi Arabia's robust economic framework, marked by improving institutional and policy effectiveness, a strong balance sheet, and substantial foreign currency reserves, all of which support the positive rating and outlook.

(Source: Zawya)

Fitch affirmed Oman's credit rating at BB+ with Stable Outlook

Fitch rating agency has reaffirmed Oman's credit rating at "BB+" with a stable outlook. This decision is attributed to a reduction in public debt as a percentage of GDP and the positive effects of fiscal measures. Fitch anticipates Oman will achieve a fiscal surplus of 2.2% of GDP in 2024 and 0.9% in 2025, based on average oil prices of approximately USD80/bbl in 2024 and USD70/bbl in 2025. Fitch projects GDP growth to increase from 1.3% to 1.8% in 2024, driven by higher domestic consumption, growth in foreign investment, and improvements in the tourism sector. Additionally, Fitch expects the non-oil sector to grow by 2.8% in 2025.

(Source: Zawya)

UAE tourism sector projected to contribute 12% to GDP in 2024

The UAE's tourism sector added AED220bn to the GDP in 2023, representing 11.7% of the total economy. This growth trend is expected to persist, with projections for 2024 indicating that the sector will reach AED236bn, contributing 12% to the GDP. Khaled Al Midfa, Chairman of the Sharjah Commerce and Tourism Development Authority (SCTDA), highlighted that the UAE tourism strategy aims to elevate the sector's GDP contribution to AED450bn by 2031. The strategy targets attracting AED100bn in new investments and welcoming 40mn guests to the country's hotels within the next decade.

(Source: Zawya)

Saudi Arabia's non-oil exports increased by 3.3% in Q1'24

According to the General Authority for Statistics (GASTAT), Saudi Arabia's non-oil exports saw a 3.3% annual rise in Q1'24 compared to the same period in 2023. This growth was largely due to an increase in re-exports, which reached SAR6.4bn in March 2024, up 18% y-o-y from SAR5.4bn in March 2023. Additionally, merchandise and non-oil exports increased by 5% and 6%, respectively, in March compared to February 2024. Exports of mineral products totalled SAR77.8bn in March 2024, marking a 6% rise from February 2024.

(Source: Zawya)

Inflation rate in Oman increased by 0.4% in April 2024

According to the National Centre for Statistics and Information (NCSI), the Oman's inflation rate increased by 0.4% in April 2024 compared to April 2023. The NCSI data indicated an increase in prices in several categories, led by personal goods and services, while transportation prices decreased.

(Source: Zawya)

ADNOC raised USD935mn from secondary share sale in ADNOC Drilling

Abu Dhabi National Oil Company (ADNOC) has successfully sold 880 million shares of ADNOC Drilling Company PJSC, raising AED3.43bn (USD935mn). This transaction represents 5.5% of ADNOC Drilling's total issued and outstanding share capital, increasing the company's free float to 16.5%.

(Source: Zawya)

UAE's Alef Education set to raise up to USD515mn

Alef Education, which is floating 20% of its share capital in an initial public offering (IPO), has set the offer price range between AED1.30 and AED1.35 per share, potentially raising as much as AED1.89bn (USD515mn) at the top of the price range. The final offer price will be determined after the book-building process, followed by the listing on the ADX around 12 June. Alef expects to distribute a minimum dividend of AED135mn with respect to each of its financial years ending 31 December 2024 and 2025 to all shareholders, other than the selling shareholders, implying a dividend yield of approximately 7.42% at the top of the price range.

(Source: Zawya)

Bank of Bahrain and Kuwait plans to launch 5-year bond sale

The Bank of Bahrain and Kuwait (BBK) has hired banks to arrange investor calls with investors for its upcoming 5-year bond issuance. These investor meetings commenced on May 27, leading up to a benchmark-sized 5-year bond sale as part of BBK's USD2bn Euro Medium Term Note Program

(Source: Zawya)

Kuwait's NBK plans to issue its debut green bonds

National Bank of Kuwait has unveiled its plans to issue its first 6-year non-callable for 5-years green bonds. The investor meetings for the debt sale started taking place from May 28 and will be followed by a USD- denominated senior unsecured Green Notes under NBK SPC Limited's Global Medium Term Note Programme.

(Source: Zawya)

Gulf International Bank hires banks for 5-year bond sale

Gulf International Bank, which is owned by Saudi Arabia's sovereign wealth fund, has hired banks to arrange global investor calls ahead of a planned 5-year bond sale. The bank plans to sell benchmark-sized USD-denominated senior unsecured 5-year bonds under GIB's existing USD2.5bn Euro Medium Term Note Programme.

(Source: Zawya)

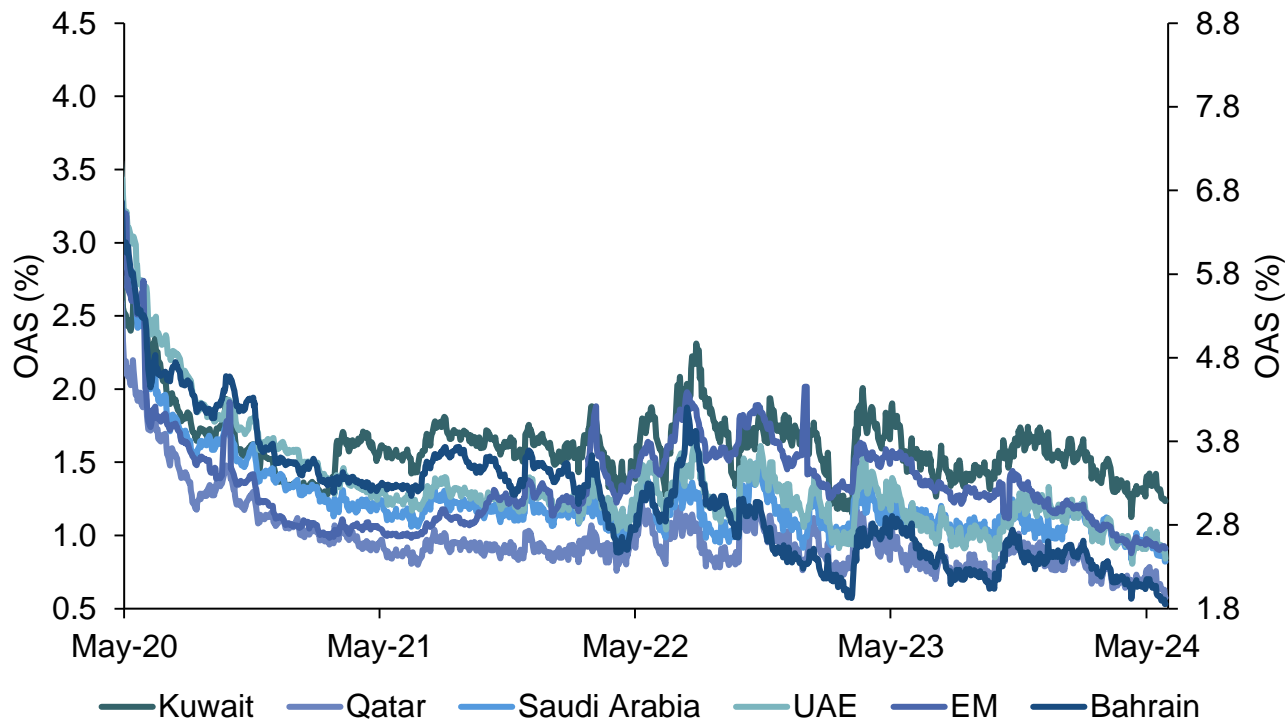
GCC bond issuances table

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	-

*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

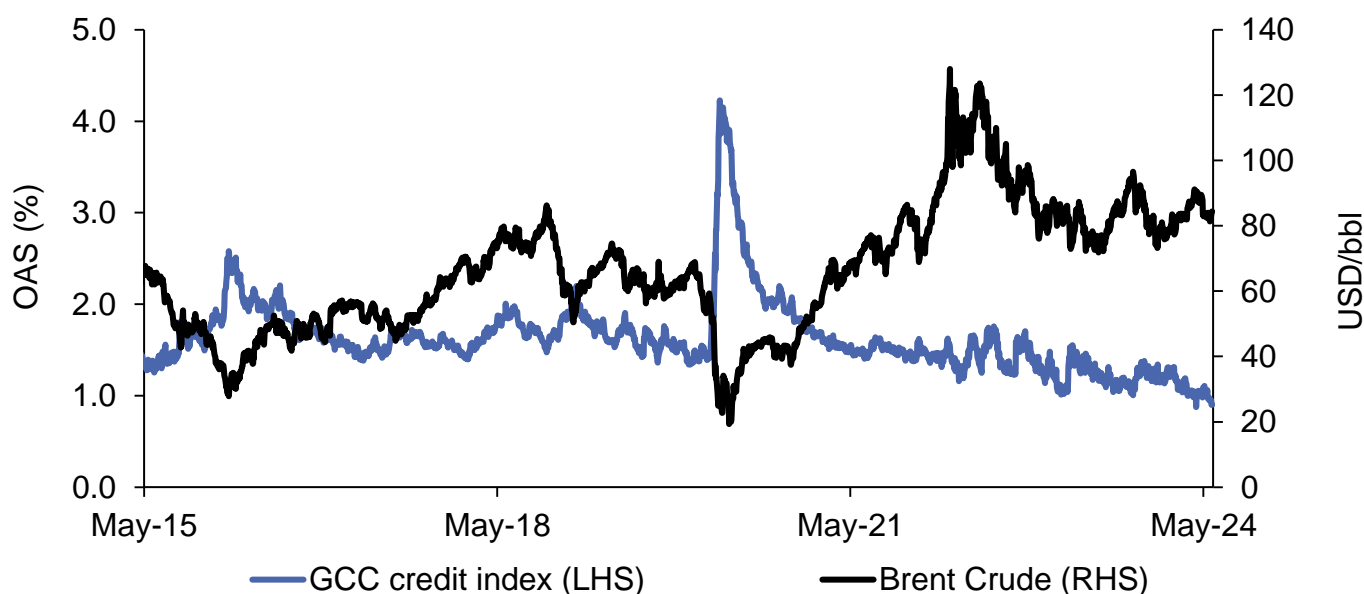
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

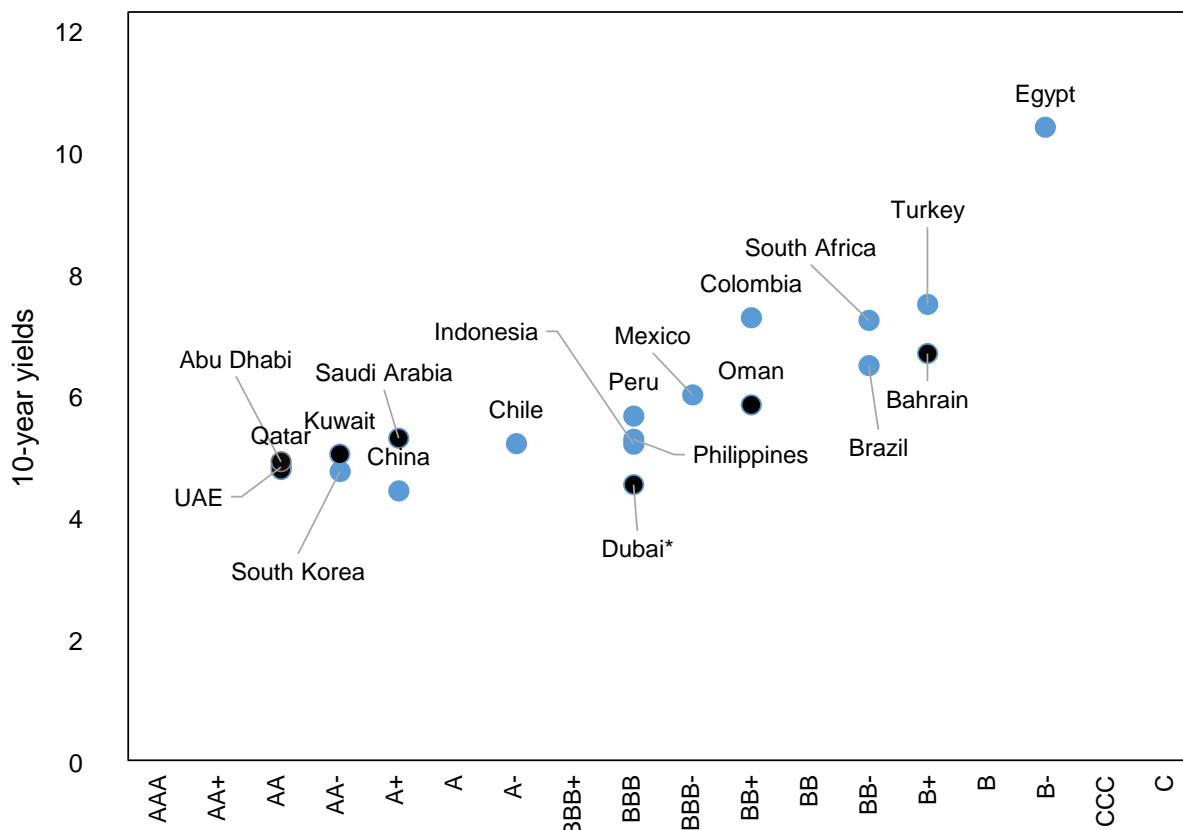
GCC corporate OAS spread versus Brent Crude



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

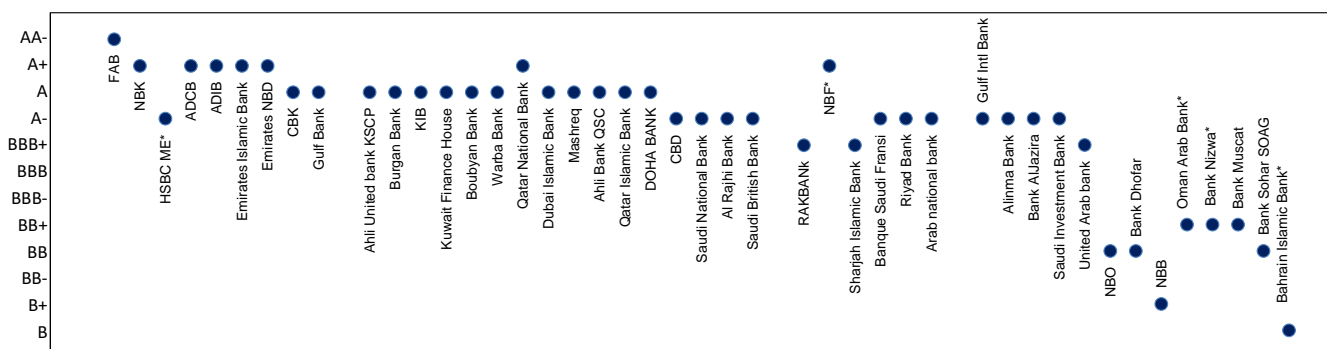
GCC Sovereign Rating

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

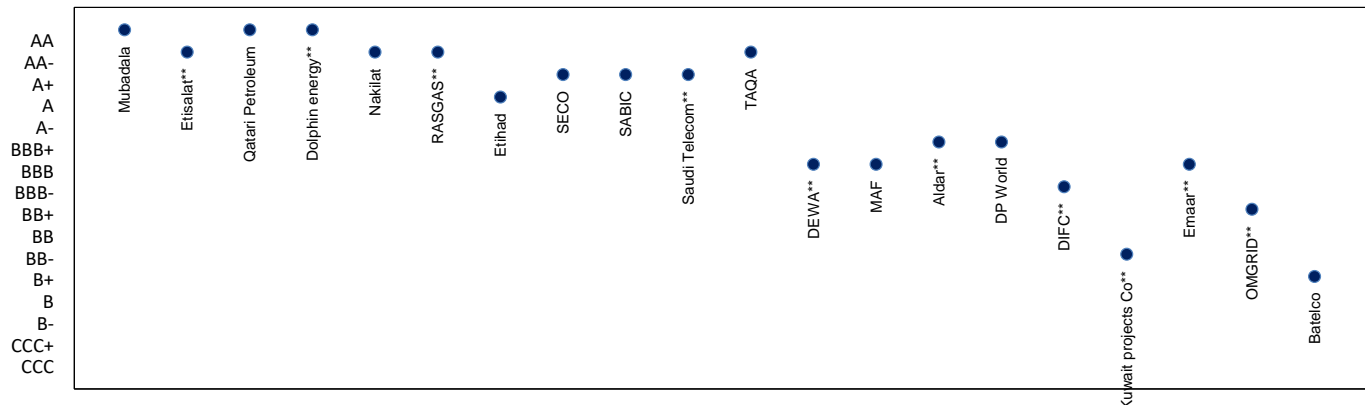
GCC Financials



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

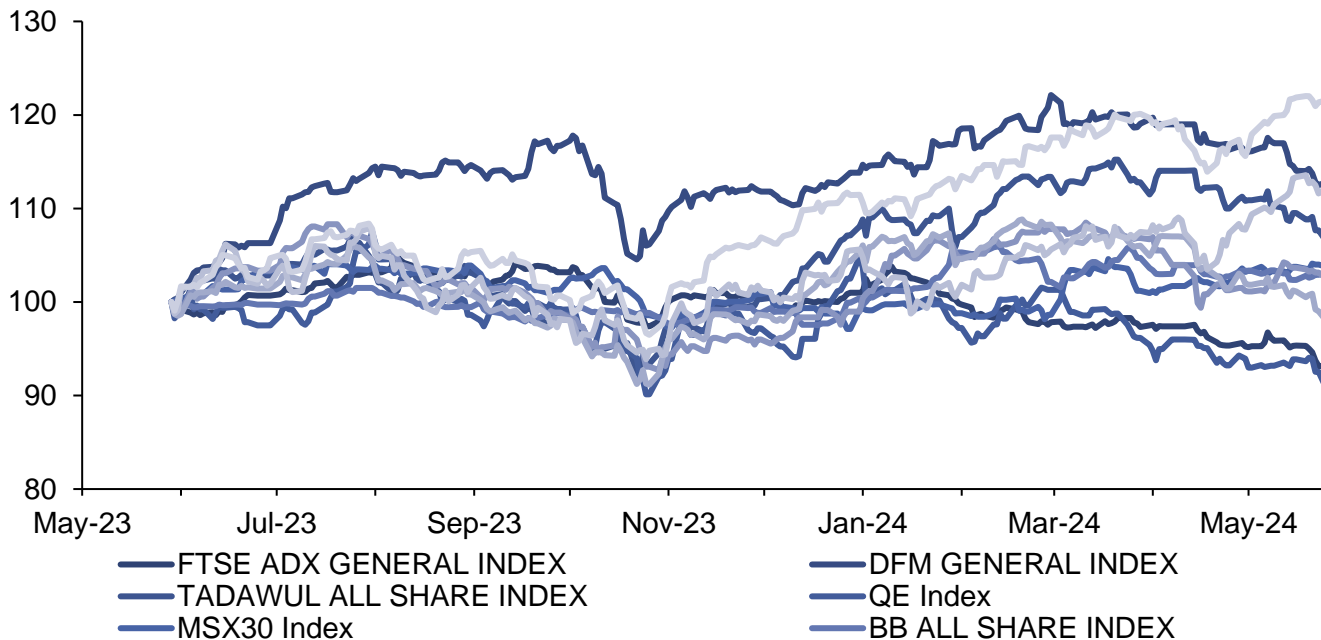
GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	14.3x	1.2%	2.2%
DFM	7.8x	20.3%	6.0%
Tadawul	16.8x	0.5%	3.6%
DSM	10.2x	5.3%	5.1%
MSM30	10.1x	-36.7%	5.5%
BHSE	7.4x	-	8.3%
KWSE	12.2x	10.1%	2.8%
MSCI GCC	13.4x	5.1%	4.1%
MSCI EM	13.0x	8.4%	2.7%
MSCI ACWI	18.6x	7.3%	1.9%

Notes: *data as of 29 May 2024
Source: Bloomberg, ADCB

GCC equity 1Y Performance

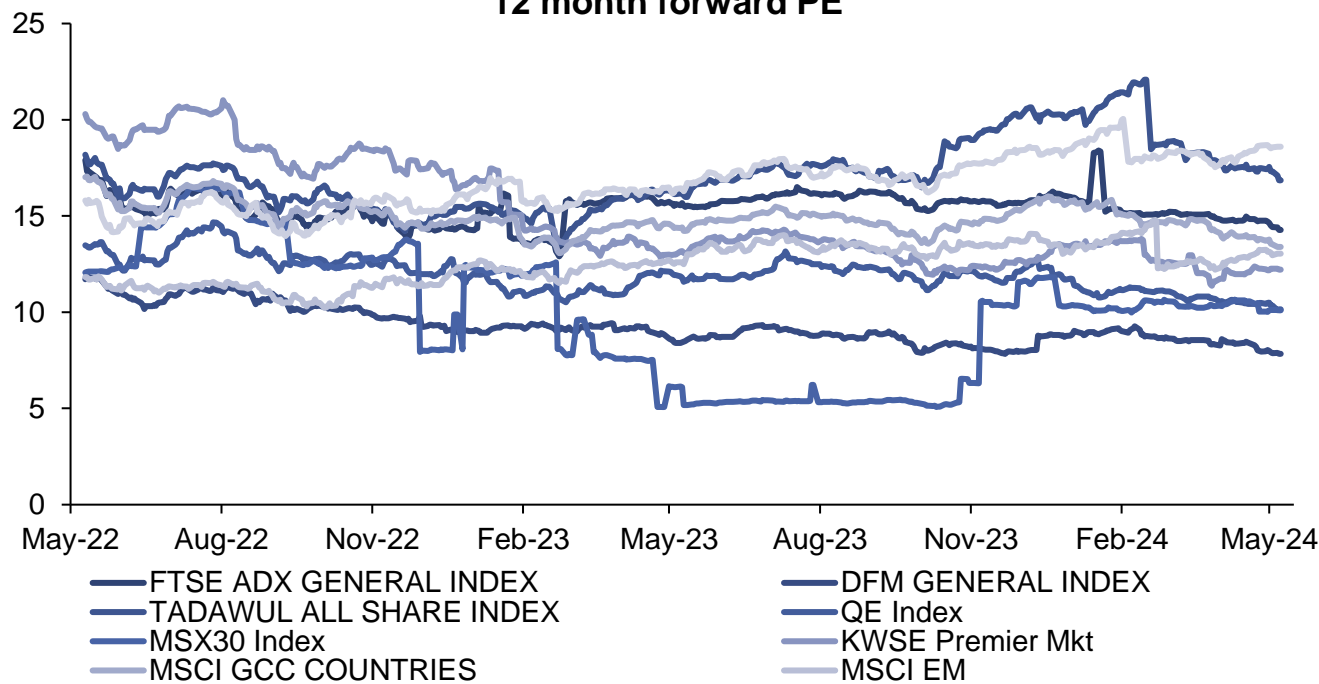
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

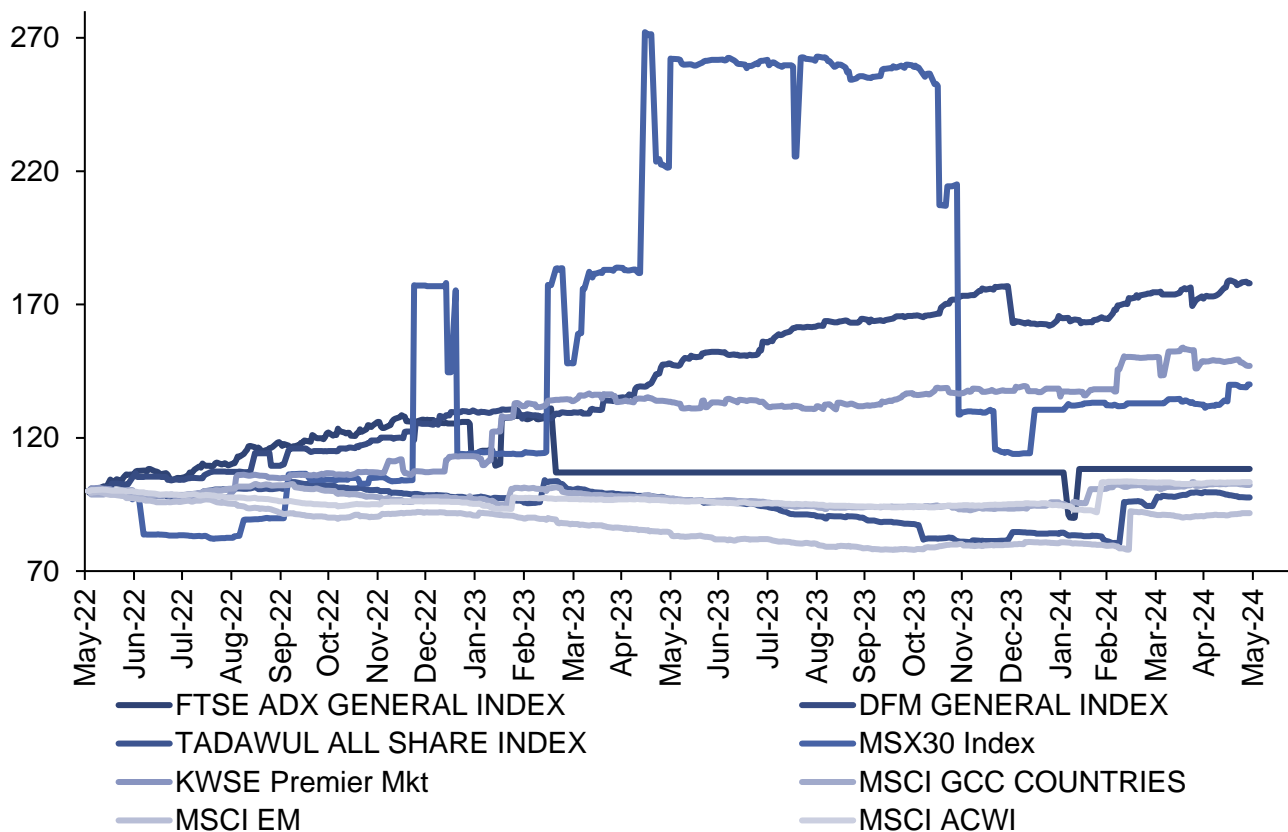
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

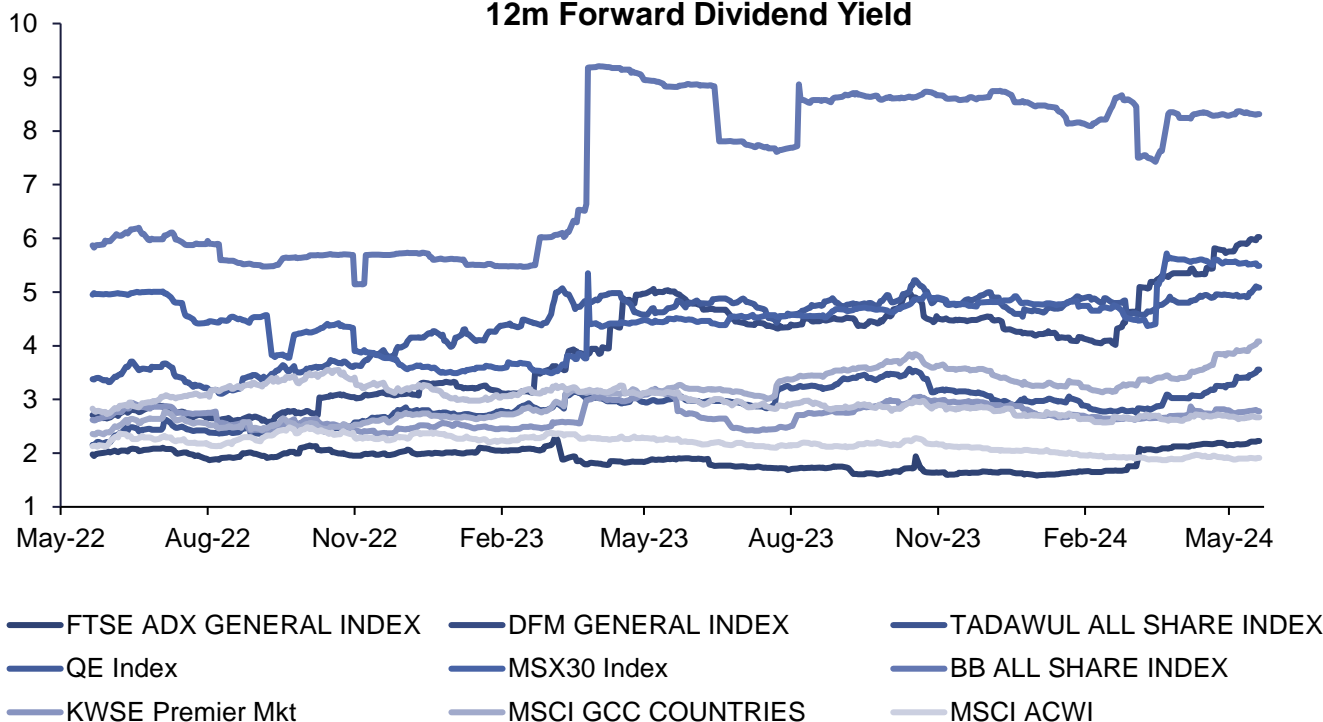
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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