

## GCC market performance

### GCC fixed income:

Global benchmark bond index recorded marginal gains over the week (ending 1st October 2024). 10Y UST yields fell over the week due to rising tensions in the Middle-east. In credit, Global corporate IG recorded marginal gains. On the other hand, Global HY bonds also posted marginal positive returns. EM had a positive week too, led by EM LatAm.

All GCC bond indices recorded losses with the exception of Bahrain and Kuwait. 5yr CDS spreads widened across all GCC countries, except for Dubai. In the USD sovereign market, 10Y USD bond yields in Kuwait, Bahrain, Oman and Qatar declined while the same in Saudi Arabia, Abu Dhabi, and Dubai rose.

### GCC equities:

All regional indices recorded declines last week with the exception of Qatar. MSCI GCC was down (-1.25%), underperforming both MSCI EM (3%) and MSCI ACWI (0.97%). Within GCC, Qatar outperformed the most while Abu Dhabi underperformed the most, posting loss of (1.16%).

### GCC key developments:

- The central bank of the UAE revised GDP growth projection for 2024 and 2025.
- Saudi Arabia projects 2024 deficit to widen to 3% of GDP.
- Saudi Arabia's non-oil exports surged by 19% in July.

### GCC bond issuances:

- Commercial bank of Dubai to issue USD500mn of USD-denominated bonds.
- Qatar's Dukhan bank planning a new 5-year USD-denominated sukuk
- Riyadh Bank raised USD750mn of USD-denominated AT1 sustainable sukuk.
- Saudi Aramco raised USD3bn in second debt offering of 2024.
- ADQ successfully priced USD2bn bond offering.

**Mohammed Al Hemeiri**

Senior Analyst

Tel: +971 (0) 281 264 50

[mohammed.alhemeiri@adcb.com](mailto:mohammed.alhemeiri@adcb.com)

**Prerana Seth, CFA**

Fixed Income Strategist

Tel: +971 (0) 281 264 49

[prerana.seth@adcb.com](mailto:prerana.seth@adcb.com)

**Ahmed Al Falahi**

Analyst

Tel: +971 (0) 281 264 98

[ahmed.a5@adcb.com](mailto:ahmed.a5@adcb.com)

**Kishore Muktinutalapati**

Head - Investment Strategy

Tel: +971 (0) 281 264 57

[kishore.muktinutalapati@adcb.com](mailto:kishore.muktinutalapati@adcb.com)

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## GCC Weekly Market Performance

Index				Rates			
Fixed Income	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
Global Agg	488.4	0.13	4.67	Saudi	5.58	-7.00	-65.30
Global Treasuries	207.5	0.20	3.76	UAE	4.39	-29.89	-103.33
EM USD Agg TR	1266.7	0.22	9.12	Kuwait	3.94	0.00	-37.50
EM LatAm TR	1136.0	0.44	12.34	Bahrain	6.05	1.38	-47.14
EM EMEA TR	375.8	0.06	8.20	Oman	5.22	-	-82.25
EM Asia TR	661.7	0.22	6.99	Qatar	5.20	0.00	-92.50
Bahrain TR	207.0	0.06	9.11	US SOFR	4.96	12.00	-43.00
Oman TR	159.7	-0.04	6.84	5Y Sov. CDS	Latest	-1w (bp)	YTD (bp)
Kuwait TR	157.5	0.10	6.25	Saudi Arabia	64.92	1.80	10.50
Qatar TR	142.8	-0.06	6.21	Abu Dhabi	43.70	0.50	-
Saudi Arabia TR	145.9	-0.25	5.36	Dubai	65.86	-2.20	-
UAE TR	146.5	-0.05	5.95	Kuwait	77.90	-	22.80
Equity	Latest	-1w %	YTD %	Bahrain	191.39	3.20	-21.30
ADX	9405.7	-1.16	-3.19	Oman	108.19	4.80	-14.00
DFM	4477.3	-0.25	9.80	Qatar	43.50	0.60	-3.30
Tadawul	12253.5	-0.73	2.72	10Y yield	Latest	-1w (bp)	YTD (bp)
DSM	10629.9	0.83	2.35	Saudi Arabia	4.60	1.90	-15.10
MSM30	4696.5	-0.64	2.55	Abu Dhabi	4.10	1.30	-17.00
BHSE	2008.6	-0.51	2.30	Dubai	4.17	1.00	-51.60
KWSE	7724.7	-0.89	1.24	Kuwait	3.98	-7.50	-29.60
MSCI GCC	716.3	-1.25	0.28	Bahrain	5.80	-3.20	-95.20
MSCI EM	1170.9	3.00	16.72	Oman	4.94	-0.70	-54.50
MSCI ACWI	851.8	0.97	19.22	Qatar	3.93	-3.80	-28.90

Note: data from 25<sup>th</sup> September 2024 to 1<sup>st</sup> October 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

## **The central bank of the UAE revised GDP growth projection for 2024 and 2025**

The central bank of the UAE (CBUAE) has raised its GDP growth projection for 2024 to 4%, slightly higher than the previous estimate of 3.9%, reflecting stronger performance in the oil sector. For 2025, growth is expected to climb to 6%, driven by continued momentum in the non-oil sector and a significant boost in hydrocarbon production. Non-oil GDP growth is forecasted at 5.2% in 2024 and 5.3% in 2025, while the oil sector is anticipated to grow by 0.7% in 2024, followed by a substantial expansion of 7.7% in 2025. Separately, the fiscal balance for Q1'24 was positive, amounting to AED23.5bn, or 4.9% of GDP. Fiscal conditions have stabilized, with tax revenues accounting for nearly 70% of total revenue in Q1'24, up from 45.8% in Q1'22, largely due to the introduction of corporate taxes.

(Source: Zawya)

## **Saudi Arabia projects 2024 deficit to widen to 3% of GDP**

Saudi Arabia projects its fiscal deficit to widen to nearly 3% of GDP in 2024, driven by increased spending to accelerate growth and achieve the goals of its Vision 2030 economic transformation plan. The Kingdom forecasted a deficit of SAR118bn (USD32bn) this year, or 2.9% of GDP, up from the SAR79bn predicted in the 2024 budget announced in December. Additionally, GDP growth is expected to rise sharply to 4.6% in 2025, supported by increased oil production. Total revenue for 2024 is projected at SAR1.24tn, with government spending estimated at SAR1.36tn, while for 2025 total revenue is forecasted to be SAR1.18tn and while total expenditures is forecasted to be at SAR1.29tn.

(Source: Zawya)

## **Saudi Arabia's non-oil exports surged by 19% in July**

According to the General Authority for Statistics (GASTAT), Saudi Arabia's non-oil exports increased by 19% in July 2024, reaching SAR25.4bn. The non-oil exports saw a 6.5% rise, while re-exported goods surged by 78.4% during the same period.

(Source: Zawya)

## **Commercial Bank of Dubai to issue USD500mn USD-denominated bonds**

Commercial Bank of Dubai (CBD) is set to issue 5-year USD-denominated bonds, following investor meetings this week. The bond, expected to raise at least USD500mn, will be launched after the meetings.

(Source: Zawya)

## **Qatar's Dukhan bank planning a new 5-year USD-denominated sukuk**

Qatar's Dukhan bank rated A2 by Moody's and A by Fitch, has announced plans for a 5-year benchmark-sized senior unsecured sukuk offering. The USD-denominated sukuk will be issued under the bank's USD2bn Trust Certificate Issuance Programme.

(Source: Zawya)

## **ADQ Successfully Priced USD2bn bond offering**

Abu Dhabi Developmental Holding Company (ADQ) has successfully priced its second bond issuance, raising USD2bn through a dual-tranche offering. The bonds, to be listed on the London Stock Exchange, include a USD1bn 7-year bond with a 4.375% coupon and a USD1bn 30-year bond with a 5.250% coupon. The offering was 4.1x oversubscribed, with strong demand allowing pricing to tighten by 30bp from initial guidance. This issuance will help ADQ diversify its funding sources to support strategic growth initiatives.

(Source: Zawya)

## **Saudi Aramco raised USD3bn in second debt offering of 2024**

Saudi Aramco has raised USD3bn through the sale of two-part Islamic bonds/ sukuk, marking its second debt issuance this year. Aramco sold USD1.5bn in 5-year sukuk at a spread of 85bp over US Treasuries, and USD1.5bn in 10-year sukuk at 100bp over the same benchmark. The offering was oversubscribed due to strong demand, allowing for tighter pricing than originally expected.

(Source: Zawya)

## **Riyad Bank raised USD750mn of USD-denominated AT1 sustainable sukuk.**

Riyad Bank of Saudi Arabia raised USD750mn worth of USD-denominated Additional Tier 1 (AT1) capital sustainable sukuk. The perpetual non-call 5.5-year sukuk was issued under the bank's USD5bn AT1 Capital Certificate Issuance Programme. The final yield of the sukuk was set at 5.5%, lower than the initial pricing of around 6%. The sukuk will be listed on the London Stock Exchange.

(Source: Zawya)

# GCC Weekly Market View

October 02 2024

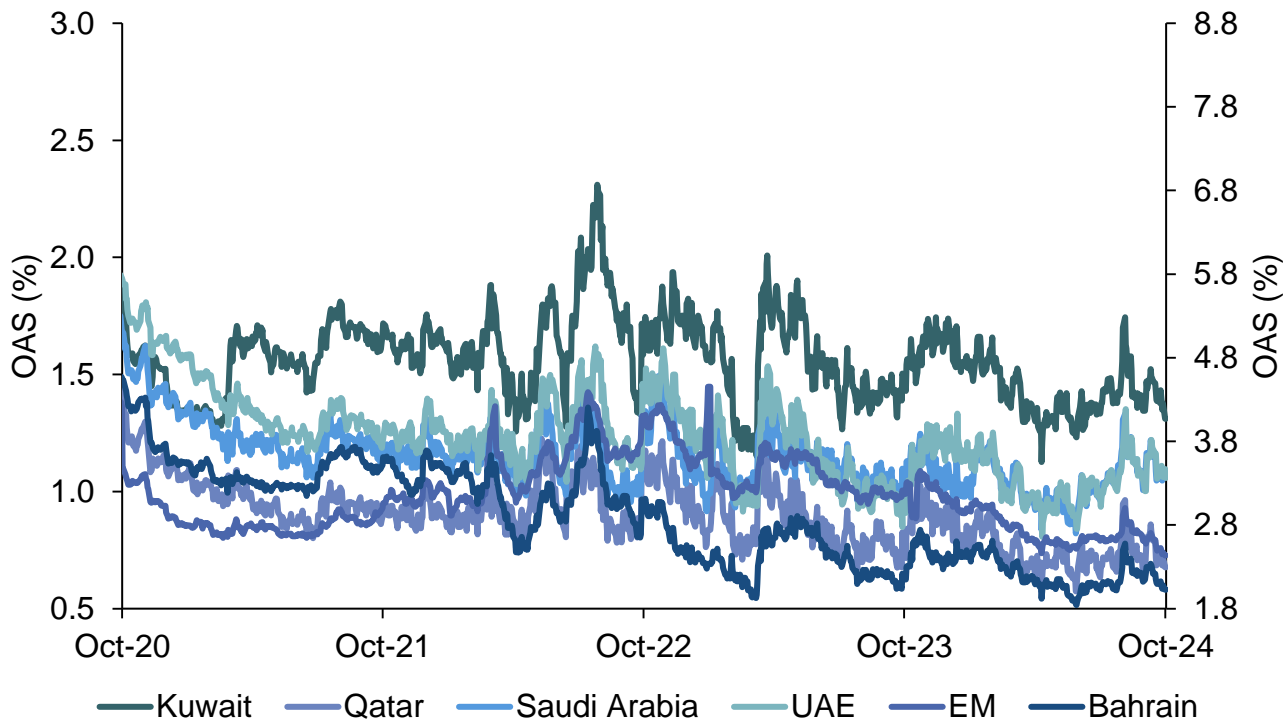
## GCC bond issuances table

Issuer	BBG	Sector	Country	Issue	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg <sup>^</sup>	YTM (mid)	YTC (mid)
Equate Sukuk Spc Ltd	EQPCKW	Agency	KW	750	5	9/5/2031	CALLABLE	USD	9/5/2024	BBB	4.94	4.94
Abu Dhabi Commercial Bank Suci Second Investment Co	ADCBUH	Agency	AE	500	5.361	3/10/2035	CALLABLE	USD	9/10/2024	A-	5.14	5.11
National Bank of Ras Al-Khaimah	PIFKSA	Agency	SA	1500	4.375	9/10/2027	AT MATURITY	USD	9/10/2024	A+	4.50	-
Gaci First Investment Co	RAKBNK	Financial Institutions	AE	250	5.8732	12/10/2034	CALLABLE	USD	9/10/2024	BBB-	6.42	5.73
Adnoc Murban Rsc Ltd	PIFKSA	Agency	SA	500	5.25	10/13/2032	CALLABLE	USD	9/10/2024		4.83	4.82
Adnoc Murban Rsc Ltd	ADNOCM	Agency	AE	1500	5.125	9/11/2054	CALLABLE	USD	9/11/2024	AA	5.19	5.19
Adnoc Murban Rsc Ltd	ADNOCM	Agency	AE	1500	4.5	9/11/2034	CALLABLE	USD	9/11/2024	AA	4.61	4.62
Adnoc Murban Rsc Ltd	ADNOCM	Agency	AE	1000	4.25	9/11/2029	CALLABLE	USD	9/11/2024	AA	4.24	4.24
BOS Funding Ltd	BOSUH	Financial Institutions	AE	500	5.25	9/12/2029	AT MATURITY	USD	9/12/2024	BBB+	5.49	-
Al Ahli Bank of Kuwait KSCP	ALAHKW	Financial Institutions	KW	300	6.5		PERP/CALL	USD	9/12/2024		6.38	6.42
QIB Sukuk Ltd	QIBKQD	Financial Institutions	QA	750	4.485	9/17/2029	AT MATURITY	USD	9/17/2024	A	4.40	-
Qiiib Tier 1 Sukuk LLC	QIIKQD	Financial Institutions	QA	300	5.45		PERP/CALL	USD	10/2/2024		5.42	5.32
SA Global Sukuk Ltd	ARAMCO	Agency	SA	1500	4.75	10/2/2034	CALLABLE	USD	10/2/2024	A+	4.80	4.80
SA Global Sukuk Ltd	ARAMCO	Agency	SA	1500	4.25	10/2/2029	CALLABLE	USD	10/2/2024	A+	4.39	4.39
Abu Dhabi Developmental Holding Co PJSC	ADQABU	Agency	AE	1000	5.25	10/2/2054	CALLABLE	USD	10/2/2024	AA	5.28	5.28
Abu Dhabi Developmental Holding Co PJSC	ADQABU	Agency	AE	1000	4.375	10/2/2031	CALLABLE	USD	10/2/2024	AA	4.45	4.45

<sup>^</sup>Amount Issued in USD/AEDmillion, Bloomberg sector classification has been used, <sup>^</sup>Issuer rating used where applicable, Fitch rating or equivalent used Source: Fitch Ratings, Moody's ratings, Bloomberg, ADCB Asset Management

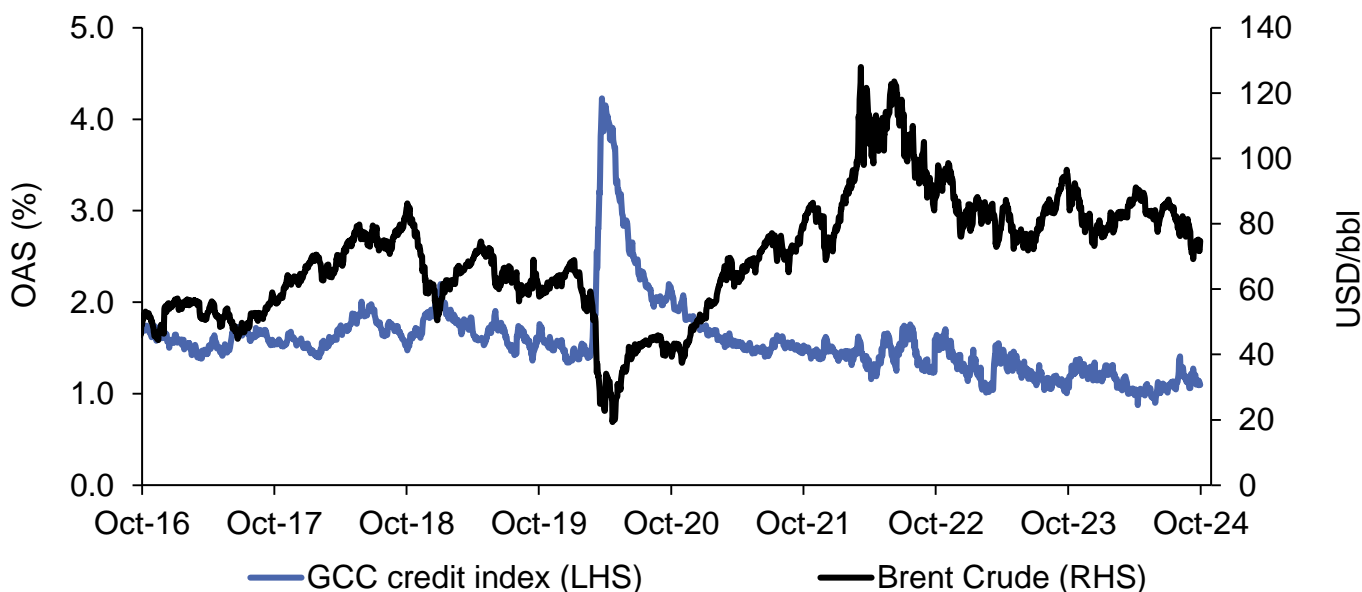
## Appendix

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



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

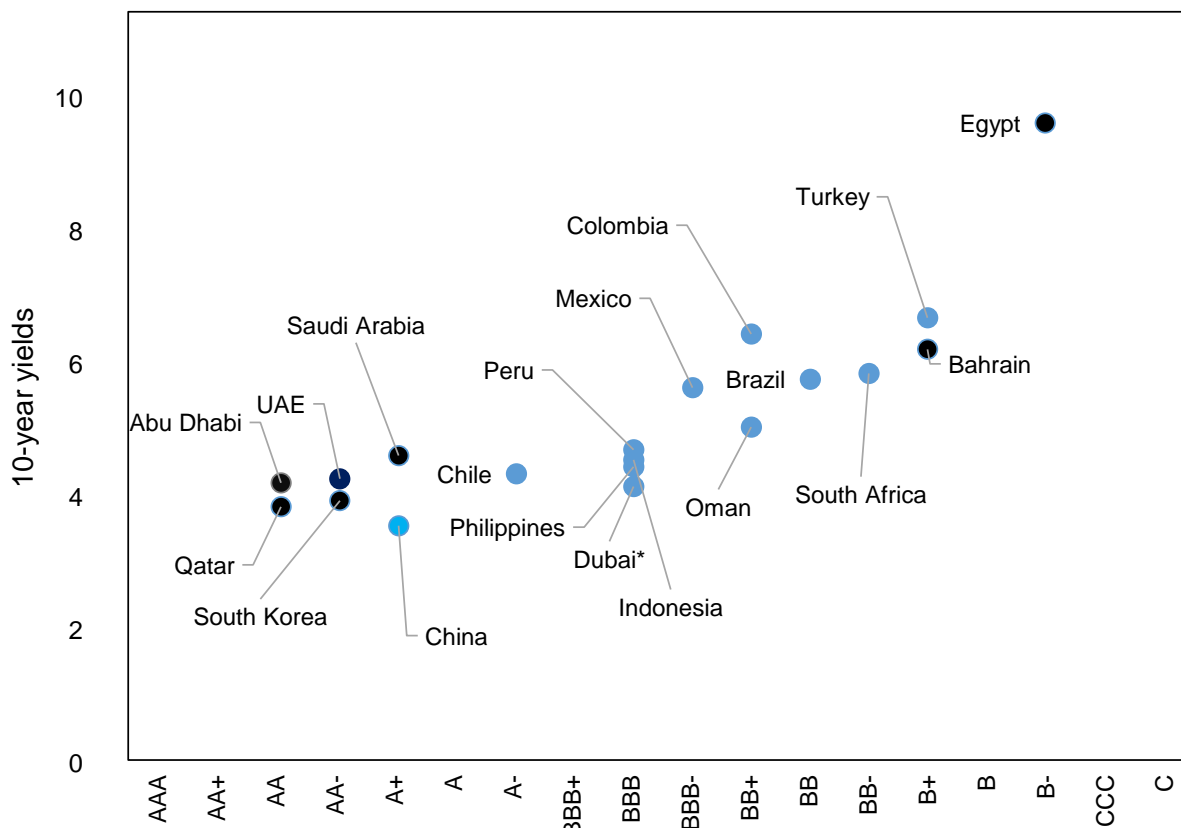
### GCC corporate OAS spread versus Brent Crude



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

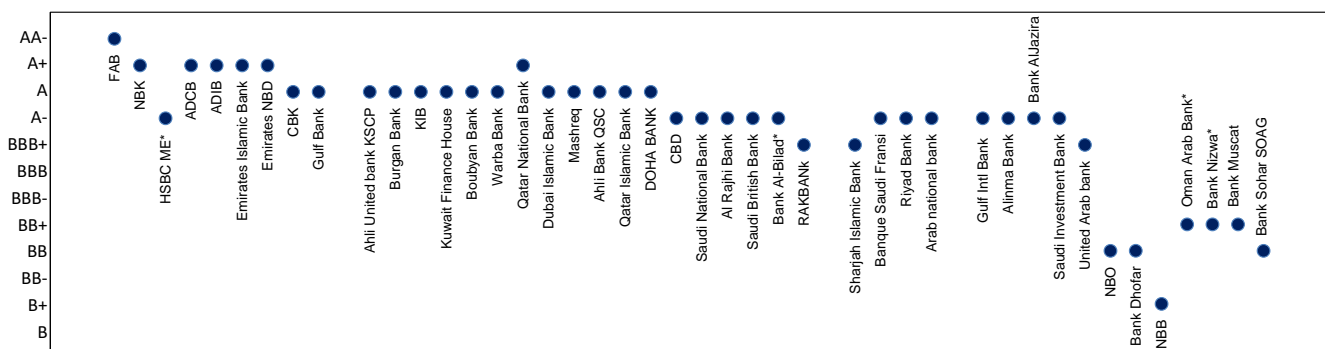
## GCC Sovereign Rating

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

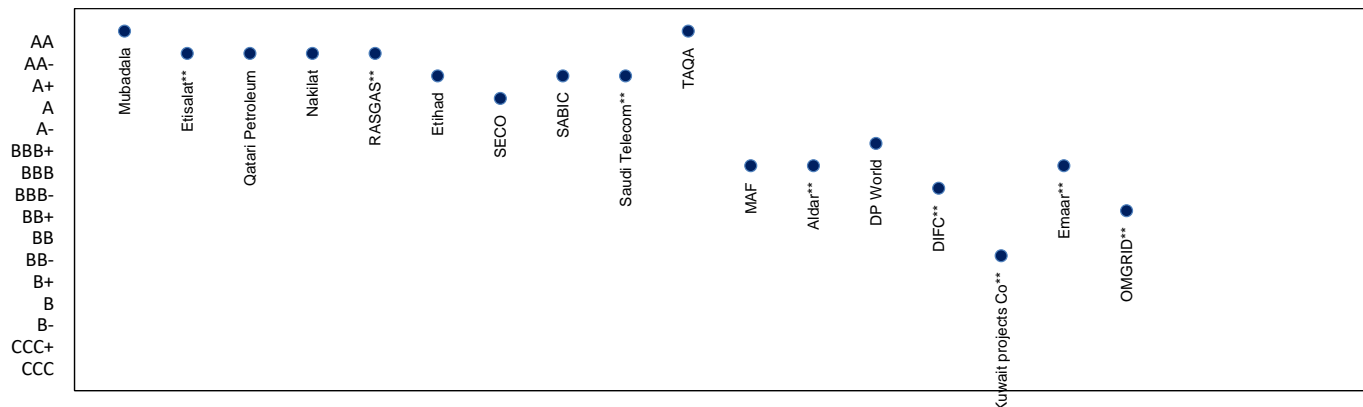
GCC Financials



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

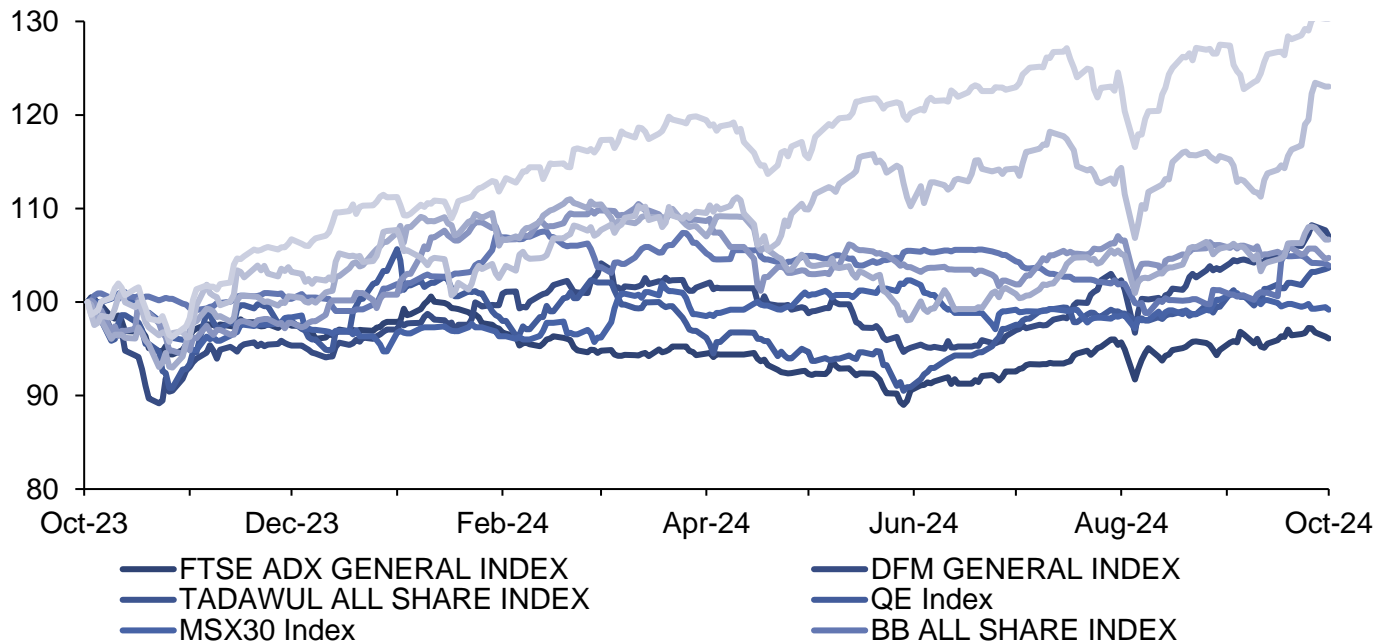
Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	15.2x	1.8%	2.1%
DFM	8.8x	-	5.4%
Tadawul	17.9x	8.4%	3.6%
DSM	11.9x	6.7%	4.0%
MSM30	8.9x	-39.6%	5.3%
BHSE	7.8x	-	3.6%
KWSE	13.1x	4.7%	2.8%
MSCI GCC	14.7x	6.1%	3.8%
MSCI EM	14.0x	16.6%	2.5%
MSCI ACWI	19.9x	10.1%	1.8%

Notes: \*data as of 02 October 2024  
Source: Bloomberg, ADCB



## GCC equity 1Y Performance

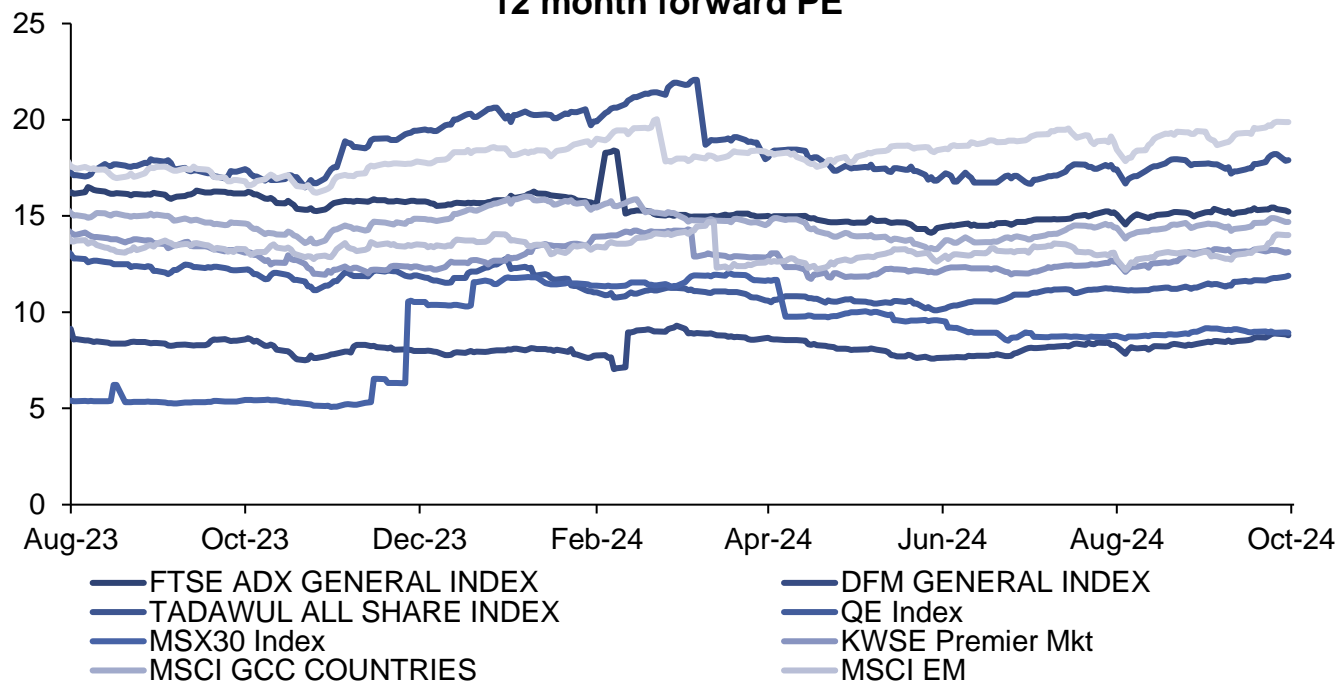
### 1Y performance



Source: Bloomberg, ADCB

## GCC equity 12m forward PE

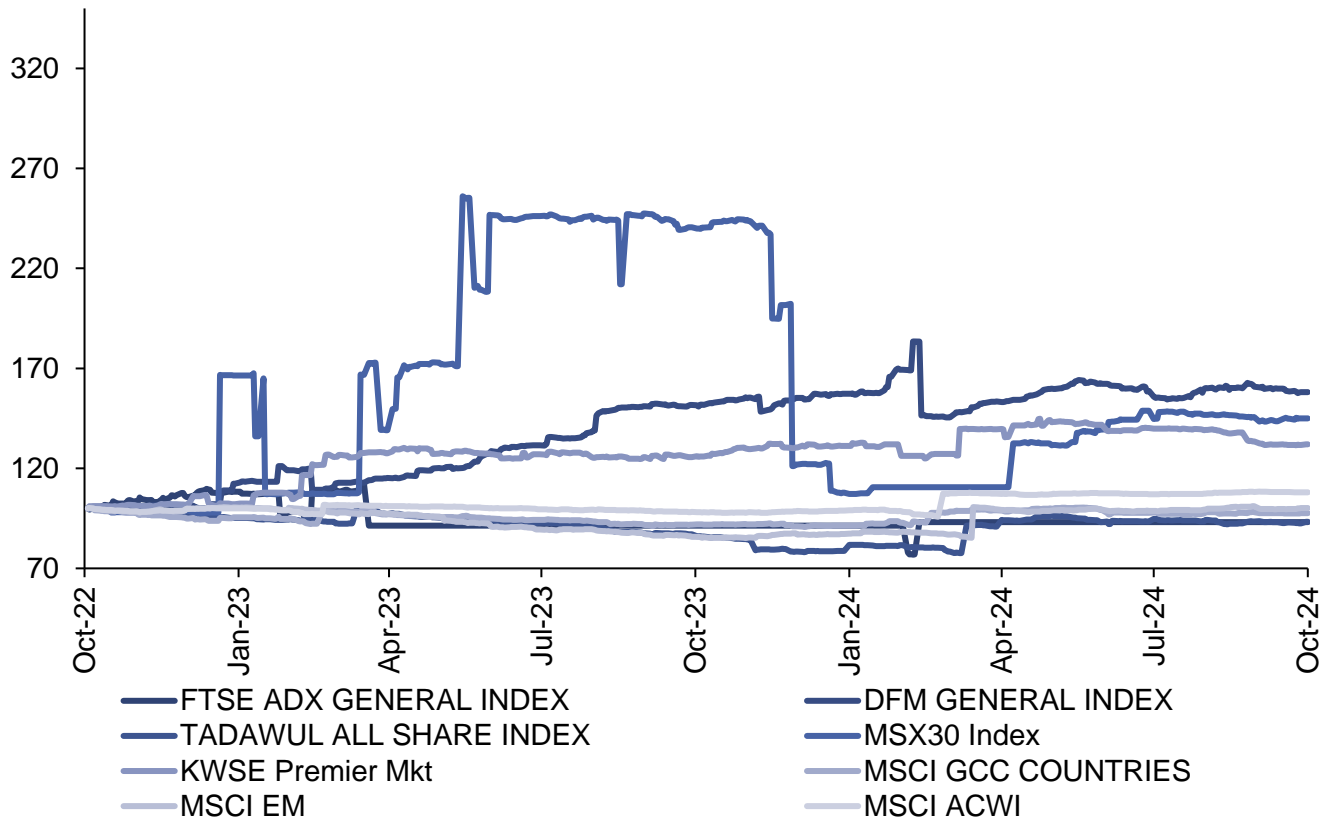
### 12 month forward PE



Source: Bloomberg, ADCB

## GCC equity 12m forward EPS

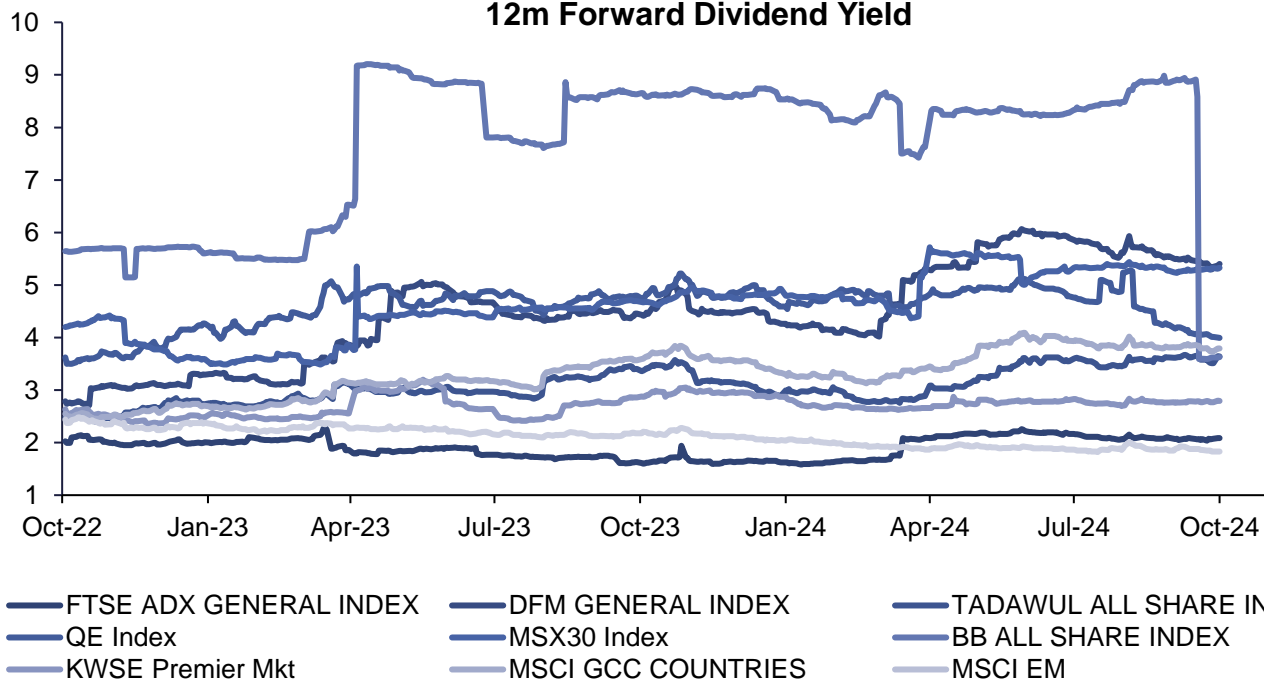
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

## GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB



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