

## GCC market performance

### GCC fixed income:

Global benchmark bond index posted losses over the week (ending 8<sup>th</sup> October 2024). 10Y UST yields rose over the week after September's upbeat nonfarm payroll report. In credit, Global corporate IG and Global HY bonds recorded losses. EM had a negative week too, led by EM EMEA. All GCC bond indices recorded negative returns with Saudi Arabia and Qatar underperforming the most. 5yr CDS spreads mostly widened across all GCC countries, except for Oman. In the USD sovereign market, the 10yr bond yields rose across all the GCC countries, led by Bahrain amidst increased concerns over escalation of Middle-east conflict.

### GCC equities:

All regional indices recorded declines last week with the exception of Oman. MSCI GCC was down (-1.36%), underperforming both MSCI EM (-0.35%) and MSCI ACWI (-0.21%). Within GCC, Oman outperformed the most while Kuwait underperformed the most.

### GCC key developments:

- **UAE non-oil business growth slowed in September – PMI.**
- Saudi Arabia's non-oil sector improved in September in new orders – PMI.
- **Abu Dhabi's economy grew by 4.1% in Q2'24.**
- Bahrain's real GDP grew by 1.3% on strong non-oil sector
- Inflation in GCC increased by 1.4% in July 2024.
- Kuwait inflation increased by 2.92%.
- Qatar's trade surplus reached USD5.43bn in August 2024.

### GCC bond issuances:

- **Sharjah government issued USD750mn in 10.5-year sukuk.**
- **Commercial bank of Dubai launched USD500mn 5-Year bond.**
- **Dukhan Bank successfully issued a USD800mn 5-year senior unsecured Sukuk.**
- **Taqa group successfully priced USD1.75bn dual-tranche bond offering.**
- **Nama Electricity Distribution issued a USD750mn 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	479.3	-1.37	2.73	Saudi	5.56	-1.71	-66.87
Global Treasuries	202.9	-1.50	1.47	UAE	4.55	-3.07	-86.79
EM USD Agg TR	1257.9	-0.81	8.36	Kuwait	3.94	0.00	-37.50
EM LatAm TR	1133.7	-0.59	12.11	Bahrain	6.05	-0.14	-46.79
EM EMEA TR	371.9	-0.93	7.10	Oman	5.12	-	-91.75
EM Asia TR	656.6	-0.87	6.16	Qatar	5.20	-	-92.50
Bahrain TR	205.3	-0.71	8.23	US SOFR	4.83	-9.00	-56.00
Oman TR	158.6	-0.72	6.09	5Y Sov. CDS			
Kuwait TR	157.0	-0.32	5.94	Saudi Arabia	67.92	2.40	13.50
Qatar TR	141.1	-1.22	4.91	Abu Dhabi	46.78	2.60	3.00
Saudi Arabia TR	143.8	-1.31	3.86	Dubai	67.05	0.50	-
UAE TR	145.0	-0.97	4.87	Kuwait	77.91	-	22.80
Equity				Bahrain	194.29	2.30	-18.40
ADX	9258.7	-0.52	-4.70	Oman	107.69	-1.00	-14.50
DFM	4429.0	-0.25	8.62	Qatar	45.44	1.60	-1.40
Tadawul	12027.2	-0.14	0.82	10Y yield			
DSM	10512.2	-0.51	1.22	Saudi Arabia	4.88	21.30	12.60
MSM30	4686.8	0.20	2.34	Abu Dhabi	4.38	21.00	11.00
BHSE	1999.2	-0.45	1.82	Dubai	4.45	24.70	-22.80
KWSE	7570.8	-0.78	-0.78	Kuwait	4.21	26.00	-7.10
MSCI GCC	696.1	-1.36	-2.55	Bahrain	6.03	20.00	-71.60
MSCI EM	1183.8	-0.35	18.01	Oman	5.16	18.30	-32.40
MSCI ACWI	843.7	-0.21	18.09	Qatar	4.23	24.90	0.30

Note: data from 2<sup>nd</sup> October 2024 to 8<sup>th</sup> October 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

## UAE non-oil business growth slowed in September – PMI

The UAE's non-oil business sector experienced its slowest expansion in three years by the end of September, driven by declining new orders and fewer job opportunities. **The Purchasing Managers' Index (PMI) for the UAE fell from 54.2 in August to 53.8 in September.** Despite this, Dubai's PMI indicated robust growth in the non-oil private sector, with overall activity rising at its fastest pace in four months, even as new business volumes slowed. Companies responded by increasing staffing and inventories at a higher rate than in August.

(Source: Zawya)

## Saudi Arabia's non-oil sector improved in September on rising output and new orders – PMI

Saudi Arabia's non-oil economy gained momentum in September, driven by growth in output and new orders alongside tighter supply conditions. This was reflected in a 1.5-point increase in the **kingdom's PMI, which rose from 54.8 in August to 56.3 in September.** This marks the highest PMI reading since a sluggish summer that began in May.

(Source: Zawya)

## Abu Dhabi's economy grew by 4.1% in Q2'24

According to the Statistics Centre of Abu Dhabi, the emirate's GDP grew by 4.1% in Q2'24. This growth was mainly fueled by the continued expansion of non-oil sectors, highlighting Abu Dhabi's success in diversifying its economy. The non-oil GDP increased by 6.6% during the quarter, reaching AED164.2bn, which now accounts for over 55.2% of the total economy, the highest share since 2014.

(Source: Zawya)

## Bahrain's real GDP grew by 1.3% on strong non-oil sector

According to the Ministry of Finance and National Economy, Bahrain's economy showed improvement in Q2'24, with a real GDP growth of 1.3%, primarily due to a strong non-oil sector. The non-oil economy expanded by 2.8%, fueled by emerging sectors such as transportation and storage, which grew by 12.9% year-on-year, and information and communications, which rose by 11.2%. Additionally, accommodation and food services grew by 10.6%, benefiting from increased tourism.

(Source: Zawya)

## Inflation in GCC increased by 1.4% in July 2024

According to the GCC Statistical Centre, inflation in the GCC rose by 1.4% in July 2024. This increase was largely driven by a 5.8% rise in housing costs, while restaurants and hotels saw a 2% increase, and the culture and entertainment grew by 1.7%. The food and beverage sector experienced a 1% uptick, while other categories, such as health, clothing, footwear, tobacco, communications, transportation, and household equipment, saw marginal declines. The International Monetary Fund (IMF) had projected GCC inflation to average 2.3% for 2024, down from 2.6% in 2023.

(Source: Zawya)

## Kuwait inflation increased by 2.92%

According to the Kuwait Central Statistical Bureau, Kuwait's consumer price index (CPI) increased by 2.92% in August 2024. Food and beverage prices rose by 5.96%, while the clothing sector saw a 5.76% increase. Other sectors, including housing services, furniture, transportation, communications, and entertainment, also posted smaller gains.

(Source: Zawya)

## Qatar's trade surplus reached USD5.43bn in August 2024

Qatar's merchandise trade balance recorded a surplus of QAR19.8bn in August 2024, a 7.2% decline compared to the same period in 2023 and a 1.6% drop from July 2024. Total exports amounted to around QAR30bn, while imports grew by 0.9% year-on-year, reaching QAR10.2bn.

(Source: Zawya)

## Sharjah government issued USD750mn in 10.5-year sukuk

Sharjah's government has successfully issued USD750mn in 10.5-year sukuk. The pricing was set at 140bp above US Treasuries, better than the earlier guidance of 175bp, following strong demand that exceeded USD2.25bn.

(Source: Reuters)

## Commercial bank of Dubai launched USD500mn 5-Year bond

Commercial Bank of Dubai (CBD) has issued a 5-year senior unsecured bond valued at USD500mn, offering a fixed coupon rate of 4.864%. This bond will be listed on the Dublin Stock Exchange, with settlement scheduled for October 10, 2024, and a maturity date set for October 10, 2029.

(Source: Zawya)

## **Dukhan Bank successfully issued a USD800mn 5-year senior unsecured Sukuk**

Dukhan Bank successfully completed the issuance of a USD800mn 5-year senior unsecured sukuk. Rated A2 by Moody's and A by Fitch, both with stable outlooks, the sukuk carries a profit rate of 4.56% per year, with a spread of 100bp over 5-year US Treasuries. This marks the bank's first senior sukuk issuance, which garnered strong demand from both global and regional investors. The order book was oversubscribed by more than 3x, reaching USD2.6bn. The final price guidance settled at 100bp over 5-year US Treasuries, 30bp lower than the initial price guidance of 130bp. (Source: *Zawya*)

## **Taqqa group successfully priced USD1.75bn dual-tranche bond offering**

Abu Dhabi National Energy Company PJSC (Taqqa) has successfully priced a total of USD1.75bn in senior unsecured notes, split into 7-year and 12-year tranches. The 12-year notes amounting to USD850mn, maturing on March 9, 2037, feature a coupon rate of 4.75%. The 7-year notes, totaling USD900mn and maturing on October 9, 2031, carry a coupon rate of 4.375%. (Source: *Khaleej Times*)

## **Nama Electricity Distribution issued a USD750mn sukuk**

Nama Electricity Distribution Company (NEDC) has successfully issued a USD750mn Sukuk with a 7-year maturity and a profit rate of 5.250%. The issuance received a 'Ba1' (stable) rating from Moody's and a 'BB+' rating from Fitch. (Source: *Bloomberg*)

# GCC Weekly Market View

October 09 2024

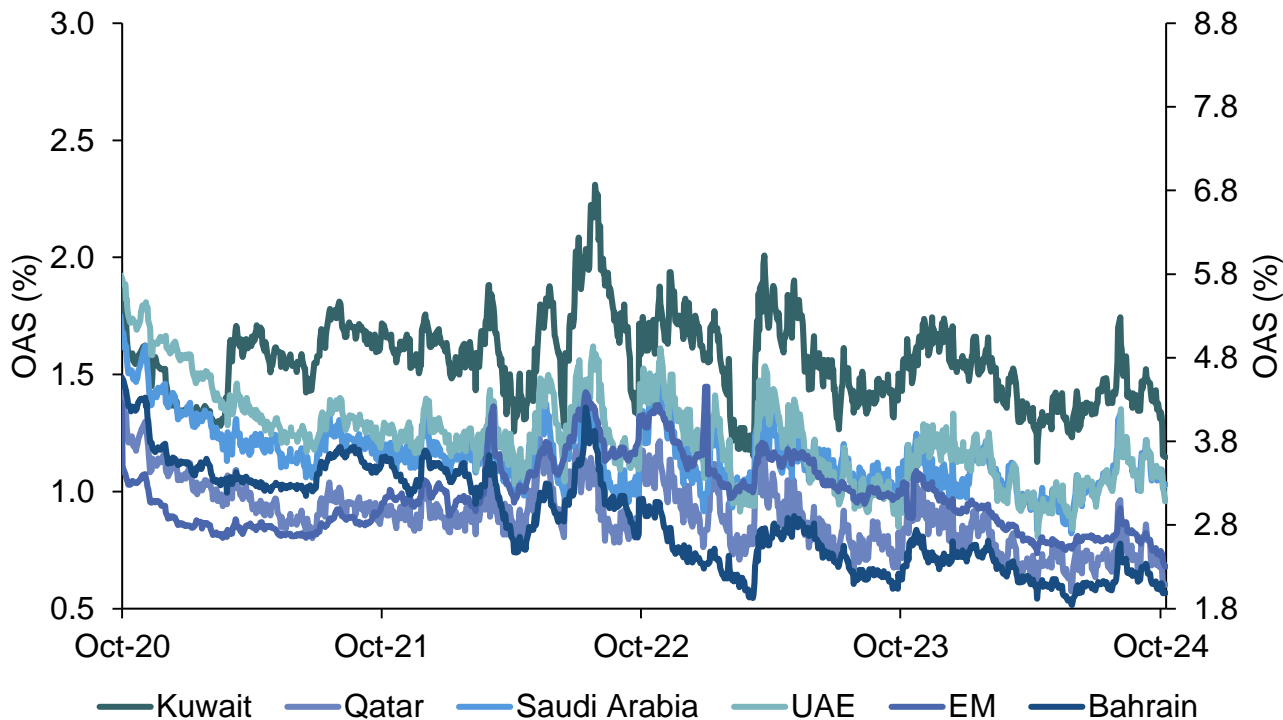
## GCC bond issuances table

Issuer	BBG	Sector	Cou ntry	Issue Amt*	Cpn	Maturity	Maturity Type	Curr ency	Issue Date	Rtg^	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 PJSC	ADCBUH	Agency	AE	500	5.361	3/10/2035	CALLABLE	USD	9/10/2024	A-	5.14	5.11
Suci Second Investment Co	PIFKSA	Agency	SA	1500	4.375	9/10/2027	AT MATURITY	USD	9/10/2024	A+	4.50	-
National Bank of Ras Al-Khaimah	RAKBNK	Financial Institutions	AE	250	5.873	12/10/2034	CALLABLE	USD	9/10/2024	BBB-	6.42	5.73
Gaci First Investment Co	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	ADQABU	Agency	AE	1000	5.25	10/2/2054	CALLABLE	USD	10/2/2024	AA	5.28	5.28
SA Global Sukuk Ltd	ARAMCO	Agency	SA	1500	4.75	10/2/2034	CALLABLE	USD	10/2/2024	A+	5.02	5.02
Abu Dhabi Developmental	ADQABU	Agency	AE	1000	5.25	10/2/2054	CALLABLE	USD	10/2/2024	AA	5.47	5.47
SA Global Sukuk Ltd	ARAMCO	Agency	SA	1500	4.25	10/2/2029	CALLABLE	USD	10/2/2024	A+	4.65	4.65
Abu Dhabi Developmental	ADQABU	Agency	AE	1000	4.375	10/2/2031	CALLABLE	USD	10/2/2024	AA	4.68	4.69
Qiiib Tier 1 Sukuk LLC	QIIKQD	Financial Institutions	QA	300	5.45	-	PERP/CALL	USD	10/2/2024	-	5.64	5.37
QNB Finance Ltd	QNBK	Agency	QA	300	6.012	10/8/2029	AT MATURITY	USD	10/8/2024	-	5.99	-
Abu Dhabi National Energy Co PJSC	TAQAUH	Agency	AE	850	4.75	3/9/2037	AT MATURITY	USD	10/9/2024	AA	5.01	-
Abu Dhabi National Energy Co PJSC	TAQAUH	Agency	AE	900	4.375	10/9/2031	AT MATURITY	USD	10/9/2024	AA	4.70	-
Mazoon Assets Co SAOC	MAZOOON	Agency	OM	750	5.25	10/9/2031	AT MATURITY	USD	10/9/2024	BB+	5.37	-
BBG Sukuk Ltd	DUKHAN	Financial Institutions	QA	800	4.56	10/9/2029	AT MATURITY	USD	10/9/2024	A	4.65	-

\*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

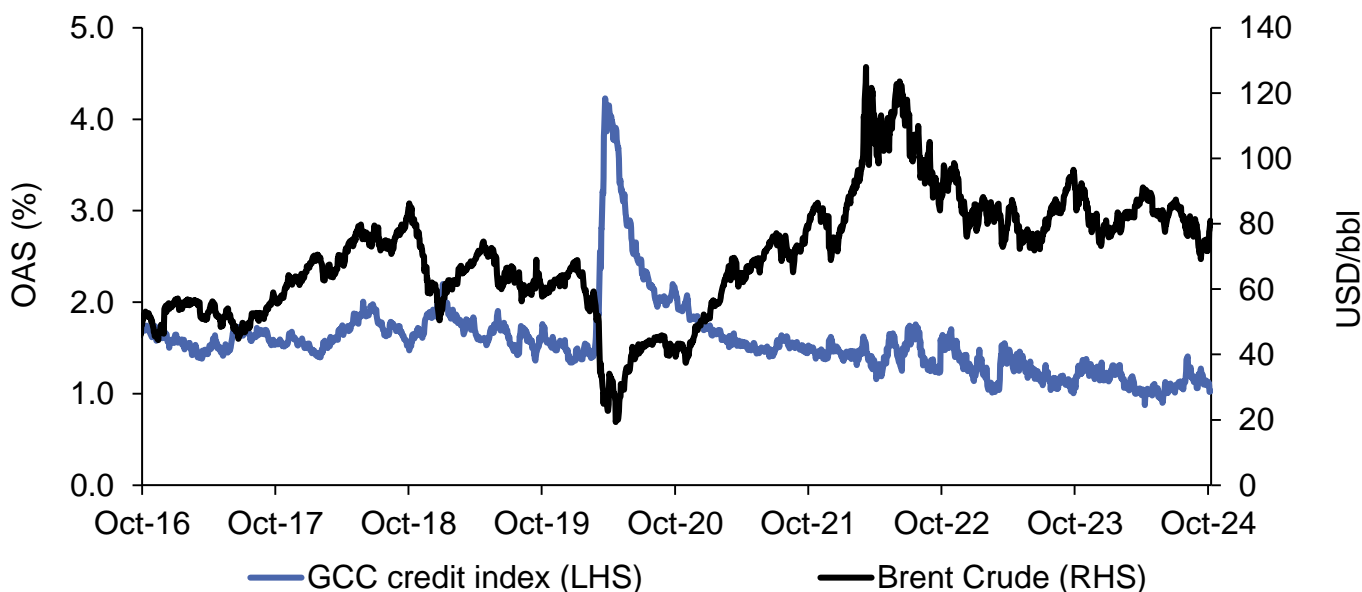
## Appendix

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



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

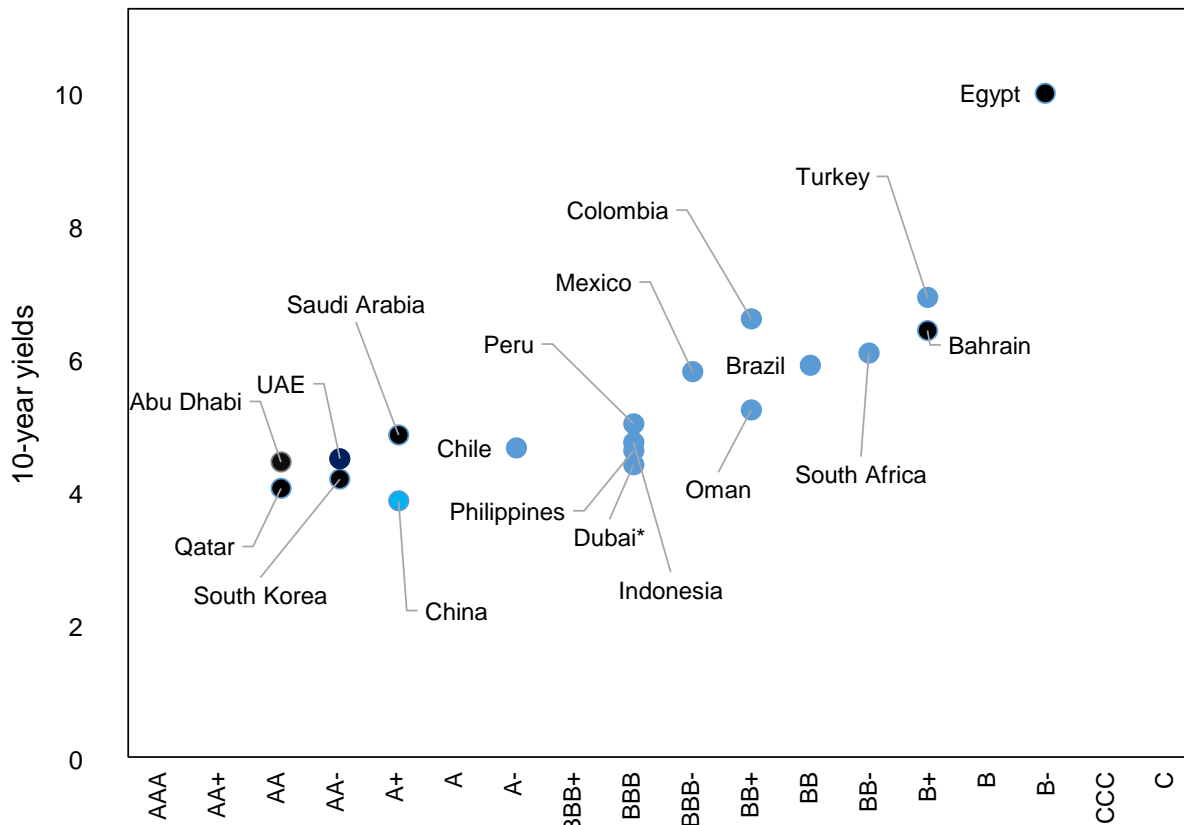
### GCC corporate OAS spread versus Brent Crude



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

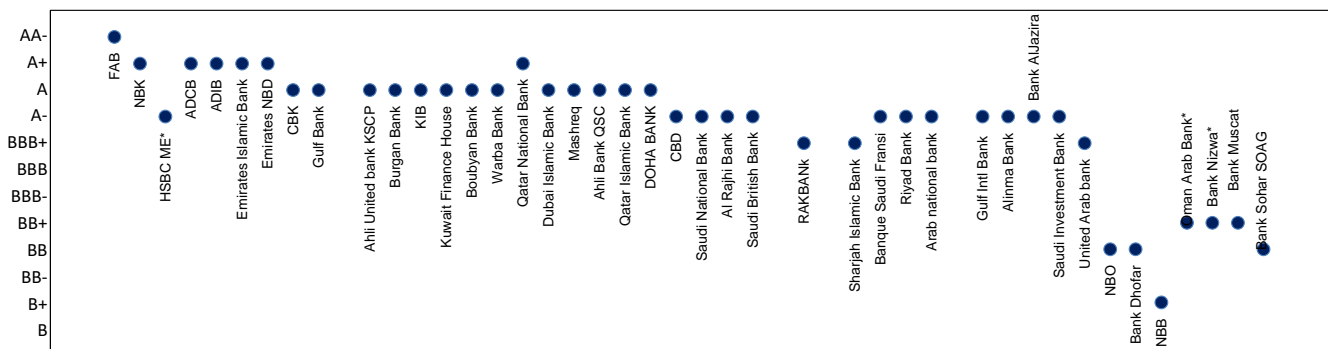
## GCC Sovereign Rating

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

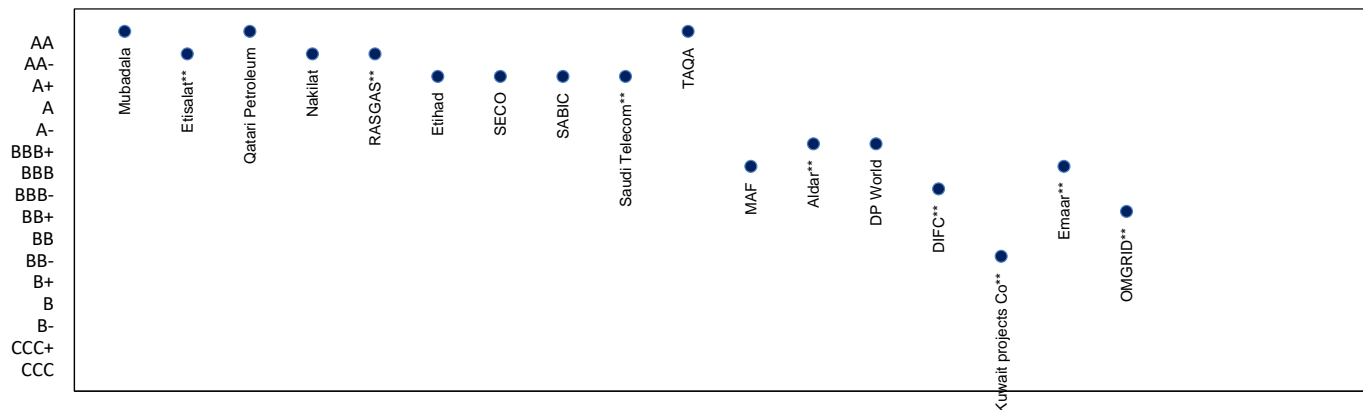
GCC Financials



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

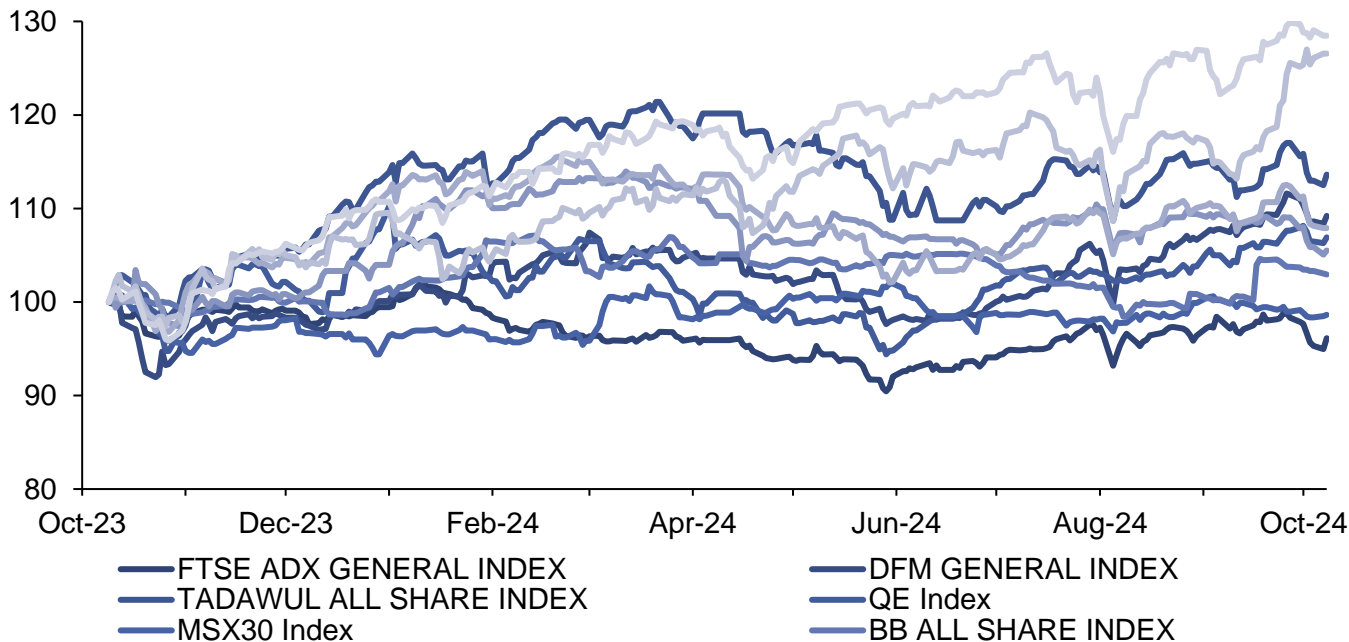
## GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	15.0x	1.8%	2.1%
DFM	8.6x	-	5.5%
Tadawul	17.5x	8.7%	3.7%
DSM	11.8x	6.5%	4.1%
MSM30	8.9x	-39.7%	5.4%
BHSE	7.8x	-	3.6%
KWSE	12.8x	4.5%	2.9%
MSCI GCC	14.3x	6.2%	3.9%
MSCI EM	14.2x	16.8%	2.4%
MSCI ACWI	19.8x	9.7%	1.8%

Notes: \*data as of 09 October 2024  
Source: Bloomberg, ADCB

## GCC equity 1Y Performance

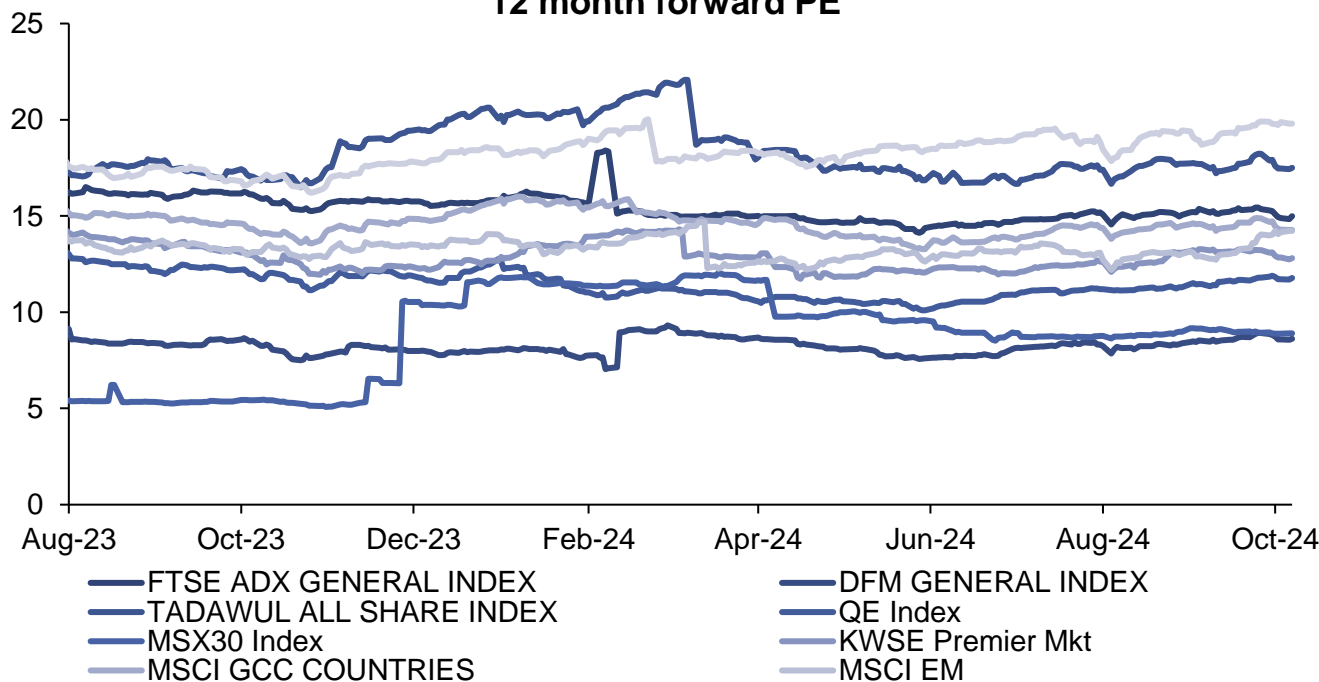
1Y performance



Source: Bloomberg, ADCB

## GCC equity 12m forward PE

12 month forward PE

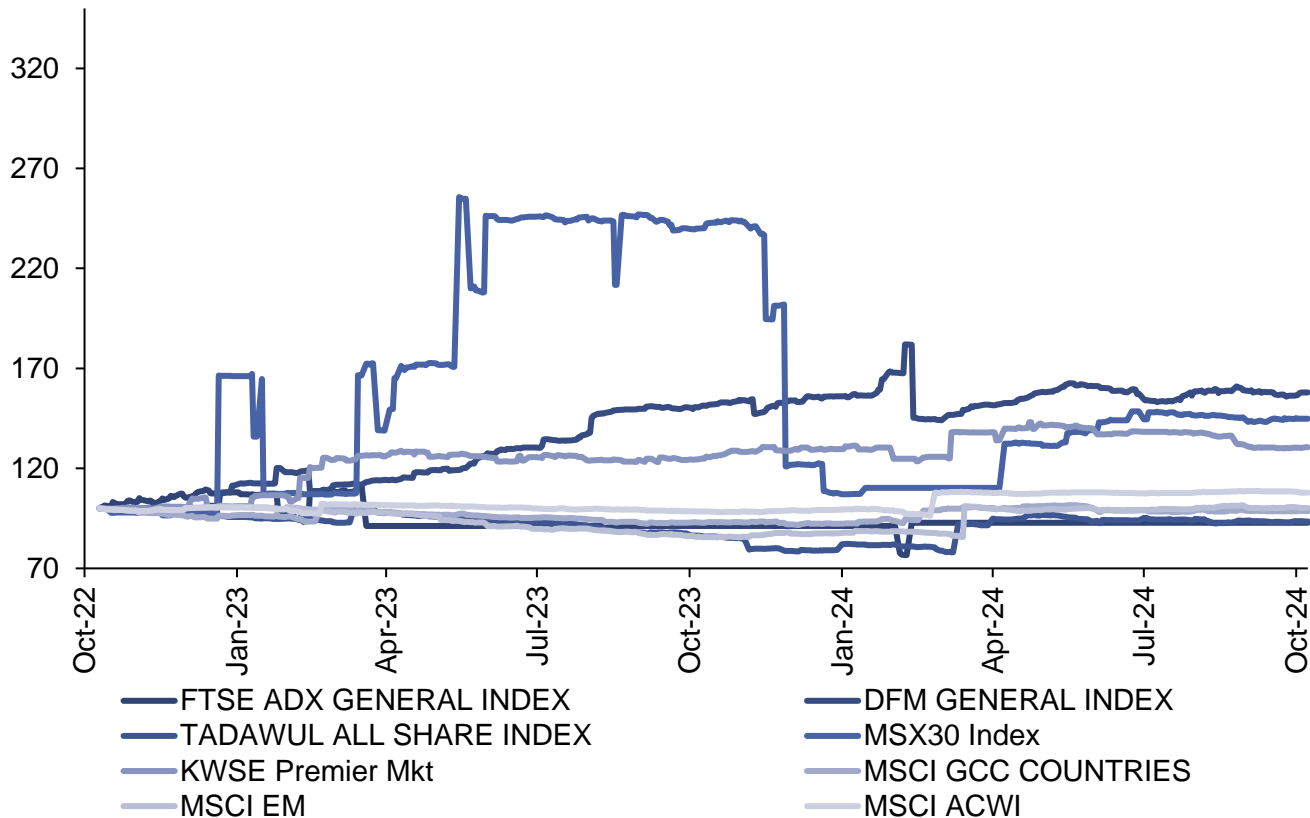


Source: Bloomberg, ADCB



## GCC equity 12m forward EPS

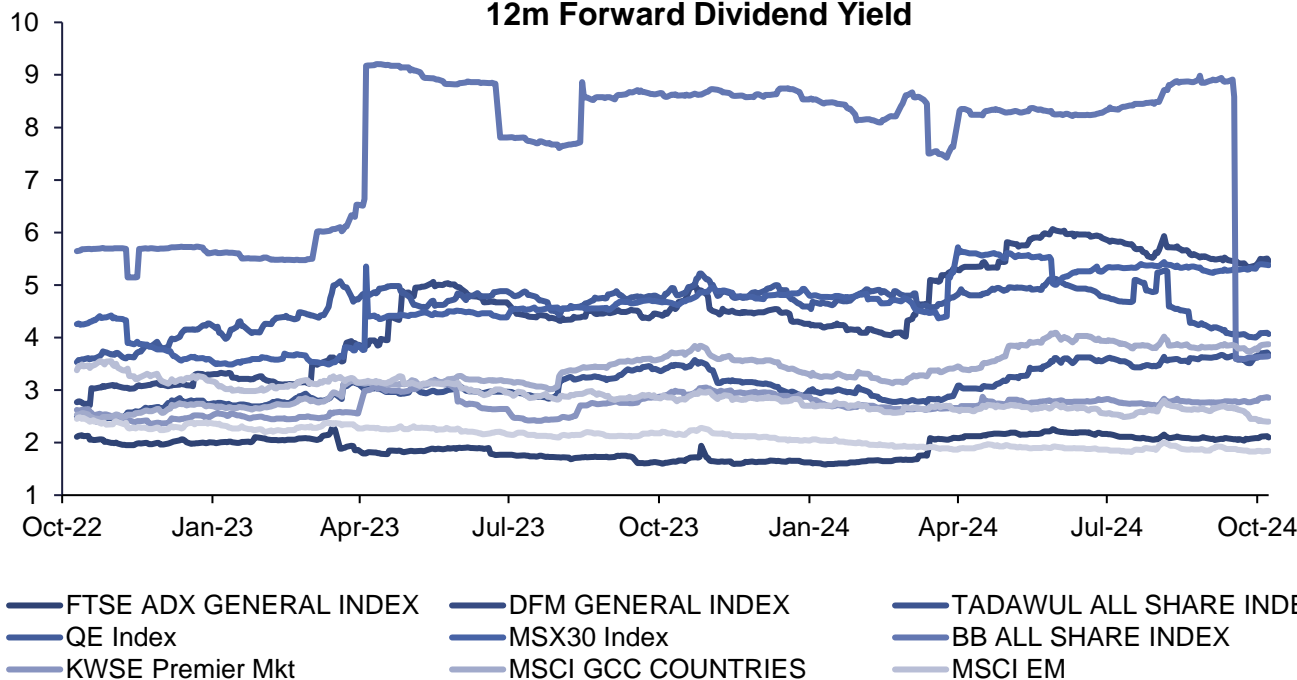
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

## GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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