

GCC market performance

GCC fixed income:

Global benchmark bond index recorded marginal gains over the week (ending 15th October 2024). 10Y UST yields dropped marginally after touching the 4.09% level post the upbeat US inflation print. In credit, Global corporate IG and HY ended the week on a positive note amidst the risk-on rally. EM bonds had a positive week too, led by EM LatAm.

Despite the strong EM bonds returns, GCC bonds lacked appetite amidst the Middle-east concerns. Bond returns of Kuwait, Oman and Bahrain were mostly flat while Qatar, UAE, and Saudi Arabia were negative. However, 5yr CDS spreads tightened across all the GCC countries, with the exception of Qatar. In the USD sovereign market, 10yr bond yields mostly rose across the GCC countries barring Kuwait, Abu Dhabi and Qatar.

GCC equities:

All regional indices posted gains last week. Qatar and Oman posted the largest weekly gains (1.26%) and (1.25%), outperforming the rest of regional indices. MSCI GCC outperformed MSCI ACWI and MSCI EM last week.

GCC key developments:

- Saudi Arabia's inflation rate rose to 1.7% YoY in September.
- Saudi non-oil activities index surged by 7% in August.
- Oman's public revenue reached OMR8.106mn.
- Kuwait's GDP expected to shrink by 3.2%.

GCC bond issuances:

It was a quiet week in terms of issuance activity.

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GCC Weekly Market Performance

Index				Rates			
	Latest	-1w %	YTD %		Latest	-1w (bp)	YTD (bp)
Fixed Income				3M interbank			
Global Agg	478.3	0.11	2.51	Saudi	5.62	3.70	-61.40
Global Treasuries	202.3	0.06	1.15	UAE	4.65	22.78	-76.86
EM USD Agg TR	1260.6	0.30	8.59	Kuwait	3.94	0.00	-37.50
EM LatAm TR	1137.2	0.46	12.46	Bahrain	6.04	-1.75	-48.39
EM EMEA TR	372.7	0.20	7.33	Oman	5.29	-	-75.00
EM Asia TR	657.2	0.25	6.27	Qatar	5.20	-	-92.50
Bahrain TR	205.3	0.01	8.20	US SOFR	4.81	-2.00	-58.00
Oman TR	158.6	0.02	6.08	5Y Sov. CDS			
Kuwait TR	157.1	0.07	6.00	Saudi Arabia	65.97	-0.60	11.60
Qatar TR	141.0	-0.08	4.86	Abu Dhabi	44.61	-1.20	0.90
Saudi Arabia TR	144.0	-0.01	4.03	Dubai	65.77	-1.60	-
UAE TR	144.9	-0.05	4.76	Kuwait	77.93	-	22.90
Equity				Bahrain	191.99	-2.60	-20.70
ADX	9282.9	0.00	-4.45	Oman	106.77	-1.60	-15.40
DFM	4469.6	1.07	9.61	Qatar	45.02	0.20	-1.80
Tadawul	12001.6	0.62	0.61	10Y yield			
DSM	10642.5	1.26	2.47	Saudi Arabia	4.87	1.60	12.10
MSM30	4802.4	1.25	4.87	Abu Dhabi	4.40	-0.90	13.30
BHSE	2000.4	0.04	1.88	Dubai	4.44	0.20	-24.60
KWSE	7620.5	0.57	-0.13	Kuwait	4.18	-1.10	-9.70
MSCI GCC	705.1	0.67	-1.29	Bahrain	6.11	7.10	-64.00
MSCI EM	1149.7	0.13	14.61	Oman	5.20	0.80	-28.80
MSCI ACWI	851.3	0.31	19.14	Qatar	4.25	-0.10	2.40

Note: data from 9th October 2024 to 15th October 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

Saudi Arabia's inflation rate rose to 1.7% YoY in September

Saudi Arabia's annual inflation rate increased to 1.7% YoY in September, up from 1.6% YoY in August. On a MoM basis, prices increased by 0.1% in September. The main contributor to this rise was a significant increase in housing rents. Housing rents rose by 11.2% YoY in September, which led to a 9.3% jump in the overall category of Housing, Water, Electricity, Gas, and Other Fuels. Rental price increases have been a primary factor in the country's inflation throughout the year. Additionally, food and beverage prices saw a 0.8% YoY rise, driven largely by a 5.2% increase in vegetable prices. Prices in the restaurant and hotel sectors, as well as education, also increased. Overall, inflation in Saudi Arabia has remained relatively low compared to global levels.

(Source: Reuters)

Saudi non-oil activities index surged by 7% in August

Saudi Arabia's non-oil activities index rose by 7% in August 2024, driven by growth in all non-oil sectors. However, the oil sector saw a slight decline of 1.4% compared to the same period in 2023. The non-oil activities index increased by 0.6% m-o-m, while the oil activities index fell by 0.7% m-o-m. The overall Industrial Production Index (IPI) increased by 1%, primarily due to growth in mining, manufacturing, and energy supply activities.

(Source: Zawya)

Oman's public revenue reached OMR8.106mn

According to the Ministry of Finance, Oman's public revenue reached OMR8.106mn by the end of August 2024, an increase of OMR183mn compared to the same period in 2023. This growth is mainly attributed to a 12% rise in net oil revenue, which totaled OMR4.649mn. The average oil price was USD83/bbl, with daily production averaging 1,001,000 barrels.

(Source: Zawya)

Kuwait's GDP expected to shrink by 3.2%

The International Monetary Fund (IMF) forecasted Kuwait's GDP to contract by 3.2% in 2024. The contraction is due to an additional cut in oil production, forecasting growth at 1.3% in the non-oil sectors this year, despite constrictions in the public financial situation.

(Source: Zawya)

GCC Weekly Market View

October 16 2024

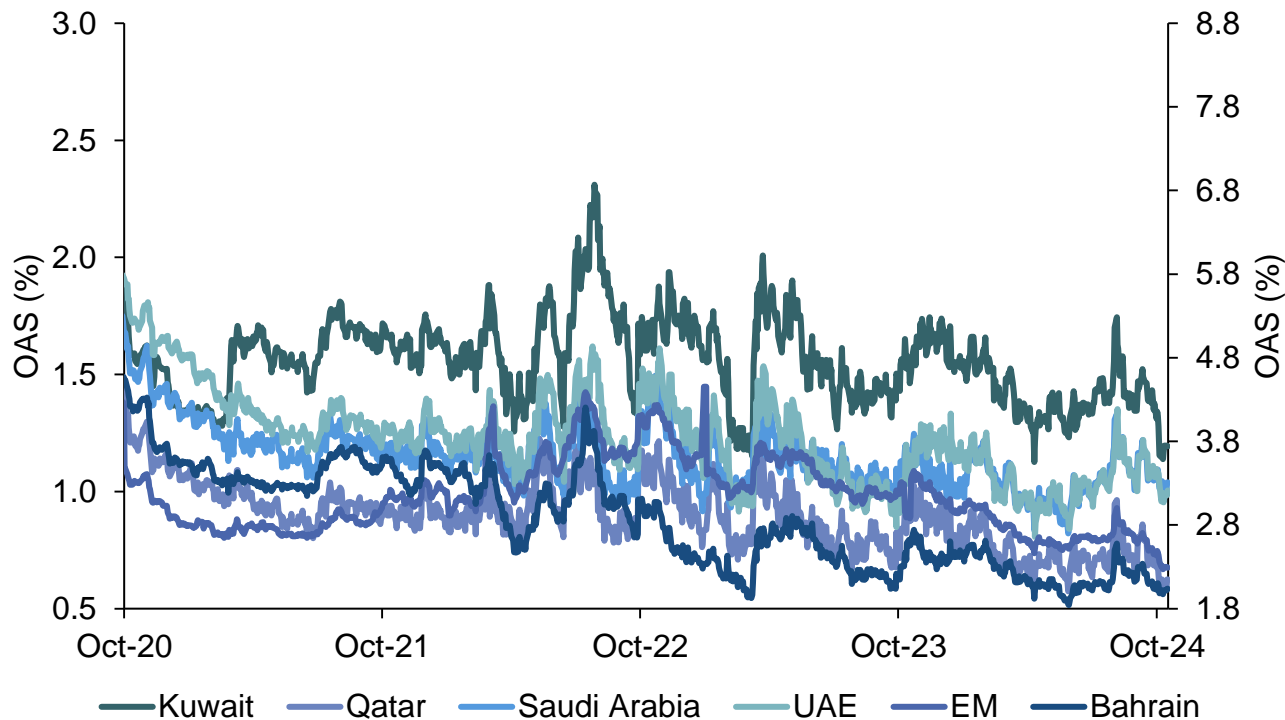
GCC bond issuances table

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	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 PSC/The Gaci First Investment Co	RAKBNK	Financial Institutions	AE	250	5.873	12/10/2034	CALLABLE	USD	9/10/2024	BBB-	6.42	5.73
	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	MAZOOM	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	-
Ooredoo International Finance Ltd	QTELQD	Agency	QA	500	4.625	10/10/2034	AT MATURITY	USD	10/10/2024	A	4.77	-
Commercial Bank of Dubai PSC	CBDUH	Financial Institutions	AE	500	4.864	10/10/2029	AT MATURITY	USD	10/10/2024	A-	4.93	-
DIB Tier 1 Sukuk 6 Ltd	DIBUH	Financial Institutions	AE	500	5.25	-	PERP/CALL	USD	10/16/2024		5.26	5.32

*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

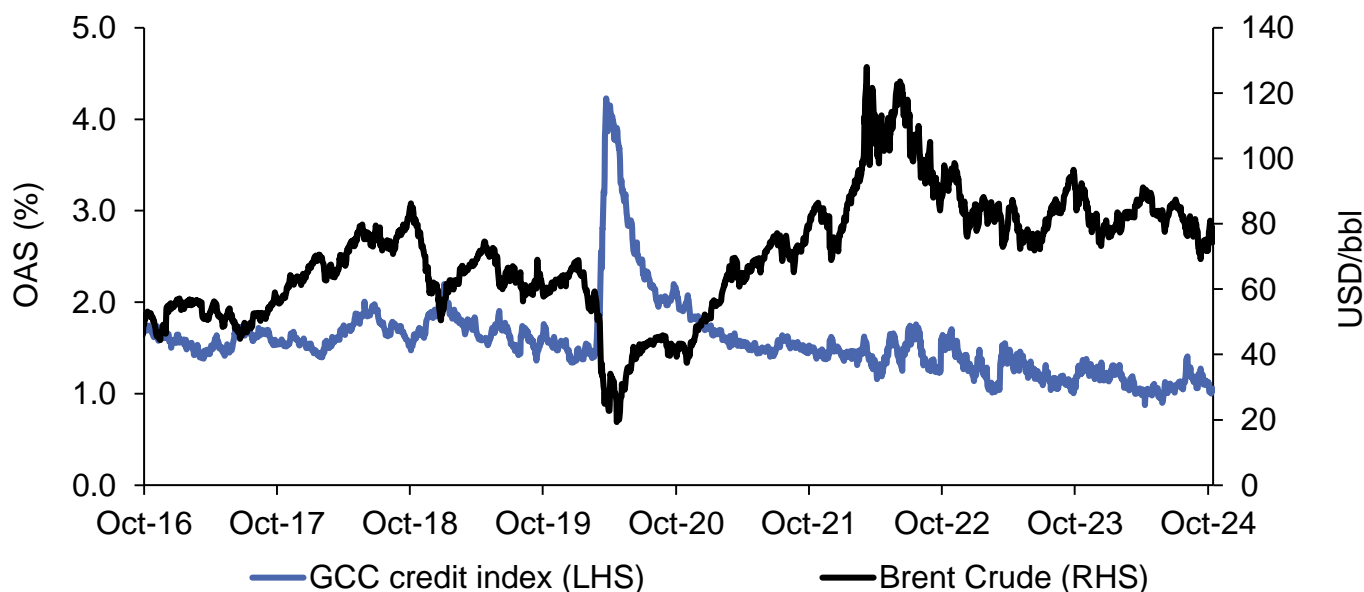
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

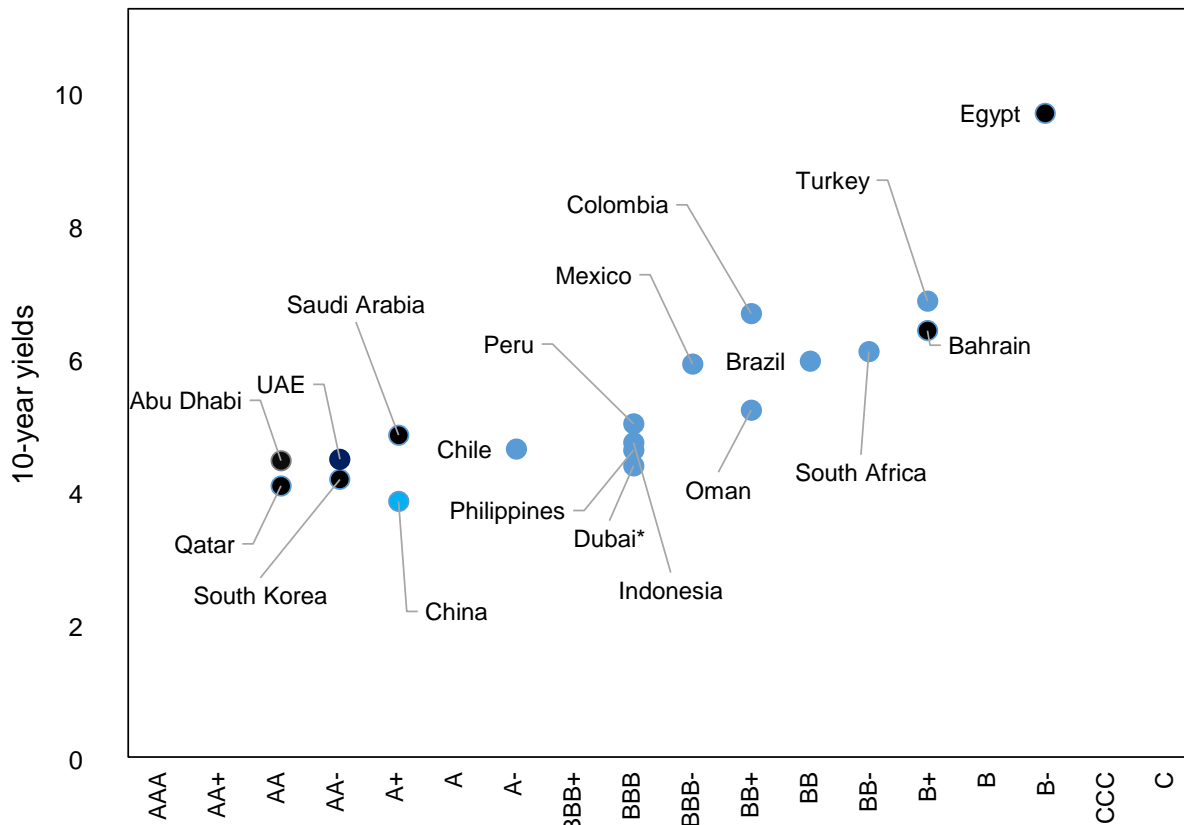
GCC corporate OAS spread versus Brent Crude



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

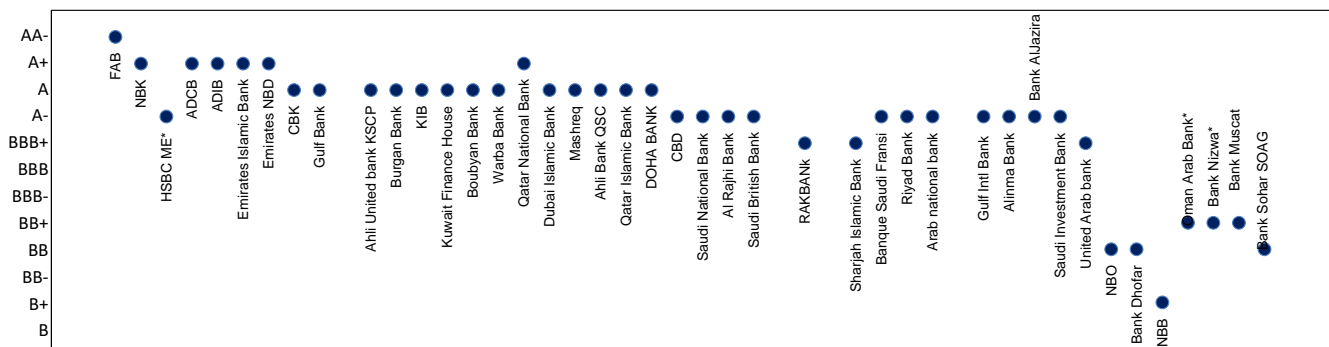
GCC Sovereign Rating

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

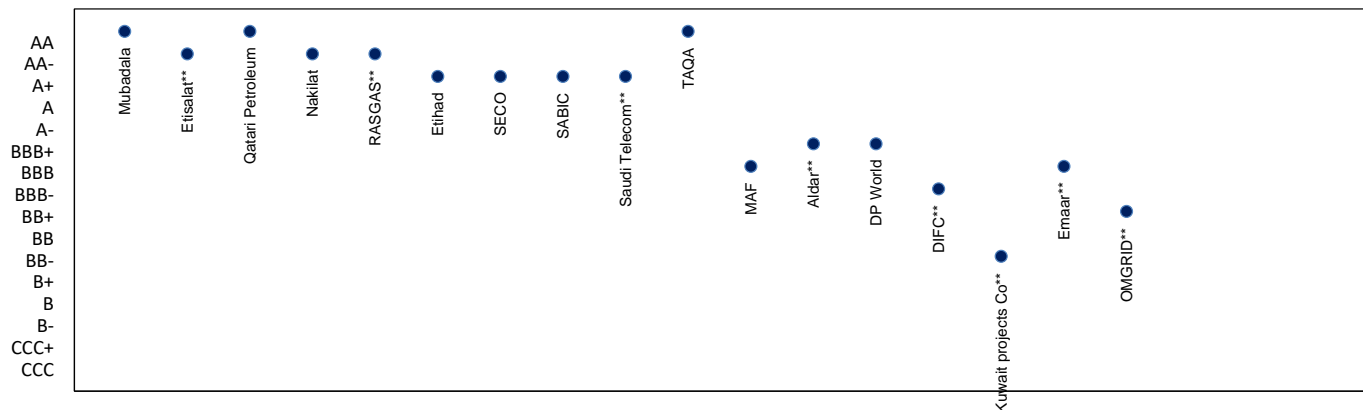
GCC Financials



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	15.1x	1.8%	2.1%
DFM	8.7x	-	5.4%
Tadawul	17.3x	10.2%	3.7%
DSM	12.0x	6.0%	4.0%
MSM30	10.4x	-47.6%	5.2%
BHSE	7.8x	-	3.6%
KWSE	12.8x	3.6%	2.8%
MSCI GCC	14.3x	6.3%	3.8%
MSCI EM	14.1x	15.8%	2.5%
MSCI ACWI	20.2x	9.4%	1.8%

Notes: *data as of 16 October 2024

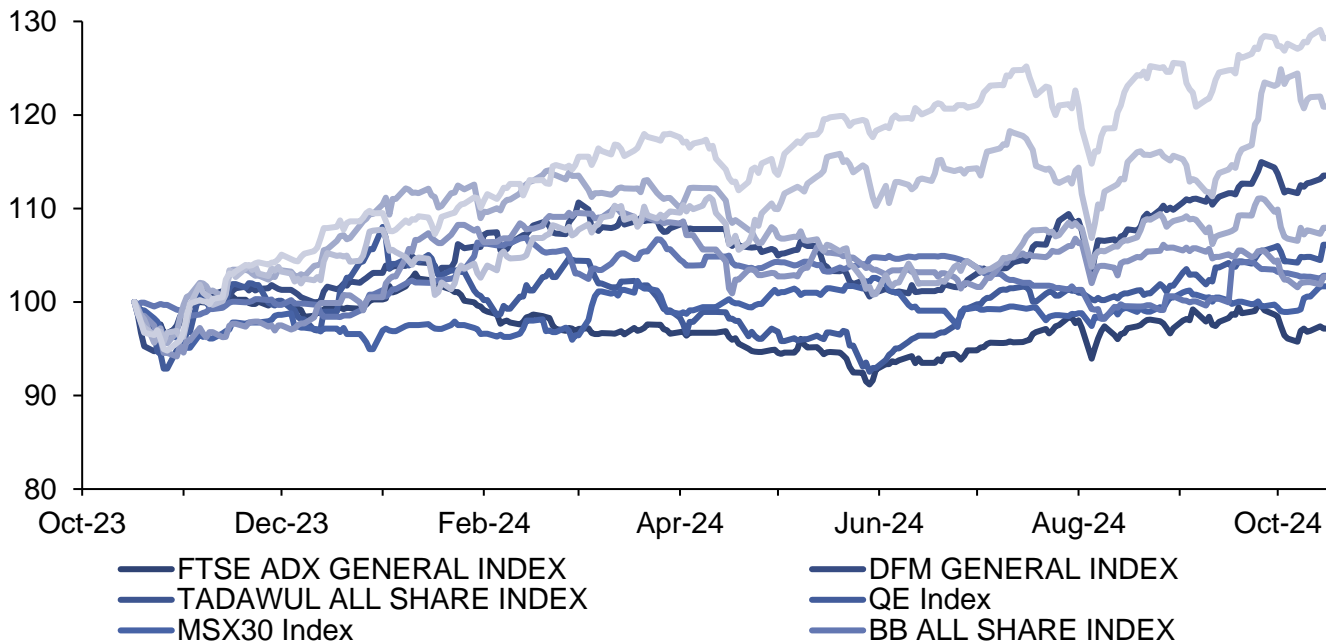
Source: Bloomberg, ADCB

GCC Weekly Market View

October 16 2024

GCC equity 1Y Performance

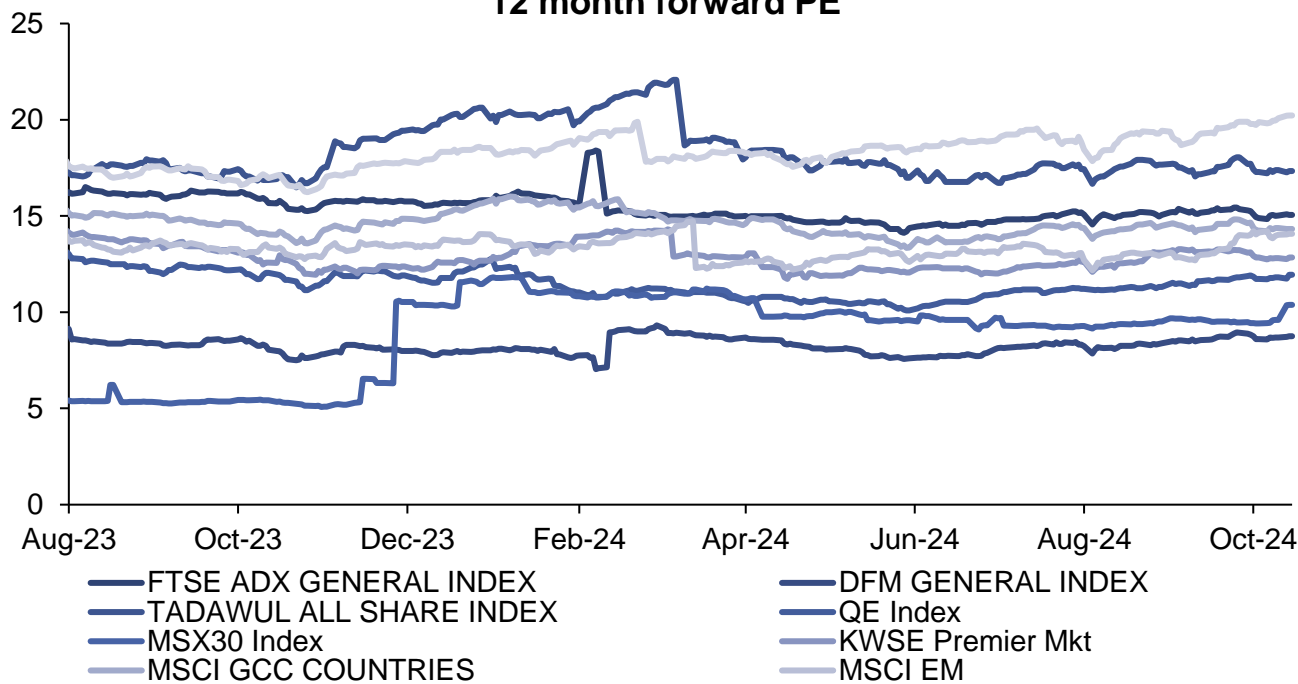
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

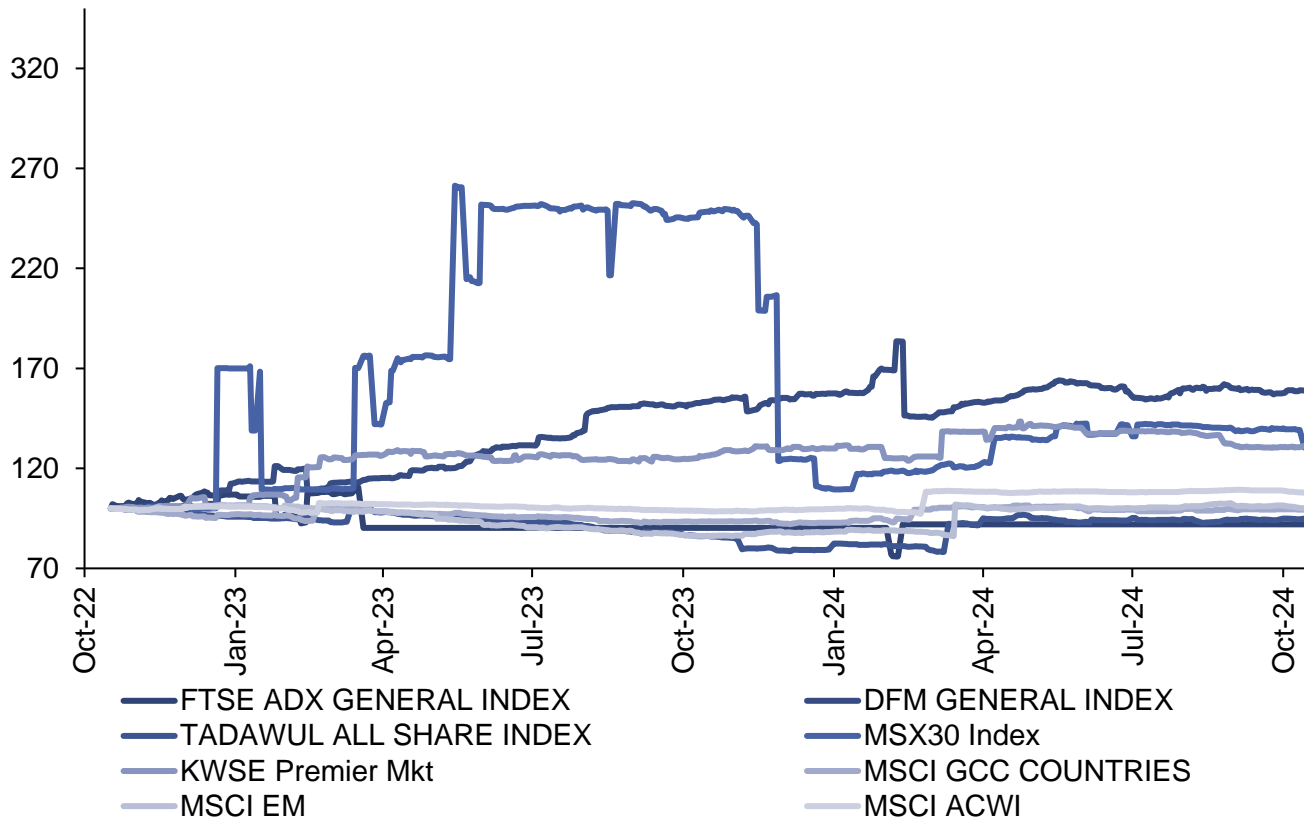
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

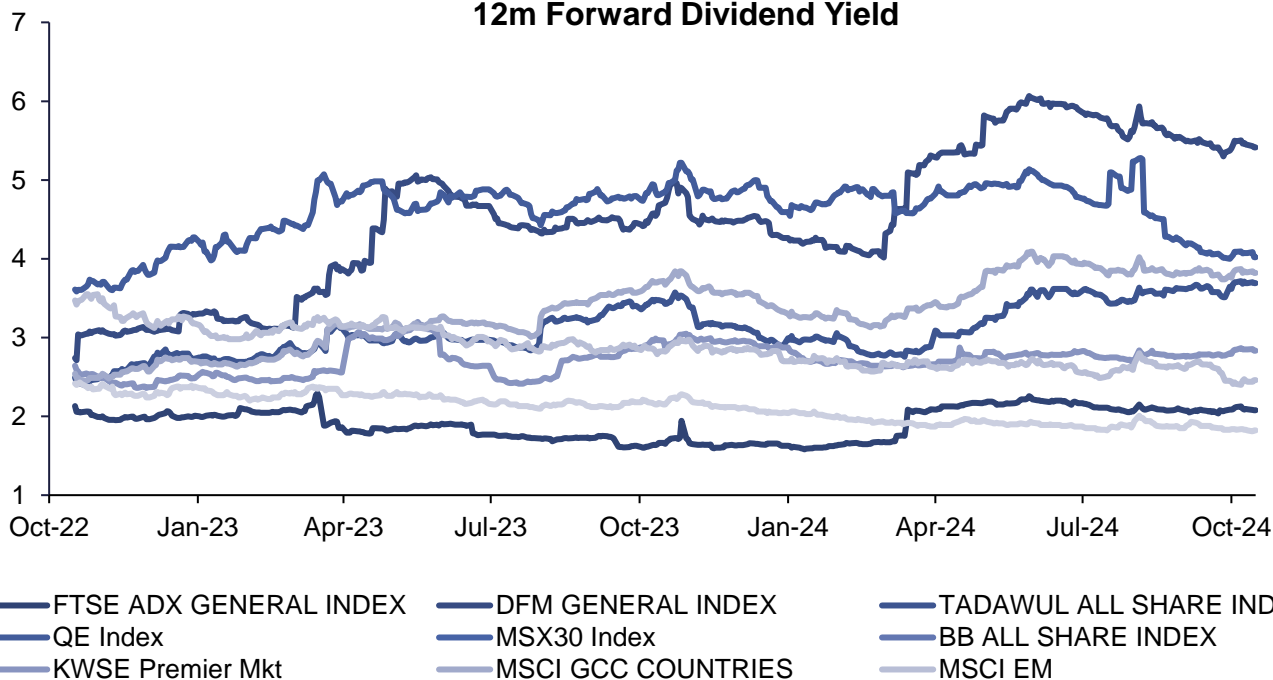
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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