

GCC market performance

GCC fixed income:

Global benchmark bond index recorded marginal losses over the week (ending 3rd September 2024). 10Y UST yields inched marginally lower over the week. In credit, Global corporate IG and Global HY had a negative week. EM had a mixed week too, led by EM Asia. All GCC bond indices recorded positive returns with the exception of Saudi Arabia and Qatar. Oman was the best performer. 5yr CDS spreads mostly tightened across all GCC countries, with the exception of Saudi Arabia, Oman, and Qatar. In the USD sovereign market, the 10yr bond yields mostly declined with the exception of Abu Dhabi and Saudi Arabia.

GCC equities:

Most regional indices recorded gains last week with the exception of Kuwait and Saudi Arabia. Qatar posted most gains (1.91%), outperforming the rest of regional indices. Kuwait stocks underperformed the most, posting loss of (0.15%). MSCI GCC was up (0.23%) outperforming MSCI ACWI and MSCI EM were down (1.26%) and (0.87%) respectively.

GCC key developments:

- **Moody's upgraded Oman's outlook to 'positive'.**
- **UAE' non-oil private sector increased in August.**
- **Saudi Arabia's non-oil sector grew in August, but still below of 2022 average.**
- **Qatar's non-energy business conditions strengthened.**
- Saudi Arabia-GCC non-oil trade surplus exceeded USD1.8bn in Q2'24.
- Kuwait's trade surplus declined in early 2024.
- Qatar recorded USD5.52bn trade surplus in July.
- Qatar's PPI grew by 7.19% YoY in July.

GCC bond issuances:

- **ADCB sold USD500mn in Reg S Tier 2 bond.**
- **Kuwait's Equate launched USD750mn 7-year bonds.**
- **Bank of Sharjah plans for a new bond sale.**
- **National Bank of Ras Al-Khaimah completed its Tier 2 issuance of USD 250mn.**
- **Al Ahli bank of Kuwait mandates banks for perpetual 5.5-Year AT1 capital instrument.**
- **ADNOC plans to issue three-part bond sale.**
- **ADX welcomed the listing of USD1bn Masdar green bonds.**

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GCC Weekly Market Performance

Index				Rates			
	Latest	-1w %	YTD %		Latest	-1w (bp)	YTD (bp)
Fixed Income				3M interbank			
Global Agg	480.5	-0.42	2.99	Saudi	6.00	-8.03	-22.62
Global Treasuries	203.8	-0.51	1.92	UAE	5.00	-7.64	-42.51
EM USD Agg TR	1245.0	-0.06	7.25	Kuwait	4.25	0.00	-6.25
EM LatAm TR	1107.8	-0.05	9.55	Bahrain	6.28	-3.92	-24.00
EM EMEA TR	370.6	-0.03	6.70	Oman	5.62	-	-42.25
EM Asia TR	653.0	-0.10	5.57	Qatar	6.00	0.00	-12.50
Bahrain TR	203.2	0.27	7.11	US SOFR	5.32	-3.00	-7.00
Oman TR	158.3	0.31	5.86	5Y Sov. CDS			
Kuwait TR	155.8	0.18	5.11	Saudi Arabia	56.75	0.40	2.40
Qatar TR	141.3	-0.07	5.07	Abu Dhabi	38.92	-0.10	-4.80
Saudi Arabia TR	144.5	-0.11	4.38	Dubai	62.26	-2.70	-
UAE TR	145.1	0.01	4.89	Kuwait	78.10	-	23.00
Equity				Bahrain	174.15	-0.60	-38.50
ADX	9379.1	0.48	-3.46	Oman	106.48	0.30	-15.70
DFM	4369.8	0.61	7.17	Qatar	39.20	0.20	-7.60
Tadawul	12180.4	-0.02	2.11	10Y yield			
DSM	10383.4	1.91	-0.02	Saudi Arabia	4.73	4.90	-1.90
MSM30	4777.9	1.85	4.33	Abu Dhabi	4.20	4.90	-7.00
BHSE	1948.2	1.04	-0.78	Dubai	4.28	-4.10	-39.90
KWSE	7827.8	-0.15	2.59	Kuwait	4.33	-0.80	5.20
MSCI GCC	713.2	0.23	-0.15	Bahrain	6.07	-2.00	-67.60
MSCI EM	1090.2	-0.87	8.68	Oman	5.09	-4.00	-39.60
MSCI ACWI	819.5	-1.36	14.69	Qatar	4.10	-1.00	-12.40

Note: data from 28th August 2024 to 3rd September 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

Moody's upgraded Oman's outlook to 'positive'

Moody's global ratings agency, revised its outlook on the Government of Oman from 'stable' to 'positive', while affirming Oman's Ba1 long-term issuer and senior unsecured ratings. The agency also upheld the (P)Ba1 senior unsecured medium-term note program rating for Oman. The shift to a positive outlook is primarily driven by the continued improvement in the government's debt metrics, bolstered by high oil prices and prudent fiscal management. According to Moody's, these factors increase the likelihood that Oman's fiscal strength could be maintained at levels consistent with a higher credit rating.

(Source: Zawya)

UAE' non-oil private sector increased in August

Growth in the UAE's non-oil private sector regained some momentum in August after hitting its lowest level for almost three years in July. The UAE Purchasing Managers' Index (PMI), increased from 53.7 in July to 54.2 in August, after dropping to a 34-month in July. Despite the improvement in the health of the non-oil private sector, the rate of expansion was the second-softest in over a year-and-a-half.

(Source: Zawya)

Saudi Arabia's non-oil sector grew in August, but still below of 2022 average

Saudi Arabia's non-oil private sector experienced growth driven by improved business conditions and increased employment in August. However, the Purchasing Manager's Index (PMI) remained among the lowest levels recorded since early 2022. The PMI rose slightly from 54.4 in July to 54.8 in August, staying above the neutral 50.0 mark, which indicates a modest improvement in operating conditions within the non-oil private sector. Despite this growth, the index fell short of its long-term average of 56.9, primarily due to non-oil private sector output growing at one of the slowest rates observed since the start of 2022.

(Source: Zawya)

Qatar's non-energy business conditions strengthened

Non-energy business conditions in Qatar strengthened in August with wages growing at the fastest rate on record and employment growth reaching near record levels. The PMI index rose to 53.1 in August, above the long-run average of 52.3 and July's 51.3.

(Source: Zawya)

Saudi Arabia-GCC non-oil trade surplus exceeded USD1.8bn in Q2'24

According to the General Authority for Statistics, Saudi Arabia's non-oil trade balance with GCC countries recorded a substantial surplus in Q2 of 2024, reaching SAR6.776bn (USD1.81bn). This marks an impressive annual increase of around 600% compared to the same quarter in 2023, when the surplus was SAR1.033bn (USD275.2mn). Saudi Arabia's total non-oil commodity exports, including re-exports, amounted to SAR24.392bn (USD6.50bn), showing a 31% year-on-year growth.

(Source: Zawya)

Kuwait's trade surplus declined in early 2024

According to the Central Statistical Administration, Kuwait's trade surplus fell 3.28% year-on-year in the first four months of 2024, mainly due to a decrease in exports. During this period, the surplus amounted to KWD4.71bn (USD15.45bn), down from KWD4.87bn (USD15.98bn) in the same time frame the previous year. The exports during these months decreased by 3.88% to KWD8.42bn from KWD8.76bn in early 2023.

(Source: Zawya)

Qatar recorded USD5.52bn trade surplus in July

The National Planning Council has released preliminary data on the value of domestic exports, re-exports, and imports for July 2024. In July, Qatar's total exports, including domestic goods and re-exports, reached approximately QAR30.2bn, marking a 3.9% increase from July 2023 and a 2.5% rise compared to June 2024. Meanwhile, imports for July 2024 totaled around QAR10.1bn, up 6.8% from July 2023 and 1.8% higher than in June 2024.

(Source: Zawya)

PPI in Qatar grew by 7.19% YoY in July

According to the National Planning Council, the PPI for July 2024 came in at 116.43 points showing an increase of 0.60% and 7.19% on a monthly and yearly basis respectively. The main sectors that make up the index are mining weight: 82.4%, Manufacturing weight: 15.85%, Electricity weight: 1.16%, and Water weight: 0.53%.

(Source: Zawya)

Kuwait's Equate launched USD750mn 7-year bonds

Kuwait's Equate Petrochemical Company, has launched USD750mn USD-denominated 7-year Islamic bonds or sukuk, with demand exceeding USD2bn. The bonds were sold at 140bp over US Treasuries, tighter than the initial guidance of 170bp over the same benchmark.

(Source: Zawya)

ADCB sold USD500mn in Reg S Tier 2 bond

ADCB issued USD500mn in new Reg S Tier 2 bond. The bond was priced at T+170bp tighter from the initial price guidance of T+210bp. The bond is callable after 5years and it was given a final coupon of 5.361% .

(Source: Bloomberg)

Bank of Sharjah plans for a new bond sale

Bank of Sharjah starts selling a 5-year bond with an initial pricing of 210bp. The senior unsecured bonds will be part of the lender's USD2.5bn Euro Medium-Term Note (EMTN) programme.

(Source: Bloomberg)

National Bank of Ras Al-Khaimah completed its Tier 2 issuance of USD 250mn

National Bank of Ras Al-Khaimah (RAKBANK), has successfully completed its first Tier 2 security issuance, raising USD250mn, the securities were issued with a maturity of 10.25-years and a non-call period of 5.25-years, carrying a coupon rate of 5.875%. The issuance was met with a very strong investor demand, being oversubscribed by 4x with peak orders received in excess of USD1bn. This significant demand enabled RAKBANK to tighten the pricing by 42.5bp, reflecting investor confidence in the bank's financial stability and growth prospects.

(Source: Zawya)

Al Ahli bank of Kuwait mandates banks for perpetual 5.5-Year AT1 capital instrument

Al Ahli bank of Kuwait mandates banks for perpetual non-callable 5.5-Year AT1 capital instrument.

(Source: Zawya)

ADNOC plans to issue three-part bond sale

Abu Dhabi National Oil Company (ADNOC) has hired banks ahead of a planned three-part bond sale. ADNOC plans to issue benchmark-sized USD-denominated senior unsecured bonds with 5-year, 10-year and 30-year tenors.

(Source: EnterpriseNews)

ADX welcomed the listing of USD1bn Masdar green bonds

Abu Dhabi Securities Exchange (ADX) welcomed the listing of USD1bn in green bonds issued by Masdar in two tranches. The first tranche of the bonds is valued at USD500mn, with a fixed interest rate of 4.875%, maturing on 25th July, 2029. The second tranche is also valued at USD500mn, with a fixed interest rate of 5.25%, maturing on 25th July, 2034. The bond issuance witnessed significant demand from investors both regionally and globally, with the peak value of subscription orders reaching USD4.6bn, representing an oversubscription by 4.6x.

(Source: EnterpriseNews)

GCC Weekly Market View

September 04 2024

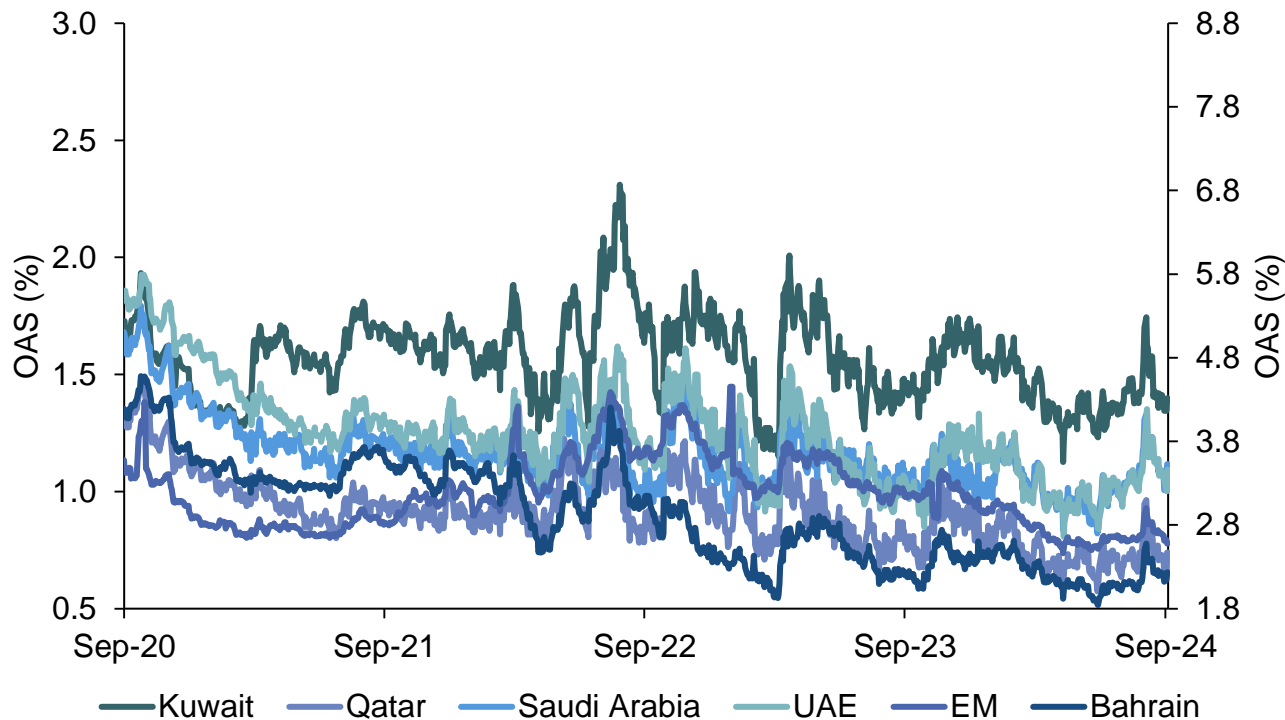
GCC bond issuances table

Issuer	BBG	Sector	Country	Issue Amt*	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg^	YTM (mid)	YTC (mid)
UAE INTERNATIONAL GOVERNMENT BOND	UAE	Sovereign	AE	1500	4.857	7/2/2034	AT MATURITY	USD	7/2/2024	AA-	4.94	-
EDO Sukuk Ltd	ENEDEV	Agency	OM	750	5.662	7/3/2031	AT MATURITY	USD	7/3/2024	BB+	5.68	-
SIB Sukuk Co III Ltd	SIB	Financial Institutions	AE	500	5.25	7/3/2029	AT MATURITY	USD	7/3/2024	A-	5.41	-
Magellan Capital Holdings Ltd	MAGELL	Financial Institutions	AE	360	8.375	7/8/2029	CALLABLE	USD	7/8/2024	BBB-	8.89	8.85
Warba Sukuk Ltd	WARBAB	Financial Institutions	KW	500	5.351	7/10/2029	AT MATURITY	USD	7/10/2024	A	5.28	-
SNB Funding Ltd	SNBAB	Financial Institutions	SA	500	6.583	7/11/2029	AT MATURITY	USD	7/11/2024	A-	6.47	-
First Abu Dhabi Bank PJSC	FABUH	Agency	AE	750	5.804	1/16/2035	CALLABLE	USD	7/16/2024	A	5.70	5.75
Saudi Arabian Oil Co	ARAMCO	Agency	SA	2000	5.25	7/17/2034	CALLABLE	USD	7/17/2024	A+	5.14	5.14
Saudi Arabian Oil Co	ARAMCO	Agency	SA	2000	5.875	7/17/2064	CALLABLE	USD	7/17/2024	A+	5.81	5.81
Saudi Arabian Oil Co	ARAMCO	Agency	SA	2000	5.75	7/17/2054	CALLABLE	USD	7/17/2024	A+	5.85	5.85
First Abu Dhabi Bank PJSC	FABUH	Agency	AE	800	6.416	7/22/2029	AT MATURITY	USD	7/22/2024	AA-	6.33	-
First Abu Dhabi Bank PJSC	FABUH	Agency	AE	800	6.416	7/22/2029	AT MATURITY	USD	7/22/2024	BBB+	6.33	-
National Bank of Ras Al-Khaimah PSC/The	RAKBNK	Financial Institutions	AE	600	5.375	7/25/2029	AT MATURITY	USD	7/25/2024	AA-	5.28	-
Masdar Abu Dhabi Future Energy Co	MASDAR	Agency	AE	500	4.875	7/25/2029	AT MATURITY	USD	7/25/2024	AA-	5.08	-
Greensaif Pipelines Bidco Sarl	GASBCM	Industrial	SA	1600	6.1027	8/23/2042	SINKABLE	USD	7/31/2024	A+	6.09	-
Greensaif Pipelines Bidco Sarl	GASBCM	Industrial	SA	1400	5.853	2/23/2036	SINKABLE	USD	7/31/2024	A+	5.72	-
QIIB Senior Oryx Ltd	QIIKQD	Financial Institutions	QA	250	5.247	1/24/2029	AT MATURITY	USD	7/31/2024	A	5.07	-
Fab Sukuk Co Ltd	FABUH	Agency	AE	490	5.493	8/27/2029	AT MATURITY	USD	8/27/2024	AA-	5.52	-

*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

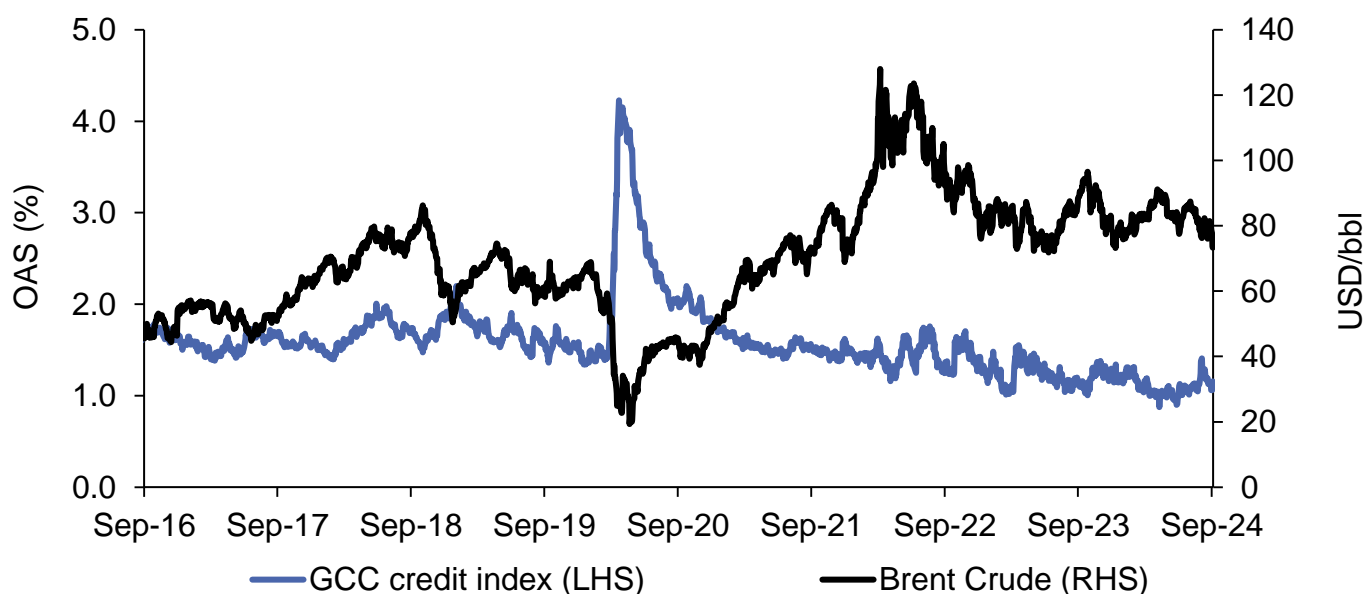
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

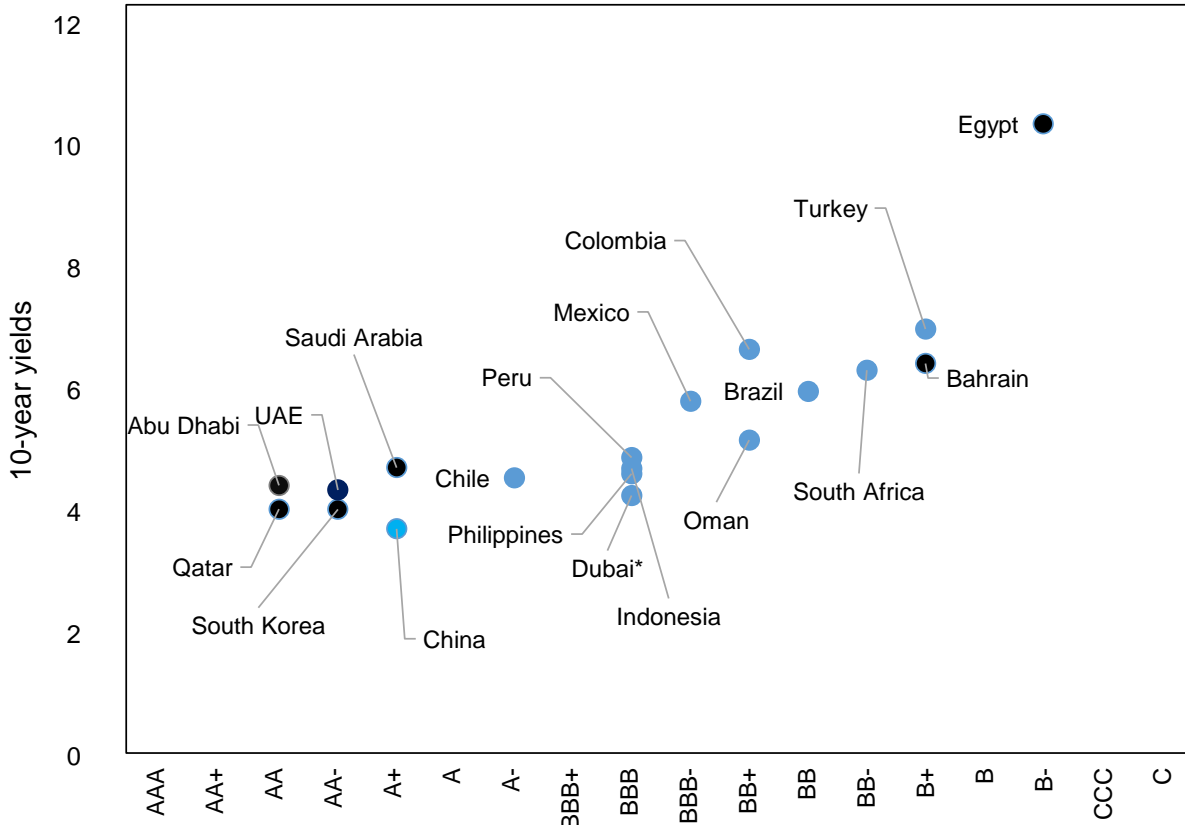
GCC corporate OAS spread versus Brent Crude



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

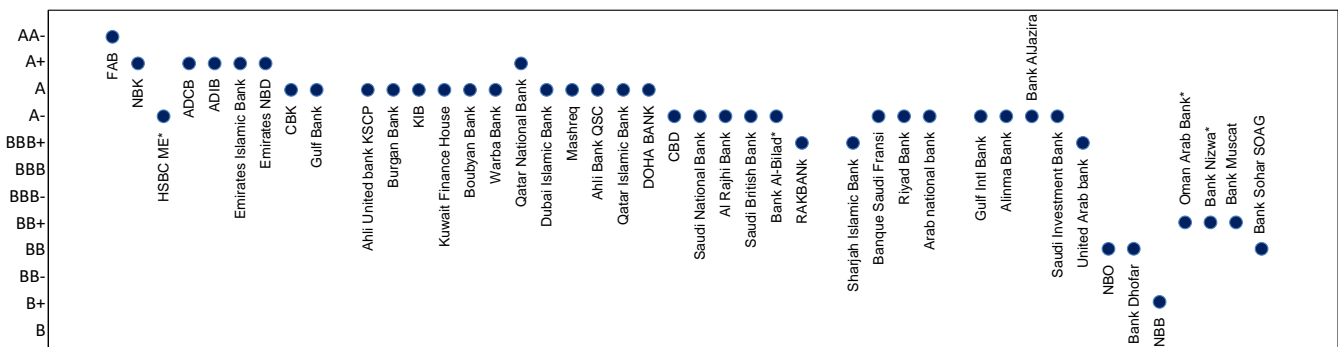
GCC Sovereign Rating

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

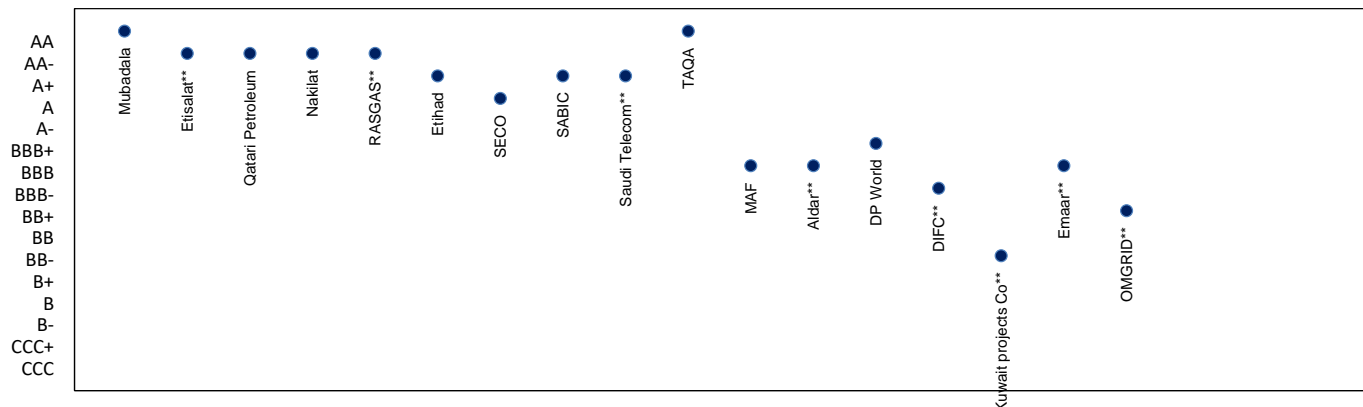
GCC Financials



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

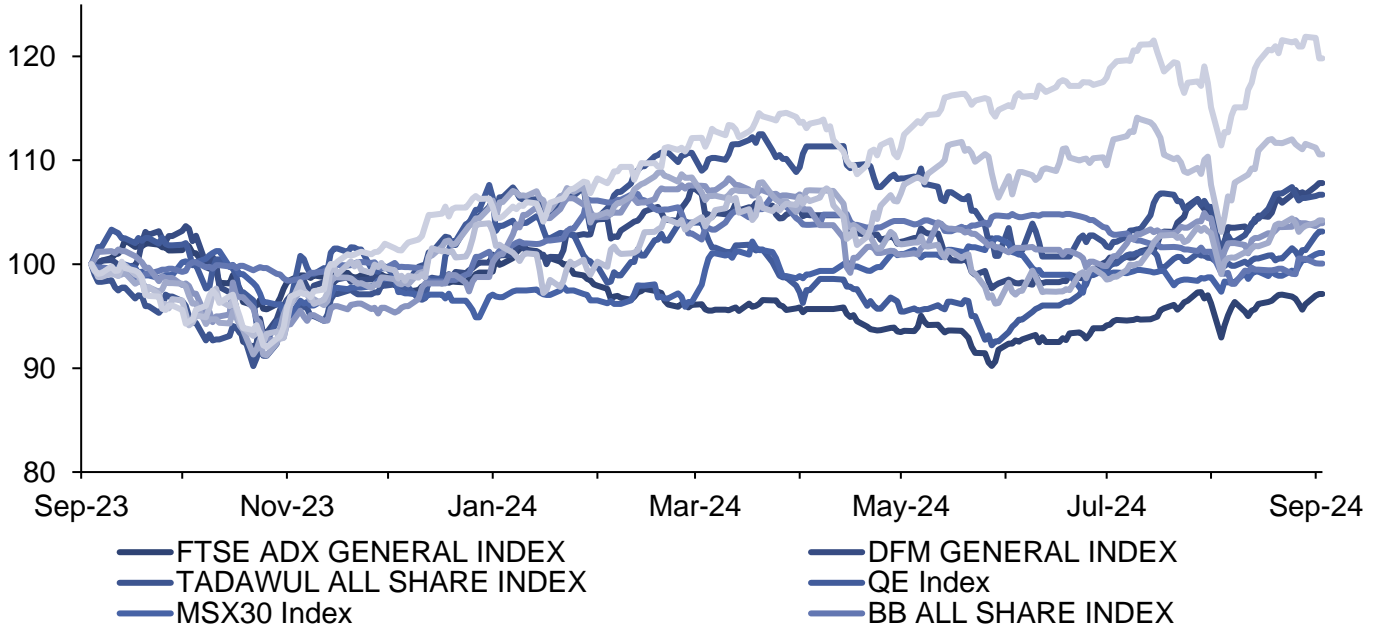
Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	15.3x	1.4%	2.1%
DFM	8.4x	-	5.5%
Tadawul	17.8x	7.5%	3.6%
DSM	11.4x	8.0%	4.2%
MSM30	9.3x	-42.5%	5.2%
BHSE	7.6x	-	8.9%
KWSE	13.3x	4.4%	2.8%
MSCI GCC	14.6x	7.2%	3.8%
MSCI EM	13.2x	15.3%	2.6%
MSCI ACWI	19.4x	9.8%	1.9%

Notes: *data as of 04 September 2024

Source: Bloomberg, ADCB

GCC equity 1Y Performance

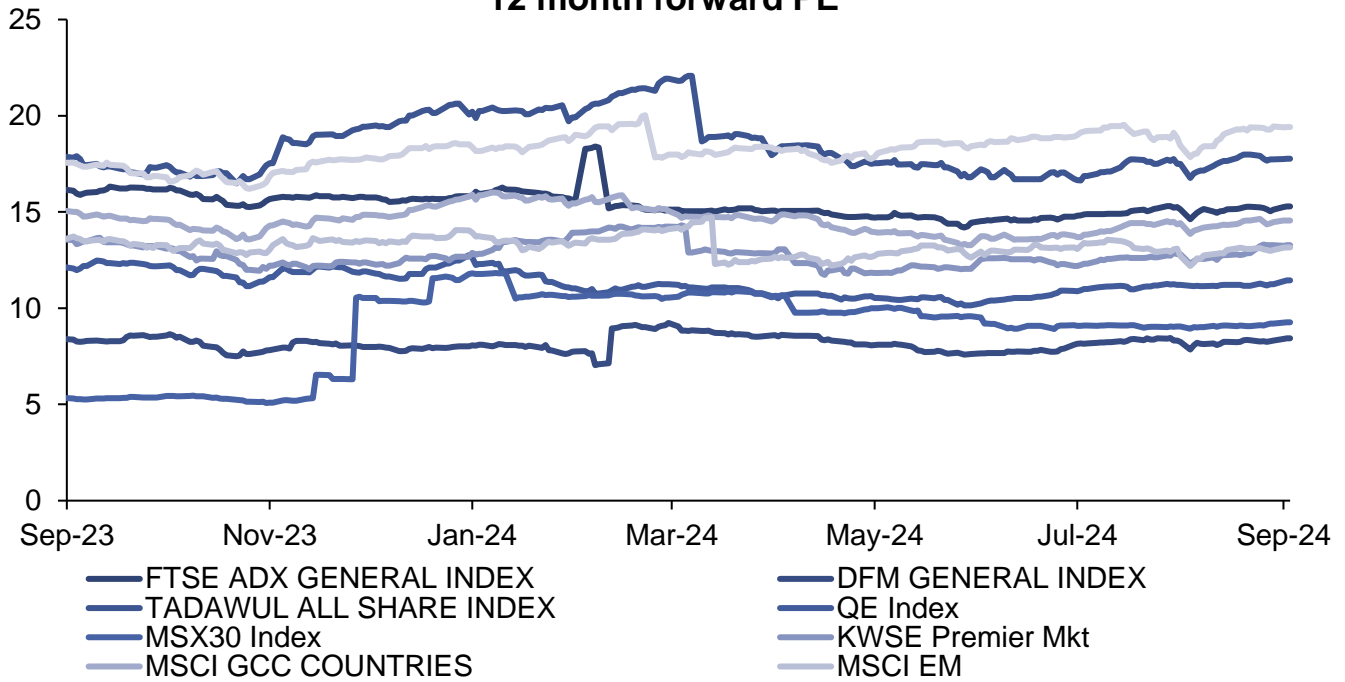
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

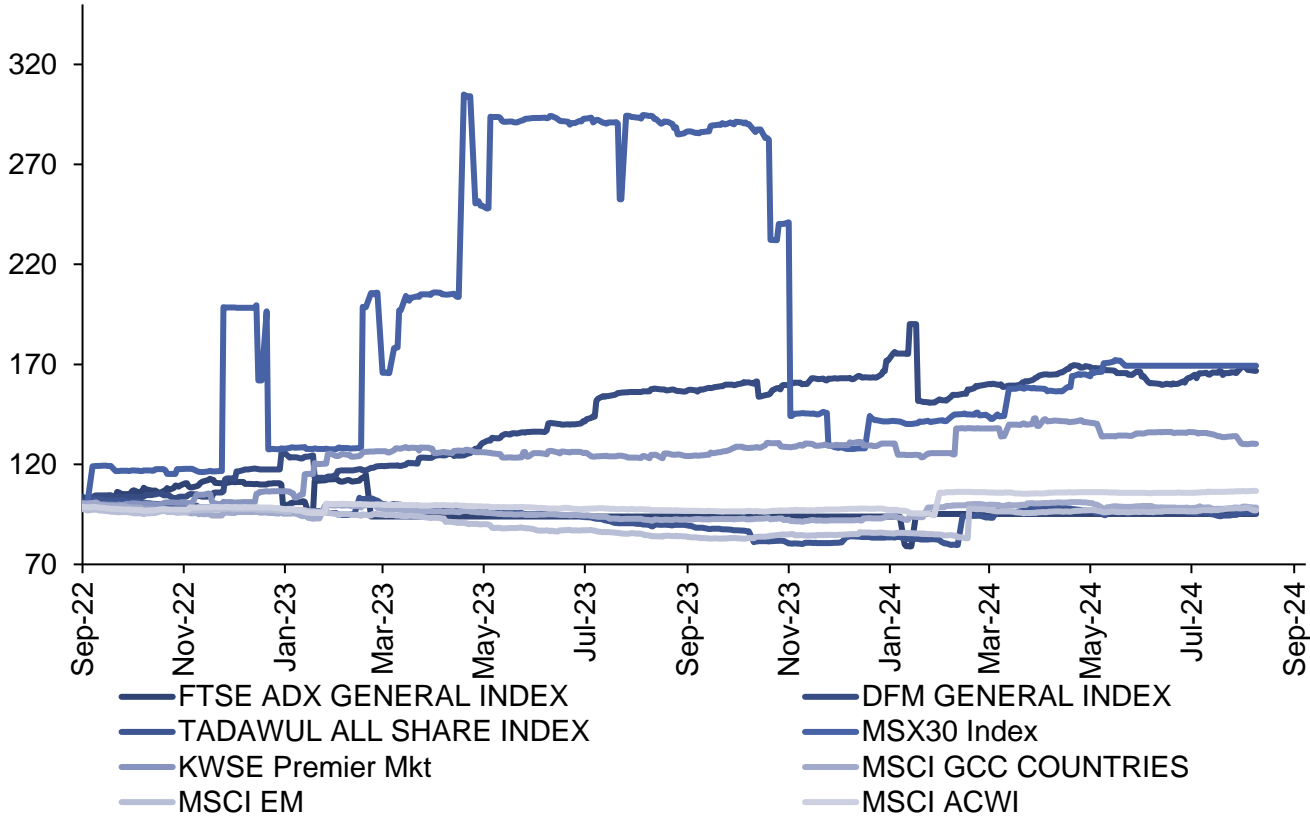
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

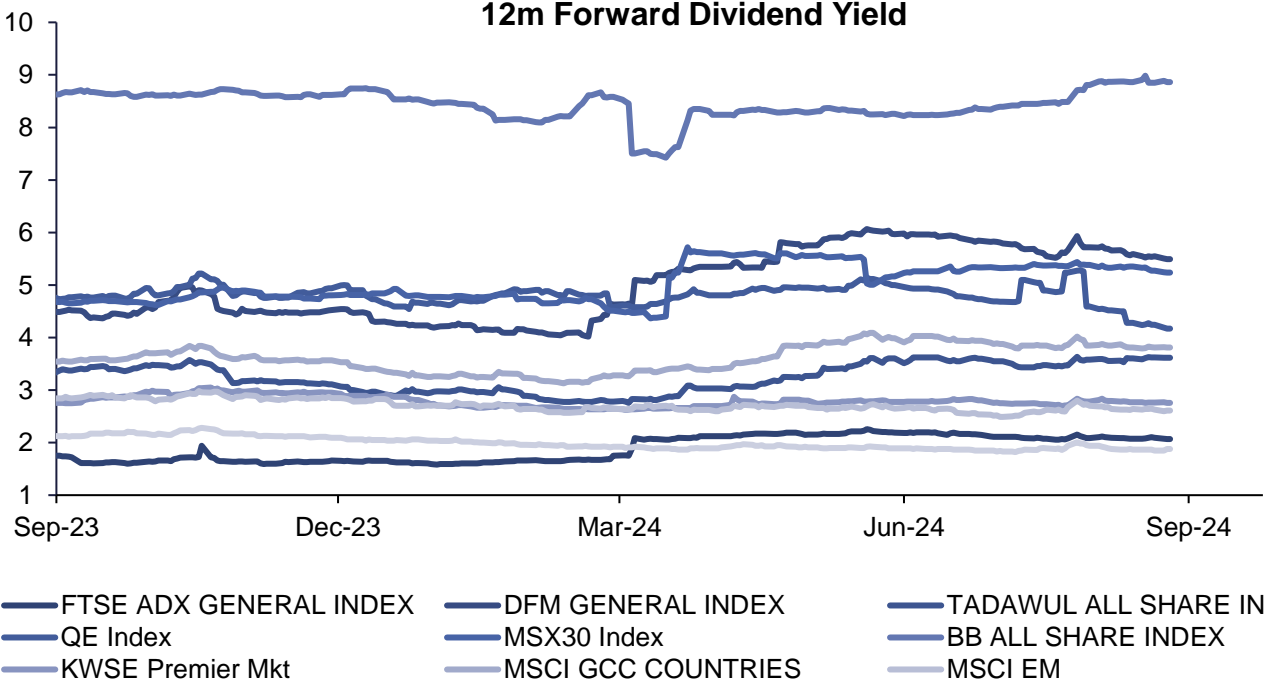
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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