

GCC market performance

GCC fixed income:

Global benchmark bond index recorded gains over the week (ending 10th September 2024). 10Y UST yields moved lower on the back of disappointing US economic data. In credit, Global corporate IG and Global HY had a positive week. EM had a positive week too, led by EM Asia. All GCC bond indices recorded positive returns. Saudi Arabia and Bahrain were the best performer. 5yr CDS spreads mostly widened across all GCC countries, except for Oman. In the USD sovereign market, the 10yr bond yields declined across all the GCC countries.

GCC equities:

Most regional indices posted mixed gains last week with Saudi Arabia, Oman and Qatar posting declines, while the rest of the GCC recorded gains. Dubai posted the largest weekly gains (0.52%), outperforming the rest of regional indices. On the other hand, Saudi Arabia underperformed the most, posting loss of (1.17%). MSCI GCC was down (0.79%) but outperformed MSCI EM (1.00%) and MSCI ACWI (0.80%) respectively.

GCC key developments:

- **UAE's GDP reached USD117.16bn in Q1'24.**
- **UAE's tourism sector grew in line with 2031 strategy.**
- Saudi Arabia exceeds vision 2030 tourism target of 100 million visitors – IMF.
- Saudi Arabia's non-oil GDP increased by 4.9% in Q2 2024.
- Saudi liquidity reached USD770bn by end of Q2.

GCC bond issuances:

- **Qatar Islamic Bank successfully issued a USD750mn sukuk.**
- **Sobha realty plans dollar sukuk sale.**
- **Bank of Sharjah successfully priced USD500mn bond.**
- **ADNOC successfully priced triple tranche debut bond transaction.**
- **Masdar successfully raised USD1bn through its green bond issuance.**
- **Al Ahli Bank of Kuwait successfully tightened the AT1 yield by over 50bp.**

Mohammed Al Hemeiri

Senior Analyst

Tel: +971 (0) 281 264 50

mohammed.alhemeiri@adcb.com

Prerana Seth, CFA

Fixed Income Strategist

Tel: +971 (0) 281 264 49

prerana.seth@adcb.com

Ahmed Al Falahi

Analyst

Tel: +971 (0) 281 264 98

ahmed.a5@adcb.com

Kishore Muktinutalapati

Head - Investment Strategy

Tel: +971 (0) 281 264 57

kishore.muktinutalapati@adcb.com

Visit [Investment Strategy Webpage](#)

to read our other reports

GCC Weekly Market Performance

Index				Rates			
Fixed Income	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
Global Agg	485.4	0.40	4.03	Saudi	5.92	-10.16	-30.89
Global Treasuries	206.1	0.39	3.07	UAE	4.99	9.40	-43.41
EM USD Agg TR	1252.8	0.42	7.92	Kuwait	4.25	0.00	-6.25
EM LatAm TR	1114.5	0.39	10.22	Bahrain	6.18	-9.52	-34.51
EM EMEA TR	372.6	0.42	7.29	Oman	5.64	0.35	-40.25
EM Asia TR	657.8	0.48	6.36	Qatar	6.00	0.00	-12.50
Bahrain TR	204.6	0.57	7.86	US SOFR	5.34	-1.00	-5.00
Oman TR	158.7	0.29	6.17	5Y Sov. CDS	Latest	-1w (bp)	YTD (bp)
Kuwait TR	156.5	0.35	5.57	Saudi Arabia	59.77	2.80	5.40
Qatar TR	142.2	0.54	5.80	Abu Dhabi	4.81	1.00	-2.90
Saudi Arabia TR	145.7	0.59	5.26	Dubai	64.70	0.20	-
UAE TR	146.0	0.43	5.54	Kuwait	78.12	-	23.10
Equity	Latest	-1w %	YTD %	Bahrain	179.65	5.40	-33.00
ADX	9402.5	0.38	-3.22	Oman	102.30	-3.30	-19.90
DFM	4387.5	0.52	7.60	Qatar	40.83	0.90	-6.00
Tadawul	11986.6	-1.17	0.48	10Y yield	Latest	-1w (bp)	YTD (bp)
DSM	10266.8	-0.53	-1.14	Saudi Arabia	4.60	-8.10	-14.90
MSM30	4748.4	-0.68	3.69	Abu Dhabi	4.09	-5.50	-17.80
BHSE	1948.9	0.23	-0.75	Dubai	4.21	-4.90	-46.80
KWSE	7814.1	0.27	2.41	Kuwait	4.15	-13.10	-13.10
MSCI GCC	705.4	-0.79	-1.24	Bahrain	6.01	-3.20	-73.60
MSCI EM	1062.9	-1.00	5.96	Oman	5.06	-1.80	-42.80
MSCI ACWI	808.5	-0.80	13.16	Qatar	4.01	-4.70	-21.40

Note: data from 4th September 2024 to 10th September 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

UAE's GDP reached USD117.16bn in Q1'24

UAE Minister of Economy, Abdulla bin Touq Al Marri, announced that the country's real GDP amounted to AED430bn (USD117.16bn) in Q1'24, recording a remarkable growth of 3.4% compared to the same period in 2023. Additionally, the non-oil GDP saw an impressive increase of 4% YoY.

(Source: Zawya)

UAE's tourism sector grew in line with 2031 strategy

According to the World Travel and Tourism Council (WTTC), the UAE's tourism sector continues to show impressive performance in international arrivals and hotel bookings, in line with the UAE tourism Strategy 2031. The strategy aims to attract AED100bn in tourism investments and increase the sector's contribution to the GDP to AED450bn by 2031. In 2023, tourism accounted for 11.7% of the UAE's GDP, amounting to AED220bn, and is expected to rise to 12%, or AED236bn in 2024. The WTTC also forecasted that the sector's contribution to the GDP will reach approximately AED275.2bn by 2034, supported by the UAE's world-class infrastructure, including airports, accommodations, and exciting tourist attractions.

(Source: Zawya)

Saudi Arabia exceeds vision 2030 tourism target of 100 million visitors - IMF

According to the International Monetary Fund (IMF), Saudi Arabia's tourism sector was highlighted as a key driver of the country's economic diversification in 2024. Saudi Arabia successfully surpassed its Vision 2030 target of attracting 100 million annual visitors. Tourism revenues for the year totaled USD36bn, with a 38% increase in net tourism income. The sector's overall contribution, both direct and indirect, to GDP reached 11.5% in 2023, with projections to grow to 16% by 2034.

(Source: Zawya)

Saudi Arabia's non-oil GDP increased by 4.9% in Q2 2024

According to the General Authority for Statistics (GASTAT), Saudi Arabia's real GDP declined by 0.3% in Q2 of 2024. However, non-oil activities saw a 4.9% YoY growth and a 2.1% QoQ increase. Government activities expanded by 3.6% YoY and 2.3% QoQ, while government final consumption expenditure surged by 10.9% YoY and 4.3% QoQ. Gross fixed capital formation rose by 3.2% YoY, but fell by 4.5% QoQ. Private consumption increased by 2.8% YoY and 1.0% QoQ. Meanwhile, imports decreased by 0.9% YoY and 1.7% QoQ, and exports declined by 5.8% YoY and 0.6% QoQ. Among economic sectors, electricity, gas, and water activities saw the highest annual growth rate, rising by 8.9% YoY and 2.7% QoQ. Wholesale and retail trade, as well as restaurants and hotels, also experienced notable growth, expanding by 6.8% YoY and 1.5% QoQ.

(Source: Zawya)

Saudi liquidity reached USD770bn by end of Q2'24

According to Saudi ventral Bank, Saudi Arabia's economic liquidity recorded a new peak with a growth rate of 9% on an annual basis to reach SR2,898,706mn by the end of Q2'24. The current level, with a growth of SR238,150mn, is the highest. The liquidity levels reflect the money supply in its broad and comprehensive concept (M3).

(Source: Zawya)

Qatar Islamic Bank successfully issued a USD750mn sukuk

Qatar Islamic Bank (QIB), successfully issued a USD750mn sukuk with a profit rate of 4.485% and tenor of 5 years. The profit rate was equivalent to a credit spread of 100bp over the US treasury rate, which was 15bp inside QIB's fair value and lower than secondary market spreads of all Qatari banks.

(Source: Zawya)

Sobha realty plans dollar sukuk sale

Dubai-based real estate developer Sobha Realty hired banks to arrange a global investor meeting on September 9. The company plans to issue a USD Reg S TAP of its USD300mn trust certificates, of which USD270mn is currently outstanding, with maturity on July 17 2028, subject to market conditions.

(Source: Bloomberg)

Bank of Sharjah successfully priced USD500mn bond

Bank of Sharjah has successfully priced a USD500mn senior unsecured bond in international markets. The issuance saw significant interest from international investors, with orders reaching USD1.4bn, nearly 3x oversubscribed. The 5-year bonds were issued with a 5.25% annual coupon. The bank tightened pricing by 25bp from the initial price guidance, due to strong demand from both regional and international investors.

(Source: Zawya)

ADNOC successfully prices triple tranche debut bond transaction

Abu Dhabi National Oil Company (ADNOC), through its subsidiary ADNOC Murban RSC Ltd, has successfully priced its debut bond offering, raising USD4bn across three tranches. The first tranche, maturing on September 11 2029, amounts to USD1bn with a 4.25% coupon. The second tranche, maturing on September 11 2034, totals USD1.5bn with a 4.5% coupon. The third tranche, maturing on September 11 2054, also totals USD1.5bn with a 5.125% coupon. The proceeds will be used for general corporate purposes, and all notes will be listed on the London Stock Exchange's International Securities Market.

(Source: Zawya)

Masdar successfully raised USD1bn through its green bond issuance

Masdar has successfully raised USD1bn through a green bond issuance, which has been officially listed on the Abu Dhabi Securities Exchange (ADX). The issuance comprises two tranches of USD500mn each. The first tranche, maturing on July 25 2029, carries a 4.875% interest rate, while the second tranche, maturing on July 25 2034, has a 5.25% interest rate. The bond issuance attracted significant interest, with subscriptions reaching USD4.6bn, resulting in an oversubscription rate of 4.6x.

(Source: Zawya)

Al Ahli Bank of Kuwait successfully tightened the AT1 yield by over 50bp

Al Ahli Bank of Kuwait (ABK) successfully tightened the yield on its additional tier one (AT1) perpetual bond offering by more than 50bp after demand surged to four times the issue size. ABK is issuing a USD300mn Reg S perpetual AT1 bond, callable in September 2029.

(Source: Zawya)

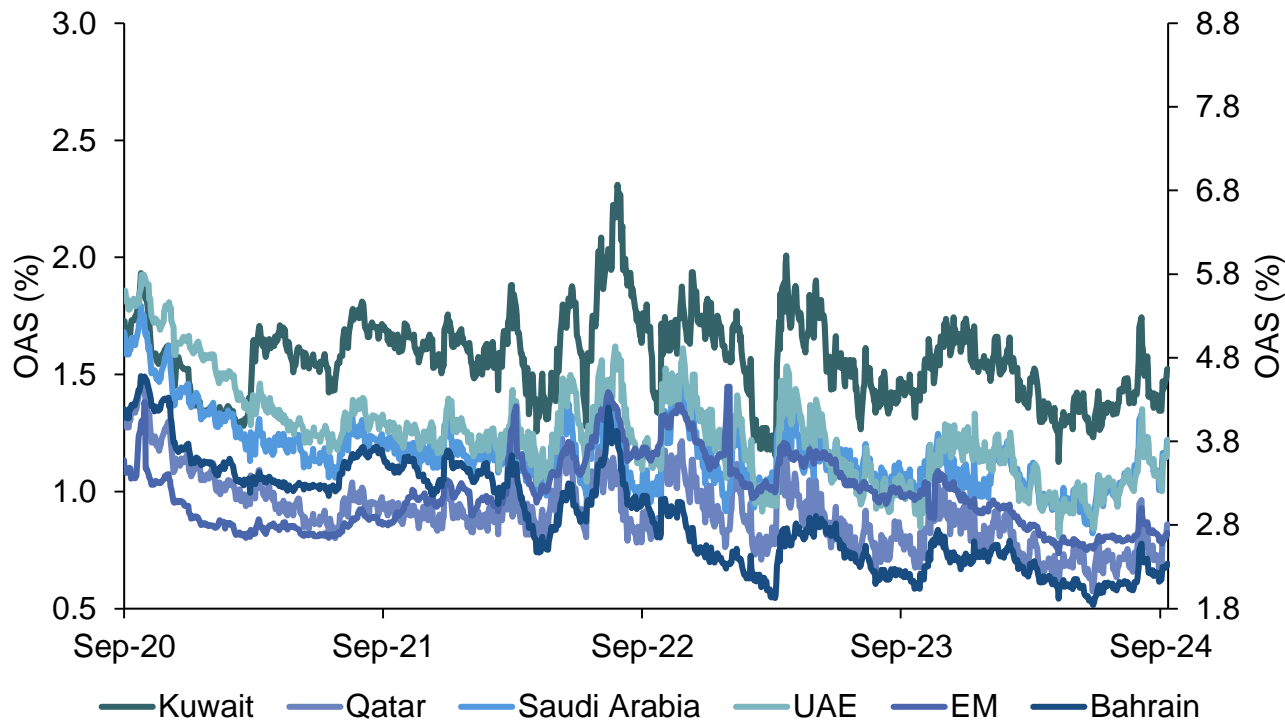
GCC bond issuances table

Issuer	BBG	Sector	Country	Issue	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg [^]	YTM (mid)	YTC (mid)
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	-
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	RAKBNK	Financial Institutions	AE	250	5.8732	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

*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

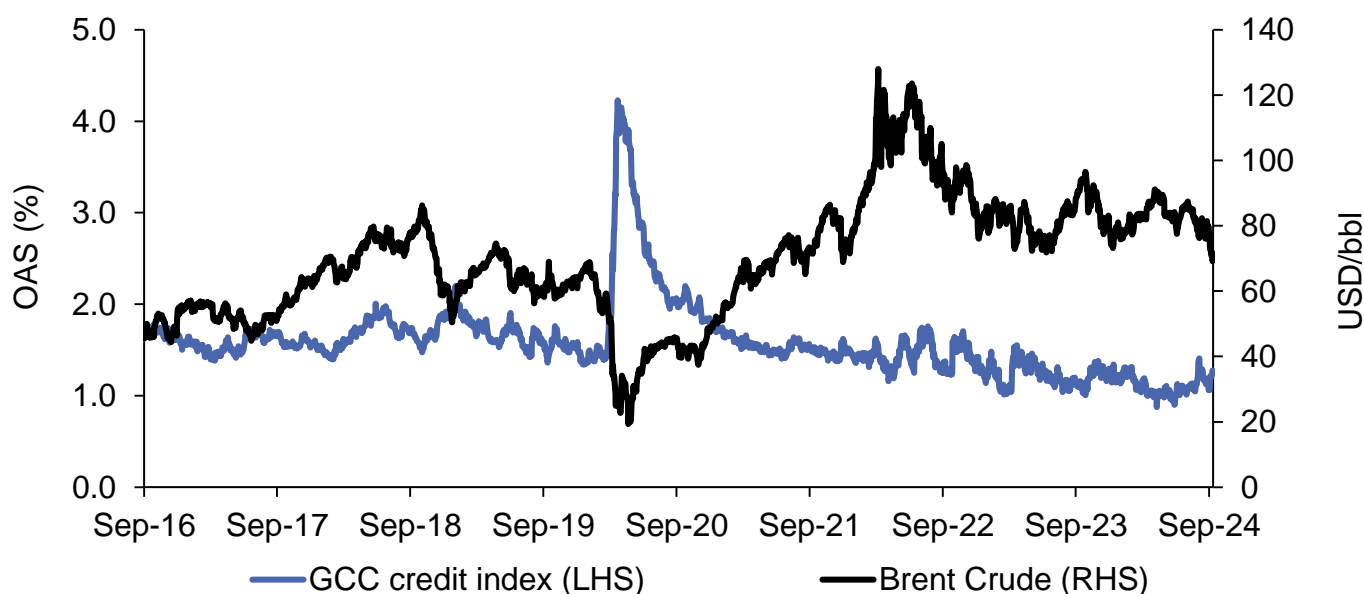
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

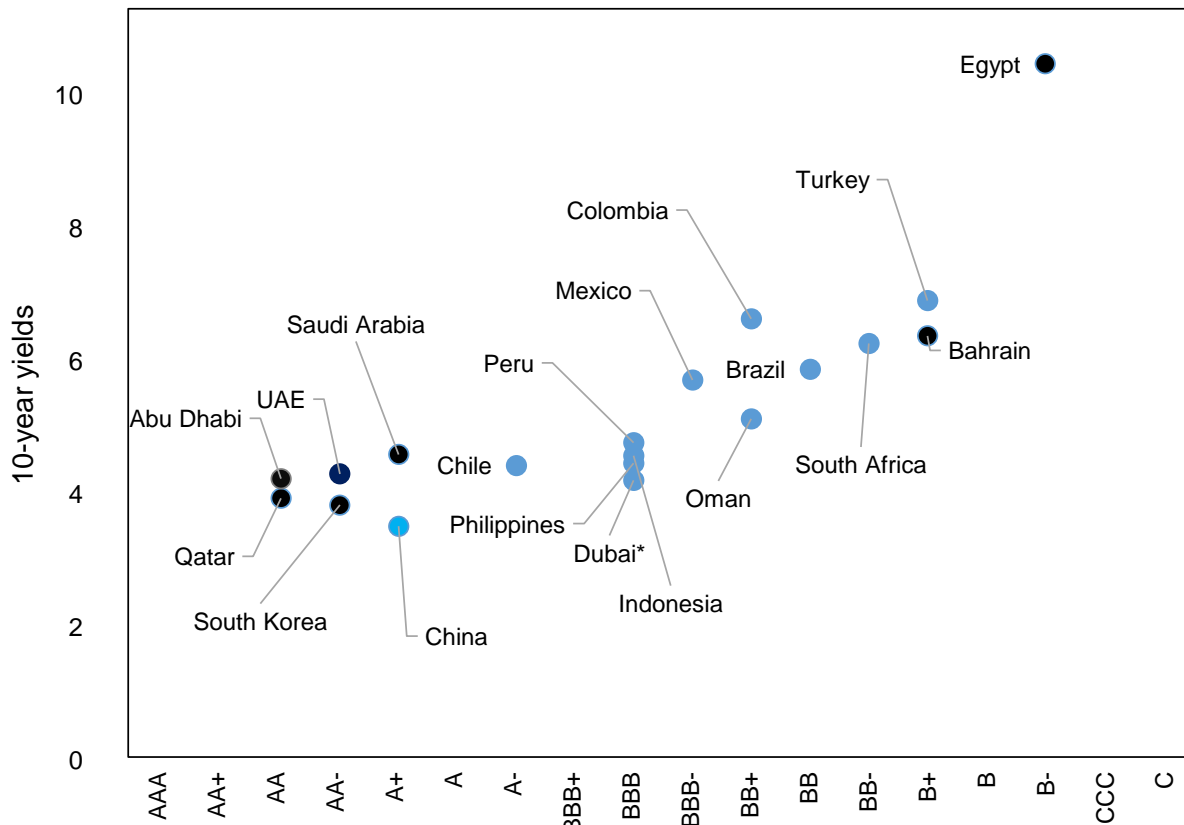
GCC corporate OAS spread versus Brent Crude



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

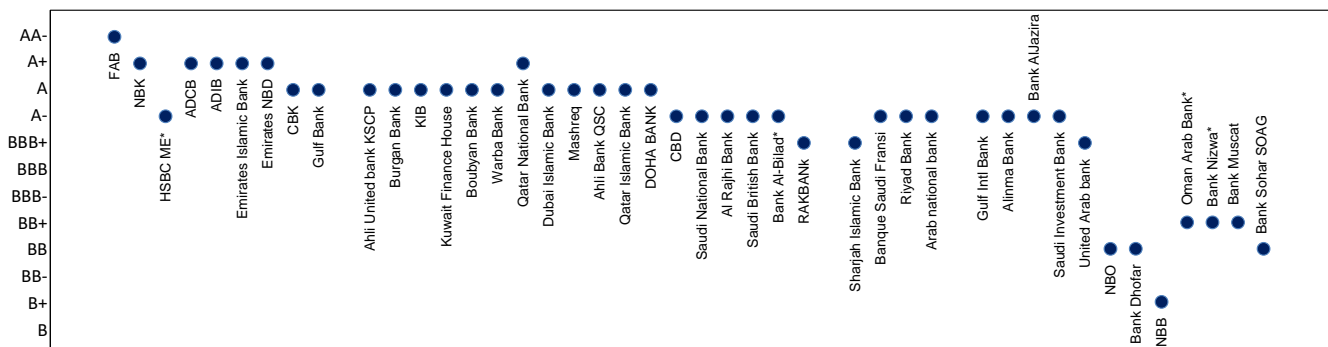
GCC Sovereign Rating

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

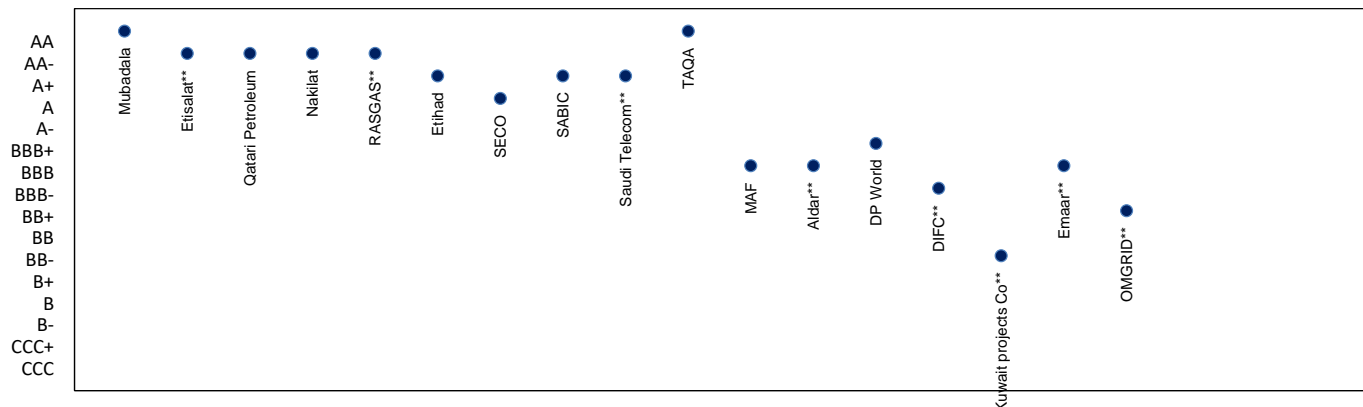
GCC Financials



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

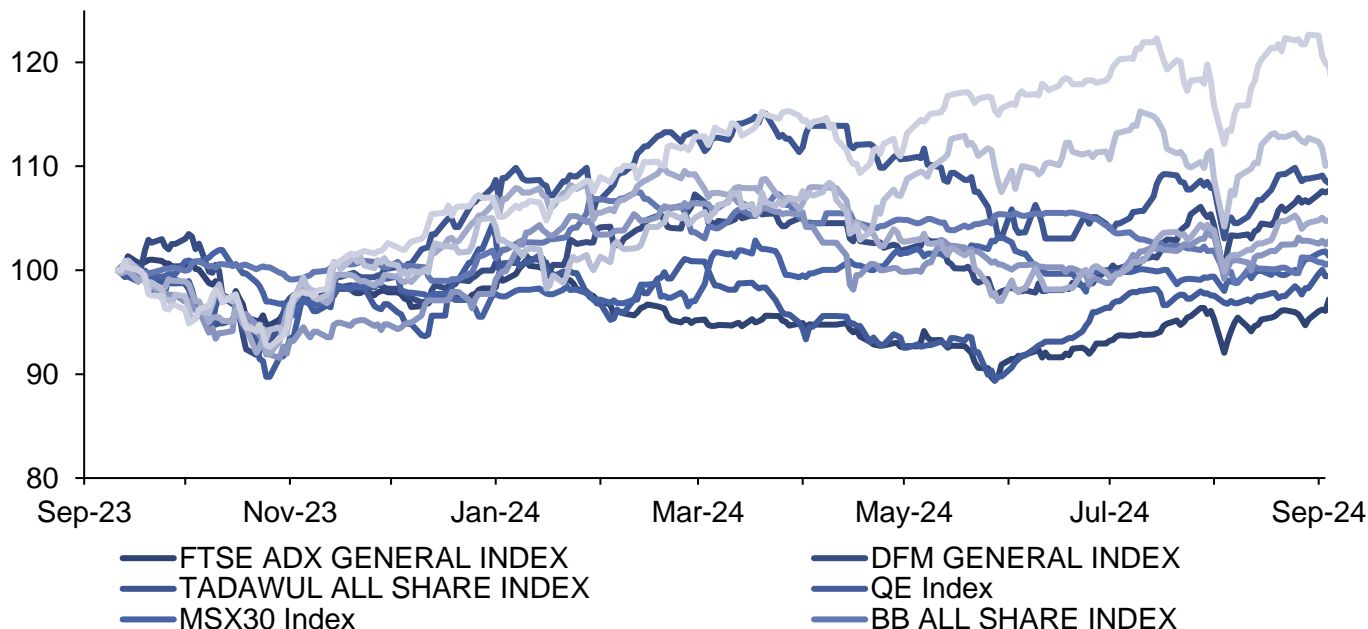
GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	15.3x	1.4%	2.1%
DFM	8.5x	#N/A	5.5%
Tadawul	17.5x	6.4%	3.7%
DSM	11.3x	8.8%	4.1%
MSM30	8.8x	-39.0%	5.3%
BHSE	7.0x	NM	8.9%
KWSE	13.3x	5.8%	2.8%
MSCI GCC	14.4x	6.6%	3.8%
MSCI EM	12.8x	15.4%	2.7%
MSCI ACWI	18.8x	9.8%	1.9%

Notes: *data as of 11 September 2024
Source: Bloomberg, ADCB

GCC equity 1Y Performance

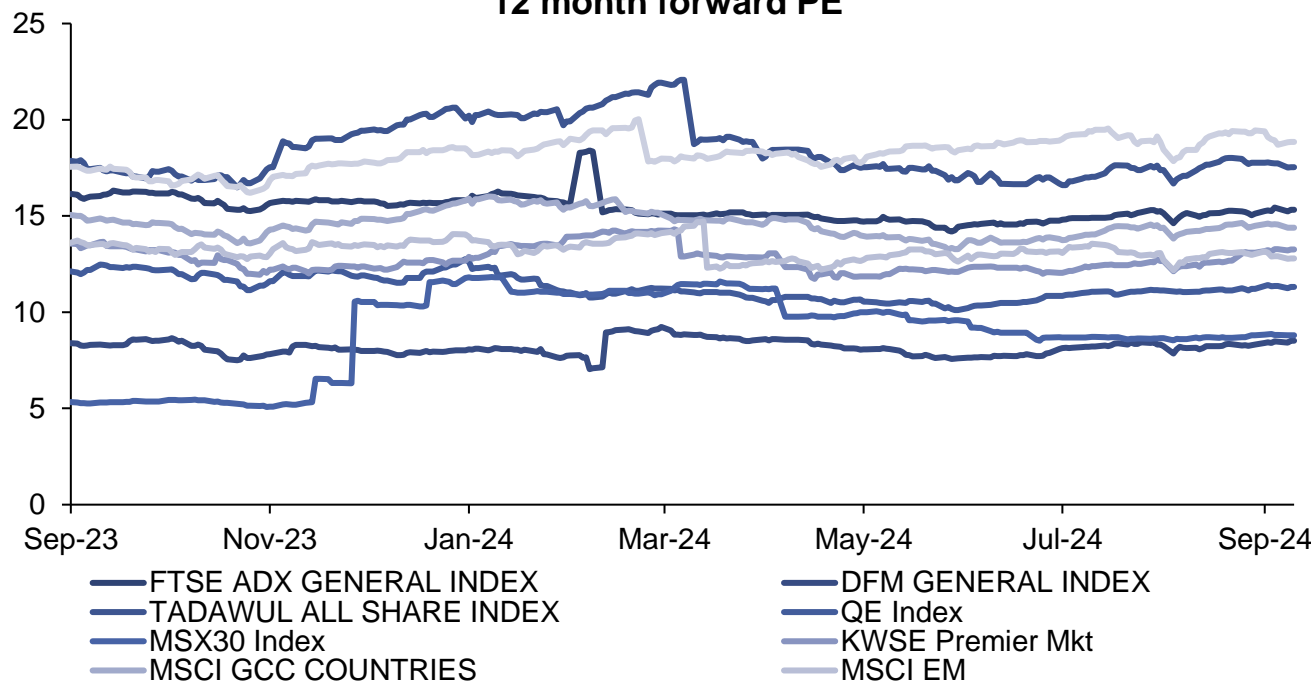
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

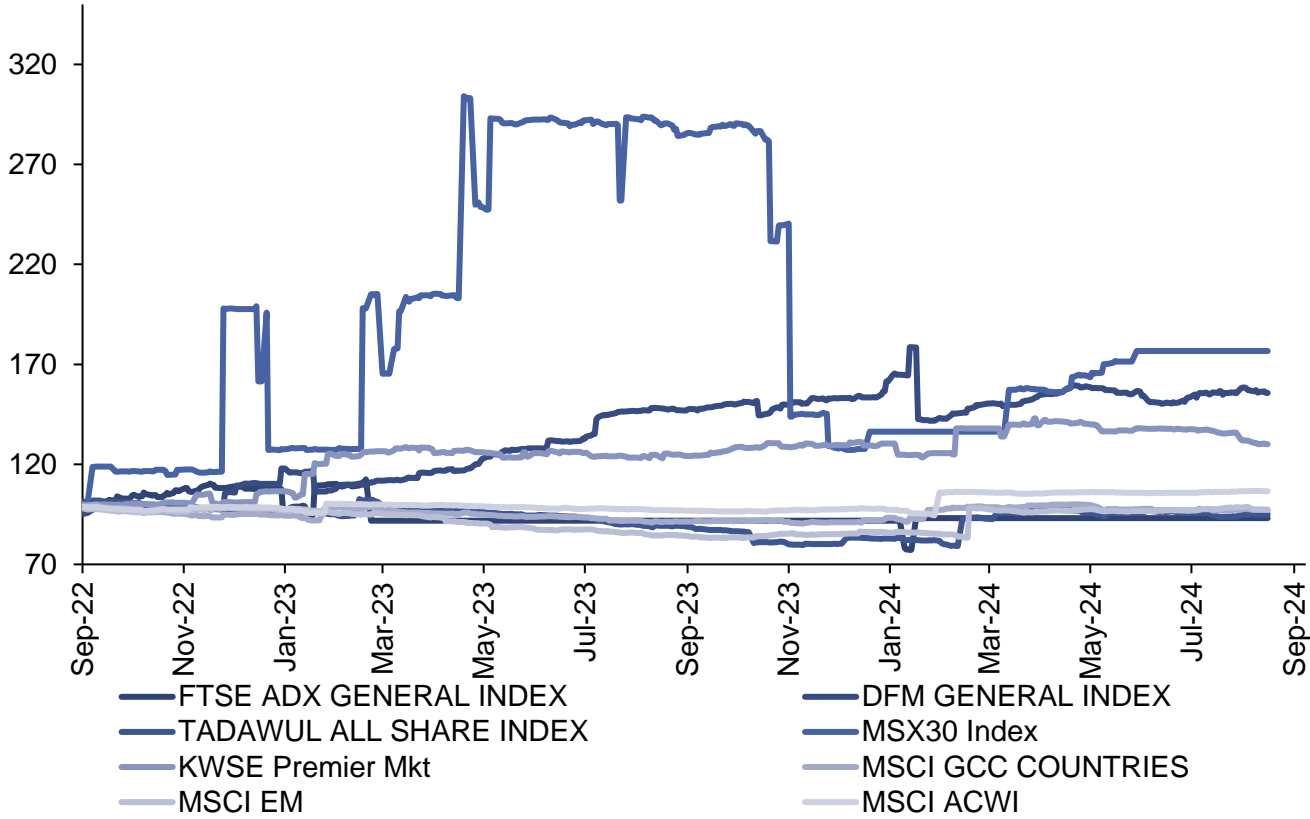
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

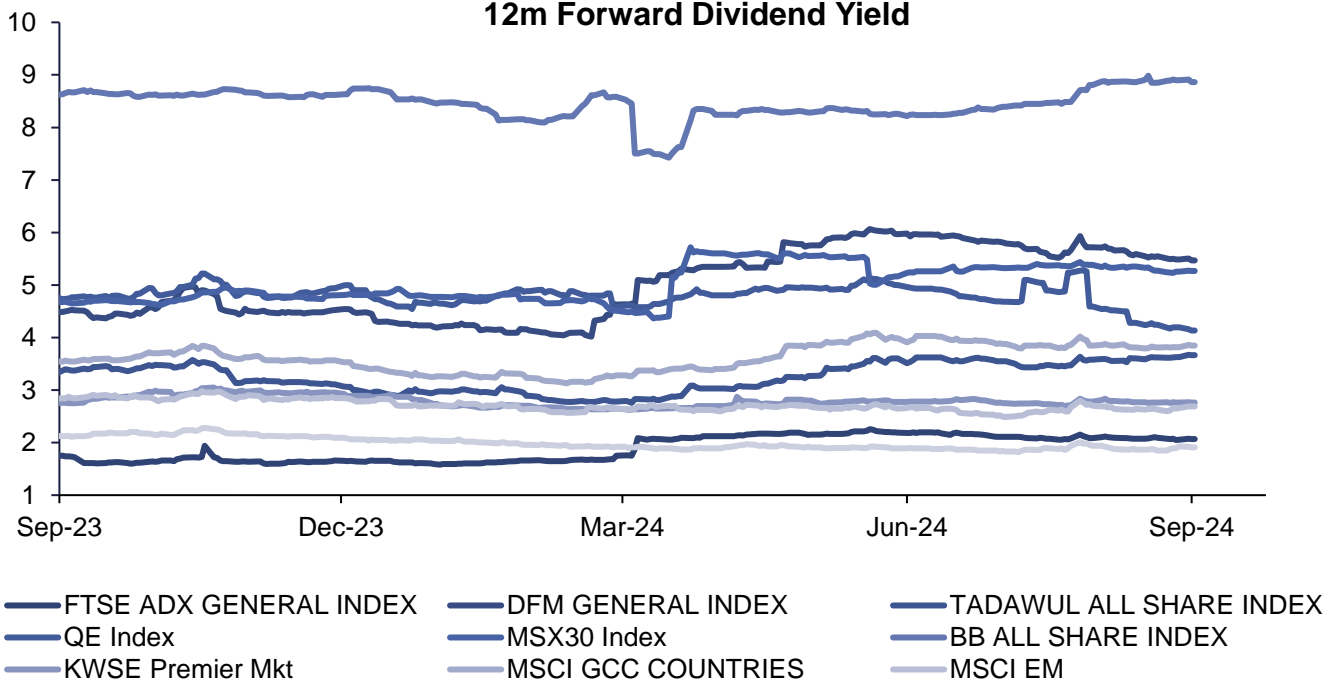
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

Disclaimer

ADCB Asset Management Limited ("AAML"), is a member of ADCB Group, licensed by Financial Services Regulatory Authority in Abu Dhabi Global Markets under financial services permission number 170036.

This publication is intended for general information purposes only. It should not be construed as an offer, recommendation or solicitation to purchase or dispose of any securities or to enter in any transaction or adopt any hedging, trading or investment strategy. Neither this publication nor anything contained herein shall form the basis of any contract or commitment whatsoever. Distribution of this publication does not oblige ADCB Group to enter into any transaction.

The content of this publication should not be considered as legal, regulatory, credit, tax or accounting advice. Anyone proposing to rely on or use the information contained in the publication should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts regarding information contained in this publication. Investment products are not available to US persons.

Information and opinions contained herein is are based on various sources, including but not limited to public information, annual reports and statistical data that AAML considers accurate and reliable. However, AAML makes no representation or warranty as to the accuracy or completeness of any statement made in or in connection with this publication and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in this publication. This publication is intended for customers who are either retail or professional investors.

Charts, graphs and related data or information provided in this publication are intended to serve for illustrative purposes only. The information contained in this publication is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to their determination. All statements as to future matters are not guaranteed to be accurate. AAML expressly disclaims any obligation to update or revise any forward looking statement to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

ADCB Group does and may at any time solicit or provide commercial banking, investment banking, credit, advisory or other services to the companies covered in its publications. As a result, recipients of this publication should be aware that any or all of foregoing services may at time give rise to a conflict of interest that could affect the objectivity of this publication. Opinions expressed herein may differ from opinions expressed by other businesses or affiliates of ADCB Group.

Past performance does not guarantee future results. Investment products are not bank deposits and are not guaranteed by ADCB Group. They are subject to investment risk, including possible of loss of principal amount invested. This publication may not be reproduced or circulated without ADCB Group written authority. The manner of circulation and distribution may be restricted by law or regulation in certain jurisdictions. Persons who come into possession of this document are required to inform themselves of, and to observe such restrictions. Any unauthorized use, duplication, or disclosure of this document is prohibited by law and may result in prosecution.