

GCC market performance

GCC fixed income:

Global benchmark bond index recorded gains over the week (ending 17th September 2024). 10Y UST yields moved lower ahead of the Fed meeting today as market prospects of 50bp rate cut jumped. Global Aggregate index posted gains with Global Treasuries leading the gain. In credit, Global corporate IG and Global HY both had a positive week but the latter outperformed the former. EM had a positive week too, led by EM LatAm. All GCC bond indices recorded positive returns. Qatar, Bahrain, Oman and Saudi Arabia were amongst the best performers while Kuwait underperformed peers. 5yr CDS spreads tightened across all GCC countries, led by Abu Dhabi. In the USD sovereign market, the 10Y USD bond yields declined across all the GCC countries with Bahrain 10Y USD bond yields dropping the most.

GCC equities:

All regional indices posted gains last week except for Oman which underperformed the most, posting loss of (0.24%). Bahrain posted the largest weekly gains (3.28%), outperforming the rest of regional indices. Despite strong gains, MSCI GCC underperformed MSCI EM and MSCI ACWI last week..

GCC key developments:

- Saudi annual inflation rate remained at 1.6% in August 2024.
- Saudi Arabia's IPI increased 1.6% in July 2024.
- **Industrial sector drove Oman's GDP growth in Q1'24.**
- Qatar's real GDP is projected to grow by 1.8% in H2 of 2024, according to Fitch.
- Qatar's CPI rose by 1.15% in August 2024.
- Food prices in Kuwait surged by 30% since early 2024.
- **Mashreq bank to sell stake in NeoPay for USD385mn.**

GCC bond issuances:

- **Saudi investment bank plans to issue a USD-denominated sukuk.**
- **Sobha Realty Completed a USD230mn Sukuk Tap, raising total to USD500mn**

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GCC Weekly Market Performance

Index				Rates			
	Latest	-1w %	YTD %		Latest	-1w (bp)	YTD (bp)
Fixed Income				3M interbank			
Global Agg	488.8	0.51	4.77	Saudi Arabia	5.84	-9.85	-39.45
Global Treasuries	207.9	0.52	3.95	UAE	4.86	-5.28	-56.30
EM USD Agg TR	1265.5	0.98	9.01	Kuwait	4.25	0.00	-6.25
EM LatAm TR	1130.8	1.34	11.82	Bahrain	6.16	-1.19	-35.82
EM EMEA TR	376.5	1.05	8.42	Oman	5.67	1.40	-37.40
EM Asia TR	660.9	0.49	6.86	Qatar	5.60	-	-52.50
Bahrain TR	206.7	1.03	8.94	US SOFR	5.38	6.00	-1.00
Oman TR	160.1	1.02	7.11	5Y Sov. CDS			
Kuwait TR	157.1	0.33	5.95	Saudi Arabia	Latest	-1w (bp)	YTD (bp)
Qatar TR	143.8	1.06	6.98	Saudi Arabia	56.79	-2.40	2.40
Saudi Arabia TR	147.2	1.02	6.35	Abu Dhabi	37.57	-3.20	-6.20
UAE TR	147.2	0.78	6.43	Dubai	62.44	-2.10	-
Equity				Kuwait	78.14	-	23.10
ADX	9427.7	1.13	-2.96	Bahrain	180.74	-2.50	-31.90
DFM	4395.2	1.12	7.79	Oman	100.85	-1.80	-21.40
Tadawul	11885.7	1.01	-0.36	Qatar	37.62	-3.00	-9.20
DSM	10405.5	1.54	0.19	10Y yield			
MSM30	4713.4	-0.24	2.92	Saudi Arabia	Latest	-1w (bp)	YTD (bp)
BHSE	2018.0	3.28	2.77	Saudi Arabia	4.46	-12.10	-28.80
KWSE	7743.2	0.04	1.48	Abu Dhabi	4.00	-8.90	-26.90
MSCI GCC	702.8	1.31	-1.61	Dubai	4.10	-6.40	-58.20
MSCI EM	1090.5	3.01	8.71	Kuwait	4.04	-8.80	-23.90
MSCI ACWI	828.7	1.86	15.99	Bahrain	5.79	-21.00	-95.70
				Oman	4.90	-15.40	-58.90
				Qatar	3.88	-13.70	-34.30

Note: data from 11th September 2024 to 17th September 2024, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

Saudi annual inflation rate remained at 1.6% in August 2024

According to the General Authority for Statistics (GASTAT), Saudi Arabia's annual inflation rate remained steady at 1.6% YoY in August 2024, indicating the country's consistent economic stability and resilience.

(Source: Zawya)

Saudi Arabia's IPI increased 1.6% in July 2024

According to the General Authority for Statistics (GASTAT), Saudi Arabia's Industrial Production Index (IPI) grew by 1.6% YoY in July 2024 compared to the same period in 2023. This growth was driven by increased activity in the manufacturing sector, electricity, gas, steam, air conditioning supply, and water supply and waste management. GASTAT also highlighted a 4.6% YoY rise in the sub-index for manufacturing activity compared to July 2023. In contrast, the sub-index for mining and quarrying activities dropped by 0.8% YoY. Meanwhile, the electricity, gas, steam, and air conditioning supply sub-index saw a significant 8.2% YoY increase, and water supply, sewerage, waste management, and remediation activities grew by 1.1% YoY over July 2023.

(Source: Zawya)

Industrial sector drove Oman's GDP growth in Q1'24

According to the National Centre for Statistics and Information (NCSI), Oman's industrial sector experienced the highest growth in Gross Domestic Product (GDP) during Q1'24 compared to other sectors, reinforcing its role as a key component of economic diversification under Oman Vision 2040. The industrial sector grew by 9.2% at current prices in Q1 2024, with overall productivity increasing from OMR871mn to OMR951mn, representing 10% of the GDP at fixed prices. The results for basic petrochemical industries showed a 6.4% rise, increasing from OMR317.8mn to OMR338.2mn.

(Source: Zawya)

Qatar's real GDP is projected to grow by 1.8% in H2 of 2024, according to Fitch

According to Fitch Solutions, a global research and analytical platform, Qatar's real GDP is expected to witness a boost of 1.8% in 2024 as compared to 4.2% in 2022 and 1.2% in 2023. Market experts highlight that the primary drivers of this economic growth are the non-oil sectors throughout the country. However, this new forecast is slightly less optimistic than the previous projection of 2.2% and the consensus estimate of 2.1%. The downward revision to 1.8% for 2024 comes in response to weaker-than-expected growth in 2023 and a contraction in mining activity in H1'24.

(Source: Zawya)

Qatar's CPI rose by 1.15% in August 2024

Qatar's Consumer Price Index (CPI) for August 2024 reached 107.47 points, marking a 0.34% MoM increase compared to July 2024. On a year-on-year basis, the CPI rose by 1.15% when compared to August 2023.

(Source: Zawya)

Food prices in Kuwait surged by 30% since early 2024

According to Mishal Al Manea, head of the Kuwait Society for Consumer Protection, stated that increased demand and disruptions in the Red Sea have affected global shipping rates, leading to higher prices in Kuwait's local market.

Compared to last year, when shipping routes were normal, the surge in shipping and transportation costs, combined with rising global inflation, has resulted in a 25% to 30% increase in basic commodity prices in Kuwait. The ongoing Russia-Ukraine conflict has further exacerbated food price hikes, with some food items seeing increases of up to 28% this year.

(Source: Zawya)

Mashreq bank to sell stake in NeoPay for USD385mn

Mashreq bank has agreed to sell a 65% stake in NeoPay, its subsidiary IDFAA Payments Services LLC, to Arcapita Group Holdings Limited and Turkish fintech company Dgpays S.A.R.L. The transaction values the subsidiary at approximately USD385mn. NeoPay provides businesses with various payment processing services, including point-of-sale (POS) terminals, e-commerce, mobile payments, and other non-cash payment methods.

(Source: Zawya)

Saudi investment bank plans to issue a USD-denominated sukuk

Saudi Investment Bank (SAIB) is set to issue a USD denominated Tier I sukuk valued at up to USD1.5bn under its newly launched sukuk program. This offering will be available through a private placement for qualified investors. The exact value and terms of the issuance will be determined at a later stage subject to the market conditions.

(Source: Zawya)

Sobha Realty Completed a USD230mn Sukuk Tap, raising total to USD500mn

Sobha Realty has successfully executed a tap of USD230mn on its existing sukuk, bringing its total sukuk issuance to USD500mn. This latest tap extends the developer's initial sukuk issuance of USD300mn from July 2023, which had an outstanding balance of USD270mn. The tap maintains the original sukuk terms, ensuring stability for investors. Strong demand has led to a significant price tightening of 95bp, with about 25% of the interest originating from global investors, indicating robust confidence in Sobha Realty's financial instruments.

(Source: Zawya)

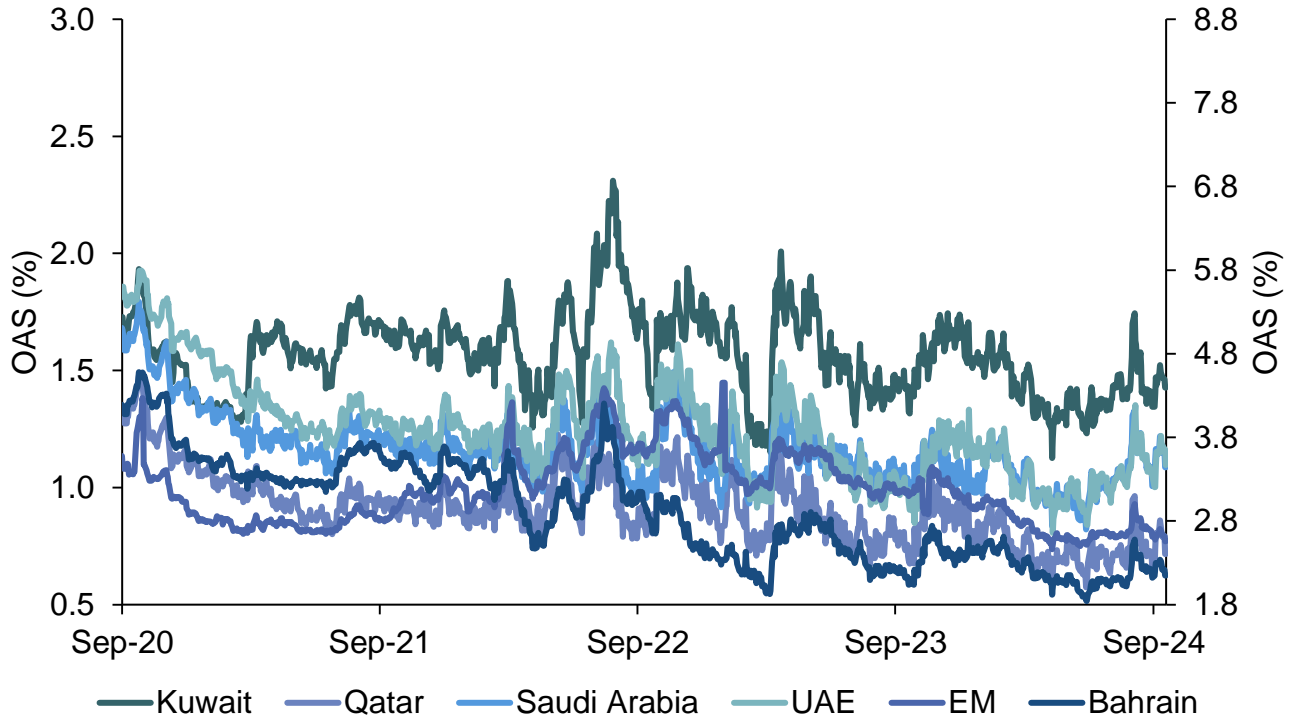
GCC bond issuances table

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
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	-

[^]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

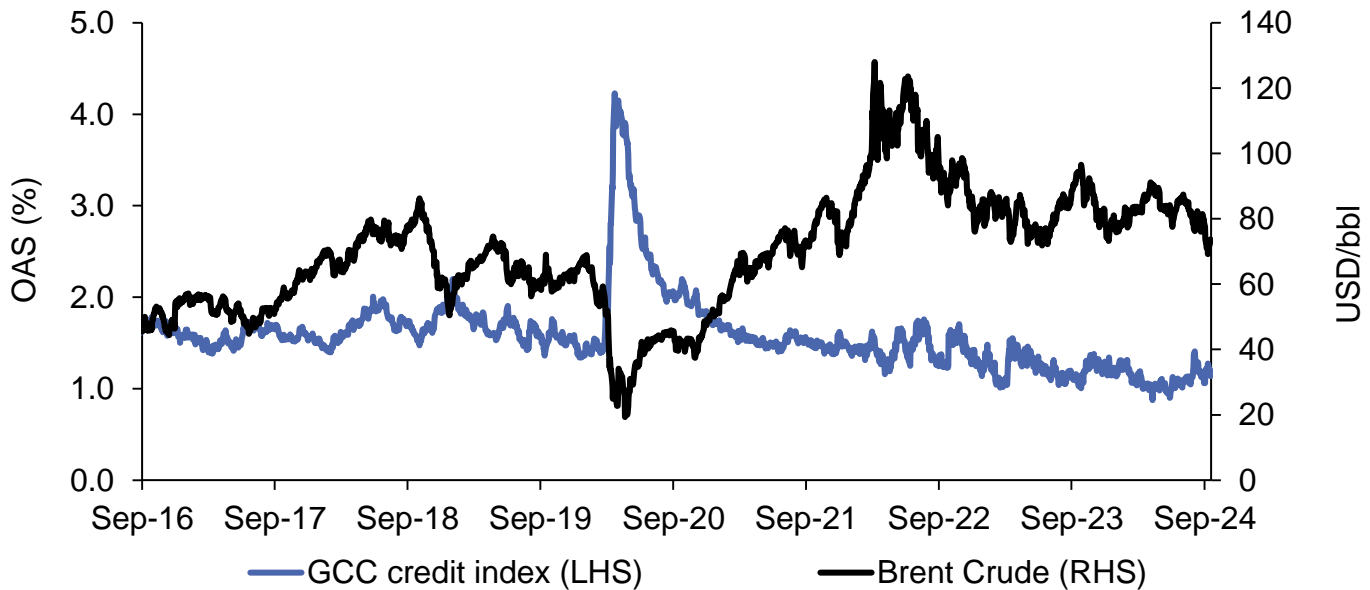
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

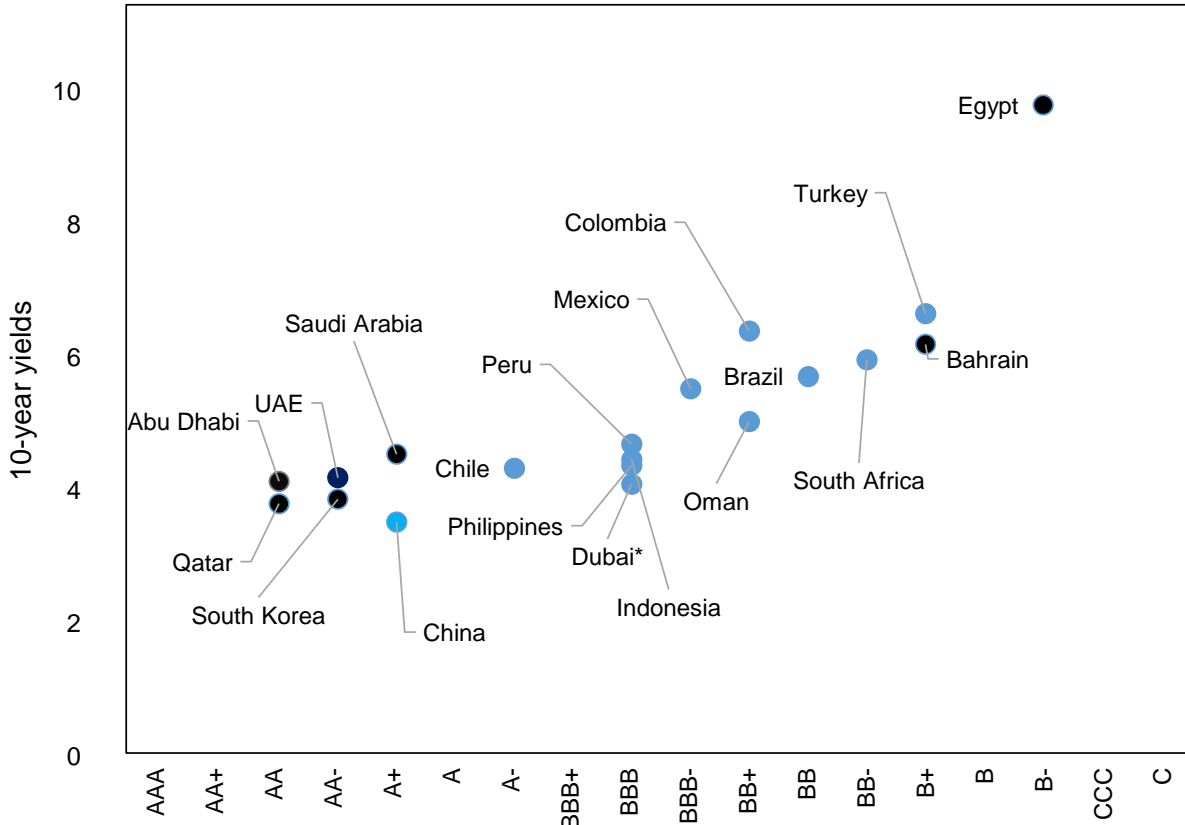
GCC corporate OAS spread versus Brent Crude



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

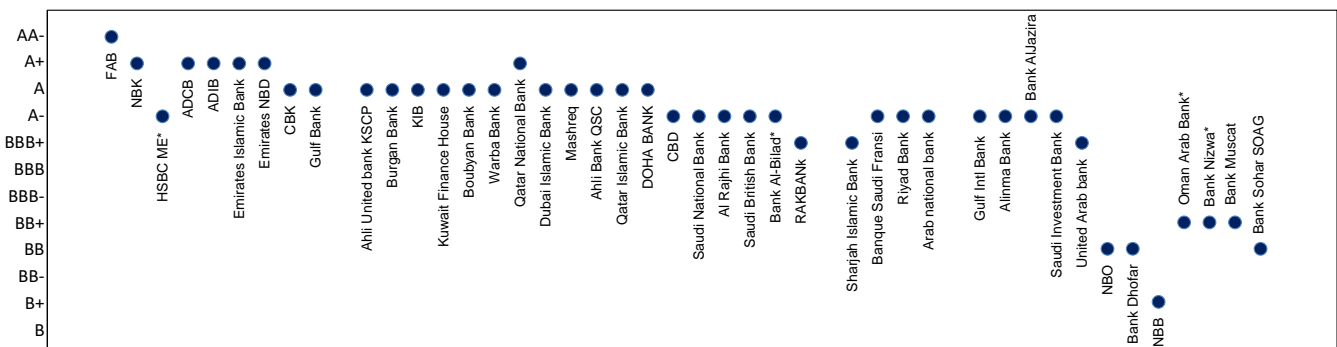
GCC Sovereign Rating

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

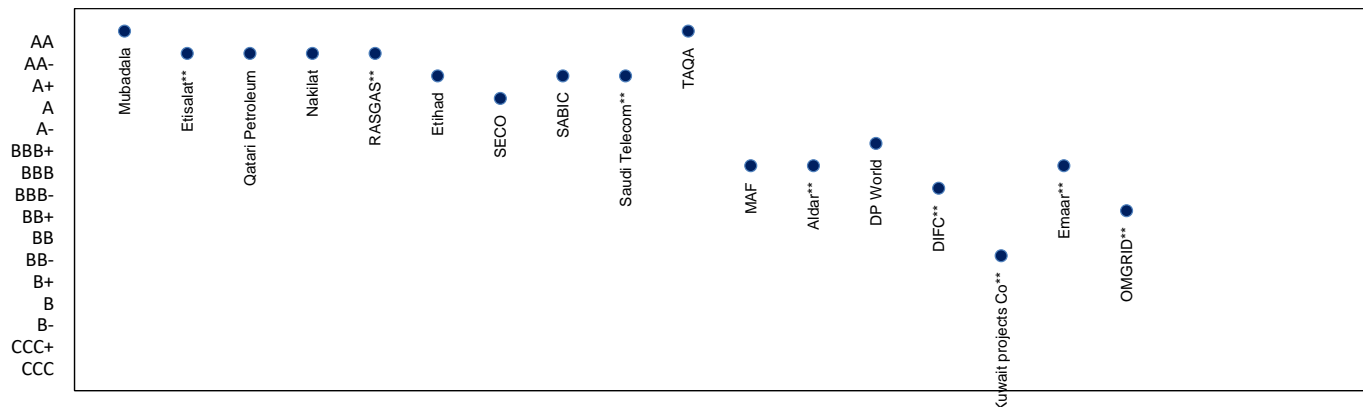
GCC Financials



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

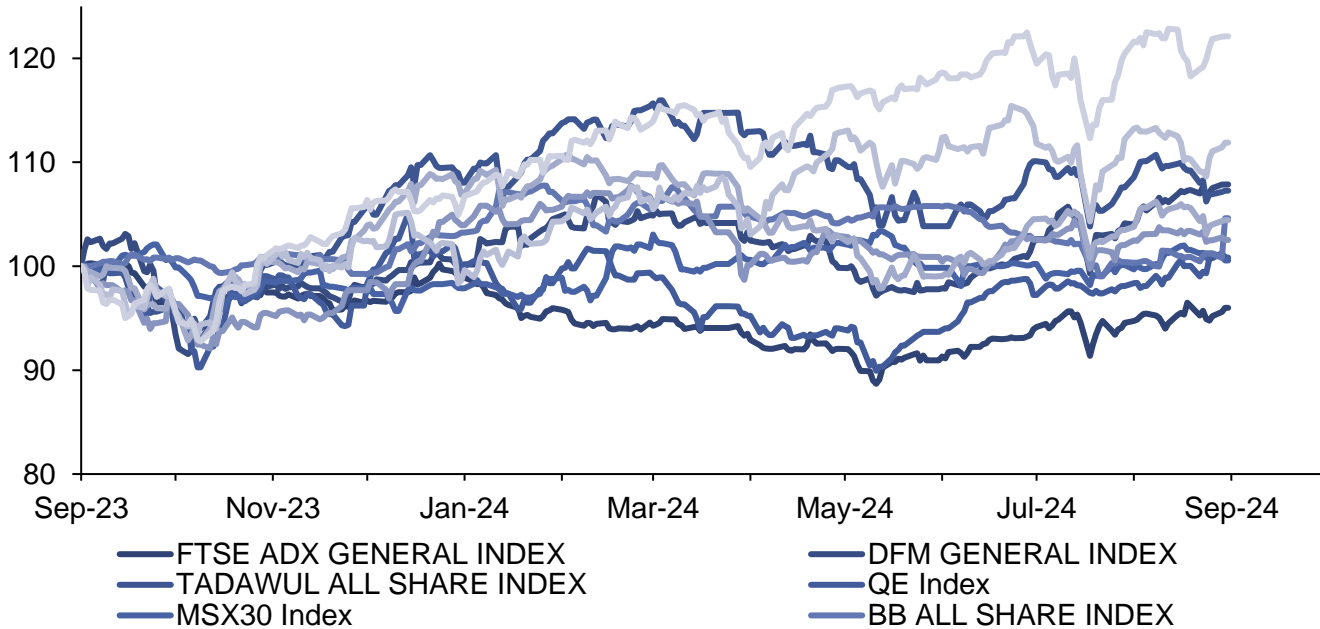
Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	15.4x	1.4%	2.1%
DFM	8.5x	-	5.5%
Tadawul	17.5x	5.7%	3.6%
DSM	11.6x	7.4%	4.1%
MSM30	9.0x	-40.0%	5.3%
BHSE	7.6x	-	8.6%
KWSE	13.2x	4.3%	2.8%
MSCI GCC	14.4x	6.4%	3.9%
MSCI EM	13.0x	15.4%	2.7%
MSCI ACWI	19.3x	9.9%	1.9%

Notes: *data as of 18 September 2024

Source: Bloomberg, ADCB

GCC equity 1Y Performance

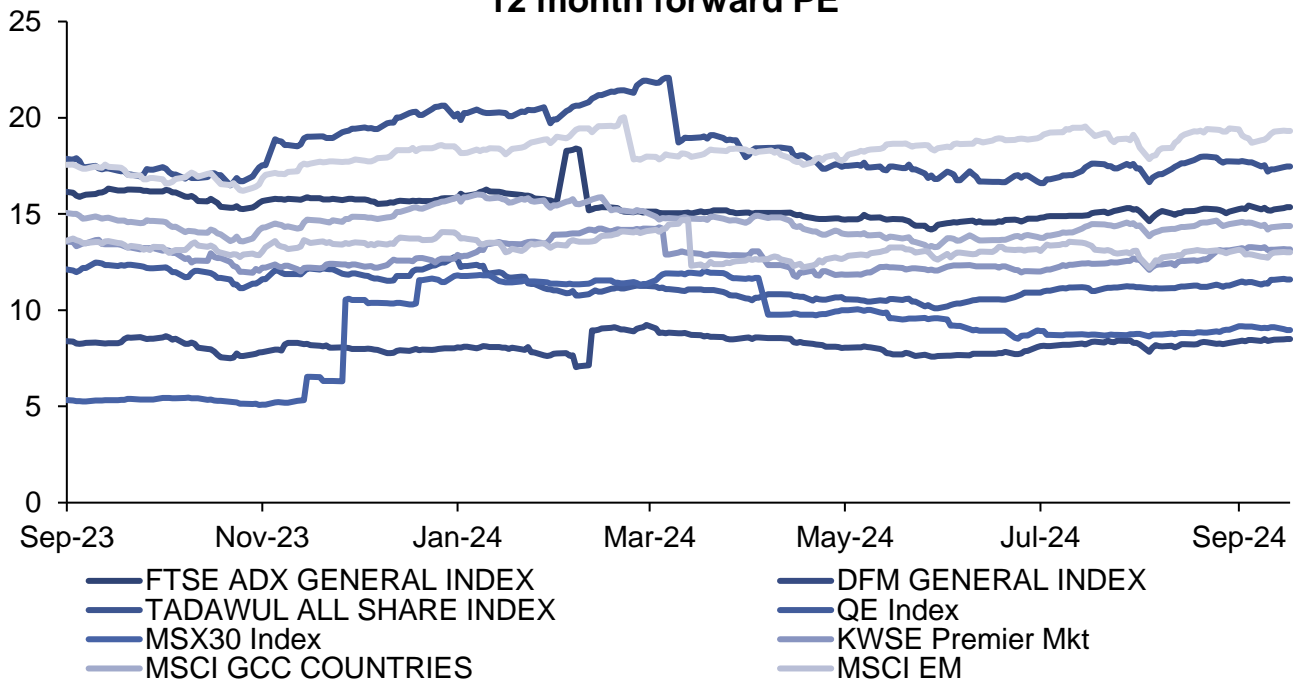
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

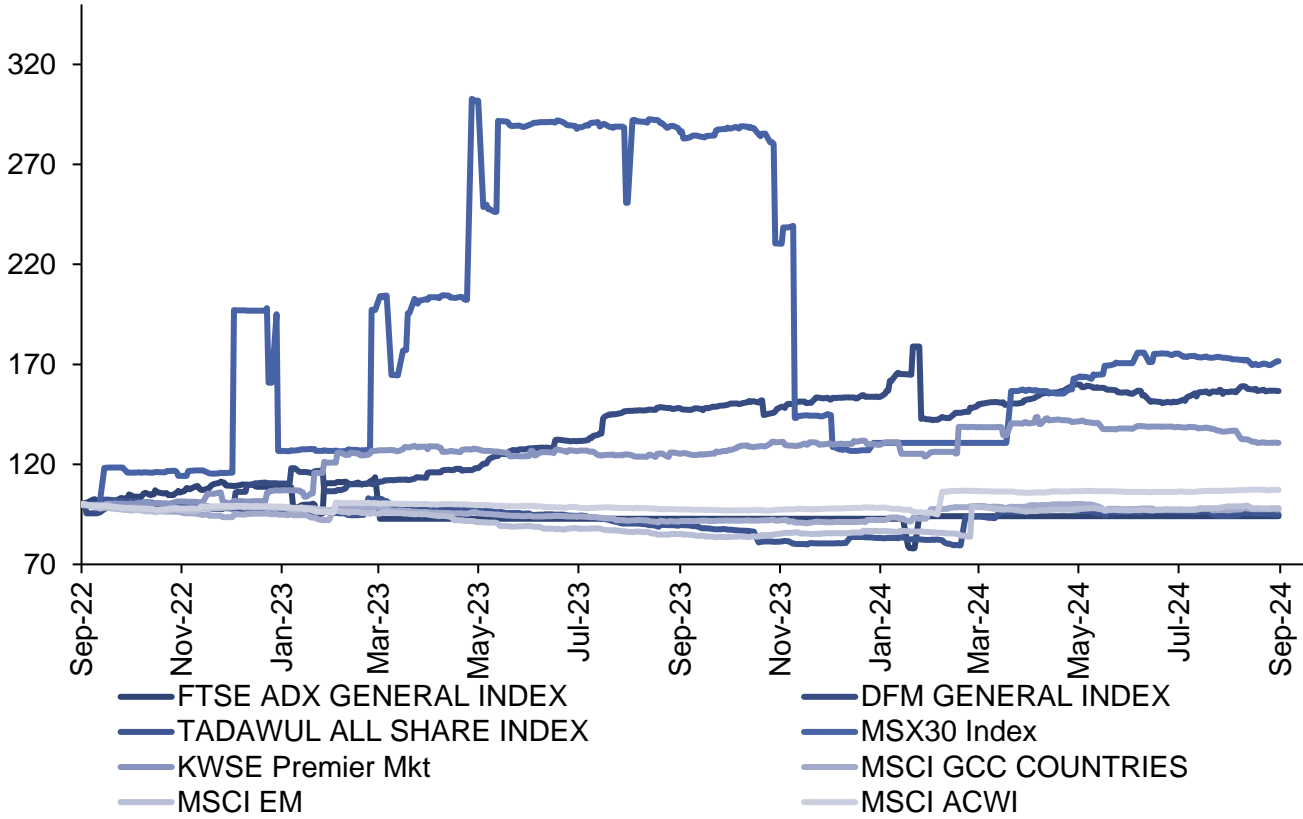
12 month forward PE



Source: Bloomberg, ADCB

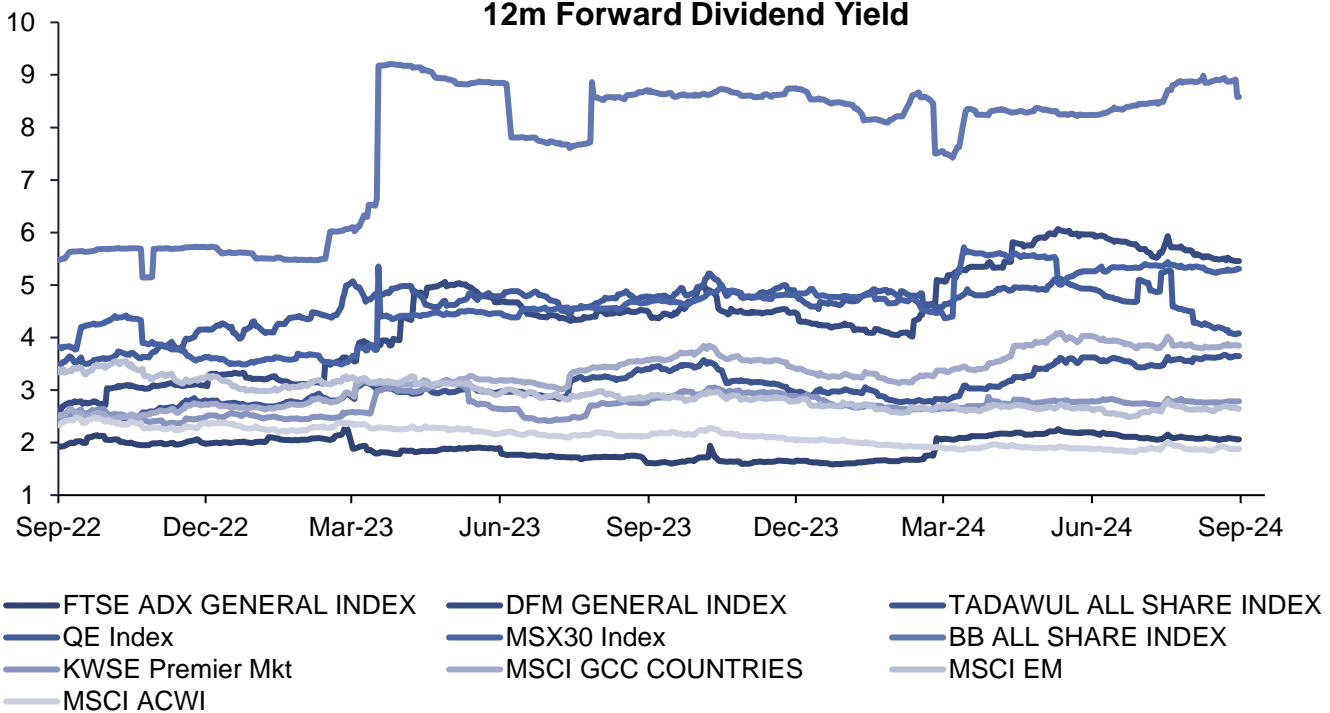
GCC equity 12m forward EPS

12 month forward EPS (indexed to 100 at start)



GCC equity 12m forward dividend yields

12m Forward Dividend Yield



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