

GCC market performance and activity summary

GCC fixed income

Global benchmark bond index posted marginal declines for the week ending 6th January. The Global Aggregate index declined (-0.09%) and Global Treasuries also fell (-0.10%). In credit, Global corporate IG index posted marginal declines, while Global HY index posted gains last week. EM USD bonds recorded marginal gains, EM LatAm (+0.10%) led the performance. However, EMEEA declined (-0.03%).

All GCC bond indices declined over the week. Saudi Arabia, Qatar, and Oman underperformed the most. 5Y sovereign CDS spreads widened across all GCC markets. In the USD sovereign market, the 10yr bond yields rose across all GCC markets.

GCC equities

GCC regional indices ended mixed – Oman outperformed the most (+2.69%). Dubai and Qatar posted gains (+2.24%) and (+2.11%), respectively. Saudi Arabia, Kuwait, and Bahrain recorded losses while Abu Dhabi ended flat. Overall, MSCI GCC posted declines (-0.22%), underperforming both MSCI EM and MSCI ACWI.

GCC key macro developments

- ▶ UAE marks two decades of transformation as real GDP expands by 94%.
- ▶ UAE non-oil private sector maintained robust growth in December – PMI.
- ▶ Saudi Arabia's non-oil private sector remained firmly in growth territory in December – PMI.
- ▶ Saudi Arabia to fully open financial market to foreign investors.
- ▶ Oman's inflation remained below 1% in 2025.
- ▶ Bahrain recorded a 4% real GDP growth in Q3 of 2025.

GCC corporate news

- ▶ Emirates NBD raised USD1bn from blue and green bonds; orderbook over USD2bn.
- ▶ First Abu Dhabi Bank opened books for 5-Year USD benchmark bond.
- ▶ Al Rajhi Bank mandated banks for USD AT1 sukuk offering.
- ▶ Saudi Arabia's raised USD11.5bn from its first bons offering of the year.
- ▶ UAE's Aldar Properties sets IPTs at 6.375% for USD benchmark hybrid notes.
- ▶ Dubai Aerospace Enterprise mandated a 7-year USD Reg S bond.

GCC Weekly Market Performance

Index				Rates			
Fixed Income	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
Global Agg	500.9	-0.09	8.30	Saudi	4.88	2.25	-53.46
Global Treasuries	208.2	-0.10	6.96	UAE	3.63	15.55	-81.07
EM USD Agg TR	1387.3	0.03	11.06	Kuwait	3.56	0.00	-37.50
EM LatAm TR	1282.0	0.10	13.18	Bahrain	4.98	-0.01	-70.51
EM EMEA TR	408.9	-0.03	10.93	Oman	4.41	-	-50.50
EM Asia TR	704.9	0.05	8.56	Qatar	3.90	-7.50	-75.00
Bahrain TR	223.0	-0.06	9.74	US SOFR	3.70	-17.00	-70.00
Oman TR	172.9	-0.12	10.52	5Y Sov. CDS	Latest	-1w (bp)	YTD (bp)
Kuwait TR	167.9	-0.04	7.04	Saudi Arabia	68.68	0.55	-3.88
Qatar TR	148.7	-0.15	8.04	Abu Dhabi	29.77	1.27	14.13
Saudi Arabia TR	153.5	-0.18	8.79	Dubai	54.24	2.70	8.50
UAE TR	154.9	-0.04	8.65	Kuwait	54.03	0.5	0.5
Equity	Latest	-1w %	YTD %	Bahrain	189.92	1.51	-1.65
ADX	9988.9	0.04	7.23	Oman	75.49	0.59	26.77
DFM	6166.1	2.24	19.97	Qatar	28.49	0.37	15.55
Tadawul	10290.8	-1.91	-14.97	10Y yield	Latest	-1w (bp)	YTD (bp)
DSM	10989.5	2.11	3.96	Saudi Arabia	4.73	6.50	-67.10
MSM30	6033.3	2.69	31.74	Abu Dhabi	4.25	1.80	-77.40
BHSE	2065.3	-0.06	4.35	Dubai	4.04	3.70	-79.10
KWSE	9448.9	-0.62	20.42	Bahrain	6.28	3.40	-68.80
MSCI GCC	733.0	-0.22	0.94	Oman	4.82	3.30	-91.00
MSCI EM	1467.2	4.47	36.99	Qatar	4.21	2.20	-62.50
MSCI ACWI	1035.2	2.02	23.24				

Note: data from 31st December 2025 to 6th January 2026, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

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Key developments

▶ UAE marks two decades of transformation as real GDP expands by 94%

Over the past 20 years, the UAE government has achieved major milestones, establishing a globally recognized development model under the leadership of His Highness Sheikh Mohammed bin Rashid Al Maktoum. During this period, real GDP expanded by 94%, rising from AED918bn (USD250bn) in 2006 to more than AED1.77trn (USD482bn) in 2024. Non-oil foreign trade surged by 599%, increasing from AED415bn in 2006 to nearly AED3trn in 2024, while non-oil exports recorded exceptional growth of 1,827%, climbing from AED29bn to AED559bn. Government spending exceeded AED1.1trn over the last two decades, with the UAE ranking first globally in the efficiency of government spending. Meanwhile, the federal budget expanded by 167%, rising from under AED27bn in 2006 to AED90bn by 2026. Additionally, Education remained a central priority, with student enrolment reaching 1.51mn across 2,658 schools nationwide. Education spending exceeded AED170bn, while healthcare, social development, and housing programmes also received substantial allocations. Labour market reforms led to strong growth in employment, skilled labour participation, and women's workforce participation. Foreign direct investment inflows increased from AED47bn in 2006 to AED168bn in 2024. (Source: Zawya).

▶ UAE non-oil private sector maintained robust growth in December - PMI

The UAE's non-oil private sector maintained robust growth in December, although the pace of expansion moderated slightly from the previous month. The UAE Purchasing Managers' Index (PMI) fell to 54.2 in December, a little lower than its nine-month high of 54.8 in November, but well above the 50.0 point separating growth from contraction. The index remained closely aligned with its long-term average of 54.3. In Dubai, the PMI dipped slightly to 54.3 in December, after registering a reading of 54.5 the previous two months, but output levels increased at the sharpest pace since March 2024. (Source: Zawya).

▶ Saudi Arabia's non-oil private sector remained firmly in growth territory in December - PMI

Saudi Arabia's non-oil private business sector remained firmly in growth territory in December although the pace of expansion eased to its slowest in four months, and new order growth continued to decelerate. The Purchasing Managers' Index (PMI) fell from 58.5 in November to 57.4 in December, indicating a cooling of growth for the second consecutive month. Despite the slowdown, the headline PMI reading was slightly stronger than its long-run average of 56.9. PMI readings above 50.0 indicate growth in activity, while those below point to contraction. (Source: Zawya)

▶ Saudi Arabia to fully open financial market to foreign investors

Saudi Arabia will open its financial market to all foreign investors starting February 1, following regulatory amendments approved by the Capital Markets Authority (CMA). The changes remove the Qualified Foreign Investor framework, which previously restricted direct access to investors meeting specific criteria. Under the new rules, international investors from around the world will be able to invest directly in Saudi capital markets. The CMA said the move aims to boost foreign inflows, enhance liquidity, and deepen market participation. The decision forms part of the Kingdom's broader economic diversification strategy as it seeks to reduce reliance on oil revenues. Saudi regulators have also taken steps to broaden foreign access by allowing international investors to buy shares in listed companies that own real estate in Mecca and Medina, while maintaining restrictions on direct land ownership. Market sentiment improved last year following reports that foreign ownership caps on listed companies could be further eased. By the end of the third quarter of last year, international investors held SAR590bn (USD157bn) in Saudi capital market assets, underscoring growing global interest in the Kingdom's financial markets. (Source: Zawya).

► **Oman's inflation remained below 1% in 2025**

According to Oman's Ministry of Economy, Oman's inflation rate remained moderate and in line with official projections throughout 2025, with average inflation estimated at around 1%. Consumer Price Index (CPI) inflation averaged 0.94% between January and November 2025. The ministry noted that inflationary pressures remained contained at the local level, despite global uncertainties stemming from trade policy shifts and higher customs duties. It attributed Oman's stable inflation performance during the Tenth Five-Year Plan (2021–2025) to proactive government measures, including targeted support for food commodities and essential services, which helped cushion the impact of global price increases while preserving purchasing power. Moderate inflation also supported economic growth, particularly as the Central Bank of Oman pursued monetary easing in line with US Federal Reserve decisions and the rial's peg to the US dollar. Policy rates on repo operations were gradually reduced from 5% at the end of 2024 to 4.25% by December 2025, improving liquidity and reducing borrowing costs. By October 2025, total bank credit reached OMR34.7bn, up 9%, while private sector credit rose by 5.8% to OMR28.3bn. CPI data showed declines in food prices and stability in housing-related costs, while transport, services, and hospitality recorded moderate increases. Meanwhile, producer prices fell by 4.3% YoY by Q3 2025, driven by lower mining and manufacturing costs, even as import prices rose due to higher costs for beverages, tobacco, machinery, and transport equipment. (Source: Zawya).

► **Bahrain recorded a 4% real GDP growth in Q3 of 2025**

Bahrain's economy expanded by 4% in real terms and 4.5% at current prices in Q3 of 2025 compared with the same period last year, according to data from the Information & eGovernment Authority. Non-oil GDP grew by 3.1% at constant prices and 4.9% at current prices, while oil GDP rose by 9.3% in real terms. All major economic sectors recorded positive growth during the quarter. Real estate activities expanded by 5.4%, financial and insurance services grew by 5.0%, education by 4.8%, and transport and storage by 4.4% at constant prices, reflecting broad-based economic momentum. (Source: Zawya).

► **Emirates NBD raised USD1bn from blue and green bonds; orderbook over USD2bn**

Emirates NBD Bank has collectively raised USD1bn from its blue and green sustainability-linked bonds, with the orderbook in excess of USD2bn. The 3-year blue bond raised USD300mn, with a 4.195% coupon and a spread set at 65bp over UST from initial price thoughts in the +95bp. The bond carried a 4.195% yield with a re-offer price at par. The 5-year green bond raised USD700mn, with the spread tightened to T+80 bps from IPTs in the T+110 bp. The bond carried a 4.529% coupon, with a similar yield and a re-offer price at par. The collective orderbook was in excess of USD2.15bn, with a USD650mn allocation for the 3-year blue bond and USD1.5bn for the 5-year green bond. The senior unsecured Reg S Eurobond offerings come under ENBD's USd20bn Euro Medium Term Note Programme, with an expected rating of A1 by Moody's and A+ by Fitch. The bonds will be listed on Nasdaq Dubai and Euronext Dublin. (Source: Zawya).

► **First Abu Dhabi Bank opened books for 5-Year USD benchmark bond**

First Abu Dhabi Bank PJSC (FAB), has opened books for a new 5-year USD benchmark bond under its USD20bn Euro Medium Term Note Programme. Initial price thoughts (IPTs) are set at UST +95bp, with the coupon to be determined. The notes, which will be listed on the London Stock Exchange, will pay a fixed rate on a semi-annual basis, following a 30/360-day count convention. The senior unsecured notes, issued in Regulation S format, are expected to carry the same high-grade ratings as the issuer. (Source: Zawya).

▶ **Saudi Arabia's raised USD11.5bn from its first bons offering of the year**

Saudi Arabia raised USD11.5bn from its first bond offering of the year, with an orderbook in excess of USD28bn. The kingdom, which became the first GCC sovereign to tap international debt markets in 2026, saw high demand for its multi-tranche offering across 3, 5, 10 and 30-year tenors. The 3-year bond raised USD2.5bn, with a spread set at +65bp over US Treasuries, tightened from IPTs in the T+95bp area. The shortest tenor had a 4.125% coupon, with a yield of 4.171%, and a reoffer price of 99.872. The 5 and 10-year tranches saw a USD2.75bn raise each, with the shorter tenor priced at T+75bp from IPTs of T+100bp, with a 4.375% coupon, a 4.455% yield and a re-offer price of 99.645. The 10-year tranche came in at T+85bp from IPTs in the +110bp area, with a 4.875% coupon, a 5.009% yield and a re-offer price of 98.956. The 30-year tranche witnessed the highest raise at USD3.5bn, priced at T+110bps from IPTs in the T+140bp area, with a coupon of 5.875%, with a 5.948% yield and a re-offer price of 98.984. The combined order book stood in excess of USD27.7bn at launch, which later peaked to USD28.3bn at pricing, split between USD5. for the 3-year tranche, USD6. for the 5-year, USD8. for the 10-year, and USD8.4bn for the 30-year. (Source: Zawya).

▶ **Al Rajhi Bank mandated banks for USD AT1 sukuk offering**

Saudi Arabia's Al Rajhi Bank has mandated banks to arrange a series of investor calls for a potential USD-denominated perpetual Additional Tier 1 (AT1) social sukuk issuance with a non-call period of six years (PerpNC6). The proposed Reg S issuance will be arranged through Al Rajhi Tier 1 Sukuk Limited, with proceeds earmarked for refinancing purposes. (Source: Zawya).

▶ **UAE's Aldar Properties sets IPTs at 6.375% for USD benchmark hybrid notes**

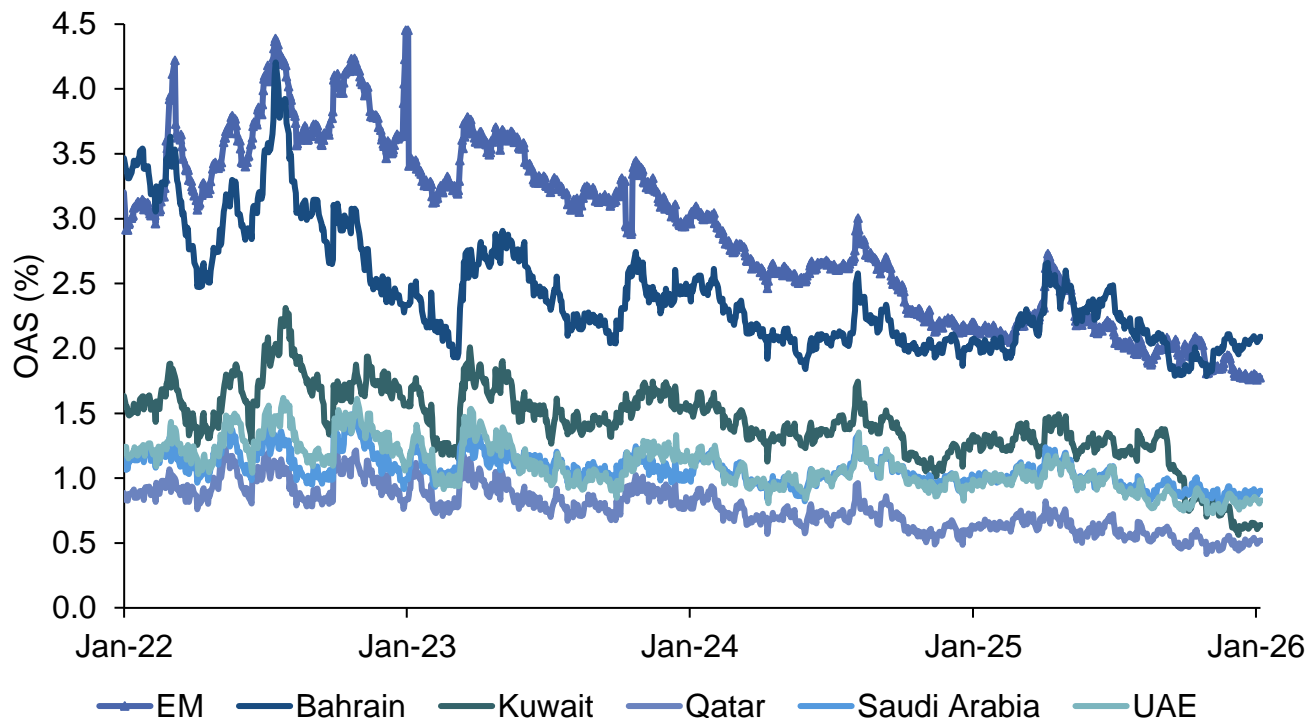
Aldar Properties PJSC has launched initial price thoughts (IPTs) of around 6.375% for its planned USD benchmark hybrid notes offering under the Rule 144A/Regulation S format. The notes carry a 30.25-year tenor with a non-call period of 7.25 years and will be listed on the Global Exchange Market of Euronext Dublin, followed by the Abu Dhabi Securities Exchange (ADX). The coupon will reset after the first reset date and every subsequent 5 years to the prevailing US Treasury rate plus the initial margin and a 100bp step-up. The hybrid instrument is rated Baa3 by Moody's, while the issuer holds a Baa2 (Stable) rating. The notes qualify for 50% equity credit under Moody's Basket M and rank as direct, unsecured and subordinated obligations of the issuer. Proceeds will be used for general corporate purposes. (Source: Zawya).

▶ **Dubai Aerospace Enterprise mandated a 7-year USD Reg S bond**

Dubai Aerospace Enterprise Ltd (DAE), rated Baa2 (Stable) by Moody's and BBB (Stable) by Fitch, has mandated a benchmark USD-denominated Regulation S senior unsecured 7-year bond. The notes will be issued under DAE Funding LLC's Global Medium Term Note Program with an expected rating of Baa2 by Moody's and BBB by Fitch. The benchmark issuance will be listed on Nasdaq Dubai with funds deployed for general corporate purposes. (Source: Zawya).

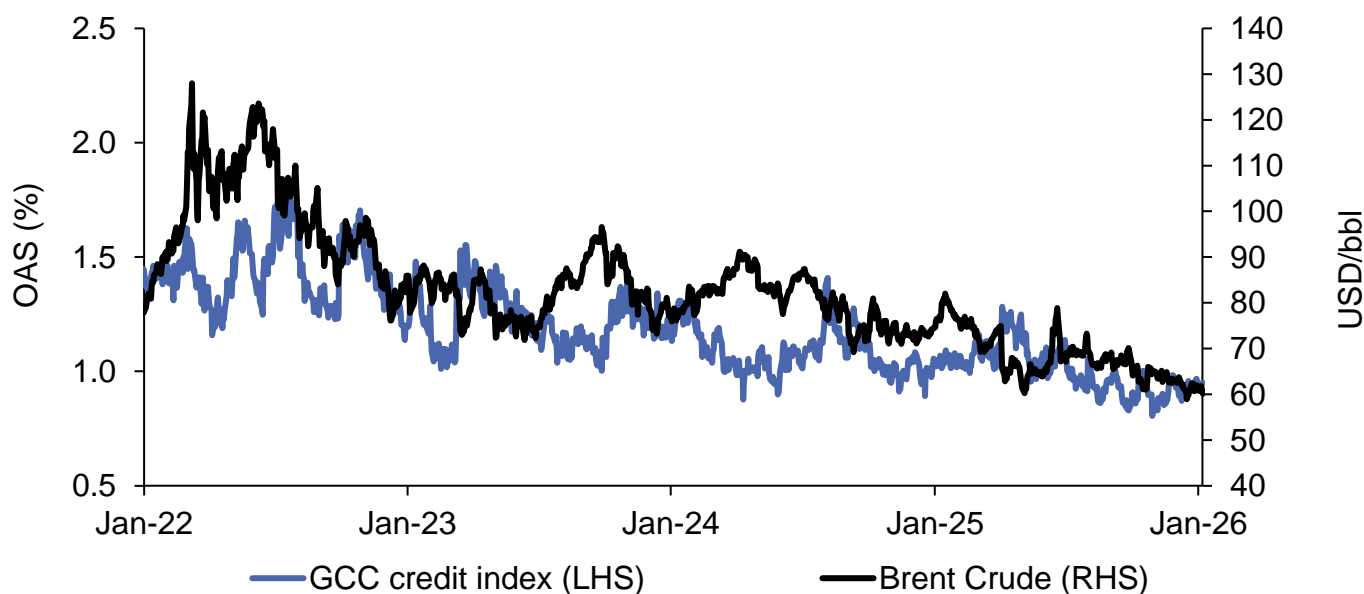
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

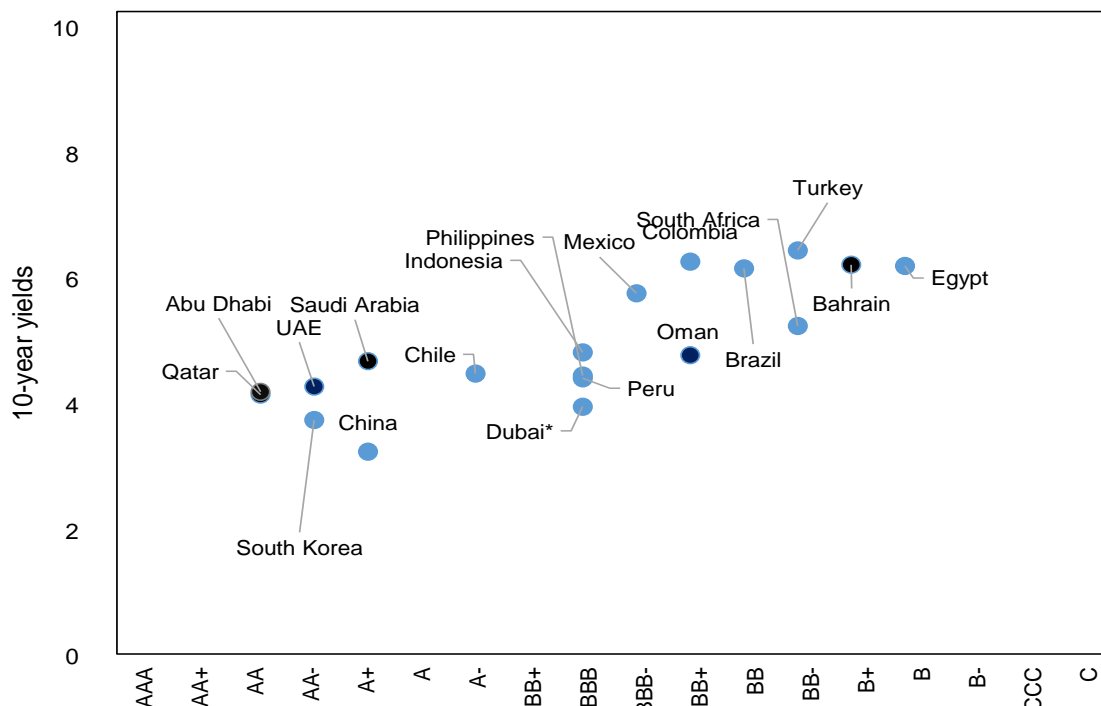
GCC corporate OAS spread versus Brent Crude



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

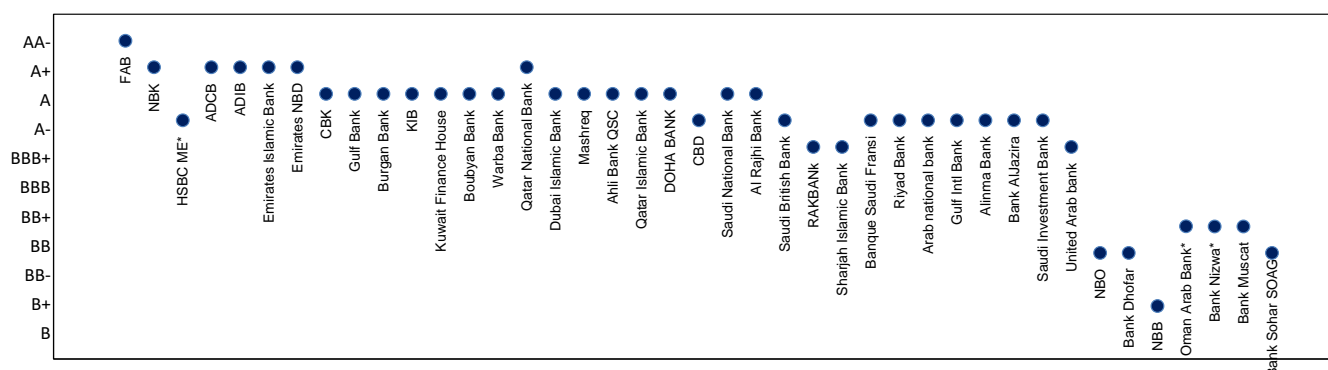
GCC Sovereign Rating

Country	Saudi Arabia	Abu Dhabi	Dubai*	Kuwait	Bahrain	Oman	Qatar	Egypt
Moody's	Aa3	Aa2	Baa2	A1	B2u	Baa3	Aa2	Caa1
Fitch	A+	AA	-	AA-	B+	BBB-	AA	B

Note: *DEWA rated used as proxy for Dubai

GCC Financials Credit Rating

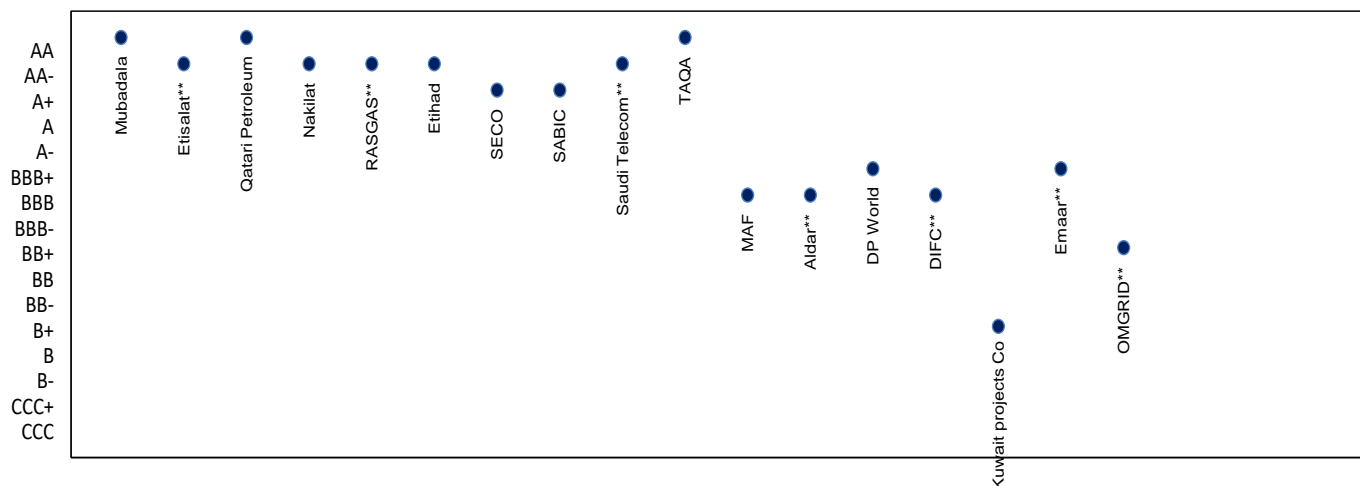
GCC Financials



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

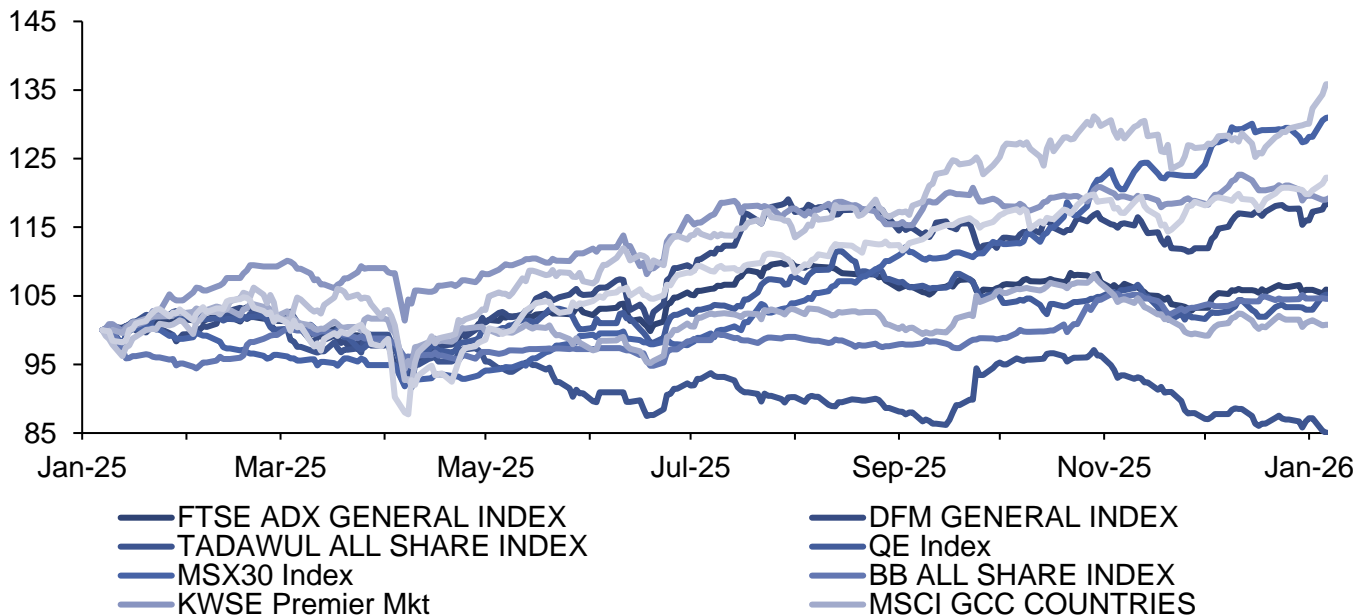
GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	11.7x	38.4%	2.3%
DFM	11.3x	-	4.6%
Tadawul	15.6x	3.9%	3.8%
DSM	12.2x	-1.4%	4.5%
MSM30	10.5x	-	5.1%
BHSE	14.8x	-	9.3%
KWSE	18.0x	-12.3%	3.4%
MSCI GCC	13.3x	11.5%	4.1%
MSCI EM	16.3x	12.2%	2.2%
MSCI ACWI	22.1x	11.8%	1.6%

Notes: *data as of 07 January 2026 | Source: Bloomberg, ADCB

GCC equity 1Y Performance

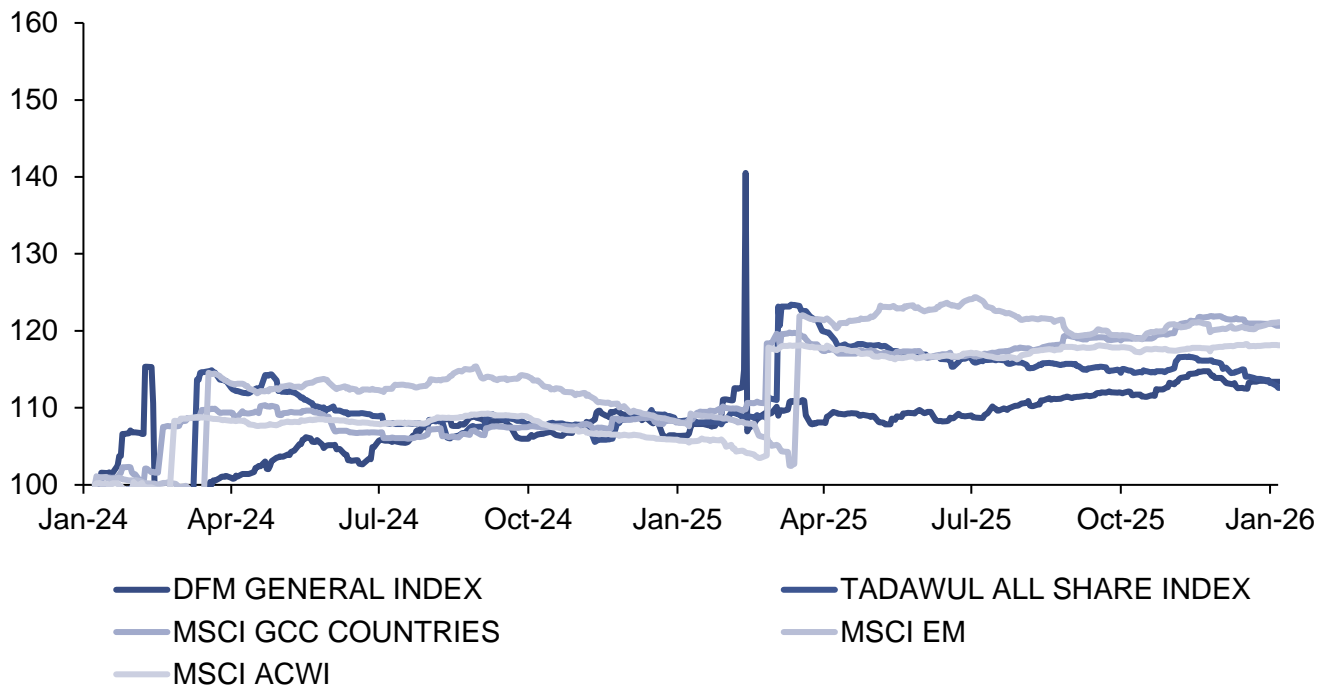
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

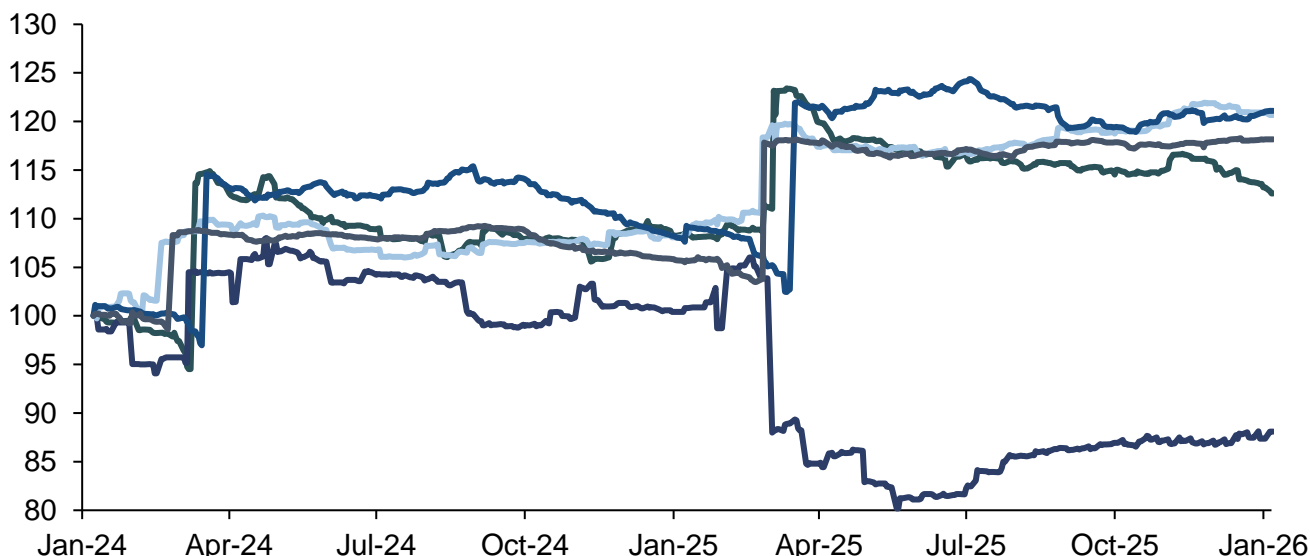
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

12 month forward EPS (indexed to 100 at start)

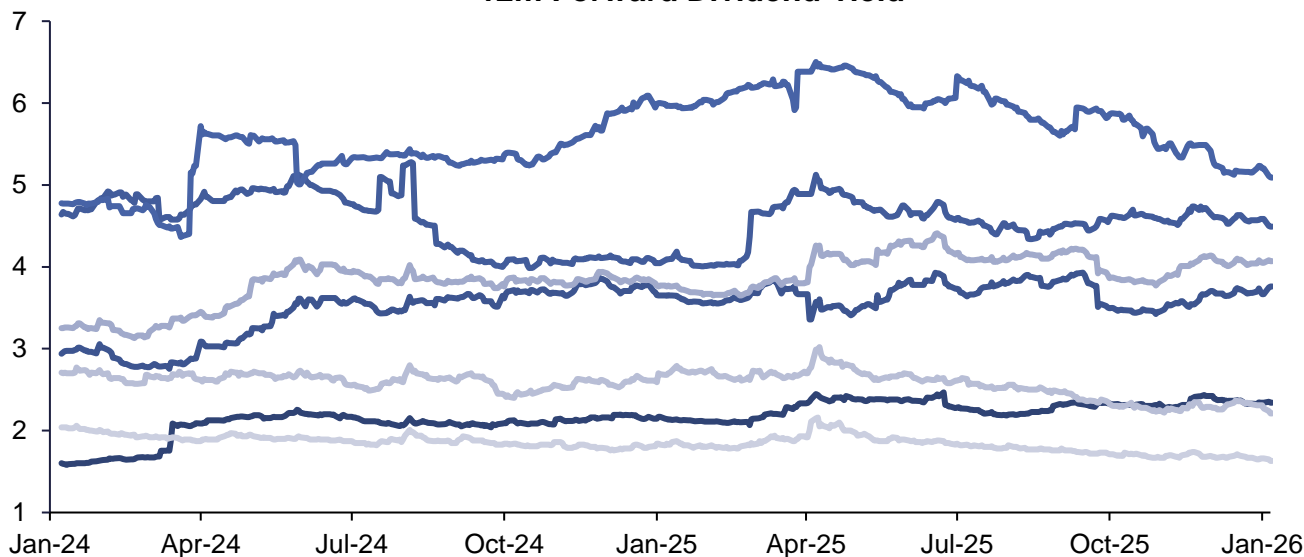


- TADAWUL ALL SHARE INDEX
- MSCI GCC COUNTRIES
- MSCI ACWI
- KWSE Premier Mkt
- MSCI EM

Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



- FTSE ADX GENERAL INDEX
- TADAWUL ALL SHARE INDEX
- QE Index
- MSX30 Index
- MSCI GCC COUNTRIES
- MSCI EM
- MSCI ACWI

Source: Bloomberg, ADCB

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