

GCC market performance and activity summary

GCC fixed income

Global benchmark bond index recorded gains for the week ending 1st July. UST yields fell last week as market expectations for rate cuts rose on mixed economic data and increased pressure for cuts from the White House. In credit, Global corporate IG and Global HY posted gains over the week. EM bonds recorded positive gains over the week, led by EM LatAm.

GCC bond indices posted gains with high-quality names outperforming the most. The 5yr CDS spreads tightened across all the GCC market with the decline in oil prices and reduction in geopolitical risk premium. Similarly, in the USD sovereign market, the 10yr USD bond yields fell across all GCC countries with the largest decline seen in Dubai.

GCC equities

Most regional indices registered gains with Oman being the only exception. Kuwait was the best performer. Overall, MSCI GCC outperformed MSCI EM but underperformed MSCI ACWI.

GCC key developments:

- ▶ GCC inflation declined to 1.7% in 2024.
- ▶ Saudi Arabia FDI inflows rose to USD5.9bn in Q1'25, unemployment declined to 7.8%.
- ▶ **IMF upgraded Saudi Arabia's 2025 GDP growth forecast to 3.5%.**
- ▶ **Oman's economy expanded by 4.7% in Q1'25, reaching USD25bn.**
- ▶ Manufacturing sector contributed 10% to Oman's GDP in 2024.

GCC issuances/IPO:

- ▶ Dar Al-Arkan priced its USD750mn Sukuk at 7.375%.
- ▶ **RAKBANK mandated banks for USD300mn perpetual AT1 issuance.**
- ▶ **National Bank of Kuwait mandated banks for perpetual AT1 bond.**
- ▶ Qatar's Commercial Bank issued 3-Year bonds at 4.9%.
- ▶ Qatar Insurance Company mandated banks for Tier 2 capital issuance.

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GCC Weekly Market Performance

Index				Rates			
	Latest	-1w %	YTD %		Latest	-1w (bp)	YTD (bp)
Fixed Income				3M interbank			
Global Agg	498.3	0.84	7.75	Saudi	5.33	-30.63	-8.44
Global Treasuries	210.4	0.91	8.11	UAE	4.12	-15.73	-32.43
EM USD Agg TR	1312.6	0.65	5.09	Kuwait	4.06	0.00	12.50
EM LatAm TR	1201.9	0.80	6.10	Bahrain	4.06	-154.37	-162.53
EM EMEA TR	385.9	0.71	4.72	Oman	4.58	0.00	-33.75
EM Asia TR	678.0	0.36	4.43	Qatar	4.65	-	0.00
Bahrain TR	210.6	0.28	3.63	US SOFR	4.45	9.00	5.00
Oman TR	164.5	0.48	5.16	5Y Sov. CDS			
Kuwait TR	162.7	0.24	3.68	Saudi Arabia	67.42	-4.30	-2.62
Qatar TR	142.6	0.52	3.62	Abu Dhabi	35.54	-2.00	8.37
Saudi Arabia TR	147.5	0.45	4.50	Dubai	62.69	-1.38	0.05
UAE TR	148.7	0.47	4.32	Kuwait	67.09	-1.50	-7.70
Equity				Bahrain	207.20	-9.76	-18.93
ADX	9916.1	1.20	6.51	Oman	101.61	-7.44	0.65
DFM	5669.2	1.41	10.46	Qatar	35.44	-2.00	8.60
Tadawul	11102.9	1.35	-8.11	10Y yield			
DSM	10699.2	0.52	1.20	Saudi Arabia	4.95	-6.20	-45.10
MSM30	4524.8	-0.01	-1.31	Abu Dhabi	4.47	-6.80	-55.00
BHSE	1950.3	1.20	-1.78	Dubai	4.36	-11.70	-47.20
KWSE	9083.5	1.90	16.51	Bahrain	6.92	-6.70	-4.50
MSCI GCC	731.2	1.30	0.70	Oman	5.15	-7.90	-58.30
MSCI EM	1229.3	0.70	14.78	Qatar	4.52	-6.20	-31.90
MSCI ACWI	917.4	1.69	9.22				

Note: data from 25th June 2025 to 1st July 2025, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

Key developments

► **GCC inflation declined to 1.7% in 2024**

The average inflation rate across the GCC countries declined to 1.7% in 2024, down from 2.2% in 2023, according to the Statistical Centre for the Cooperation Council for the Arab Countries of the Gulf (GCC-Stat). The data revealed notable disparities across expenditure categories. Housing costs rose the most, increasing by 5.7%, followed by restaurants and hotels, and recreation and culture, both up by 1.8%. Other categories such as education (+1.7%), food and beverages (+1.5%), and miscellaneous goods and services (+1.1%) also saw moderate increases. Conversely, transportation recorded the steepest decline at -2.0%, while health edged down 0.2%. Declines were also noted in clothing and footwear (-0.7%), communication (-1.0%), tobacco (-1.1%), and furniture (-1.6%). Inflation in the GCC has remained relatively contained over the past five years, fluctuating from 1.7% in 2020, peaking at 3.1% in 2022, and then easing back to 1.7% in 2024. The moderation reflects the success of fiscal and monetary policies in stabilizing prices, especially after the inflation spike in 2022, and highlights the region's relative resilience compared to global markets.

(Source: Zawya)

► **Saudi Arabia FDI inflows rose to USD5.9bn in Q1'25 and unemployment declined to 7.8%**

Saudi Arabia attracted SAR22.2bn (USD5.9bn) in foreign direct investment (FDI) in Q1'25, marking a 44% YoY increase, according to the General Authority for Statistics. However, FDI was 7% lower compared to Q4'24. Despite the quarterly dip, the data signals continued investor confidence amid structural reforms and economic diversification efforts. In the labour market, the unemployment rate for individuals aged 15 and above fell to 7.8%, down from 8.5% in Q4'24. The unemployment rate among Saudi's also declined to 7.6%, with male unemployment improving to 4.7% and female unemployment easing to 13%. The labour force participation rate among Saudis stood at 47.6% (66.6% for males and 35.4% for females), and the employment-to-population ratio reached 92.4%.

(Source: Zawya)

► **IMF upgraded Saudi Arabia's 2025 GDP growth forecast to 3.5%**

The International Monetary Fund (IMF) has raised its 2025 GDP growth forecast for Saudi Arabia from 3% to 3.5%, supported by increased demand from government-led infrastructure projects and the gradual phase-out of OPEC+ oil production cuts. Despite fiscal challenges from subdued oil prices and a projected USD27bn budget deficit, the Kingdom's economy is expected to rebound. The IMF estimates non-oil real GDP growth at 3.4% in 2025, though slightly lower than the previous year's pace.

(Source: Zawya)

► **Oman's economy expanded by 4.7% in Q1'25, reaching USD25bn**

Oman's GDP at current prices grew by 4.7% YoY in Q1 2025, totalling OMR10.53bn, according to the National Centre for Statistics and Information (NCSI). The expansion was largely driven by non-oil activities, which rose 4.1% to OMR7.13bn. Within the non-oil sector, agriculture and fishing posted the strongest growth at 11.1%, while services and industrial activities grew by 4.2% and 2.8%, respectively. Oil sector performance remained supportive, with oil-related activities increasing 6.8% to OMR3.71bn, despite a 7.5% drop in crude oil output. Natural gas activity surged 89% YoY reaching OMR970.8mn in value added. The figures underscore Oman's continued progress on economic diversification, with contributions from both legacy and emerging sectors.

(Source: Zawya)

► **Manufacturing sector contributed 10% to Oman's GDP in 2024**

Oman's manufacturing sector accounted for 10% of GDP in 2024, reaching OMR3.6bn at constant prices, according to Minister of Commerce, Industry and Investment Promotion Qais bin Mohammed al Yousef. The sector recorded 8.6% growth YoY, the highest among economic diversification activities. Meanwhile, the trade sector contributed 8.3% to GDP, totalling OMR3.225bn, and grew by 6.6% during the Tenth Five-Year Plan. Industrial exports reached OMR6.2bn, highlighting the growing global competitiveness of Omani products.

(Source: Zawya)

► **Dar Al-Arkan priced its USD750mn Sukuk at 7.375%**

Dar Al-Arkan Real Estate Development, a Saudi-based developer, priced its USD750mn, 5-year Regulation S sukuk at a coupon of 7.250%, with a reoffer yield of 7.375%. The issuance, structured as an Ijara-commodity Murabaha, is expected to be rated B1 by Moody's and will be listed on both the London Stock Exchange (LSE) and Nasdaq Dubai. Final order books exceeded USD2.6bn, excluding joint lead manager interest.

(Source: Zawya)

► **RAKBANK mandated banks for USD300mn perpetual AT1 issuance**

RAKBANK (National Bank of Ras Al Khaimah), rated Baa1 (Positive) by Moody's and BBB+ (Stable) by Fitch, has mandated banks for a USD300mn USD-denominated perpetual non-call 6-year AT1 issuance. The initial pricing thoughts (IPT) is in 7% area. The Regulation S issuance will be listed on the London Stock Exchange's International Securities Market. RAKBANK is majority-owned by the Government of Ras Al Khaimah and listed on the Abu Dhabi Securities Exchange.

(Source: Zawya)

► **National Bank of Kuwait mandated banks for perpetual AT1 bond**

The National Bank of Kuwait (NBK) has mandated banks for a fixed-rate resettable perpetual non-call 6-year USD benchmark Tier 1 capital issuance, subject to market conditions. Expected to be rated Baa3 by Moody's, the bonds will be listed on the London Stock Exchange's International Securities Market. Proceeds may support general corporate purposes, and the potential repurchase of USD750mn perpetual Tier 1 securities previously issued under NBK Tier 1 Financing.

(Source: Zawya)

► **Qatar's Commercial Bank issued 3-Year bonds at 4.9%**

Commercial Bank of Qatar has issued QAR500mn (USD137mn) in 3-year senior unsecured bonds under its USD5bn Euro Medium Term Note (EMTN) programme, with a coupon rate of 4.90%. The bonds, rated A2 by Moody's and A by Fitch (stable), are listed on Euronext Dublin.

(Source: Zawya)

► **Qatar Insurance Company mandated banks for Tier 2 capital issuance**

Qatar Insurance Company (QIC) has mandated banks to arrange investor meetings for a potential USD-denominated perpetual non-call 6-year subordinated Tier 2 note issuance, subject to market conditions. The bonds may be issued by QIC (Cayman) Limited and guaranteed by QIC on a subordinated basis. Proceeds will support capital adequacy and may be used to refinance existing USD300mn subordinated Tier 2 notes. The planned notes will be listed on the London Stock Exchange's International Securities Market.

(Source: Zawya)

GCC Weekly Market View

Investment Strategy | July 2 2025

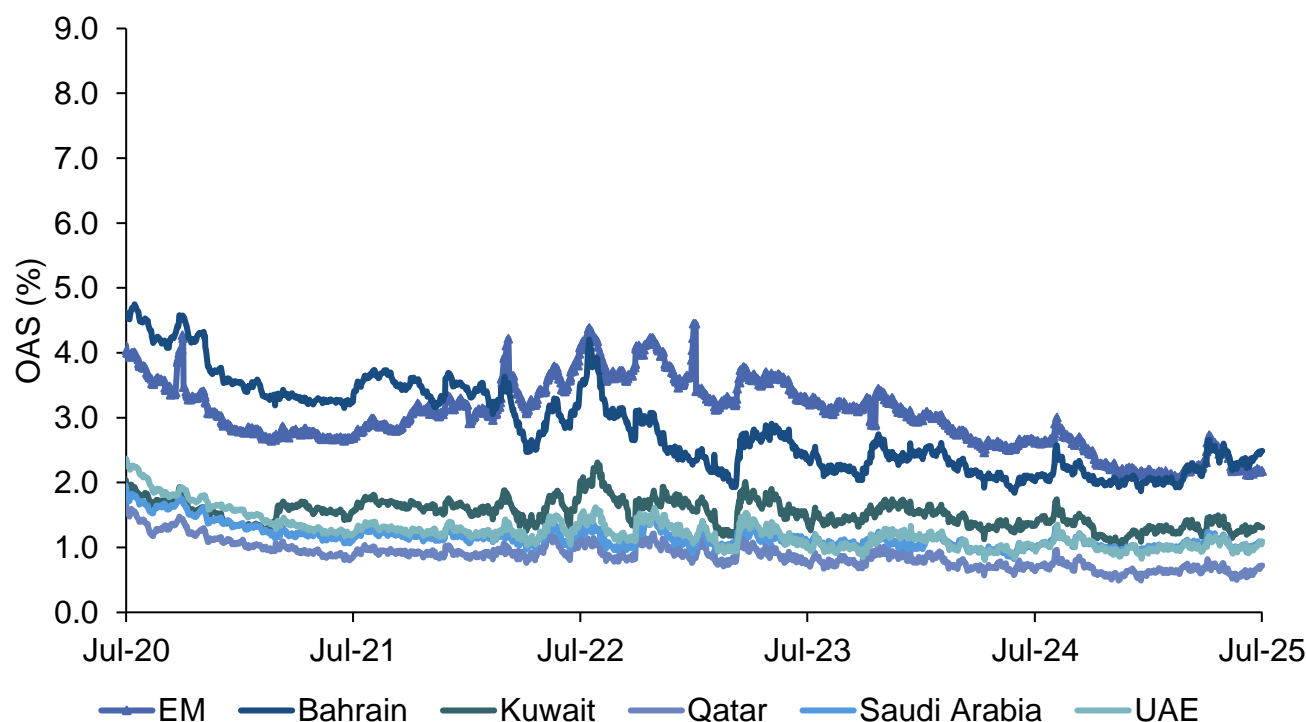
GCC bond issuances

Issuer	BBG	Sector	Country	Issue Amt*	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg^	YTM (mid)	YTC (mid)
Omniyat Sukuk 1 Ltd	OMNYAT	Financial Institutions	AE	500	8.375	5/6/2028	AT MATURITY	USD	5/6/2025	BB-	8.07	-
Abu Dhabi Developmental	ADQABU	Agency	AE	1000	4.5	5/6/2030	CALLABLE	USD	5/6/2025	AA	4.72	4.72
Abu Dhabi Developmental	ADQABU	Agency	AE	1000	5	5/6/2035	CALLABLE	USD	5/6/2025	AA	5.17	5.18
Adnoc Murban Sukuk Ltd	ADNOCM	Agency	AE	1500	4.75	5/6/2035	CALLABLE	USD	5/6/2025	AA	4.83	4.84
Banque Saudi Fransi	BSFR	Financial Institutions	SA	650	6.375	-	PERP/CALL	USD	5/7/2025	A-	6.51	6.45
Bahrain Government International Bond	BHRAIN	Sovereign	BH	750	7.5	7/7/2037	AT MATURITY	USD	5/7/2025	B+	7.55	-
CBB International Sukuk Programme Co	BHRAIN	Sovereign	BH	1750	6.25	7/7/2033	AT MATURITY	USD	5/7/2025	B+	6.32	-
Al Rajhi Sukuk Ltd	RJHIAB	Financial Institutions	SA	300	5.087058	11/7/2026	AT MATURITY	USD	5/7/2025	A-	5.39	-
Suci Second Investment Co	PIFKSA	Agency	SA	1250	4.875	5/8/2032	AT MATURITY	USD	5/8/2025	A+	5.09	-
DP World Crescent Ltd	DPWDU	Agency	AE	1500	5.5	5/8/2035	AT MATURITY	USD	5/8/2025	BBB+	5.61	-
Saudi National Bank/Singapore	NCBKSG	Financial Institutions	SA	300	4.62	8/15/2025	AT MATURITY	USD	5/15/2025	-	4.24	-
Saudi National Bank/Singapore	NCBKSG	Financial Institutions	SA	300	4.62	8/15/2025	AT MATURITY	USD	5/15/2025	-	4.23	-
Sobha Sukuk Ltd	SOBHA	Financial Institutions	AE	500	7.9955	2/19/2029	AT MATURITY	USD	5/19/2025	BB	7.73	-
Al Rajhi Sukuk Ltd	RJHIAB	Financial Institutions	SA	500	4.865	5/19/2030	AT MATURITY	USD	5/19/2025	AA-	4.96	-
Warba Tier 1 Sukuk 3 Ltd	WARBAB	Financial Institutions	KW	250	6.25	-	PERP/CALL	USD	5/20/2025	-	6.13	6.33
Masdar Abu Dhabi Future Energy Co	MASDAR	Agency	AE	500	5.375	5/21/2035	AT MATURITY	USD	5/21/2025	AA-	5.33	-
Masdar Abu Dhabi Future Energy Co	MASDAR	Agency	AE	500	4.875	5/21/2030	AT MATURITY	USD	5/21/2025	AA-	4.83	-
SAB AT1 Ltd	SABBAB	Financial Institutions	SA	650	6.5	-	PERP/CALL	USD	5/21/2025	-	6.39	6.50
BAB Usd At1 Sukuk Ltd	ALBIAB	Financial Institutions	SA	650	6.5	-	PERP/CALL	USD	5/22/2025	-	6.51	6.65
First Abu Dhabi Bank PJSC	FABUH	Agency	AE	750	5.2534549	5/27/2030	AT MATURITY	USD	5/27/2025	AA-	5.21	-
Alinma At1 Sukuk Ltd	ALINMA	Financial Institutions	SA	500	6.5	-	PERP/CALL	USD	5/28/2025	-	6.43	6.50
Abu Dhabi Commercial Bank	ADCBUH	Agency	AE	600	5.3133055	6/10/2030	AT MATURITY	USD	6/10/2025	A+	5.27	-
Boubyan Sukuk Ltd	BOUSUK	Financial Institutions	KW	500	4.973	6/4/2030	AT MATURITY	USD	6/4/2025	-	4.89	-
SIB Tier 1 Sukuk Ltd	SIB	Financial Institutions	AE	500	6.125	-	PERP/CALL	USD	6/4/2025	-	6.16	6.21
Mdgh Sukuk Ltd	MUBAUH	Agency	AE	1000	5	6/4/2035	AT MATURITY	USD	6/4/2025	AA	4.86	-
Saudi Arabian Oil Co	ARAMCO	Agency	SA	2250	6.375	6/2/2055	CALLABLE	USD	6/2/2025	A+	6.49	6.49
Saudi Arabian Oil Co	ARAMCO	Agency	SA	1250	5.375	6/2/2035	CALLABLE	USD	6/2/2025	A+	5.37	5.37
Saudi Arabian Oil Co	ARAMCO	Agency	SA	1500	4.75	6/2/2030	CALLABLE	USD	6/2/2025	A+	4.78	4.78
MAR Finance LLC	MAALRA	Financial Institutions	QA	500	4.875	5/29/2030	AT MATURITY	USD	5/29/2025	A	4.87	-
QIB Sukuk Ltd	QIBKQD	Financial Institutions	QA	750	4.803	6/12/2030	AT MATURITY	USD	6/12/2025	-	4.79	-
National Bank of Kuwait/New York NY	NTBKKK	Financial Institutions	KW	285	4.65	9/22/2025	AT MATURITY	USD	6/20/2025	-	4.75	-
SNB Funding Ltd	SNBAB	Financial Institutions	SA	1250	6	6/24/2035	CALLABLE	USD	6/24/2025	BBB	5.86	5.85
Dar Al-Arkan Sukuk Co Ltd	DARALA	Financial Institutions	SA	750	7.25	7/2/2030	AT MATURITY	USD	7/2/2025	B+	7.27	-

*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

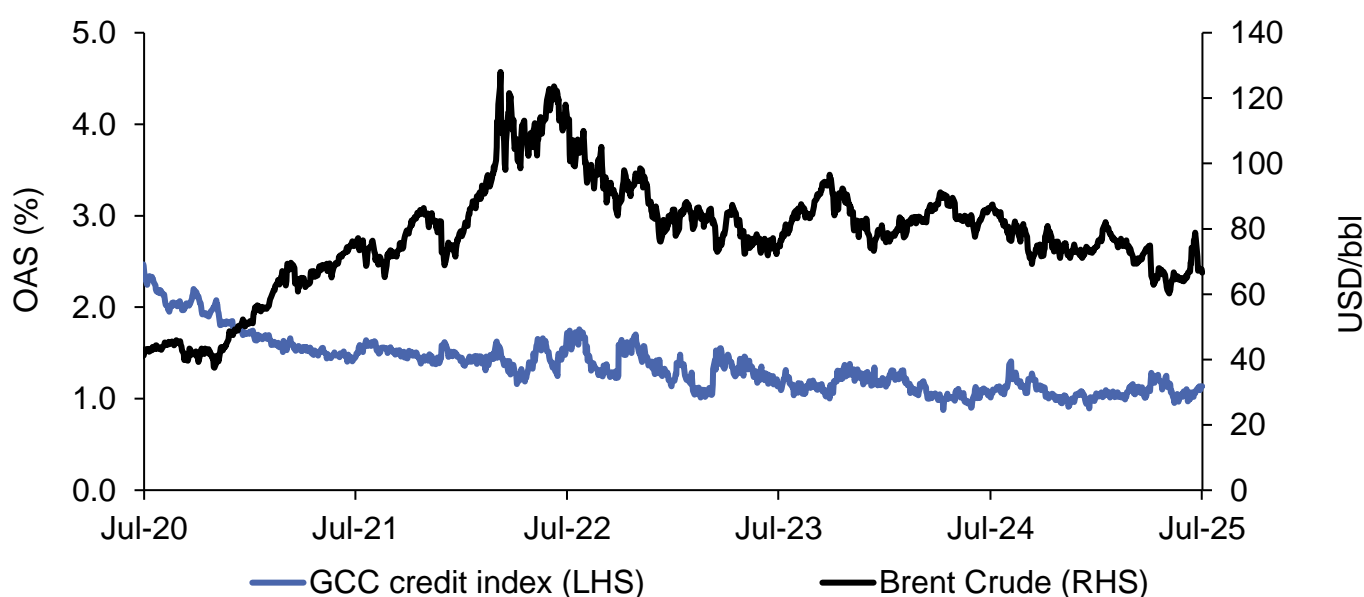
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

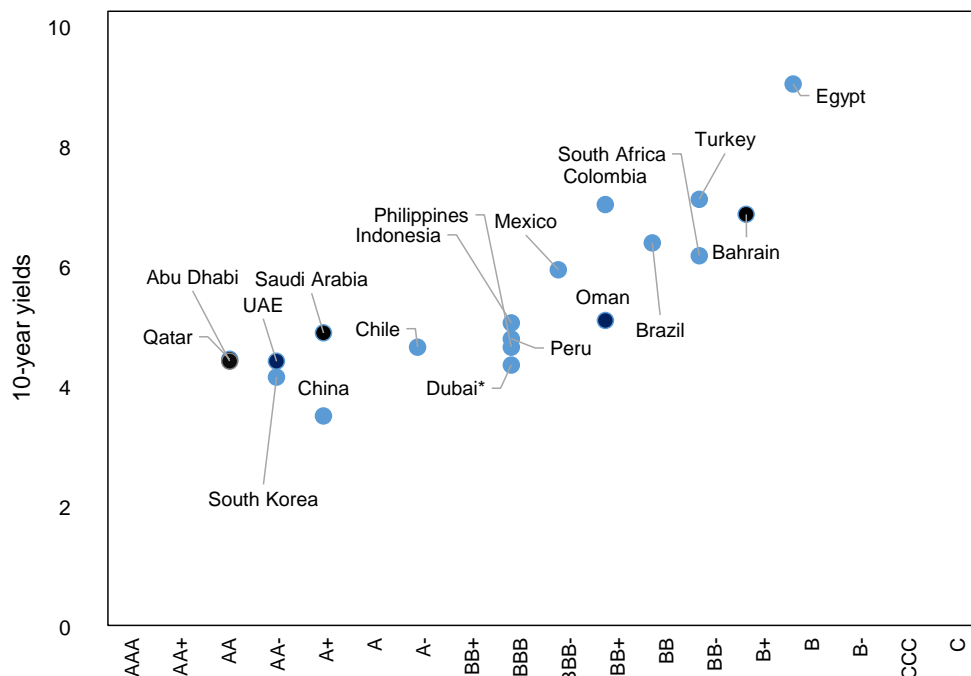
GCC corporate OAS spread versus Brent Crude



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

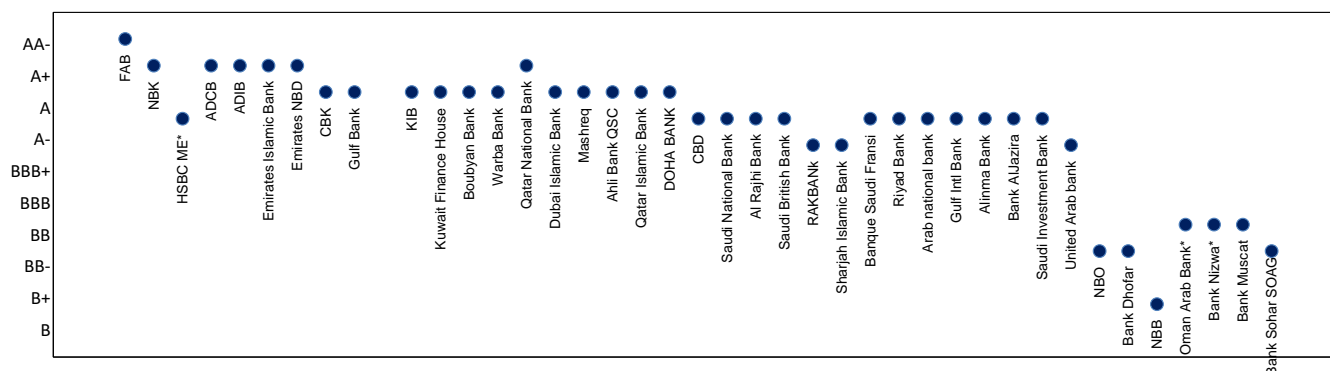
GCC Sovereign Rating

Country	Saudi Arabia	Abu Dhabi	Dubai*	Kuwait	Bahrain	Oman	Qatar	Egypt
Moody's	Aa3	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

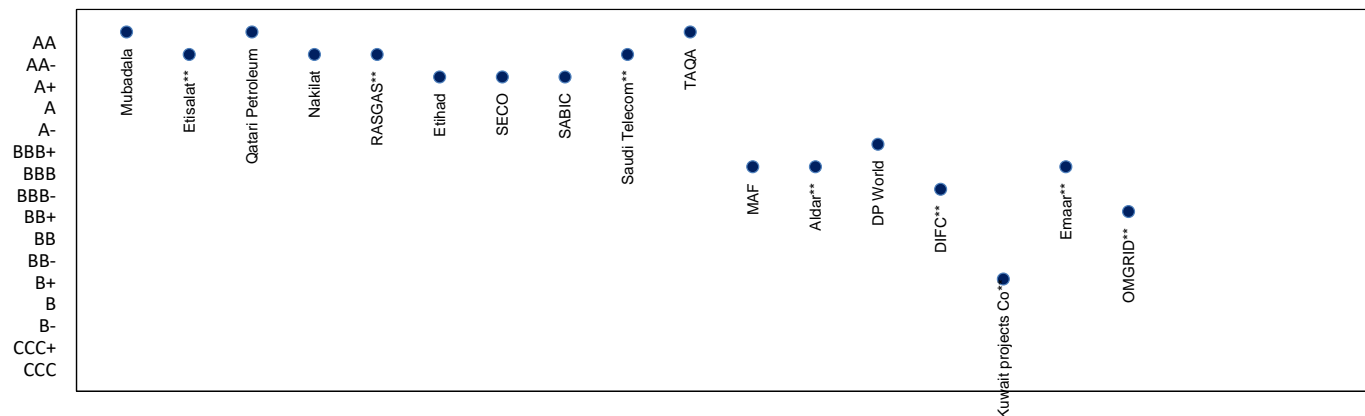
GCC Financials



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

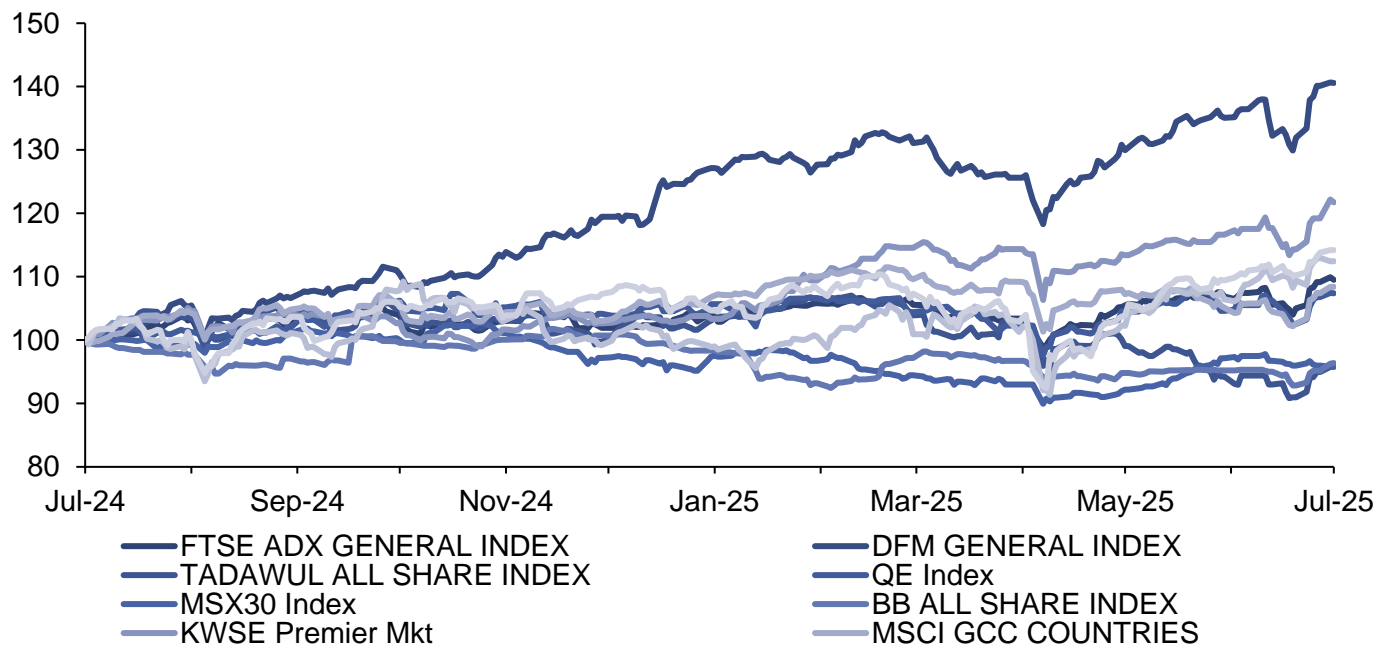
GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	15.1x	6.9%	2.3%
DFM	9.7x	-	5.2%
Tadawul	14.4x	11.8%	4.2%
DSM	11.8x	-0.2%	4.6%
MSM30	9.0x	9.4%	6.1%
BHSE	13.0x	-	4.0%
KWSE	19.0x	-21.9%	3.0%
MSCI GCC	13.7x	10.3%	4.2%
MSCI EM	13.5x	10.0%	2.6%
MSCI ACWI	19.8x	8.6%	1.8%

Notes: *data as of 02 July 2025 | Source: Bloomberg, ADCB

GCC equity 1Y Performance

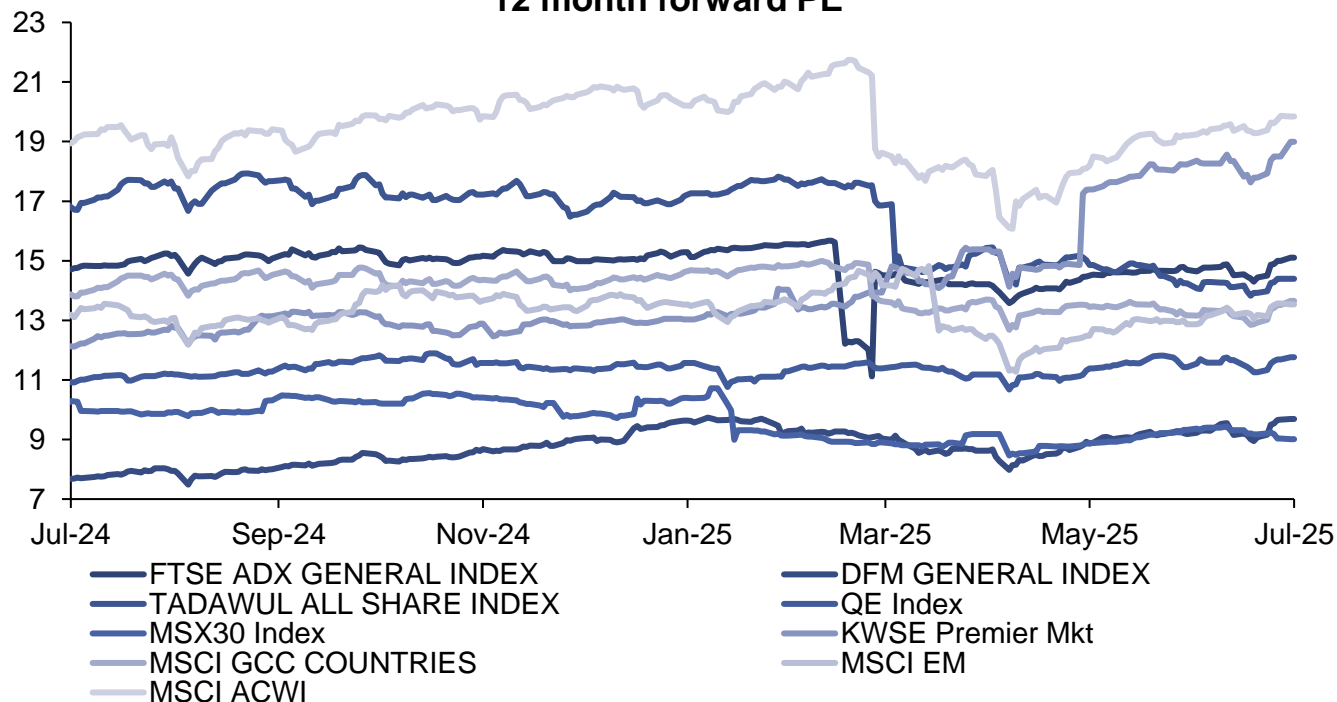
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

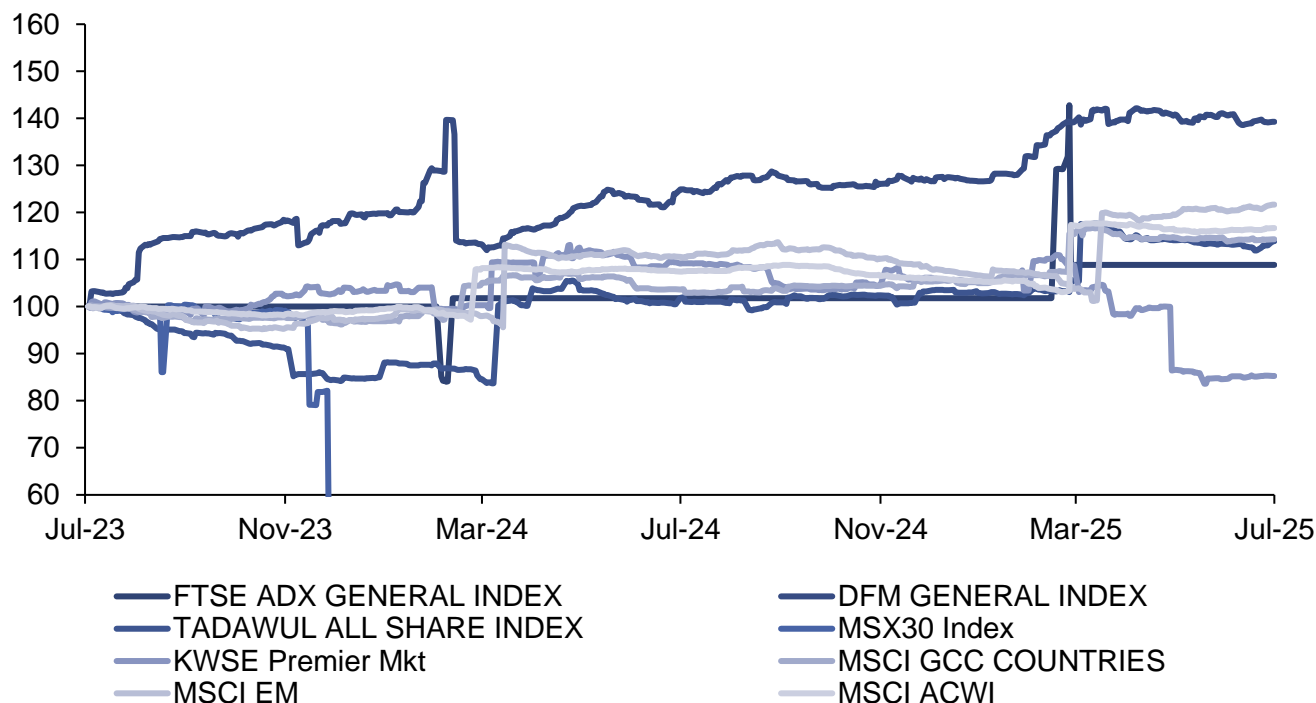
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

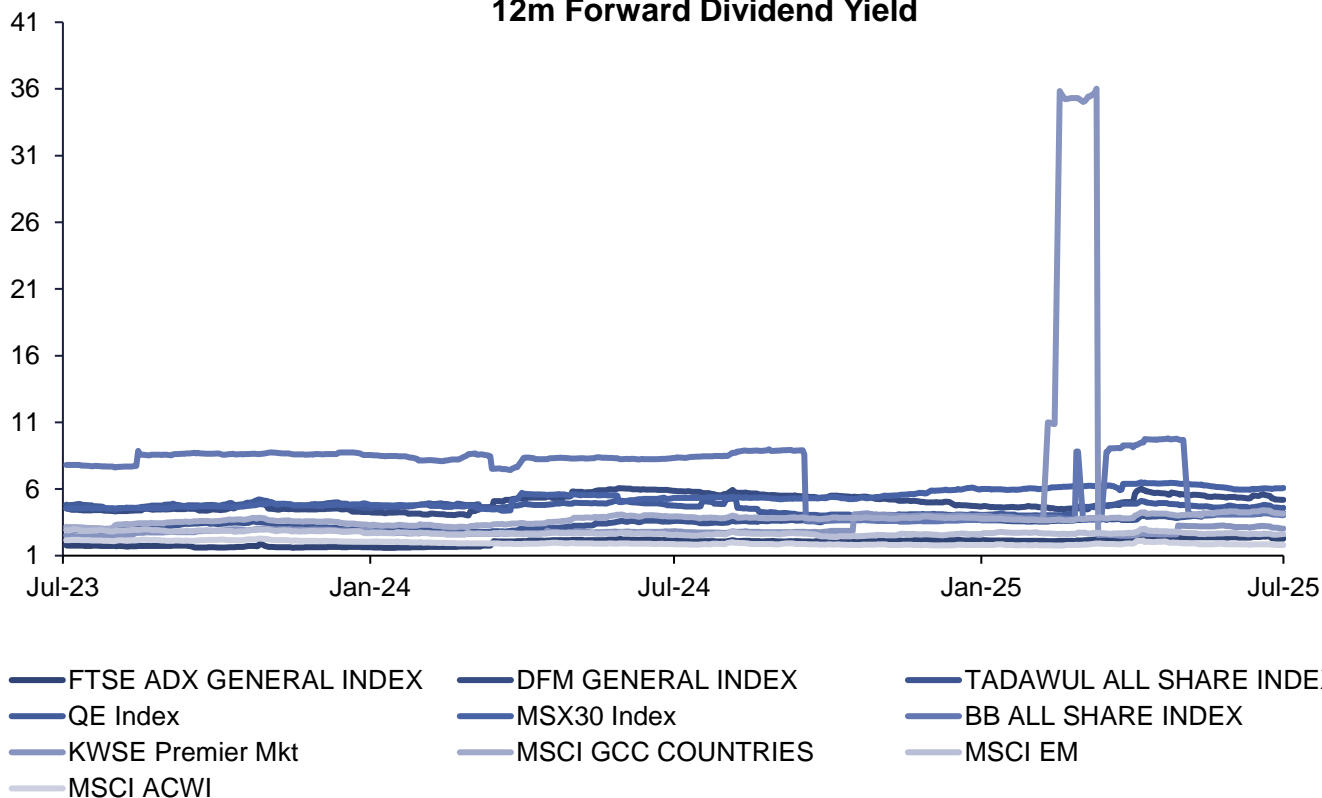
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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