

GCC market performance and activity summary

GCC fixed income

Global benchmark bond index recorded marginal losses for the week ending 15th July. 10Y UST yields rose over the week as stronger-than expected economic data reduced expectations of near-term Fed rate cuts. In credit, Global corporate IG and Global HY posted declines over the week. EM bonds recorded negative declines over the week, led by EM LatAm.

GCC bond indices were mixed over the week with Oman outperforming the most on reports of ratings upgrade. High-quality GCC including Qatar, Saudi Arabia, and UAE underperformed, while Kuwait was flat. The 5yr CDS spreads tightened across all the GCC markets. In the USD sovereign market, the 10yr USD bond yields rose across all GCC countries with Oman being the exception.

GCC equities

Most regional indices posted gains last week with the exception of Saudi Arabia, Bahrain, and Qatar. Saudi Arabia posted the largest weekly losses (-1.62%), underperforming the rest of regional indices. On the other hand, MSCI GCC underperformed MSCI EM but outperformed MSCI ACWI last week.

GCC key developments:

- ▶ **Moody's upgraded Oman's credit rating to Baa3 with stable outlook.**
- ▶ **UAE's non-oil economy remains on solid ground - OPEC MOMR.**
- ▶ **Saudi inflation stable at 2.3% in June – GASTAT.**
- ▶ **Saudi Arabia's industrial production rose by 1.5% in May – GASTAT.**
- ▶ **ADCB posted a net profit of AED5.014bn in H1 2025.**

GCC issuances/IPO:

- ▶ **Saudi Arabia, UAE Lead MENA in sustainable bond issuances in H1 2025.**

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GCC Weekly Market Performance

Index				Rates			
Fixed Income	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
Global Agg	490.0	-0.88	5.95	Saudi	5.41	8.62	-0.43
Global Treasuries	206.0	-1.00	5.85	UAE	4.17	-5.17	-26.75
EM USD Agg TR	1307.2	-0.37	4.65	Kuwait	4.06	0.00	12.50
EM LatAm TR	1194.2	-0.61	5.43	Bahrain	4.06	-160.55	-162.53
EM EMEA TR	385.1	-0.23	4.48	Oman	4.56	-	-35.75
EM Asia TR	675.1	-0.30	3.97	Qatar	4.65	-	0.00
Bahrain TR	212.0	0.08	4.30	US SOFR	4.33	1.00	-7.00
Oman TR	166.1	0.72	6.16	5Y Sov. CDS	Latest	-1w (bp)	YTD (bp)
Kuwait TR	162.8	0.03	3.79	Saudi Arabia	63.94	-1.53	0.86
Qatar TR	142.3	-0.30	3.37	Abu Dhabi	33.70	-0.61	10.20
Saudi Arabia TR	147.2	-0.25	4.29	Dubai	62.80	-1.67	-0.06
UAE TR	148.7	-0.11	4.30	Kuwait	59.79	-0.3	-15.0
Equity	Latest	-1w %	YTD %	Bahrain	192.68	-6.11	-4.41
ADX	10150.7	1.01	8.89	Oman	87.45	-7.74	14.82
DFM	5914.1	1.38	14.76	Qatar	33.54	-0.30	10.50
Tadawul	11095.4	-1.62	-8.32	10Y yield	Latest	-1w (bp)	YTD (bp)
DSM	10817.9	-0.11	2.33	Saudi Arabia	5.04	5.70	-35.90
MSM30	4612.5	0.34	0.86	Abu Dhabi	4.49	4.70	-53.60
BHSE	1953.2	-0.52	-1.32	Dubai	4.41	2.40	-41.60
KWSE	9340.8	0.78	19.16	Bahrain	6.86	3.70	-10.80
MSCI GCC	742.8	-0.26	2.29	Oman	5.06	-7.90	-67.50
MSCI EM	1240.5	1.02	15.82	Qatar	4.57	6.10	-26.60
MSCI ACWI	920.3	-0.44	9.56				

Note: data from 9th July 2025 to 15th July 2025, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

Key developments

► **Moody's upgraded Oman's credit rating to Baa3 with stable outlook**

Moody's rating agency has upgraded Oman's long-term issuer and senior unsecured ratings to Baa3 from Ba1, moving the country back to investment-grade status. The outlook was revised from positive to stable, reflecting improved fiscal resilience and debt metrics. The upgrade is driven by Moody's expectation that Oman's government debt will remain manageable, even if oil prices fall below the medium-term assumption of USD65/bbl. Years of fiscal consolidation and debt reduction have strengthened Oman's capacity to withstand oil market volatility and created room for long-term structural reforms. The stable outlook balances potential fiscal risks under varying oil price scenarios. Upside risks include higher oil prices due to geopolitical tensions, while downside risks relate to a faster-than-expected global transition away from hydrocarbons, which could weigh on revenue if not offset by further fiscal reforms. Moody's also upgraded ratings on Oman's sovereign sukuk and medium-term note programme to Baa3 from Ba1, with a stable outlook.

(Source: Zawya)

► **UAE's non-oil economy remains on solid ground - OPEC MOMR**

The UAE's non-oil economy continues to show resilience, with the June Purchasing Managers' Index (PMI) edging up to 53.5 from 53.3 in May, following a reading of 54 in April. According to the July report of OPEC's Monthly Oil Market Report (MOMR), the figures signal ongoing expansion, despite a slight moderation in growth momentum. The private sector remains a key driver of this growth, particularly the real estate and tourism industries, which have sustained strong performance into 2025. In Abu Dhabi, real estate transaction volumes in the second quarter rose 7% YoY, while transaction values surged by 45% YoY. Dubai also recorded impressive gains, with year-to-date transaction volumes through June rising 24% YoY and values climbing 38% YoY. In June alone, volumes and values increased by approximately 17% YoY, highlighting widespread strength across market segments. Tourism in Dubai also remained vibrant, with visitor arrivals in May 2025 up 6% YoY, bringing the year-to-date increase to around 7%. Visitor numbers are now about 21% higher than pre-pandemic levels, while hotel occupancy rose to a solid 83%. Amid these gains, the UAE continues to advance its economic diversification strategy, strengthening international partnerships and attracting investment to support long-term, non-oil sector growth.

(Source: Zawya)

► **Saudi inflation stable at 2.3% in June - GASTAT**

Saudi Arabia's annual inflation rate held steady at 2.3% in June 2025, slightly up from 2.2% in May, according to the General Authority for Statistics (GASTAT). The increase was primarily driven by higher housing costs, with rents rising 7.6% YoY, particularly villa rentals. Food prices also rose by 1.5%, led by increases in meat and poultry, while miscellaneous personal goods surged due to a jump in jewellery prices. Some categories recorded declines, including home furnishings (-1.7%), clothing (-0.6%), and transportation (-0.7%), owing to lower prices of vehicles and garments. Monthly price changes were modest, with most sectors showing minimal variation. The Wholesale Price Index (WPI) rose 2.1% YoY, driven by a 4.5% increase in transportable goods and 4.4% in agricultural and fishery products. However, on a monthly basis, the WPI dropped by 0.1% due to lower prices for machinery, chemicals, and textiles. Overall, Saudi Arabia continues to maintain one of the lowest inflation rates among G20 countries, supported by stable pricing trends across key consumer and wholesale segments.

(Source: Zawya)

► **Saudi Arabia's industrial production rose by 1.5% in May - GASTAT**

Saudi Arabia's Industrial Production Index (IPI) grew by 1.5% YoY in May 2025, according to data released by the General Authority for Statistics (GASTAT). The increase was primarily driven by higher activity in mining and quarrying, which rose by 2.1%, alongside gains in manufacturing (+0.9%) and a strong surge in water supply, sewerage, and waste management, which climbed 15.5%. Meanwhile, the electricity, gas, steam, and air conditioning supply sector saw a significant decline of 7.7% compared to May 2024. Additionally, oil-related activities posted a modest 0.5% increase, while non-oil industrial activities saw a stronger gain of 3.8%, underscoring continued diversification in the Kingdom's industrial base.

(Source: Zawya)

▶ **ADCB posted a net profit of AED5.014bn in H1 2025**

Abu Dhabi Commercial Bank (ADCB) posted a net profit of AED5.014bn in H1'25, with profit before tax rising 18% to AED5.942bn. In Q2 alone, the bank recorded a net profit of AED2.568bn. Strong results were driven by 15% growth in operating income to AED10.741bn, supported by robust credit expansion and a 36% surge in non-interest income, which reached AED3.693bn— now accounting for 34% of total income. Cost efficiency improved significantly, with the cost-to-income ratio improving to 27.7% in H1 and a record low of 26.4% in Q2, reflecting the bank's investments in digital transformation and AI. Total assets grew 17% YoY to AED719bn, while net loans rose 14% to AED378bn. Customer deposits climbed 19% to AED463bn, with CASA deposits rising 21% to AED207bn, now comprising 45% of total deposits. Asset quality remained strong, as the NPL ratio improved to 2.02%, with provision coverage at 173.1%. CET1 stood at 12.21% and liquidity coverage at 135.2%, indicating solid capital and liquidity buffers. The bank onboarded over 68,000 new retail customers in Q2, 62% digitally, and achieved a leading Bloomberg ESG score of 5.91, the highest among regional peers.

(Source: Zawya, ADCB)

▶ **Saudi Arabia, UAE Lead MENA in sustainable bond issuances in H1'25**

Saudi Arabia emerged as the top issuer of sustainable bonds in the MENA region during the first half of 2025, driven by Vision 2030-related infrastructure financing, according to Bloomberg's Capital Markets League Tables. The Kingdom issued USD6.25bn in green, social, sustainable, and sustainability-linked (GSSS) bonds — a 25% YoY increase, representing 66% of total regional activity. Key issuers included the Saudi government (USD1.58bn), Al Rajhi Bank (USD1.7bn), Saudi Electricity Company (USD1.25bn), Alinma Bank (USD500mn), and Saudi Awwal Bank (USD650mn AT1 sukuk). The UAE accounted for the remaining 34%, totalling USD3.22bn, with major issuances from Tabreed (USD700mn) and Omniyat (USD500mn). Despite strong Saudi and Emirati activity, regional GSSS bond issuance fell 4.4% YoY to USD9.47bn, as higher global interest rates and the absence of deals from Egypt and Qatar weighed on volumes. Islamic instruments dominated, reaching USD6.8bn (up 17% YoY), while AT1 sukuk issuances hit a five-year high of USD3.15bn, aiding banks in meeting Basel III requirements ahead of 2026 implementation.

(Source: Zawya)

GCC Weekly Market View

Investment Strategy | July 16 2025

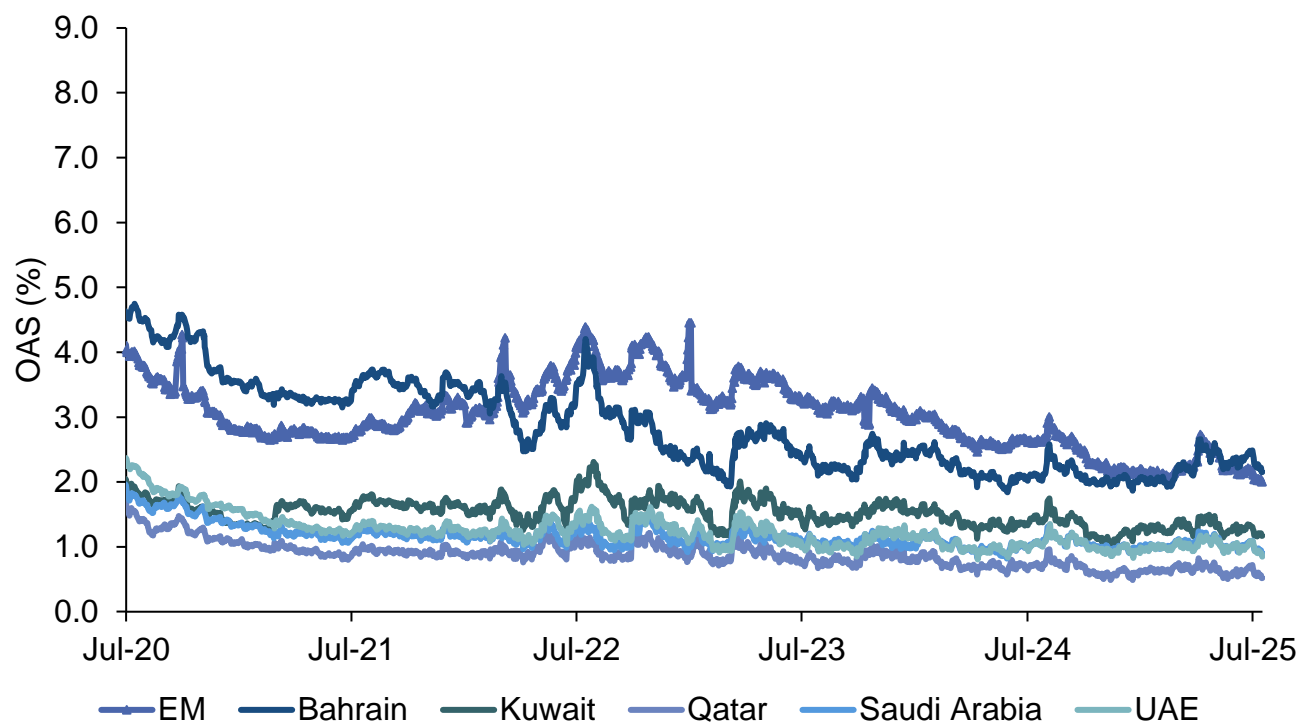
GCC bond issuances

Issuer	BBG	Sector	Cou ntry	Issue Amt*	Cpn	Maturity	Maturity Type	Curr ency	Issue Date	Rtg^	YTM (mid)	YTC (mid)
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	7/02/2025	B+	7.27	-
National Bank of Ras Al-Khaimah PSC/The	RAKBNK	Financial Institutions	AE	300	6.625	-	PERP/CALL	USD	7/09/2025	-	6.65	6.59
QIC Cayman Ltd	QATIQD	Financial Institutions	QA	500	6.15	-	PERP/CALL	USD	7/10/2025	-	6.20	6.16
NBK Tier 1 Ltd	NTBKKK	Financial Institutions	KW	800	6.375	-	PERP/CALL	USD	7/10/2025	-	6.35	6.18
Riyad Sukuk Ltd	RIBL	Financial Institutions	SA	1250	6.209	14/07/2035	CALLABLE	USD	7/14/2025	BBB-	6.20	6.13
Alinma Sukuk Ltd	ALINMA	Financial Institutions	SA	500	4.937	15/07/2030	AT MATURITY	USD	7/15/2025	A-	4.96	-
CBQ Finance Ltd	COMQAT	Financial Institutions	QA	300	5.6522774	16/07/2030	AT MATURITY	USD	7/16/2025	A	5.58	-

*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

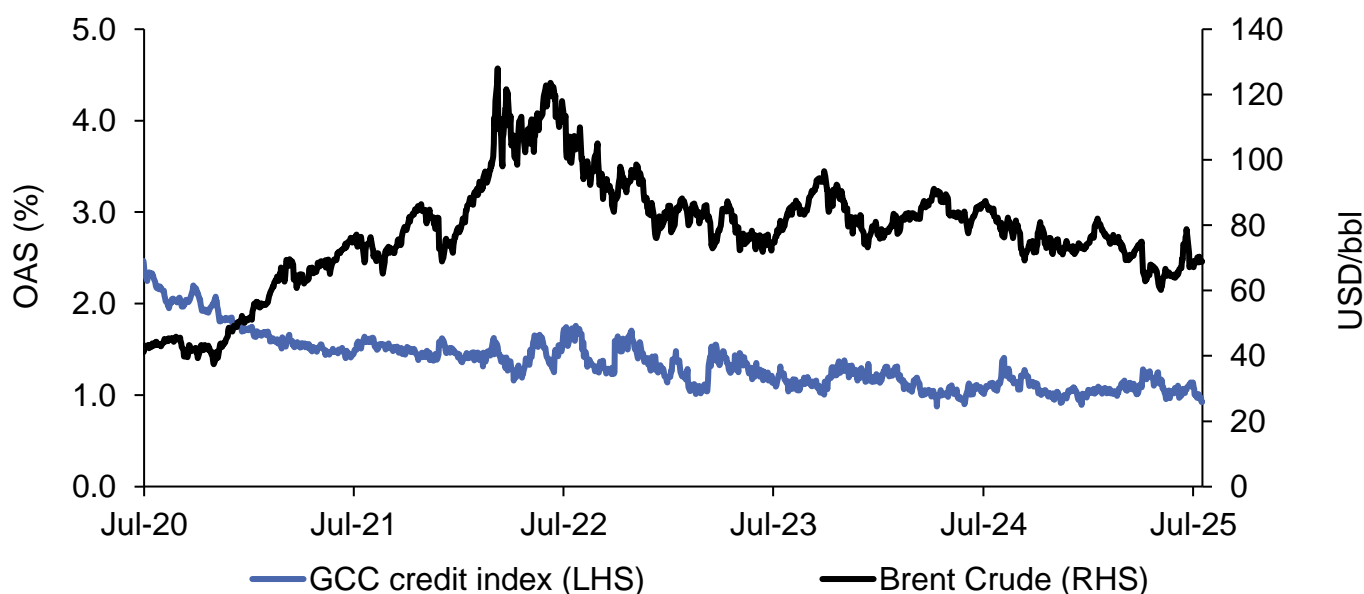
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

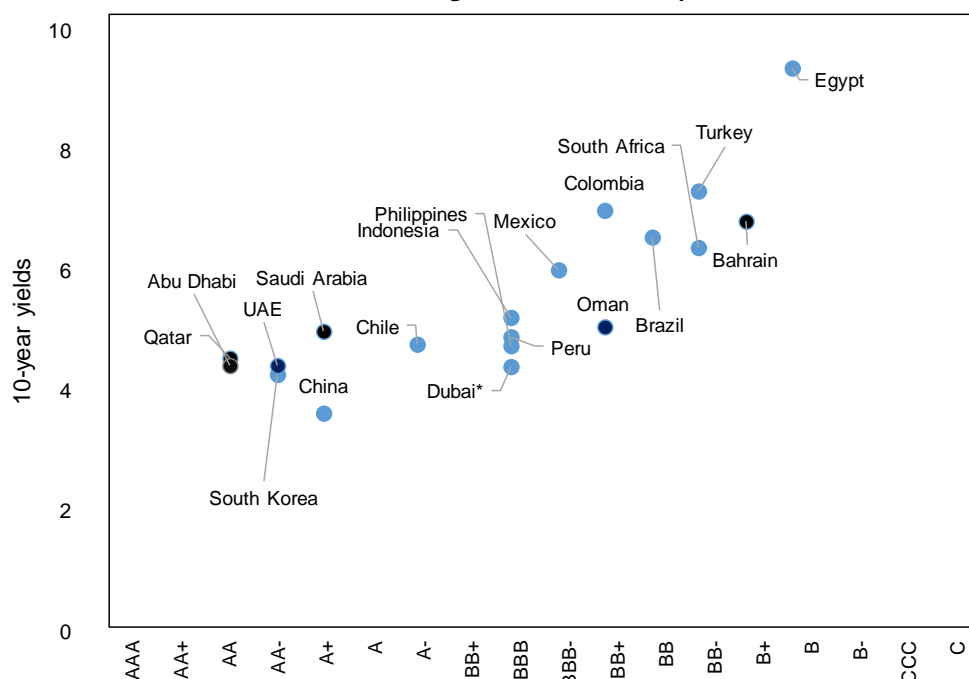
GCC corporate OAS spread versus Brent Crude



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

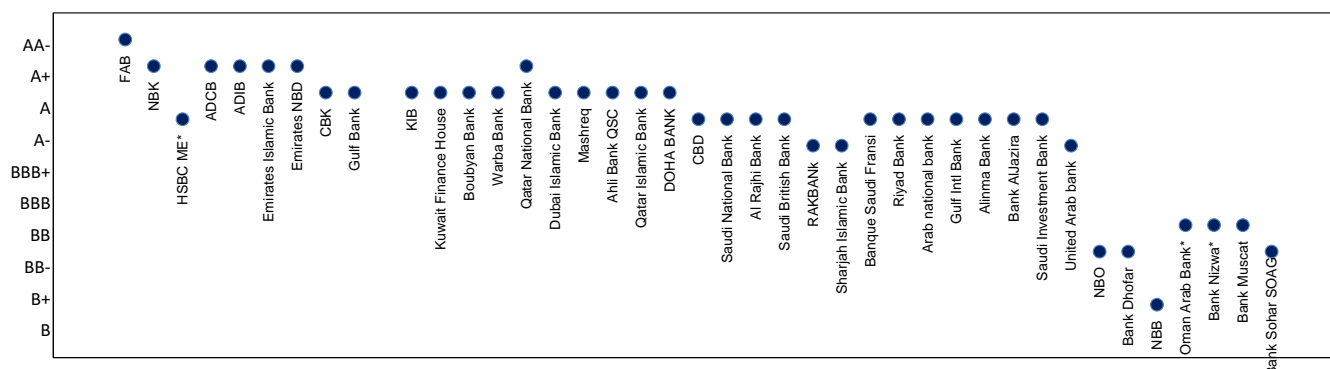
GCC Sovereign Rating

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

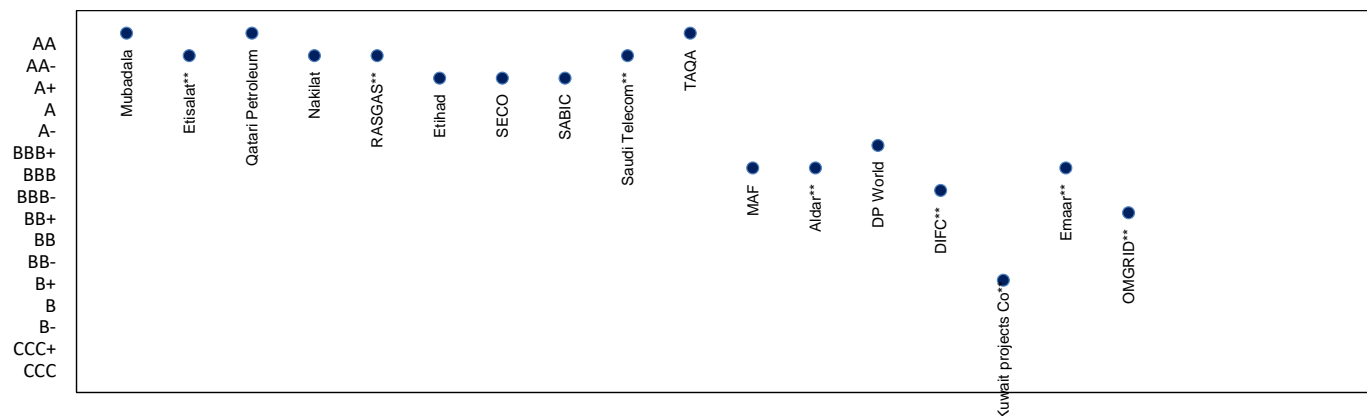
GCC Financials



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

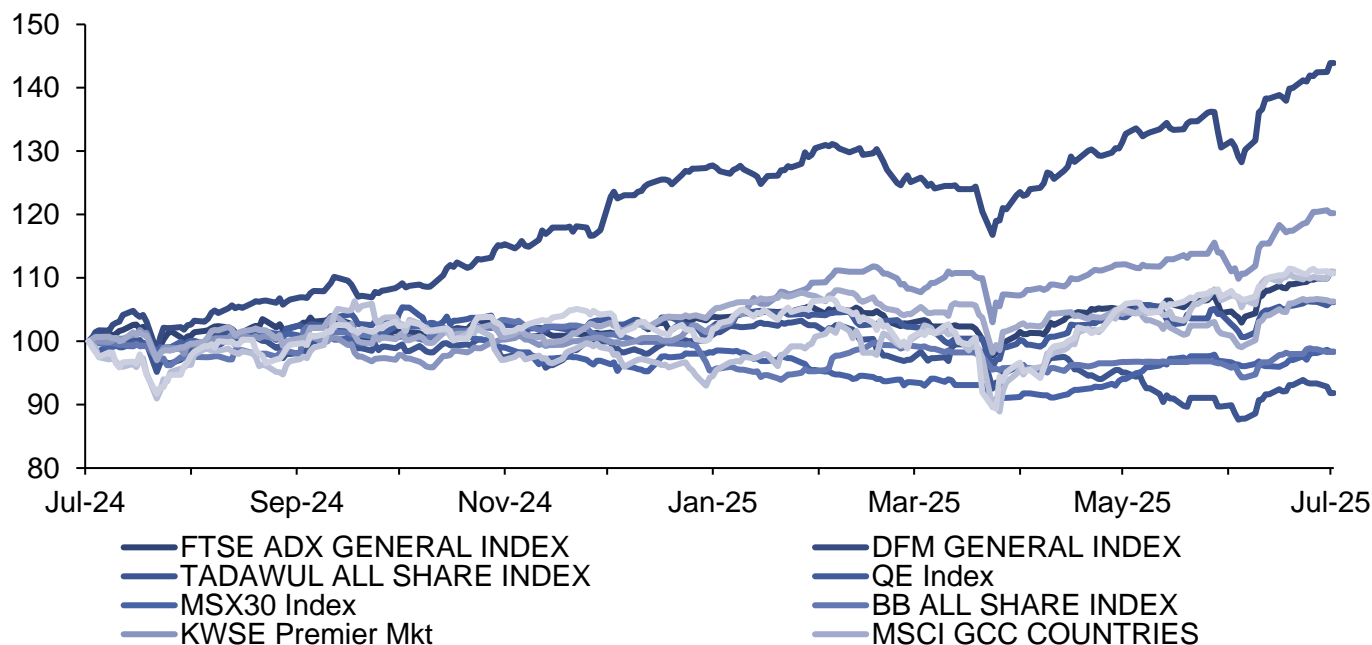
GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	15.4x	6.9%	2.2%
DFM	10.1x	-	5.0%
Tadawul	14.1x	14.5%	4.2%
DSM	11.8x	0.0%	4.5%
MSM30	2.0x	388.5%	6.2%
BHSE	14.5x	-	9.8%
KWSE	18.8x	-19.6%	3.0%
MSCI GCC	13.8x	10.8%	4.1%
MSCI EM	13.7x	8.3%	2.5%
MSCI ACWI	20.1x	8.1%	1.8%

Notes: *data as of 16 July 2025 | Source: Bloomberg, ADCB

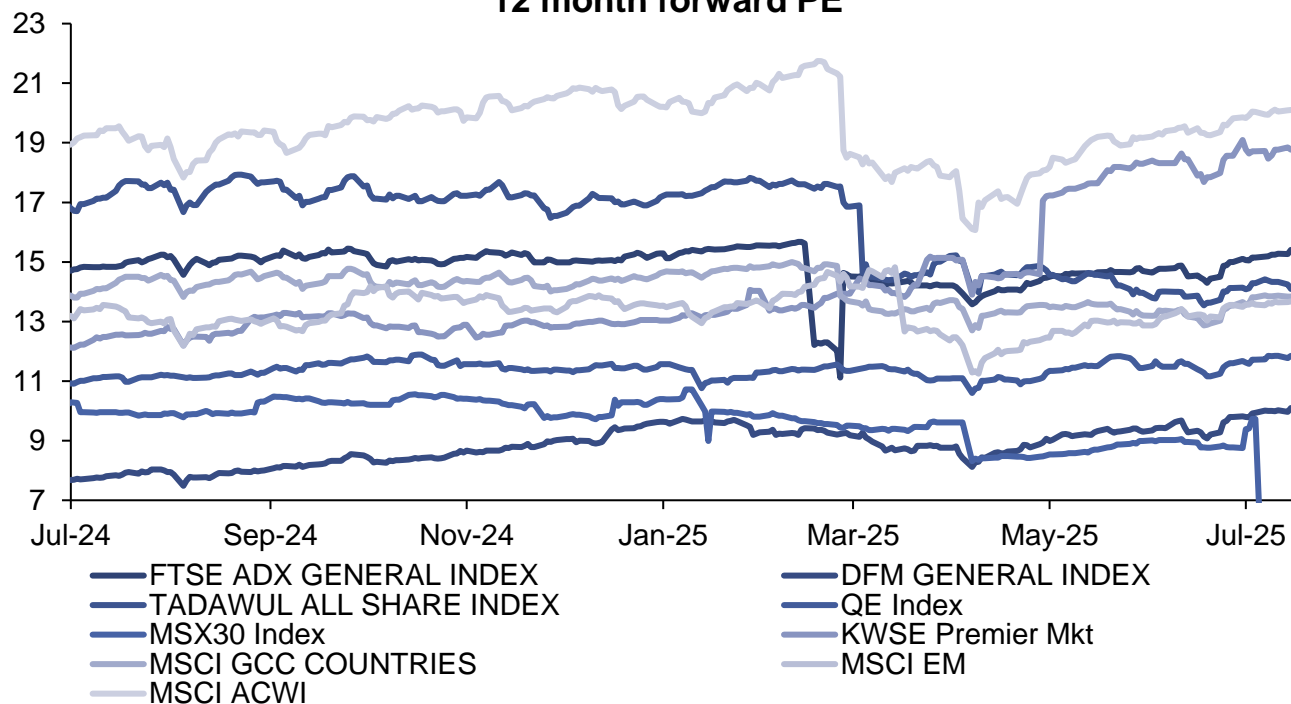
GCC equity 1Y Performance

1Y performance



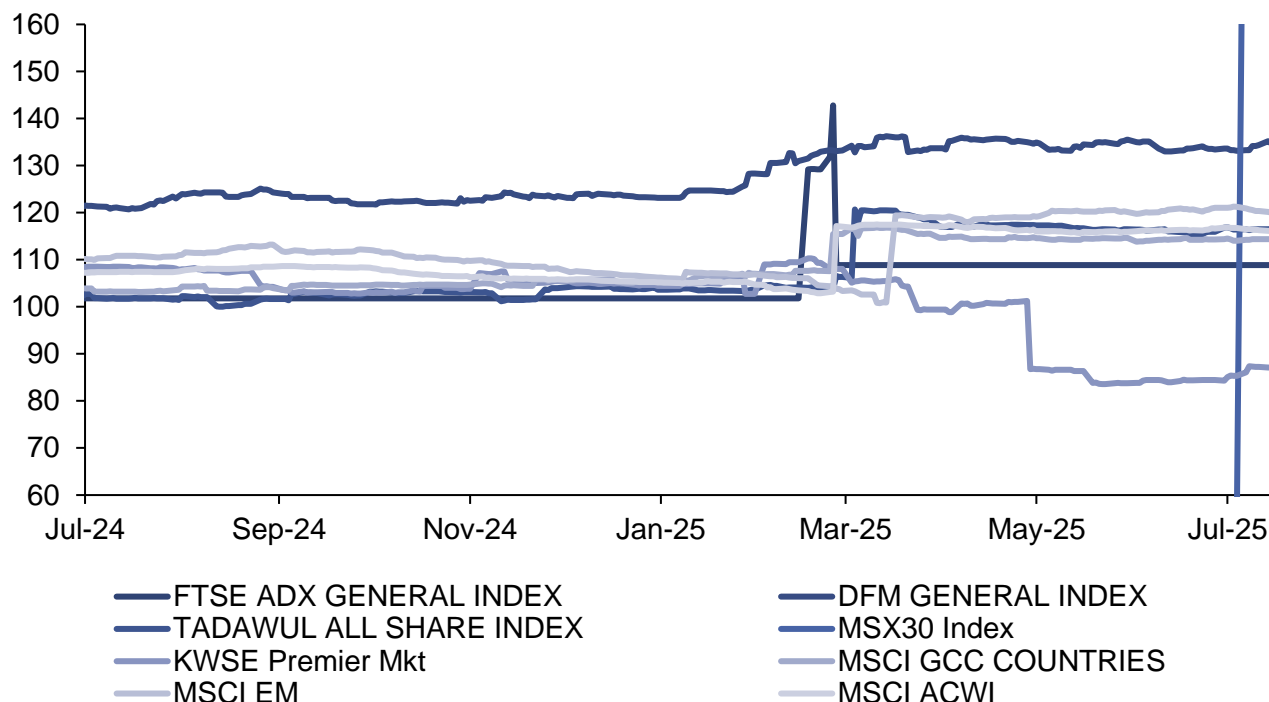
GCC equity 12m forward PE

12 month forward PE



GCC equity 12m forward EPS

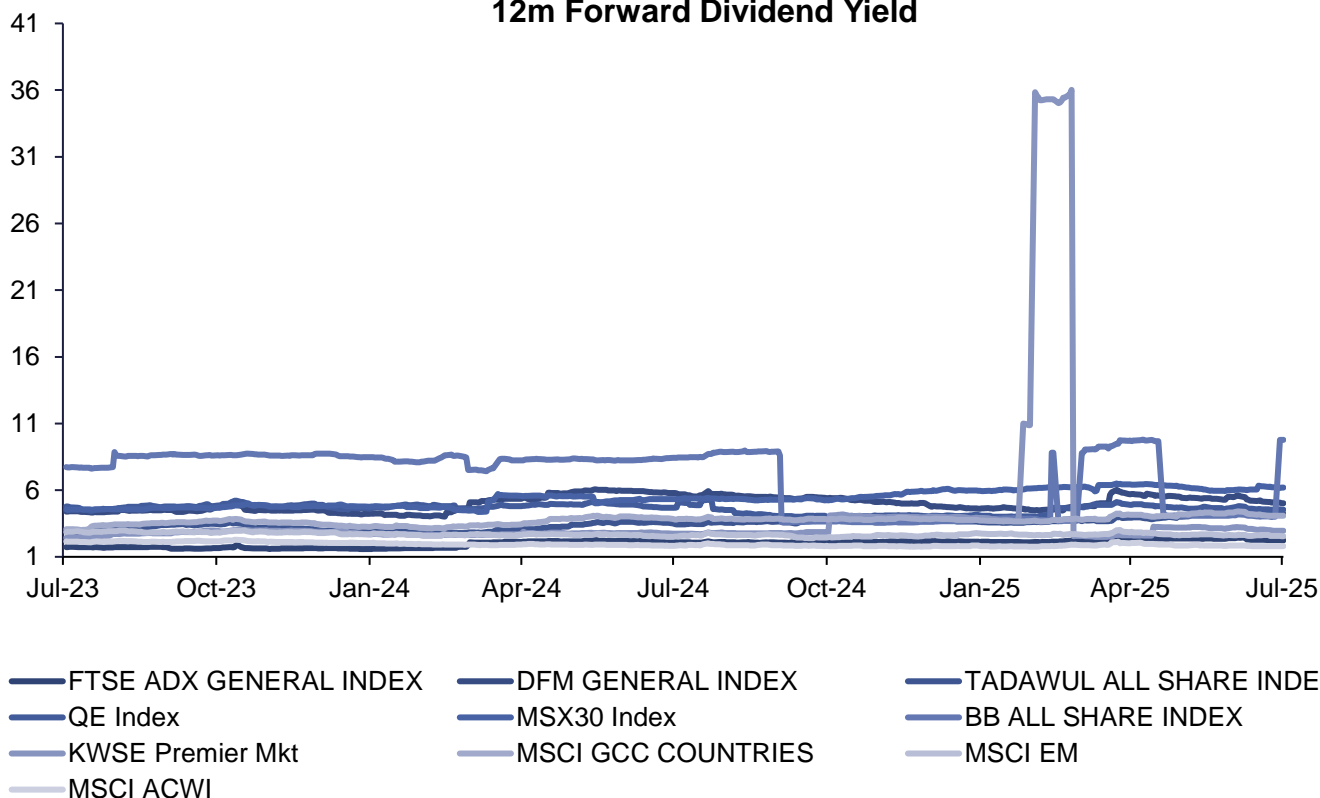
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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