

GCC market performance and activity summary

GCC fixed income

Global benchmark bond index fell over the week ending 13th May 2025 as trade optimism led to investors move away risk-free assets. UST yields jumped with market sentiment turning risk-on. In credit, Global corporate IG index fell as long-duration assets came under pressure. Global HY index and EM bond index both rose over the week, benefitting from the improved risk appetite on US-China trade talks. In EM, EM LatAm led the performance while EM Asia recorded negative returns.

GCC bond indices mostly fell over the week with the exception of Oman and Bahrain. High-quality names- Qatar, Saudi Arabia, UAE and Kuwait underperformed as market preference shifted towards high-yielding names. The 5yr CDS spreads tightened across all the GCC markets as oil prices recovered over the week. In the USD sovereign market, the 10yr USD bond yields rose across all GCC countries with Dubai being the exception.

GCC equities

All regional indices posted gains last week, helped by the risk-on mood and rise in oil prices. Saudi equities outperformed the most. Despite the strong performance last week, MSCI GCC underperformed both MSCI EM and MSCI ACWI.

GCC key developments:

- ▶ US and Saudi signed economic partnership agreement
- ▶ Saudi Arabia reported Q1'25 deficits of USD15.65bn

GCC issuances/IPO:

- ▶ Dubai Holding aims to raise up to USD487mn for its residential REIT IPO
- ▶ UAE developer Sobha Realty priced USD500mn 3-year sukuk
- ▶ Saudi Bank Albilad plans to issue USD-denominated AT1 sukuk
- ▶ Masdar plans to issue new green bonds
- ▶ Saudi Awwal Bank plans to issue green AT1 bonds
- ▶ Kuwait's Warba Bank priced USD-denominated AT1 sukuk
- ▶ OMNIYAT debuts inaugural green sukuk on Nasdaq Dubai

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GCC Weekly Market Performance

Index				Rates			
Fixed Income	Latest	-1w %	YTD %	3M interbank	Latest	-1w (bp)	YTD (bp)
Global Agg	481.2	-1.55	4.04	Saudi	5.55	17.77	13.61
Global Treasuries	203.0	-1.91	4.31	UAE	4.04	-10.96	-40.40
EM USD Agg TR	1279.0	0.26	2.39	Kuwait	4.00	0.06	0.06
EM LatAm TR	1166.0	0.59	2.93	Bahrain	5.65	1.04	-3.53
EM EMEA TR	376.6	0.25	2.19	Oman	4.67	-1.80	-24.75
EM Asia TR	662.6	-0.11	2.05	Qatar	4.65	-	0.00
Bahrain TR	207.9	0.11	2.27	US SOFR	4.28	-2.00	-12.00
Oman TR	161.1	0.19	2.98	5Y Sov. CDS	Latest	-1w (bp)	YTD (bp)
Kuwait TR	161.0	-0.05	2.66	Saudi Arabia	72.00	-12.50	-7.19
Qatar TR	140.0	-0.60	1.74	Abu Dhabi	38.05	-3.81	5.86
Saudi Arabia TR	144.4	-0.30	2.31	Dubai	59.21	-0.33	3.53
UAE TR	146.2	-0.26	2.56	Kuwait	40.76	-	-4.60
Equity	Latest	-1w %	YTD %	Bahrain	216.64	-26.39	-28.38
ADX	9631.5	0.21	3.32	Oman	116.12	-17.83	-13.86
DFM	5362.7	0.47	4.06	Qatar	37.86	-2.75	6.17
Tadawul	11532.3	1.17	-4.71	10Y yield	Latest	-1w (bp)	YTD (bp)
DSM	10585.6	1.02	0.14	Saudi Arabia	5.25	14.20	-14.60
MSM30	4361.3	0.19	-4.63	Abu Dhabi	4.63	12.20	-42.00
BHSE	1918.3	0.35	-3.08	Dubai	4.62	-1.00	-23.90
KWSE	8750.9	0.98	11.64	Bahrain	5.40	0.50	-33.80
MSCI GCC	733.5	1.10	1.00	Oman	4.67	9.40	-17.20
MSCI EM	1156.8	1.71	8.01	Qatar	4.67	9.40	-17.20
MSCI ACWI	871.2	3.22	3.72				

Note: data from 7th May 2025 to 13th May 2025, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

Key developments

▶ **US and Saudi signed economic partnership agreement**

US President Donald Trump and Saudi Crown Prince Mohammed bin Salman, signed on Tuesday a strategic economic partnership agreement in Riyadh during Trump's regional visit. The partnership includes agreements for energy, mining, and defence.

(Source: Zawya).

▶ **Saudi Arabia reported Q1'25 deficits of USD15.65bn**

Saudi Arabia's deficit widened significantly to USD15.65bn in Q1'25 from USD3.30bn a year before as oil revenues fell 18% to SAR149.810bn (USD39.95bn). Total revenues dropped 10% YoY to SAR263.616bn in Q1'25, while its public spending rose 5% to SAR322.317bn. The kingdom's non-oil revenues rose 2% YoY in Q1'25 to SAR113.806bn. The kingdom has forecasted a budget deficit of SAR101bn in 2025 as it moves onward with its plan to boost growth and deliver on an economic transformation.

(Source: Zawya).

▶ **Dubai Holding aims to raise up to USD487mn for its residential REIT IPO**

Dubai Holding is looking to raise up to AED1.79bn (USD487mn) from its residential real estate investment trust IPO, the first offering for the emirate in 2025. DHAM Investments, a subsidiary of Dubai Holding, and the current sole unitholder of the REIT is selling the units. It will offer 1.62bn units, representing 12.5% of issued unit capital. The price range has been set between AED1.07 and AED1.10 per unit, implying a market capitalisation between AED13.9bn and AED 14.3bn for the investment conglomerate. The offering subscription period closes on 20 May 2025. The final offer price is expected to be announced on 21 May 2025.

(Source: Zawya)

▶ **UAE developer Sobha Realty priced USD500mn 3-year sukuk**

UAE developer Sobha Realty raised USD500mn in 3-year sukuk, issued under Sobha Sukuk I holding limited USD1.5bn Trust Certificate Issuance Programme. The sukuk was priced at 8%, 401.6bp over US treasuries, tighter than the initial price thoughts of 8.375%. The deal secured strong demand, with final book size exceeding USD1.45bn.

(Source: Zawya)

▶ **Saudi Bank Albilad plans to issue USD-denominated AT1 sukuk**

Saudi Arabia's Bank Albilad has mandated banks to arrange a USD-denominated Additional Tier 1 (AT1) sukuk issuance by way of private placement under the lender's USD2bn AT1 capital sukuk programme. The amount and terms will be decided later depending on market conditions. The proceeds of the issuance will be used to support the lender's capital base.

(Source: Zawya)

▶ **Masdar plans to issue new green bonds**

Abu Dhabi Future Energy Company, Masdar, plans to issue new senior unsecured green bonds. The two tranche deal is likely to consist of 5-year fixed and 10-year fixed bond. The initial pricing thoughts for the 5-year fixed bond is set at 115bp over US treasuries while for the 10-year fixed bond is set at 125bp over US treasuries. The net proceeds will be used to finance certain "Eligible green projects" as described in the company's green finance framework.

(Source: Zawya)

▶ **Saudi Awwal Bank plans to issue green AT1 bonds**

Saudi Awwal bank is planning to issue green perpetual non-call 5.5-year AT1 bonds. The initial pricing thought is set in the range of 6.875%.

(Source: Zawya)

▶ **Kuwait's Warba Bank priced USD-denominated AT1 sukuk**

Kuwait's Warba Bank has priced its USD250mn AT1 sukuk at 6.25%, tighter than the original price guidance of around 6.5%. The perpetual non-call 5.5 year sukuk will have a benchmark yield of 4.148% with a reoffer yield of 6.250%.

(Source: Zawya)

► OMNIYAT debuts inaugural green sukuk on Nasdaq Dubai

OMNIYAT, Dubai's leading ultra-luxury real estate developer, has successfully listed its inaugural green sukuk on NASDAQ Dubai. OMNIYAT raised USD500mn through a 3-year Islamic offering. The green sukuk was met with strong demand from international and regional investors, with the order book oversubscribed 3.6x times, reaching USD1.8bn. The green sukuk certificates were priced at a spread of 461.7bp over the 3-year US Treasury yield and carry a profit rate of 8.375%.

(Source: Zawya)

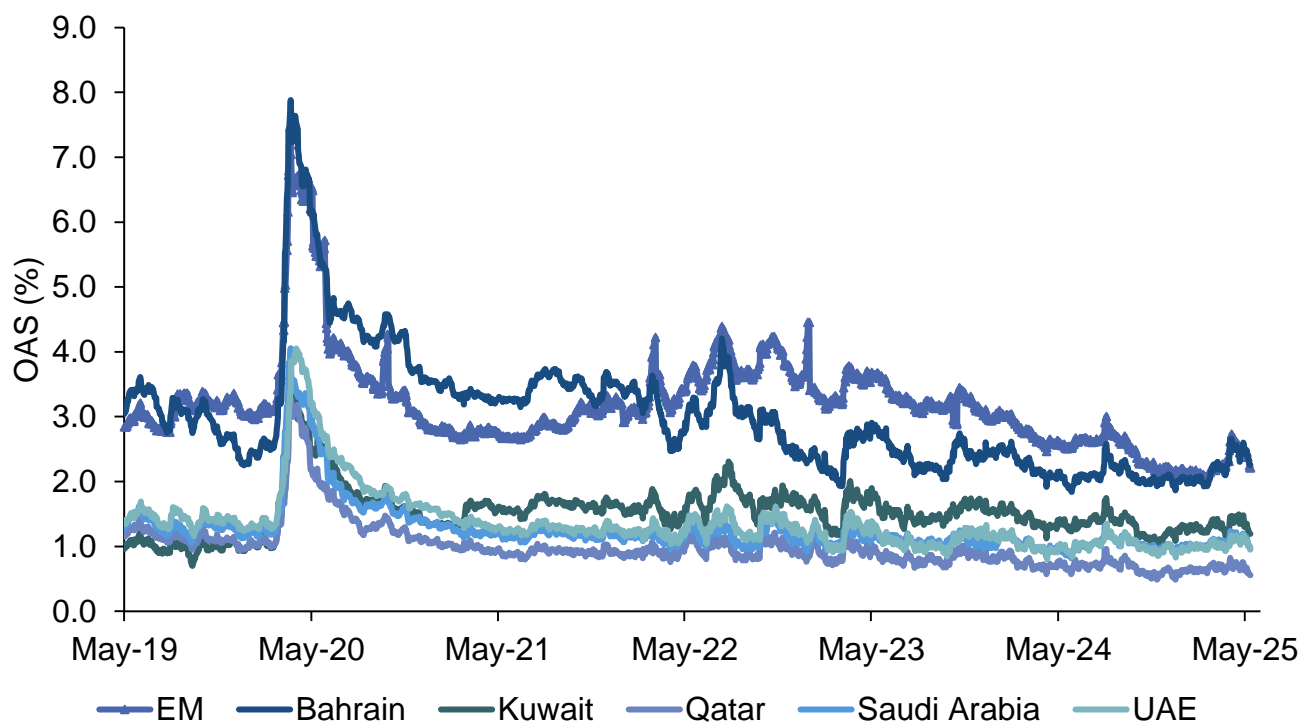
GCC bond issuances

Issuer	BBG	Sector	Cou ntry	Issue Amt*	Cpn	Maturity	Maturity Type	Curr ency	Issue Date	Rtg [^]	YTM (mid)	YTC (mid)
SNB Funding Ltd	SNBAB	Financial Institutions	SA	300	4.9581 236	10/10/2026	AT MATURITY	USD	4/10/2025	A-	5.06	-
Mashreq AL Islami Sukuk Co Ltd	MASQUH	Financial Institutions	AE	500	5.03	4/22/2030	AT MATURITY	USD	4/22/2025	A	4.96	-
AUB Sukuk Ltd	AUBBI	Financial Institutions	BH	400	6.709		PERP/CALL	USD	4/22/2025	BB+	6.72	6.74
Ajman Senior Sukuk Ltd	AJMNSS	Financial Institutions	AE	500	5.125	4/30/2030	AT MATURITY	USD	4/30/2025	BBB+	5.12	-
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	5.0870 58	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	-

*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

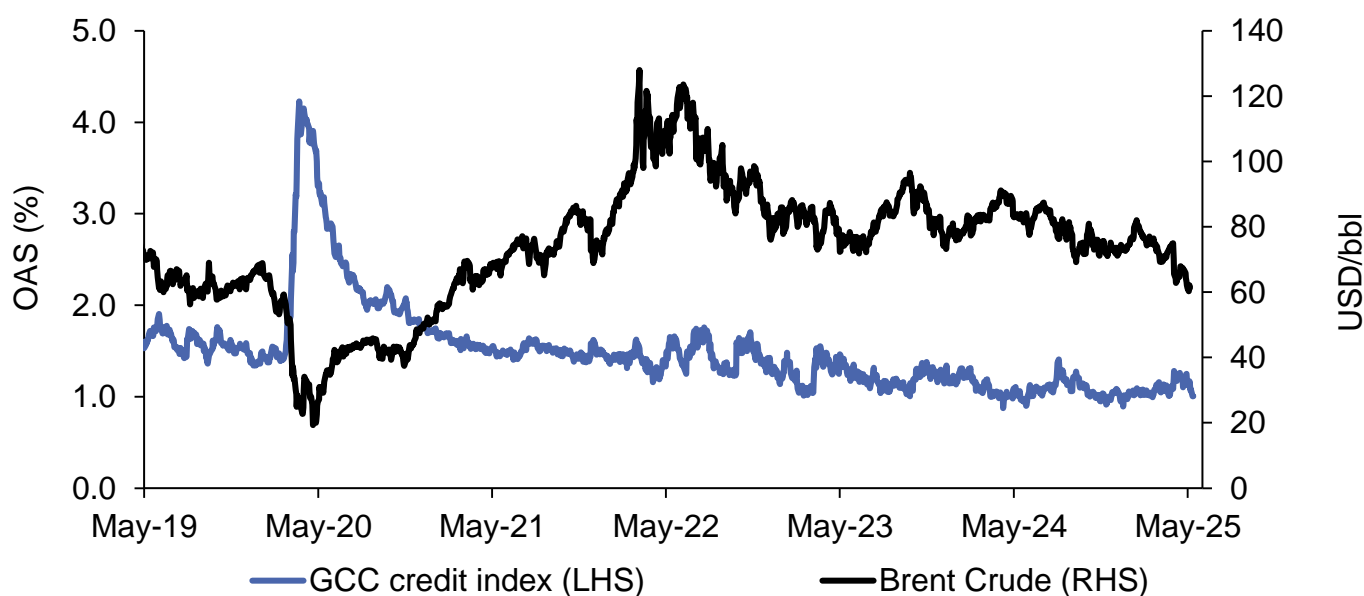
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg Sovereign Bond Indices, ADCB Asset Management

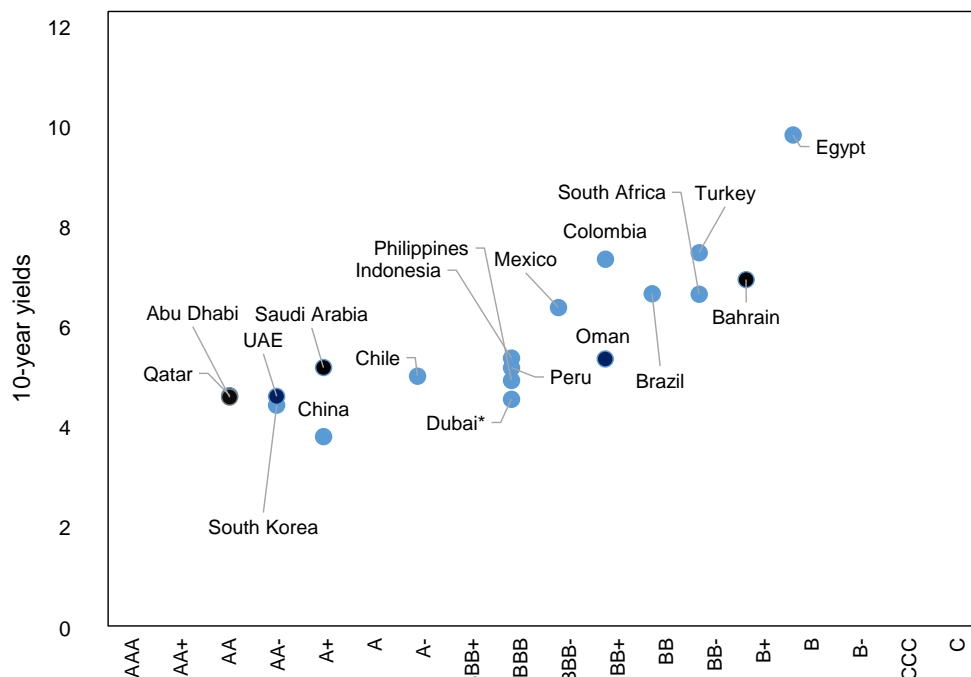
GCC corporate OAS spread versus Brent Crude



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

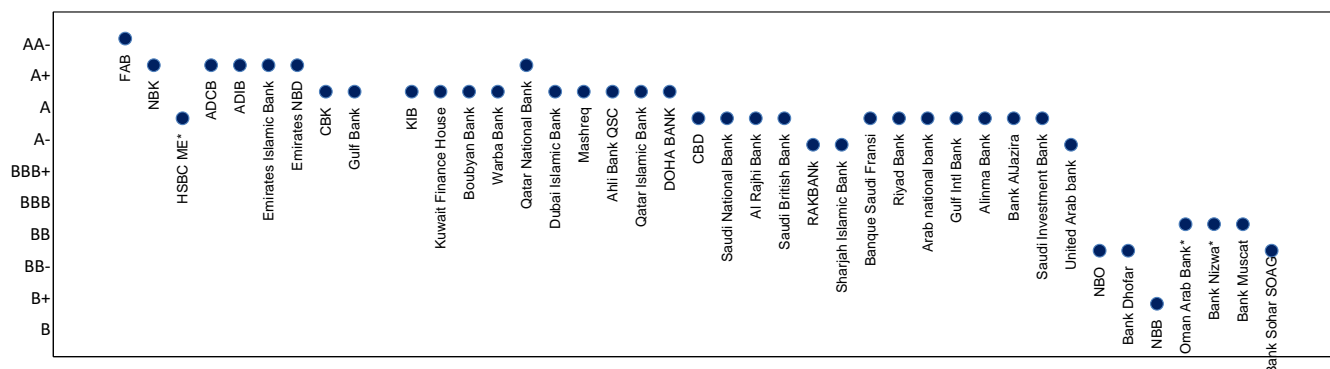
GCC Sovereign Rating

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

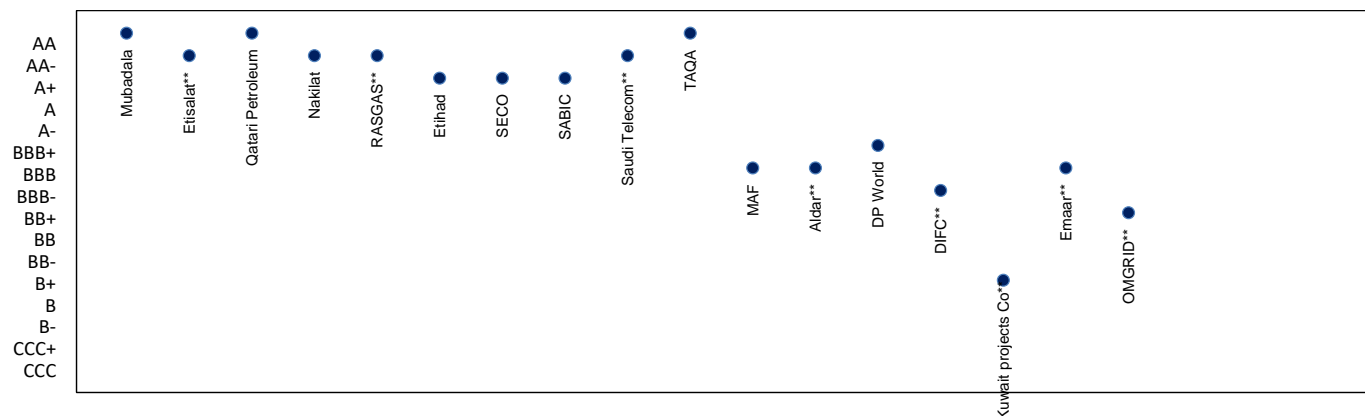
GCC Financials



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

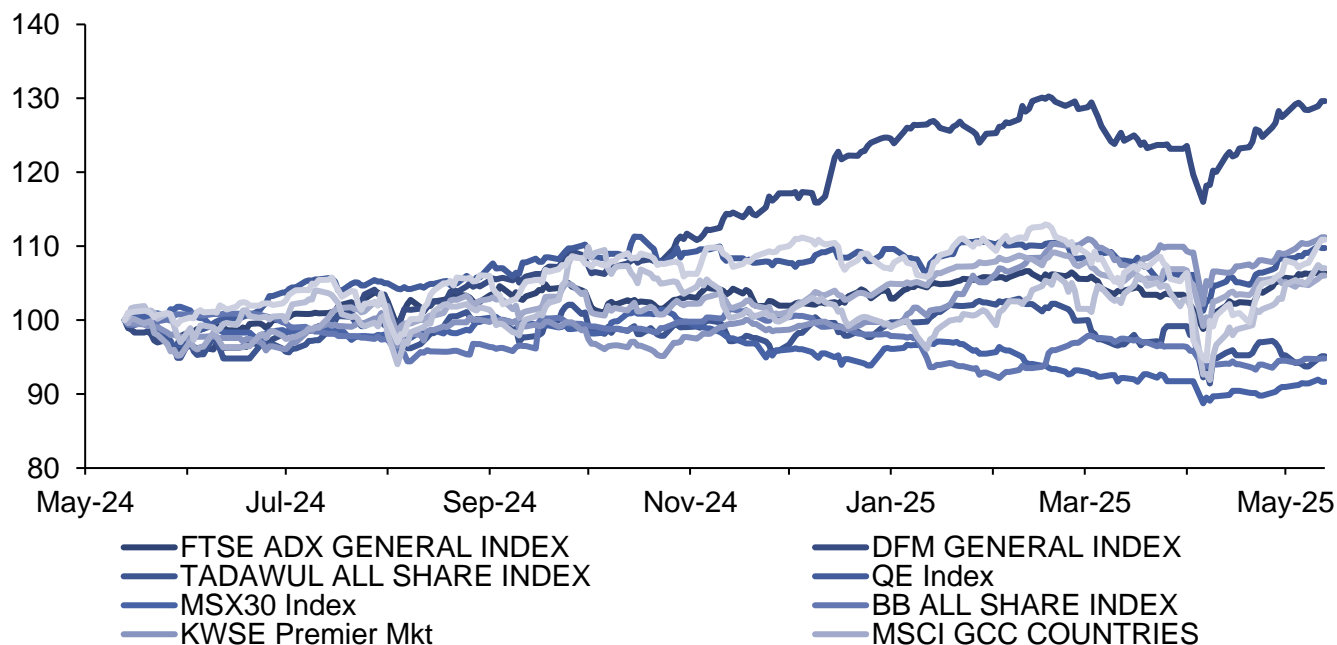
GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	14.8x	5.5%	2.4%
DFM	9.3x	-	5.5%
Tadawul	15.0x	10.3%	3.9%
DSM	11.5x	-0.3%	4.7%
MSM30	9.0x	1.9%	6.3%
BHSE	6.7x	NM	4.1%
KWSE	18.2x	-24.3%	3.2%
MSCI GCC	13.6x	7.3%	4.0%
MSCI EM	12.9x	8.8%	2.6%
MSCI ACWI	18.9x	7.3%	1.9%

Notes: *data as of 14 May 2025 | Source: Bloomberg, ADCB

GCC equity 1Y Performance

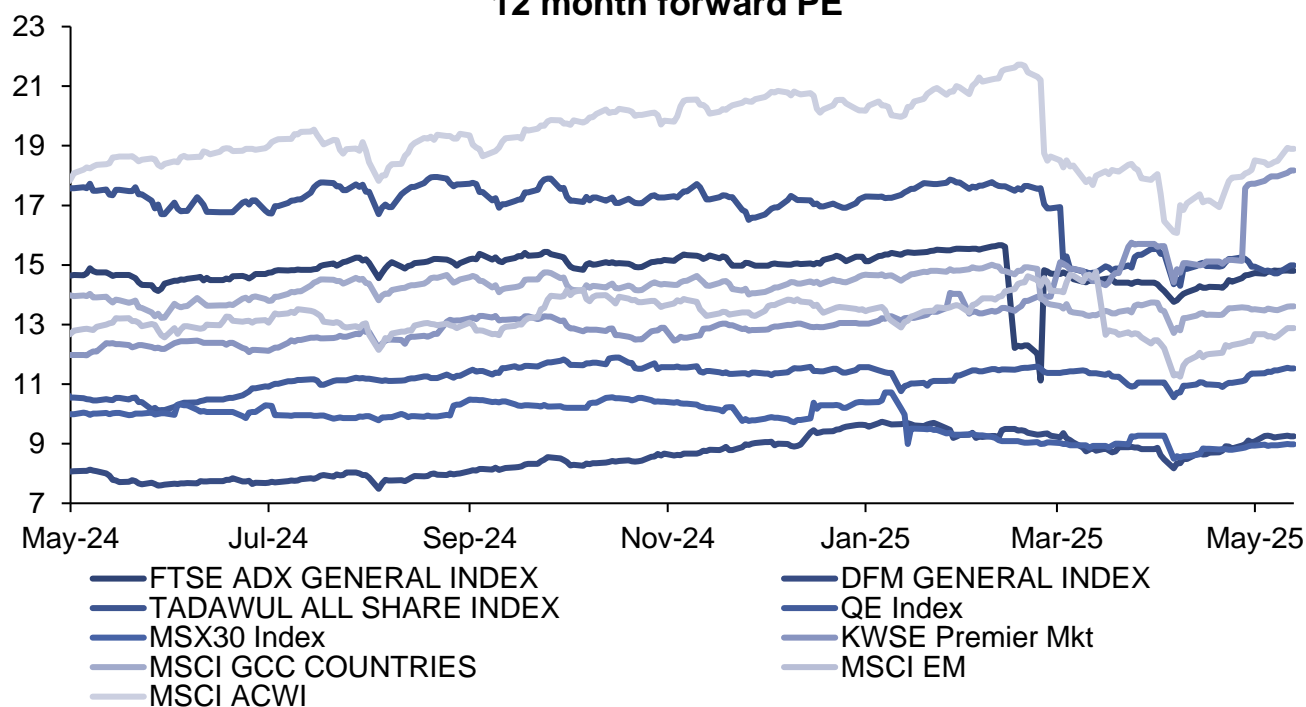
1Y performance



Source: Bloomberg, ADCB

GCC equity 12m forward PE

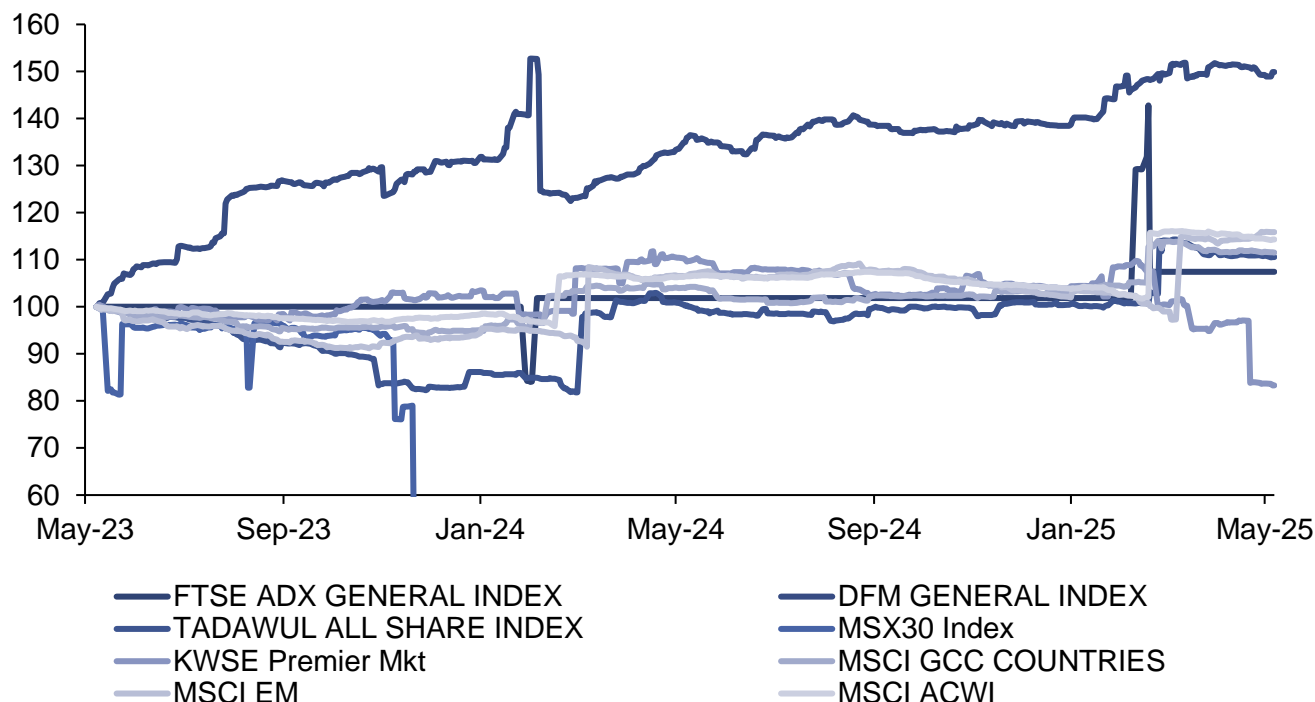
12 month forward PE



Source: Bloomberg, ADCB

GCC equity 12m forward EPS

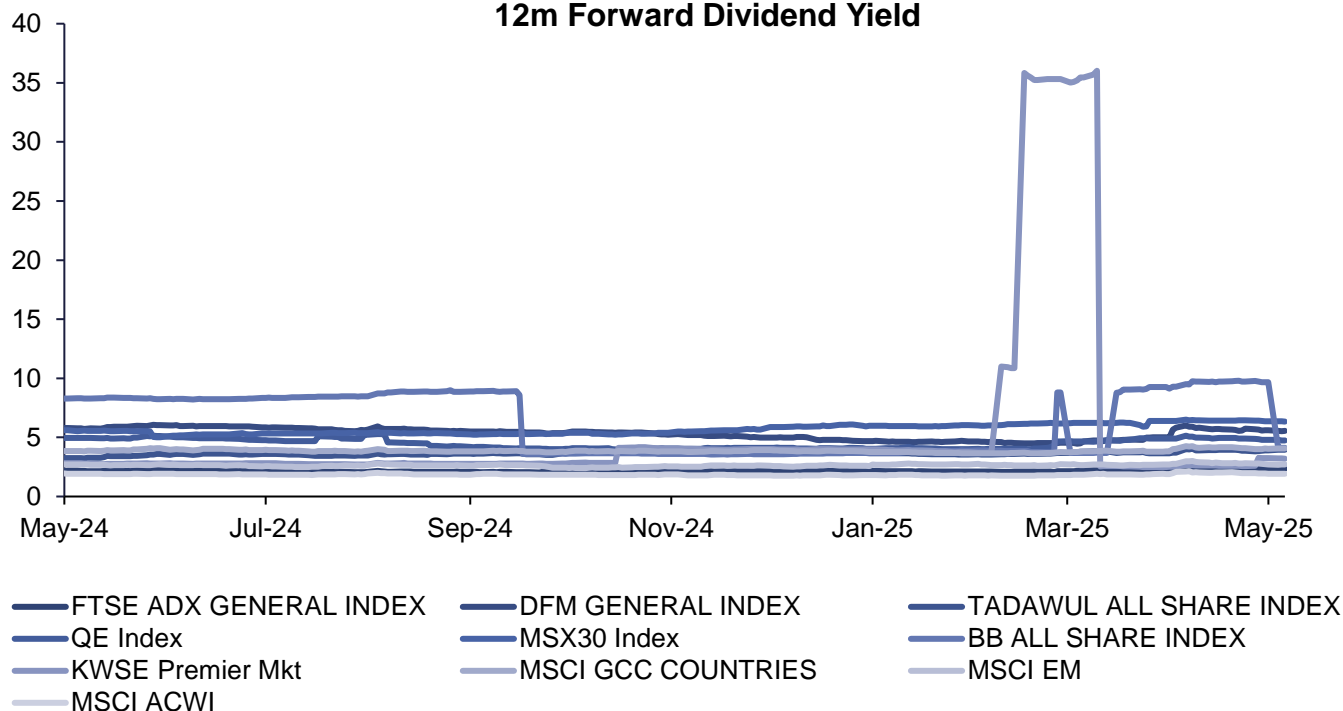
12 month forward EPS (indexed to 100 at start)



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields

12m Forward Dividend Yield



Source: Bloomberg, ADCB

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