GCC Weekly Market View

Investment Strategy ♦ June 24, 2026

GCC market performance and activity summary

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In GCC fixed income

Global benchmark bond index recorded declines for the week ending 23rd June. Global Aggregate bond index fell (0.72%) and Global Treasuries also fell (0.86%). In credit, Global corporate IG index and Global HY index posted declines. All GCC bond indices recorded declines over the week. Saudi Arabia and Kuwait underperformed the most. 5Y sovereign CDS spreads winded across all GCC markets. In the USD sovereign market, the 10yr bond yields gained across all GCC markets.

GCC equities

GCC regional indices ended mixed over the week. Bahrain and Abu Dhabi outperformed the most. Overall, MSCI GCC, MSCI EM and MSCI ACWI recorded declines.

GCC key macro developments

- Saudi Arabia's industrial production returns to growth, expanded by 5.1% in 2025.
- Oman's economy expanded by 3% in Q1 2026.
- Oman's inflation increased by 3.8% in May 2026.
- Kuwait's inflation rose to 2.49% in May 2026.

GCC corporate news

- FAB raised USD750mn through Tier 2 capital issuance.
- Bank AlJazira Priced USD500mn AT1 Sukuk.
- AviLease plans to launch a 5-Year USD bond offering.

GCC Weekly Market Performance

Index			
Fixed Income	**Latest**	**-1w %**	**YTD %**
Global Agg	498.7	-0.72	7.84
Global Treasuries	205.9	-0.86	5.81
EM USD Agg TR	1411.5	-0.15	13.00
EM LatAm TR	1323.0	-0.17	16.79
EM EMEA TR	413.6	-0.20	12.22
EM Asia TR	710.2	-0.01	9.37
Bahrain TR	222.8	-0.24	9.61
Oman TR	176.1	-0.15	12.58
Kuwait TR	169.0	-0.25	7.74
Qatar TR	148.6	-0.22	8.01
Saudi Arabia TR	154.4	-0.31	9.38
UAE TR	154.5	-0.14	8.38
Equity	**Latest**	**-1w %**	**YTD %**
ADX	10024.7	0.29	7.54
DFM	6105.0	-0.18	18.47
Tadawul	11034.0	-0.73	-8.83
DSM	10408.8	-1.58	-1.54
MSM30	7303.3	-3.68	59.69
BHSE	2036.4	1.02	2.89
KWSE	9159.7	-1.28	16.85
MSCI GCC	754.6	-0.68	3.92
MSCI EM	1733.7	-2.75	61.87
MSCI ACWI	1106.5	-1.30	31.74

Rates			
3M interbank	**Latest**	**-1w (bp)**	**YTD (bp)**
Saudi	4.70	1.05	-15.63
UAE	3.96	8.58	48.06
Kuwait	3.56	0.00	-
Bahrain	5.14	-0.33	15.62
Oman	4.19	-1.05	-
Qatar	3.90	-	-
US SOFR	3.61	-2.00	-26.00
5Y Sov. CDS	**Latest**	**-1w (bp)**	**YTD (bp)**
Saudi Arabia	69.67	1.20	1.50
Abu Dhabi	45.40	4.40	16.90
Dubai	87.12	7.40	35.60
Kuwait	59.62	0.30	6.10
Bahrain	260.01	20.80	71.60
Oman	74.87	1.70	-
Qatar	38.19	0.50	10.10
10Y yield	**Latest**	**-1w (bp)**	**YTD (bp)**
Saudi Arabia	5.06	8.50	39.70
Abu Dhabi	4.81	8.10	57.80
Dubai	4.85	4.80	84.50
Bahrain	6.98	8.10	74.10
Oman	4.97	6.00	18.30
Qatar	4.60	5.50	41.20

Note: data from 17th June 2026 to 23rd June 2026, Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management.

Developments

Saudi Arabia's industrial production returns to growth, expanded by 5.1% in 2025

- According to GASTAT, Saudi Arabia's industrial production increased by 5.1% in 2025, reversing the contractions recorded in 2023 and 2024. The strongest growth was recorded in water supply, sewerage, waste management, and remediation activities, which rose 10.0% YoY. Mining and quarrying expanded by 5.8%, supported by a 5.4% increase in oil-related activities, while non-oil activities grew 4.3%. Manufacturing output advanced 3.9%, led by a 9.3% rise in chemical products. Meanwhile, electricity, gas, steam, and air conditioning supply increased 5.2%, food manufacturing rose 2.9%, and coke and refined petroleum products production gained 3.7%. (Source: Zawya).

Oman's economy expanded by 3% in Q1 2026

- According to the National Centre for Statistics and Information (NCSI), Oman's real GDP grew by 3.0% YoY during the first quarter of 2026, supported by stronger oil and gas production alongside robust performance across key service sectors. Real GDP increased to OMR9.84 billion during January-March 2026 from OMR9.55 billion in the corresponding period last year, highlighting the resilience of the Omani economy despite challenging regional conditions. (Source: Zawya).

Oman's inflation increased by 3.8% in May 2026

- According to the NCSI, Oman's Consumer Price Index (CPI) increased by 3.8% YoY in May 2026.The largest price increases were recorded in miscellaneous goods and services (+9.6%), transport (+9.2%), and food and non-alcoholic beverages (+6.6%). Restaurants and hotels rose 4.7%, while furniture and household maintenance increased 3.1%. Education, healthcare, and recreation prices rose by 2.2%, 1.8%, and 0.3%, respectively, while housing-related costs edged down by 0.3%. Within food categories, vegetable prices surged 24.9%, followed by fruits (+16.7%) and meat (+5.1%), reflecting continued pressure on food inflation. (Source: Zawya).

Kuwait's inflation rose to 2.49% in May 2026

- According to the Central Statistical Bureau (CSB), Kuwait's annual inflation rate rose to 2.49% in May 2026, while monthly inflation increased by 0.07%. Food and beverage prices recorded the largest increase among major categories, rising 5.96% YoY, followed by transport (+4.46%) and miscellaneous goods and services (+6.61%). Other notable increases included household furnishings (+1.18%), healthcare (+1.19%), communications (+1.03%), recreation and culture (+1.06%), education (+0.94%), restaurants and hotels (+0.88%), clothing and footwear (+1.10%), and housing services (+0.49%). (Source: Zawya).

FAB raised USD750mn through Tier 2 capital issuance

- First Abu Dhabi Bank (FAB) successfully raised USD750mn through a benchmark Reg S Tier 2 capital issuance after attracting strong investor demand. The 10.5-year securities, callable after 5.5 years, were priced at a spread of 140bp over US Treasuries, tightening from initial guidance of around 170bp. The notes carry a fixed semi-annual coupon of 5.701%, with the orderbook peaking at USD1.65bn before closing at USD1.35bn. The securities mature in December 2036 and will be listed on the London Stock Exchange. The transaction marks FAB's sixth debt issuance of 2026 and follows its EUR750mn green bond sale earlier this month. (Source: Zawya).

Bank AlJazira Priced USD500mn AT1 Sukuk

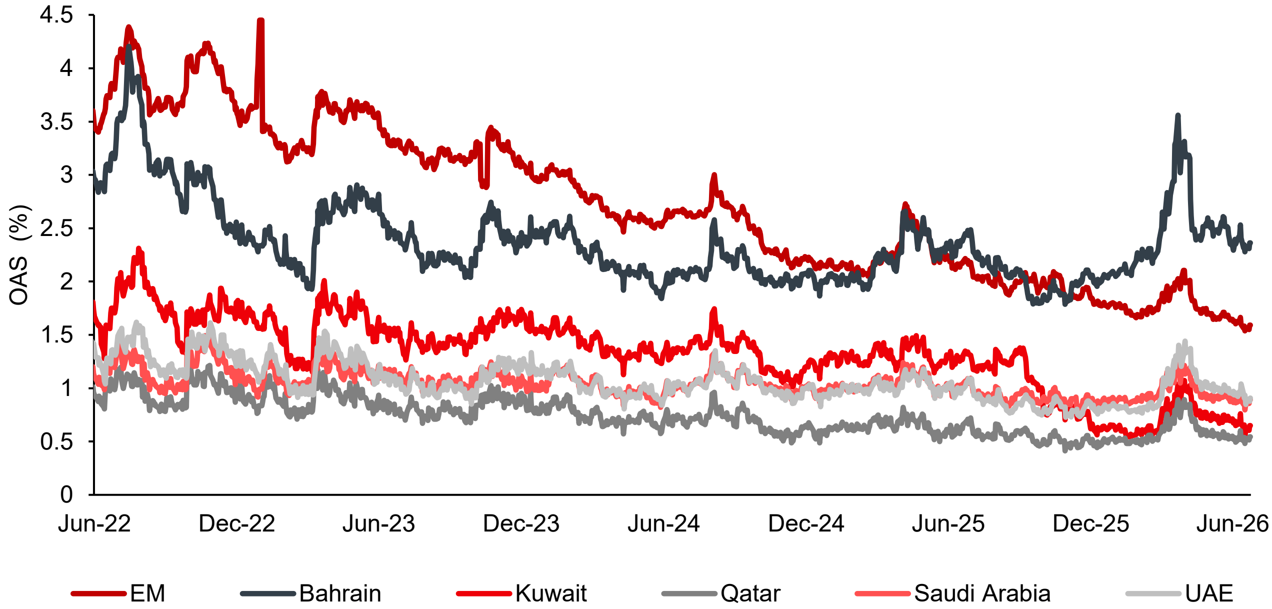
- Saudi Arabia's Bank AlJazira priced a USD500mn perpetual Additional Tier 1 (AT1) sukuk after receiving strong investor demand. The sukuk was priced at a spread of 650bp over US Treasuries, tightening from initial price guidance around a 7% yield. The orderbook exceeded USD1.5bn, excluding joint lead manager participation. The USD-denominated PerpNC5.5 sukuk is expected to settle on June 24, 2026, and will be listed on the London Stock Exchange's International Securities Market. (Source: Zawya).

AviLease plans to launch a 5-Year USD bond offering

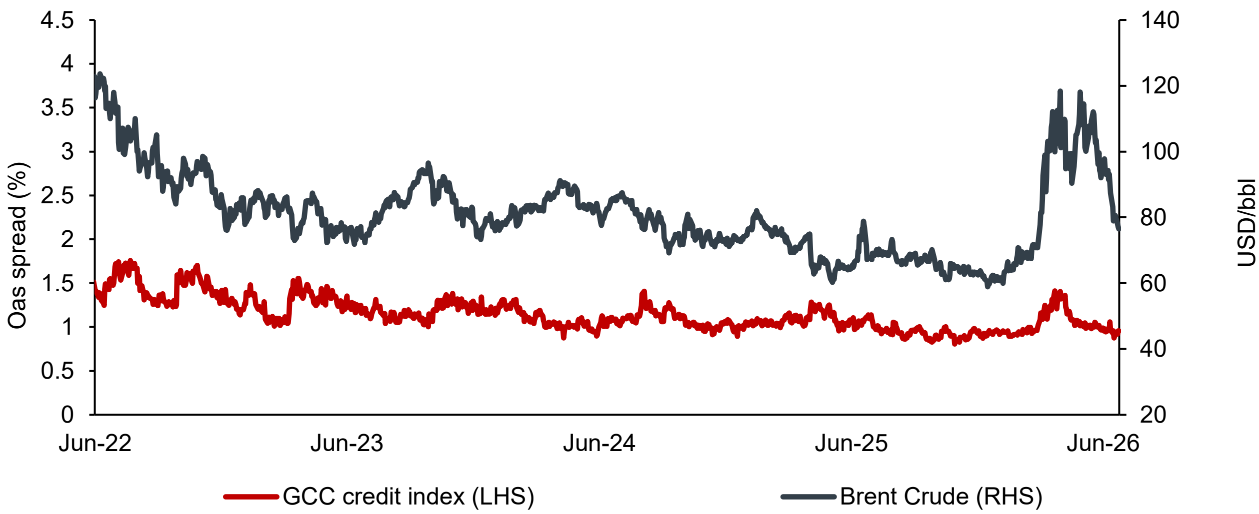
- AviLease, the aircraft leasing company wholly owned by Saudi Arabia's Public Investment Fund (PIF), plans to launch a 5-year USD-denominated Regulation S bond. The company, rated Baa2 by Moody's and BBB by Fitch with stable outlooks,. Investor meetings commenced on June 22 ahead of the planned issuance, with the notes expected to carry the same investment-grade ratings and be listed on the London Stock Exchange's International Securities Market. (Source: Zawya).

Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



GCC corporate OAS spread versus Brent Crude



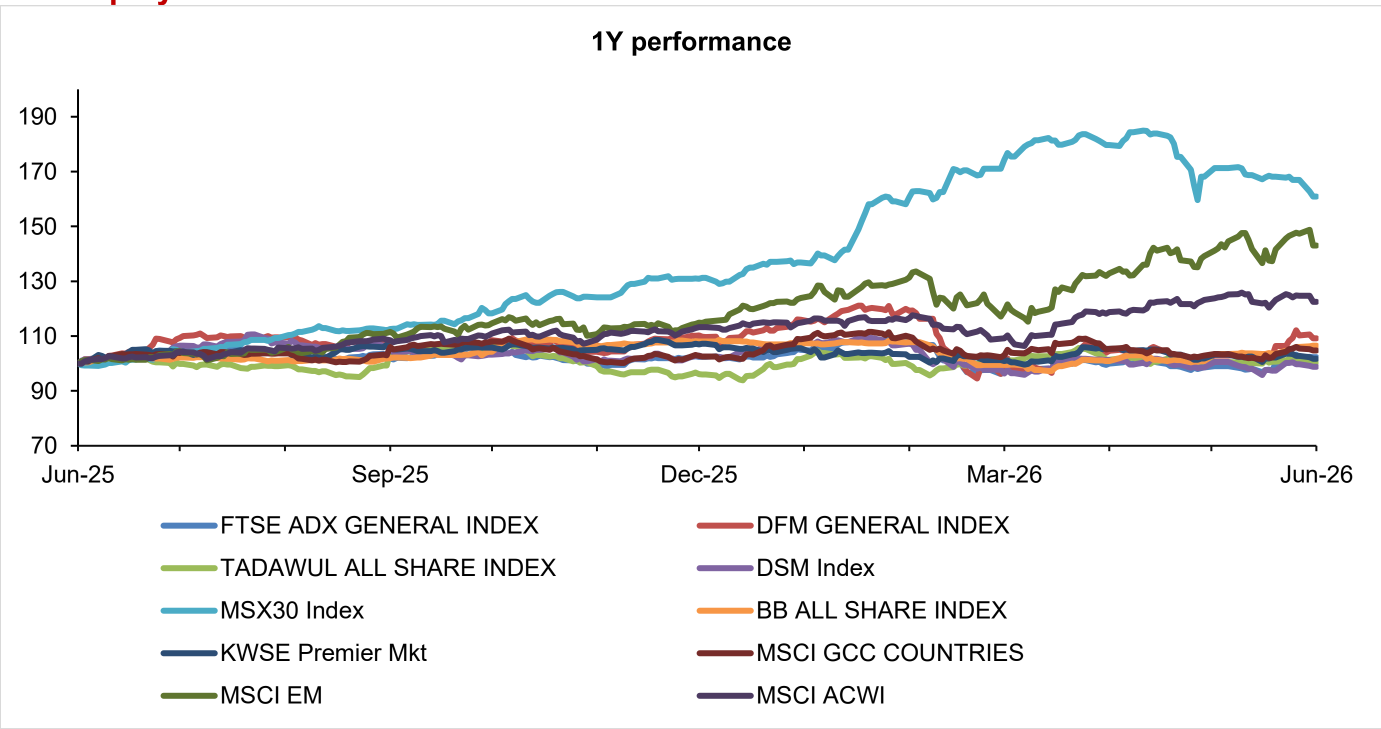
Source: Bloomberg, ADCB Asset Management

GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	11.7x	5.0%	2.5%
DFM	10.7x	#N/A	5.2%
Tadawul	14.4x	14.3%	3.5%
DSM	11.9x	-3.2%	4.8%
MSM30	12.2x	#N/A	4.2%
BHSE	6.6x	NM	4.4%
KWSE	14.0x	33.9%	3.8%
MSCI GCC	12.8x	11.7%	4.0%
MSCI EM	13.3x	50.6%	1.8%
MSCI ACWI	19.2x	27.9%	1.5%

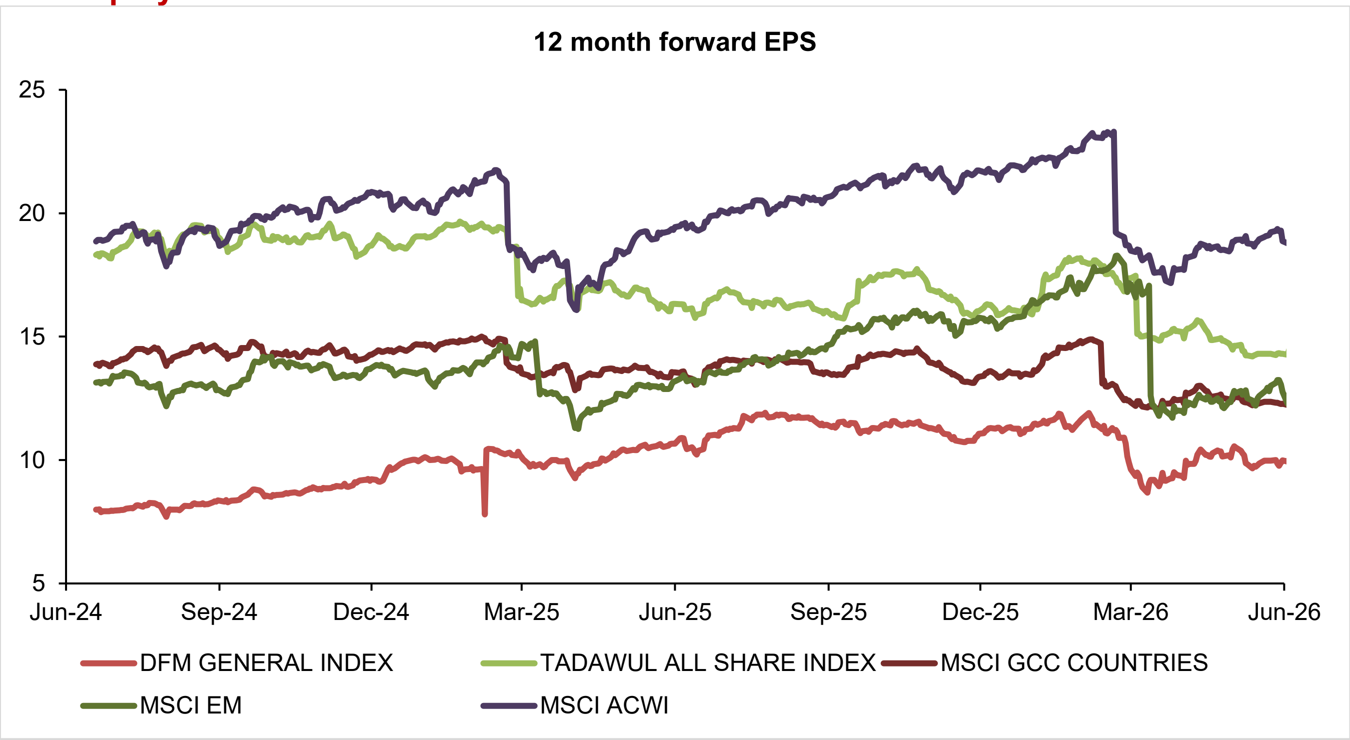
Notes: *data as of 24 June 2026 | Source: Bloomberg, ADCB

GCC equity 1Y Performance



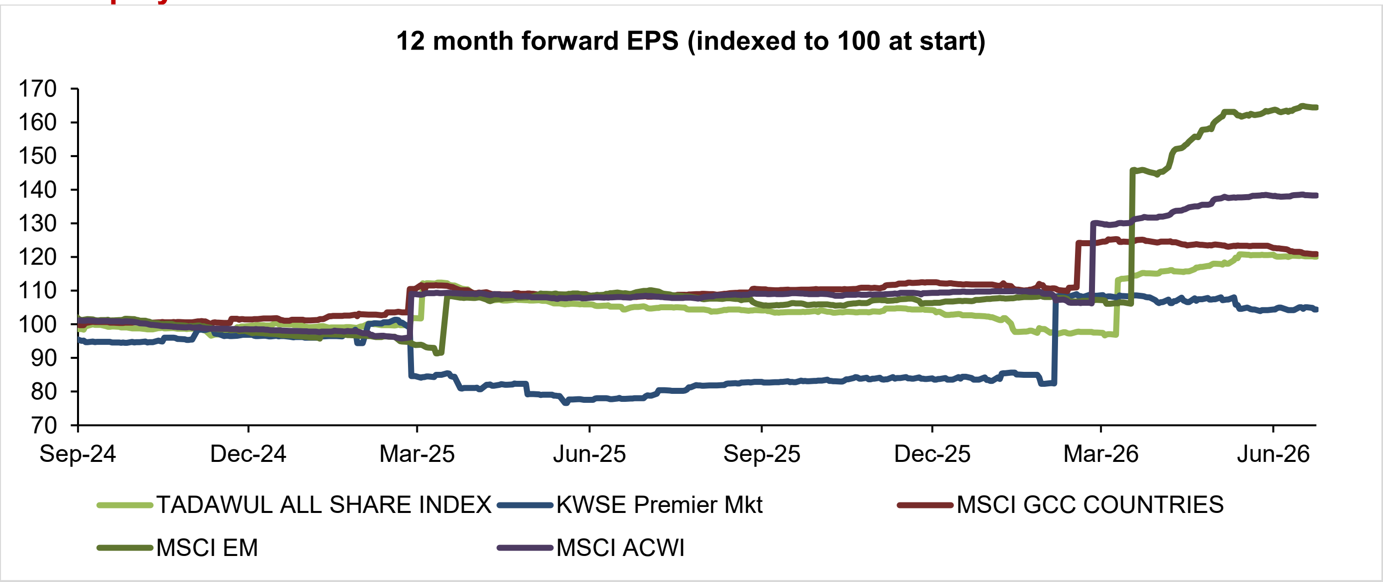
Source: Bloomberg, ADCB

GCC equity 12m forward PE



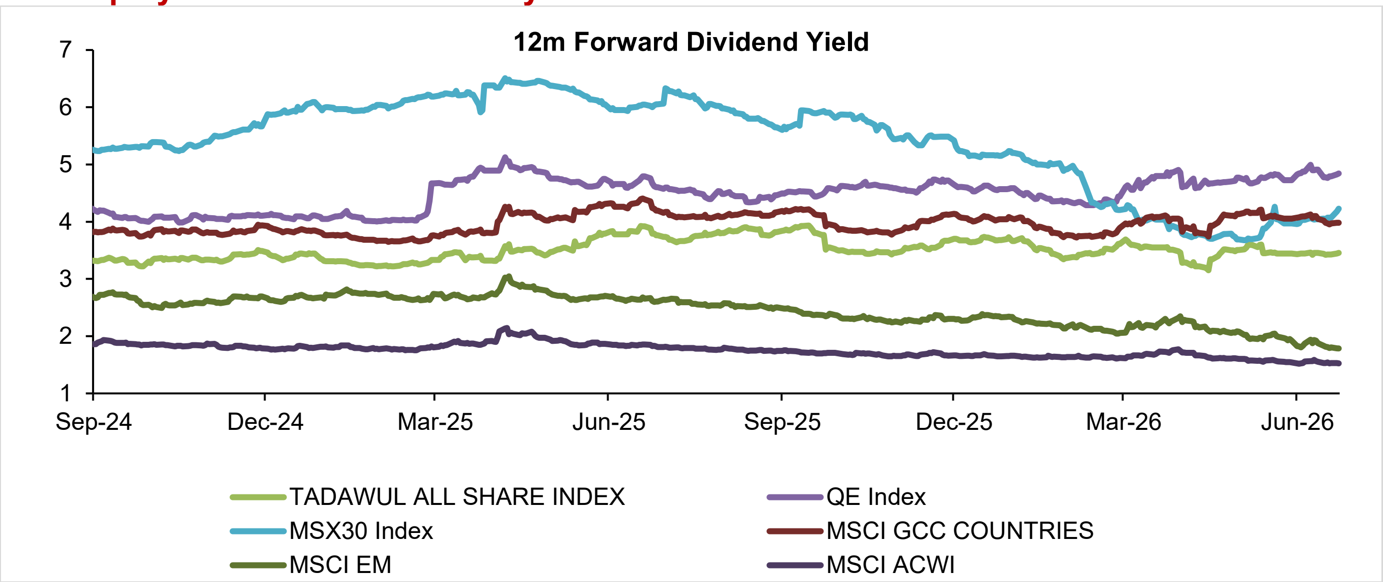
Source: Bloomberg, ADCB

GCC equity 12m forward EPS



Source: Bloomberg, ADCB

GCC equity 12m forward dividend yields



Source: Bloomberg, ADCB

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