GCC Weekly Market View

Investment Strategy ♦ October 21, 2026

GCC market performance and activity summary

In GCC fixed income

Global benchmark bond index recorded modest gains for the week ending 20th October. Global Aggregate bond index rose c0.85% and Global Treasuries gained c0.95%. In credit, Global corporate IG index and Global HY index posted gains. All GCC bond indices recorded gains over the week. Bahrain and Qatar outperformed the most. 5Y sovereign CDS spreads winded across all GCC markets. In the USD sovereign market, the 10yr bond yields declined across all GCC markets, except for Saudi Arabia.

GCC equities

All GCC regional indices declined over the week – Qatar and Oman underperformed the most. Overall, MSCI GCC, MSCI EM and MSCI ACWI posted declines.

GCC key macro developments

- Dubai's real GDP reached AED473bn in H1 2026.
- Saudi Arabia's inflation remained at 1.9% in September 2026.
- IMF raised Saudi Arabia's 2027 growth forecast to 7.9%.
- Saudi net FDI inflows rose 33.5% to SAR159bn.
- Oman recorded sharp increases in food and transport prices.

GCC corporate news

- TAQA raised USD1.75bn through two-part bond sale.
- Kuwait raised USD3.25bn through dual-tranche debt sale.

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GCC Weekly Market Performance

Index			
Fixed Income	Latest	-1w %	YTD %
Global Agg	491.7	0.85	6.32
Global Treasuries	203.8	0.95	4.71
EM USD Agg TR	1374.0	0.13	10.00
EM LatAm TR	1280.5	-0.04	13.05
EM EMEA TR	402.8	0.28	9.28
EM Asia TR	696.3	0.06	7.25
Bahrain TR	211.8	0.87	4.20
Oman TR	172.0	0.64	9.92
Kuwait TR	165.8	0.15	5.67
Qatar TR	143.7	0.73	4.41
Saudi Arabia TR	149.6	0.42	5.98
UAE TR	150.9	0.59	5.80
Equity	Latest	-1w %	YTD %
ADX	9766.3	-0.04	5.44
DFM	5832.8	-0.98	13.22
Tadawul	9891.3	-1.84	-17.77
DSM	8611.6	-3.73	-18.66
MSM30	7458.7	-2.59	65.18
BHSE	1857.5	-1.05	-6.02
KWSE	8735.5	-1.33	12.60
MSCI GCC	703.3	-1.17	-3.16
MSCI EM	1599.8	-3.57	49.37
MSCI ACWI	1130.4	-0.31	34.58

Rates			
3M interbank	Latest	-1w (bp)	YTD (bp)
Saudi	5.45	-11.48	59.45
UAE	4.30	3.08	82.88
Kuwait	3.63	0.00	-!
Bahrain	5.47	4.61	48.85
Oman	4.30	1.60	-
Qatar	4.44	-	-
US SOFR	3.87	-1.00	0.00
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	5.88	1.10	121.50
Abu Dhabi	5.55	-9.10	132.00
Dubai	5.39	-6.00	139.00
Bahrain	8.47	-17.80	222.90
Oman	5.77	-7.50	98.10
Qatar	5.48	-9.20	129.30

Note: data from 14th October 2026 to 20th October 2026, Source: Bloomberg, ADCB Asset Management.

Developments

Dubai's real GDP reached AED473bn in H1 2026

- UAE Dubai's real GDP reached AED473bn in H1 of 2026, down 2.3%YoY, while GDP at current prices rose 0.2% to AED505bn. Healthcare grew 14.3% in real terms, followed by financial and insurance activities at 8.8%, information and communication at 2.7%, and construction at 2.4%. Wholesale and retail trade, transportation, real estate and manufacturing recorded real declines. (Source: Zawya).

Saudi Arabia's inflation remained at 1.9% in September 2026

- The Saudi Arabia's annual inflation rate remained at 1.9% in September 2026, with consumer prices unchanged from August. Housing and utilities prices rose 3.6% year on year, transportation increased 2.3%, and food and beverages climbed 1.4%. Housing rents remained a major inflation driver. Wholesale prices increased 4.2% annually but fell 0.2% month on month. Maritime tensions continued to pose risks to shipping costs and supply chains. (Source: Zawya).

IMF raised Saudi Arabia's 2027 growth forecast to 7.9%

- The IMF raised Saudi Arabia's 2027 growth forecast to 7.9%, up from 5.5%, while revising its 2026 outlook to a 3.3% contraction. The fund expects regional activity to recover as production, exports and logistics normalise. It said Saudi Arabia's diversified energy export routes help cushion disruption. Saudi inflation is forecast at 1.9% in 2026 and 2.2% in 2027. Separately, the kingdom's Ministry of Finance projects economic growth of 12.8% in 2027. (Source: Zawya).

Saudi net FDI inflows rose 33.5% to SAR159bn

- Saudi Arabia's net foreign direct investment inflows rose 33.5% to SAR159bn in 2025, while its FDI stock increased 8.3% to SAR1.06tn. Annual inflows were five times their 2017 level, while the accumulated stock doubled. The report attributed the growth to stronger investor confidence and reforms under Vision 2030. (Source: Zawya).

Oman recorded sharp increases in food and transport prices

- Oman's food and beverage prices rose 8%YoY in September 2026. Vegetables increased 20.1%, fruit climbed 16.3%, and meat rose 10.3%. Transportation prices increased 14.5%, while restaurant and hotel prices rose 3.6%. Average inflation across the sultanate stood at 3% during the first nine months of 2026. (Source: Zawya).

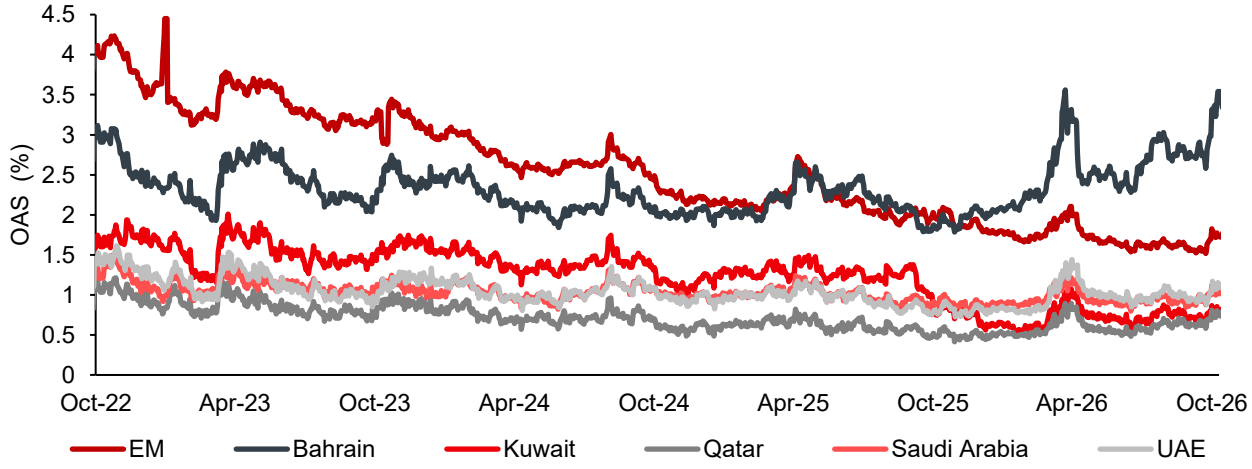
TAQA raises USD1.75bn through two-part bond sale

- Abu Abu Dhabi's TAQA raised USD1.75bn through a USD1.1bn 5-year green bond carrying a 5.875% coupon and a USd650mn 10-year bond with a 6.125% coupon. Orders exceeded USD3.3bn for the green tranche and USD2.4bn for the 10-year tranche, excluding joint lead manager interest. Issued under TAQA's USD20bn Global Medium Term Note Programme, the bonds will be listed on the London Stock Exchange's Main Market. (Source: Zawya).

Kuwait raises USD3.25bn through two-part bond sale

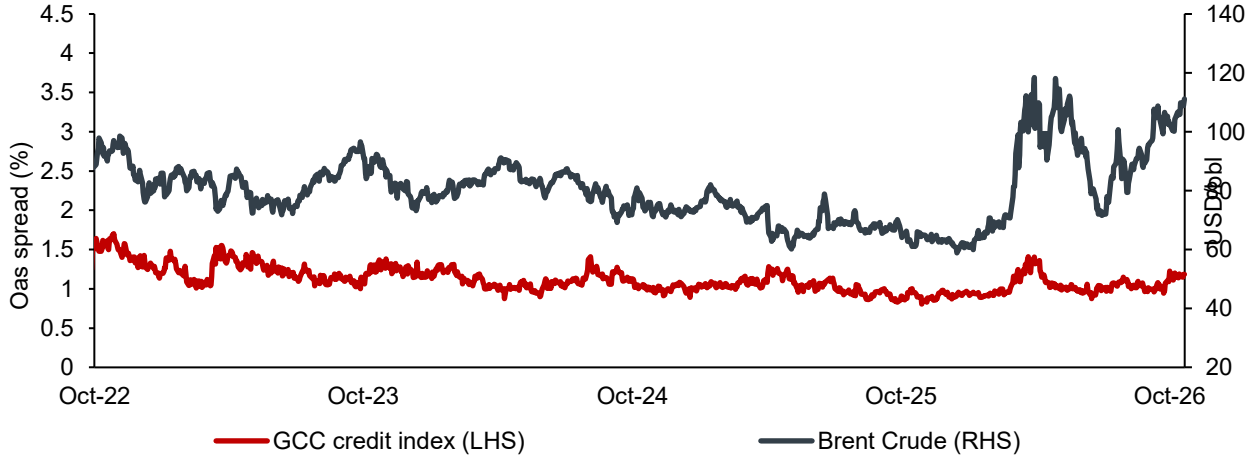
- Kuwait raised USD3.25bn through a USD2.25bn 3-year tranche carrying a 5.619% coupon and a USD1bn 10-year tranche with a 6.198% coupon. The offering attracted combined orders of USD7.8bn, with spreads set at 75bp and 105bp over US Treasuries, respectively. Settlement is scheduled for October 26, and the bonds will be listed on the London Stock Exchange's Main Market. (Source: Zawya).

Appendix
Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



Source: Bloomberg, ADCB Asset Management

GCC corporate OAS spread versus Brent Crude



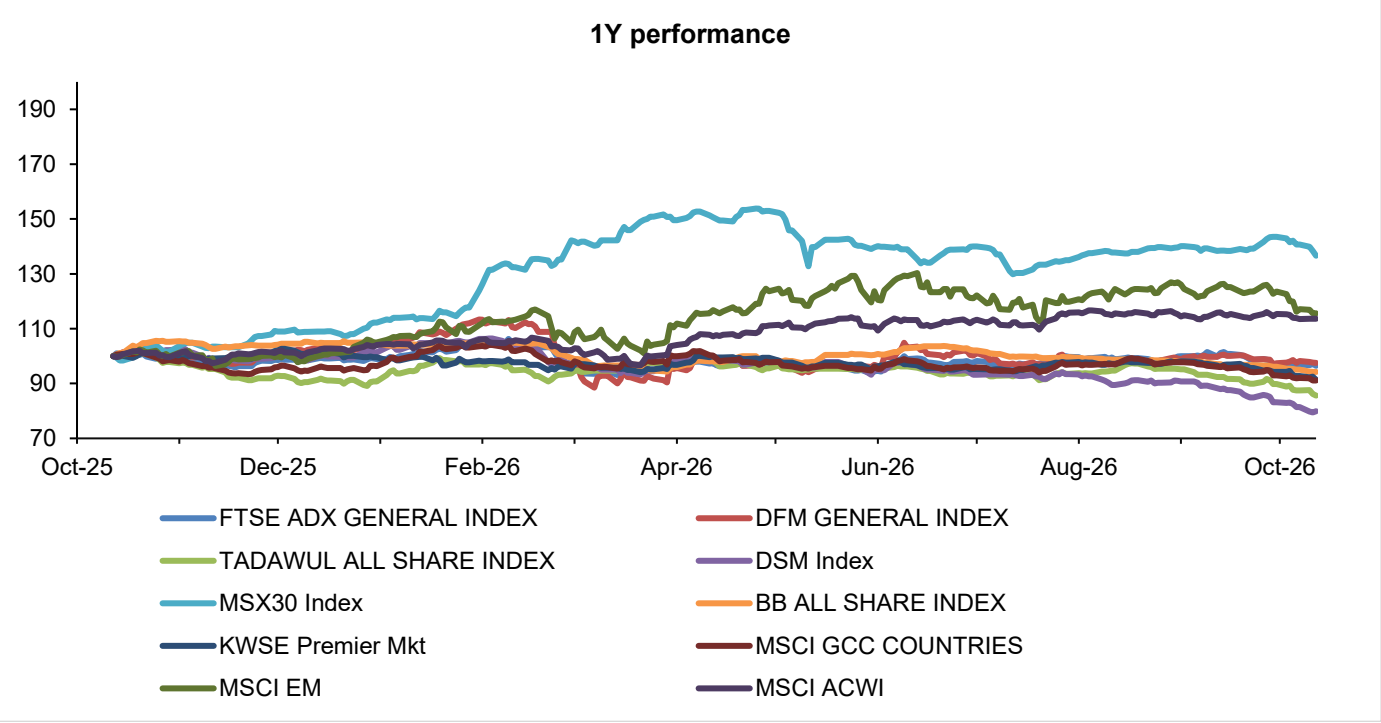
Source: Bloomberg, ADCB Asset Management

GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	10.6x	15.6%	2.5%
DFM	9.8x	-	5.5%
Tadawul	13.6x	10.2%	4.0%
DSM	10.6x	-8.6%	4.1%
MSM30	11.4x	-	4.5%
BHSE	10.7x	-	4.3%
KWSE	15.2x	9.0%	3.3%
MSCI GCC	12.0x	9.5%	4.2%
MSCI EM	10.8x	71.5%	2.1%
MSCI ACWI	18.0x	35.7%	1.6%

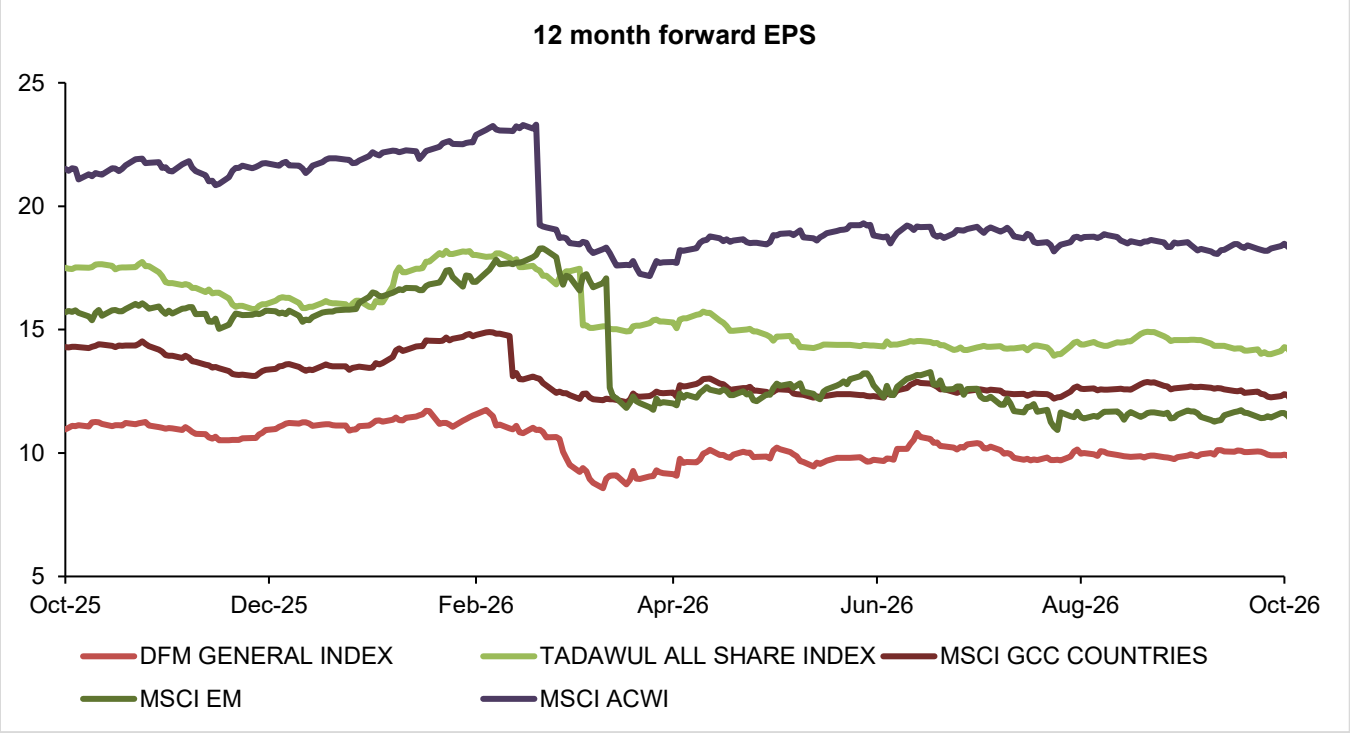
Notes: *data as of 21 October 2026 | Source: Bloomberg, ADCB Asset Management

GCC equity 1Y Performance



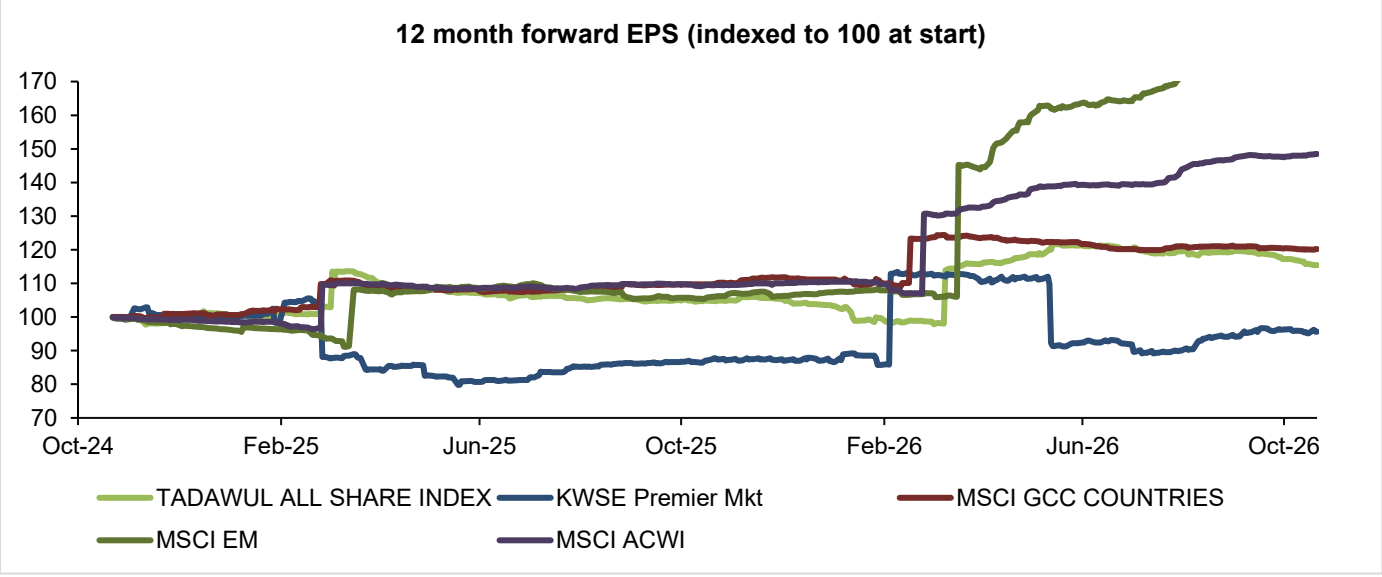
Source: Bloomberg, ADCB Asset Management

GCC equity 12m forward PE



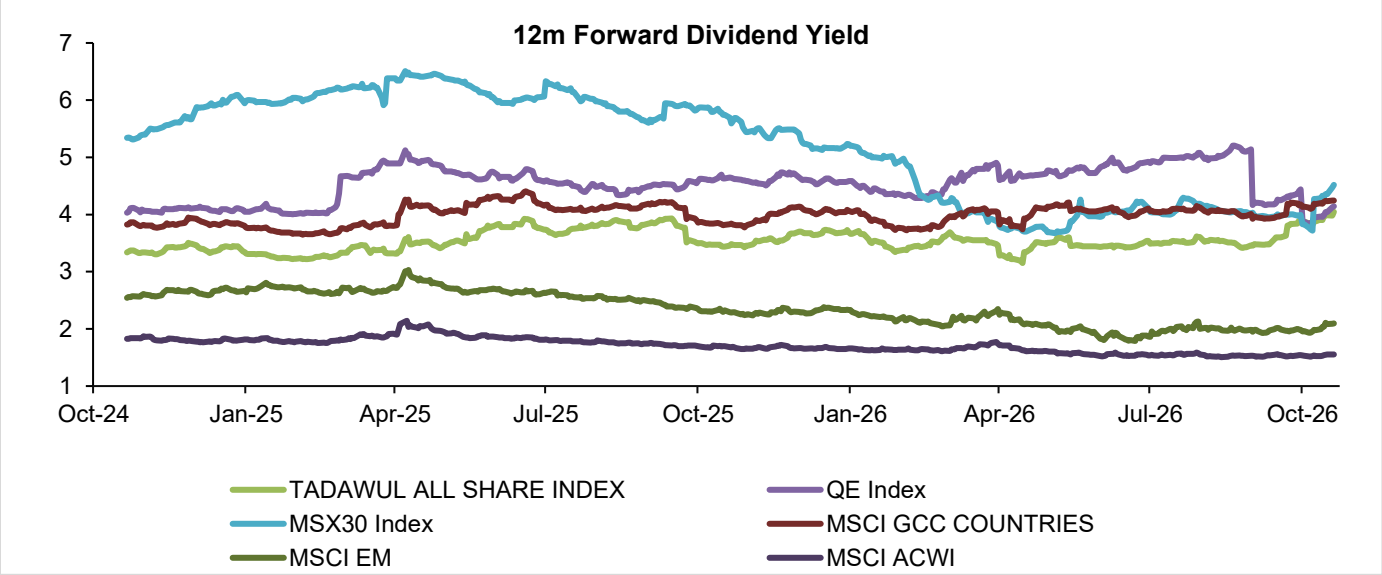
Source: Bloomberg, ADCB Asset Management

GCC equity 12m forward EPS



Source: Bloomberg, ADCB Asset Management

GCC equity 12m forward dividend yields



Source: Bloomberg, ADCB Asset Management

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