GCC Weekly Market View

Investment Strategy ♦ October 29, 2026

GCC market performance and activity summary

In GCC fixed income

All GCC bond indices recorded gains over the week. Bahrain outperformed the most. 5Y sovereign CDS spreads winded in Saudi Arabia, Qatar, and Oman. In the USD sovereign market, the 10yr bond yields declined across all GCC markets.

GCC equities

GCC regional indices ended mixed over the week – Qatar, Kuwait, and Saudi Arabia outperformed, while UAE, Bahrain, and Oman underperformed. Overall, MSCI GCC posted gains. MSCI EM and MSCI ACWI all posted declines.

GCC key developments

- GCC central banks hold rates following Fed decision.
- GCC economy is projected to shrink 4.8% in 2026 – IMF.
- IMF projects UAE economic growth of 7.7% in 2027.
- Saudi Arabia domestic non-oil exports rose despite weaker trade.
- ADCB reported nine-month profit of USD3.18bn before tax.
- FAB posted a 6% rise in Q3 2026 profit.
- ADIB Q3 profit rose 6% to AED6.4bn before tax.
- ADNOC Drilling reported USD1.07bn profit.
- Etisalat earnings surged following Vodafone stake sale.
- Du's nine-month net profit rose 10.8%.
- Masdar's USD600mn blue bond attracts strong demand.

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GCC Weekly Market Performance

Index			
Fixed Income	Latest	-1w %	YTD %
Global Agg	492.1	0.18	-1.84
Global Treasuries	203.8	0.13	-2.19
EM USD Agg TR	1378.2	0.24	-0.62
EM LatAm TR	1283.4	0.09	0.21
EM EMEA TR	404.2	0.28	-1.16
EM Asia TR	698.4	0.39	-0.87
Bahrain TR	214.8	1.32	-3.74
Oman TR	172.9	0.51	-0.14
Kuwait TR	165.8	0.04	-1.27
Qatar TR	144.3	0.40	-3.12
Saudi Arabia TR	149.7	0.17	-2.65
UAE TR	151.1	0.17	-2.51
Equity	**Latest**	**-1w %**	**YTD %**
ADX	9590.0	-1.85	-4.03
DFM	5845.0	-0.25	-3.34
Tadawul	10023.5	0.98	-4.45
DSM	9214.4	6.60	-14.38
MSM30	7377.1	-0.84	25.74
BHSE	1834.9	-1.22	-11.21
KWSE	8939.8	1.98	-5.88
MSCI GCC	709.4	0.95	-3.44
MSCI EM	1607.8	-0.47	14.49
MSCI ACWI	1134.0	-0.34	11.77

Rates			
3M interbank	**Latest**	**-1w (bp)**	**YTD (bp)**
Saudi	5.19	-17.62	33.41
UAE	4.31	-11.27	84.03
Kuwait	3.62	0.00	6.25
Bahrain	5.50	3.02	51.87
Oman	4.28	-2.05	-13.50
Qatar	4.30	-14.15	32.50
US SOFR	3.95	7.00	8.00
5Y Sov. CDS	**Latest**	**-1w (bp)**	**YTD (bp)**
Saudi Arabia	73.00	2.52	6.02
Abu Dhabi	37.57	0.67	10.12
Dubai	62.81	-0.82	15.37
Kuwait	56.44	-2.54	9.02
Bahrain	321.01	-20.91	136.76
Oman	82.10	1.50	11.31
Qatar	47.25	1.90	19.99
10Y yield	**Latest**	**-1w (bp)**	**YTD (bp)**
Saudi Arabia	5.88	-0.59	121.17
Abu Dhabi	5.51	-3.00	125.70
Dubai	5.36	-4.60	135.20
Bahrain	8.16	-26.70	191.70
Oman	5.70	-8.30	89.50
Qatar	5.48	-1.40	128.70

Note: data from 21st October 2026 to 28th October 2026, Source: Bloomberg, ADCB Asset Management.

Developments

GCC central banks hold rates following Fed decision

- The UAE, Qatar and Bahrain kept their key interest rates unchanged following the US Federal Reserve's decision to hold its Interest Rate on Reserve Balances steady. The UAE central bank retained its Overnight Deposit Facility base rate at 3.9% and kept short-term borrowing rates for all standing credit facilities at 50bp above the base rate, while Qatar's central bank maintained its deposit rate at 4.10%, lending rate at 4.60% and repo rate at 4.35%, following its October 2026 monetary policy assessment. Bahrain's central bank maintained its overnight deposit rate at 4.5% to support monetary and financial stability amid global market developments. (Source: Zawya).

GCC economy is projected to shrink 4.8% in 2026 - IMF

- According to the International Monetary Fund (IMF), the GCC economy to contract by 4.8% in 2026 before rebounding by 9.1% in 2027, as regional conflict disrupts energy production, shipping and trade. Oman is the only member expected to grow this year, at 4.1%. Kuwait faces the largest decline at 16.7%, followed by Qatar at 15.6%, Bahrain at 11.3%, the UAE at 3.9% and Saudi Arabia at 3.3%. Recovery depends on easing hostilities and restoring energy flows. GCC inflation is forecast to reach 2.7% in 2026 before easing to 2.4% in 2027. (Source: Zawya).

IMF projects UAE economic growth of 7.7% in 2027

- According to the International Monetary Fund (IMF), the UAE economy is projected to grow by 7.7% in 2027, raising its April estimate by 2.4 percentage points. Strong financial reserves, advanced infrastructure and technological investment support the outlook. Continued investment in artificial intelligence could add around 0.5 percentage points to annual growth. The IMF also highlighted trade diversification, stronger logistics networks and skills development as priorities for sustained growth. (Source: Zawya).

Saudi Arabia domestic non-oil exports rose despite weaker trade

- Saudi Arabia's domestic non-oil exports rose 8.5% YoY in August 2026. However, total non-oil exports, including re-exports, fell 9.1% as re-exports dropped 34%. Overall merchandise exports declined 11.5%, driven by lower oil shipments, while imports fell 9.1% and the trade surplus narrowed by 21%. The UAE was Saudi Arabia's largest export market. (Source: Zawya).

ADCB reported nine-month profit of USD3.18bn before tax

- ADCB's profit before tax rose 28% YoY to AED11.67bn in the first nine months of 2026, while net profit increased 27% to AED10.296bn. Growth was supported by higher fee and trading income, expanding lending and improved efficiency. Assets reached AED890bn, net loans totalled AED469bn and customer deposits rose to AED558bn. The non-performing loan ratio fell to a record low of 1.6%. (Source: Zawya).

FAB posted a 6% rise in Q3 2026 profit

- FAB reported Q3 net profit of AED5.75bn, up 6% YoY and above analysts' AED5.3bn forecast. Operating income increased 9% to AED10.21bn, while net interest income rose 6% to AED5.50bn. Impairment charges exceeded AED1bn. 9-month attributable net profit increased 3% to AED16.5bn, with total assets reaching AED1.47tn. (Source: Zawya).

ADIB Q3 profit rose 6% to AED6.4bn before tax

- Abu Dhabi Islamic Bank's (ADIB) nine-month profit before tax increased 6% YoY to AED6.4bn, while net profit rose 6% to AED5.6bn. Revenue reached AED9.7bn, supported by strong financing growth and approximately 200,000 new customers. Assets increased 18% to AED318bn, customer financing grew 25% and deposits rose 17%. The non-performing asset ratio improved to 2%, while a planned AED1.75bn rights issue will support expansion. (Source: Khaleej times).

ADNOC Drilling reported USD1.07bn profit

- ADNOC Drilling recorded nine-month revenue of USD3.7bn and net profit of USD1.07bn in 2026. Its new Drill-to-Operate strategy expands services across the full well lifecycle to diversify revenue and enter larger markets. The board approved a USD350mn Q3 dividend. Total 2026 distributions could reach USD1.225bn, subject to shareholder approval of a further payment. The company expects modest revenue growth and broadly stable net profit in 2027. (Source: Zawya).

Etisalat earnings surged following Vodafone stake sale

- Etisalat reported q# net profit of AED11.2bn, boosted by an approximately AED8bn gain from selling its entire Vodafone stake. Quarterly revenue increased 6.9% to AED19.5bn, while EBITDA rose 5.1% to AED9bn. Nine-month net profit climbed 45.9% to AED17.2bn. Global subscribers increased 29.4% to 254.8mn, including 16.5mn in the UAE. (Source: Gulf news).

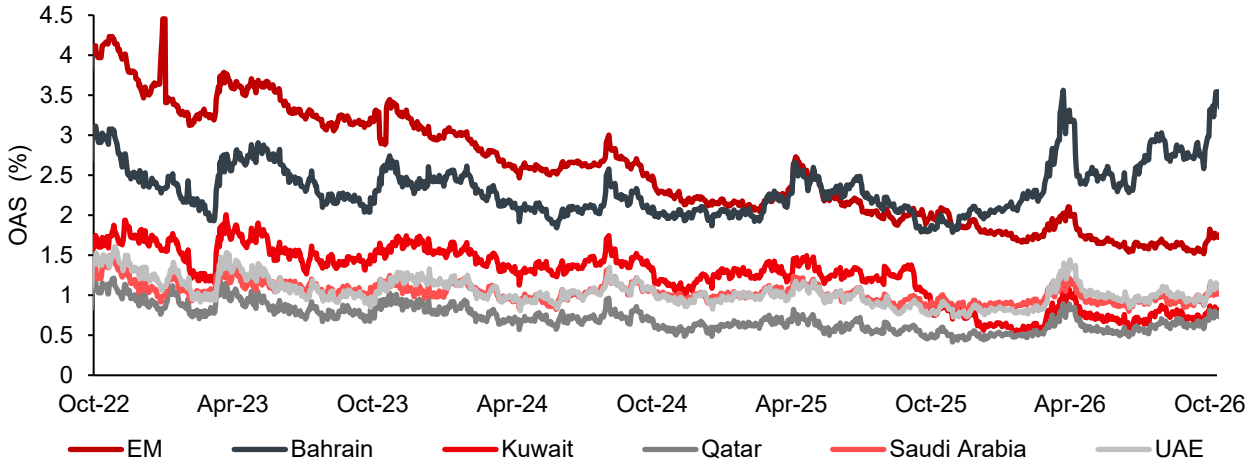
Du's nine-month net profit rose 10.8%

- Du's net profit rose 10.8% to AED2.4bn in the first nine months of 2026, supported by demand for connectivity and digital services. Revenue increased 6.2% to AED12.3bn, while EBITDA grew 9.2% to AED6bn. The company secured a 20-year telecommunications licence renewal and a three-year royalty regime extension. Investments in data centres, cloud computing and advanced connectivity continue to support expansion. (Source: Zawya).

Masdar's USD600mn blue bond attracts strong demand

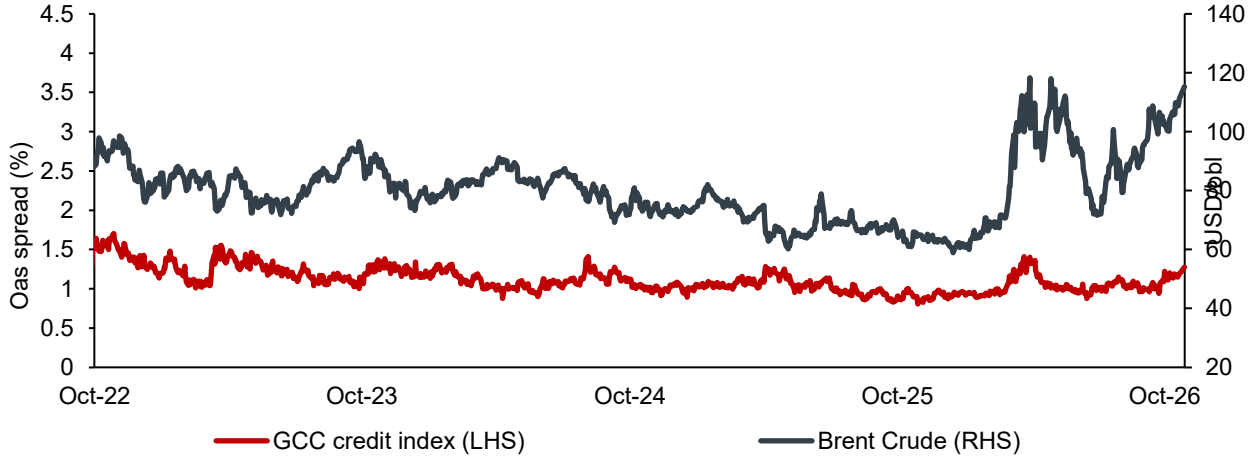
- Masdar priced a 5-year, USD600mn blue bond at 115bp above US Treasuries, tightening from initial guidance of around 130bp. Orders exceeded USD1.4bn, but the issue size remained unchanged. The bond matures on October 29, 2031, with settlement scheduled for October 29 and listing planned on London's International Securities 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



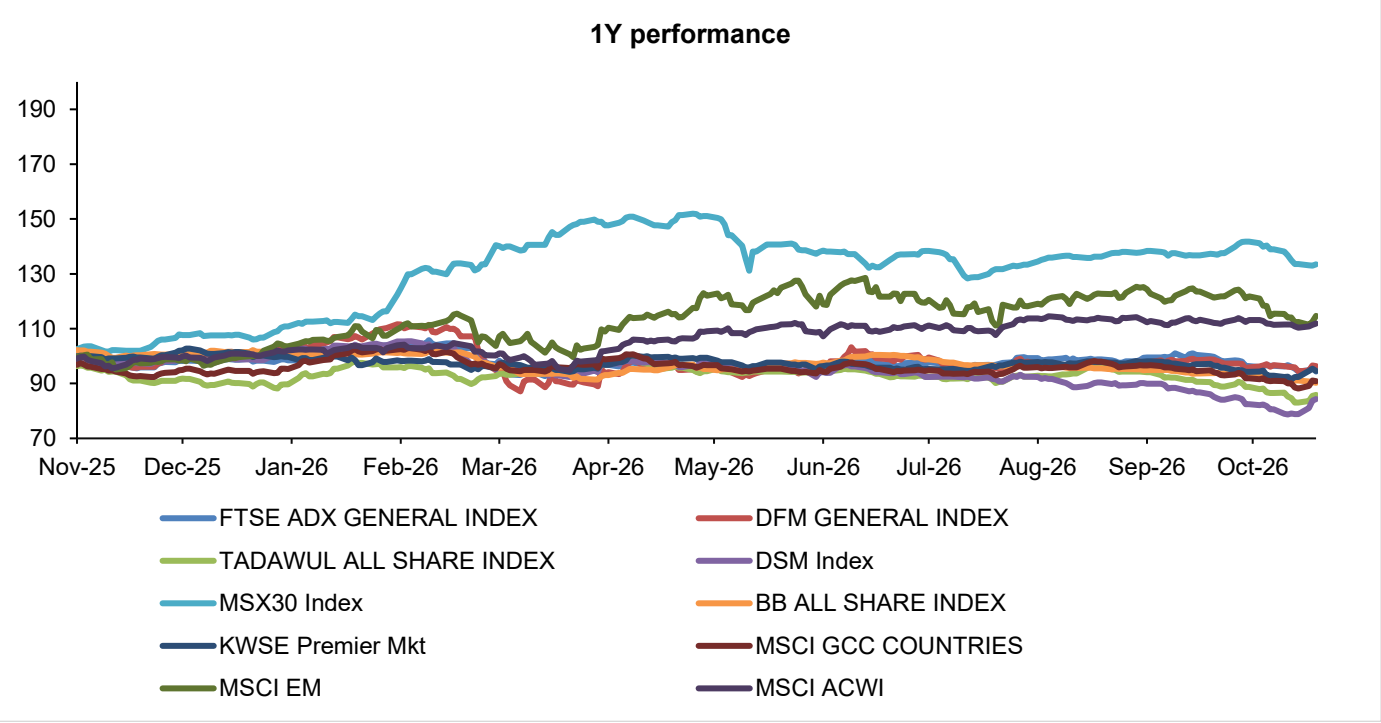
Source: Bloomberg, ADCB Asset Management

GCC equities – performance, earnings, and valuations snapshot

Equity Index	12M forward PE	12M forward EPS growth	12M forward dividend yield
ADX	10.5x	15.6%	4.8%
DFM	9.9x	-2.2%	5.7%
Tadawul	13.9x	10.5%	4.0%
DSM	11.5x	13.0%	5.3%
MSM30	11.1x	-	4.8%
BHSE	10.5x	-	4.3%
KWSE	16.4x	8.1%	4.0%
MSCI GCC	12.1x	7.1%	4.2%
MSCI EM	10.6x	21.1%	2.2%
MSCI ACWI	18.0x	15.9%	1.6%

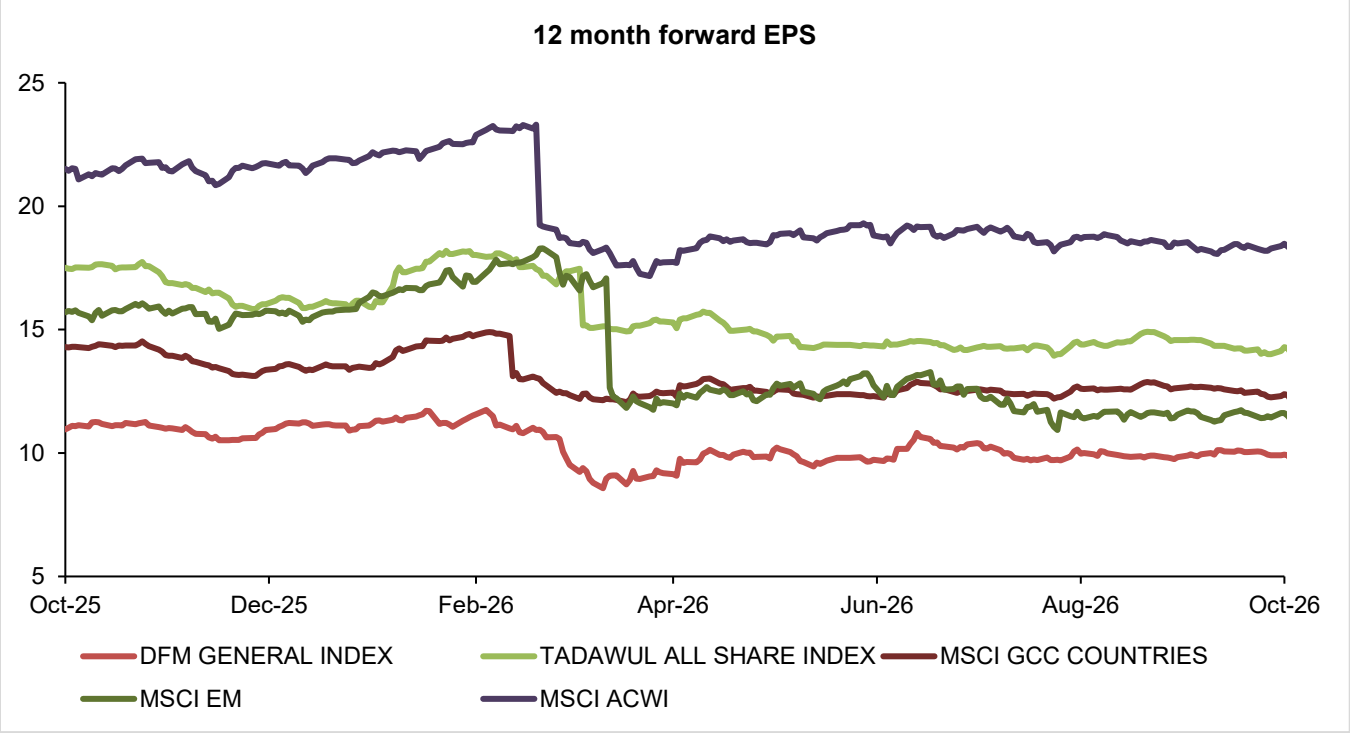
Notes: *data as of 29 October 2026 | Source: Bloomberg, ADCB Asset Management

GCC equity 1Y Performance



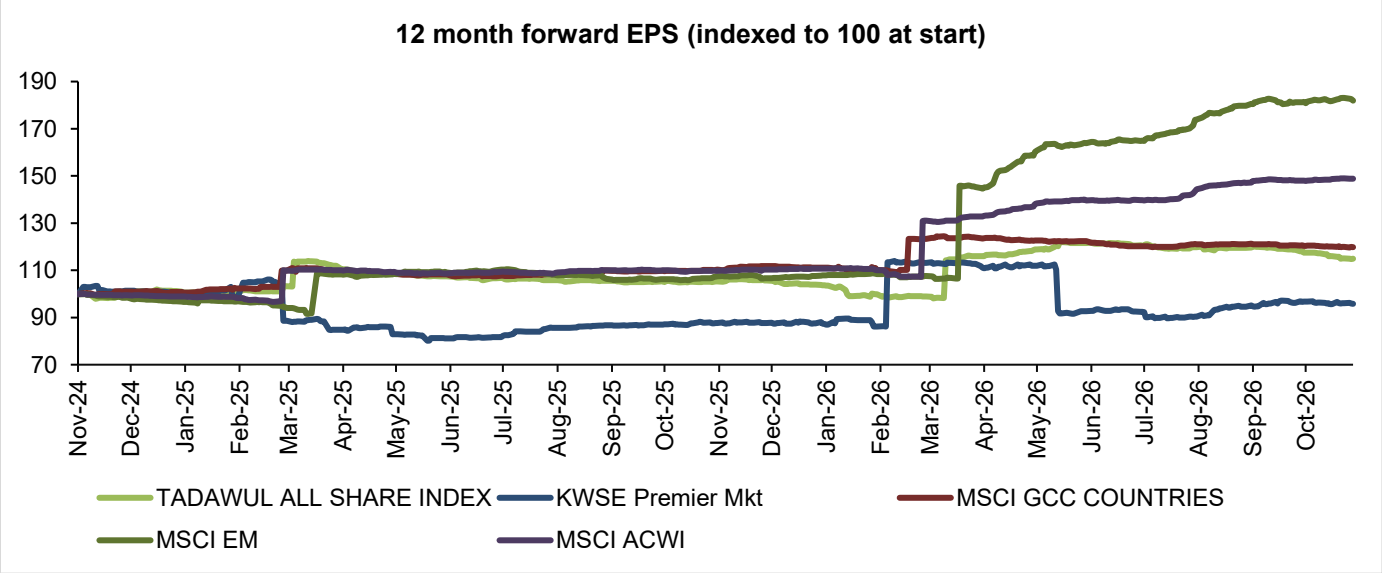
Source: Bloomberg, ADCB Asset Management

GCC equity 12m forward PE



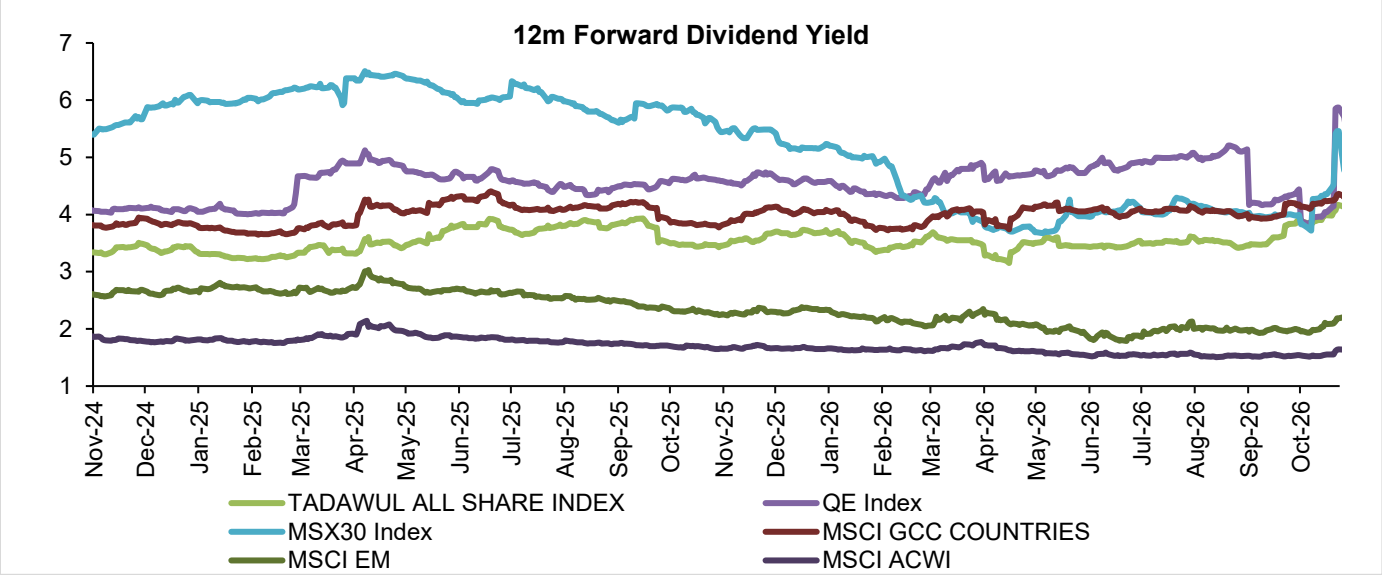
Source: Bloomberg, ADCB Asset Management

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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