

## Markets Advance on Softer Inflation and Subdued Geopolitical Strains

Sector Weighting:  
**MARKET WEIGHT**

### GCC Fixed Income Outlook

GCC fixed income market maintained strong momentum, with total primary bond and sukuk issuances rising 32.3% YOY to USD 38.74 Bn across 137 deals in 3Q25. According to Markaz, Saudi Arabia led the activity with USD 20.32 Bn representing 52.5% share, followed by the UAE with USD 5.82 Bn, Qatar with USD 5.7 Bn, Kuwait with USD 3.4 Bn, Bahrain with USD 2.5 Bn, and Oman with USD 0.9 Bn. During the period, the issuance was primarily dominated by the corporate sector. The corporates represented 68.6% of the total issuance, while sovereign issuances surged more than double to USD 12.1 Bn, accounting for 31.4% of the total issuances. Additionally, the Sukuk volumes climbed to USD 20.4 Bn, surpassing conventional bonds and reflecting a shift toward Islamic finance.

In October 2025, GCC bond and sukuk issuances continued to rise, reaching USD 25.4 Bn, reflecting sustained momentum from the previous month, primarily driven by sovereign entities, which accounted for the majority of the total issue volume. The GCC Sovereign entities led the activity with USD 17.8 Bn issuances, representing 70.0% of the total issuance during the month. Kuwait led the activity with multiple sovereign bonds amounting to USD 11.2 Bn, followed by Abu Dhabi with USD 3.0 Bn, Bahrain with USD 2.5 Bn and Oman with USD 1.0 Bn during the month. Additionally, Financial institutions also contributed notably, issuing USD 2.8 Bn during the month. The issuance was further supported by the corporates, which together issued USD 4.9 Bn during the month.

In the October 2025 policy meeting, the US Federal Reserve cut the federal funds rate by 25 bps to 3.75%-4.00%, aiming to manage inflation and support a slowing job market. Looking ahead, markets are pricing in the possibility of another rate cut before the end of the year. The US 10-year Treasury yield hovered around 4.1% in early October 2025, dipped slightly mid-month, and ended near 4.1%, reflecting a stable trend. Meanwhile, the 5-year decline rose across all the GCC countries. The S&P Global UAE PMI rose from 53.3 in August 2025 to 54.2 in September 2025, marking the strongest performance of the non-oil private sector in seven months. This improvement was mainly supported by a notable rebound in new business inflows, reflecting stronger domestic demand, improved client activity, and new project launches. Business activity rose sharply, driven by strong demand, new projects, and government backing. Employment grew at the fastest pace since May as firms met demand through additional hiring and by drawing on existing stock, leading to tighter inventories and easing work backlogs. While input costs continued to rise moderately, competitive pressures limited firms' ability to raise selling prices. Recently, the IMF raised the UAE's 2025 GDP growth forecast to 4.8% and maintained the 2026 outlook at 5.0%. Saudi Arabia's non-oil private sector PMI surged at its fastest in six months from 56.4 in August 2025 to 57.8 in September 2025, marking the strongest improvement in six months and reflecting robust growth in the non-oil private sector. The uptick was mainly driven by a sharp rise in new orders and output, supported by strong domestic and international demand, effective marketing, and favourable pricing strategies. Employment posted a strong increase, driven by higher staffing needs to complete growing demand. Business confidence also strengthened on expectations of continued demand growth and new client acquisitions. Saudi Arabia's annual inflation increased 2.2% in September 2025, compared to 1.7% in September 2024, mainly due to a rise in electricity, water, gas and other fuels. The Saudi's non-oil exports rose by 5.5% and oil exports by 7.0%, lifting the trade surplus to SAR 24.2 Bn, while higher imports slightly reduced the non-oil export-to-import ratio to 39.1%. Recently, the IMF revised upward Saudi Arabia's 2025 GDP growth forecast to 4.0% from 3.0%, citing a quicker-than-expected reversal of oil production cuts. Oman's GDP grew 2.1% in 2Q25 to OMR 9.36 Bn, mainly due to 3.8% rise in non-oil activities led by strong growth in agriculture and fisheries, while oil activities increased slightly by 0.5%. The country's annual inflation climbed to a 13-month high of 1.08% in September, up from 0.5% in August, mainly driven by higher transport costs.

Furthermore, the IMF projects Qatar's real GDP to grow by 2.9% in 2025 and surge to 6.1% in 2026, driven by strong progress in sustainable development and economic diversification.

### **Gold Outlook**

Gold prices rose 3.7 % month-on-month (MoM) in October 2025, to USD 4,002.92 per ounce on 30 October 2025. Prices increased during the first week of October amid rising expectations of a US Federal Reserve rate cut and persistent uncertainty over a potential government shutdown, as Congress and the White House were unable to finalise a funding deal, raising the possibility of a shutdown in federal operations. In the following week, for the first time, gold crossed the USD 4,000 level, supported by a weaker US job data and higher unemployment-benefit claims, which strengthened expectations of a rate cut. Central-bank buying and steady ETF inflows added support, while trade-related uncertainties, particularly around US tariff policies and ongoing negotiations with major partners such as China and India, further amplified safe-haven demand. The prices continued to scale higher during the Mid-month and even scaled above USD 4,100 per ounce, driven by weakness in regional US banks and the prolonged shutdown, as Congress and the White House struggled to reach a funding agreement. Ongoing US-China trade tensions and a softening labour market kept expectations firm for a 25-bps cut at the Fed's late October meeting. At the start of the following week, gold scaled to an all-time high of USD 4,380 per ounce. The rally was short-lived, and prices eased on the next day to USD 4,086 per ounce due to profit-booking and a stronger US dollar index. The sentiment also softened with progress in trade talks between the US and its key trading partners, China and India, while investors awaited delayed CPI data because of the shutdown. Additionally, Japan's new government under Prime Minister Sanae Takaichi signalled expansionary fiscal policies at the same time dovish monetary policy by the Bank of Japan, supporting inflation expectations and underlying gold demand. However, this regional boost was outweighed by global factors like profit-taking and easing US-China trade tensions, which pressured gold prices lower. In the final week, gold prices fell further due to progress in easing trade tension between the US and China, and several Asian countries. The Federal Reserve cut rates by 25 bps, while the ECB and Bank of Japan held policy rates steady. Expectations of another rate cut in December were softened following the Fed Chair's comments, bringing a measured close to a volatile month for gold.

### **Oil Outlook**

Oil prices fell 2.9% MOM to USD 65.07 per barrel in October 2025, driven by oversupply concerns and a weaker demand outlook. Prices dropped early in the month after OPEC+ signalled a 500 thousand per day (bpd) hike and OPEC output rose by 347 thousand bpd in September 2025. A sharp rebound followed China's stockpiling and new US sanctions on Russian oil. Prices later stabilised as OPEC+ limited its increase to 137 thousand bpd, but eased again amid a ceasefire in the Middle East. Mid-month, US and China trade tensions and subdued demand expectations dragged prices lower. Towards the month-end, prices hovered near USD 60 before rebounding on renewed supply risks and additional US sanctions on Russian oil companies, but ended weaker after another OPEC+ output hike and uncertainty over global trade.

## Our Top Bond/Sukuk Picks:

### Top Bond Picks

No	Issuer Name	Ticker	ISIN	Yield to Maturity	Amount Issued	Fitch Rating	Moody Rating	S&P Rating	Country of Risk	Coupon	Maturity	Currency
1	Saudi Government International Bond	KSA	US80413TBH14	5.62	4,750,000,000	A+	Aa3	N/A	SA	5.75	1/16/2054	USD
2	Abu Dhabi Government International Bond	ADGB	XS2811094213	5.15	1,750,000,000	AA	N/A	AA	AE	5.50	4/30/2054	USD
3	DP World Ltd/United Arab Emirates	DPWDU	US23330JAA97	5.11	1,750,000,000	BBB+	Baa2	NR	AE	6.85	7/2/2037	USD
4	SNB Funding Ltd	SNBAB	XS3019019416	4.97	750,000,000	A-	N/A	A	SA	5.35	3/17/2030	USD
5	Emirates NBD Bank PJSC	EBIUH	XS2976518972	4.85	750,000,000	A+	A1	N/A	AE	5.17	1/22/2030	USD
6	Abu Dhabi Commercial Bank PJSC	ADCBUH	XS3086362756	4.74	600,000,000	A+	N/A	A+	AE	5.18	6/10/2030	USD
7	Saudi Government International Bond	KSA	US80413TBL26	4.71	4,000,000,000	A+	Aa3	N/A	SA	5.63	1/13/2035	USD
8	Abu Dhabi National Energy Co PJSC	TAQAUH	US003865AB88	4.66	912,487,000	AA	Aa3	NR	AE	6.50	10/27/2036	USD
9	Saudi Government International Bond	KSA	US80413TBA60	4.47	2,500,000,000	A+	Aa3	N/A	SA	5.50	10/25/2032	USD
10	National Bank of Ras Al-Khaimah PSC/The	RAKBNK	XS2765600262	4.43	600,000,000	BBB+	Baa1	N/A	AE	5.38	7/25/2029	USD
11	BSF Finance	BSFR	XS2493296813	4.37	700,000,000	A-	A1	N/A	SA	5.50	11/23/2027	USD
12	Abu Dhabi Government International Bond	ADGB	US29135LAT70	4.14	1,500,000,000	AA	N/A	AA	AE	5.00	4/30/2034	USD
13	Saudi Government International Bond	KSA	US80413TBJ79	4.12	5,000,000,000	A+	Aa3	N/A	SA	5.13	1/13/2028	USD
14	Abu Dhabi Commercial Bank PJSC	ADCBUH	XS2677030194	4.10	650,000,000	A+	N/A	A+	AE	5.50	1/12/2029	USD
15	Emirates NBD Bank PJSC	EBIUH	XS2625209270	4.04	750,000,000	A+	A1	N/A	AE	5.88	10/11/2028	USD

Data Source: Bloomberg

### Top SUKUK Picks

No	Issuer Name	Ticker	ISIN	Yield to Maturity	Amount Issued	Fitch Rating	Moody Rating	S&P Rating	Country of Risk	Coupon	Maturity	Currency
1	Saudi Electricity Sukuk Programme Co	SECO	XS2608638602	5.61	1,500,000,000	A+	Aa3	N/A	SA	5.68	4/11/2053	USD
2	Saudi Electricity Global Sukuk Co 3	SECO	US80413MAB00	5.26	1,000,000,000	A+	Aa3	A+	SA	5.50	4/8/2044	USD
3	Sharjah Sukuk Program Ltd	SHARSK	US81953JAA34	5.05	750,000,000	N/A	Ba1	BBB-	AE	5.43	4/17/2035	USD
4	Sharjah Sukuk Program Ltd	SHARSK	XS2680379695	4.96	900,000,000	N/A	Ba1	BBB-	AE	6.09	3/19/2034	USD
5	DP World Crescent Ltd	DPWDU	US260979AA70	4.95	1,500,000,000	BBB+	Baa2	N/A	AE	5.50	5/8/2035	USD
6	EDO Sukuk Ltd	ENEDEV	US28135J2A42	4.85	1,000,000,000	BB+	N/A	BBB-	OM	5.88	9/21/2033	USD
7	Aldar Investment Properties Sukuk Ltd	ALDAR	XS2816816305	4.85	645,000,000	N/A	Baa1	N/A	AE	5.50	5/16/2034	USD
8	Saudi Electricity Sukuk Programme Co	SECO	XS2993847131	4.83	1,250,000,000	A+	Aa3	N/A	SA	5.49	2/18/2035	USD
9	SRC Sukuk Ltd	SRCSUK	XS3010536145	4.77	1,000,000,000	A+	Aa3	N/A	SA	5.38	2/27/2035	USD
10	Esic Sukuk Ltd	ESICSU	XS2747181613	4.74	700,000,000	N/A	Baa3	N/A	AE	5.83	2/14/2029	USD
11	Almarai Co JSC	ALMARA	XS2641777235	4.72	750,000,000	N/A	Baa3	BBB-	SA	5.23	7/25/2033	USD
12	KSA Sukuk Ltd	KSA	US48266XAK19	4.68	2,250,000,000	A+	Aa3	N/A	SA	5.25	6/4/2034	USD
13	Suci Second Investment Co	PIFKSA	XS2706163305	4.67	1,250,000,000	A+	Aa3	N/A	SA	6.25	10/25/2033	USD
14	EDO Sukuk Ltd	ENEDEV	XS2852997993	4.59	750,000,000	BB+	N/A	BBB-	OM	5.66	7/3/2031	USD

Data Source: Bloomberg

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## MENA credit outlook

### **Egypt prices dual-tranche sukuk tighter amid strong demand**

Egypt successfully priced a dual-tranche sukuk issuance, raising a USD 1.5 Bn sukuk issuance split across three and seven-year maturities. The 3-year tranche was priced at 6.375%, tightening from initial price guidance of 6.875%, and offered a spread of US Treasuries +277.6 bps, attracting orders exceeding USD 3 Bn. The 7-year tranche was priced at 7.95%, compared to initial guidance of around 8.5%, at a spread of US Treasuries +405.5 bps, with order books surpassing USD 5 Bn. The final allocation included USD 700 Mn for the 3-year tranche and USD 800 Mn for the 7-year tranche. Overall demand reached approximately USD 5.65 Bn (excluding joint lead manager interest), with a stronger bias toward the longer-dated notes.

### **Kuwait taps global debt markets with USD 11.25 Bn multi-tranche issue**

Kuwait completed a USD 11.25 Bn sovereign bond issuance across three maturities. The three-year tranche, totalling USD 3.25 Bn, was priced at a yield of 4.016%, equivalent to +40 bps above US Treasuries. The five-year portion raised USD 3 Bn at a 4.136% coupon, with a +40-bps spread. The ten-year tranche secured USD 5 Bn at a 4.652% yield, with a +50-bps premium over Treasuries. Each tranche carries a fixed semi-annual coupon, with three-year maturities set for October 2028, five-year maturities in 2030, and 10-year maturities in 2035.

### **Bahrain issued USD 2.5 Bn in combined sukuk and conventional bonds**

Bahrain issued USD 2.5 Bn in sovereign debt through a dual-tranche offering that includes both sukuk and conventional bonds. The sukuk, with an eight-year maturity, raised USD 1.5 Bn at a coupon of 5.875%. The 12-year conventional bond secured USD 1 Bn at a 6.625% coupon. At launch, the combined order book garnered strong investor interest of over USD 8.4 Bn (excluding JLM interest), comprising more than USD 4.5 Bn for the sukuk tranche and over USD 3.9 Bn for the 12-year issuance. The sukuk is maturing in February 2034, while the conventional bond has a maturity set for October 2037.

### **Saudi PIF taps the Euro Market with EUR 1.65 Bn dual green bonds**

Saudi Arabia's Public Investment Fund (PIF) completed its first euro-denominated green bond issuance, raising a total of EUR 1.65 Bn through a green dual-tranche structure. The three-year senior unsecured Reg S note brought in EUR 800 Mn, priced at +58 bps above mid-swaps, with a coupon of 2.75% and a yield of 2.807%. The seven-year tranche raised EUR 850 Mn, priced at a spread of 90 bps over mid-swaps, offering a 3.375% coupon and a yield of 3.422%. The final order book for the three-year bond reached EUR 3.1 Bn, excluding JLM interest, while the seven-year tranche garnered EUR 3.8 Bn in orders, also excluding JLM interest.

### **Dubai Aerospace Enterprise cuts spread on USD 650 Mn sukuk offering**

Dubai Aerospace Enterprise (DAE) issued a USD 650 Mn five-year sukuk with a semi-annual coupon of 4.50%. The issuance attracted strong investor interest, with final order books reaching USD 1.85 Bn, excluding participation from joint lead managers (JLMs). The instrument was reoffered at 99.505, resulting in a yield of 4.612% and a spread of 90 bps over US Treasuries.

### **KIB taps market with USD 300 Mn 10.5-year sustainable sukuk**

Kuwait International Bank (KIB) issued a USD 300 Mn Tier 2 sustainable sukuk, structured as a 10.5-year subordinated instrument with a non-call period of 5.5 years. The sukuk offers an annual profit rate of 5.535% until April 16, 2031, after which the rate will reset to the prevailing five-year US Treasury yield plus 175 bps. The issuance garnered robust investor interest, with total orders exceeding USD 1.5 Bn, excluding participation from joint lead managers (JLMs).

### **Oman sets pricing for USD 1 Bn seven-year Sukuk at 4.525%**

Oman issued a USD 1 Bn seven-year sukuk, priced at a fixed rate of 4.525%, reflecting a 60-bps premium over US Treasuries. The sukuk would be listed on LSE's primary market with the Government of Oman acting as an obligor for the issuance. Initial price guidance was indicated at around +95 bps over U.S. Treasuries.

### **Mamoura issued UDS 750 Mn note with tight pricing as orders surge**

Mamoura Diversified Global Holding PJSC (MDGH), a subsidiary of Abu Dhabi's Mubadala Investment Company, successfully issued a USD 750 Mn senior unsecured bond with a 10-year maturity. The bond was priced at a spread of 55 bps over US Treasuries. The fixed-rate notes offer a semi-annual coupon of 4.625%, and were priced at 99.699, resulting in a yield of 4.663%. The bond was issued through MDGH GMTN (RSC) Ltd under MDGH's Global Medium Term Note Programme and is scheduled to mature on October 16, 2035.

### **Strong demand drives ADQ to raise loan facility from USD 4 Bn to USD 5 Bn**

Abu Dhabi Developmental Holding Company (ADQ) upsized its dual-tranche term loan facility from the initial USD 4 Bn to USD 5 Bn. The senior unsecured facility was launched with two tranches, which are a three-year portion (Tranche A) priced at 70 bps over SOFR, and a five-year portion (Tranche B) at 85 bps over SOFR, resulting in all-in pricing of 85 bps and 100 bps, respectively.

### **UAE's FAB strengthens marine conservation efforts with second USD 20 Mn Blue bond**

First Abu Dhabi Bank (FAB) issued its second blue bond, a USD 20 Mn three-year note aimed at supporting environmentally focused marine initiatives. The proceeds from the latest issuance are expected to be directed toward climate-resilient projects, including wastewater treatment facilities in Abu Dhabi and Al Ain, as well as a desalination plant powered by renewable energy.

### **Sharjah issues USD 280 Mn Panda Bond**

Emirate of Sharjah, via its finance department, secured USD 280.3 Mn through a three-year Panda bond issuance. The final interest rate remains undisclosed, with initial guidance ranging between 2.5% and 3.2%. Moreover, the proceeds are expected to be transferred offshore and converted into either dirhams or US dollars, with the intention of funding budgetary expenditures, infrastructure initiatives, and other items outlined in the issuer's budget.

### **MAF Properties issued a 10-Year sukuk to support corporate and refinancing needs**

Majid Al Futtaim Properties (MAF) priced its USD 500 Mn, 10-year senior unsecured sukuk at a margin of 95 bps over U.S. Treasuries. The sukuk was issued through MAF Sukuk Ltd under its USD 3 Bn debt programme. The funds raised are expected to support general corporate activities and refinance obligations. The Sukuk is anticipated to be listed on the Dubai and the Dublin stock exchanges. Regional investors accounted for 55% of the allocation, followed by 23% from the UK and 16% from Asia.

### **OETC to issue 5-year USD green sukuk**

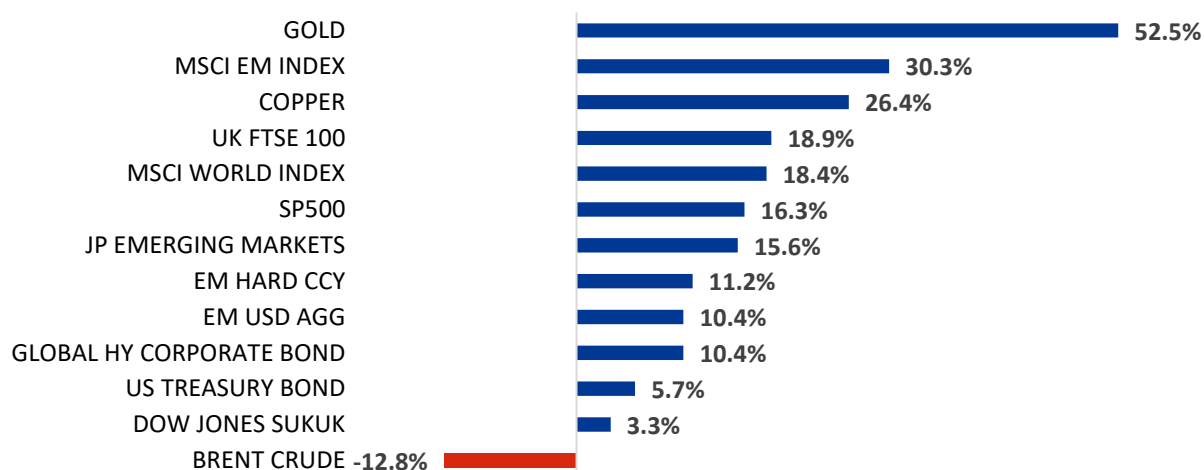
Oman Electricity Transmission Company SAOC (OETC), currently rated Ba1 with a stable outlook by Moody's and BB+ with a similar stance from Fitch, has initiated plans for a benchmark green sukuk in US dollars, structured under Regulation S, with a maturity of five years. JP Morgan, Standard Chartered, and Citi have been appointed as Joint Global Coordinators. The sukuk certificates will be issued via Al Jawaher Assets Company SPC, acting as trustee, while OETC will serve as the responsible party.

### **Global Asset Performance**

Global asset classes gained in October 2025, driven by expectations of further US Federal Reserve rate cuts and uncertainty surrounding a potential government shutdown. The upturn was supported by easing US-China trade tensions, strong

corporate earnings in the US, and growing optimism about artificial intelligence (AI). Investor sentiment remained broadly positive, driving gains across equities, fixed income, and most commodities. Equity markets reported strong performance, particularly in emerging markets. The MSCI Emerging Markets Index rose 4.1% MOM in October 2025, led by robust gains in South Korea, Taiwan, and India. In developed markets, the S&P 500 advanced 2.3% MOM in October 2025, while the MSCI World Index increased 1.9% MOM, supported by strength in UK and Japanese equities. The UK's FTSE 100 gained 3.9% MOM, benefitting from a decrease in gilt yields and a weaker pound. Fixed-income markets also posted modest gains. The JP Morgan Emerging Markets Bond Index (EMBI) returned 0.5% MOM, while Emerging Market Hard Currency Debt and EM USD Aggregate Bonds rose 1.4% and 1.7% MOM, respectively, driven by the Fed's cautious stance. Additionally, moderating inflation and early monetary tightening by central banks of several EM economies enhanced real yield differentials, while easing global rates and improving risk sentiment further supported demand for higher-yielding EM assets. US Treasuries delivered a 0.6% MOM return, and the Dow Jones Sukuk Index continued its steady recovery, rising 0.2% MOM in October 2025. Global High Yield Corporate Bonds also gained 0.7% MOM, reflecting continued risk appetite amid solid corporate earnings. In the commodities space, performance was mostly positive. Gold continued its positive return and upward streak, surging 3.7% MOM in October 2025, driven by rising expectations of a US Federal Reserve rate cut and uncertainty over a potential government shutdown. Copper outperformed with a 4.8% MOM rise, amid severe global supply disruptions, strong demand from the green energy transition and infrastructure spending, and a weaker US dollar. In contrast, Brent crude oil fell 2.9% MOM in October 2025, due to oversupply concerns from OPEC+'s potential production increase and uncertainty surrounding US-China trade talks, which impacted global economic growth and oil demand.

**Figure 1: Global Asset Performance (YTD in FY2025)**

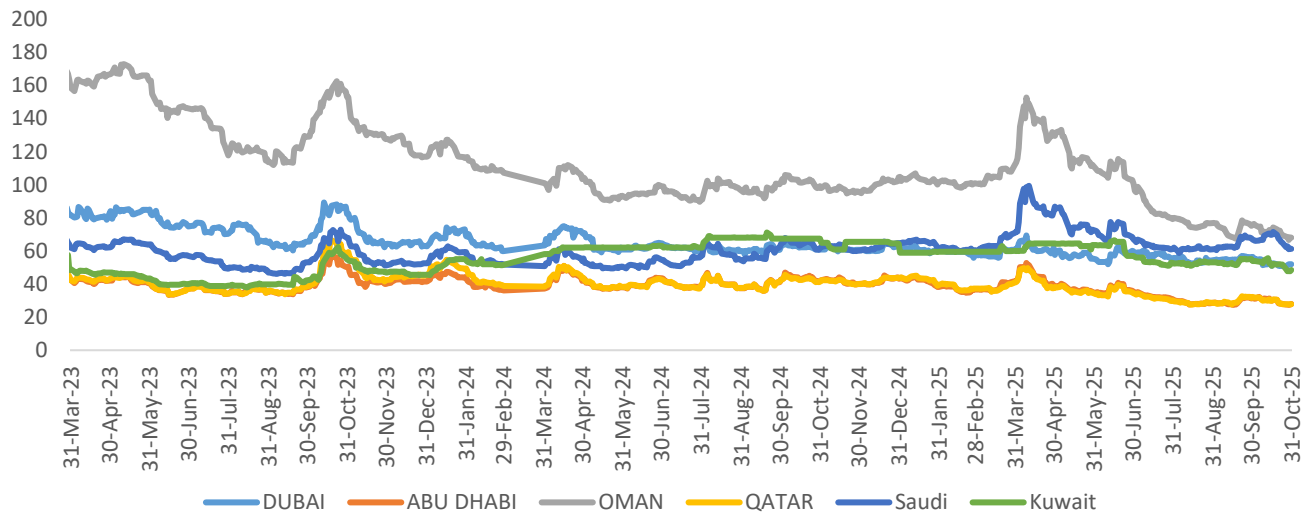


Source: Bloomberg

## 5-Year CDS

The 5-year CDS spread contracted across all GCC Countries during October 2025. Qatar recorded the highest contraction of 11.81% MOM in October 2025. Kuwait recorded the second-highest contraction of 11.80% on a MOM basis in October 2025. Followed by Abu Dhabi, which recorded the third-highest contraction of 10.62% on a MOM basis in October 2025. Additionally, on a MOM basis, other GCC countries such as Oman, Saudi Arabia, and Dubai also recorded a contraction of 9.53%, 9.40%, and 6.30%, respectively, during October 2025.

Figure 2: GCC Countries- 5 Year CDS



Source: Bloomberg

Sovereigns	DUBAI	ABU DHABI	Oman	Kuwait	Qatar	Saudi
MTD (%)	-6.30%	-10.62%	-9.53%	-11.80%	-11.81%	-9.40%

## Banking Sector

### QNB Group received SAMA's approval for a new digital bank- 'ezbank'

QNB Bank received approval from SAMA for 'ezbank', an entity dedicated to digital banking, formed in alliance with Ajlan & Bros. Holding, with SAR 2.5 Bn capital. ezbank is focused on a customer-centric approach while aiming for digital transformation and financial inclusion to provide efficient solutions to new and existing entrepreneurs. The bank will be operating from mobile platforms integrated with AI and risk management practices.

### Emirates NBD to acquire 60% Stake in India's RBL Bank for USD 3 Bn

Dubai's Emirates NBD (ENBD) will acquire a 60% stake in India's RBL Bank for USD 3 Bn via a preferential share issue at INR 280 per share, marking India's largest cross-border banking deal in the financial sector. The deal is subject to regulatory approvals. India permits 74% foreign shareholding in private banks; however, it limits the shareholding of any single shareholder to 15% unless the RBI grants an exemption. The deal has a formal backing from the RBI. Also, as part of the deal, Emirates NBD will launch an open offer to acquire additional shares from retail shareholders in line with India's takeover



regulations. ENBD will make an offer to acquire additional shares at INR 280 per share. Upon consummation of the deal, ENBD will gain board representation and management control.

#### **IHC plans to acquire the majority Stake in Pakistan's First Women Bank**

Abu Dhabi-based IHC announced the acquisition of a majority stake in Pakistan's First Women Bank Limited (FWBL), marking the first bank privatisation under a government-to-government framework and growing the UAE-Pakistan economic partnership. FWBL, established in 1989, operates 42 branches nationwide, offering services to retail, corporate banking, and SME clients.

#### **IndiGo has secured financing from Emirates NBD through a lease agreement to acquire two A321neo aircraft**

Emirates NBD has structured a finance lease with IndiGo to fund the purchase of two Airbus A321neo aircraft. The deal aligns with IndiGo's plans to strengthen its presence across both Indian and overseas markets, backed by an orderbook exceeding 900 aircraft. The UAE bank noted that the transaction highlights its continued emphasis on advancing India's aviation sector.

### **Corporate Sector**

#### **ALEC aims to raise USD 381 Mn through IPO**

Dubai-based ALEC Holdings confirmed the final pricing IPO at AED 1.40 per share, at the higher end of its proposed valuation range. The tradable shares, accounting for 20% of total equity, which will generate AED 1.4 Bn, with a company valuation of AED 7 Bn upon entry into the DFM. The IPO is subscribed with a rate exceeding 21 times across all investor groups. The firm plans to issue AED 200 Mn in dividends for 2025.

#### **KKR acquires a minority stake in ADNOC Gas Pipeline Assets LLC**

US-based investment firm KKR purchased a minority interest in ADNOC Gas Pipeline Assets LLC, while ADNOC will retain ownership and continue managing operations. KKR is investing via its managed portfolios, aligning the structure and duration of the investment with long-term capital strategies, according to both entities.

#### **Almasar Education secured CMA nod for 30% IPO on Tadawul main market**

Almasar Alshamil Education, a fully-owned unit of Amanat Holdings, which is a Dubai-listed firm, secured regulatory clearance from SAMA to initiate a public listing on Tadawul's Main Market. The education provider will offer 30.7 Mn shares, representing 30% of its total equity.

#### **PureHealth acquires 60% stake in Greece's HHG for EUR 800 Mn to expand global healthcare network**

PureHealth Holding acquired a 60% stake in Hellenic Healthcare Group (HHG), the leading private medical provider in Greece and Cyprus, for EUR 800 Mn, valuing HHG at c. EUR 1.3 Bn. Following the acquisition, CVC Capital Partners and HHG's management will retain a 40% stake.

#### **Dubizzle Group to float 30.34% stake in DFM IPO, targeting broad investor participation**

Dubizzle Group Holdings, headquartered in Dubai and known for operating digital classifieds platforms, intends to list 30.34% of its equity on DFM through an IPO. The offering will include 1.25 Bn common shares, comprising 196.1 Mn newly issued units and 1.05 Bn existing shares divested by current stakeholders.

#### **ADNOC nears EU approval for USD 17 Bn Covestro acquisition**

ADNOC is poised to gain European Union clearance for its USD 17 Bn acquisition of German chemical firm Covestro. The EU is reviewing the transaction, which is ADNOC's largest purchase to date and among the most significant Gulf-led takeovers of an EU enterprise. The company also committed to keeping Covestro's intellectual assets within Europe.

### **Saudi Aramco pauses domestic chemical projects amid oil revenue decline**

Saudi Aramco had halted progress on three domestic chemical developments due to lower oil prices, which impacted local expenditure. The national energy firm is postponing initial engineering and planning phases for major facilities, including two collaborative ventures in Yanbu by the Red Sea and another site in Jubail on the Gulf coast. Additionally, Aramco abandoned a proposed partnership with Saudi Basic Industries Corporation (SABIC) for a crude-to-chemicals initiative at Ras Al Khair.

### **Multiply Group to merge with 2PointZero and Ghitha Holding in a USD 32.6 Bn all-share deal**

Multiply Group, an Abu Dhabi-based investment holding company, announced plans to acquire 2PointZero, a UAE investment platform with scalable assets across energy, mining, and financial services, and Ghitha Holding, which operates across agriculture, food production, and distribution sectors. The acquisition is expected to be executed through a share swap transaction, creating a unified enterprise valued at AED 120 Bn (USD 32.6 Bn). Additionally, Multiply Group is anticipated to issue c. 23.36 bn new shares, increasing its share capital from AED 2.8 Bn to AED 8.64 bn. Consequently, the merged entity will have a total of 34.56 billion shares, significantly expanding Multiply Group's capital base.

### **UAE's Mubadala Capital in talks to acquire Clear Channel Outdoor**

Mubadala Capital, a subsidiary of Abu Dhabi's sovereign wealth fund, is exploring a potential acquisition of billboard operator Clear Channel Outdoor. This move followed the pressure from activist investor Anson Funds Management, which recently advocated for the company's sale amidst rising deal activity in the outdoor advertising sector.

### **Investcorp's AIIP makes strategic entry into Saudi infrastructure with Fadhili housing stake**

Investcorp revealed that its infrastructure arm Aberdeen Investcorp Infrastructure Partners (AIIP), co-owned with Aberdeen Investments had finalized the purchase of a notable minority stake and joined forces with MAWREF Logistics Solutions in the Al Fadhili Field House for Real Estate Development Company in Saudi Arabia. The facility serves as vital housing for Aramco's workforce. Designed as a self-contained urban hub within an isolated industrial zone, the complex features a wide range of amenities, including dining areas, leisure spaces, a healthcare center managed by Johns Hopkins University Hospital, a fire station, and advanced cooling infrastructure.

### **Ares Management backs Property Finder with USD 250 Mn to drive innovation and expansion**

Dubai-based classifieds firm Property Finder secured USD 250 Mn in debt funding from Ares Management, a US-headquartered alternative investment group, to accelerate its regional expansion. This financing, sourced from Ares Credit funds, will support initiatives in AI-driven product upgrades, strategic branding, marketing efforts, and new collaborations.

## Rating Outlook

- **Abu Dhabi's** Long-Term Foreign-Currency Issuer Default Rating (IDR) has been confirmed by Fitch Ratings at 'AA' with a Stable Outlook. The 'AA' grade reflects Abu Dhabi's excellent fiscal and external metrics, as well as a high GDP per capita, which are offset by the country's substantial reliance on hydrocarbons, a weak but developing economic policy framework, and low governance indices when compared to peers. The government debt of Abu Dhabi is the lowest among Fitch-rated sovereigns, while sovereign net foreign assets are among the greatest. Lastly, Moody's assigned Aa2 rating to the UAE government with a stable outlook. This is a testament that depicts the nation's financial and economic vision and policies success and the strength and stability of its economic, financial and credit sectors.
- Fitch affirmed **Oman's** credit rating at BB+ and revised its outlook from stable to positive. Fitch cited improved public and external finances, including a reduction in government debt-to-GDP, lower net external debt, improved balance sheet, fiscal prudence, and stronger sovereign foreign assets as the factors driving the revision in outlook. The upgrade is driven by a decline in the debt-to-GDP ratio, improved government spending, and rise in oil prices. The upgrade is based on the premise that Oman is using oil revenues to pay down debt, extend its maturity, use fiscal restraint to mitigate external risks, and forecast higher oil prices by Fitch. According to Fitch estimates, government debt-to-GDP will fall from 37.5% in 2023 to 34% in 2024 and further to 33.3% in 2026. It further expects Oman's external debt to decline by USD 2.8 bn to USD 26.6 Bn in 2024 (24% of GDP). Moody's recently upgraded Oman's long-term issuer and senior unsecured ratings to **"Baa3" from "Ba1"**, citing expected enhancements in the country's debt position and improved resilience to lower oil prices. However, Moody's revised the country's outlook to "stable" from "positive", as Oman's fiscal and economic outlook remains exposed to risks stemming from its continued heavy reliance on the hydrocarbon sector and potential declines in global oil demand and prices. S&P Global Ratings upgraded Oman's long-term ratings from 'BB+' to 'BBB-' with a stable outlook due to continued deleveraging of public sector entities. It also raised the short-term ratings on Oman from 'B' to 'A-3', while it revised the transfer and convertibility assessment from 'BBB-' to 'BBB'. The rating upgrade is attributable to the deleveraging balance sheet of the Omani government and several state-owned enterprises (SOEs) coupled with the commitment of the authorities to advance its longer-term structural reform agenda to solidify its economy.
- S&P Global Ratings revised its credit rating outlook on **Bahrain** from **stable to negative**. The rating agency affirmed Bahrain's short-term foreign and local currency sovereign credit ratings at 'B+/B' with a negative outlook. The downgrade of the rating is driven by the growing risks to the fiscal position and the government's ability to service and refinance debt. The agency also cited that market volatility and weak financial conditions will lead higher interest burden on the government. It also expects the fiscal deficit to remain elevated due to lower oil prices, ongoing maintenance activity at the key Abu Sa'fah oil field and higher social spending. S&P expects the fiscal deficit to widen to 7.0% of GDP in 2025 compared to 5.2% in 2024. Fitch has recently revised the outlook on Bahrain's long-term foreign currency issuer default rating to **Negative** from Stable with a rating of B+. The revision in the credit rating is mainly due to mounting fiscal pressures, growing debt levels, coupled with high interest burden and delayed fiscal reforms.
- Fitch Ratings affirmed **Kuwait's** long-term foreign-currency issuer default ratings, or IDR, to 'AA-' with a stable outlook. This is due to the Gulf state's fundamental issues being worsened by continued political limitations on decision-making. Since 2017, the Gulf state has been debating debt legislation, demonstrating the slowness with which decisions are made. Kuwait's debt is expected to climb to about 50% of GDP after the debt law is approved, according to the credit rating agency, up from the current 10%. The Kuwaiti administration has been attempting to adopt new public debt legislation to alleviate the country's liquidity constraints, but the bill has been continually blocked by parliament.
- **Saudi Arabia's** Long-Term Foreign-Currency Issuer Default Rating (IDR) remained unchanged at 'A+' by Fitch Ratings, with a 'Stable' outlook. The key reasons cited by the rating agency for the rating are strong fiscal and external balance sheet, low government debt and sizable foreign reserve. The growth in the non-oil sector remains robust and the reform momentum is strong, while rising deficit, continued reliance on oil and external borrowing pose challenges. Moody's

Investors Service affirmed Saudi Arabia's credit rating outlook at stable, noting the kingdom's continuous progress in economic diversification coupled with the strong growth of its non-oil sector. According to a statement, Moody's maintained the sovereign's rating at Aa3, the fifth-highest rating citing the country's efforts to diversify the economy away from oil. S&P Global Ratings revised Saudi Arabia's outlook from positive to stable. It upgraded KSA's long-term foreign and local currency unsolicited sovereign credit rating from 'A' to 'A+' and affirmed short-term ratings at 'A-1'.

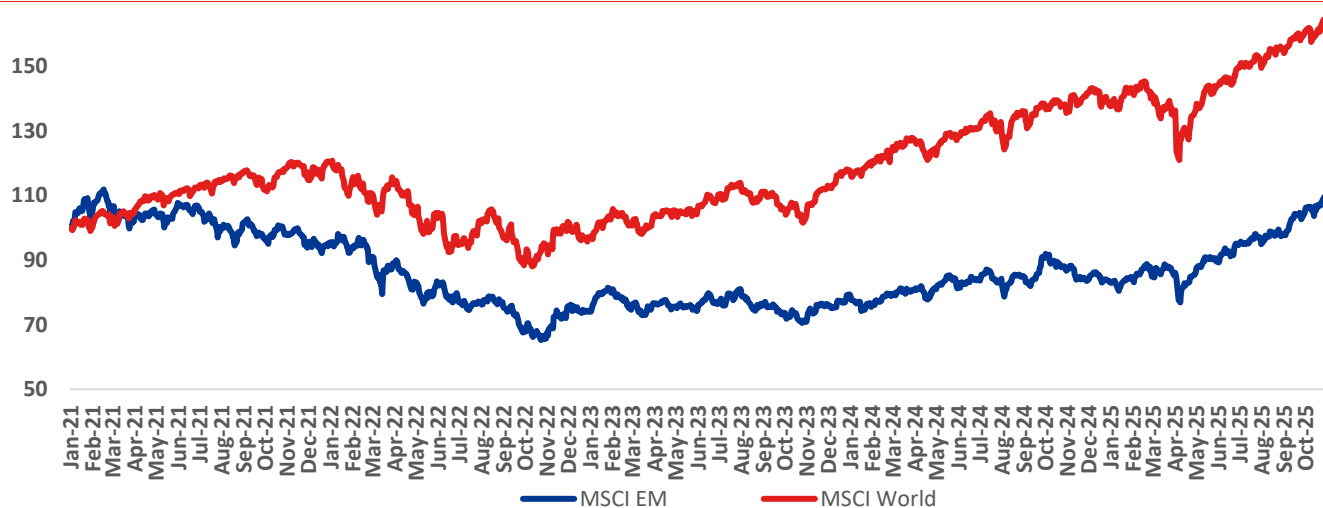
- In January 2024, Moody's upgraded **Qatar's** local and foreign-currency Long-Term issuer and foreign currency senior unsecured debt ratings to Aa2 from Aa3. It also changed the outlook from positive to stable. The rating is attributed to significant improvements in Qatar's fiscal metrics during 2021-2023. Moody's anticipates that the improvement in Qatar's debt burden and debt-service metrics from 2021 to 2023 will continue into the medium term. Fitch Ratings has affirmed Qatar's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'AA' with a Stable outlook. The rating is supported by the Country's large sovereign net foreign assets (SNFA) and a flexible public finance structure. Further, Qatar is expected to maintain a fiscal surplus, averaging around 4.5% of GDP over the medium term. The country's government debt is also projected to fall below 30% of GDP by 2028.

Particulars	Moody's		S&P		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
UAE (Abu Dhabi)	Aa2	STABLE	AA	STABLE	AA	STABLE
Kuwait	A1	STABLE	A+	STABLE	AA-	STABLE
Qatar	Aa2	STABLE	AA	STABLE	AA	STABLE
Saudi Arabia	Aa3	STABLE	A+	STABLE	A+	STABLE
Oman	Baa3	STABLE	BBB-	STABLE	BB+	POS
Bahrain	B2	STABLE	B+	NEG	B+	NEG

## Global Markets

Global equity markets maintained upward momentum in October 2025, with gains decelerating compared to the previous month. Both the MSCI Developed Markets (DM) and MSCI Emerging Markets (EM) indices recorded positive gains in October, underpinned by signs of easing trade tensions between the US and China, as well as support from other emerging countries led by South Korea. The MSCI EM Index rose by 4.1% on a MOM basis in October 2025, outperforming developed markets. Strength was concentrated in Asian and Latin American markets, particularly South Korea, Taiwan, and India. The KOSPI index in South Korea and Taiwan's TAIEX have emerged as some of the best-performing indices in the world, primarily due to trade developments between the US and China. These developments have significantly benefited both countries, as their semiconductor sectors heavily depend on rare earth minerals and are deeply integrated into the global AI and electronics manufacturing industries. Nevertheless, overall EM performance was softened by weaker contributions from Brazil and China in October 2025. On a YTD basis, EM equities continued to outperform global peers, with YTD returns of 30.3%, as of October 2025, compared with the 18.4% gain posted by the MSCI DM Index. Developed markets also delivered a good performance, with the MSCI DM Index advancing 1.9% MOM in October 2025. Gains were broad-based, with the UK and Japan serving as primary drivers. Additionally, Japanese equities stood out as one of the best-performing markets globally in October, with the Nikkei index climbing 16.6% MOM in October 2025. The rally was backed by Sanae Takaichi, Japan's first female prime minister, a supporter of Abenomics-driven expansionary fiscal and monetary policies, boosting investor confidence and equity market sentiment. A weaker yen, benefiting Japanese exporters, also contributed to the gains. In the US, the S&P 500 surged 2.3% MOM during October 2025. Earlier in the month, escalating trade tensions between the US and China regarding export controls on rare earth minerals resulted in the most significant daily declines in the S&P 500 and Nasdaq since April. However, progress in negotiations towards the end of the month helped the S&P 500 to recover. US inflation remains unexpectedly low, with mild tariff effects and easing service and rent inflation, prompting the Fed to cut rates by 25 bps to a 3.75–4.00% range. Elsewhere, the UK's FTSE 100 rose 3.9% MOM, while the broader FTSE All-Share also increased 3.7% MOM in October 2025, outperforming most developed peers. UK shares rose on lower Gilt yields, strong commodities, and a weaker sterling boosting overseas earnings and rate-sensitive sectors. In October 2025, Continental Europe underperformed, with the MSCI Europe ex-UK returning just 2.1% MOM. Political issues in France, combined with minimal exposure to commodities and AI technology, contributed to this lag behind the UK and Asia.

Figure 3: MSCI World and Emerging Market Index Historical trend



## Yield on 10-year government

Figure 4: US 10-year government yield



Figure 5: Germany 10-year government yield

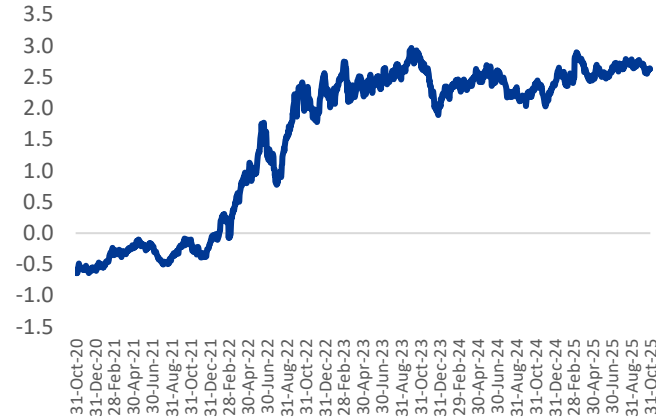


Figure 6: Japan 10-year government yield

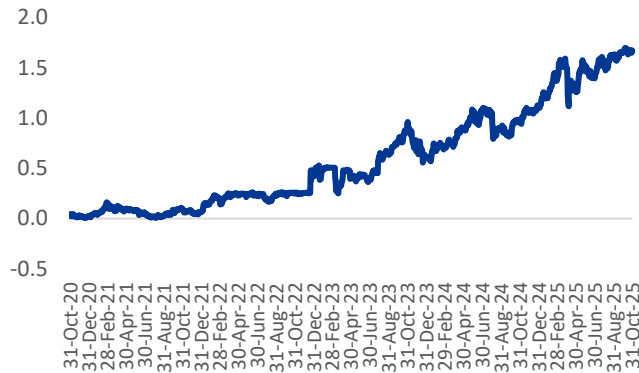
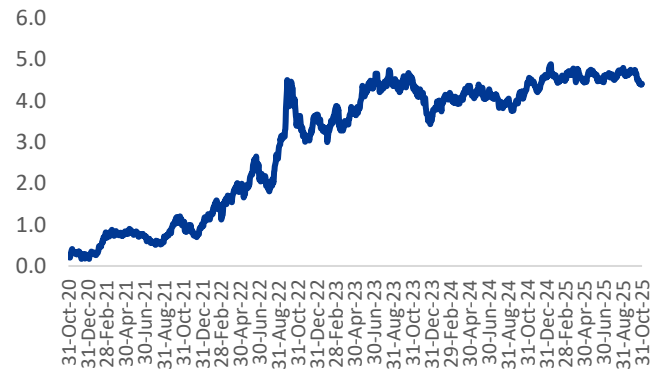


Figure 7: UK 10-year government yield

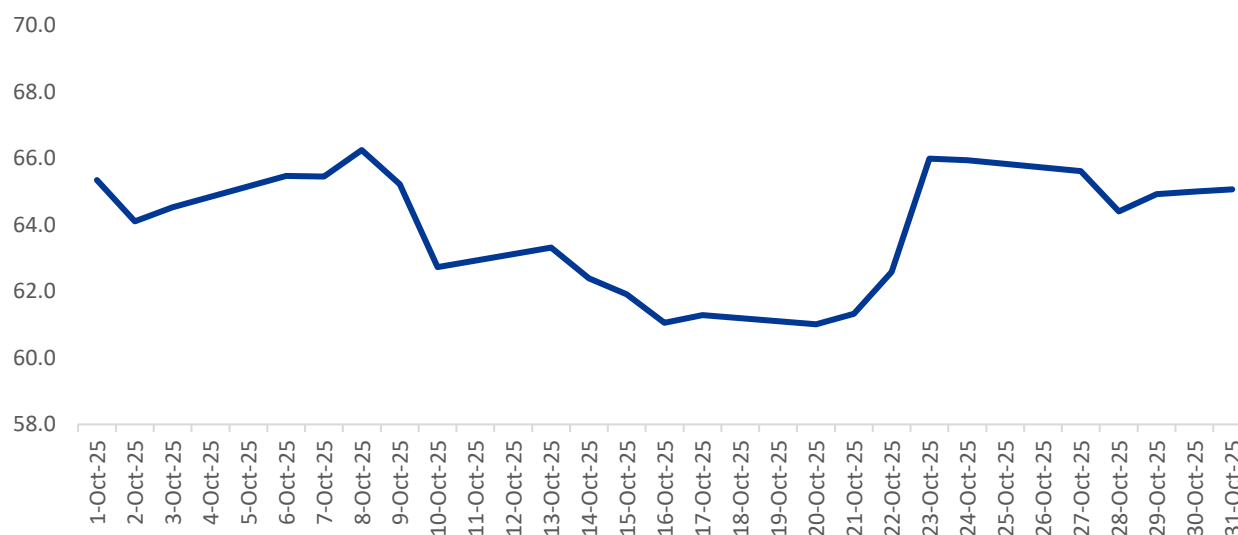


Source: Bloomberg

## Oil Outlook

Oil prices declined 2.9% MOM to USD 65.07 per barrel in October 2025. At the start of the month, prices declined largely due to oversupply concerns after OPEC+ signalled a potential production increase of around 500 thousand barrels per day in November 2025, alongside a reported rise of 347 thousand barrels per day in September 2025 output by OPEC members. However, prices saw a modest rebound toward the end of the week, supported by China's crude stockpiling and the imposition of new sanctions on Russian oil. In the following week, prices initially recovered as OPEC limited its production increase to 137,000 barrels per day. Additionally, a drone attack disrupted operations at Russia's Krishi oil refinery. However, by the end of the week, prices again dragged lower due to easing geopolitical tensions in the Middle East, including a ceasefire agreement between Israel and Hamas. Mid-month, oil prices continued to decline. Initially, there was a brief uptick driven by escalating trade tensions between the US and China, following the US decision to impose 100% tariffs on Chinese exports. However, prices resumed a downtrend amid expectations of subdued demand for the remainder of 2025 and into 2026, leading to concerns over a growing surplus in oil inventories. A slight recovery in prices was observed later as there were unconfirmed reports that India had suspended its purchases of Russian crude. Following mid-month, oil prices remained under pressure due to continued oversupply from OPEC+ amid persistent US and China trade tension, which is likely to dampen demand. Thus, prices hovered near USD 60 per barrel before bouncing back amid rising concerns over potential supply disruptions from major global producers. The upward momentum was further supported by new US sanctions targeting Russia's two largest oil companies, which are key financial backers of the Kremlin's war efforts, tightening expectations around global supply. Later at the end of the month, the prices corrected due to another round of output hike by OPEC+ in October 2025. Meanwhile, a decline in US crude inventories signalled tightening supply, briefly pushing prices higher. However, oil prices eventually declined due to uncertainty surrounding the outcome of US-China trade talks, which continued to weigh on global economic growth prospects and oil demand.

**Figure 8: Brent Crude Oil Prices (USD per barrel)**

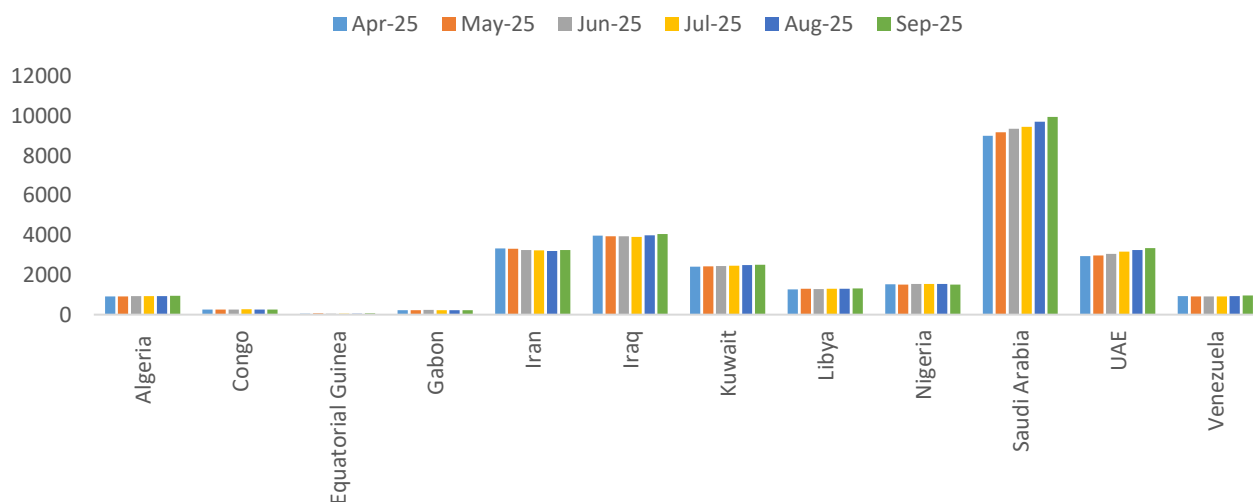


Source: Bloomberg

## OPEC Production

Total Brent crude oil production from the OPEC-12 countries rose 524 thousand barrels per day (bpd) MOM, reaching 28.4 Mn bpd in September 2025. 11 out of the 12 OPEC members reported an increase in production during the month. Saudi Arabia witnessed the largest rise in production, increasing 248 thousand bpd MOM in October 2025, followed by the UAE, which saw a 98 thousand bpd MOM growth. Iraq's oil output increased 65 thousand bpd MOM in October 2025, while Iran's oil output grew 45 thousand bpd MOM. Similarly, Venezuela and Kuwait witnessed a production growth of 27 and 23 thousand bpd MOM, respectively, in October 2025. Additionally, Libya, Algeria and Equatorial Guinea oil output grew 20 thousand, 11 thousand and 6 thousand bpd MOM in October 2025, with Congo and Gabon production growing by 1 thousand bpd each in October 2025. Nigeria was the only country which recorded a decline in production by 21 thousand bpd.

Figure 9: OPEC Crude Oil Production



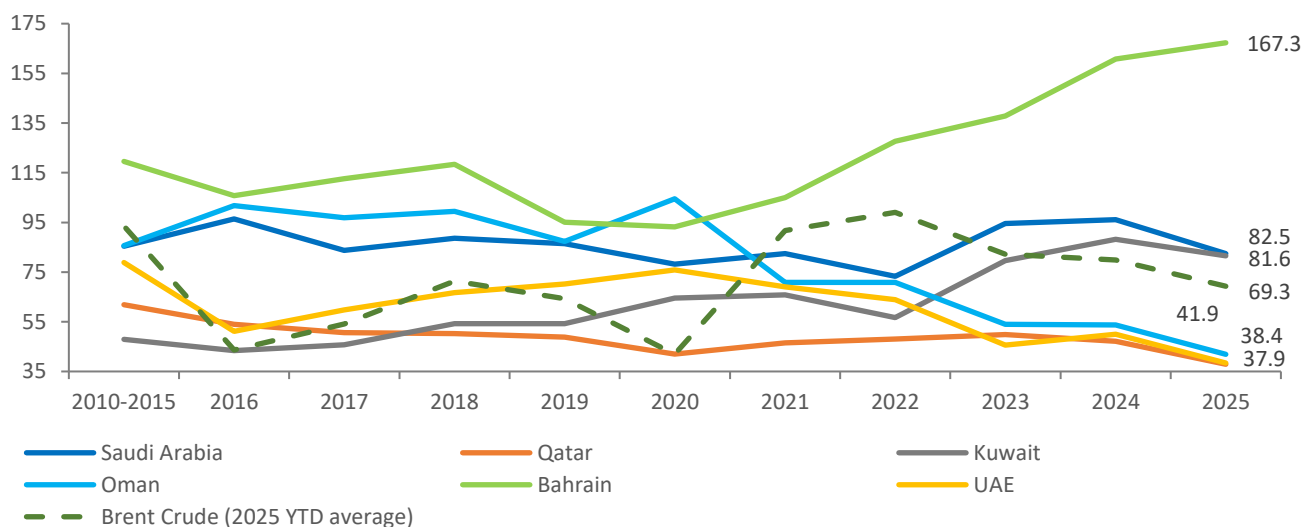
Source: OPEC

## Fiscal Breakeven Oil Price

The overall fiscal breakeven oil price is expected to decline for all GCC Countries in FY2025, except Bahrain. Bahrain's fiscal breakeven is projected to grow from USD 160.8 per barrel in FY2024 to USD 167.3 in FY2025. Saudi Arabia, Qatar, Kuwait, UAE and Oman will record a decline in break-even oil prices in FY2025. Saudi Arabia is expected to record the highest drop in break-even oil price, from USD 96.1 per barrel in FY2024 to USD 82.5 per barrel in FY2025. Oman's break-even oil price will fall from USD 53.7 per barrel in FY2024 to USD 41.9 per barrel in FY2025, followed by the UAE, which is likely to witness a fall from USD 50.0 per barrel in FY2024 to USD 38.4 per barrel in FY2025. Qatar's break-even oil prices will fall from USD 47.1 per barrel in FY2024 to USD 37.9 per barrel in FY2025, while Kuwait will witness a decline from USD 88.2 in FY2024 to USD 81.6 in FY2025.

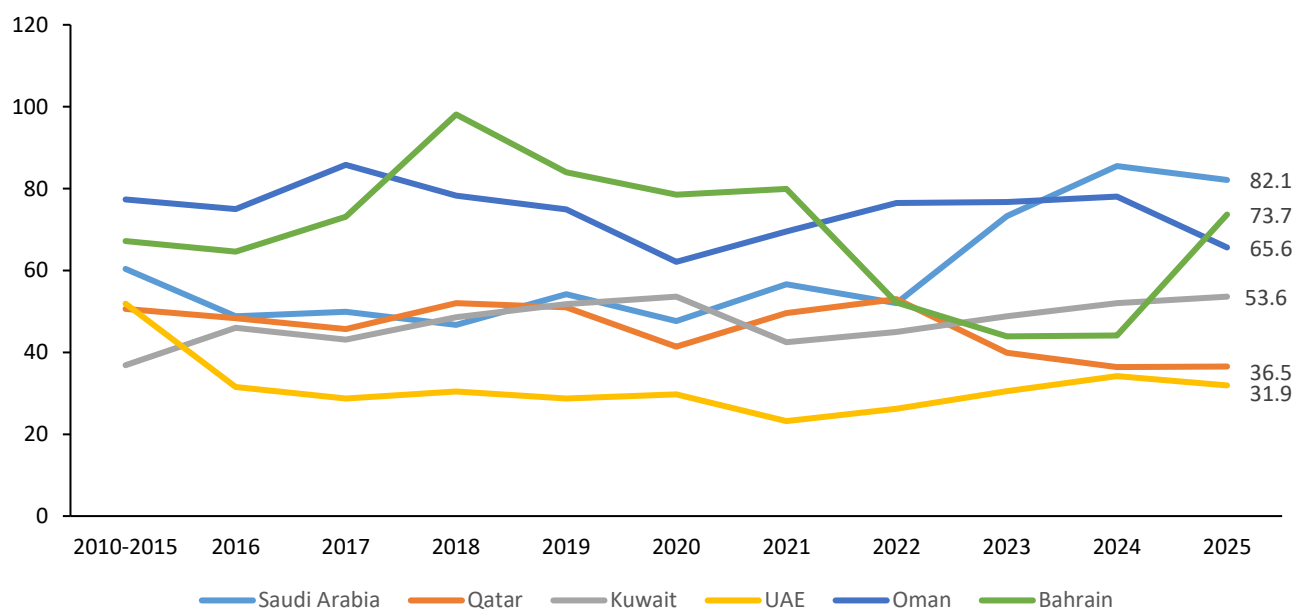


Figure 10: Fiscal Breakeven Oil Price (USD/bbl)



Source: Bloomberg

Figure 11: External Breakeven Oil Price (USD/bbl)



Source: Bloomberg

**Figure 12: Oil Rig Count**



Source: Bloomberg

## Credit Strategy

### Current View on Credit Initiation:

Name	Sector	Price	Mid YTM	Moody's/S&P/Fitch
ALDAR 3.875% 2029	Real Estate	97.90	4.48	Baa1/NA/NA
KWIPKK 4.5% 2027	Investment Co.	98.74	5.65	WR/NR/NA
ARAMCO 3.5% 2029	Oil & Gas	98.15	4.10	Aa3/NA/A+
BGBKKK 2.75% 2031	Bank	97.60	5.76	NA/NA/BBB+
GENHLD 4.76% 2025	Investment Co.	100.05	4.63	A1/NA/A
INTLWT 5.95% 2039	Power Generation and Water Utility	102.95	5.66	Baa3/NR/BBB-

Source: Bloomberg \*- Ratings for the instruments are based on Bloomberg data, while the issuing company rating is considered in the absence of an instrument rating in the bond description.

We remain OVERWEIGHT on GENHLD, ARAMCO, and ALDAR while assigning MARKET WEIGHT ratings on INTLWT, KWIPKK, and BURGAN BANK.

### Implications of Securities Recommendations

Bond Particulars	Call	Price	Yield <sup>1</sup>	1M Return	3M Return	YTD Return	12M Return
INTLWT 5.95% 2039	MW	102.95	5.53	0.93	2.85	4.69	2.82
GENHLD 4.76% 2025	OW	100.05	4.13	0.03	0.02	0.35	0.31
BGBKKK 2.75% 2031	MW	97.60	5.64	0.02	2.22	5.66	5.32
ARAMCO 3.5% 2029	OW	98.15	4.08	0.33	0.86	4.28	3.88
KWIPKK 4.5% 2027	MW	98.74	5.51	0.39	4.30	7.84	5.74
ALDAR 3.875% 2029	OW	97.90	4.46	-0.06	0.55	3.87	2.40

Source: Bloomberg, <sup>1</sup>Ask Yield

### ALDAR 3.875% 2029: Maintain OVERWEIGHT rating

We assign an OVERWEIGHT rating on Aldar Properties PJSC's (Aldar Properties) 3.875% senior unsecured Sukuk maturing in October 2029. The Sukuk is trading at USD 97.90 with a yield of 4.48% when held until maturity (redemption at par) with a modified duration of 3.62. The Sukuk also enjoys Moody's investment-grade rating of 'Baa1' with a stable outlook.

- In Abu Dhabi, Aldar Properties is a leading real estate developer with a market cap of AED 70.1 Bn. Apart from being a reliable government contractor, the Company developed many innovative projects, such as Yas Island's F1 circuit and the Gate Towers in Shams Abu Dhabi. Demand for Abu Dhabi's real estate is robust, and the government supports it in terms of home purchasers. The current market has a good supply, and investors are confident in investing in quality projects in prime locations. Aldar diversified its operations and acquired SODIC in Egypt in FY2021. SODIC is a leading Egyptian real estate company with a strong 25-year track record, spanning a land area of 22.9 Mn square meters across three geographies in Egypt.
- Mubadala Investment Company, a Sovereign wealth fund of the Abu Dhabi government, owns a 25.1% stake in Aldar. Alpha Dhabi Holding owns a 26.5% stake through its related companies Sublime Commercial Corporation, Sogno Two, and Sogno Three Sole Proprietorship LLC. Aldar Properties is an important strategic partner to the government, having completed several large-scale infrastructure projects and developments in the UAE.
- Aldar Properties (Aldar) released its financial results for 9M25 with a revenue of AED 23.6 Bn, up 42.7% YOY, the growth was driven by strong double-digit performance in both the Development and Investment segments, supported by cross-platform growth driven by inventory sales, successful new launches, ongoing recognition of development revenue backlog, contributions from recurring income portfolio from both organic and acquisitions. It recorded a gross profit of AED 8.1 Bn, up 42.6% YOY in 9M25, and a net profit of AED 5.1 Bn, up 30.0% YOY, demonstrating the resilience of Aldar's diversified business model. Aldar EPS rose to AED 0.644 in 9M25 from AED 0.493 in 9M24, demonstrating consistent long-term shareholder value growth.

- Aldar's strong financial results are primarily driven by the robust revenue growth supported by high demand for new launches and strong sales from existing inventory. The Company's revenue backlog stood at AED 66.5 Bn as of 9M25 compared to AED 54.6 Bn in FY2024, providing strong revenue visibility across the UAE and International Business. Additionally, Aldar launched 8 new developmental projects, Manarat Living III and The Wilds, Fahid Beach Residences, The Beach House, Waldorf Astoria Residences Yas, Fahid Beach Terraces, Al Deem Townhomes, and Rise by Athlon in 9M25. The project management service segment backlog stood at AED 82.3 Bn as of 9M25, with AED 53 Bn under construction. The Company's growth was sustained by continued execution of the development revenue backlog, record development sales, and contributions from the recurring income portfolio. High occupancy and strong rental growth across the core investment portfolio drove a solid performance, further boosted by strategic acquisitions, including Masdar City assets, which brought the platform's assets under management to AED 47 Bn in 9M25. Strategic acquisitions, increasing rental rates and near-full occupancy levels, alongside strong growth from Aldar Estates and Aldar Education, are driving income stability and revenue growth.
- Aldar's UAE landbank is strategically distributed across investment zones in Abu Dhabi, Dubai, and Ras Al Khaimah, with a total owned and controlled land area of 60.0 Mn sqm.
- Aldar deployed a capex amounting to c. AED 2.3 Bn in 9M25, while in FY2024, the Company deployed capital of AED 2.3 Bn. The Company has further guided that it will deploy capital of AED 3-4 Bn in FY2025 and AED 9-12 Bn in FY2027 across its Property segment. In Abu Dhabi, the Company's total land area spans 60.0 Mn sqm in the UAE, with a gross floor area (GFA) of 7.9 Mn sqm in Abu Dhabi and Dubai. Meanwhile, in Dubai, the land area encompasses 0.05 Mn Sqm.
- Liquidity position remains strong with unrestricted cash of AED 12.3 Bn and AED 17.4 Bn of undrawn credit facilities as of 9M25. The Company's total debt increased from AED 16.4 Bn in 4Q24 to AED 23.7 Bn in 9M25.
- Aldar Education is a leading private education provider in Abu Dhabi, with 27 owned and managed schools as of 9M25, primarily located across the UAE, and one greenfield project in Abu Dhabi. Aldar further expects growth with the opening of Yasmina American School in Khalifa City and a new Muna British School campus in Saadiyat Lagoons in 2025-26, along with other expansion plans. Additionally, the Company plans to bring King's College School Wimbledon to Fahid Island in 2028-29.
- Aldar Investment's strategic partners have established a USD 1 Bn private credit platform in Europe, aimed at investing in senior secured debt across a range of real estate sectors in the UK and the European Union.

#### **KWIPKK 4.5% 2027: Maintain MARKETWEIGHT rating**

We assign a MARKETWEIGHT rating on Kuwait Projects Company (KIPCO)'s 4.5% senior unsecured bond maturing in February 2027. The bond is trading at USD 98.74 with a yield of 5.65% when held until maturity (redemption at par) and has a modified duration of 1.23. The bond is issued at the holding company level, so the debt service obligations would be met through the cash balance available with KIPCO and the dividends it receives from subsidiaries. The Company's assets and dividend inflow are concentrated in the three largest entities, contributing c. 60% of total asset value.

KIPCO is one of the largest holding companies in MENA, with its consolidated assets growing from KWD 13.0 Bn in FY2024 to KWD 13.5 Bn in 1H25, and sustained through multiple economic cycles, making consistent dividend payments for the last 17 years until FY2021. Members of the Kuwaiti ruling family remain KIPCO's leading shareholders, through Al Futtooh Holding Company K.S.C. (AFH), and currently own a 31.91% direct holding. AFH supported KIPCO in all business activities, including capital raising, and a reduction in dividends if required.

- KIPCO's total revenue from operations increased 6.0% YOY to KWD 769 Mn in 1H25, mainly due to healthy performance from commercial banking, energy, industry and logistics, Hospitality and real estate income, partially offset by a decline in asset management and investment banking income.

- The Company's operating profit from continuing operations rose to KWD 89 Mn in 1H25, up from KWD 81 Mn in 1H24. Provisions for credit losses increased from KWD 9 Mn in 1H24 to KWD 30 Mn in 1H25. Profit before tax decreased from KWD 59 Mn in 1H24 to KWD 49 Mn in 1H25.
- The Company recorded a decrease in net profit attributable to shareholders from KWD 11.1 Mn in 1H24 to KWD 10.1 Mn in 1H25.
- KIPCO cash and bank balance at the parent company level stood at KWD 2,685 Mn in 1H25, compared to KWD 2,663 Mn in FY2024.
- Total outstanding debt decreased to KWD 853 Mn in 1H25 from KWD 922 Mn in 1H24.
- KIPCO has received a dividend income of KWD 6 Mn in 1H25 compared to KWD 7 Mn in 1H24.
- Moody's withdrew the rating on KIPCO following a review of the issuer's request to withdraw its rating(s). Fitch rating also downgraded KIPCO's long-term issuer rating to 'BB' - from 'BB' and revised the outlook from stable to negative, citing a further increase in leverage.

#### **ARAMCO 3.5% 2029: Maintain OVERWEIGHT rating**

We are OVERWEIGHT on Saudi Aramco's 3.5% bond maturing in April 2029. The bond is trading for USD 98.15 and offers a yield of 4.10% with a modified duration of 3.20. The issuer's credit rating is constrained by the rating of its largest shareholder, the government of Saudi Arabia, given the close link between Aramco and the sovereign. Aramco is assigned a standalone credit rating of 'A+' by Fitch, supported by robust profitability, market leadership, significant cash flow visibility and net cash position.

- Saudi Arabian Oil Company is an integrated energy and chemicals company. Aramco's operations are divided into two main segments: Upstream and Downstream. Upstream activities are predominantly centred in Saudi Arabia, while the Downstream sector operates on a global scale. The Upstream segment of the Company is responsible for the exploration, development, production, and sale of natural gas, condensate, crude oil, and natural gas liquids (NGLs). The activities of the downstream section include supply and trading, power generation, retail operations, base oils and lubricants, petrochemicals and refining, and distribution. The reserves of Aramco amounted to 250.0 Bn barrels of oil equivalent in FY2024, consisting of 189.8 Bn barrels of crude oil and condensate, 26.1 Bn barrels of NGL, and 209.8 trillion standard cubic feet of natural gas. The Company manages 548 reservoirs within 148 fields spread across the Kingdom and its territorial waters.
- Fitch upgraded a long-term foreign and local currency IDR to 'A+' with a stable outlook in Dec 2024, reflecting the Company's strong business profile backed by strong control and support from the government. The government directly owns 81.48% stake in the Company in addition to the PIF ownership of 16%. Aramco's significant investments in capex and capacity expansion position the Company for future growth. Additionally, the Company maintains low production costs and substantial reserves, offsetting potential energy transition risks. Aramco boasts an SCP rating of 'aa+', three notches above the Sovereign's foreign currency rating of 'A+'. The worsening of Saudi Aramco's relative position to local peers would likely lead to a downgrade of rating.
- Revenue declined 5.9% YOY to SAR 1,170.6 Bn in 9M25, mainly due to lower realization of crude oil, refined products, and chemicals. However, the decline was partially offset by a higher volume of refined and chemical products sold compared to the previous period last year. Revenue from Downstream operation decreased 3.3% YOY to SAR 674.1 Bn in 9M25, while revenue from Upstream operation fell 9.4% YOY to SAR 494.6 Bn in 9M25. Other income related to sales declined 34.5% YOY to SAR 84.3 Bn in 9M25. Other income related to sales fell due to lower reference equalization prices, higher regulated prices, and lower volumes sold of crude oil and refined products. Thus, revenue and other income related to sales fell from SAR 1,373.1 Bn in 9M24 to SAR 1,254.9 Bn in 9M25.

- Royalties and other taxes declined from SAR 157.7 Bn in 9M24 to SAR 115.4 Bn in 9M25. Total operating costs fell 8.9% YOY to SAR 702.9 Bn in 9M25, owing to a decrease in production royalties, partially offset by higher production and manufacturing costs compared to 9M24.
- The Company's finance and other income fell to SAR 12.4 Bn in 9M25, compared to SAR 18.7 Bn in 9M24.
- Income before taxes and zakat fell from SAR 609.7 Bn in 9M24 to SAR 551.0 Bn in 9M25, primarily attributed to a lower realization of crude oil, refined products, and chemicals, partially offset by higher volumes sold.
- Furthermore, Aramco's net profit declined from SAR 314.7 Bn in 9M24 to SAR 283.6 Bn in 9M25. The net profit attributable to equity shareholders declined from SAR 307.1 Bn in 9M24 to SAR 278.6 Bn in 9M25.
- Free cash flow fell from SAR 238.9 Bn in 9M24 to SAR 217.3 Bn in 9M25, primarily attributable to lower net cash generated from operating activities due to lower earnings and investment in working capital, coupled with higher capital expenditures on downstream operations.
- Aramco paid a total dividend of SAR 240.3 Bn in 9M25. Additionally, this total dividend includes a performance-linked dividend of SAR 2.5 Bn.
- The Company's progress on its Upstream oil and gas projects, Phase one of the Dammam development project came onstream in 2025, with phase two expected in 2027, adding a total of 50 mbpd of crude oil capacity. Procurement and construction for the Berri and Marjan crude oil increments are on track for completion in 2025, providing an additional 250 mbpd and 300 mbpd, respectively. The Zuluf crude oil increment is progressing, with expected processing of 600 mbpd through a central facility in 2026. Construction of the Tanajib Gas Plant, part of the Marjan development program, is on track for 2025, adding 2.6 bscfd of raw gas processing capacity. Work on the Jafurah Gas Plant, part of the Jafurah unconventional gas field is advancing with phase one expected to be completed in 2025 and sustainable sales gas projected at 2.0 bscfd by 2030, along with significant volumes of ethane, NGL, and condensate. Engineering, procurement, and construction activities for the Fadhili Gas Plant expansion are ongoing, expected to add 1.5 bscfd of additional raw gas processing capacity by 2027. In October, Aramco entered a 20-year lease-and-leaseback agreement for the Jafurah Field Gas Plant and Riyas NGL Fractionation Plant with its subsidiary, Jafurah Midstream Gas Company. As part of the deal, Aramco sold a 49% stake in the subsidiary to a consortium led by Global Infrastructure Partners (BlackRock) for SAR 41.8 Bn (USD 11.1 Bn) in cash. The subsidiary will receive quarterly volume-based tariff payments from Aramco, backed by minimum volume commitments. Aramco retains full ownership and operational control of the facilities, with no restrictions on production volumes.
- Aramco's gearing ratio declined marginally from 6.5% in 2Q25 to 6.3% in 3Q25. Aramco's capital expenditure (capex) on cash basis fell to SAR 105.8 Bn in 9M25 from SAR 110.1 Bn in 9M24. This decrease was mainly due to phasing the expansion of crude oil production to maintain a maximum sustainable capacity of 12.0 mmbpd (millions barrels per day) and continuing development activity on multiple strategic gas projects. The Company's net debt marginally declined to SAR 114.3 Mn in 3Q25 compared to SAR 115.6 Mn in 2Q25.

#### **BGBKKK 2.75% 2031: Maintain MARKET WEIGHT rating**

We are MARKETWEIGHT on Burgan Bank's 2.75% Tier 2 subordinated bond, currently trading at USD 97.60. The bond offers a yield of 5.76% and a duration of 0.82. Its loan book is diversified with exposure to Kuwait and international operations in multiple sectors.

- Burgan Bank is one of the leading conventional banks in Kuwait in terms of total assets and is listed on Boursa Kuwait. The Bank has a network of 125 branches and 279 ATMs as of 1H25. KIPCO Company holds a major stake in the Bank, owning 42.97%.
- Burgan Bank net operating income increased 13.7 % YOY to KWD 125.7 Mn in 1H25, driven by a 16.2% YOY growth in the net interest income amounting to KWD 82.6 Mn, coupled with a 13.7% YOY rise in the non-interest income amounting to KWD 125.7 Mn during 1H25.

- The Bank's net interest margins grew 10 bps YOY to 2.2% in 1H25 compared to 2.1% in 1H24.
- Operating expenses increased 22.4% YOY to KWD 76.6 Mn in 1H25. The cost-to-income ratio stood at 61.0% in 1H25 compared to 56.6% in 1H24.
- The Bank reported a net profit attributable to shareholders of KWD 20.8 Mn in 1H25, compared to KWD 21.2 in 1H24.
- Loans and advances to customers rose 4.0% YOY and 3.4% QOQ to KWD 4.6 Bn in 1H25. Deposit rose 15.7% YOY and 1.1% QOQ to KWD 5.4 Bn, with CASA deposit of 68% in 1H25.
- The Bank's non-performing loans increased from 2.5% in 1H24 to 3.2% in 1H25. Provisional coverage declined from 258% in 1H24 to 180% in 1H25.
- Capital adequacy ratio stood at 17.4% in 1H25, above the regulatory requirement. The Bank maintains high liquidity levels, with a liquid coverage ratio (LCR) and net stable funding ratio (NSFR) of 225% and 113%, respectively, as of 1H25, substantially above the minimum regulatory requirement of 100%.
- Burgan Bank successfully executed its first KWD 150 Mn perpetual AT1 bond issuance in the local market, which was oversubscribed, reflecting strong investor demand and forming part of the Bank's broader funding strategy.
- The bank launched a USD 500 Mn Certificate of Deposit (CD) program to further diversify its funding base.
- Burgan Bank signed a USD 190 Mn agreement to acquire Bahrain-based United Gulf Bank, aligning with its strategy to diversify assets and expand revenue streams.
- Fitch Ratings affirmed Burgan Bank's long-term IDR at "A" with a stable outlook. Moody's assigned a credit rating of "Baa1" with a Stable Outlook, and S&P Global also assigned a rating of "BBB+" with a Stable Outlook.
- Burgan Bank is set to issue up to USD 500 Mn through a 5-year senior unsecured bond under its USD 1.5 Bn Euro Medium Term Note (EMTN) programme, with further details of the issuance yet to be disclosed.

#### **GENHLD 4.76% 2025: OVERWEIGHT rating**

We assign an OVERWEIGHT rating on Senaat's 4.76% Sukuk maturing in December 2025. The Sukuk is trading for USD 100.05 and offers a yield of 4.63% when held till maturity (redemption at par). Arkan Building Materials Company PJSC completed the acquisition of Emirates Steel Industries PJSC ("Emirates Steel") and issued share capital from its majority shareholder, General Holding Corporation PJSC ("SENAAT"), on October 6th, 2021, in exchange for the issuance of 5.1 Bn new ordinary shares in the Company. Emirates Steel became a direct 100% subsidiary of the Company, and SENAAAT's ownership in Arkan increased from 51% to 87.5% of its issued share capital as a result of this transaction.

- Overall Group revenues in FY2024 reached AED 13,260 Mn, down from AED 13,466 Mn in FY2023. The decline in revenue is attributed to lower revenues from the building materials and steel industries, partially offset by growth in the Snacking, Agri-business, and Food & Water segment.
- Revenue from the Food and Beverages segment increased to AED 4,923 Mn in FY2024 compared to AED 4,568 Mn in FY2023. Revenue from the Steel industry declined from AED 8,029 Mn in FY2023 to AED 7,577 Mn in FY2024. The revenue from Building materials declined to AED 761 Mn in FY2024 from AED 871 Mn in FY2023.
- The EBITDA declined to AED 1,827 Mn in FY2024, compared to AED 2,174 Mn in FY 2023. The EBITDA margin decreased to 13.78% in FY2024 from 16.15% in FY2023. However, the net profit of the Group declined to AED 988 Mn in FY2024 from AED 1,058 Mn in FY2023. The net profit margin also declined to 7.45% in FY2024 from 7.86% in FY2023. The Group earned 7.6% return on equity in FY2024 as compared to 8.2% in FY2023.



- As of December 31, 2024, the Group's total assets stood at AED 20.1 Bn, down from AED 20.6 Bn in December 2023, and the value of shareholders equity stood at AED 12.8 Bn as of December 2024, down from AED 13.3 Bn in December 2023. The external debt of the Group increased to AED 3.3 Bn in FY2024 from AED 3.1 Bn in FY2023, improving the EBITDA leverage from 1.7x in FY2023 to 2.0x in FY2024. The consolidated cash and bank balance increased from AED 1,077 Mn in FY2023 to AED 1,478 Mn in FY2024.
- The Long-Term Issuer Default Rating (IDR) of General Holding Corporation PJSC (Senaat) has been affirmed by Fitch Ratings at 'A' with a Stable Outlook. Senaat's Sukuk Limited's senior unsecured notes were similarly affirmed at 'A' by Fitch.

#### **INTLWT 5.95% 2039: Maintain MARKET WEIGHT rating**

We assign MARKETWEIGHT on APMI One's 5.95% bond maturing in May 2039. The bond is trading at USD 102.95 with a yield of 5.66% if held till maturity (redemption at par). The bond has a modified duration of 6.79. The Bond has a credit rating of BBB- from Fitch and Baa3 from Moody's both with a stable outlook.

ACWA Power Management and Investments One Ltd (APMI One) is wholly owned subsidiary of ACWA Power Company. ACWA Power Co. develops, operates, and invest in power generating and desalinated water production plants in Saudi Arabia. The company was established in FY2004 in KSA and expanded throughout the years to operate in 12 countries. The first expansion plan took place in FY2008-FY2010 in Oman and Jordan, then from FY2012 to FY2014, the company expanded in Morocco, South Africa, and Turkey. The final expansion was in UAE, Egypt, Bahrain, Vietnam, Ethiopia, and Uzbekistan from FY2015 to FY2020.

- The Company's operational renewable capacity increased to 7.7 GW, while projects under construction and in advanced development stages expanded the total portfolio gross renewable capacity to 52 GW, accounted 55.3% of total power capacity. With this momentum, the company remains firmly on track to achieve its newly elevated target of a 70% renewable energy mix by 2030, surpassing the earlier goal of a 50/50 split between renewables and flexible generation six years ahead of schedule.
- The Company agreed to sell its 32% effective investment in SQWEC, an oil-fired facility with 850 MW of power and 212,000 cubic meters water desalination capacity in the Kingdom of Saudi Arabia, on September 7, 2021. The sale reduced the diversification of APMI One cash flow. In order to offset the impact of lost cashflows from SQWEC, ACWA Power increased the stake in RAWEC that forms part of APMI One bondholder security and cashflows from 37% to 80%, while this offsets the cashflow impact of the sale of SQWEC, it results in greater concentration at RAWEC, for which we view the offtaker as of lower credit quality than for others in the portfolio. The issuer APMI One is a Special Purpose Company, incorporated under the laws of DIFC, which is 100% owned by ACWA Power Projects. However, APMI One is not the only entity ACWA Power Projects has its hands on.
- APP filed its zakat and tax returns for all the years till FY2024. APPs closed its position with the ZATCA until FY2018; moreover, the ZATCA is currently performing audits for FY2021-24. The Company's subsidiaries and associates received a higher tax assessment from ZATCA, which led to an additional liability of SAR 151 Mn (with ACWA Power's share of SAR 79 Mn). The Company has recognised provisions of SAR 151 Mn (ACWA Power share of SAR 79 Mn) against this assessment as of 30<sup>th</sup> June 2025.
- ACWA Power achieved financial close in May 2025 on two projects, including the Uzbek GH2 Phase 1 with an investment of SAR 0.4 Bn, a capacity of 52 MW and 3 KTPA, and 80% ownership, as well as the Tashkent Riverside PV + BESS with an investment of SAR 2.0 Bn, a capacity of 400 MW, and full ownership. These milestones highlight the company's expanding renewable and hydrogen portfolio in Uzbekistan.
- ACWA Power started contribution to the company's results from several projects between January and May 2025 through ICOD or PCOD. These included Chirquiq GH2 in Uzbekistan with 52 MW and 3 KTPA capacity at 80% ownership, Redstone CSP in South Africa with 100 MW at 36% ownership, Shuaibah 3 SWRO in Saudi Arabia with



600 m<sup>3</sup>/day at 47.48% ownership, Bash Wind and Dzhankeldy Wind in Uzbekistan each with 500 MW at 65% ownership, Al Shuaibah 2 Solar PV in Saudi Arabia with 2,060 MW at 35.01% ownership, and Layla Solar PV in Saudi Arabia with 91 MW at 40.76% ownership.

The financial details as of 9M25 for ACWA Power are listed below:

- ACWA Power's operating income before impairment loss and other expenses significantly grew from SAR 2,365.1 Mn in 9M24 to SAR 2,764.3 Mn in 9M25. The increase is mainly due to higher contributions from operational projects, increased income from development and construction management services and higher development cost, provisions, and write-offs in 3Q24 period due to the termination of a project in Africa. This was partially offset by a debt restructuring gain from ACWA GUC in Turkey in 3Q24, and a divestment gain in 2Q24 from the Bash and Dzhankeldy Wind projects in Uzbekistan following a minority stake sell-down.
- Net profit attributable to equity holders increased 2.0% YOY to SAR 1,280 Mn in 9M25. The increase in profit was primarily driven by higher operating income, as well as increased net financial charges, including forex, net of other income. However, this positive effect was partially offset by a higher share of non-controlling interest, an additional impairment charge related to Noor 3 CSP IPP in Morocco on account of the current period impact of the LD and insurance settlement income and lower profit attributable to equity holders of the parent following a 30% divestment of RAWEC in June 2024, and increased zakat & tax charges.
- The adjusted net profit rose 21.8% YOY to SAR 1,355 Mn in 9M25, excluding the impact of impairment loss, project termination in Africa, partially mitigated by the gain on termination of hedging instruments.
- ACWA Power raised SAR 7.1 Bn in 9M25 via a rights issue, increasing the total capital from SAR 7.3 Bn to SAR 7.6 Bn in June 2025, to finance expansion, target USD 250 Bn AUM by 2030, invest in power, desalination, green hydrogen, pursue M&A, and strengthen the balance sheet amid growth plans.
- Furthermore, the company signed 9 PPAs, 1 WPA, acquired power and water plants in Bahrain, Kuwait, and China - adding 24.7 GW of power and 1.8 Mn m<sup>3</sup>/day of water to the portfolio.
- During 9M25, the Company added 7 GW of power and 600,000 m<sup>3</sup>/day of desalinated water as incremental operational capacity, thus bringing the total operational capacity in the portfolio to 40 GW of power and 5.3 Mn m<sup>3</sup>/day of water.
- The company's projects, including the Chirchiq Green Hydrogen and Karatau Wind projects in Uzbekistan, the Saad 2, Al Rass 2, and Al Khafah solar PV plants in Saudi Arabia, and various wind projects in Azerbaijan, began partial or full operations in 3Q25. These projects added 3.7 GW of power capacity and 3,000 tonnes of green hydrogen annually to the operational portfolio.
- The company achieved financial close worth SAR 15.3 Bn for three projects, including the two CCGT plants in Saudi Arabia—Rumah 1 IPP and Al-Nairiyah 1 IPP.
- On 25th December 2024, the Group signed the equity transfer agreement for the acquisition of 100% shares in Xinyang Mingshang New Energy Co. Ltd. On 30th September 2025, the conditions precedent were met, and 100% equity shares were transferred to the Group. Accordingly, the asset has been consolidated in the financial statements for 9M25. By closing another phase of acquisitions in China, the Company added the 100 MW Mingyang Wind Power Project to its portfolio.
- 9M25, consolidated power availability stood at 91.7%, lower than the level recorded in 9M24 (93.9%). The planned or forced outages across conventional power assets impacted the Company's performance during 9M25. Renewable assets continued to operate with strong performance, with an average availability of 97.0% during 9M25, compared to 95.7% in 9M24. Consolidated water availability also improved to 98.3% in 9M25 from 97.4% in 9M24.
- ACWA Power reported a cash & short-term investment of SAR 9.9 Bn in 9M25 up from SAR 4.1 Bn in 2024. As a result, total assets increased from SAR 56.9 Bn in FY2024 to SAR 68.6 Bn in 9M25. The Company's debt stood at SAR 29.4 Bn in 9M25, up from SAR 25.9 Bn in FY2024.

Bond Yield charts (%)

Figure 13: ALDAR 3.875% 2029

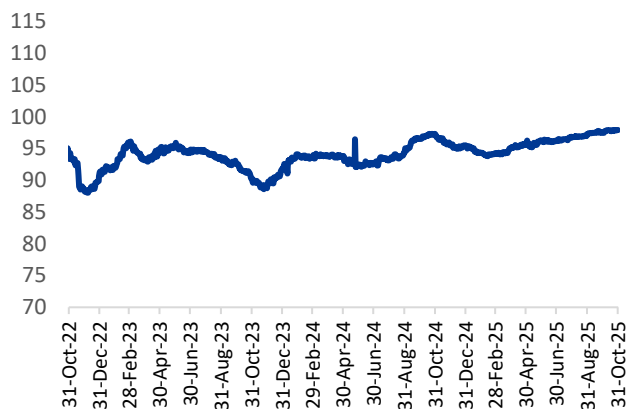


Figure 14: KWIPKK 4.5% 2027

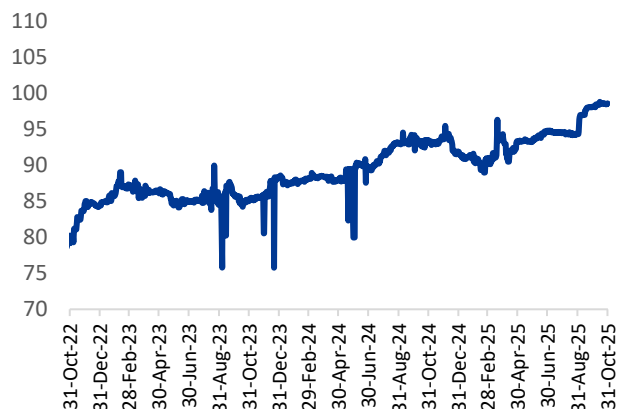


Figure 15: ARAMCO 3.5% 2029



Figure 16: GENHLD 4.76% 2025

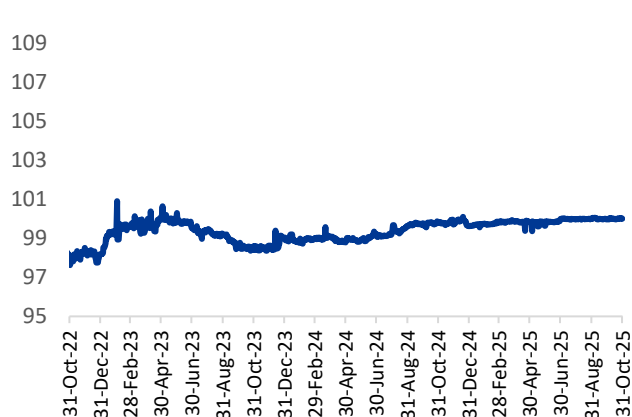


Figure 17: INTLWT 5.95% 2039

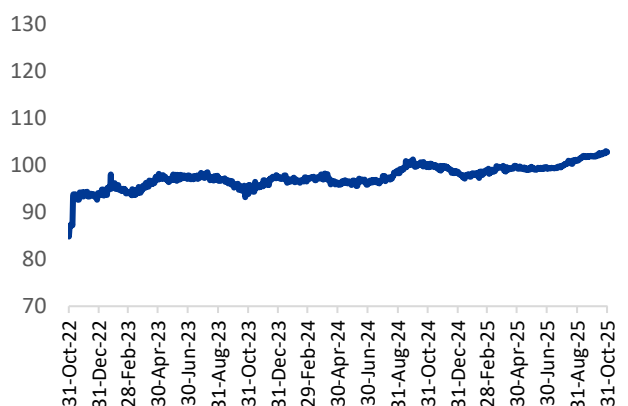
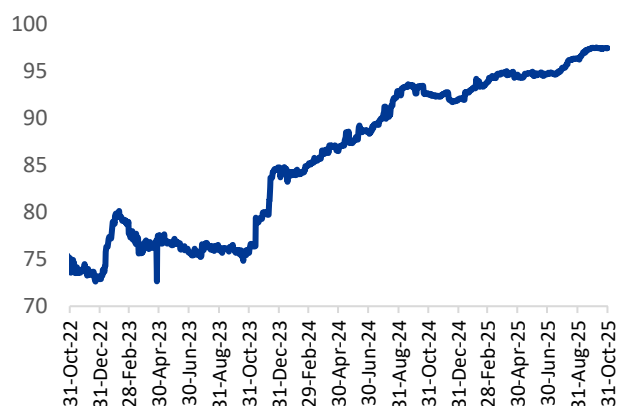


Figure 18: BGBKKK 2.75% 2031



Source: Bloomberg

#### Key Market Indicators

Particulars	Price/Yield	YTD (% change)	MOM (% change)
Brent crude	65.25	-12.58	1.12
US dollar index	99.71	-8.09	2.03
10Y Treasury yield <sup>1</sup>	4.08	-0.49	-0.07
2Y Treasury yield <sup>1</sup>	3.57	-0.68	-0.03
10Y German bond yield <sup>1</sup>	2.63	0.27	-0.08
10Y Japan bond yield <sup>1</sup>	1.67	0.56	0.02
Bloomberg UAE Composite USD Liquid index	150.44	8.49	0.90

Source: Bloomberg, <sup>1</sup> in Basis point

## Sovereign Highlights

### UAE

#### **UAE's non-oil PMI increased to 54.2 in September 2025**

The non-oil private sector in the UAE experienced healthy growth in September 2025, primarily driven by new business inflows. S&P Global UAE Purchasing Managers' Index (PMI) stood at 54.2 in September 2025, up from 53.3 in August 2025, indicating a rebound in demand. The increase in sales is largely driven by a rise in new orders from domestic as well as international clients. Moreover, purchasing activity grew in September 2025, while employment levels also grew at a rapid pace.

### Saudi Arabia

#### **KSA's fiscal deficit estimated at 3.3% of GDP for 2026**

Saudi Arabia estimates a fiscal deficit of 3.3% of GDP for 2026, totalling USD 44 Bn, with a revenue of USD 309 Bn and expenditure of USD 349 Bn, which is lower compared to the fiscal deficit of 2025. KSA's real GDP growth is expected at 4.6% in 2026, compared to 4.4% in 2025, primarily due to expansion in non-oil projects.

#### **KSA's employment rate stood at 3.2% in 2Q25**

The unemployment rate in Saudi Arabia stood at 3.2% in 2Q25, up from 2.8% in 1Q25, marginally lower than 3.3% in 2Q24. The overall labor force participation rate reached 67.1% in 2Q25, lower than 68.2% in 1Q25; however, marginally higher than 2Q24, which was 66.2%. Specifically, for citizens of Saudi Arabia, the unemployment rate and labor force participation rate stand at 6.8% and 49.2% for 2Q25, respectively. This highlights the challenges faced by Saudi citizens in securing employment within the country.

#### **Saudi Arabia calls a public opinion to provide access to foreign non-resident investors**

The Capital Market Authority of Saudi Arabia called for a public consultation to allow foreign non-resident investors to participate directly in its stock market. This would eliminate the current Qualified Foreign Investor system, removing eligibility requirements for foreign investors. Additionally, it would end swap agreements, permitting foreign non-resident investors to buy listed shares directly, if the proposal is approved.

#### **Saudi's witnessed robust non-oil sector growth in September**

Private non-oil sector in Saudi Arabia saw rapid growth in September 2025, primarily due to a demand boost complemented by growth in output. This has been reflected in Riyadh Bank Saudi Arabia Purchasing Managers' Index adjusted with seasonality, reaching 57.8 in September 2025 compared to 56.4 in August 2025. Competitive pricing, acquisition of new customers and tailwinds from current market conditions resulted in an inflow of work from international clients in September. This also positively impacted in employment growth of the country in September 2025.

#### **Saudi's industrial production rose 7.1% YOY in August 2025**

The industrial production index in Saudi Arabia increased 7.1% YOY and 1.4% MOM in August 2025, mainly due to growth in electricity and water supply, mining, and manufacturing sectors. Moreover, oil and non-oil sectors experienced a growth of 8.3% YOY and 4.4% YOY, respectively, in August 2025. Manufacturing index grew 5.6% YOY in August 2025, driven by growth in the chemical sector, while coke and refined petroleum products increased to 8.6% YOY and 8.9% YOY respectively.

### **Major infrastructure development to attract tourism at Jazan, Saudi Arabia**

Saudi Arabia's Jazan region is undergoing multiple projects aimed at attracting more tourists and enhancing public infrastructure. This included the maintenance and makeover of walkways, sports grounds, public parks, and waterfronts. Initiatives taken to achieve these objectives are in alignment with 'Vision 2030' and the 'Quality of Life' program.

### **Saudi Arabia's annual Inflation eased marginally to 2.2% in September 2025**

Saudi Arabia's annual inflation rate stood at 2.2% in September 2025, compared to 1.7% in September 2024, primarily driven by higher costs for housing, water, electricity, gas, and other fuels. Additionally, the Consumer Price Index (CPI) eased marginally monthly from 2.3% in August 2025 to 2.2% in September 2025. Residential rents remained the primary contributor to inflation, increased 6.7% YOY, which pushed the housing and utilities category up by 5.2%. Food and beverages rose 1.1%, supported by a 0.6% increase in fresh or chilled meat prices. Meanwhile, restaurant and accommodation services increased 1.5%, led by higher accommodation costs. Monthly, CPI fell 0.1%, mainly due to declines in transportation and restaurant & accommodation by 0.4% and 1.4%, partially offset by a 0.4% rise in housing and utilities.

### **Saudi Arabia's GDP grew 5% YOY in 3Q25**

Saudi Arabia's economy expanded by 5% YOY in 3Q25, supported by growth across all major sectors, according to GASTAT. Oil activities rose sharply by 8.2% YOY, while non-oil grew 4.5% YOY, and government sectors 1.8% YOY. The main contributor to the real GDP growth was non-oil activities, which contributed 2.6 percentage points (PP), followed by 2 PP contribution from oil activities and government activities and net taxes on product each contributed 0.2 PP growth in 3Q25.

### **Saudi Arabia to reassess foreign ownership rules in 2026**

Saudi Arabia's Capital Market Authority Chairman, Mohammed bin Abdullah Elkuwaiz, announced that the kingdom will review its foreign ownership limits in 2026, with the possibility of raising the current 49% cap or eliminating it, according to state television reports.

### **Saudi Arabia's quarterly fiscal deficit rises to USD 23 Bn amid higher spending**

Saudi Arabia's budget deficit widened to SAR 88.5 Bn in 3Q25 as government spending increased and oil revenues stagnated, according to finance ministry data. The deficit rose 160% QOQ in 3Q25 compared to SAR 34 Bn recorded in 2Q25. Total spending rose 6% YOY to SAR 358.4 Bn, while revenue dropped 13% YOY to SAR 269.9 Bn, with oil income slipping slightly. Lower oil prices and output continue to weigh on earnings despite gradual production hikes. Fiscal deficit in 9M25 stood at SAR 181.8 Bn compared to an initial estimate of SAR 101 Bn, which was later revised to SAR 245 Bn by the Finance Ministry in the 2026 pre-budget statement.

## **Qatar**

### **Qatar's consumer prices rise 1.15% YOY in September 2025**

Qatar's Consumer Price Index rose 0.9% MOM and 1.15% YOY to 109.43 points in September 2025. Monthly, the increase was primarily driven by higher prices in recreation and culture, miscellaneous goods and services, education, clothing and footwear, housing, water, electricity and other fuels, and communication, partially offset by a decline in food & beverages and transport prices. While tobacco, furniture and household equipment, health, and restaurants and hotels remained stable. On an annual basis, inflation was primarily supported by price increases in miscellaneous goods and services, clothing and footwear, education, recreation and culture, food and beverages, and communication, partly offset by lower prices in restaurants and hotels, transport, furniture and household equipment, housing, water, electricity and other fuels.

## Kuwait

### Kuwait Oil Company discovered third offshore field in the Jazza

Kuwait Oil Company (KOC) has made its third offshore discovery this year in the Jazza field with a production capacity of over 29 Mn cubic feet of natural gas per day. The country started importing higher amounts of natural gas to meet the increased demand for power due to the high usage of air conditioning in summer. The parent company of KOC- Kuwait Petroleum Corporation intends to boost domestic output of gas to achieve the goal of producing 2 Bn cubic feet gas per day by 2040.

## Egypt

### Egypt's GDP grew 5% YOY in 4Q25 and 4.4% in FY2024-25

Egypt's GDP grew 5% YOY in 4Q25, the highest in three years, driven by a firm government policy that resulted in macroeconomic stability. The growth is mainly attributable to 19.3% YOY increase in tourism sector, attracting over 17 Mn tourists. Non-oil manufacturing grew by 18.8% in the 4Q25 and 14.7% for FY2024-25 after a slowdown of the last two years. In the context of expenditure, total investments amounted to EGP 1.23 Tn in FY25. Exports grew by 23.7% in FY25, and imports rose by 29.2%. Exports of finished goods and fuel exports increased by 12.8% and 29.4% respectively, in 4Q25.

### Egypt Central Bank cuts interest rates by 100 bps

The Monetary Policy Committee reduced the lending rate from 23% to 22% and the deposit rate from 22% to 21% in Egypt. The interest rate cut is mainly attributable to inflation growing at a slower rate despite a 5% YOY growth in real GDP during 2Q25. Inflation driven by demand pressures is expected to be contained due to the existing monetary policy. Additionally, headline inflation fell from 13.9% in July 2025 to 12.0% in August 2025.

### Egypt's non-oil PMI contracts to 48.8 in September 2025

Egypt's non-oil private sector slowed down in September, with the S&P Global PMI falling from 49.2 in August 2025 to 48.8 in September 2025. The contraction in the non-oil sector is mainly driven by a fall in new sales, declining new orders due to slower economic activity and an increase in prices and wage pressure. Businesses witnessed a decline in input prices due to the stronger Egyptian pound, whereas, staff cost increased and stood at highest levels since May 2024. Despite lower purchasing activity, inventory levels increased as firms chose to increase its reserves.

### Egypt's urban inflation eased to 11.7% in September 2025

Egypt's annual urban consumer price inflation declined marginally from 12% YOY in August 2025 to 11.7% YOY in September 2025. Monthly, prices increased 1.8% in September 2025, with food and beverage prices rising 1.4% YOY and 2.0% MOM. The annual inflation rate dropped significantly from its record high of 38% in September 2023, aided by the USD 8 Bn IMF support package secured in March 2024, which bolstered economic stability. Additionally, M2 money supply growth slowed to 22.88% YOY in August 2025, reflecting the impact of the IMF program.

### Egypt recorded a current account deficit of USD 2.2 Bn in April-June 2025

Egypt's current account deficit reduced to USD 2.2 Bn during April-June 2025 compared to USD 3.7 Bn in April-June 2025. This is mainly attributable to growth in tourism and an increase in remittances, with remittances reaching USD 10.1 Bn in April-June 2025 compared to USD 7.4 Bn for the same period in 2024. Suez Canal generated USD 1 Bn revenue during April-June 2025. Oil export value USD 1.4 Bn in 2025, up from USD 1.1 Bn in 2024. FDI decreased significantly from USD 22.4 Bn in April to June 2024 to USD 2.4 Bn in April to June 2025, mainly due to the development of Ras Al Hekma in 2024.

### Egypt's BOP deficit stood at USD 2.1 Bn in FY2024-25

Egypt Balance of Payment (BOP) recorded a deficit of USD 2.1 Bn in FY2024-25, compared to USD 9.7 Bn in FY2023-24. The capital and financial account recorded net inflows of USD 10.2 Bn in FY2024-25, compared to USD 29.9 Bn in the previous

year. FDI stands at net inflows of USD 12.2 Bn in June 2025. Portfolio investment inflows slipped to USD 1.6 Bn in FY2024-25, down from USD 14.5 Bn in the previous year. Deficit for non-oil trade surged from USD 31.9 Bn in FY2023-24 to USD 37.1 Bn in FY2024-25, while inflows from the Suez Canal fell from USD 6.6 Bn in FY2023-24 to USD 3.6 Bn FY2023-24.

**Egypt's S&P Global long-term sovereign credit rating improved to 'B' from 'B-'**

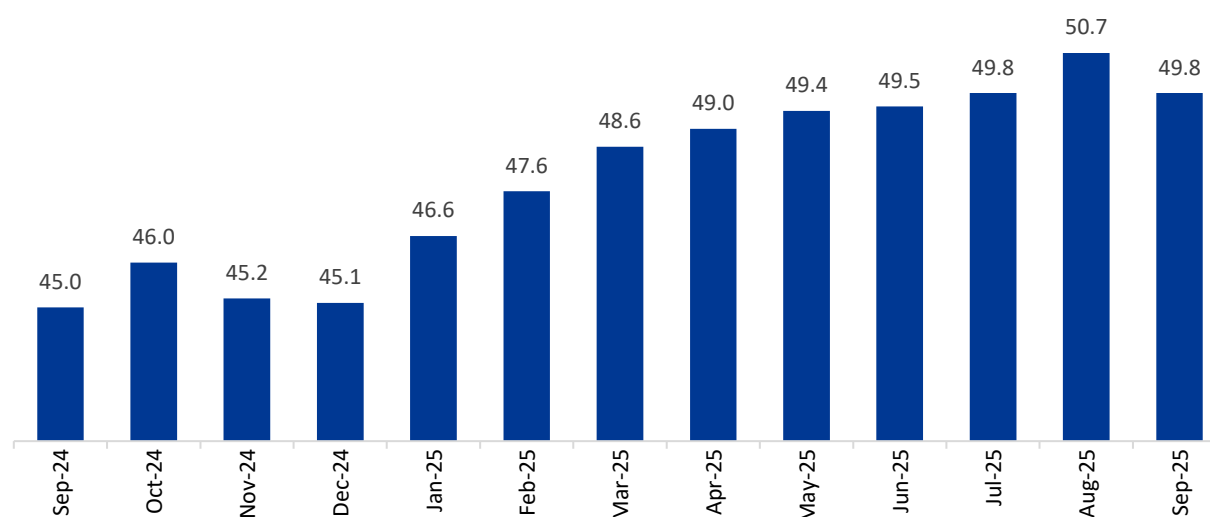
S&P Global Ratings upgraded Egypt's long-term sovereign credit rating from 'B-' to 'B', reflecting improving economic conditions in the country. Improvement in balance of payments and solid economic growth prospects are key drivers of the upgrade. Following recent exchange rate adjustments, real economic growth rose to 4.4% in FY2024/2025 from 2.4% in FY2023/2024 and is projected to average 4.8% between 2026 and 2028.

## Global Economy

### Eurozone manufacturing activity declines into contraction territory

Eurozone manufacturing activity slipped back into contraction in September 2025, reflecting weaker new orders and a sharper decline in employment. The overall manufacturing PMI fell from 50.7 in August 2025 to 49.8 in September 2025. New orders declined at the fastest pace since March 2025, with export markets weighing on total sales. Despite softer demand, production continued to grow, extending the current growth streak that began in March 2025. Moreover, purchasing activity declined further, with input demand contracting at the steepest rate since April. Meanwhile, operating costs eased for the first time since June.

Figure 19: Eurozone Manufacturing PMI



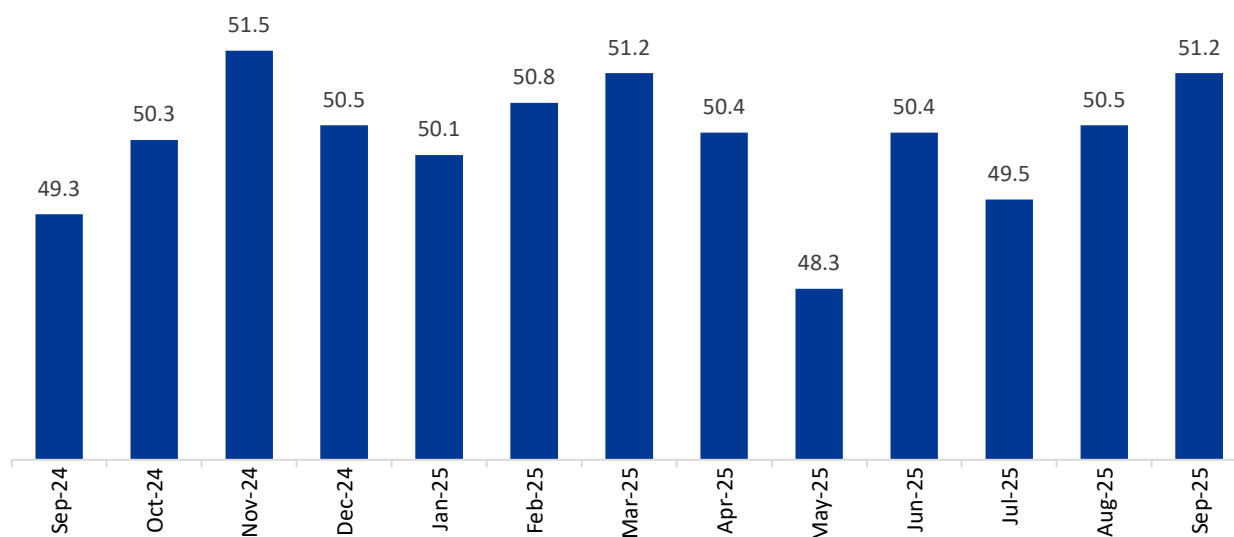
Source: CAPIQ

### China's manufacturing activity expanded in September 2025

China's manufacturing sector maintained its expansion, with the PMI at 51.2 in September 2025, up from 50.5 in August 2025, driven by faster growth in new orders, supported by stronger demand, promotional activities, and new product launches. Additionally, the overall expansion in new business was the fastest since February 2025. Furthermore, new export orders increased for the first time since March 2025, though at a modest pace. Moreover, the rise in incoming work led to the quickest growth in manufacturing production in three months, reflecting sustained recovery momentum in the sector.



Figure 20: China Manufacturing PMI

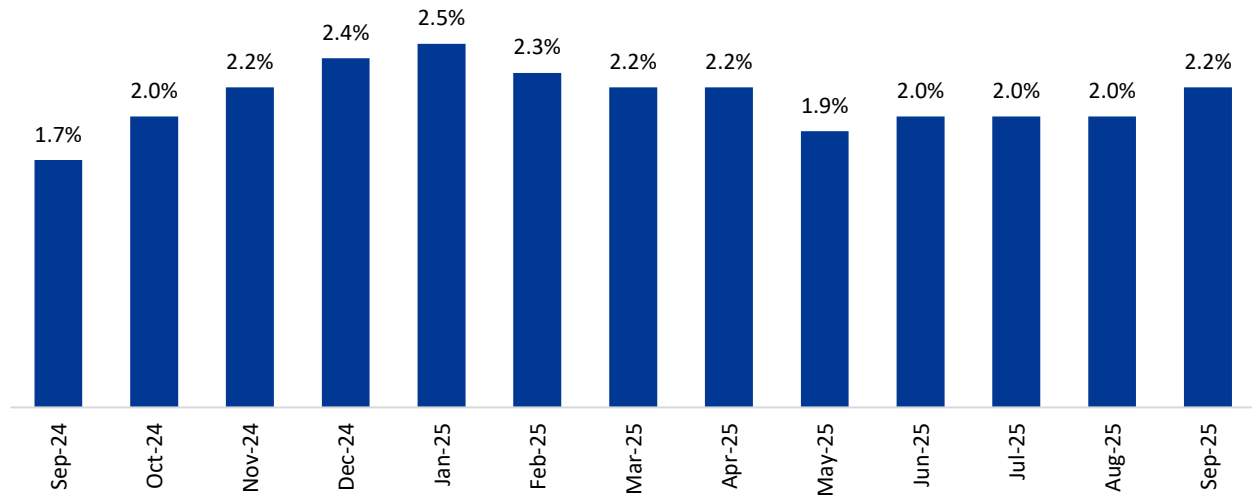


Source: CAPIQ

#### Eurozone consumer prices accelerated in September 2025

Eurozone inflation accelerated in September 2025, due to a slowdown in the energy prices and a rise in services inflation. Additionally, consumer price inflation increased from 2.0% in August 2025 to 2.2% in September 2025. Furthermore, core inflation, excluding food and energy, remained steady at 2.3% in September 2025. Food, alcohol, and tobacco prices rose at a slower pace from 3.2% in August 2025 to 3.0% in September 2025, while services inflation increased from 3.1% in August 2025 to 3.2% in September 2025. Additionally, energy prices fell 0.4% in September 2025, much slower than the 2.0% drop in August 2025, while non-energy industrial goods prices rose 0.8% in September 2025. The harmonized index of consumer prices (HICP) edged up 0.1% MOM in September 2025. Moreover, ECB projections indicate that headline inflation is expected to ease from 2.1% in 2025 to 1.7% in 2026. The core inflation is projected to average 2.4% in 2025 and 1.9% in 2026.

Figure 21: Eurozone Inflation (YOY)

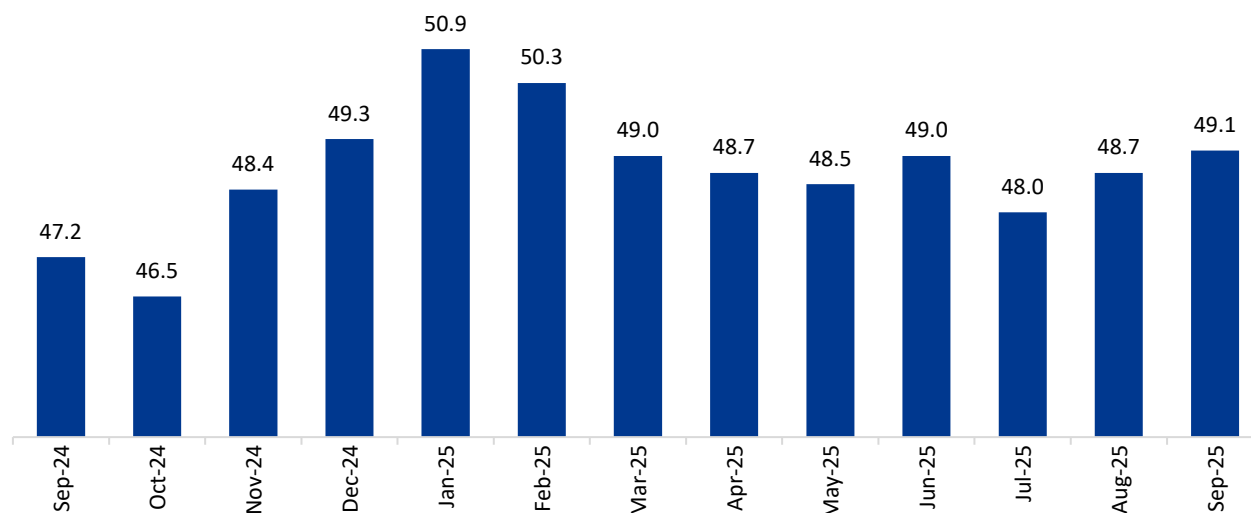


Source: CAPIQ

#### US manufacturing index rose marginally in September 2025, but remained in contraction

US manufacturing activity edged slightly higher, with PMI rising from 48.7 in August 2025 to 49.1 in September 2025; however, it remained in contraction territory, marking the seventh consecutive month of decline after a brief two-month expansion that followed 26 straight months of contraction. The rise in the index was supported by stronger production activity, as the production index improved from 47.8 in August 2025 to 51.0 in September 2025, reflecting a return to expansion. Similarly, the employment index rose from 43.8 in August 2025 to 45.3 in September 2025, indicating a slower pace of job losses in the sector. However, growth in the overall index was partially offset by a weakening in new orders, with the corresponding index dropping from 51.4 in August 2025 to 48.9 in September 2025, due to softer demand. Additionally, the price index declined from 63.7 in August 2025 to 61.9 in September 2025.

Figure 22: US Manufacturing PMI

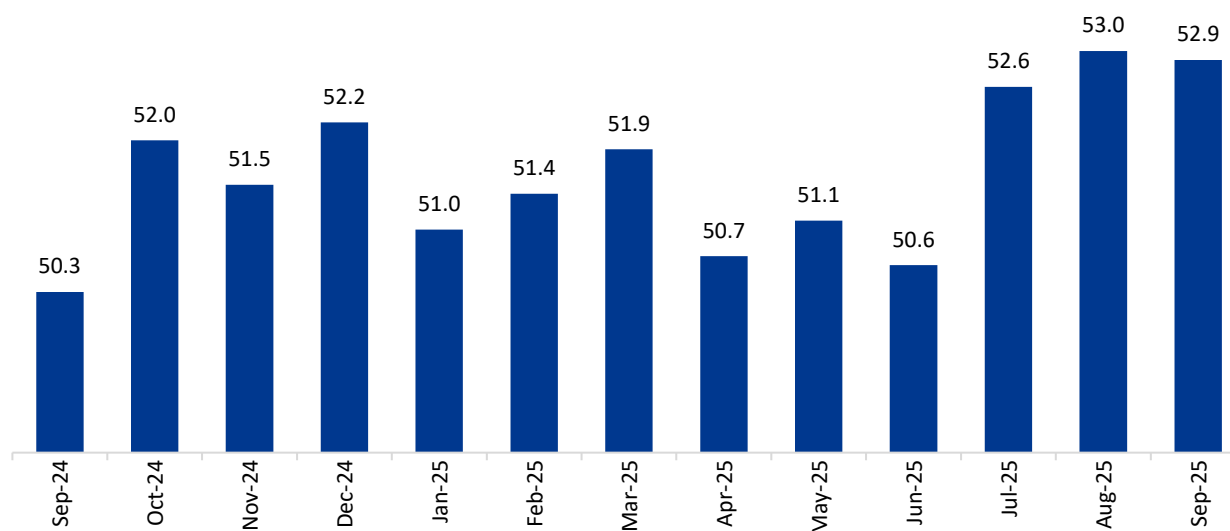


Source: CAPIQ

#### China's service PMI showed slower expansion

China's services sector expanded in September, though at a slightly slower pace as job losses weighed on the industry despite resilient domestic and overseas demand. The China General Services PMI, eased marginally from 53.0 in August 2025 to 52.9 in September 2025, remained above the 50-point threshold, indicating growth. Additionally, new business growth moderated slightly compared with August 2025, although new export orders rose at the fastest rate in seven months of 2025, supported by a rebound in tourism. However, employment declined at the sharpest pace in 17 months, as firms grappled with higher costs and subdued operating capacity. Furthermore, input costs increased at a marginally faster rate, driven by rising wages and raw material prices, leading companies to raise output charges in September after having reduced them in August.

Figure 23: China Services PMI

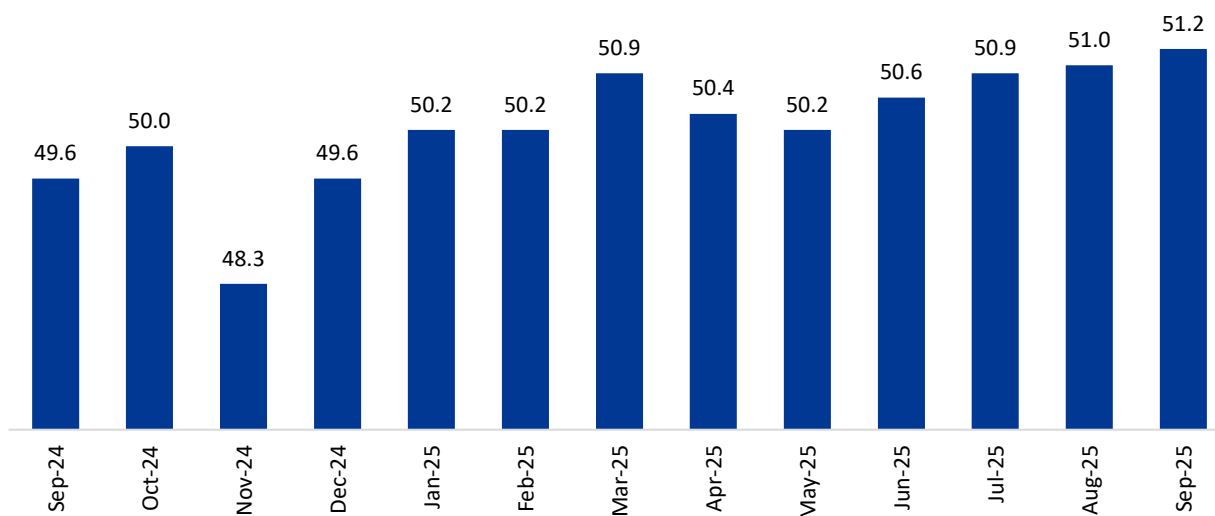


Source: CAPIQ

#### Eurozone manufacturing activity continued its expansion

The euro area economy continued to expand in September 2025, supported by broad-based growth across Germany, Italy, and Spain, while France experienced further contraction amid political uncertainty. The HCOB Composite Output Index rose slightly from 51.0 in August 2025 to 51.2 in September 2025, marking the fourth consecutive month of expansion. Additionally, the services PMI improved from 50.5 in August 2025 to 51.3 in September 2025, signalling modest but sustained growth in the services sector.

Figure 24: Eurozone Composite PMI

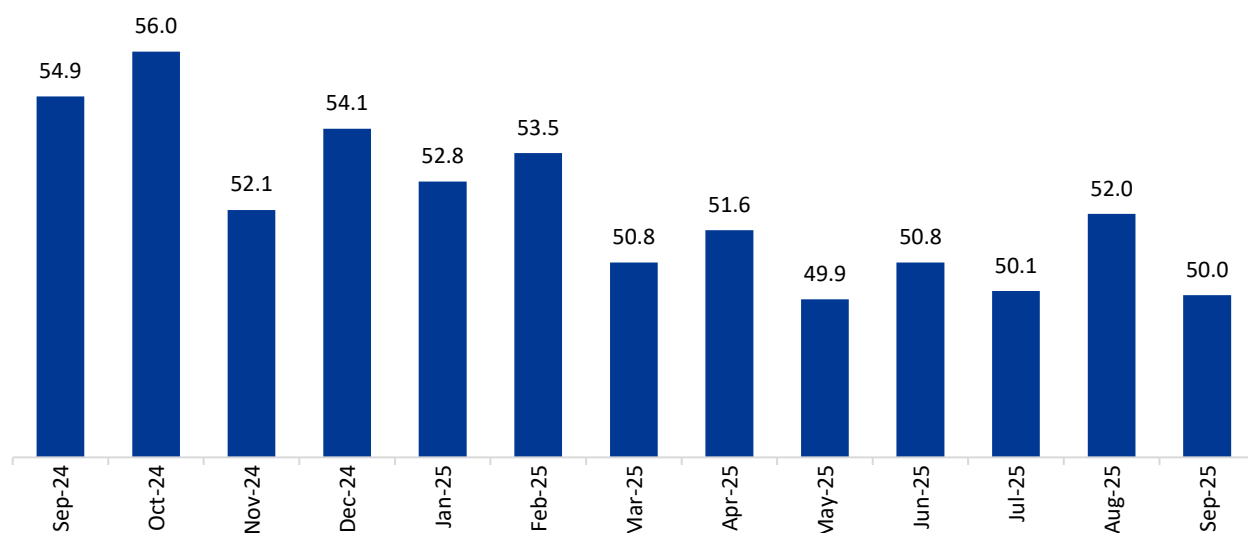


Source: CAPIQ

### US services PMI declined in September 2025

US service sector activity declined in September 2025, with the services PMI falling from 52.0 in August 2025 to 50.0 in September 2025, signalling stagnation. –The decline was mainly due to weaker business activity, which dropped sharply from 55.0 in August 2025 to 49.9 in September 2025, marking its first contraction since May 2020. Similarly, new orders fell from 56.0 in August 2025 to 50.4 in September 2025. While employment edged up slightly from 46.5 in August 2025 to 47.2 in September 2025, it remained in contraction territory for the fourth consecutive month. On the other hand, order backlogs improved from 40.4 in August 2025 to 47.3 in September 2025. Furthermore, supplier deliveries rose from 50.3 in August 2025 to 52.6 in September 2025, indicating slower deliveries typically associated with increasing demand.

Figure 25: US Services PMI

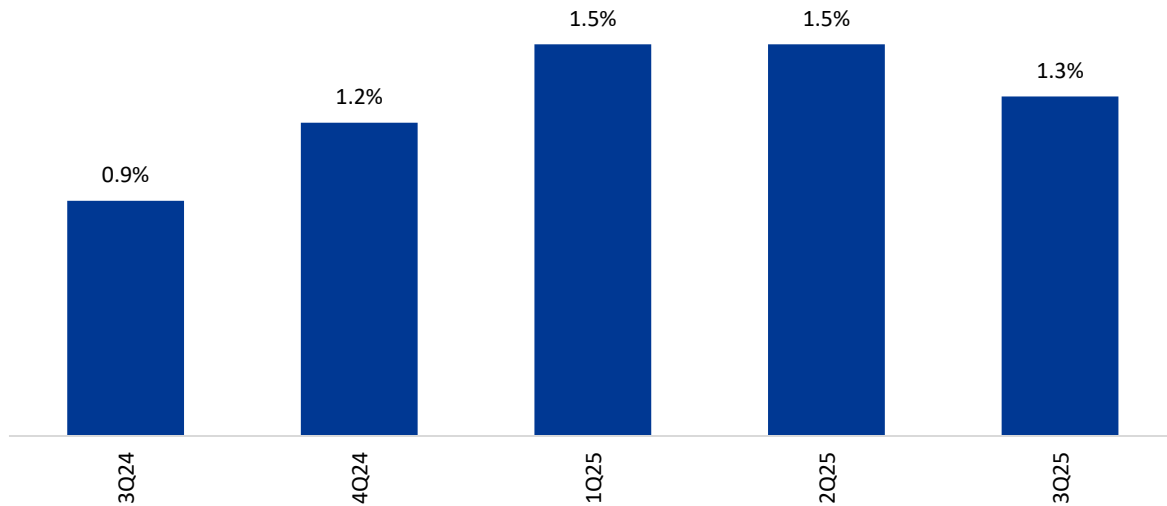


Source: CAPIQ

### Eurozone economic growth exceeded expectations in 3Q25

According to the preliminary data released by Eurostat, the euro area economy expanded 0.2% QOQ in 3Q25, outperforming expectations of 0.1%. On an annual basis, GDP recorded a growth of 1.3% on a YOY basis compared to 1.5% growth recorded in 2Q25. The growth is mainly driven by a strong economic performance recorded in France and Spain, partially offset by a stagnation in Germany and Italy. The French economy grew 0.5% QOQ, further supported by the expansion of the Spanish economy by 0.6% QOQ in 3Q25. While the economic growth in Germany and Italy stalled in 3Q25.

Figure 26: Eurozone GDP (YOY)

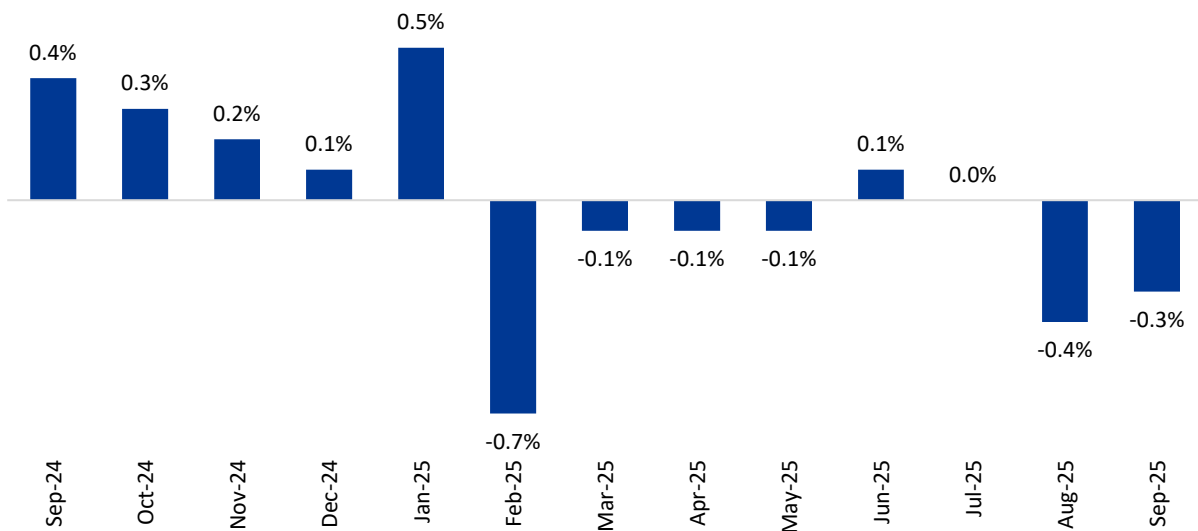


Source: CAPIQ

#### China's Inflation fell sharply than expected as PPI continues to decrease

China's consumer prices fell 0.3% YOY in September 2025, driven by weak domestic demand and persistent oversupply, while producer prices remained in deflation for the 36th consecutive month, underscoring ongoing deflationary pressures. Monthly, prices inched up 0.1% after remaining flat in August 2025. Meanwhile, core inflation which excludes food and energy, rose to a 19-month high of 1.0% in September 2025, suggesting modest underlying price stability. Furthermore, food prices fell 4.4% from a year earlier, while non-food prices increased 0.7%, rebounding from a 0.1% decline in August 2025.

Figure 27: China Consumer Price Inflation (YOY)

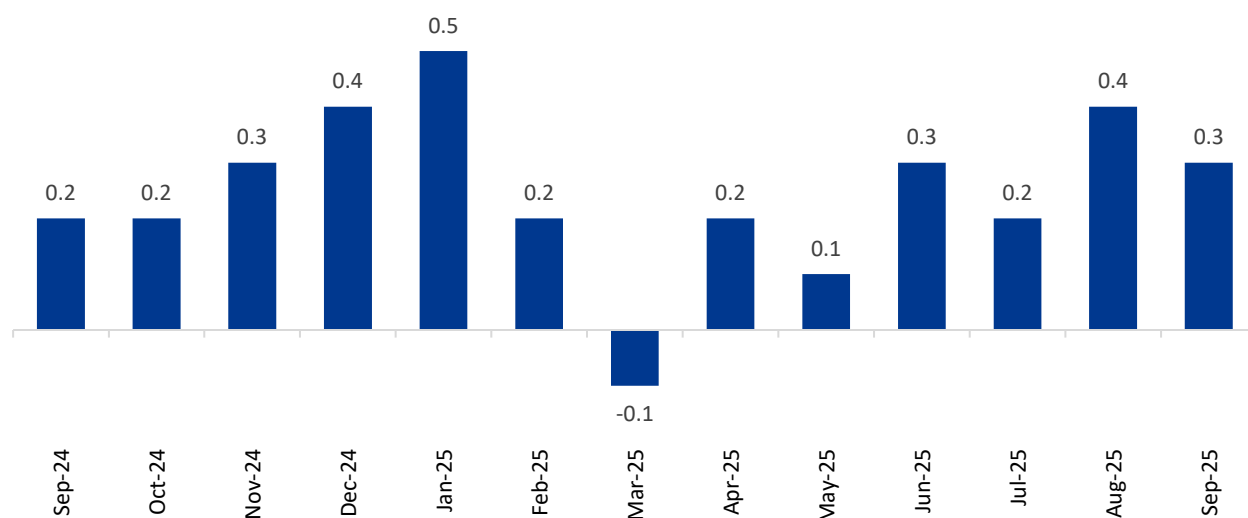


Source: CAPIQ

### US CPI rose 0.3% MOM in September 2025, below the forecast

In September 2025, the US Consumer Price Index (CPI) rose 0.3% MOM, easing slightly from the 0.4% increase recorded in August 2025. This moderation suggests a gradual cooling in inflationary pressures. However, the figure came in below expectations, which was anticipated to be another 0.4% rise for the month. On an annual basis, consumer prices rose from 2.9% in August 2025 to 3.0% in September 2025. The core CPI, excluding food and energy, increased by 0.2% in September 2025, down from 0.3% in August 2025. On an annual basis, core inflation eased slightly from 3.1% in August 2025 to 3.0% in September 2025. The moderation was primarily driven by softer price growth in motor vehicle insurance, used cars and trucks, and communication services, partly offset by higher costs for shelter, airline fares, recreation, household furnishings, and apparel.

Figure 28: US Consumer Price Inflation (MOM)



Source: CAPIQ

### Majority of Gulf central banks cut interest rates by 25 bps after the Fed decision

Most Gulf central banks lowered their key interest rates by 25 bps, following the US Federal Reserve's decision to cut rates by the same margin. As most Gulf currencies are pegged to the US dollar, regional central banks typically mirror the Fed's monetary policy. Among the GCC economies, Saudi Arabia reduced its repo rate to 4.50% and reverse repo rate to 4.0%, while the UAE Central Bank lowered its overnight deposit facility base rate to 3.9%. Furthermore, Qatar, Bahrain, and Oman also joined in, each cutting rates by 25 bps. In contrast, Kuwait chose to keep its rates unchanged, stating that its monetary stance aligns with domestic economic conditions.

### Fed cut rates but signals possible end to 2025 easing cycle

The US Federal Reserve reduced its benchmark interest rate by 25 basis points to a range of 3.75–4.00%, marking its second consecutive cut aimed at supporting a gradually cooling labor market. However, Chair Jerome Powell signaled that another reduction in December is not guaranteed, emphasizing a cautious approach given the limited availability of official economic data amid the ongoing government shutdown. Furthermore, the absence of federal data has made policy formulation more challenging, prompting the central bank to rely on private datasets and internal surveys for economic assessment. While inflation had risen modestly due to import tariffs, Powell reiterated confidence that price pressures will stabilize near the 2%

target, noting that monetary policy remains modestly restrictive. The Federal Reserve also announced that it would resume limited purchases of Treasury securities in response to emerging signs of liquidity stress in money markets.



## Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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