Policy Expectations Anchor Global Market Performance

Sector Weighting: **MARKET WEIGHT**

GCC Fixed Income Outlook

GCC fixed income issuance remained broadly flat in 2025, with aggregate bond and sukuk issuance reaching USD 206.6 Bn by the third week of December 2025, marginally below the record USD 206.8 Bn recorded in 2024. According to Kamco Invest, the issuer mix shifted materially during the year, as government issuance declined 21.0% YOY to USD 77.9 Bn in 2025 from USD 98.6 Bn in 2024. In contrast, corporate issuance rose to a record level, increasing 18.9% YOY to USD 128.6 Bn in 2025. By instrument type, bond issuance increased 17.9% YOY to USD 125.2 Bn in 2025, while sukuk issuance declined by 19.1% YOY to USD 81.4 Bn in 2025. At the country level, fixed income issuance trends were mixed in 2025. Saudi Arabia and Qatar recorded lower total issuances, while other GCC countries saw growth. Despite an 18.3% decline, Saudi Arabia remained the largest fixed income issuer in the GCC and among the largest globally, with issuances of USD 82.0 Bn in 2025 compared to USD 100.3 Bn in 2024. UAE recorded a growth of 2.5% during the year to USD 64.9 Bn in 2025. Kuwait recorded the strongest increase in issuance, reaching USD 20.5 Bn in 2025, largely driven by sovereign borrowing. Overall, issuance trends reflect a shift toward corporate-led market activity, with continued access to funding supporting credit profiles across the GCC.

In December 2025, GCC bond and sukuk issuances continued to rise, reflecting liquidity and sustained investor appetite. Financial institutions were active, with Doha Bank issuing a USD 150 Mn digitally native bond, Qatar International Islamic Bank raising QAR 500 Mn through a senior unsecured sukuk, and Emirates NBD launching a USD 700 Mn seven-year term loan to diversify its funding base. Sovereign issuance was led by Oman, which successfully issued 10th local currency sovereign sukuk to OMR 200 Mn following strong demand and oversubscription. Corporate issuance remained resilient, with ADNOC securing a USD 2 Bn ECA-backed green loan to support decarbonisation initiatives. ADQ is closing a USD 5 Bn syndicated facility in Greater China, and Kuwait's Markaz completed USD 114.1 Mn bond placement for general corporate and refinancing purposes.

The US Federal Reserve had reduced the federal funds rate by 25 bps in December 2025 policy meeting to 3.50%-3.75%, to support a slowing economy and rising job risks. Looking ahead, markets anticipate approximately one additional Federal Reserve interest rate cut in 2026, although the number and timing of any further easing will depend closely on incoming economic data. The US 10-year Treasury yield was around 4.09% in early December 2025 and climbed to 4.14% later during the month. Meanwhile, the 5-year CDS decline across all the GCC countries except Oman and Saudi Arabia. The S&P Global UAE PMI rose from 53.8 in October 2025 to 54.8 in November 2025, marking its highest level in the past nine months. Business activity rose sharply, driven by strong market conditions and rising demand. New orders grew at the strongest rate since January, driven by larger client orders, supportive markets, product innovation and technology upgrades. Employment grew at the fastest pace to 18 months high as rising sales and growing backlogs encouraged firms to expand their workforce. While input costs increased sharpest in 14 months, mainly due to higher wages. Recently, CBUAE revised the UAE outlook by rising the real GDP growth forecast to 5.0% for 2025, supported by robust non-hydrocarbon expansion and a rebound in the hydrocarbon sector following the faster-than-expected reversal of OPEC+ production cuts. CBUAE further expects the momentum to carry forward into 2026, with growth accelerating further to 5.2% in 2026 on stronger hydrocarbon growth and steady non-hydrocarbon expansion. Saudi Arabia's non-oil private sector PMI declined from 60.2 in October 2025 to 58.5 in November 2025, primarily due to slow business growth compared to October. New orders and employment growth moderated slightly but stayed strong, while cost pressures eased to their softest level since March despite persistent wage pressures. Firms also reported improved confidence, supported by healthy order pipelines and optimism around future investment. Saudi Arabia's real GDP grew 4.8% in 3Q25, driven by growth in oil, non-oil and government activities. The country's industrial production increased 8.9% in October due to profits in manufacturing, mining, electricity and utilities activities. Oman's CPI rose 1.5% YOY in October 2025, with average inflation of 0.9% for January to October, due to increases in Miscellaneous Goods & Services, Transport, and Restaurants & Hotels. Additionally, Fitch upgraded Oman's rating to BBB- with a stable outlook, reflecting stronger public finances, a solid external position, and reduced public debt. The country's economy remains resilient, with strong non-hydrocarbon growth offsetting hydrocarbon contractions from OPEC+ cuts, low and stable inflation, and improving fiscal and debt metrics. The growth is expected to strengthen in 2025-2026 as oil production normalizes and non-hydrocarbon sectors continue to expand. Furthermore, Qatar's Industrial Producer Price Index (PPI) fell 3.64% in October, driven mainly by a drop in crude oil and natural gas extraction, while other sectors remained stable.

Gold Outlook

Gold prices increased 1.9% MOM in December 2025, closing the month at USD 4,319.37 per ounce. Early in December, gold remained flat after touching a two-week high, as rising US Treasury yields offset support from a weaker US dollar, while investors awaited key US economic data points, which were expected to be released in the subsequent weeks. At the start of the following week, prices consolidated in anticipation of the Fed's verdict on the rate cuts. Prices rose by the end of the week as the Fed delivered its third consecutive rate cut amid a divided vote among policymakers, and bullion prices continued to rally the following day. Subsequently, prices consolidated in a narrow range. It later rose by mid-week as weak US labor data rekindled expectations of interest rate cuts, pressuring the dollar and boosting demand for bullion. Post mid-month, gold prices for the first time scaled to USD 4,400 per ounce amid expectations of additional rate cuts in January, heightened safe-haven demand. The prices further scaled above USD 4,500 per ounce amid escalating US–Venezuela geopolitical tensions, along with a weaker dollar index. Persistent geopolitical risks continued to enhance gold's appeal as a store of value. In the final week of the month, prices moderated as year-end profit-taking led to a broad pullback across precious metals from their recent record highs.

Oil Outlook

Oil prices fell 3.7% MOM to USD 60.85 per barrel in December 2025, driven by oversupply concerns, higher US and Iraq output, and weak Chinese demand, which outweighed geopolitical risks. Prices briefly rebounded on supply disruption fears linked to Russia and Venezuela, but fell again on expectations of a Russia–Ukraine peace deal that could restore sanctioned Russian supply. Overall, oil prices are expected to remain under pressure in 2026 due to oversupply, OPEC+ output, sanctions on Russia, Iran, and Venezuela, and higher tariffs.

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	5.89	4,750,000,000	A+	Aa3	N/A	SA	5.75	1/16/2054	USD
2	Abu Dhabi Government International Bond	ADGB	XS2811094213	5.39	1,750,000,000	AA	N/A	AA	AE	5.50	4/30/2054	USD
3	DP World Ltd/United Arab Emirates	DPWDU	US23330JAA97	5.28	1,750,000,000	BBB+	Baa2	NR	AE	6.85	7/2/2037	USD
4	Saudi Government International Bond	KSA	US80413TBL26	4.83	4,000,000,000	A+	Aa3	N/A	SA	5.63	1/13/2035	USD
5	Abu Dhabi National Energy Co PJSC	TAQAUH	US00386SAB88	4.80	912,487,000	AA	Aa3	NR	AE	6.50	10/27/2036	USD
6	SNB Funding Ltd	SNBAB	XS3019019416	4.72	750,000,000	A	N/A	A	SA	4.95	3/17/2030	USD
7	Abu Dhabi Commercial Bank PJSC	ADCBUH	XS3086362756	4.56	600,000,000	A+	N/A	A+	AE	4.77	6/10/2030	USD
8	Emirates NBD Bank PJSC	EBIUH	XS2976518972	4.52	750,000,000	A+	A1	N/A	AE	5.05	1/22/2030	USD
9	Saudi Government International Bond	KSA	US80413TBA60	4.48	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	4.44	600,000,000	BBB+	Baa1	N/A	AE	5.38	7/25/2029	USD
11	BSF Finance	BSFR	XS2493296813	4.24	700,000,000	A-	A1	N/A	SA	5.50	11/23/2027	USD
12	Abu Dhabi Government International Bond	ADGB	US29135LAT70	4.24	1,500,000,000	AA	N/A	AA	AE	5.00	4/30/2034	USD
13	Abu Dhabi Commercial Bank PJSC	ADCBUH	XS2677030194	4.17	650,000,000	A+	N/A	A+	AE	5.50	1/12/2029	USD
14	Saudi Government International Bond	KSA	US80413TBJ79	4.04	5,000,000,000	A+	Aa3	N/A	SA	5.13	1/13/2028	USD
15	Emirates NBD Bank PJSC	EBIUH	XS2625209270	4.01	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	5.66	1,500,000,000	A+	Aa3	N/A	SA	5.68	4/11/2053	USD
2	Saudi Electricity Global Sukuk Co 3	SECO	US80413MAB00	5.39	1,000,000,000	A+	Aa3	A+	SA	5.50	4/8/2044	USD
3	Sharjah Sukuk Program Ltd	SHARSK	US81953JAA34	5.34	750,000,000	N/A	Ba1	BBB-	AE	5.43	4/17/2035	USD
4	Sharjah Sukuk Program Ltd	SHARSK	XS2680379695	5.26	900,000,000	N/A	Ba1	BBB-	AE	6.09	3/19/2034	USD
5	DP World Crescent Ltd	DPWDU	US260979AA70	5.07	1,500,000,000	BBB+	Baa2	N/A	AE	5.50	5/8/2035	USD
6	EDO Sukuk Ltd	ENEDEV	US28135J2A42	4.94	1,000,000,000	BBB-	N/A	BBB-	OM	5.88	9/21/2033	USD
7	Saudi Electricity Sukuk Programme Co	SECO	XS2993847131	4.94	1,250,000,000	A+	Aa3	N/A	SA	5.49	2/18/2035	USD
8	Aldar Investment Properties Sukuk Ltd	ALDAR	XS2816816305	4.93	645,000,000	N/A	Baa1	N/A	AE	5.50	5/16/2034	USD
9	Suci Second Investment Co	PIFKSA	XS2706163305	4.83	1,250,000,000	A+	Aa3	N/A	SA	6.25	10/25/2033	USD
10	SRC Sukuk Ltd	SRCSUK	XS3010536145	4.82	1,000,000,000	A+	Aa3	N/A	SA	5.38	2/27/2035	USD
11	KSA Sukuk Ltd	KSA	US48266XAK19	4.80	2,250,000,000	A+	Aa3	N/A	SA	5.25	6/4/2034	USD
12	Almarai Co JSC	ALMARA	XS2641777235	4.78	750,000,000	N/A	Baa3	BBB-	SA	5.23	7/25/2033	USD
13	Esic Sukuk Ltd	ESICSU	XS2747181613	4.77	700,000,000	N/A	Baa3	N/A	AE	5.83	2/14/2029	USD
14	EDO Sukuk Ltd	ENEDEV	XS2852997993	4.71	750,000,000	BBB-	N/A	BBB-	OM	5.66	7/3/2031	USD

Data Source: Bloomberg

Content:

MENA credit outlook

Doha Bank issued a USD 150 Mn digital bond offering instant settlement

Doha Bank listed its first USD 150 Mn floating rate digitally native notes (DNN) offering instant settlement using Euroclear's distributed ledger infrastructure. The notes were listed on the London Stock Exchange International Securities Market, offering T+0 instant settlement through Euroclear's Digital FMI. The bank is rated A (stable) by Fitch and Baa1 (stable) by Moody's. Standard Chartered acted as the sole global coordinator and arranger. Qatar continues to expand digital bond activity, with Qatar National Bank issuing a USD 500 Mn native digital bond last month.

Emirates NBD launched a USD 700 Mn seven-year term loan in Asia

Emirates NBD launched a USD 700 Mn seven-year bullet term loan to Asian lenders with an interest margin of 100 bps over term SOFR and a USD 200 Mn accordion option. Mizuho Bank acted as coordinator, mandated lead arranger, bookrunner, underwriter, and facility agent. The loan facility carried an availability period of 30 days. Emirates NBD, rated A+ by Fitch, previously secured a USD 1.5 Bn three-year syndicated loan from 15 banks in March 2024.

Qatar International Islamic Bank issued QAR 500 Mn unsecured sukuk

Qatar International Islamic Bank (QIIB) issued a QAR 500 Mn (USD 137 Mn) senior unsecured sukuk with a three-year maturity. The instrument was priced at par with a fixed profit rate of 4.40% payable semi-annually in arrears. QIIB is rated A2 by Moody's and A by Fitch (stable outlook). The sukuk was issued under the bank's USD 2 Bn Trust Certificate Issuance Programme, structured under Regulation S wakala / murabaha, with QIIB Senior Oryx Ltd. as issuer and trustee and QIIB as the obligor. The sukuk was listed on the Qatar Stock Exchange Fixed Income Market on 17 December 2025. This is the second issuance in the quarter, following QIIB's previous USD 500 Mn raise through a five-year senior unsecured sukuk.

Kuwait Markaz completed the private placement of USD 114.1 Mn of fixed income instruments

Kuwait Financial Centre (Markaz) completed the private placement of KWD 35 Mn (USD 114.1 Mn) bonds, representing the first tranche of its KWD 50 Mn senior unsecured bond programme. The five-year bond will mature on 17 December 2030 and will be issued in two tranches: one with a fixed annual coupon of 5.25% and another with a floating rate of 2% above the Central Bank of Kuwait discount rate. Proceeds will be used for general corporate purposes, including debt repayment.

Oman raised OMR 150 Mn through sovereign sukuk

The Oman Sovereign Sukuk Company, on behalf of the Ministry of Finance, launched the 10th local sovereign sukuk issuance valued at OMR 150 Mn, with a greenshoe option of up to OMR 50 Mn. The sukuk carries a maturity of seven years with an annual profit rate of 4.15% payable semi-annually until maturity on 25 December 2032. Subscription opened to local and international investors, with issuance expected on 25 December 2025. The sukuk will be listed on the Muscat Stock Exchange and traded in the secondary market.

ADNOC secured USD 2 Bn green loan backed by Korea's K-SURE

Abu Dhabi National Oil Company (ADNOC) secured a USD 2 Bn green loan backed by Korea's K-SURE to fund low-carbon projects under ADNOC's Sustainable Finance Framework. It is ADNOC's first Korean ECA-backed green facility following a USD 3 Bn deal with Japan Bank for International Cooperation (JBIC) in 2024, bringing total green funding to USD 5 Bn in 18 months. ADNOC plans a 25% cut in operational emissions intensity by 2030 and USD 23 Bn in decarbonisation spending. FAB, ECA, and Santander coordinated the loan.

ADQ obtains USD 5 Bn five-year syndicated loan in Greater China

Abu Dhabi sovereign investor ADQ closed a USD 5 Bn five-year syndicated term financing in the Greater China region, strengthening its funding base and supporting its medium-term investment strategy. The facility diversifies funding mix, improves liquidity flexibility, and enhances access to Asian lenders. The deal was arranged by major regional and international banks, including Bank of China (Dubai), DBS, HSBC, ICBC (Dubai), Standard Chartered (Hong Kong), and JP Morgan Securities, with commitments from 30+ institutions across Mainland China, Hong Kong, Macau, and Taiwan.

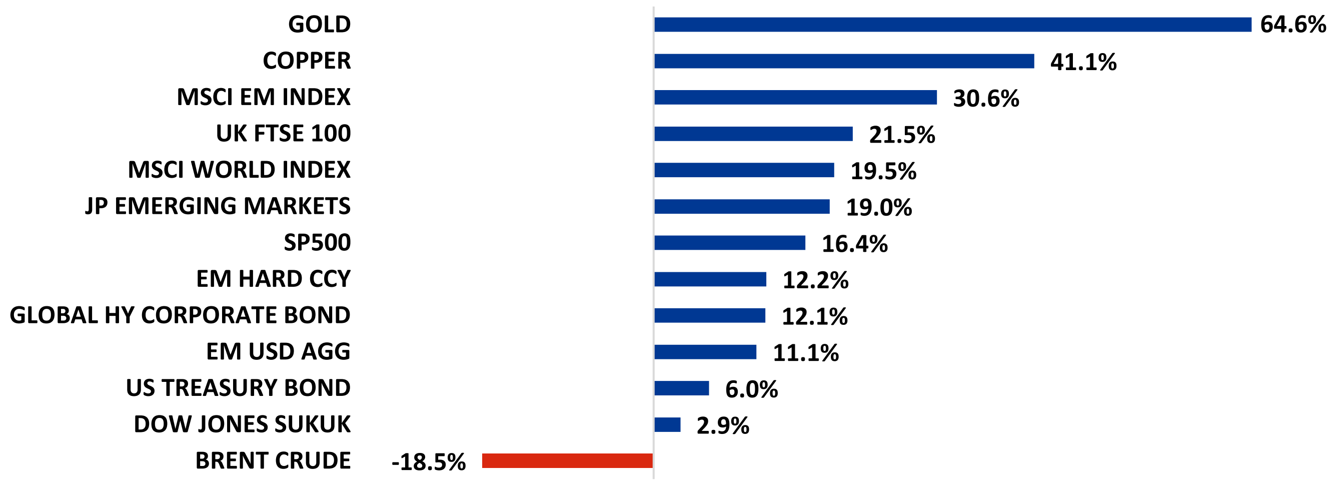
Oman closes OMR 200 Mn sovereign sukuk issuance

Oman announced the successful close of the 10th series local currency sovereign sukuk issued by the Government of the Sultanate of Oman through the Ministry of Finance, with the issuance size increased to OMR 200 Mn (USD 519 Mn) from the original OMR 150 Mn, following strong demand and a green shoe option of up to OMR 50 Mn. The sukuk, structured as Ijara, offers returns between 4.07% and 4.15% over seven years with profit distributed semi-annually in June and December and is listed on the Muscat Stock Exchange to support liquidity. Subscription closed on 25 December and was oversubscribed 1.8 times, with total demand exceeding OMR 277 Mn, reflecting strong investor confidence in Oman.

Global Asset Performance

Global asset classes posted broad based gains in December 2025, supported by easing monetary policy expectations in the US and continued momentum in artificial intelligence related investments. Following a prolonged period of US exceptionalism, characterised by concentrated returns in US technology stocks and a strengthening US dollar, market leadership began to rotate in 2025, with growth broadening across regions. Equity markets performed strongly, led by emerging markets. The MSCI Emerging Markets Index advanced 2.7% MOM in December 2025, driven by robust gains in South Korea, Taiwan, and China. Developed markets delivered mixed performance, with the S&P 500 marginally declining by 0.1% MOM, while the MSCI World Index rose 0.7% MOM, supported by strength in UK and French equities. The UK's FTSE 100 gained 2.2% MOM, while Japan's Nikkei 225 increased 0.2% MOM, as the Bank of Japan raised its policy rate by 25 bps to 0.75% in December, marking the highest level since 1995. Fixed-income markets also recorded modest gains amid easing inflation concerns and a gradual softening in labour markets. The JP Morgan Emerging Markets Bond Index (EMBI) increased 1.5% in December 2025 while Emerging Market Hard Currency Debt and EM USD Aggregate Bonds each advanced 0.5% and 0.4% MOM, respectively. US Treasuries bond reported a 0.3% decline over the month, due to increased concerns over labour market conditions, which prompted the Federal Reserve to cut interest rates by 25 bps in December 2025, while Dow Jones Sukuk Index declined 0.2% MOM in December 2025. Global High Yield Corporate Bonds advanced 1.0% MOM, supported by sustained risk appetite and robust corporate earnings. Commodities largely delivered positive returns with copper recording the highest monthly returns of 9.6% in December 2025. Gold also outperformed with a 1.9% MOM rise as international central banks continued to diversify their reserve holdings and gold exchange traded funds saw strong inflows. While Brent crude declined 3.7% MOM on oversupply concerns from OPEC+ extending into 2026. On a YTD basis, Emerging markets outperformed MSCI World Index in 2025, delivering returns of 30.6%. While growth stocks led performance in the US, value stocks outperformed across most other developed markets. Developed market equities experienced a brief correction in early April but recovered to close the year at 19.5%, supported by improving sentiment in the second half as markets priced in the positive impact of fiscal and monetary stimulus. Risk-on sentiment triggered a broad-based rally, making 2025 the first year since the pandemic in which all major asset classes posted positive returns. Precious metals emerged as the standout asset class, with gold benefiting from continued central bank reserve diversification and strong ETF inflows. Strength in precious metals more than offset weaker oil prices, lifting overall commodity returns, with gold and copper gaining 64.6% and 41.1%, respectively in 2025. In fixed income, US Treasuries delivered 6.0% returns, supported by easing inflation concerns and a softer labour market, which prompted the Federal Reserve to cut policy rates by a cumulative 75 bps in the second half of the year in 2025.

Figure 1: Global Asset Performance (YTD in FY2025)

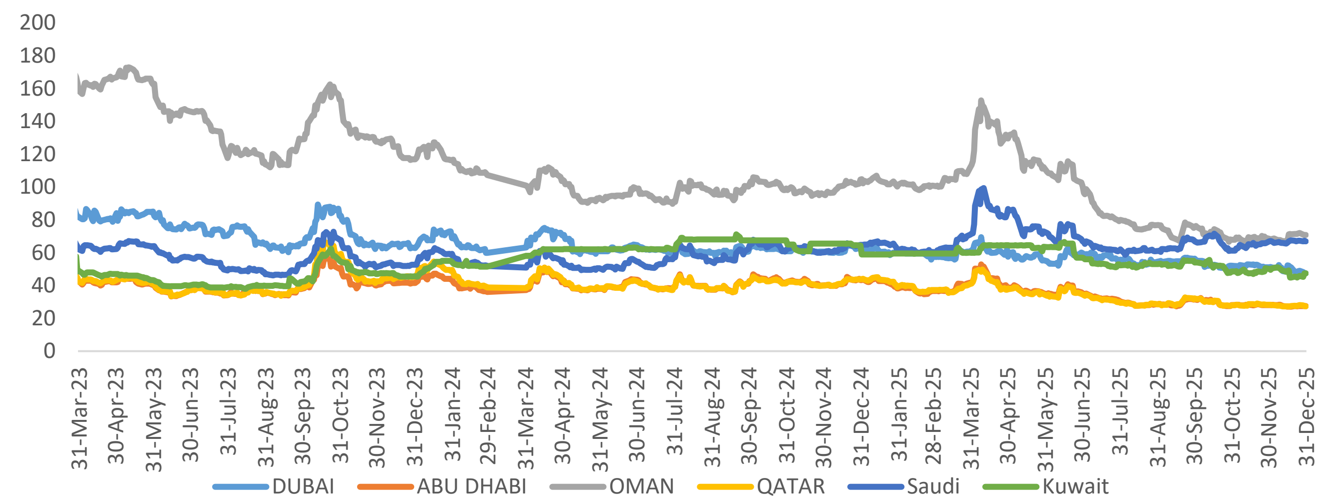


Source: Bloomberg

5-Year CDS

The 5-year CDS spread contracted across all GCC Countries except Oman and Saudi Arabia during December 2025. Dubai recorded the highest contraction of 7.14% MOM in December 2025. Kuwait recorded the second-highest contraction of 6.01% on a MOM basis in December 2025. Followed by Qatar and Abu Dhabi, which recorded the contraction of 3.87% and 2.19%, respectively, on a MOM basis in December 2025. However, Oman recorded the highest expansion of 2.61% on a MOM basis, followed by Saudi Arabia with an expansion of 1.75% on a MOM basis in December 2025.

Figure 2: GCC Countries- 5 Year CDS



Source: Bloomberg

Sovereigns	Dubai	Abu Dhabi	Oman	Kuwait	Qatar	Saudi
MTD (%)	-7.14%	-2.19%	2.61%	-6.01%	-3.87%	1.75%

Corporate Sector

Infracorp considers listing on the Kuwait Stock Exchange, appoints advisory firm

Infracorp, an investor in infrastructure and real estate development across Bahrain and the wider Gulf region, is considering listing its shares on the Kuwait Stock Exchange. The Company hired a consulting firm with specialization in Gulf capital to provide technical support and conduct a feasibility study covering listing options, regulatory requirements, and key market indicators. The study's recommendations will be submitted to Infracorp's Board of Directors, which will decide whether the company will proceed with the proposed listing.

AD Ports launches MTO to acquire controlling stake in Egypt's ALCN

UAE-based AD Ports Group initiated a cash mandatory tender offer (MTO) to acquire an additional stake in Alexandria Container & Cargo Handling Company (ALCN), aiming to secure majority ownership. Under the terms of the MTO, AD Ports offered to acquire shares of ALCN at EGP 22.99 per share to acquire nearly 32% to gain control, following its earlier purchase of a 19.3% stake from Saudi Egyptian Investment Company. ALCN operated terminals at Alexandria and El-Dekheila ports.

The transaction was expected to close in 2Q 2026, subject to Egyptian regulatory approvals. The acquisition is expected to lift AD Ports' FY2024-25 revenue by over 3%.

Parkin signed a five-year agreement with Damac

Parkin Company signed a five-year agreement with Damac Properties to manage paid parking across commercial and residential developments in Dubai and Abu Dhabi. The contract covered around 3,600 parking spaces, including about 500 on-street spaces at Damac Hills 1 and nearly 2,700 spaces across 44 residential and commercial towers in locations such as Downtown Dubai, DIFC, Dubai Marina, Business Bay, and Al Reem Island. The agreement marked Parkin's first entry into Abu Dhabi. Implementation is scheduled to begin in 1Q 2026, with full digital and system integration.

Abu Dhabi Ports signed a deal to develop and operate Shuaiba Container Terminal in Kuwait

The Kuwait Ports Authority has signed a memorandum of understanding with Abu Dhabi Ports Group to develop and operate the container terminal at Shuaiba Port under a concession structure. Shuaiba, Kuwait's oldest port established in the 1960s, covers about 2.2 Mn square meter with 20 berths, while the container terminal includes a 318,000 square meter storage area. The port is situated approximately 60 km south of Kuwait City. It handles commercial cargo, heavy equipment, raw materials, and chemicals. The MoU marked an initial step, with AD Ports tasked to conduct technical, environmental, and financial studies.

Abu Dhabi's Two Point Zero Group increases ownership in Maseera to 100%

Abu Dhabi-listed Two Point Zero Group increased its ownership in Maseera to 100% after its subsidiary, E Point Zero Holding Limited, acquired the remaining 5% stake. The transaction was executed through Lumen Aegis Enterprises, a fully owned unit that previously held 95% of Maseera. Following the acquisition, Maseera's founder and CEO, Amro Abouesh, stepped down. Two Point Zero, formed after Multiply Group acquired Ghitha Holding and 2 Point Zero. Maseera was being developed as a digital-first financial services platform supported by AI.

MENA e-commerce platform Noon secured USD 500 Mn funding before a potential IPO

MENA-focused e-commerce platform Noon raised USD 500 Mn in new funding from existing investors, including Saudi Arabia's Public Investment Fund and Emaar founder Mohammed Alabbar. The funding supported Noon's progress toward a potential IPO, which the company was targeting within the next two years. Founded in 2016, Noon operated e-commerce, food delivery, and online grocery services across Saudi Arabia, the UAE, and Egypt. As of September, the company had raised about USD 2.70 Bn in total funding and was valued at close to USD 10 Bn.

Kuwait will sign the USD 3.97 Bn Mubarak Al-Kabeer Port contract with China's CCCC

Kuwait will sign a contract next week with China Communications Construction Company (CCCC) to complete the first phase of the Mubarak Al-Kabeer Port project, according to the Public Works Minister, Noura Al-Mashaan. The Central Agency for Public Tenders approved the engineering, procurement, and construction contract on 1 December 2025. The deal is valued at KWD 1.219 Bn (USD 3.97 Bn). Kuwait says about 50% of Phase 1 is complete. The port, located on Bubiyan Island, is part of a wider cooperation with China and aims to support economic diversification and trade growth.

Saipem awarded about USD 4 Bn offshore contract in Qatar

Italy's Saipem has been awarded an offshore engineering, procurement, construction, and installation contract by QatarEnergy LNG, in collaboration with China's Offshore Oil Engineering Co (COOEC). The contract is valued at c. USD 4 Bn, with Saipem's share of c. USD 3.1 Bn. The agreement will run for about five years, with offshore installation planned between 2029 and 2030 using Saipem's De He vessel. The project is related to QatarEnergy's North Field expansion, which aims to produce its first LNG in the second half of 2026 and includes six gas trains.

ACWA Power completes acquisition of Engie's GCC utility assets for USD693 Mn

ACWA Power completed the acquisition of Engie's strategic utility stakes in Bahrain and Kuwait for USD 693 Mn, covering gas-fired power and desalination assets. The Bahrain portfolio includes 45%stake in Al Ezzel IPP (940MW CCGT), 45% in Al Dur IWPP (1,220MW CCGT and 218,000 cu m/day SWRO), 30% in Al Hidd IWPP (930MW CCGT and 409,000 cu m/day MSF), plus full ownership of Al Ezzel O&M. Kuwait assets, to transfer post technical conditions, include 17.5% of Az Zour North IWPP (1,520MW CCGT, 486,000 cu m/day MED) and 50% of its O&M company. The combined capacity of Kuwait and Bahrain asset include 4.6GW of power generation and 1.1 Mn cubic meters per day of desalination capacity.

BinDawood to acquire 51% stake in UAE's Wonder Bakery

Saudi Arabia's BinDawood Holding signed a share purchase agreement to acquire a 51% stake in UAE-based Wonder Bakery for AED 96.9 Mn (USD 26 Mn), supporting its regional expansion strategy. The transaction will use internal resources and financing facilities, targeting footprint growth across GCC markets and the establishment of a manufacturing facility inside Saudi Arabia to support technology and operational capability transfer. Established in 2024, Wonder Bakery is a Dubai-based bakery manufacturer operating as an industrial-scale producer of fresh and frozen bakery products, supplying hospitality, aviation, and retail sectors across Qatar, Bahrain, Kuwait, and the wider GCC. The Completion of the transaction remains subject to regulatory approvals.

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 revised **Oman**'s credit rating to "**BBB- "from "BB+"** and revised its outlook from **positive to stable**. Fitch cited sustained strengthening of public and external balance sheet and increased confidence in the authorities commitment to fiscal prudence even in a lower oil price environment. Since 2020, Oman has sharply reduced government debt from about 68% of GDP to around 36% in 2025, supported by disciplined fiscal management and policy reforms. Fitch expects moderate budget deficits of around 1% of GDP in 2026–2027, a broadly stable debt trajectory well below the 'BBB' median, and further institutionalization of fiscal discipline through a new medium-term fiscal plan. The rating is supported by relatively high GDP per capita and improved debt metrics, while constraints remain Oman's heavy reliance on oil revenues and still-modest financial buffers amid hydrocarbon price volatility. 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 **negative to stable**. The rating agency affirmed Bahrain's long-term foreign and local currency sovereign credit ratings at 'B' with a stable 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 7.6% of GDP in 2025 compared to 5.8% 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.

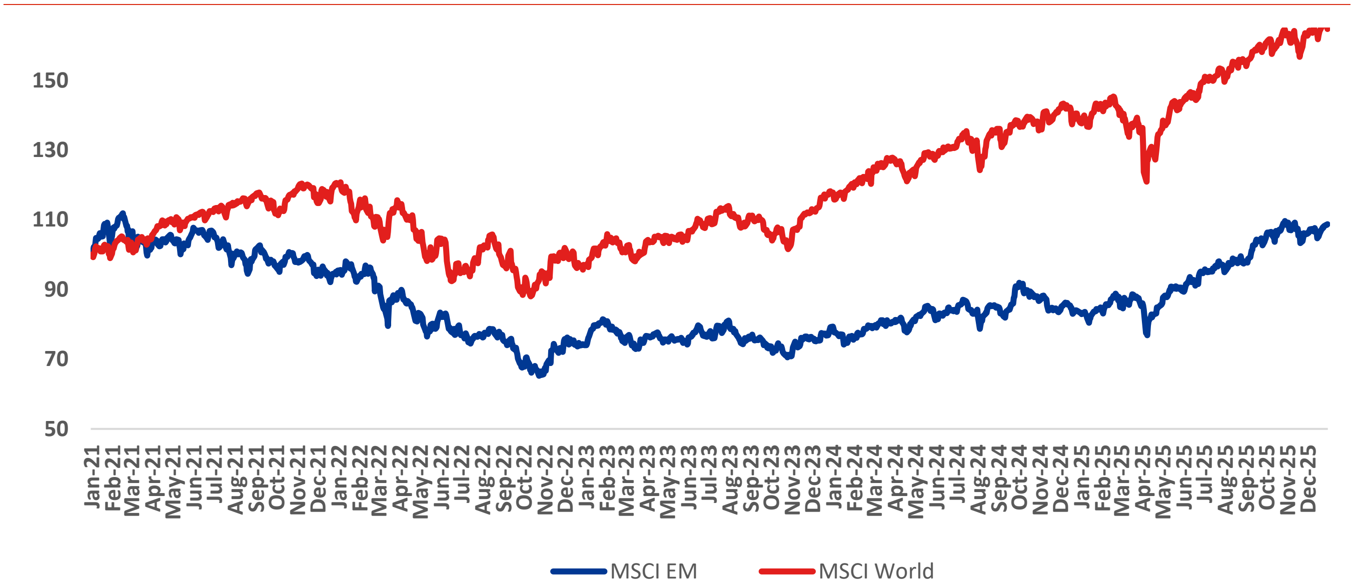
- Fitch Ratings affirmed **Kuwait**'s long-term foreign-currency issuer default ratings, or IDR, to 'AA-' with a stable outlook. This is due to the Gulf state's fundamental issues being worsened by continued political limitations on decision-making. Since 2017, the Gulf state has been debating debt legislation, 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. S&P Global Ratings upgraded Kuwait's long-term sovereign credit rating to **'AA-'** with a **stable** outlook, reflecting expectations that the government will continue implementing fiscal and monetary reforms under its Vision 2035 strategy.
- **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	Fitch		S&P		Moody's	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
UAE (Abu Dhabi)	AA	STABLE	AA	STABLE	Aa2	STABLE
Kuwait	AA-	STABLE	AA-	STABLE	A1	STABLE
Qatar	AA	STABLE	AA	STABLE	Aa2	STABLE
Saudi Arabia	A+	STABLE	A+	STABLE	Aa3	STABLE
Bahrain	B+	NEG	B	STABLE	B2	STABLE
Oman	BBB-	STABLE	BBB-	STABLE	Baa3	STABLE

Global Markets

Global equity markets sustained positive momentum in December 2025, with gains accelerating relative to the prior month, supported by expectations of continued monetary policy accommodation. Both developed and emerging market equities advanced during the month, with emerging markets outperforming. The MSCI Emerging Markets Index rose 2.7% MOM in December 2025, driven by strong performances across South Korea, Taiwan, China, and Brazil. South Korea's KOSPI and Taiwan's TAIEX ranked among the top-performing global indices. However, gains were partially offset by subdued performance in India. On a YTD basis, emerging market equities continued to outperform, returning 30.6% compared with a 19.5% gain for the MSCI Developed Markets Index. The performance of Emerging Market is driven by the growth in South Korea and Taiwan as these benefitted from heightened AI-related investor optimism, ongoing corporate governance reforms, favourable currency movements, and an attractive valuation base following a weak 2024. Advancements in domestically developed Chinese AI strengthened the technology sector, while initiatives to diversify trade partnerships helped keep China's exports resilient despite US tariffs. Developed markets also posted solid returns, with the MSCI DM Index rising 0.7% MOM, supported by broad based gains led by the UK, Japan, and France. In December, the Bank of Japan raised its policy rate by 25 basis points to 0.75%, the highest since 1995, and signalled that further gradual policy tightening may be warranted to achieve sustainable price stability. In contrast, US equities underperformed during the month, with the S&P 500 declining 0.1% MOM. In December 2025, US inflation eased to 2.7%, the lowest since July and below market expectations, indicating moderating price pressures. The Federal Reserve cut the federal funds rate by 25 bps to be in the range of 3.5%-3.75%, its third reduction in 2025, and signalled scope for further easing if inflation continues to decline. However, labour market conditions softened, with unemployment rising in December, thus becoming the worst performing major equity market for the first time in 20 years. UK equities outperformed most developed peers, with the FTSE 100 rising 2.2% MOM. The FTSE 100 has outperformed major markets in 2025, underpinned by expectations of Bank of England rate cuts, strength in financials and miners, relatively cheap valuations and its appeal as a diversifier during global volatility.

Figure 3: MSCI World and Emerging Market Index Historical trend

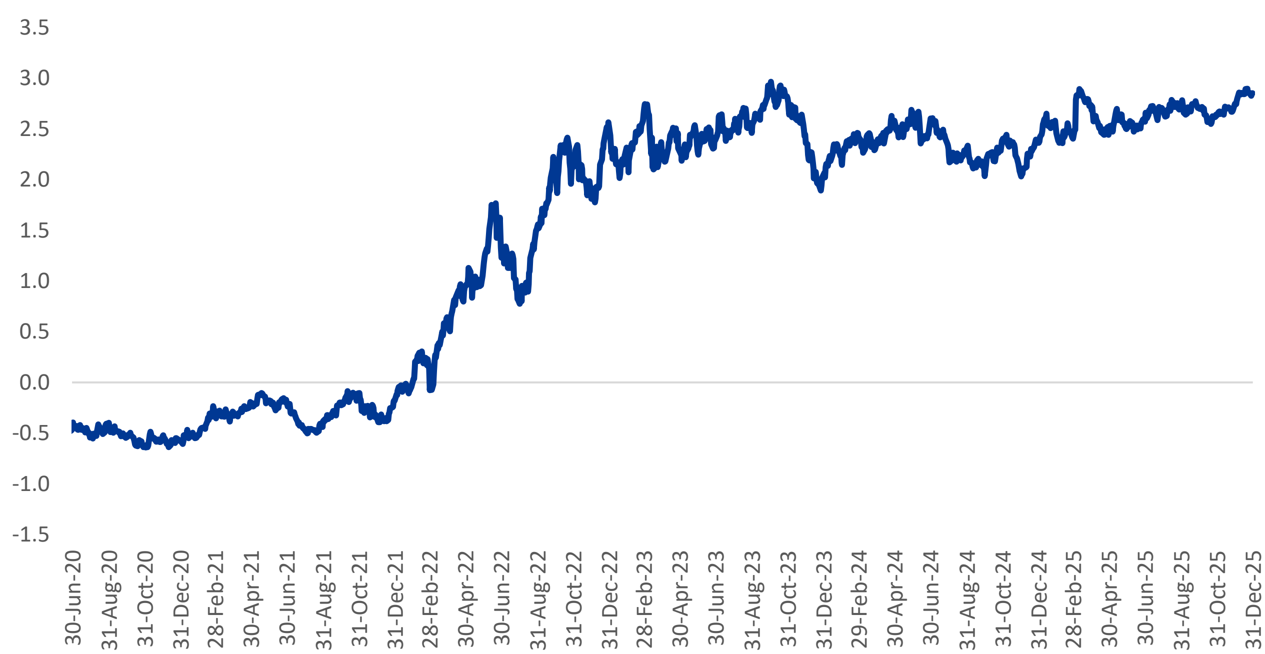


Yield on 10-year government

Figure 4: US 10-year government yield

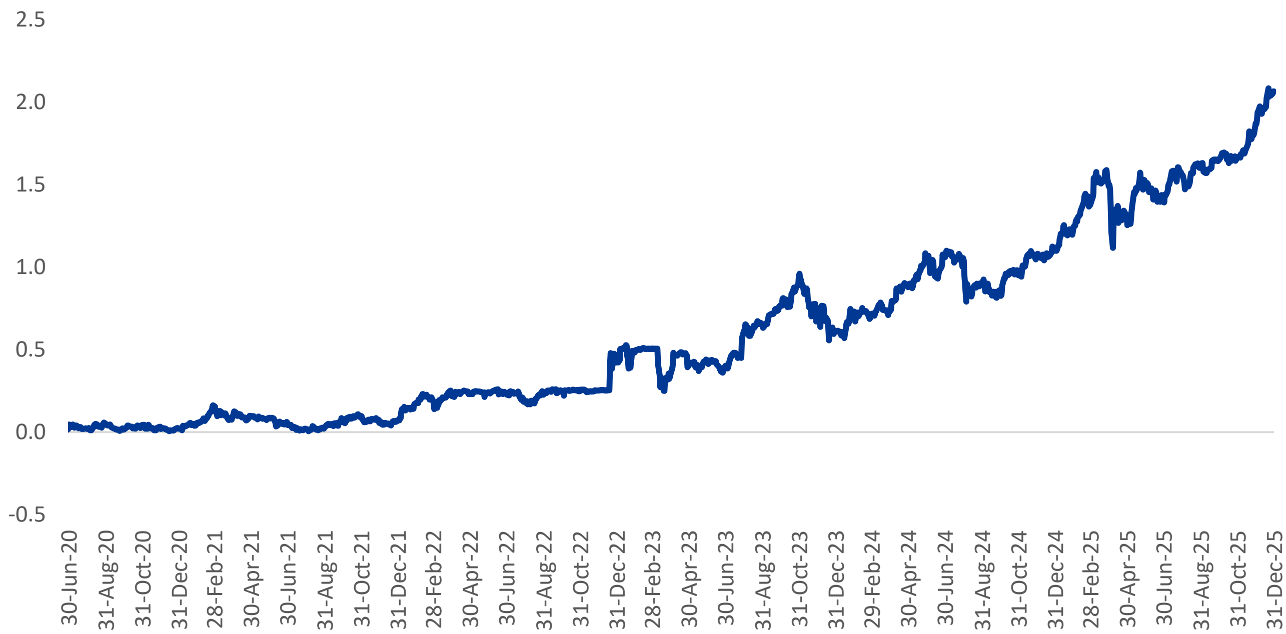
Source: Bloomberg

Figure 5: Germany 10-year government yield



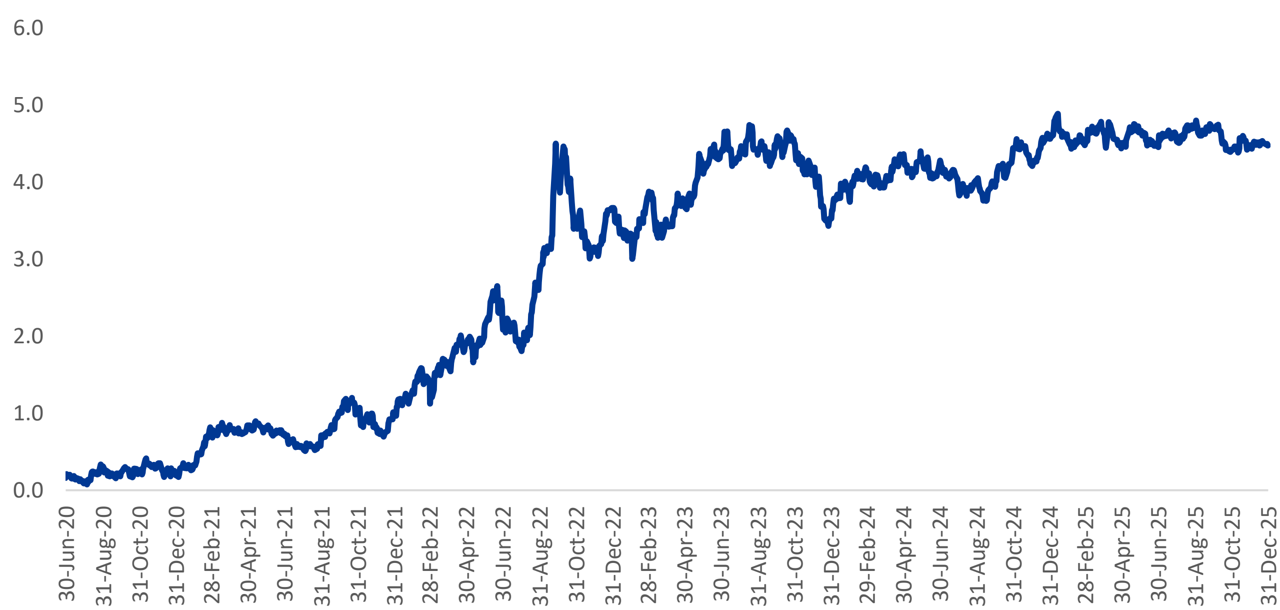
Source: Bloomberg

Figure 6: Japan 10-year government yield



Source: Bloomberg

Figure 7: UK 10-year government yield

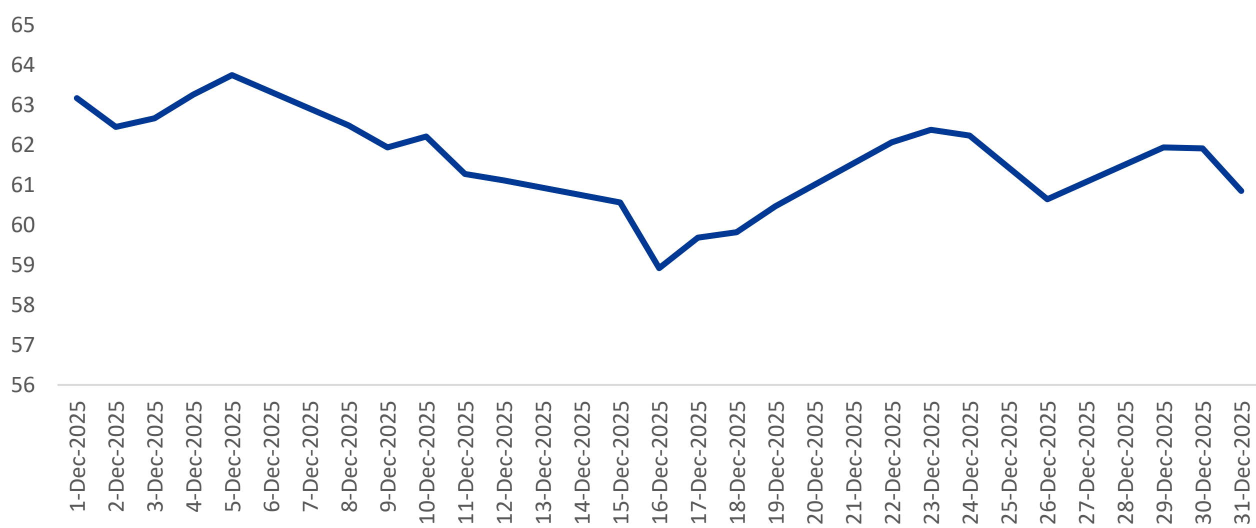


Source: Bloomberg

Oil Outlook

Oil prices fell 3.7% MOM to USD 60.85 per barrel in December 2025. At the beginning of the month, prices weakened amid concerns about oversupply, coupled with an increase in US crude inventories, which outweighed geopolitical risk. As the end of the first week approached, prices edged higher due to the Ukrainian attack on Russian oil infrastructure, and stalled peace talks dimmed the hope of a near-term return of Russian oil supply. In the subsequent week, the price continued to decline in anticipation of the Russia-Ukraine peace deal, which could restore Russian-sanctioned oil, adding to an already oversupplied market. Additional pressure on the prices came from an increase in production from Iraq and the US amid weak demand and an already oversupplied market. In the following week, prices continued to decline amid growing optimism surrounding the Russia–Ukraine peace deal, leading to the easing of sanctions and the return of Russian supply to the market. In addition, weak Chinese economic data heightened demand concerns. As a result, the prices for the first time fell below USD 60 per barrel since 2021 despite the supply worries over the escalation of tension between the US and Venezuela. The prices bounced soon after testing USD 60 per barrel due to the risk of supply disruption from Russia and Venezuela, in addition, supported by robust economic growth in the US. By the end of the month, prices softened again after Russia accused Ukraine of attacking President Putin's residence, amid continued uncertainty over peace talks. Overall, oil prices are expected to decline by more than 15% over 2025, pressured by oversupply, geopolitical tensions, higher tariffs, OPEC+ output, and sanctions on Russia, Iran, and Venezuela.

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

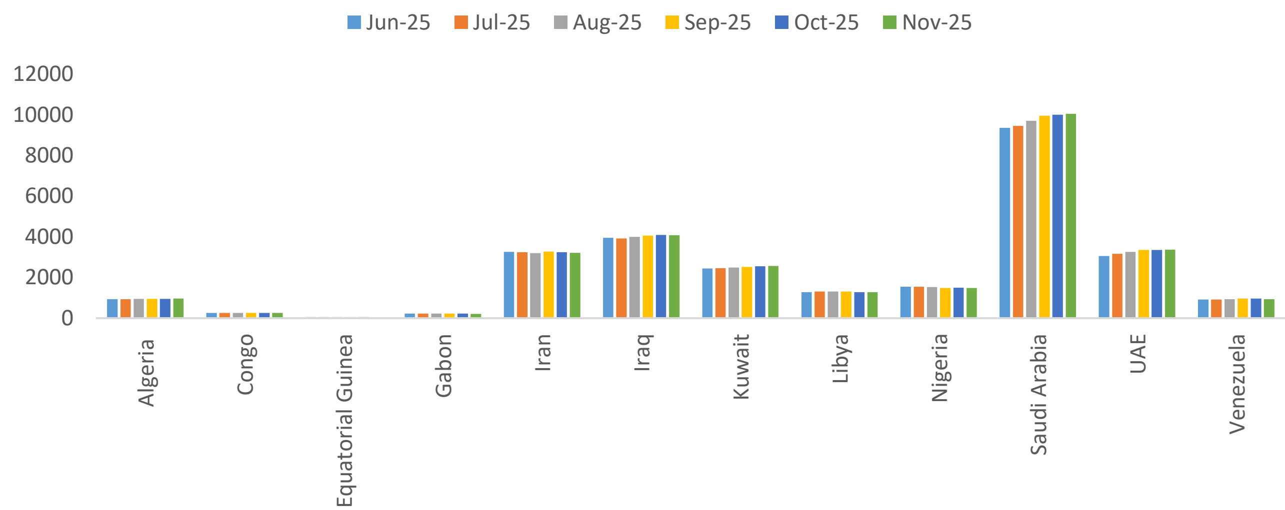


Source: Bloomberg

OPEC Production

Total Brent crude oil production from the OPEC-12 countries slightly declined 2 thousand barrels per day (bpd) MOM, reaching 28.5 Mn bpd in November 2025. Five out of the 12 OPEC members reported an increase in production during the month. Saudi Arabia witnessed the largest rise in production, increasing 53 thousand bpd MOM in November 2025, followed by the UAE, which saw a 17 thousand bpd MOM growth. Kuwait's oil output increased 13 thousand bpd MOM in November 2025, while Algeria's oil output grew 10 thousand bpd MOM. Similarly, Libya recorded oil production growth of 3 thousand bpd MOM in November 2025. Venezuela witnessed the highest fall of 27 thousand bpd MOM in November 2025, followed by Iraq, which saw a 21 thousand bpd MOM fall. Additionally, Iran, Congo and Nigeria oil production fell 19, 10 and 10 thousand bpd, respectively, in November 2025. Similarly, Gabon and Equatorial Guinea witnessed oil production fall of 9 and 2 thousand bpd, respectively, in November 2025.

Figure 9: OPEC Crude Oil Production

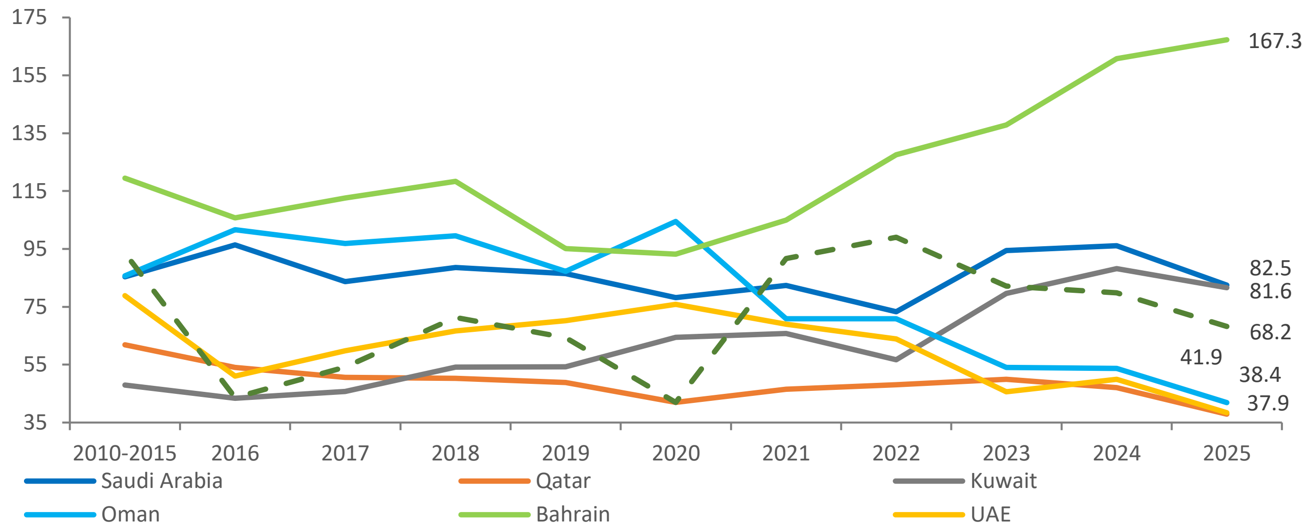


Source: OPEC

Fiscal Breakeven Oil Price

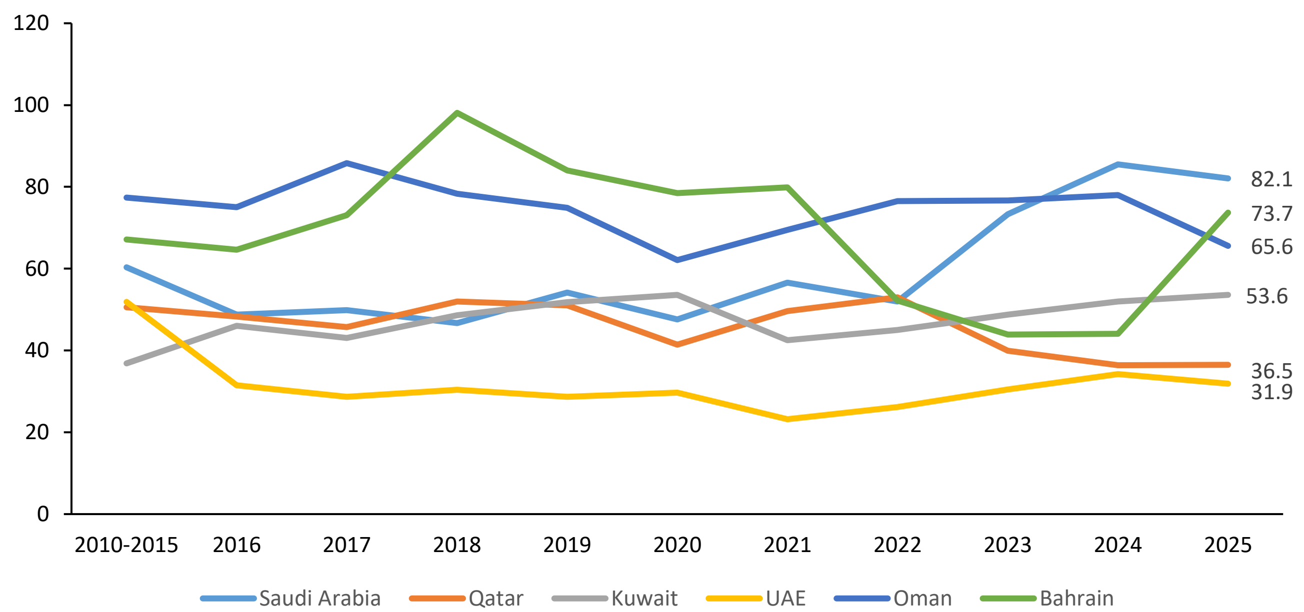
The overall fiscal breakeven oil price is expected to decline for all GCC Countries in FY2025, except Bahrain. Bahrain's fiscal breakeven is projected to grow from USD 160.8 per barrel in FY2024 to USD 167.3 in FY2025. Saudi Arabia, Qatar, Kuwait, UAE, and Oman will record a decline in break-even oil 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)



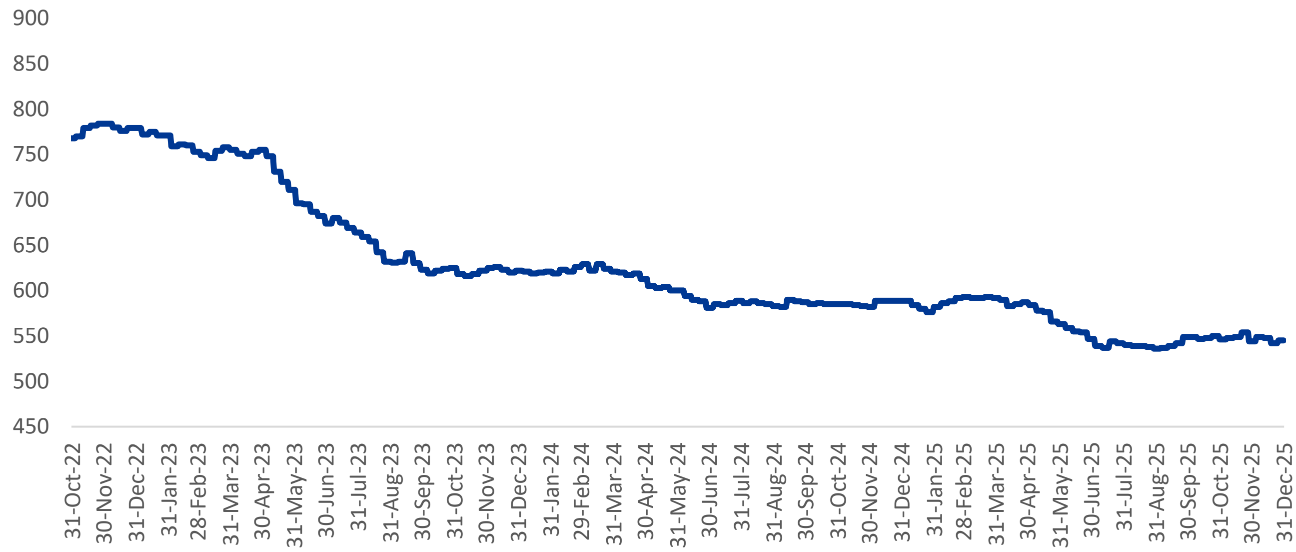
Source: Bloomberg

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	97.80	4.54	Baa1/NA/NA
KWIPKK 4.5% 2027	Investment Co.	98.32	6.31	WR/NR/NA
ARAMCO 3.5% 2029	Oil & Gas	97.64	4.30	Aa3/NA/A+
BGBKKK 2.75% 2031	Bank	97.66	5.87	NA/NA/BBB+
INTLWT 5.95% 2039	Power Generation and Water Utility	102.92	5.67	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 ARAMCO and ALDAR while assigning MARKET WEIGHT ratings on INTLWT, KWIPKK, and BURGAN BANK.

Implications of Securities Recommendations

Bond Particulars	Call	Price	Yield[1]	1M Return	3M Return	YTD Return	12M Return
INTLWT 5.95% 2039	MW	102.92	5.67	0.03	0.84	0.01	4.55
BGBKKK 2.75% 2031	MW	97.66	5.87	0.12	0.07	0.02	5.57
ARAMCO 3.5% 2029	OW	97.64	4.30	-0.13	-0.20	-0.03	3.85
KWIPKK 4.5% 2027	MW	98.32	6.31	-0.05	-0.14	0.05	7.15
ALDAR 3.875% 2029	OW	97.80	4.54	-0.04	-0.18	0.08	3.79

Source: Bloomberg, [1]Mid YTM

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 97.80 with a yield of 4.54% when held until maturity (redemption at par) with a modified duration of 3.03. 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 98.32 with a yield of 6.31% when held until maturity (redemption at par) and has a modified duration of 1.06. 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 9M25, 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 5.8% YOY to KWD 1,155 Mn in 9M25, mainly due to strong growth across energy income, hospitability & real estate income, industrial & logistic income, coupled with rise in interest and investment income, partially offset by a decline in share of results of associates, and net fees & commission income.

- The Company's operating profit from continuing operations rose to KWD 123 Mn in 9M25, up from KWD 122 Mn in 9M24. Provisions for credit losses increased significantly from KWD 18 Mn in 9M24 to KWD 36 Mn in 9M25. Profit before tax decreased from KWD 87 Mn in 9M24 to KWD 75 Mn in 9M25.
- The Company recorded an increase in net profit attributable to shareholders with 7.3% YOY to KWD 13 Mn in 9M25.
- KIPCO cash and bank balance at the parent company level stood at KWD 2,344 Mn in 9M25, compared to KWD 2,663 Mn in FY2024.
- Net outstanding debt increased from KWD 722 Mn in 9M24 to KWD 1,869 Mn in 9M25.
- KIPCO has received a dividend income of KWD 8 Mn in 9M25 compared to KWD 11 Mn in 9M24.
- 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 97.64 and offers a yield of 4.30% with a modified duration of 3.03. 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 97.66. The bond offers a yield of 5.87% and a duration of 0.67. 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 284 ATMs as of 9M25. KIPCO Company holds a major stake in the Bank, owning 33.5%.
- Burgan Bank net operating income increased 16.3 % YOY to KWD 192 Mn in 9M25, driven by a 14.8% YOY growth in the net interest income amounting to KWD 128 Mn, coupled with a 19.4% YOY rise in the non-interest income amounting to KWD 64 Mn during 9M25. The growth in net operating income was further driven by contribution from the acquisition of United Gulf Bank (UGB).
- The Bank's net interest margins grew 10 bps YOY to 2.3% in 9M25 compared to 2.2% in 9M24.

- Operating expenses increased 21.2% YOY to KWD 116 Mn in 9M25. The cost-to-income ratio stood at 60.6% in 9M25 compared to 58.1% in 9M24.
- The Bank reported a net profit attributable to shareholders of KWD 32.4 Mn in 9M25, compared to KWD 33.3 Mn in 9M24.
- Loans and advances to customers rose 7.9% YOY and 2.4% QOQ to KWD 4.7 Bn in 9M25, driven by Kuwait and international operations. Deposit rose 3.0% YOY but declined 3.2% QOQ to KWD 5.2 Bn, with CASA deposit of 29% in 9M25.
- The Bank's non-performing loans increased from 1.9% in 9M24 to 3.1% in 9M25. Provisional coverage declined from 300% in 9M24 to 189% in 9M25.
- Capital adequacy ratio stood at 17.1% in 9M25, above the regulatory requirement. The Bank maintains high liquidity levels, with a liquid coverage ratio (LCR) and net stable funding ratio (NSFR) of 229% and 112%, respectively, as of 9M25, substantially above the minimum regulatory requirement of 100%.
- 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 successfully issued USD 500 Mn through a 5-year senior unsecured bond, carrying a fixed coupon of 4.875% and priced at a spread of 115 basis points over US Treasuries.

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 102.92 with a yield of 5.67% if held till maturity (redemption at par). The bond has a modified duration of 6.88. 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 30th 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^3/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 m3/day of water to the portfolio.
- During 9M25, the Company added 7 GW of power and 600,000 m3/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 m3/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

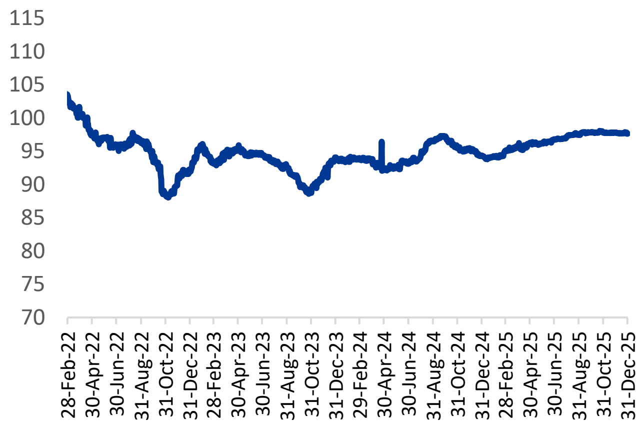


Figure 14: KWIPKK 4.5% 2027

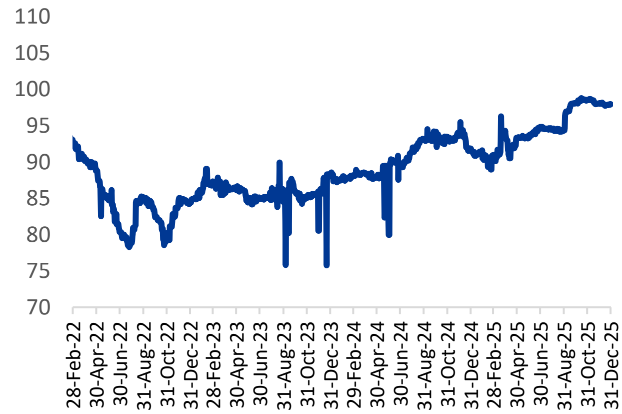


Figure 15: ARAMCO 3.5% 2029

Figure 16: INTLWT 5.95% 2039

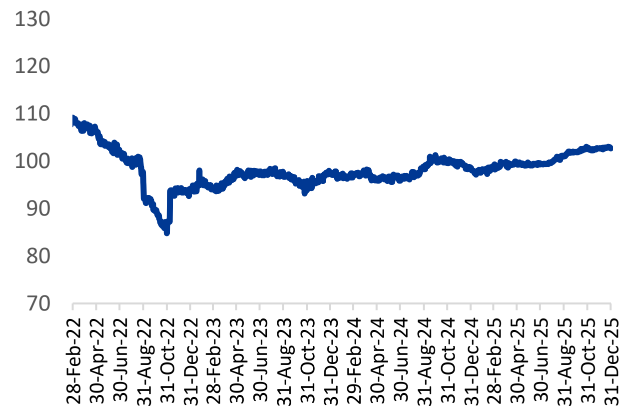
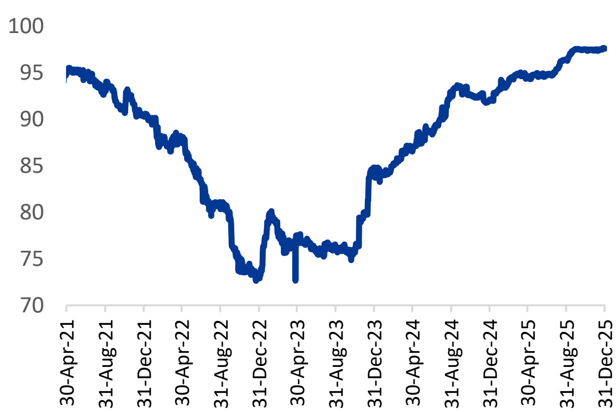


Figure 17: BGBKKK 2.75% 2031



Source: Bloomberg

Key Market Indicators

Particulars	Price/Yield	YTD (% change)	MOM (% change)
Brent crude	60.75	-0.16	-2.72
US dollar index	98.42	0.10	-0.94
10Y Treasury yield[1]	4.19	-0.38	0.18
2Y Treasury yield[1]	3.47	-0.78	0.00
10Y German bond yield[1]	2.90	0.54	0.21
10Y Japan bond yield[1]	2.03	0.93	0.16
Bloomberg UAE Composite USD Liquid index	150.35	0.01	0.03

Source: Bloomberg, [1] in Basis point

Sovereign Highlights

UAE

UAE non-oil activity reached an 11-month high in November despite growing cost pressure

The UAE's non-oil private sector expanded at the fastest pace in 11 months in November, driven by robust demand, strong sales pipeline and growth in hiring. The seasonally adjusted S&P Global UAE PMI rose to 54.8 in November from 53.8 in October, marking the highest level in nine months. New business volumes saw the strongest growth since January on improved market conditions, product innovation and diversification. Employment growth reached an 18-month high as firms hired to manage rising workloads, which led to a sharp increase in input and wage costs due to higher cost living and skill shortages. Business confidence improved from recent lows, supported by healthy sales prospects. In Dubai, PMI reached 54.5, supported by stronger sales, better operating conditions, and the fastest job growth in 18 months.

DEWA awards AED 289 Mn contract to expand Hassyan-linked water network

Dubai Electricity and Water Authority (DEWA) awarded an AED289 Mn contract for new works to support Dubai's water transmission network linked to the Hassyan water plant, which uses seawater reverse osmosis and is developed under the independent water producer model. The contract includes supplying, installing, testing, and commissioning 32km of main water transmission lines made of glass-reinforced epoxy, each 1,200mm in diameter. According to DEWA, the project supports the UAE and Dubai water strategies and will help meet growing demand. The work is scheduled to be completed in 18 months.

Saudi Arabia

Saudi Arabia's non-oil business activity expanded in November 2025

Saudi Arabia's non-oil private sector business activity recorded the strongest expansion in 10 months in November 2025, primarily driven by robust domestic demand, a rise in hiring, and a growing business backlog, partially offset by a moderation in new order growth. The seasonally adjusted Riyadh Bank Saudi Arabia PMI slipped to 58.5 in November from 60.2 in October but remained well above 50, which separates between expansion and contraction. The output achieved the highest level since January 2025, while new orders rose at a slower pace and export demand registered a modest expansion. Hiring remained solid, helping businesses to manage workload, as the backlog continued to grow for the fifth consecutive month. The business confidence remained positive, supported by robust demand amid new and ongoing project pipelines under Vision 2030.

Saudi Arabia anticipates a budget deficit of USD 44 Bn in 2026, lower than 2025

Saudi Arabia approved its 2026 state budget, projecting a deficit of SAR 165 Bn (USD 44 Bn) equivalent to 3.3% of GDP, compared with an estimated deficit of SAR 245 Bn in 2025. The country redirects spending on priority non-oil sectors such as industry, logistics, minerals, artificial intelligence, and religious tourism. Total spending in 2026 is projected at SAR 1.31 Tn vs. an estimated SAR 1.34 Tn in 2025, against expected revenues of SAR 1.15 Tn, slightly higher than SAR 1.10 Tn in 2025. The budget supports the beginning of the "third phase" of Vision 2030, pivoting from launching reforms to maximising their impact. In addition, it also emphasises recalibration of large-scale projects and reduced focus on megaprojects. Public debt is expected to reach 31.5% of GDP by the end of 2025, with the deficit policy continuing until 2028, with project priorities under review.

Saudi Arabia's real GDP grew 4.8% in Q3 2025

According to the General Authority for Statistics, Saudi Arabia's real GDP grew YOY 4.8% in 3Q 2025supported by growth across all economic activities. Oil activities rose 8.3% YOY, non-oil activities 4.3%, and government activities grew by 1.4%

YOY. On a QOQ and seasonally adjusted basis, GDP rose 1.4% in 3Q25, supported by growth in oil activities which rose 3.3%, non-oil activities 0.6%, and government activities 1.1%.

Saudi Arabia and Qatar signed an agreement for the Riyadh-Doha high-speed rail link

Saudi Arabia and Qatar signed an agreement to establish a high-speed electric rail link connecting Riyadh and Doha via Dammam and Al-Ahsa. The project was aligned with Saudi Vision 2030 and Qatar National Vision 2030 aimed to support trade, tourism, and cross-border connectivity. Both countries also agreed to strengthen cooperation across sectors, including defence, security, digital economy, energy, industry, infrastructure, culture, and education. Bilateral trade reached USD 930.3 Mn in 2024, marking a 634% increase compared to 2021. The two sides also confirmed continued coordination through the Saudi-Qatari Coordination Council and welcomed multiple agreements signed during the visit.

Saudi Arabia's inflation remained steady at 1.9% in November 2025

Saudi Arabia's annual CPI remained stable at 1.9% in November 2025, while inflation rose 0.1% MOM. The growth in annual inflation is mainly due to higher prices of housing, utilities, and fuel costs, alongside rising residential rents. On an annual basis, the cost of housing rose 4.3% YOY, food & beverages 1.3%, and transportation 1.5%, with rents up 5.4%. Other notable increases included growth in prices of personal care up 6.6% YOY, insurance and financial services up 5.1%, and jewellery and personal effects rising strongly. On a MOM basis, the price of several categories declined, including food, health, recreation, accommodation, and furniture. Wholesale prices recorded a 2.3% YOY growth but fell 0.3% MOM in November 2025.

Saudi Arabia scrapped expatriate worker fees to boost industrial competitiveness

Saudi Arabia scrapped the fees previously imposed on expatriate workers employed in industrial establishments licensed under an industrial permit. The decision was issued by the Council of Ministers based on the recommendation of the Council of Economic and Development Affairs. The move formed part of national measures to support the industrial sector, strengthen factory sustainability, and align with Saudi Vision 2030 objectives to develop a more diversified and competitive industrial economy.

Qatar

Qatar's industrial producer price falls sharply in October owing to lower energy cost

Qatar's industrial Producer Price Index fell to 100.72 points in October 2025, declining 3.64% MOM and 10.61% YOY, primarily driven by lower energy prices. The index comprises four main sectors weighing mining at 82.46%, followed by manufacturing 15.85%, electricity 1.16%, and water 0.53%. Mining which carries the highest weight in the index fell 4.61% MOM and 12.88% YOY due to lower crude oil and gas prices. The price of manufacturing rose 0.59% MOM and 0.85% YOY, supported by an increase in the price of food, rubber and plastics, chemicals, and beverages, while refining, metals, and cement declined. Electricity prices rose 3.60% MOM but fell 4.80% YOY, while water increased 2.28% MOM and 6.76% YOY.

Qatar expects a budget deficit of around USD 6 Bn in 2026

Qatar forecasts a budget deficit of QAR 21.8 Bn (USD 5.99 Bn) for 2026. The budget anticipates a 5% increase in expenditures compared to 2025, reaching QAR 220.8 Bn, while revenues are expected to grow by around 1% to QAR 199 Bn. The revenue estimate is prepared based on the average oil price of USD 55 per barrel, in line with the conservative fiscal approach adopted by the country. The budget deficit will be financed through local and external debt instruments in line with financing needs and debt market conditions.

Qatar's economy expands 2.9% YOY in 3Q25, driven by a strong growth in non-hydrocarbon

Qatar's economy-maintained growth momentum in 3Q2025, with real GDP rising 2.9% YOY, reaching QAR 186.1 Bn at constant prices compared with QAR 180.9 Bn in 3Q2024, mainly supported by non-hydrocarbon activity, which expanded 4.4% and accounted for 65.5% of GDP, with value added at QAR 121.9 Bn versus QAR 116.8 Bn a year earlier. In the non-hydrocarbon sector, the growth was led by construction up 9.1% YOY, wholesale and retail trade, including vehicle repair, up 8.9%, and accommodation and food services up 6.4%, reflecting stronger domestic demand and ongoing infrastructure and public-sector projects. The National Planning Council noted alignment with NDS3 and Qatar National Vision 2030, while national accounts revisions continue to strengthen statistical quality.

Bahrain

Bahrain unveils new fiscal reforms to support public finances and address the rising deficit

Bahrain announced a new fiscal reform package to strengthen public finances, including higher fuel prices, increased utility tariffs, greater dividends from state-owned entities, and additional fees & taxes, alongside plans to raise natural gas prices for businesses and cut administrative government expenditure by 20%. The government also intends to introduce a corporate income tax law for local companies, although implementation timelines were not disclosed. In November, S&P Global downgraded Bahrain's sovereign rating to B from B+ on rising debt. Bahrain raised USD 5 Bn from international debt markets in 2025, while discussions with the Council of Representatives continue on utility pricing mechanisms.

Egypt

Egypt's non-oil private sector records its strongest expansion in five years

Egypt's non-oil private sector posted its strongest growth in five years in November, supported by higher output and new orders. The S&P Global Egypt PMI rose to 51.1 in November from 49.2 in October, moving above the 50.0 mark that separates growth from contraction for the first time since February and reaching its highest level since October 2020. Output increased for the first time since January with a growth in manufacturing, construction and services, while wholesale and retail lagged. The firms remained cautious on hiring despite an improvement in activity, leaving employment unchanged. The cost inflation eased to an eight-month low, supported by a strong local currency. Business confidence moderately improved, including the possibility of higher GDP growth in the fourth quarter.

Egypt unveiled tax reforms to boost investment and ease business burden

Egypt plans to replace the capital gains tax with a stamp duty to encourage more institutional investment in the Egyptian Exchange, as part of a new package supporting businesses. The plan also includes tax incentives for newly listed companies for three years, reduced VAT on medical devices to 5% from 14%, full VAT exemption for dialysis and kidney filter supplies, and a four-year suspension period for VAT payments on machinery and medical equipment. The government will also ensure no VAT on goods in transit to support logistics and trade, while strategic industries will benefit from greater flexibility in deducting interest on foreign loans. The tax reform also include incentive for compliant taxpayers through faster VAT refunds, simplified real estate taxes and smooth business and tax procedures to support investment.

Egypt Central Bank cuts key rates by 100 bps

Egypt's Central Bank of Egypt (CBE), through its Monetary Policy Committee, cut key interest rates by 100 bps on 25 December 2025, reducing the overnight deposit rate to 20% from 21% and the lending rate to 21% from 22%, following easing price pressures. The CBE projected real GDP growth at around 5% in 4Q25 compared with 5.3% in 3Q25, supported by non-petroleum manufacturing, trade, and communications. Annual headline inflation is expected to stabilize near current levels, averaging about 14% in 2025 versus 28.3% in 2024, with November urban inflation at 12.3% and core inflation at 12.5%. The CBE targets 7% ±2% inflation by 4Q26, while highlighting risks from persistent non-food inflation and fiscal measures.

Egypt plans new legislative framework to strengthen real estate market regulation

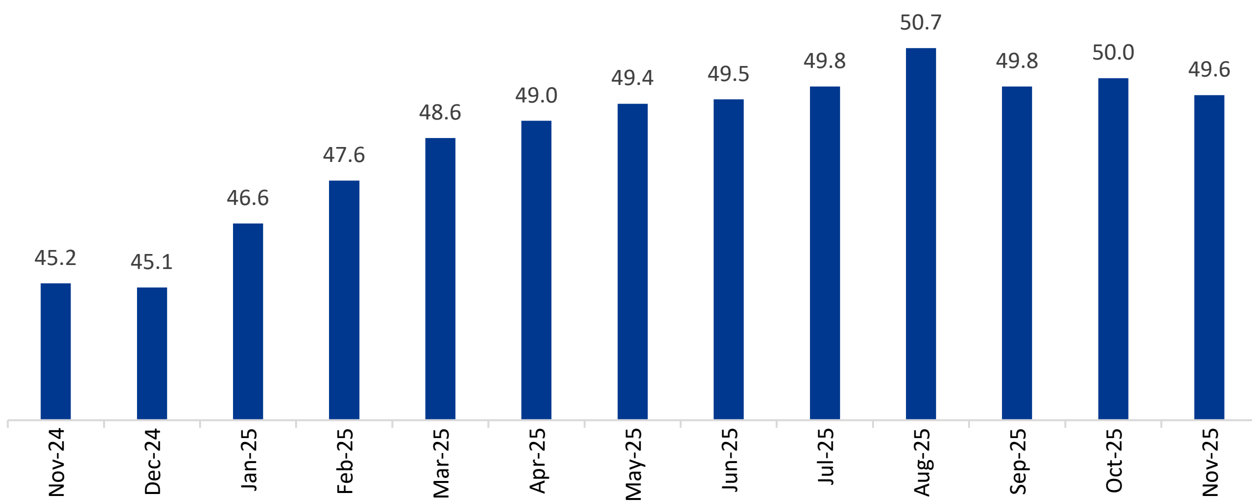
Egypt's Prime Minister Mostafa Madbouly said the Government of Egypt, in coordination with the Ministry of Housing, is developing a new legislative and institutional framework to regulate the real estate market, to enforce discipline, protect citizens' rights, and ensuring projects are undertaken only by financially and technically capable developers. The framework includes a sector "filtering mechanism" and developer classification based on solvency and execution track record to reduce delivery risks, safeguard buyers' funds, and prevent project failures. It also seeks balanced alignment between state objectives, citizen protection, and developer support, alongside efforts to advance unified property registration, strengthen transparency, facilitate foreign-inflow-linked property sales, and support sector stability amid recent monetary easing by the CBE.

Global Economy

Eurozone manufacturing PMI drops to 49.6 in November, signalling sector contraction

Eurozone manufacturing activity contracted in November, with the HCOB Manufacturing PMI at 49.6, down from 50.0 in October, signalling a renewed but mild decline and the sharpest slowdown since June. Manufacturing activities were impacted by a decline in new orders and weak external demand, though output continued to grow for the ninth straight month supporting business confidence. Job losses increased, and inventories declined faster during November 2025. Input costs rose at the strongest pace since March, while output prices slipped slightly. National trends were mixed with Germany and France suffered declined during the month. However, Italy and Spain remained in expansion zone.

Figure 18: Eurozone Manufacturing PMI



Source: CAPIQ

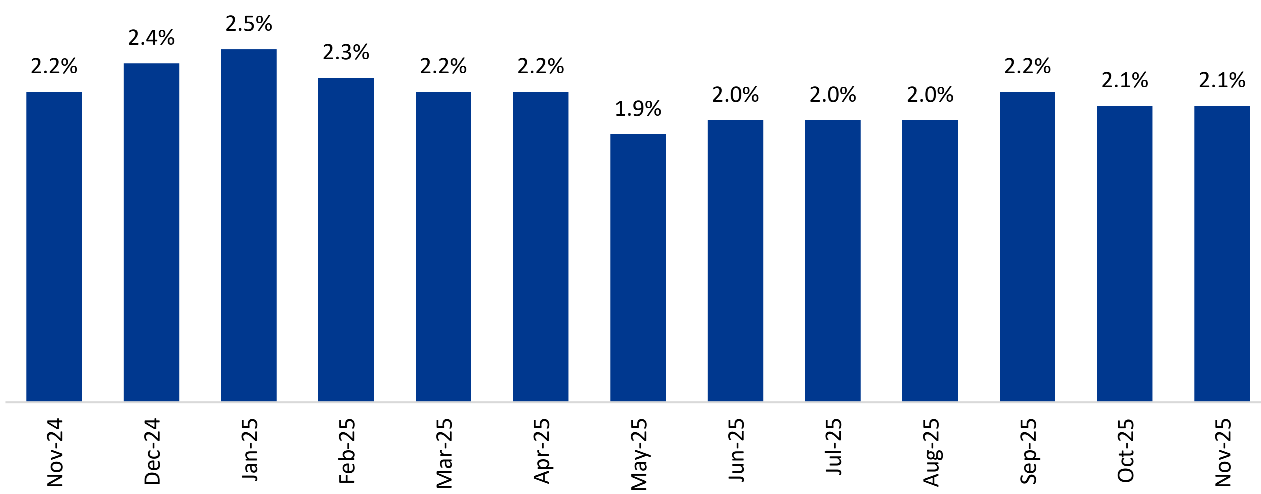
China's manufacturing activity contracts slightly in November

China’s manufacturing activity experienced contraction in November, with China Manufacturing PMI, compiled by S&P Global, falling to 49.9 from 50.6 in October, the first decline since July 2025. Production growth remained subdued as new orders eased, though export orders grew at the fastest pace in eight months. Hiring slowed marginally amid weaker demand and staff attrition. Unfinished work increased for the fourth month, and purchasing activity fell for the first time since June. Delivery times improved, and inventories declined for the first time in seven months. Input costs rose at the weakest pace in five months, while companies cut prices.

Eurozone inflation remained steady at 2.1% in November

Eurozone inflation consumer prices remained steady at 2.1% in November 2025 based on the revised data released from Eurostat. The consumer price inflation was revised from 2.2% earlier to 2.1% and remained slightly above the central bank target of 2%. Core inflation, excluding the price of energy, food, alcohol and tobacco prices, remained unchanged at 2.4%, in line with expectations. Services recorded the highest annual inflation at 3.5%, followed by alcohol, food, and tobacco at 2.4%, non-energy industrial goods at 0.5%, while energy prices declined 0.5%.

Figure 19: Eurozone Inflation (YOY)

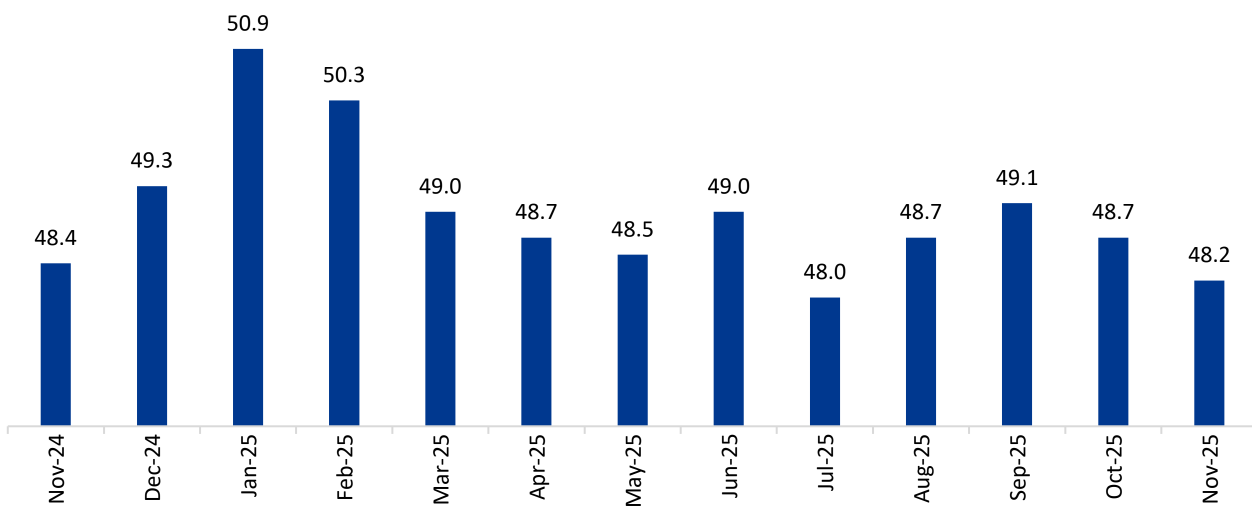


Source: CAPIQ

US Manufacturing stays in contraction territory during November amid further weakness

US manufacturing activity declined slightly in November, with the ISM Manufacturing PMI at 48.2, down from 48.7 in October and staying in contraction territory. The fall was mainly due to weaker demand for the new orders, while the employment index also slipped during November, indicating faster job contraction. Production strengthened in November, as the production index shifted into expansion from contraction in the previous month, and the prices index also improved during November, while remaining in the expansion territory.

Figure 20: US Manufacturing PMI

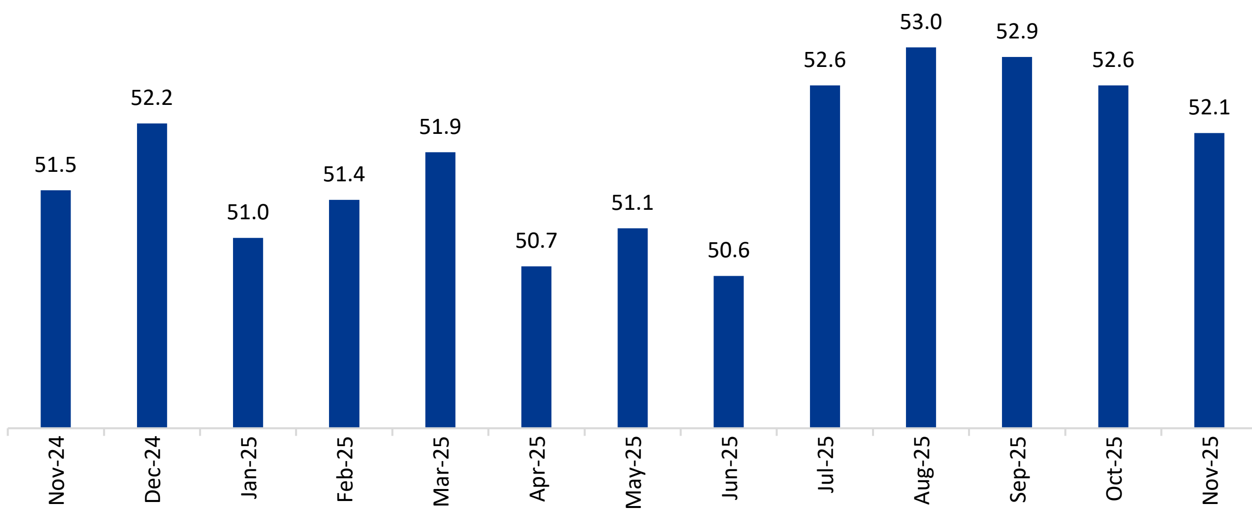


Source: CAPIQ

China's services PMI slips to 52.1 in November, growth rate eases

China's services sector continued to expand in November but at a slower pace, with the S&P Global Services PMI at 52.1, down from 52.6 in October, marking the weakest growth in five months, while still staying in the expansion zone since January 2023. New business growth remained steady with better client demand, and export demand improved after easing in October. However, business confidence weakened to one of its lowest levels, and companies continued cutting jobs due to cost concerns. Input costs rose sharply, and output prices increased slightly. The Composite Output Index stood at 51.2 in November, down from 51.8 in October, showing slower overall activity as manufacturing stalled and services moderated.

Figure 21: China Services PMI

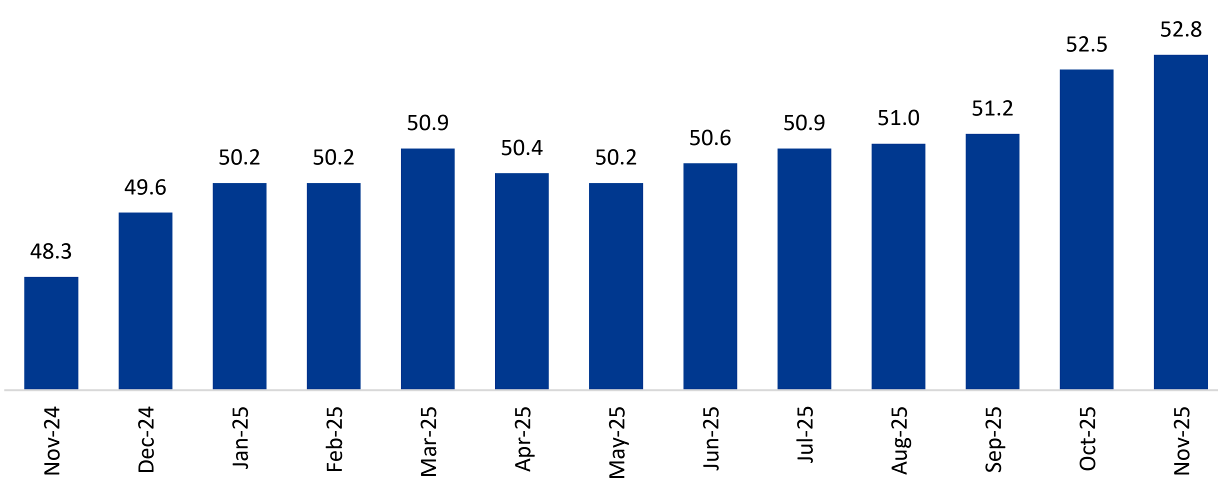


Source: CAPIQ

Eurozone composite PMI rises to 52.8 in November, with services leading growth

Eurozone private sector recorded its strongest growth since May 2023, with the HCOB Composite PMI rising to 52.8 in November from 52.5 in October as both manufacturing and services expanded, driven mainly by stronger services momentum, while factory output growth eased to a nine-month low. Services PMI increased to 53.6 in November from 53.0 in October. Growth was supported by higher new business from services, even as factory orders and exports declined. Employment rose, led by services, while factory staffing weakened. Input costs reached an eight-month high, and output price inflation slowed. France, Spain, Italy, and Germany all recorded positive private-sector growth, though Germany's expansion moderated from October's peak.

Figure 22: Eurozone Composite PMI

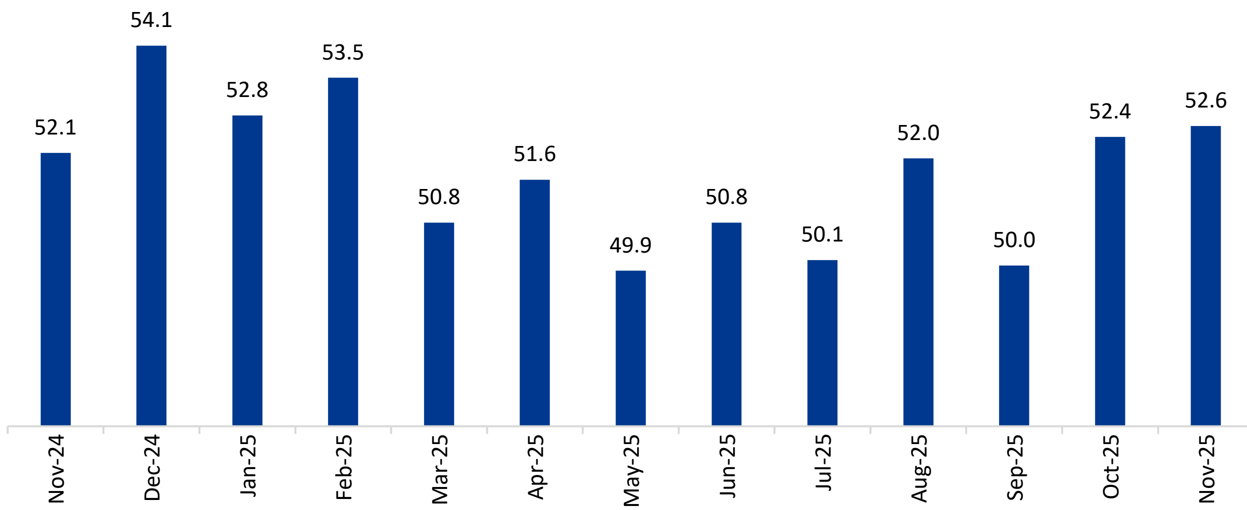


Source: CAPIQ

US services PMI increases to 52.6 in November, showing continued expansion

US services activity grew slightly faster in November, with the ISM Services PMI at 52.6 compared with 52.4 in October, reaching the highest level since February at 53.5, mainly because of improved business activity and slight increase in employment conditions. Backlogs also experienced the biggest monthly rise since June 2022 and the highest reading since February 2025. However, new orders slowed during November, and price pressures eased. Manufacturing remained in contraction at 48.2 in November versus 48.7 in October.

Figure 23: US Services PMI

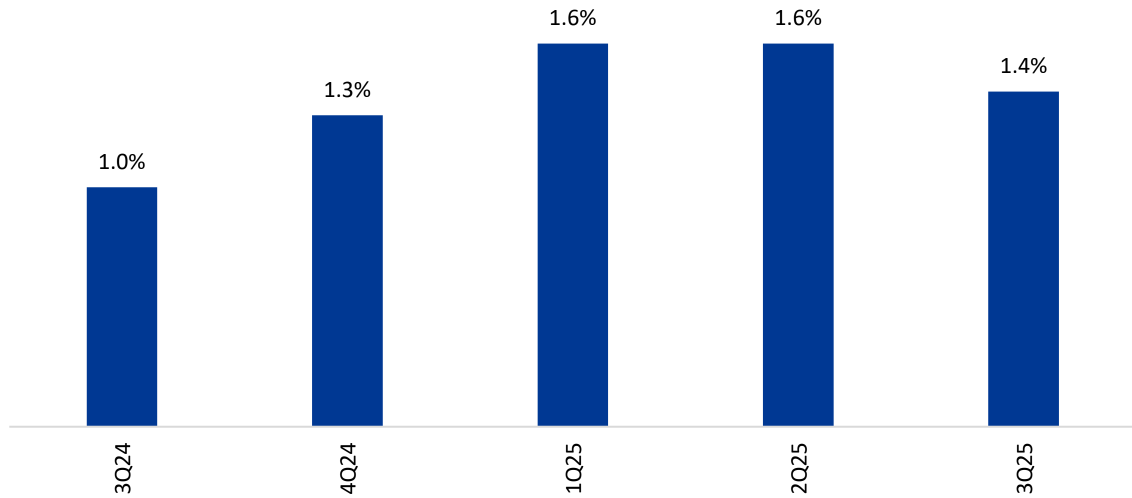


Source: CAPIQ

Euro area economy grows faster in Q3 as government spending and investment strengthen

Euro area economy expanded in 3Q25, with GDP rising 0.3% QOQ compared with 0.1% QOQ in 2Q25, supported by government spending and strengthened investment, while household demand added support. Government consumption rose 0.7% QOQ, while gross fixed capital formation rebounded 0.9% QOQ after a sharp prior decline. Household spending grew modestly by 0.2% QOQ in 3Q25. External demand improved as exports rose 0.7% QOQ, but imports increased 1.3% QOQ, creating a 0.2 percentage point drag from net trade, while inventories contributed 0.1 percentage point. On a YOY basis, GDP growth slowed to 1.4% in 3Q25. Employment growth improved QOQ, while YOY job growth eased slightly during 3Q25.

Figure 24: Euro area GDP Growth (YOY)

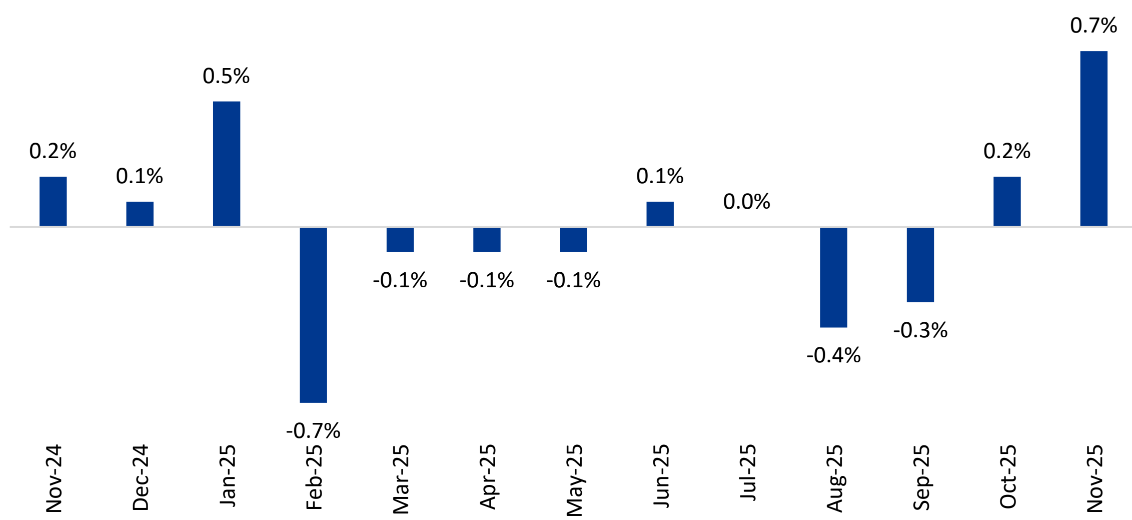


Source: CAPIQ

China CPI rises 0.7% while PPI declines 2.2% YOY in November

China's inflation picked up pace in November, with the CPI rising 0.7% YOY after a 0.2% YOY increase in October, in line with expectations and the highest since early 2024. However, CPI fell 0.1% MOM, defying forecasts of a rise. Core inflation remained steady at 1.2% YOY in November. Producer prices declined 2.2% YOY in November, deeper than October's decline of 2.1%, marking the 38th consecutive month of PPI deflation.

Figure 25: China CPI (YOY)

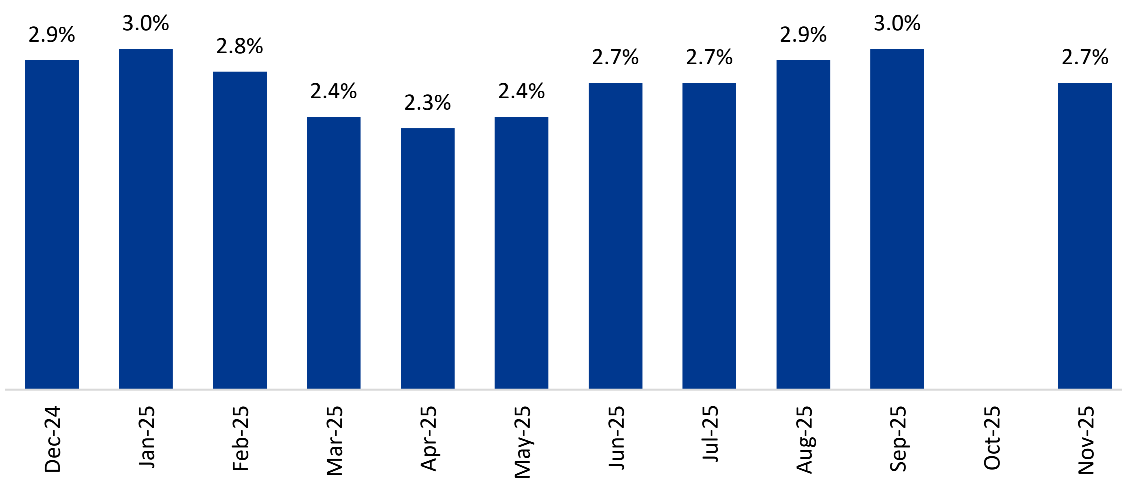


Source: CAPIQ

US annual CPI slows to 2.7% in November; core inflation eases to 2.6%

US consumer price growth moderated in November 2025, with annual inflation rising 2.7% YOY in November compared with 3.0% YOY in September, showing softer price momentum. Core inflation, excluding food and energy, also eased to 2.6% YOY in November from 3.0% YOY in September. Over the two months from September to November, the overall consumer price index increased 0.2%, and core inflation also rose 0.2% in the same period, indicating limited upward pressure. During these two months, energy prices increased 1.1%, shelter prices rose 0.2%, and food prices increased 0.1%, while some categories, such as lodging, recreation, and apparel, recorded declines, reflecting mixed price movements across sectors.

Figure 26: US CPI (YOY)

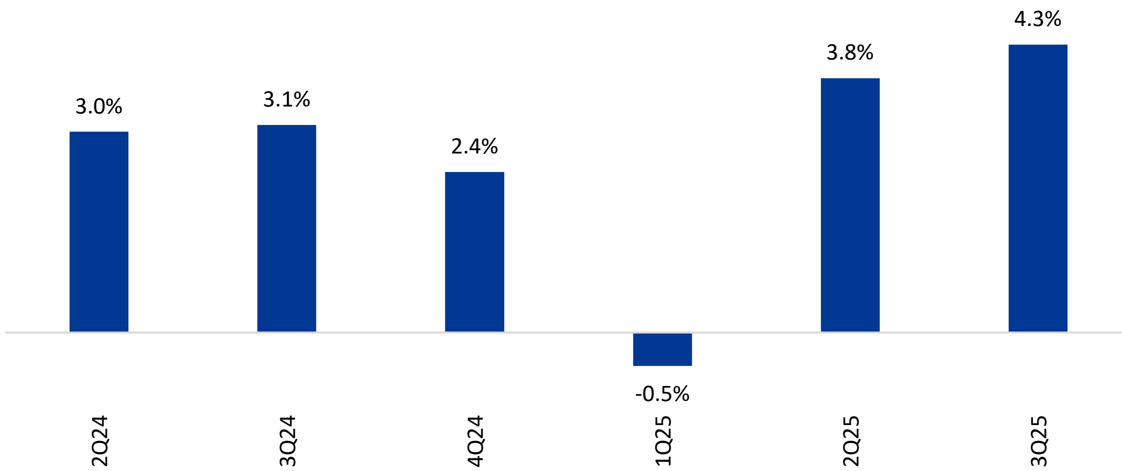


Source: CAPIQ, October 2025 US CPI was not published by the US Bureau of Labor Statistics (BLS)

US economy posts stronger 4.3% GDP growth in 3Q25, inflation stays firm

US real GDP expanded strongly in 3Q25, reflecting firmer activity momentum compared to 2Q25. According to the Commerce Department, GDP grew 4.3% in 3Q25 after 3.8% in 2Q25, Growth support came from stronger consumer spending, higher exports, and increased government spending, while investment declined but at a smaller pace compared to 2Q25, helping the overall acceleration. Inflation indicators edged higher. The PCE price index increased 2.8% in 3Q25 versus 2.1% in 2Q25, while core PCE rose 2.9% in 3Q25 compared to 2.6% in 2Q25, indicating underlying price pressures staying above the policy target.

Figure 27: US GDP Growth (YOY)



Source: CAPIQ

UK GDP contracts in October as services and construction decline

The UK economy contracted in October, with GDP falling 0.1% MOM, the same decline seen in September, as uncertainty before the Autumn budget impacted spending and investment. The fall was driven by the services sector, which declined 0.3%, and construction, which fell 0.6% MOM in October 2025, while industrial production grew 1.1% MOM in October. On a YOY basis, GDP grew 1.1% in October. In the three months to October, real GDP fell 0.1% QOQ after rising 0.1% QOQ in the three months to September. The goods trade deficit widened to GBP 22.5 Bn from GBP 18.9 Bn, while the services surplus stood at GBP 17.7 Bn versus GBP 17.8 Bn earlier.

Federal Reserve cuts rates by 25 bps to 3.50-3.75% with divided policy views

The US Federal Reserve cut interest rates again in November, reducing the federal funds rate by 25 basis points to a range of 3.50 to 3.75%, marking the third straight cut after similar reductions in September and October. The decision showed differing views among policymakers, as one member supported a larger 50 basis point cut while two preferred no change. The Fed highlighted rising risks to employment and still elevated inflation, saying future moves will depend on incoming data and economic conditions. Feds' projections suggested only one more 25 basis point cut in 2026, while individual officials showed wide differences in outlook ahead of the January meeting.

GCC central banks reduce policy rates by 25 bps following the US Fed cut

Central banks in gulf region cuts key interest rates by 25 bps on 10 December 2025 reflecting the U.S. Federal Reserve's reduction of interest rates, and signalled a likely pause ahead, with only one more 25 bps cut expected in 2026. GCC countries generally follow US policy because most currencies are pegged to the dollar, except Kuwait, which is linked to a basket. Saudi Arabia lowered the repo rate to 4.25% and reverse repo to 3.75%, while the UAE reduced its base rate to 3.65%. Qatar, Bahrain, Kuwait, and Oman also cut benchmark rates by 25 bps. The reductions aim to lower borrowing costs, support financing, and encourage non-oil sector growth.

US PCE inflation up 0.3% in September; core PCE increases 0.2%

US consumer prices rose in September 2025 as the PCE (Personal Consumption Expenditures) index increased 0.3% MOM, the same as August 2025, and 2.8% YOY in September versus 2.7% in August, mainly because goods prices rose 0.5% MOM while services increased 0.2% MOM. Core PCE rose 0.2% MOM in September and eased to 2.8% YOY from 2.9% in August as price pressures softened. Personal income grew 0.4% MOM, supporting consumption, although real personal spending was flat MOM, as higher prices offset nominal spending growth. The savings rate remained stable at 4.7%.

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