Market Edge Higher Amid Policy Clarity and Selective Gains

Sector Weighting:
MARKET WEIGHT

GCC Fixed Income Outlook

GCC Sukuk and bond issuances recorded a decline in 1H25. According to Markaz, total primary debt issuances in the region fell 5.5% YOY to USD 92.04 Bn, compared to USD 97.36 Bn in 1H24. Saudi Arabia remained the largest issuer, contributing 52.1% of the total, however its issuance volume declined 19.8% YOY to USD 47.93 Bn during 1H25. The UAE ranked second with issuances totalling USD 24.03 Bn, representing 26.1% of the total market and reflecting a notable 22.2% YOY increase during 1H25. The issuance was further followed by Qatar with USD 10.0 Bn in issuances, accounting for 10.9% of the total during the same period. Bahrain and Kuwait also saw increases, raising USD 5.62 Bn and USD 3.39 Bn, respectively, during 1H25. Oman recorded the lowest issuance during the period at USD 1.08 Bn, representing just 1.2% of the overall market during 1H25.

In July 2025, GCC bond and Sukuk issuances moderated, totalling USD 5.9 Bn, reflecting a slowdown compared to the previous month. Issuance activity was predominantly driven by the banking sector, which accounted for 78.8% of the total, raising USD 4.7 Bn. Riyad Bank led the market with a USD 1.3 Bn 10-year callable bond priced at 6.2%. Qatar National Bank (QNB) followed with a USD 1.0 Bn senior unsecured bond, offering a 4.50% yield and a 5-year tenor, which saw strong investor interest with order books exceeding USD 3 Bn, including USD 100 Mn from joint lead managers. National Bank of Kuwait (NBK) also tapped the market with a USD 800 Mn Tier 1 perpetual non-call 6-year bond, priced at 6.38%, tighter than the initial guidance of 6.86%, supported by robust demand of over USD 2 Bn. Additionally, other regional banks collectively issued USD 1.6 Bn in Sukuk during the month. On the corporate front, issuances remained healthy, contributing USD 1.3 Bn to the total monthly volume.

In the latest policy meeting scheduled in July 2025, the U.S. Federal Reserve maintained its benchmark interest rate at 4.25%-4.50%. It signalled a cautious, data-dependent stance, and indicated that any future rate cuts will depend on more apparent signs of inflation easing and sustained softness in the labor market. The U.S. 10-year Treasury yield remained relatively stable throughout the month of July 2025, reflecting steady market sentiment amid ongoing economic uncertainty. However, the GCC 10-year bond yields declined during the month, driven by expectations of U.S. rate cuts and strong regional fundamentals that boosted investor demand. Meanwhile, the 5-year CDS spreads declined across the GCC countries. The UAE Purchasing Managers' Index (PMI) rose slightly to 53.5 in June 2025, up from 53.3 in May 2025, signalling sustained expansion in the non-oil private sector. New orders continued to grow, though at the slowest pace in nearly four years, with the sub-index easing to 54.5 in June 2025 compared to 56.2 in March 2025, marking the weakest level since September 2021. Employment increased modestly, and while the overall pace of growth dipped to a three-month low, it remained stronger than the first-quarter average. Despite a slowdown in sales growth, firms boosted output more significantly than in the previous month to address outstanding work. The Central Bank of the UAE (CBUAE) revised the country's GDP growth forecast downward by 0.3% points to 4.4% for 2025, citing the impact of sluggish global economic activity, heightened uncertainty, and declining oil prices. However, despite the downward revision, the UAE's GDP is still projected to surpass the level recorded in 2024. Saudi Arabia's non-oil sector PMI rose to a three-month high of 57.2 in June 2025 compared to 55.8 in May 2025. The recent improvement in PMI reflects a sharp pick-up in demand, output, and hiring across Saudi Arabia's non-oil private sector. The country's annual inflation rate remained stable at 2.3% in June 2025, showing a slight increase from 2.2% in May 2025. Fitch Ratings recently maintained Saudi Arabia's long-term foreign currency issuer default rating at 'A+' with a stable outlook, highlighting the country's strong fiscal position and continued progress on economic reforms. According to the flash estimates provided by the General Authority for Statistics (GASTAT), Saudi Arabia's real GDP grew 3.9% YOY in 2Q25, driven by a 4.7% YOY rise in non-oil GDP and 3.8% YOY in oil activities. Oman's GDP grew 2.5% YOY, driven by a 4.4% YOY growth in non-oil activity, while oil sector output saw a decline of 0.4% YOY in 1Q25. Recently, Moody's upgraded Oman's long-term issuer and senior unsecured ratings to "Baa3" from "Ba1", citing anticipated improvements in the country's debt metrics and its growing resilience to fluctuations in oil prices. Kuwait's domestic inflation rose by 2.3% YOY, while the Consumer Price Index (CPI) recorded a 0.29% MOM increase in June 2025. Kuwait's economy returned to growth, posting a 1% YOY increase in real GDP during 1Q25. This rebound ends seven straight quarters of economic contraction, primarily supported by a gradual recovery in the non-oil sector. Qatar's real GDP grew 3.7% YOY in the 1Q25, driven by a strong 5.3% YOY expansion in the non-hydrocarbon sector, reflecting the continued diversification and growth in economic activities beyond the traditional reliance on oil and gas. The hydrocarbon sector also recorded a modest 1.0% YOY increase during the same period.

Gold Outlook

Gold prices moderated 0.4% MOM in July 2025, reaching USD 3,289.93 per ounce on 31 July 2025. Prices increased in the first week of July 2025, owing to a weakening of the US dollar and rising uncertainty on US tariffs. The upside is also supported by increasing fiscal concerns in the US after the passing of the tax-cut and spending bill. Gold prices fell initially in the following week due to lower demand for the yellow metal following the announcement of extended tariff exemptions for multiple countries by the US President and a rise in the US dollar and treasury yields. However, prices rebounded after the announcement of new tariffs on Canada and other trading partners. The upward momentum was continued in mid-month on the back of persisting fears of US tariffs, but the gold prices ended with a marginal weekly decline as the US President announced he would "highly unlikely" dismiss the Fed's Chair Jerome Powell. Moreover, gold prices continued to decline after mid-month, following the announcement of the US-Japan trade deal that eased tensions. Similarly, prices fell at the end of the month with easing fears of tariff war and appreciation of the US dollar.

Oil Outlook

Brent Crude oil prices rose 7.3% MOM to USD 72.53 per barrel on 31 July 2025. Oil prices increased marginally in the first week of July 2025 as Iran declined cooperation with the UN Nuclear watchdog and the softening of the US dollar, partially offset by the OPEC+ decision to increase output. In the following week, oil prices rose owing to strong travel demand in the US and expectations of global supply disruption. Prices declined in the mid-month as the market didn't take the US President's threat of tariffs on Russia seriously, and continued to decrease on Iraq's plan to resume Kurdistan oil exports. However, prices increase at the end of the month due to anticipation of an improvement in the global outlook and strong oil demand.

Our Top Bond/Sukuk Picks:

Top Bond Picks for Short-term

S No.	Issuer Name	Ticker	ISIN	Yield to Maturity	Amount Issued	Fitch Rating	Moody Rtg	S&P Rating	Cntry of Risk	Coupon	Maturity
1	**Oman Government International Bond**	OMAN	US682051AE72	4.58	1,626,861,000	BB+	Baa3	BBB-	OM	5.375	3/8/2027
2	**BSF Finance**	BSFR	XS2493296813	4.55	700,000,000	A-	A1	N/A	SA	5.5	11/23/2027
3	**Saudi Government International Bond**	KSA	XS2974923497	4.29	5,000,000,000	A+	Aa3	N/A	SA	5.125	1/13/2028
4	**Emirates NBD Bank PJSC**	EBIUH	XS2625209270	4.26	750,000,000	A+	A1	N/A	AE	5.875	10/11/2028
5	**Suci Second Investment Co**	PIFKSA	XS2706163131	4.40	2,250,000,000	A+	Aa3	N/A	SA	6	10/25/2028
6	**Abu Dhabi Commercial Bank PJSC**	ADCBUH	XS2677030194	4.31	650,000,000	A+	N/A	A+	AE	5.5	1/12/2029
7	**Emirates NBD Bank PJSC**	EBIUH	XS2754455769	5.06	600,000,000	A+	A1	N/A	AE	5.765	1/31/2029
8	**National Bank of Ras Al-Khaimah PSC/The**	RAKBNK	XS2765600262	4.78	600,000,000	BBB+	Baa1	N/A	AE	5.375	7/25/2029
9	**Emirates NBD Bank PJSC**	EBIUH	XS2976518972	5.22	750,000,000	A+	A1	N/A	AE	5.462	1/22/2030
10	**Saudi Electricity Sukuk Programme Co**	SECO	XS2993845945	4.60	1,500,000,000	A+	Aa3	N/A	SA	5.225	2/18/2030
11	**Abu Dhabi Commercial Bank PJSC**	ADCBUH	XS3003311902	5.12	600,000,000	A+	N/A	A+	AE	5.397	2/26/2030
12	**SNB Funding Ltd**	SNBAB	XS3019019416	5.43	750,000,000	A-	N/A	A	SA	5.558	3/17/2030
13	**Abu Dhabi Commercial Bank PJSC**	ADCBUH	XS3086362756	5.17	600,000,000	A+	N/A	A+	AE	5.354	6/10/2030

Data Source: Bloomberg

Top Bond Picks for Medium/Long-term

S No.	Issuer Name	Ticker	ISIN	Yield to Maturity	Amount Issued	Fitch Rating	Moody Rating	S&P Rating	Cntry of Risk	Coupon	Maturity
1	**Suci Second Investment Co**	PIFKSA	XS2777443768	4.59	2,000,000,000	A+	Aa3	N/A	SA	5.171	3/5/2031
2	**Saudi Government International Bond**	KSA	US80413TBA60	4.65	2,500,000,000	A+	Aa3	N/A	SA	5.5	10/25/2032
3	**Finance Department Government of Sharjah**	SHJGOV	US38381CAE21	5.43	1,000,000,000	N/A	Ba1	BBB-	AE	6.5	11/23/2032
4	**Suci Second Investment Co**	PIFKSA	XS2706163305	4.79	1,250,000,000	A+	Aa3	N/A	SA	6.25	10/25/2033
5	**Abu Dhabi Government International Bond**	ADGB	XS2811094486	4.28	1,500,000,000	AA	N/A	AA	AE	5	4/30/2034
6	**Saudi Government International Bond**	KSA	US80413TBL26	4.89	4,000,000,000	A+	Aa3	N/A	SA	5.625	1/13/2035
7	**RAK Capital**	RAKS	XS3016636683	4.65	1,000,000,000	A+	N/A	A	AE	5	3/12/2035
8	**DP World Crescent Ltd**	DPWDU	XS3066663124	5.13	1,500,000,000	BBB+	Baa2	N/A	AE	5.5	5/8/2035
9	**Finance Department Government of Sharjah**	SHJGOV	US38381CAF95	5.87	1,000,000,000	N/A	Ba1	BBB-	AE	6.125	3/6/2036
10	**Abu Dhabi National Energy Co PJSC**	TAQAUH	US00386SAB88	5.05	912,487,000	AA	Aa3	NR	AE	6.5	10/27/2036
11	**MDGH GMTN RSC Ltd**	MUBAUH	US44985GAE17	5.44	750,000,000	AA	Aa2	AA	AE	6.875	11/1/2041
12	**Oman Government International Bond**	OMAN	XS1575968026	6.03	2,000,000,000	BB+	Baa3	BBB-	OM	6.5	3/8/2047
13	**DP World Ltd/United Arab Emirates**	DPWDU	XS1883879006	5.98	1,300,000,000	BBB+	Baa2	N/A	AE	5.625	9/25/2048
14	**Saudi Government International Bond**	KSA	US80413TAJ88	5.89	3,500,000,000	A+	Aa3	N/A	SA	5	4/17/2049
15	**Abu Dhabi Government International Bond**	ADGB	US29135LAU44	5.40	1,750,000,000	AA	N/A	AA	AE	5.5	4/30/2054

Data Source: Bloomberg

Top Bond Picks for SUKUK

S No.	Issuer Name	Ticker	ISIN	Yield to Maturity	Amount Issued	Fitch Rating	Moody Rating	S&P Rating	Cntry of Risk	Coupon	Maturity
1	**Esic Sukuk Ltd**	ESICSU	XS2747181613	5.20	700,000,000	N/A	Baa3	N/A	AE	5.831	2/14/2029
2	**BSF Sukuk Co Ltd**	BSFR	XS2978771942	4.70	750,000,000	A-	N/A	A-	SA	5.375	1/21/2030
3	**Saudi Electricity Sukuk Programme Co**	SECO	XS2993845945	4.60	1,500,000,000	A+	Aa3	N/A	SA	5.225	2/18/2030
4	**EI Sukuk Co Ltd**	EIBUH	XS3030374030	4.66	750,000,000	A+	N/A	N/A	AE	5.059	3/25/2030
5	**DIB Sukuk Ltd**	DIBUH	XS2749764382	4.65	1,000,000,000	A	A3	N/A	AE	5.243	3/4/2029
6	**Al Rajhi Sukuk Ltd**	RJHIAB	XS2761205900	4.56	1,200,000,000	A-	Aa3	N/A	SA	5.047	3/12/2029
7	**BSF Sukuk Co Ltd**	BSFR	XS2741362862	4.65	700,000,000	A-	N/A	A-	SA	5	1/25/2029
8	**SNB Sukuk Ltd**	SNBAB	XS2747631914	4.61	850,000,000	A-	N/A	A	SA	5.129	2/27/2029
9	**EI Sukuk Co Ltd**	EIBUH	XS2824746544	4.55	750,000,000	A+	N/A	N/A	AE	5.431	5/28/2029
10	**KFH Sukuk Co**	KFHKK	XS2744854261	4.52	1,000,000,000	A	N/A	N/A	KW	5.011	1/17/2029
11	**SRC Sukuk Ltd**	SRCSUK	XS3010536061	4.42	1,000,000,000	A+	Aa3	N/A	SA	5	2/27/2028
12	**DIB Sukuk Ltd**	DIBUH	XS2553243655	4.49	750,000,000	A	A3	N/A	AE	5.493	11/30/2027
13	**Suci Second Investment Co**	PIFKSA	XS2706163131	4.40	2,250,000,000	A+	Aa3	N/A	SA	6	10/25/2028
14	**KSA Sukuk Ltd**	KSA	US48266XAJ46	4.37	1,500,000,000	A+	Aa3	N/A	SA	5.25	6/4/2030
15	**KSA Sukuk Ltd**	KSA	XS2829208599	4.37	1,500,000,000	A+	Aa3	N/A	SA	5.25	6/4/2030

Data Source: Bloomberg

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MENA credit outlook

Hikma Pharmaceuticals launches 5-Year bond under USD Reg S

Hikma Pharmaceuticals mandated Citi and HSBC as joint global coordinators for a Reg S-only senior unsecured 5-year bond to be issued by Hikma Finance USA and guaranteed by the parent. Emirates NBD Capital, Mashreq, and Mizuho join as joint bookrunners. Separately, Hikma announced a USD 1 Bn investment to expand its manufacturing and R&D facilities in Ohio and New Jersey by 2030.

National Bank of Kuwait priced USD 800 Mn 6-year AT1 bond at 6.375%

National Bank of Kuwait (NBK) priced its USD 800 Mn Perpetual AT1 6-year bond (fixed rate, resettable, non-call) at 6.375%, tightening from initial price thoughts of 6.875%. Citi, HSBC, JP Morgan, and Standard Chartered are Joint Global Coordinators, while ADCB, while Emirates NBD Capital, FAB, Kamco Invest, and NBK Capital are Joint bookrunners. Proceeds will support NBK's Tier 1 capital and may fund a buyback of its earlier USD750 Mn AT1 bonds. The issuance will be listed on LSE's International Securities Market, with semi-annual interest payments.

RAKBANK issues USD 300 Mn AT 6-year AT1 bond

RAKBANK set Initial Price Thoughts (IPTs) c. 7% for the USD 300 Mn fixed-rate, Reg S Perpetual non-call 6-year AT1 issuance with interest payable semi-annually. ADCB, Emirates NBD Capital, First Abu Dhabi Bank, Citi, National Bank of Ras Al Khaima, and Standard Chartered Bank are appointed joint lead managers and bookrunners, with Citi and Emirates NBD Capital acting as structuring agents. The bond will be listed on the LSE's International Securities Market.

Saudi Awwal Bank plans to issue SAR AT1 Sukuk

Saudi Awwal Bank is plans to issue a SAR-denominated AT1 sukuk through a private placement, appointing HSBC Saudi Arabia as the sole arranger and dealer. HSBC Holdings holds a 31% stake in the Saudi Awwal Bank. Earlier in May, Awwal Bank raised USD 650 Mn via a 5.5-year green AT1 sukuk at 6.5%.

Qatar Insurance Company prices USD 500 Mn Tier 2 Notes at 6.15%

Qatar Insurance Company (QIC) priced its USD 500 Mn 6-year, perpetual non-call Tier 2 notes at 6.15%, tightening from the initial guidance of 6.75%. The offering saw strong investor demand, with the order book exceeding USD 3 Bn, excluding interest from joint lead managers. The Reg S-only notes will be issued by QIC (Cayman) and guaranteed by QIC on a subordinated basis. HSBC is acting as sole structuring adviser, while selected international and regional banks have been appointed as global coordinators and joint bookrunners. The notes will be listed on the LSE's International Securities Market.

Riyad Bank plans USD Tier 2 Trust Certificates via SPV for eligible investors

Riyad Bank mandated banks for a USD Tier 2 Trust Certificate issuance under its international programme. , HSBC, Merrill Lynch International, Standard Chartered, JP Morgan Securities, Mizuho International, DBS Bank, SMBC Group, and Riyad Capital will act as joint lead managers, with the amount and tenor to be determined based on market conditions.

Alinma Bank mandates banks for 5-year dollar-denominated benchmark sukuk issuance

Saudi Arabia's Alinma Bank appointed a group of banks to arrange a dollar-denominated, benchmark-sized 5-year sukuk under Regulation S. The sukuk is anticipated to be rated A- by both S&P and Fitch. The issuance, structured under a Wakala-Murabaha arrangement, is expected to be listed on the London Stock Exchange's International Securities Market. The Bank is expecting the proceeds from the offering to utilize for general banking activities. Emirates NBD Capital, Dubai Islamic Bank, Alinma Capital Company, Abu Dhabi Islamic Bank, J.P. Morgan, Standard Chartered Bank and Goldman Sachs International are acting as Joint Bookrunners and Joint Lead Managers.

Saudi Arabia completed the July Sukuk offering with a USD 1.3 Bn allocation

The National Debt Management Center (NDMC) completed the issuance under Saudi Arabia's riyal-denominated sukuk program, allocating a total of SAR 5.0 Bn in July 2025. The issuance was split across four tranches, with the first tranche of SAR 776 Mn maturing in 2029, the second of SAR 1.3 Bn maturing in 2032, the third of SAR 823 Mn maturing in 2036, and the fourth tranche, amounting to SAR 2.1 Bn, maturing in 2039. This move aligns with the Kingdom's broader strategy to enhance the local debt market and promote fiscal sustainability.

QNB plans 5-year USD bond issuance with initial pricing around 100 bps over U.S. Treasuries

Qatar National Bank (QNB) set initial price guidance for its 5-year U.S. dollar-denominated benchmark Reg S senior unsecured bond at around 100 bps over U.S. Treasuries. The bond issuance, expected to receive ratings of Aa3 from Moody's and A+ from both S&P and Fitch, in line with QNB's current credit ratings, is anticipated to be issued through QNB Finance Ltd. and listed on the London Stock Exchange. The bond will be issued under QNB's USD 30 Bn Medium Term Note Programme. DBS Bank Ltd., Barclays, Deutsche Bank, QNB Capital, Mizuho, Santander, SMBC, and Standard Chartered Bank have been appointed as joint lead managers and joint bookrunners for the transaction.

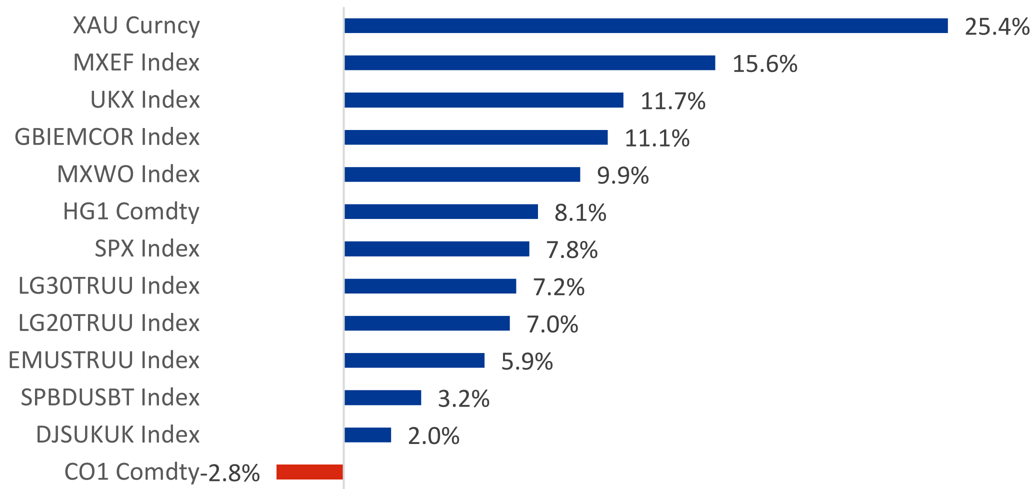
Sharjah's Arada Developer tightens pricing on USD 450 Mn Sukuk offering

Sharjah-based Arada Developer launched a USD 450 Mn five-year sukuk offering at a coupon rate of 7.15%, tighter than the initial guidance of 7.625-7.750%. It is issued at 317.3 basis point over treasuries. The issuance is part of the USD 1 Bn trust certificate program which drew strong response from regional and international investors, with the order book exceeding USD 2 Bn. The proceeds from the offering will be utilized to fund USD 100 Mn tender offer for its 2027 sukuk and remainder allocated for general corporate purposes. The sukuk will be listed on London Stock Exchange and Nasdaq Dubai.

Global Asset Performance

Global asset classes sustained their upward momentum in July 2025, though the pace of gains moderated, as markets continued to digest recent policy developments and geopolitical noise. Investor sentiment improved, supported by reduced political uncertainty following the passage of the One Big Beautiful Bill Act (OBBBA) in the US, which provided greater clarity on fiscal and trade policy; however, valuations are already elevated after June's rally. Equities maintained their upward trajectory, led by strong performances in both developed and select emerging markets. The MSCI Emerging Markets Index rose 1.7% MOM, buoyed by strength in Greater China and South Korea, where tech and industrial activity surprised on the upside. However, the JP Morgan Emerging Markets Bond Index (JPM EMBI) declined 0.8% MOM in July 2025, as investors rotated out of sovereign EM debt amid rising global yields. In developed markets, the S&P 500 rose 2.2% MOM in July 2025, and the MSCI World Index advanced 1.2% MOM, supported by upbeat second-quarter corporate earnings and improved macro visibility. The UK FTSE 100 saw a robust 4.2% MOM gain, driven by upward revisions to earnings in energy and materials sectors, which had been significantly depressed in prior quarters. Fixed income markets remained steady. The US Treasury Index declined marginally by 0.3% MOM, reflecting higher yields amid stronger economic data and improved risk appetite. Emerging market credit showed resilience, with Global High Yield Corporate Bonds rising 0.4% MOM, EM USD Aggregate Bonds increased 0.9% MOM, and EM Hard Currency Debt gained 0.6% MOM. The Dow Jones Sukuk Index edged up 0.3%, continuing a slow recovery trend. In commodities, performance diverged sharply. Gold prices fell 0.4% MOM, pausing after a recent rally, while copper plunged 13.4% MOM, pressured by President Trump's newly announced 50% tariffs on imported copper and temporary exemptions for refined metal imports. In contrast, Brent crude surged 7.3%, supported by optimism around global demand and supply constraints stemming from Middle East tensions.

Figure 1: Global Asset Performance (YTD in FY2025)

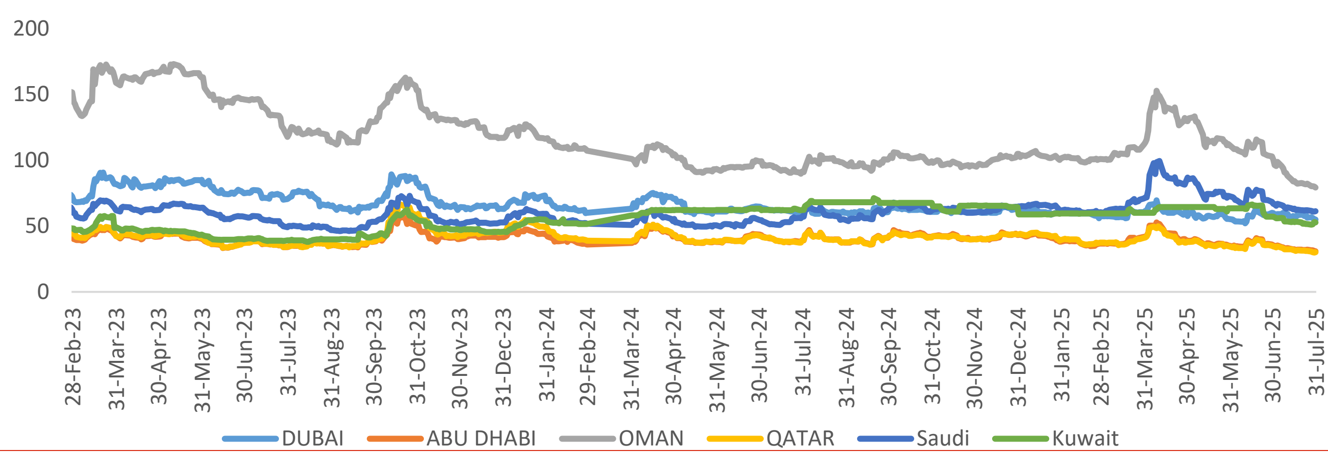


Source: Bloomberg

5-Year CDS

The 5-year CDS spread declined across all GCC Countries in July 2025. Oman recorded the highest decline of 23.0% on a MOM basis in July 2025. Abu Dhabi recorded the second-highest drop of 14.3% MOM during the month. Additionally, on a MOM basis, other GCC countries such as Qatar, Saudi Arabia, Dubai, and Kuwait also recorded a decline of 14.01%, 10.49%, 8.58%, and 7.33%, respectively, during July 2025.

Figure 2: GCC Countries- 5 Year CDS



Source: Bloomberg

Sovereigns	DUBAI	ABU DHABI	Oman	Kuwait	Qatar	Saudi
MTD (%)	-8.58%	-14.31%	-23.00%	-7.33%	-14.01%	-10.49%

Banking Sector

Emirates NBD Eyes USD369 Mn Stake in India's RBL Bank

Emirates NBD is considering acquiring a minority stake of 15–20% in India-listed RBL Bank through a preferential allotment, aimed at injecting fresh capital. The investment, estimated at USD 369 Mn, remaining below the open offer threshold, subject to regulatory approvals. The deal is expected to be priced at a premium to the current market rate.

Kuwait's Gulf Bank and Warba Bank appointed advisors for a potential merger

Kuwait-listed Gulf Bank and Warba Bank appointed advisory teams to conduct feasibility studies and due diligence in connection with a potential merger. Moreover, both banks have received approval from the Central Bank of Kuwait for these advisory appointments. Furthermore, the merger would create one of the largest Shariah-compliant banks in Kuwait with assets totalling c. KWD 13 Bn. Warba Bank named Bain & Company as management consultant, JP Morgan as lead financial advisor, Al Shall Consulting as local investment advisor, Clifford Chance as lead legal advisor, and Al Tamimi & Co. as local legal advisor. On the other hand, Gulf Bank appointed Goldman Sachs as investment consultant, McKinsey Kuwait for Management & Consultancy as commercial consultant, PwC as financial and tax consultant, International Counsel Bureau as local legal consultant, and Freshfields Bruckhaus Deringer as global legal consultant.

Corporate Sector

ADNOC Drilling secures USD 800 Mn contract for Oilfield Services from ADNOC

ADNOC Drilling is awarded five-year oilfield services contract worth USD 800 Mn from ADNOC Onshore. The contract will commence in 3Q25, while the Company will start realizing revenues from 2027.

ACWA Power Prices plans USD 1.89 Bn Rights Issue at USD 56 per Share

ACWA Power is set to raise its capital through a USD 1.9 Bn rights issue at USD 56 per share. ACWA Power will offer nearly 34 Mn new shares to raise its total share count to more than 766 Mn. The right issue might include a rump placement to ensure full subscription. Proceeds will support its strategy to triple AUMs by 2030 and reinforce its financial position.

Aldar acquired logistics assets at AlMarkaz Industrial Park for USD 144 Mn

Aldar invested USD 144 Mn to acquire logistics assets in AlMarkaz Industrial Park, Al Dhafra. The acquisition will add 182,500 sqm of net leasable area to the company's logistics portfolio. The freehold assets developed by Waha Land holds economic zone status and has strong potential for further expansion.

Americana signs franchise deal with Carpo

Americana Restaurants signed an exclusive franchise deal with Greek luxury brand Carpo, known for premium nuts, artisanal chocolates, and refined coffee. The agreement offers exclusive rights to operate and build Carpo store in Kuwait and Qatar, with future expansion into Bahrain and Saudi Arabia. Americana will start the first store by late 2025. The move marks a strategic shift for Americana into high-margin premium retail, broadening its portfolio beyond restaurants.

Rating Outlook

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

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

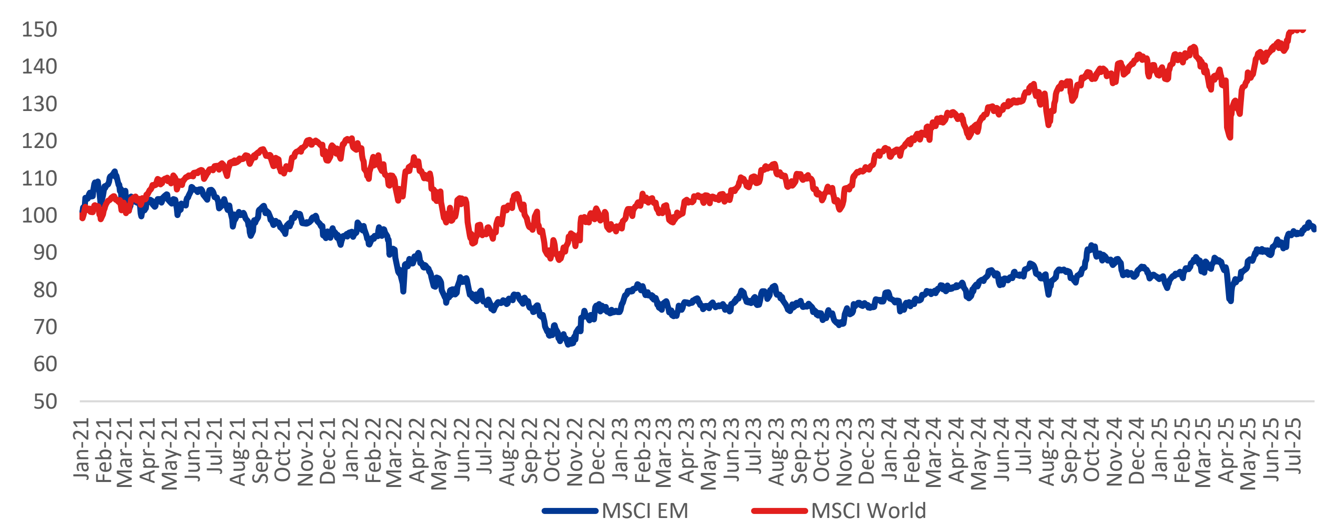
- In January 2024, Moody’s upgraded **Qatar**’s local and foreign-currency Long-Term issuer and foreign currency senior unsecured debt ratings to Aa2 from Aa3. It also changed the outlook from positive to stable. The rating is attributed to significant improvements in Qatar’s fiscal metrics during 2021-2023.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

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

Global Markets

Global equity markets maintained their upward momentum in July 2025, though the pace of gains moderated compared to the previous month. Both MSCI Developed Markets (DM) and MSCI Emerging Markets (EM) indices posted positive returns, supported by improved macroeconomic visibility, strong earnings, and stabilizing geopolitical risks. The MSCI EM Index rose 1.7% MOM, with strength driven by continued outperformance in South Korea and Taiwan. In both countries, technology stocks led the rally, reflecting ongoing optimism around the artificial intelligence (AI) investment cycle. The KOSPI and TAIEX were among the best-performing indices globally in July. EM performance, however, was held back by weakness in the India and Brazil markets, where profit-taking and macroeconomic concerns led to market declines. On a YTD basis, EM equities continued to outperform developed markets, with the MSCI EM Index posting a 15.6% gain, compared to a 9.9% increase for the MSCI DM Index. Developed markets also advanced, with the MSCI DM Index climbing 1.2% MOM. The rally was broad-based, led by notable strength in the UK, US, and Japanese equity markets. In the US, the S&P 500 rose 2.2%, reaching another record high. Investor sentiment was lifted by a better-than-expected earnings season, with c. 80% of reporting companies exceeding earnings expectations. Growth stocks, particularly in the technology sector, continued to outperform value stocks. The final passage of the One Big Beautiful Bill Act (OBBBA), with more expansionary provisions than initially proposed, further supported the market, especially small-cap equities. Investor focus also shifted back to large-cap tech names as the Federal Reserve held interest rates steady and speculation around a September rate cut increased. Japanese equities gained 1.4% MOM, supported by yen weakness and resilient demand for exports, particularly in the tech sector. The UK market outperformed its peers, with the FTSE 100 advancing 4.2% MOM, driven by earnings upgrades in energy and materials sectors and improved risk sentiment. The UK's commodity-heavy market benefited from rising prices of iron ore and steel and clarity on global trade policies. In contrast, continental Europe underperformed. Although France's FR40 rose 1.4% MOM in July 2025, the broader MSCI Europe ex-UK index fell 0.2% on MOM basis. Sentiment was dragged lower by cautious outlooks from major technology firms concerned about new US trade policies, and soft consumer demand from China impacted sectors like food and beverages. Geopolitically, markets responded positively to the US administration's trade deals with Vietnam, Japan, and the EU, which brought more predictable tariff structures and reduced the risk of a prolonged trade war. These agreements included 15% tariffs on most imports, significantly higher than pre-2017 averages but lower than feared. Additionally, signs of macroeconomic resilience in China, supported by recovering credit growth and better-than-expected economic data, added further support to global risk assets.

Figure 3: MSCI World and Emerging Market Index Historical trend



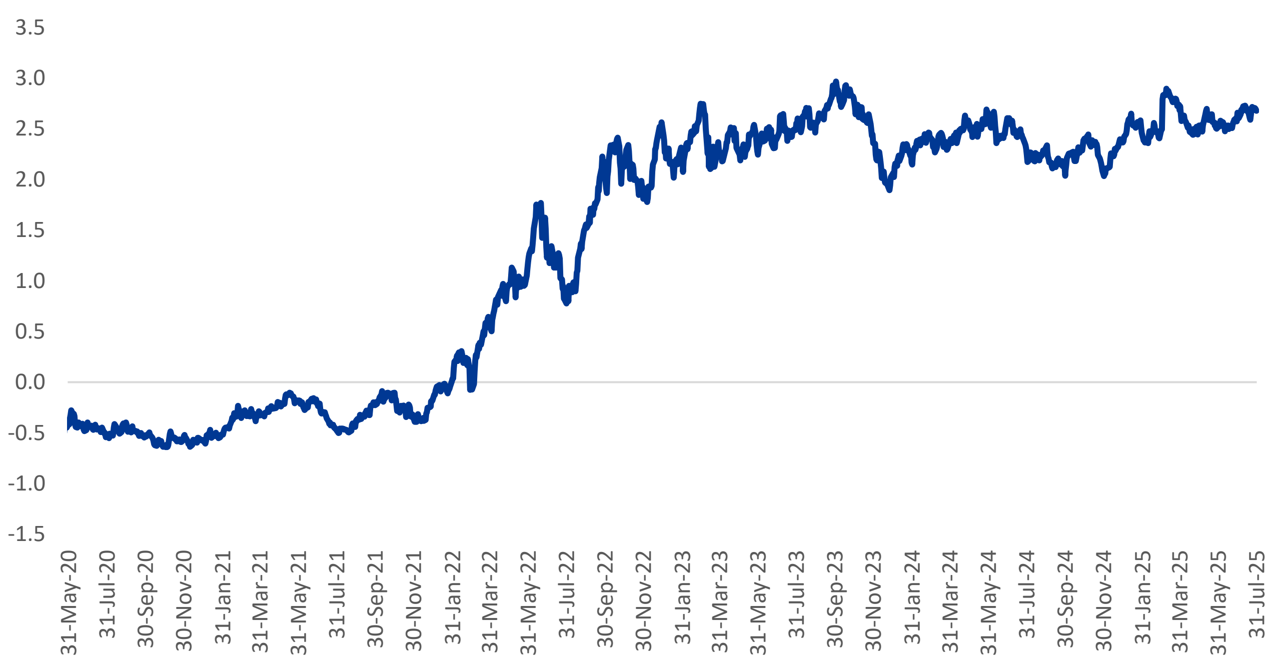
Source: Bloomberg

Yield on 10-year government

Figure 4: US 10-year government yield

Source: Bloomberg

Figure 5: Germany 10-year government yield

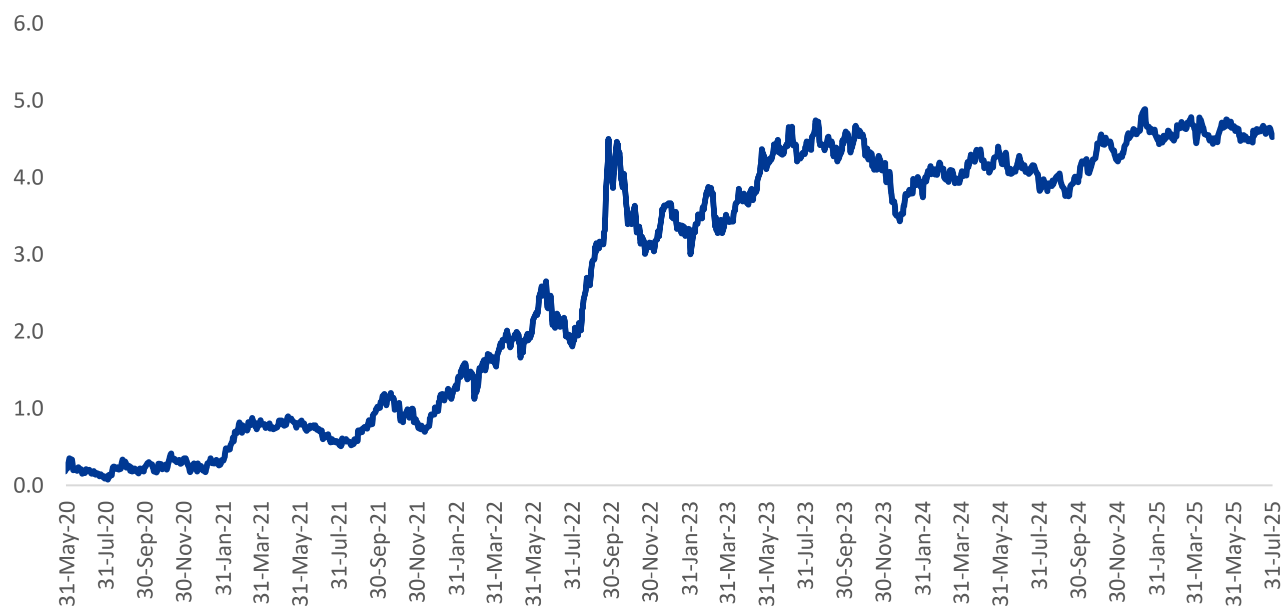


Source: Bloomberg

Figure 6: Japan 10-year government yield

Source: Bloomberg

Figure 7: UK 10-year government yield

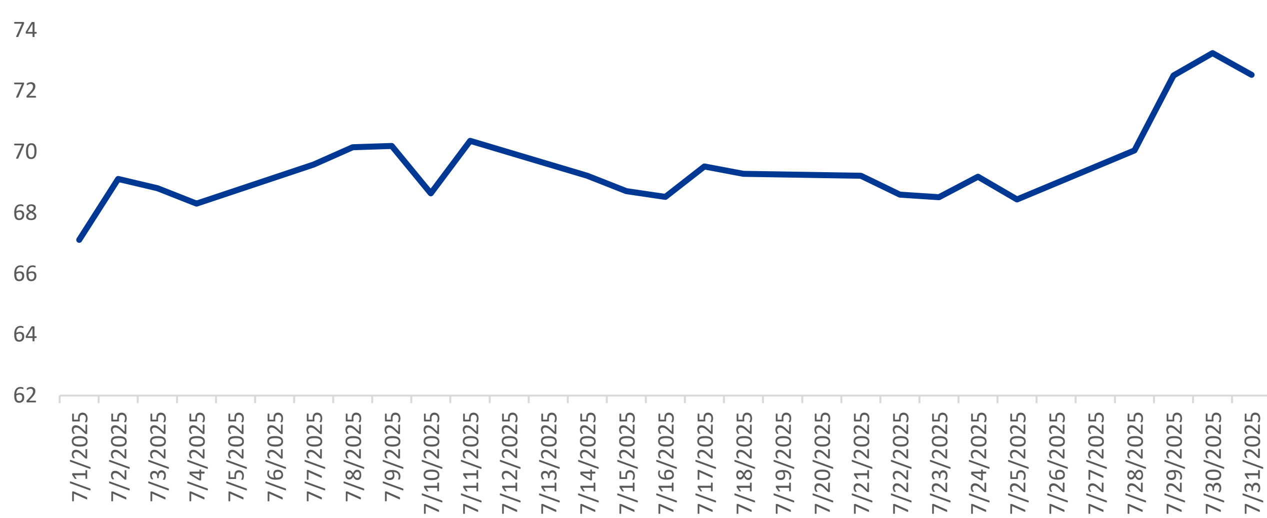


Source: Bloomberg

Oil Outlook

Brent Crude oil prices rose 7.3% MOM to USD 72.53 per barrel on 31 July 2025. Oil prices increased marginally in the first week of July 2025 as Iran declined cooperation with the UN Nuclear watchdog and the softening of the US dollar, partially offset by weak US demand indicated by a rise in US oil inventories. Additionally, oil prices eased following the OPEC+ decision to increase output in August 2025. In the following week, oil prices increased, mainly driven by a strong vacation travel demand in the US on 4 July. Consequently, oil prices further increased as investors watched out for US sanctions on Russia, which might disrupt the global supply, while the oil gains were capped by increasing output by Saudi Arabia. However, the oil prices declined initially in mid-month as the market didn't take the US President's threat of tariffs on Russian oil seriously. Prices remained largely stable after the initial decline, supported by steady demand from the US and China amid an improving economic environment in both countries, in addition to the expectation of supply disruptions from drone attacks in Iraqi Kurdistan. Moreover, prices declined after the mid-month due to OPEC+ plans to end output cuts and Iraq's plan to resume Kurdistan oil exports through a pipeline through Turkey, easing supply constraints. Oil prices increased at the end of the month due to the anticipation of an improvement in the global outlook and stronger oil demand, driven by expectations of a potential tariff pause with China and a trade agreement with the EU.

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

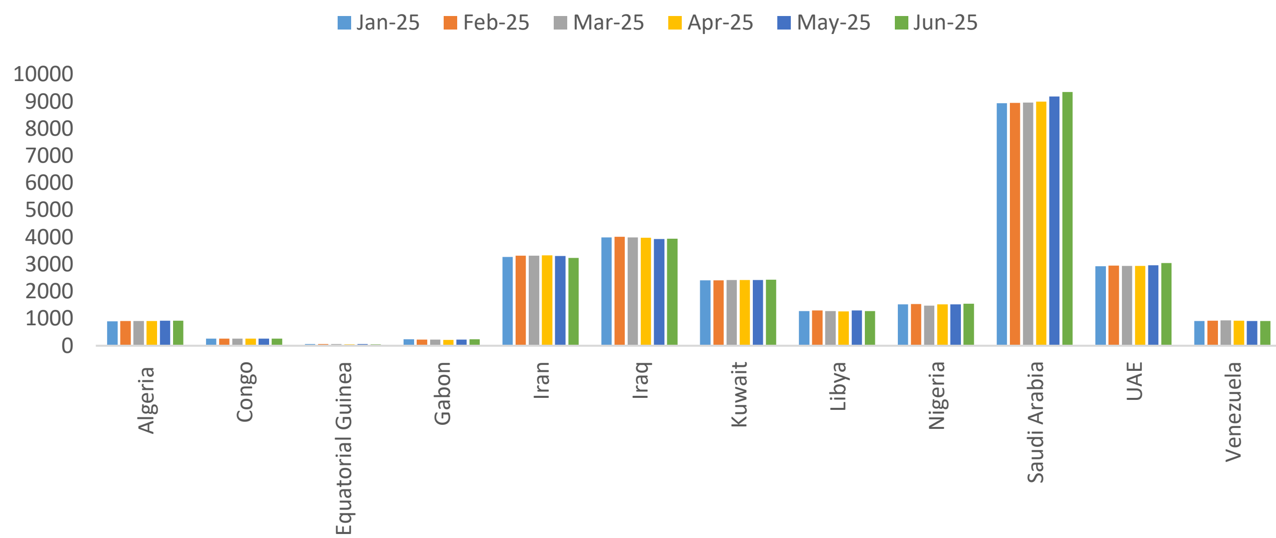


Source: Bloomberg

OPEC Production

Total Brent crude oil production from the OPEC-12 countries rose 219 thousand barrels per day (bpd) MOM, reaching 27.2 Mn bpd in June 2025. Eight of the 12 OPEC members reported an increase in production during the month. Saudi Arabia witnessed the largest rise in production, increasing 173 thousand bpd MOM in June 2025, followed by UAE, which saw an 83 thousand bpd MOM growth. Nigeria's oil output increased 19 thousand bpd MOM in June 2025, while Kuwait's oil output grew 12 thousand bpd MOM. Similarly, Iraq and Algeria witnessed a production growth of 11 and six thousand bpd MOM, respectively, in June 2025. Furthermore, Gabon and Venezuela's oil output increased two thousand bpd MOM each in June 2025. On the other hand, Iran's oil output fell the most by 62 thousand bpd MOM in June 2025, followed by Libya with a 24 thousand bpd MOM decline, while Equatorial Guinea's oil production fell 3 thousand bpd MOM. Additionally, Congo's production in June 2025 remained unchanged compared to the previous month at 256 thousand bpd.

Figure 9: OPEC Crude Oil Production

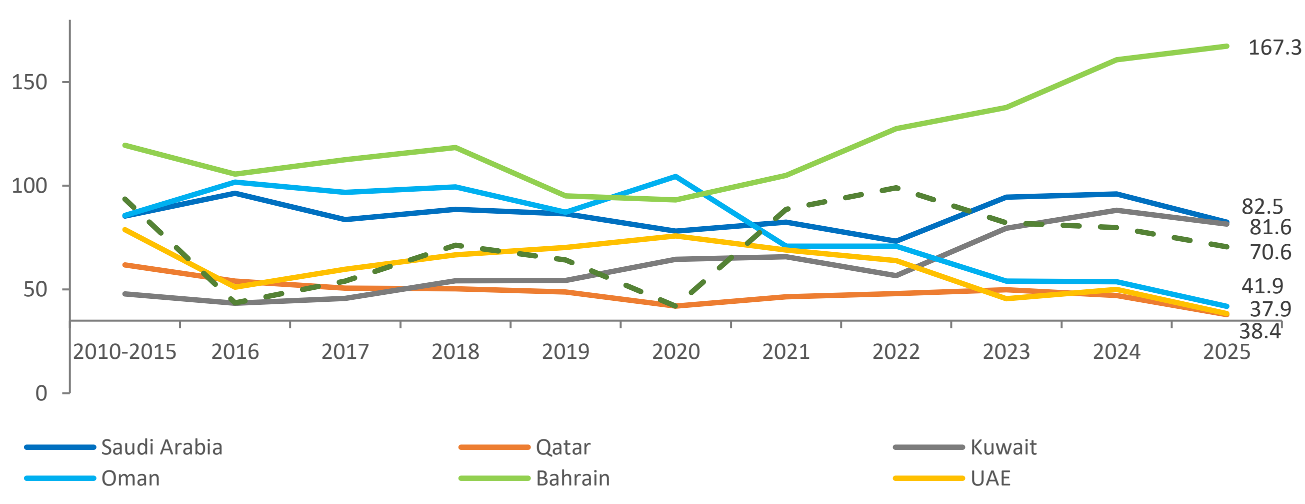


Source: OPEC

Fiscal Breakeven Oil Price

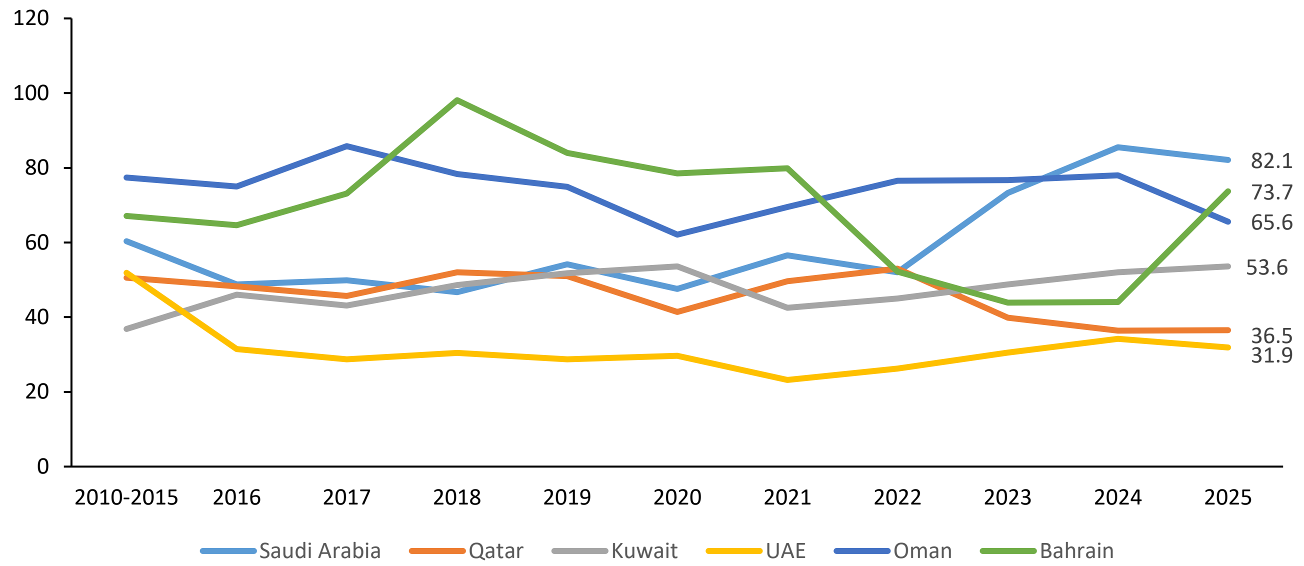
The overall fiscal breakeven oil price is expected to decline for all GCC Countries in FY2025, except Bahrain. Bahrain's fiscal breakeven is projected to grow from USD 160.8 per barrel in FY2024 to USD 167.3 in FY2025. Saudi Arabia, Qatar, Kuwait, UAE and Oman will record a decline in break-even oil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



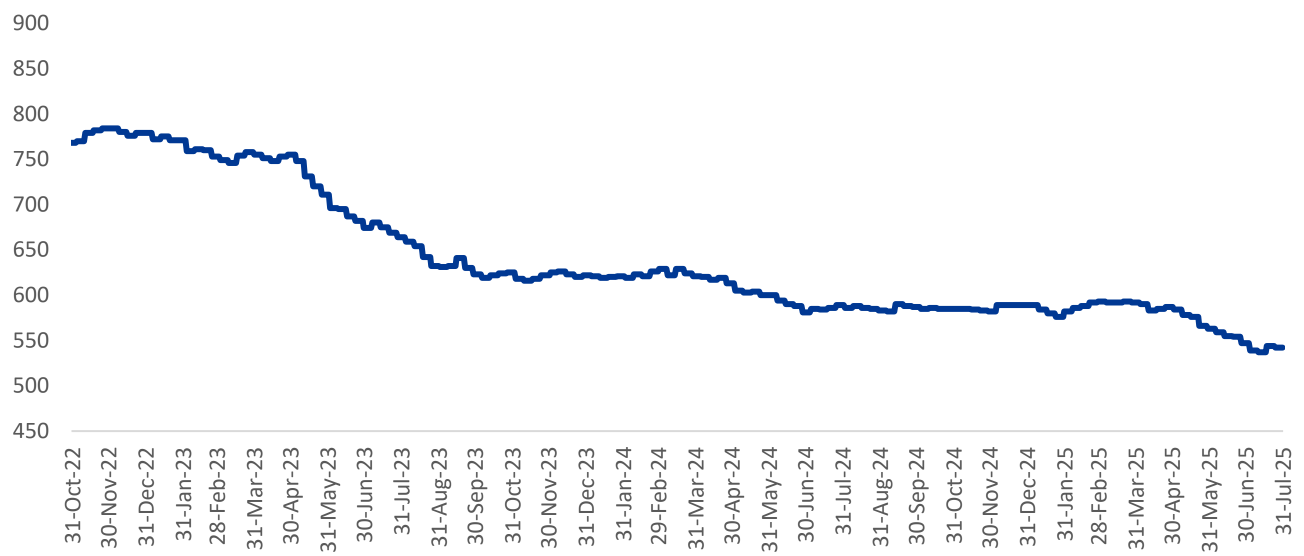
Source: Bloomberg

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



Source: Bloomberg

Figure 12: Oil Rig Count



Source: Bloomberg

FAB أبوظبي الأول للأوراق المالية SECURITIES

Credit Strategy

Current View on Credit Initiation:

Name	Sector	Price	Mid YTM	Moody's/S&P/Fitch
ALDAR 3.875% 2029	Real Estate	97.42	4.58	Baa1/NA/NA
KWIPKK 4.5% 2027	Investment Co.	94.79	8.38	WR/NR/NA
ARAMCO 3.5% 2029	Oil & Gas	97.24	4.34	Aa3/NA/A+
BGBKKK 2.75% 2031	Bank	95.40	6.09	NA/NA/BBB+
GENHLD 4.76% 2025	Investment Co.	100.04	4.78	A1/NA/A
INTLWT 5.95% 2039	Power Generation and Water Utility	100.25	5.95	Baa3/NR/BBB-

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

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

Implications of Securities Recommendations

Bond Particulars	Call	Price	Yield	1M Return	3M Return	YTD Return	12M Return
INTLWT 5.95% 2039	MW	100.25	5.91	NA	0.75	1.87	2.08
GENHLD 4.76% 2025	OW	100.04	4.59	NA	0.25	0.33	0.54
BGBKKK 2.75% 2031	MW	95.40	7.14	0.62	1.05	3.31	4.82
ARAMCO 3.5% 2029	OW	97.24	4.32	0.51	1.58	3.29	2.13
KWIPKK 4.5% 2027	MW	94.79	8.15	NA	1.11	3.36	3.00
ALDAR 3.875% 2029	OW	97.42	4.55	NA	1.00	3.33	2.07

Source: Bloomberg

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 97.42 with a yield of 4.58% when held until maturity (redemption at par) with a modified duration of 3.79. 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 69.3 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 track record of 25 years, having a land bank of 16 Mn sqm 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 1Q25 with a revenue of AED 7.8 Bn, up 38.7% YOY, the growth was driven by strong double-digit performance in both the Development and Investment segments, supported by rising demand from residential expatriates and overseas buyers attracted by the UAE's appealing lifestyle and reputation as a prime investment destination. It recorded a gross profit of AED 2.8 Bn, up 37.3% YOY in 1Q25, and a net profit of AED 1.6 Bn, up 24.6% YOY, demonstrating the resilience of Aldar's diversified business model. Aldar EPS rose to AED 0.202 in 1Q25 from AED 0.161 in 1Q24, demonstrating consistent long-term shareholder value growth.

- Aldar's strong financial results are primarily driven by the robust performance of Aldar Development and Aldar Investment's recurring income portfolio, coupled with significant contributions from acquisitions. The strong growth in the investment business is driven by a rapid recovery in the investment property, hospitality, and leisure business segments. The backlog of the development business increased from AED 54.6 Bn in 2024 to AED 55.7 Bn in 1Q25 as a result of record sales and project launches, in addition to strong contributions from SODIC, offering healthy revenue visibility over the next two to three years. Additionally, Aldar launched 2 new developmental projects, Manarat Living III and The Wilds in 1Q25. The Project Management business revenue backlog increased to AED 89 Bn in 1Q25, compared to AED 79 Bn in 1Q24, with projects worth AED 50 Bn currently under construction. A considerable revenue backlog, along with a robust project pipeline and diverse revenue sources, supports the Company's long-term revenue visibility. Aldar Investment's AUM reached AED 42 Bn in 1Q25 as a result of strategic acquisitions and robust performance across the core real estate portfolio. Occupancy levels across the investment properties stood at 96% across the Commercial, Retail, Logistics, and Residential properties.
- Aldar Development initiated its international expansion strategy by acquiring the UK developer London Square, investing in European real estate private credit, and making direct investments in European logistics and self-storage assets. Aldar's landbank is strategically distributed across significant investment zones in Abu Dhabi, Dubai, and Ras Al Khaimah, with a total owned and controlled land area of 60.5 Mn sqm.
- Aldar Properties deployed capital amounting to c. AED 0.03 Bn in 1Q25, while in FY2024 it deployed capital of AED 4.4 Bn across development, investment and international funds & investments. It provided guidance to deploy capital of AED 3-4 Bn in FY2025. In Abu Dhabi, the land area spans 60.4 Mn sqm, with a gross floor area (GFA) of 8.1 Mn sqm. Meanwhile, in Dubai, the land area encompasses 0.05 Mn Sqm. Aldar Education is a leading private education provider in Abu Dhabi with 31 owned and managed schools as of 1Q25, primarily across the UAE, with one green field project in Abu Dhabi.
- Liquidity position remains healthy with AED 10.2 Bn worth of free & unrestricted cash and AED 19.3 Bn of undrawn bank facilities in 1Q25. The Company's net debt stood at AED 4.0 Bn in 1Q25.

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 94.79 with a yield of 8.38% when held until maturity (redemption at par) and has a modified duration of 1.42. 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 FY24 to KWD 13.3 Bn in 1Q25, 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 reduction in dividend if required.

- KIPCO's total revenue from operations increased 9.0% YOY to KWD 384 Mn in 1Q25, mainly due to healthy performance from commercial banking, asset management & investment banking, and industrial & logistics, partially offset by a decline in Net fees and commission income, educational services income, and other income.
- The company's operating profit from continuing operations rose to KWD 50 Mn in 1Q25, up from KWD 44 Mn in 1Q24. Provisions for credit losses increased from KWD 6 Mn in 1Q24 to KWD 12 Mn in 1Q25. Profit before tax increased from KWD 31 Mn in 1Q24 to KWD 32 Mn in 1Q25.
- The Company recorded a decrease in net profit attributable to shareholders from KWD 6 Mn in 1Q24 to KWD 5 Mn in 1Q25.

- KIPCO cash and bank balance at the parent company level stood at KWD 66 Mn on 31 March 2025, compared to KWD 87 Mn on 31 December 2024.
- Total outstanding debt increased to KWD 852 Mn in 1Q25 from KWD 841 Mn in 4Q24.
- KIPCO has received a dividend income of KWD 5 Mn in 1Q25 compared to KWD 4 Mn in 1Q24.
- 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 97.24 and offers a yield of 4.34% with a modified duration of 3.38. 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 1.0% to SAR 405.6 Tn in 1Q25, mainly due to a decline in crude oil prices, largely offset by a higher volume of crude oil sold. Revenue from Downstream operation rose 6.3% YOY to SAR 228.4 Bn in 1Q25, while revenue from Upstream operation fell 5.3% YOY to SAR 176.5 Bn in 1Q25. Other income related to sales declined 33.1% YOY to SAR 24.0 Bn in 1Q25, owing to a significant decline in revenue from the Downstream operation compared to the fall in revenue from the Downstream operation in 1Q25. Thus, revenue and other income related to sales fell from SAR 0.44 Tn in 1Q24 to SAR 0.43 Tn in 1Q25.
- Royalties and other taxes declined from SAR 52.2 Bn in 1Q24 to SAR 40.8 Bn in 1Q25. Total operating costs rose 1.0% to SAR 0.24 Tn in 1Q25 owing to an increase in purchases, producing and manufacturing expenses, partially offset by a decline in Selling, administrative and general, Exploration, royalties and other taxes, and Research and development expenses. The Company's finance income fell to SAR 3.7 Bn in 1Q25 compared to SAR 6.8 Bn in 1Q24.
- Income before taxes and zakat fell from SAR 205.0 Bn in 1Q24 to SAR 190.2 Bn in 1Q25, primarily attributed to a decline in crude oil prices, partially offset by higher volumes sold.
- Furthermore, Aramco's net profit declined from SAR 102.3 Bn in 1Q24 to SAR 97.5 Bn in 1Q25.
- Free cash flow fell from SAR 85.3 Bn in 1Q24 to SAR 71.8 Bn in 1Q25, primarily attributable to lower earnings, partially offset by favourable movements in working capital.

- Aramco paid base dividends of SAR 79.3 Bn in 1Q25. Additionally, the company distributed performance-linked dividends of SAR 0.8 Bn in the same period.
- The Company's progress on its Upstream oil and gas projects, such as the Dammam project expected to launch in 2H24, Marjan & Berri expected to launch by FY2025, and Zuluf anticipated to launch by FY2026, will enhance its operational flexibility to capture value from strong global demand. However, Aramco's strategy to boost oil production capacity to 13.0 Mn barrels per day by FY2027 is affected due to the OPEC+ cuts.
- Aramco's gearing ratio stood at 5.3% in 1Q25 compared to 4.5% in FY2024. The increase in gearing was primarily driven by the change in the net debt position, mainly reflecting dividend payments and capital expenditures, partially offset by operating cash inflows during the period. Aramco's capex amounted to SAR 47.0 Bn in 1Q25 compared to SAR 40.6 Bn in 1Q24, the increase was primarily due to increased development activity to support the strategic expansion of the Company's gas business. The Company's debt rose from SAR 319.3 Bn in FY2024 to SAR 326.1 Bn in 1Q25.

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 95.40. The bond offers a yield of 6.09% and a duration of 1.06. Its loan book is diversified with exposure to Kuwait and international operations in multiple sectors.0020

- 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 123 branches and 283 ATMs as of 1Q25. KIPCO Company majorly owns the Bank with a stake of 33.5%.
- Burgan Bank revenues increased 8.0 % YOY to KWD 58 Mn in 1Q25, driven by a 30.1% YOY growth in the net interest income amounting to KWD 44 Mn, partially offset by a 30.2% YOY decline in the non-interest income amounting to KWD 14 Mn.
- The net interest margins rose to 2.5% YOY in 1Q25 compared to 2.0% in 1Q24. Net fees and commissions income increased from KWD 8.1 Mn in 1Q24 to KWD 7.9 Mn in 1Q25.
- Operating expenses increased 12.3% YOY to KWD 33 Mn in 1Q25. The cost-to-income ratio stood at 57.8% in 1Q25 compared to 55.6% in 1Q24.
- Provision expenses net of recoveries stood at KWD 6.8 Mn in 1Q25 compared to KWD 3.0 Mn in 1Q24 mainly due to an increase in provision for credit losses.
- The Bank reported a net profit attributable to shareholders of KWD 10 Mn in 1Q25.
- Loan and advances to customers rose 7.7% YOY to KWD 4.7 Bn in 1Q25. Deposit rose 6.9% YOY to KWD 5.4 Bn in 1Q25, with a CASA deposit of 27%.
- The Bank's non-performing loans fell marginally from 2.6% in 1Q24 to 1.8% in 1Q25. Capital adequacy ratio stood at 17.5% in 1Q25, above the regulatory requirement. The Bank maintains high liquidity levels, with a liquid coverage ratio (LCR) and net stable funding ratio (NSFR) of 181% and 113%, respectively, as of 1Q25, substantially above the minimum regulatory requirement of 100%.
- The bank redeemed its USD 500 Mn AT1 bonds in July 2024 as part of its funding strategy, under which it issued new USD-denominated AT1 Bonds worth KWD 150 Mn in May 2024.
- The bank has launched a USD 500 Mn Certificate of Deposit (CD) program to further diversify its funding base.
- Furthermore, Burgan Bank acquired from the Central Bank to acquire United Gulf Bank from United Gulf Holdings.
- 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.

GENHLD 4.76% 2025: OVERWEIGHT rating

We assign an OVERWEIGHT rating on Senaat's 4.76% Sukuk maturing in December 2025. The Sukuk is trading for USD 100.04 and offers a yield of 4.78% when held till maturity (redemption at par). Arkan Building Materials Company PJSC completed the acquisition of Emirates Steel Industries PJSC ("Emirates Steel") and issued share capital from its majority shareholder, General Holding Corporation PJSC ("SENAAT"), on October 6th, 2021, in exchange for the issuance of 5.1 Bn new ordinary shares in the Company. Emirates Steel became a direct 100% subsidiary of the Company, and SENAAT's ownership in Arkan increased from 51% to 87.5% of its issued share capital as a result of this transaction.

- Overall Group revenues in FY2024 reached AED 13,260 Mn, down from AED 13,466 Mn in FY2023. The decline in revenue is attributed to lower revenues from the building materials and steel industries, partially offset by growth in the Snacking, Agri-business, and Food & Water segment.
- Revenue from the Food and Beverages segment increased to AED 4,923 Mn in FY2024 compared to AED 4,568 Mn in FY2023. Revenue from the Steel industry declined from AED 8,029 Mn in FY2023 to AED 7,577 Mn in FY2024. The revenue from Building materials declined to AED 761 Mn in FY2024 from AED 871 Mn in FY2023.
- The EBITDA declined to AED 1,827 Mn in FY2024, compared to AED 2,174 Mn in FY 2023. The EBITDA margin decreased to 13.78% in FY2024 from 16.15% in FY2023. However, the net profit of the Group declined to AED 988 Mn in FY2024 from AED 1,058 Mn in FY2023. The net profit margin also declined to 7.45% in FY2024 from 7.86% in FY2023. The Group earned 7.6% return on equity in FY2024 as compared to 8.2% in FY2023.
- As of December 31, 2024, the Group's total assets stood at AED 20.1 Bn, down from AED 20.6 Bn in December 2023, and the value of shareholders' equity stood at AED 12.8 Bn as of December 2024, down from AED 13.3 Bn in December 2023. The external debt of the Group increased to AED 3.3 Bn in FY2024 from AED 3.1 Bn in FY2023, improving the EBITDA leverage from 1.7x in FY2023 to 2.0x in FY2024. The consolidated cash and bank balance increased from to AED 1,077 Mn in FY2023 to AED 1,478 Mn in FY2024.
- The Long-Term Issuer Default Rating (IDR) of General Holding Corporation PJSC (Senaat) has been affirmed by Fitch Ratings at 'A' with a Stable Outlook. Senaat's Sukuk Limited's senior unsecured notes were similarly affirmed at 'A' by Fitch.

INTLWT 5.95% 2039: Maintain MARKET WEIGHT rating

We assign MARKETWEIGHT on APMI One's 5.95% bond maturing in May 2039. The bond is trading at USD 100.25 with a yield of 5.95% if held till maturity (redemption at par). The bond has a modified duration of 6.93. 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.

- Eleven large-scale new renewable projects, which aggregate of c.7.1 GW have been added to the portfolio in 2023, which now accounts for 44.5% of the power portfolio. The Company also targets achieving an equal 50/50 portfolio balance between renewables and flexible generation by FY2030. The Company has 101 assets (in operation, under construction, or in advanced development) with a total investment cost of SAR 403 Bn, generating 78.9 GW of electricity producing 9.5 Mn cubic meters of desalinated water per day.

- 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. Below is the effective percentage share of ACWA Power in the listed entities as of 31st December FY2024:
- 30% in Shuaibah Water & Electricity Co. (SWEC), Contract Initiated in 1Q10 for 20-yr PWPA.
- 30% in Shuaibah Expansion Project Co. (SEPCO), Contract Initiated in 4Q09 for 20-yr WPA.
- 69% in Rabigh Arabian Water & Electricity Co. (RAWEC), Contract Initiated in 2Q08 & 2Q16 for 25-yr WECA.
- 40% in Rabigh Electricity Co. (RABEC), Contract Initiated in 2Q13 for 20-yr PPA.
- 20% in Jubail Water & Power Co. (JWAP), Contract Initiated in 3Q10 for 20-yr PWPA.
- 22.5% in Hajr for Electricity Production Co. (HEPCO), Contract Initiated in 2Q16 for 20-yr PPA.
- 100% in First National Holding Co., which own 99% ownership in First National O&M Co. (NOMAC), NOMAC went through a restructuring that led to all the assets and liability, (Not including Rabigh Power Company (O&M)), under APP to be transferred to First National Holding Co.
- APP filed its zakat and tax returns for all the years till FY2023. APPs closed its position with the ZATCA until FY2018, however the assessment is pending for FY2019-22. 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 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 31st March 2025.

The financial details as of 1Q25 for ACWA Power are listed below:

- ACWA Power's operating income before impairment loss and other expenses significantly grew from SAR 401 Mn in 1Q24 to SAR 870 Mn in 1Q25. The rise in operating income was primarily due to services and procurement income from projects in development and construction, partially offset by higher development cost provision/write-off.
- Net profit attributed to the equity holders grew 44.2% YOY to SAR 427 Mn in 1Q25. The growth in net profit is primarily from higher operating income, lower impairment loss at Noor 3 CSP in Morocco and lower Zakat and tax charges, partially offset by higher financial charges and share of profit to non-controlling shareholders.
- The adjusted net profit for 1Q25 amounted to SAR 525 Mn, a significant increase compared to SAR 92 Mn in 1Q24. This sharp rise was driven by an adjustment of SAR 97 Mn gain in 1Q25 compared SAR 204 Mn loss during 1Q24.
- In 1Q25, ACWA Power signed a Share Purchase Agreement (SPA) to acquire multiple strategic assets across Kuwait and Bahrain for a total consideration of SAR 2.6 Bn. The transaction includes a 17.5% stake in Az-Zour North and a 50% stake in its O&M company in Kuwait, as well as a 45% stake in Al Ezzel along with full ownership of its O&M company, a 45% stake in Al Dur, and a 30% stake in Al Hidd in Bahrain. After completion, the deal is expected to add 4.6 GW of gas-fired power generation capacity and 1.1 million m^3/day of water desalination to ACWA Power's portfolio. This increases ACWA Power's overall operational capacity to around 41.8 GW of energy and 6.7 Mn m^3/day of water.
- In 1Q25, consolidated power availability stood at 89.9%, in line with the level recorded in the same period of 2024. This performance reflects a slight decline from year-end 2024 levels, primarily driven by planned maintenance outages during the winter season. Within the Power segment, renewable assets operated at an average availability of 93.7% during 1Q25. This figure was below the typical performance range for the portfolio, largely due to a

prolonged outage at the Noor 3 Concentrated Solar Power (CSP) plant in Morocco. Full operations at the facility resumed in April 2025, which is expected to support a return to normal availability levels in the upcoming quarter.

- ACWA Power received Capital Market Authority approval to increase its capital via a SAR 7.1 Bn rights issue.
- ACWA Power reported a cash & short-term investments of SAR 4.0 Bn in 1Q25. The Company's debt stood at SAR 26.1 Bn in 1Q25, up from SAR 24.2 Bn in FY2024.
- The Company's corporate borrowing remains constant at SAR 1.4 Bn in 1Q25.

Bond Yield charts (%)

Figure 13: ALDAR 3.875% 2029

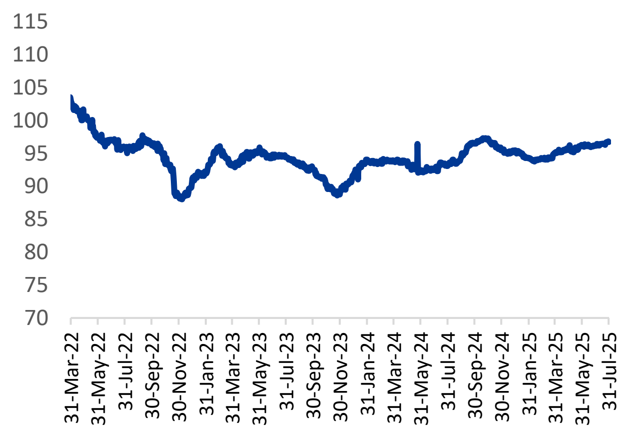


Figure 14: KWIPKK 4.5% 2027

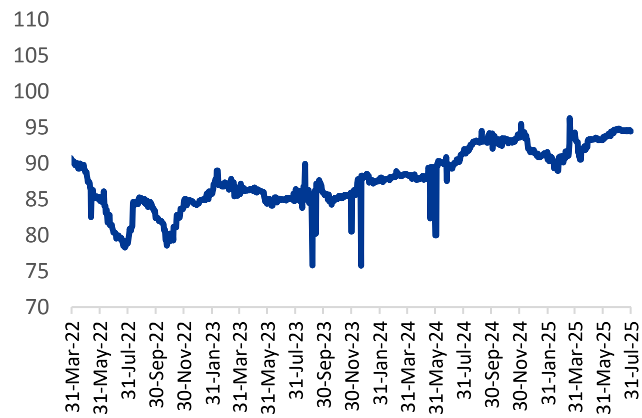


Figure 15: ARAMCO 3.5% 2029

Figure 16: GENHLD 4.76% 2025

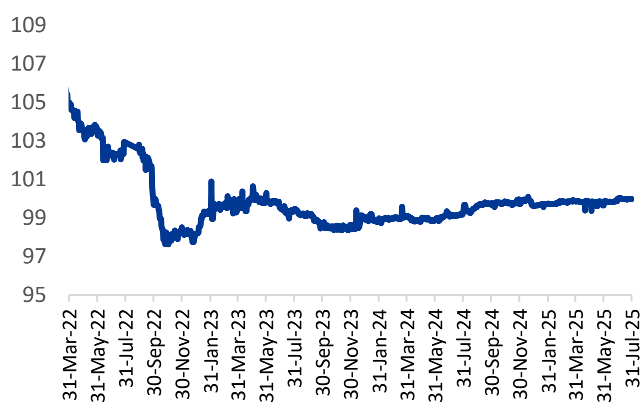


Figure 17: INTLWT 5.95% 2039

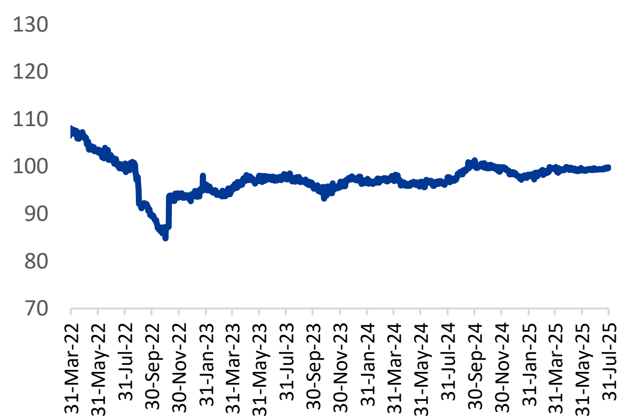


Figure 18: BGBKKK 2.75% 2031

Source: Bloomberg

Key Market Indicators

Particulars	Price/Yield	YTD (% change)	MOM (% change)
Brent crude	69.50	-6.89	1.76
US dollar index	98.82	-8.91	1.68
10Y Treasury yield[1]	4.25	-0.31	-0.12
2Y Treasury yield[1]	3.71	-0.54	-0.23
10Y German bond yield[1]	2.68	0.31	-0.02
10Y Japan bond yield[1]	1.51	0.41	-0.05
Bloomberg UAE Composite USD Liquid index	145.82	5.16	0.86

Source: Bloomberg, [1] in Basis point

Sovereign Highlights

UAE

Dubai launches initiative to encourage first-time homeownership

Dubai Land Department (DLD) and Dubai Department of Economy and Tourism (DET) launched the First-Time Home Buyer Programme to support both Emiratis and expats in purchasing their first home. The initiative offers early access to new property launches, special pricing, and customised mortgage options for units up to AED 5 Mn. Backed by major local banks, it targets residents above 18 years who don't currently own a freehold property in Dubai. Aligned with the Dubai Economic Agenda D33 and Real Estate Strategy 2033, the programme aims to boost real estate's GDP contribution, promote inclusion, and foster long-term investment.

UAE's non-oil PMI edged up to 53.5 in June 2025

The UAE's non-oil private sector maintained moderate growth in June, with the PMI inching up to 53.5 in June 2025 from 53.3 in May 2025, despite regional tensions affecting demand. New order growth slowed due to geopolitical concerns arising from the Israel-Iran war, while output accelerated as businesses sought to reduce their backlogs. Meanwhile, supply chain challenges remained despite improved delivery times. Additionally, input costs rose at a slow pace. Dubai's PMI fell to 51.8 in June 2025 from 52.9 in the previous month, mainly due to a slowdown in sales growth owing to rising competition and softer tourism activity.

UAE refuted claims of golden visa validity for certain nationalities

The Federal Authority for Identity, Citizenship, Customs, and Port Security (ICP) denied recent rumours propagated by specific local and international media outlets that the UAE is offering lifetime Golden Visas to certain nationalities. Furthermore, the ICP clarified that the categories, eligibility criteria, and regulations governing the golden visa are strictly based on official laws, legislations, and ministerial decisions. Accurate information is available only through the Authority's official website or innovative application. Moreover, ICP also stressed that all Golden Visa applications must be submitted through authorised government channels within the UAE, and that no internal or foreign consultancy or commercial entity is recognised as an official intermediary in the application process.

Saudi Arabia

Saudi Arabia's net FDI inflows grew 44% YOY in 1Q25

According to the GaStat, Saudi Arabia's net FDI inflows surged 44% YOY to SAR 22.2 Bn in 1Q25, despite a 7% dip compared to 4Q24. FDI outflows dropped sharply by 54% YOY to SAR 1.8 Bn in 1Q25, while inflows saw a 24% YOY growth and 6% QOQ decline to SAR 19.4 Bn in 1Q25.

Saudi Arabia's non-oil PMI index rose to 57.2 in June 2025

Saudi Arabia's non-oil private sector activity increased in June 2025, driven by robust domestic demand and rising employment. The Riyad Bank PMI rose to 57.2 in June 2025 from 55.8 in May 2025, marking a three-month high. New orders increased mainly driven by a rise in domestic sales and improved marketing strategies, while international sales grew marginally. Businesses hired staff to manage the rise in workload as input prices increased sharply, resulting in higher sales prices. Non-oil firms remained optimistic despite cost pressures, mainly due to resilient domestic demand.

New Property Ownership Law in Saudi Arabia will take effect in January 2026

The Saudi Arabian government approved a revised law permitting non-Saudis to own property, which is set to take effect in January 2026. This updated legislation builds on existing real estate laws and aims to stimulate the sector by attracting foreign direct investment, thereby boosting property supply through increased participation from international investors and developers. While encouraging foreign ownership, the law also incorporates safeguards to protect the interests of Saudi citizens by enforcing market regulations and specific compliance procedures to maintain real estate stability. Property ownership by non-Saudis will be limited to designated geographic zones, primarily in Riyadh and Jeddah, with additional conditions for ownership in Makkah and Madinah. The Real Estate General Authority will be responsible for defining eligible areas for foreign ownership and will issue draft regulations within 180 days of the law's publication. These regulations will be shared on the Istitaa public platform to gather feedback and will detail the procedures, conditions, and implementation guidelines, taking into consideration both economic and social factors.

Saudi CMA approves new regulations for issuing and trading Saudi Depositary Receipts

The Saudi Stock Exchange implemented new regulations aimed at expanding investor access to a wider selection of foreign-listed companies. The Capital Market Authority (CMA) approved a regulatory framework for the introduction of Saudi Depositary Receipts (SDRs), a move aimed at enhancing market depth and broadening investment options. SDRs will allow investors to trade securities that represent shares of companies listed on international stock exchanges. Companies seeking to issue SDRs will be required to comply with the existing regulations for registering and offering securities under the Rules on the Offer of Securities and Continuing Obligations. Additionally, SDR issuers will be subject to ongoing requirements similar to those applied to foreign companies listed on Tadawul's Main Market, with certain exceptions outlined in the Listing Rules.

Saudi SABIC considers a potential IPO for its industrial gas subsidiary

Saudi Basic Industries Corporation (SABIC) announced that it is exploring strategic options for its industrial gas subsidiary, with a potential initial public offering (IPO) and listing on the Saudi Exchange. SABIC currently owns a 74% stake in the National Industrial Gases Company (GAS), while the National Gas and Industrialization Company, listed on the Saudi Exchange, holds a 9% share. The evaluation aligns with SABIC's broader strategy to optimize its portfolio and concentrate on core business areas. A potential IPO of GAS would aim to strengthen SABIC's financial position and enhance shareholder value.

Saudi CMA introduces reforms to strengthen the asset management industry

Saudi Arabia is rolling out a series of reforms aimed at boosting the competitiveness of its asset management sector. The CMA approved a comprehensive set of updates to the regulations governing investment and real estate investment funds. These enhancements are intended to simplify fund management processes, increase transparency, and strengthen investor protections. The reforms also aim to align the regulatory framework with international standards and foster the growth of both conventional and real estate funds. The key feature of the update is the expansion of digital fund distribution channels, now allowing platforms and electronic money institutions licensed by the central bank to offer investment products, making investing more accessible and convenient for a broader range of investors.

Saudi Arabia's Industrial Production Index increased 1.5% YOY in May 2025

Saudi Arabia's Industrial Production Index (IPI) rose 1.5% in May 2025 compared to May 2024, primarily driven by growth in mining and quarrying, manufacturing, and water-related activities. The mining and quarrying sub-index saw a 2.1% YOY increase, while manufacturing activity grew by 0.9% YOY in May 2025. In contrast, electricity, gas, steam, and air conditioning supply declined 7.7% YOY in May 2025. The sub-index for water supply, sewerage, waste management, and remediation activities recorded a significant rise of 15.5% YOY during the same period. Oil-related activities increased modestly by 0.5% YOY, whereas non-oil activities showed stronger growth, rising by 3.8% YOY in May 2025.

Saudi Arabia's inflation held steady at 2.3% in June 2025

Saudi Arabia's annual inflation rate held steady at 2.3% in June 2025 compared to the same month in 2024. However, monthly inflation edged up slightly from 2.2% in May 2025 to 2.3% in June 2025, mainly due to a 0.2% rise in prices within the housing, water, electricity, gas, and fuel category. Modest monthly increases were also observed in food and beverages by 0.1%, miscellaneous personal goods and services by 0.5%, and recreation and culture by 0.3%. On an annual basis, the rise in inflation was primarily driven by a 6.5% increase in housing-related costs. Other categories also recorded annual rise, including food and beverages by 1.5%, miscellaneous personal goods and services by 4.1%, restaurants and hotels by 1.6%, and education by 1.4%. However, in contrast, some sectors saw a YOY price decline, such as home furnishings and equipment by 1.7%, clothing and footwear by 0.6%, and transportation by 0.7%.

BlackRock group to invest USD 10 Bn in Aramco's Jafurah gas project

Saudi Aramco is nearing a deal to secure USD 10 Bn from a consortium led by BlackRock, aimed at investing in infrastructure for its Jafurah gas project. This agreement marks another step in a series of financing arrangements, similar to debt financing, used by Gulf oil producers to generate funds for economic diversification, while offering investors steady income streams. The Jafurah project, valued at USD 100 Bn, is expected to be the largest shale gas development outside the United States. It plays a key role in Aramco's strategy to expand its global presence in natural gas and increase its gas production capacity by 60% by 2030, compared to 2021 levels.

Saudi Arabia's economy expanded 3.9% in 2Q25

Saudi Arabia's real gross domestic product (GDP) grew 3.9% YOY in 2Q25, driven by a 4.7% YOY increase in non-oil activities, a 3.8% YOY rise in oil activities and a modest growth of 0.6% YOY in government activities. On a seasonally adjusted basis, real GDP rose 2.1% QOQ in 2Q25, with oil activities recording the strongest growth at 5.6% QOQ. In contrast, non-oil activities grew 1.6% QOQ, while government activities contracted 0.8% QOQ in 2Q25.

Fitch assigns A+ credit rating to Saudi Arabia with a stable outlook

Fitch Ratings affirmed Saudi Arabia's long-term foreign currency issuer default rating at A+ with a stable outlook, citing the Kingdom's strong fiscal fundamentals and ongoing reform momentum. Additionally, the agency also highlighted that Saudi Arabia's sovereign net foreign asset position and debt-to-GDP ratio remain significantly stronger than the averages for countries rated in the "A" and even "AA" categories. Furthermore, it emphasised that the Kingdom's substantial financial reserves, including public sector deposits and other assets, contribute to macroeconomic resilience. Looking ahead, Fitch projects Saudi Arabia's sovereign net foreign assets will reach 35.3% of GDP by 2027, far exceeding the 3.1% average among "A"-rated peers.

Qatar

Qatar Central Bank issues USD 1.37 Bn in bonds and sukuk

Qatar Central Bank, on behalf of the Ministry of Finance, issued USD 1.37 Bn in government bonds and sukuk. QAR 1 Bn will be issued for 2.14-year and 4.14-year terms at 4.40% and QAR 2 Bn will be issued for a 6.14-year term at 4.50%. Despite the set issuance, total bids from banks reached QR 10.7 billion, indicating strong investor demand.

Exxon–QatarEnergy JV seeks US approval to re-export LNG from October 2025

Golden Pass LNG, a joint venture between ExxonMobil and QatarEnergy, requested US regulatory approval to re-export LNG starting 1 October 2025. The company plans to import a cargo to cool down its nearly completed Texas export facility, a key step before production begins. Despite previous delays and a contractor bankruptcy in March 2024, the 18 mtpa export facility in the Sabine Pass plant is expected to begin exports in 2025.

Qatar's GDP grew 3.7% YOY to QAR 181.5 Bn in 1Q25

According to the National Planning Council, Qatar's economy grew 3.7% YOY in 1Q25, reaching QAR 181.5 Bn. This growth aligns with the goals of the Third National Development Strategy and Qatar National Vision 2030, reflecting progress in diversifying the economy beyond hydrocarbons. Non-hydrocarbon sectors contributed 63.6% of GDP in 1Q25, growing 5.3%

YOY, driven by strong performance in manufacturing. Tourism-related sectors also saw notable gains. Hydrocarbon activities grew 1.0% YOY in 1Q25 and accounted for 36.4% of GDP.

Qatar Central Bank issued QAR 1.75 Bn in T-Bills

Qatar Central Bank issued QAR 1.75 Bn in treasury bills across various maturities ranging from 7 days to 364 days, with interest rates between 4.22% and 4.61%. The 7-day and 364-day bills were new issuances, while others were tap issuances. A total of QAR 5 Bn was received in bids, reflecting strong investor demand.

Qatar recorded a USD 208 Mn budget deficit in 2Q25 due to higher expenditure

Qatar recorded a budget deficit of QAR 757 Mn (USD 208 Mn) in 2Q25, driven by a 5.7% YOY increase in public spending. The country's revenue marginally declined 0.1% YOY to QAR 59.85 Bn, while total government expenditure rose to QAR 60.60 Bn during 2Q25. The budget figures are based on an assumed average oil price of USD 66.80 per barrel. This marks Qatar's second consecutive quarterly deficit, following a QAR 529 Mn in 1Q25.

Oman

Oman recorded a 0.81% increase in the inflation rate

Oman's inflation rate rose 0.81% during the first five months of 2025, compared to the same period in 2024. The general import price index increased 1.3%, while the general producer price index grew 4.1% in 1Q25, compared to 1Q24. Additionally, Al Batinah South Governorate recorded a slight decline of 0.04% in inflation by the end of 1Q25. However, Al Dakhiliyah Governorate recorded the highest inflation rate at 1.58%, followed by Musandam at 1.51%, South Al Sharqiyah at 1.24%, Al Dhahirah at 1.09%, and Al Wusta at 1.06%. In contrast, the lowest inflation rates were observed in North Al Sharqiyah and North Al Batinah, at 0.21% and 0.42%, respectively, during 1Q25. Inflation in the remaining governorates remained under 1% during the same period.

Oman secured an investment-grade rating from Moody's on stronger debt metrics

Credit ratings agency Moody's upgraded Oman's long-term issuer and senior unsecured ratings to Baa3 from Ba1, leading the country to investment-grade status. The upgrade is driven by the country's continued improvement in debt ratios and its resilience to lower oil prices. However, Moody's revised Oman's outlook to stable from positive, citing the country's ongoing vulnerability in its fiscal outlook, due to its heavy dependence on the hydrocarbon sector.

Bahrain

Bahrain plans to issue USD 658 Mn through bonds

Bahrain plans to launch a USD 250 Mn development bond at a fixed annual coupon of 6.25%, paid semi-annually. It will be listed on the Debt Primary Market, offering investors regular returns and full principal repayment at maturity.

Kuwait

Kuwait Inflation grows 2.3% YOY in June 2025, amidst surging food costs

Inflation in Kuwait rose by 2.32% YOY and 0.29% MOM in June 2025. The annual increase was mainly driven by higher prices across several key sectors, including food, healthcare, clothing, and education, while the transportation segment registered a decline. Food and beverage prices jumped significantly by 5.11% YOY in June 2025. Meanwhile, cigarette and tobacco prices edged up slightly by 0.07% YOY, clothing rose by 3.93% YOY, and housing services experienced a 0.98% YOY increase during June 2025. Home furnishings also recorded a notable inflation of 3.30% YOY during June 2025. Excluding food and beverages, Kuwait's core inflation stood at 1.69% YOY and 0.23% MOM in June 2025.

Egypt

Egypt’s economy expanded 4.77% in the third quarter of 2024/25

Egypt’s economy grew 4.77% in the third quarter of the 2024/25 fiscal year, a significant increase from 2.2% in the third quarter of 2023/24, driven by a strong recovery in manufacturing activity. Additionally, the country’s manufacturing activity expanded 16.3% in the third quarter of 2024/25, rebounding from a 3.9% contraction in the third quarter of 2023/24. However, the oil and natural gas extraction sector continued to weaken, with a 10.4% decline during the third quarter of 2024/25.

Egypt's non-oil sector slipped deeper into contraction in June 2025

Egypt’s non-oil private sector experienced a further deterioration in business conditions in June 2025, driven by a contraction in output volumes and new orders. The headline PMI dropped from 49.5 in May 2025 to 48.8 in June 2025, marking the fourth consecutive month below the 50.0 threshold. Furthermore, employment in the non-oil sector fell for the fifth straight month, although the pace of job losses remained modest. However, declines in input costs led to a slower increase in output prices.

Egypt’s interest rates held steady by the central bank

Egypt’s central bank kept key interest rates unchanged, pausing its recent trend of rate cuts despite easing inflation. Additionally, the Monetary Policy Committee maintained the overnight deposit rate at 24% and the lending rate at 25%. Furthermore, the central bank highlighted a sustained economic recovery, projecting growth from 2.4% in 2Q24 to close to 4.8% in 2Q25. Moreover, headline inflation eased from 16.8% in May 2025 to 14.9% in June 2025.

Egypt’s current account deficit narrowed to USD 13.2 Bn in 9M25 amid surging remittances and tourism revenue

The current account deficit decreased from USD 17.1 Bn in 9M24 to USD 13.2 Bn 9M25, driven by an 86.6% surge in remittances from Egyptians abroad and a 23% rise in tourism revenues, which boosted the services surplus. Oil exports declined from USD 4.6 Bn in 9M24 to USD 4.2 Bn in 9M25, while oil imports increased sharply by USD 4.8 Bn to USD 14.5 Bn. The rise in energy imports reflects Egypt’s efforts to meet growing power demand amid supply disruptions and recent blackouts. These concerns were heightened by a decline in pipeline gas supplies from Israel amid escalating regional tensions. Revenue generated from the Suez Canal declined from USD 5.8 Bn in 9M24 to USD 2.6 bn in 9M25 owing to continued Houthi attacks on Red Sea shipping. Furthermore, foreign direct investment declined from USD 23.7 Bn in 9M24 to USD 9.8 Bn in 9M25.

Global Economy

UK Shop price inflation returned to positive territory in June 2025

Shop price inflation in the UK turned positive for the first time since July 2024, rising 0.4% in June 2025 compared to a 0.1% decline in the previous month. The rise in inflation is mainly driven by an increase in food prices, which rose 3.7% YOY in June 2025, up from a 2.8% YOY rise in May 2025. Fresh food prices rose due to higher wholesale prices and labor cost.

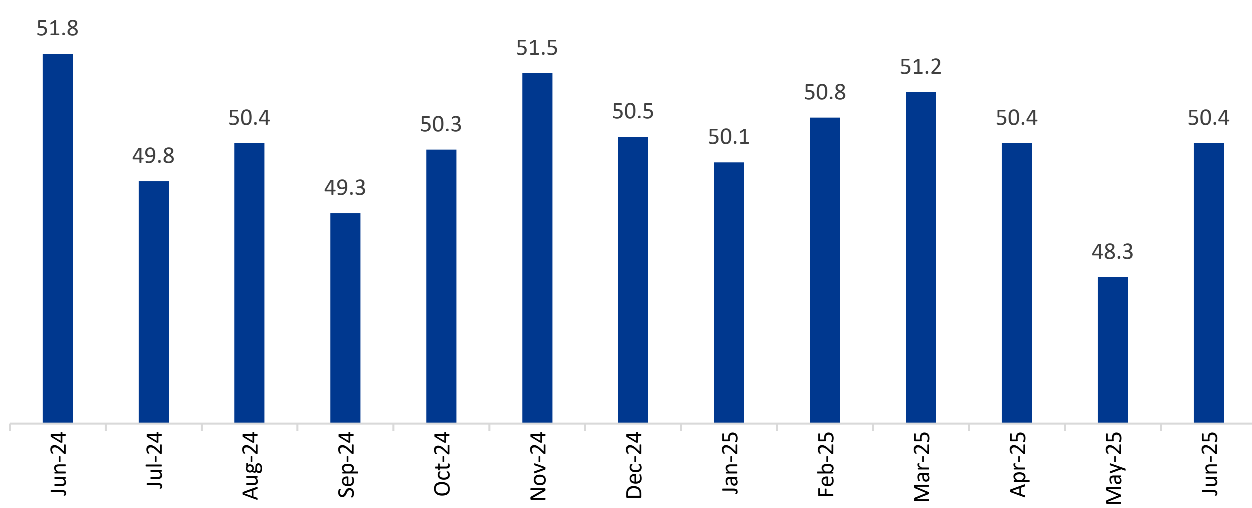
Federal Reserve kept rates unchanged for the fifth straight time

The Federal Reserve kept interest rates unchanged for the fifth consecutive time at 4.25% to 4.50%, in line with the Fed's goals of maximum employment and 2% inflation. However, the decision was not unanimous, as two governors favoured a quarter-point rate cut, highlighting a division within the committee. The Fed noted that economic growth moderated in 1H25, although the labor market remained strong and unemployment stayed low, while inflation is still higher. Furthermore, the Fed mentioned that it will monitor data and risks closely before making any changes to interest rates in the future.

China's private-sector Caixin manufacturing PMI rose to 50.4 in June 2025

China's private-sector Caixin manufacturing PMI returned to growth territory, increasing from 48.3 in May 2025 to 50.4 in June 2025. The rise in manufacturing activity is primarily driven by an expansion in purchasing and production activity, resulting from improved trade conditions and promotional activities, which led to an increase in new orders. New export orders continued to decline, while domestic orders improved, showing signs of support from earlier policy measures. Employment activity remained weak as businesses sought cost-controlling measures, while fierce price competition weighed on profit margins. A decline in employment and new work inflows resulted in an increased backlog of work. All these factors combined led to a weakening of business optimism.

Figure 19: Official China Manufacturing PMI

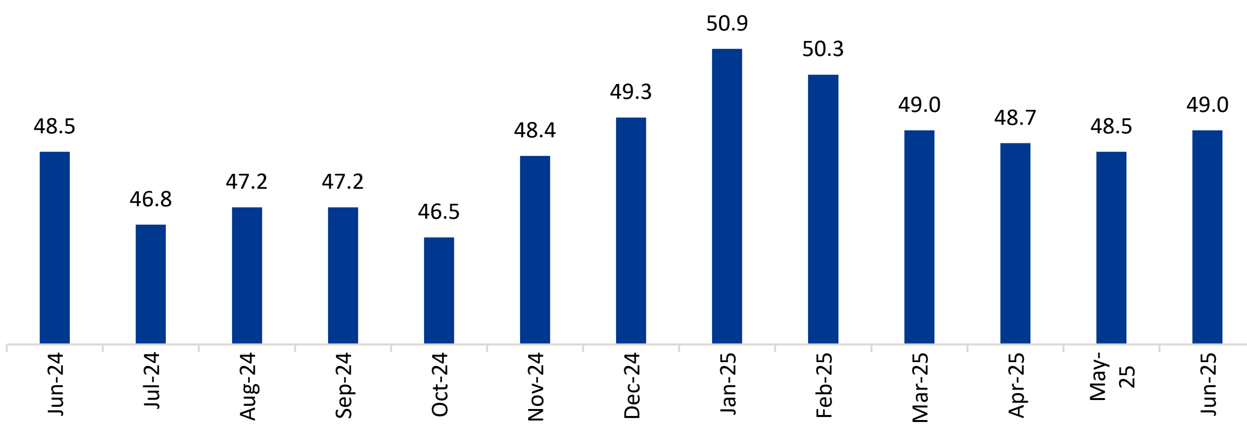


Source: CAPIQ

The US manufacturing PMI edged up in June 2025 but stayed in the contraction phase

The US manufacturing PMI edged up in June 2025, but remained in the contraction phase. The ISM US manufacturing PMI increased marginally from 48.5 in May 2025 to 49.0 in June 2025, owing to the increase in production activity. New orders fell for the fifth consecutive month in June 2025, while employment levels also declined. Additionally, input costs continued to rise, while supplier deliveries remained slow, reflecting persistent supply chain disruptions driven by tariffs.

Figure 20: US ISM Manufacturing PMI

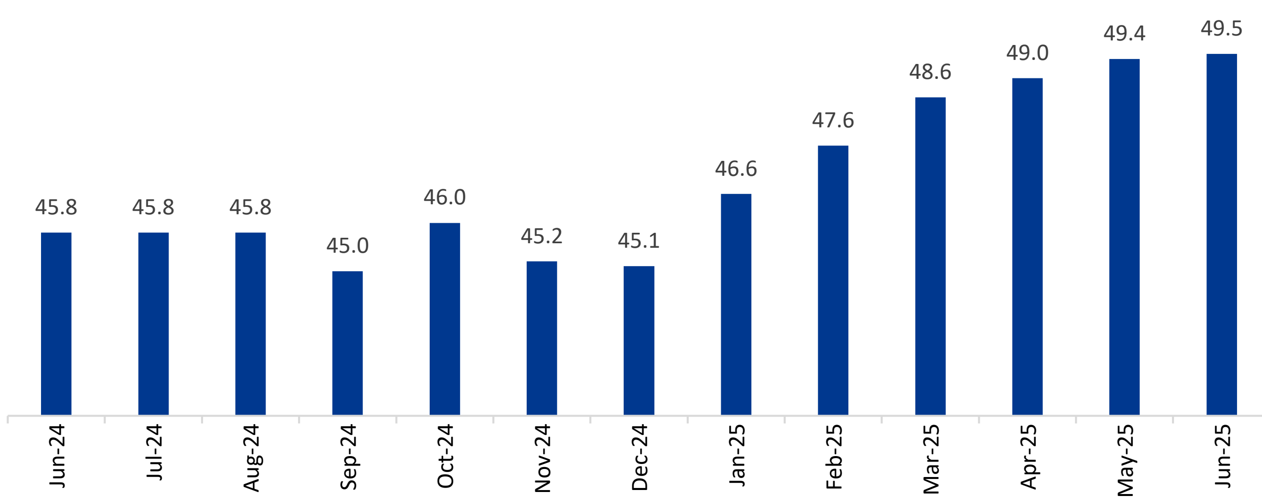


Source: CAPIQ

Eurozone manufacturing activity remains in the contraction phase in June 2025

The Eurozone manufacturing activity improved in June 2025, but remained in the contraction phase. S&P Global HCOB PMI increased from 49.4 in May 2025 to 49.5 in June 2025, driven by a sustainable growth in output and stabilisation in new orders. International orders remained stable, with hopes of improvement in demand across both domestic and international markets contributing to business optimism. However, employment and input prices declined, leading to lower average selling prices and easing price pressure. Growth varied across nations, with Spain experiencing expansion, Germany's contraction slowing, but France and Italy lagging.

Figure 21: Eurozone's Manufacturing PMI

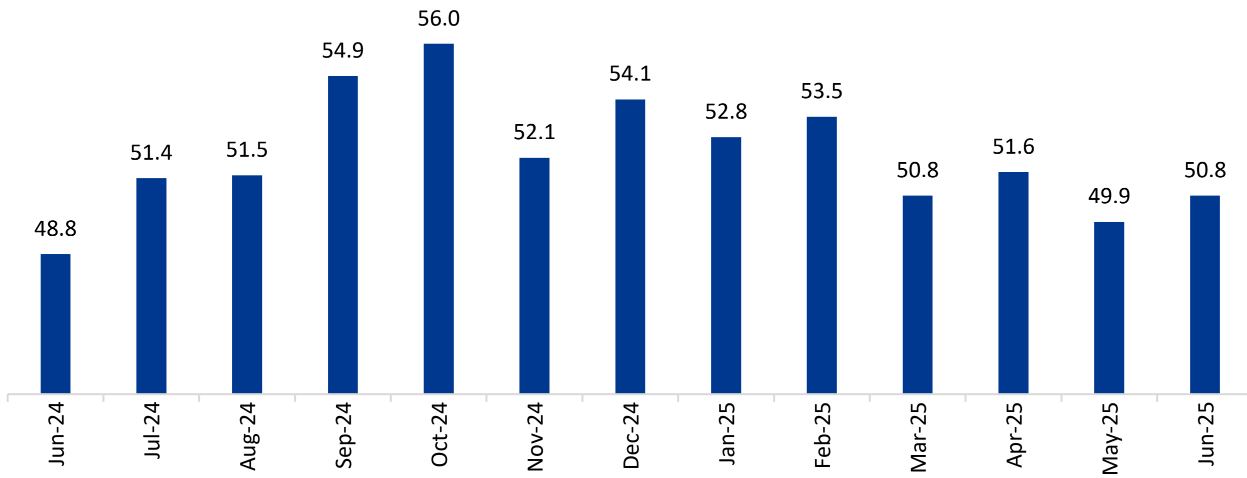


Source: CAPIQ

US services return to the expansion phase in June 2025

The ISM services PMI increased from 49.9 in May 2025 to 50.8 in June 2025, driven by a significant increase in new orders and business activity. The employment index entered the contraction phase, while the input prices eased slightly but remained elevated. Firms cited ongoing economic uncertainty, particularly regarding tariffs and policy, as influencing their cautious hiring decisions.

Figure 22: US ISM Services PMI

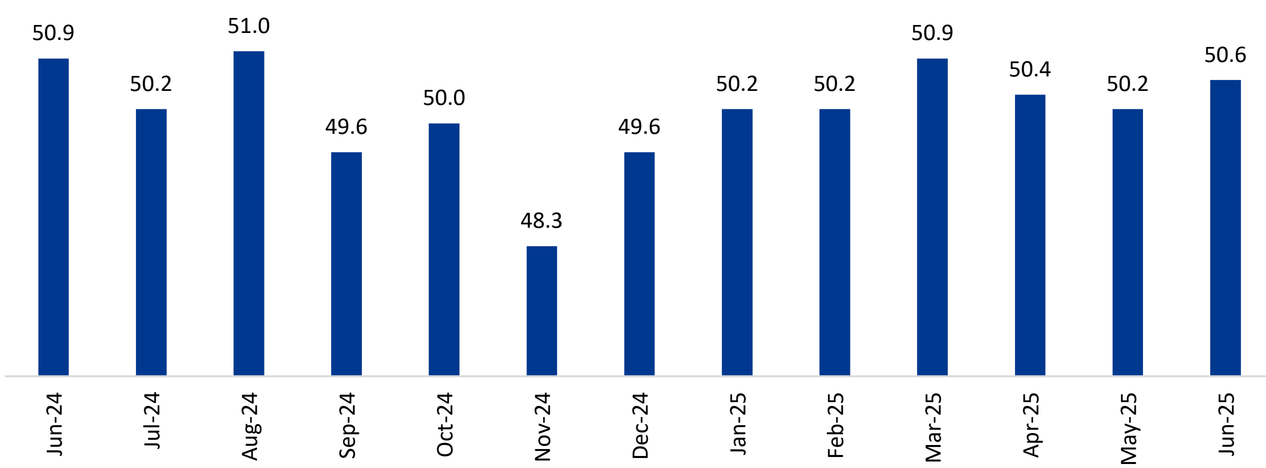


Source: CAPIQ

Eurozone private sector PMI rose to 50.6 in June 2025

The HCOB final composite PMI marginally increased to 50.6 in June 2025, up from 50.2 in the previous month. Businesses witnessed a higher growth in output and employment. Meanwhile, the new orders continued to decline, but at a slower pace, indicating an end to the downturn and an improvement in the business outlook. On the other hand, input prices remained weak in June 2025, but services firms still increased their prices.

Figure 23: Eurozone private sector PMI

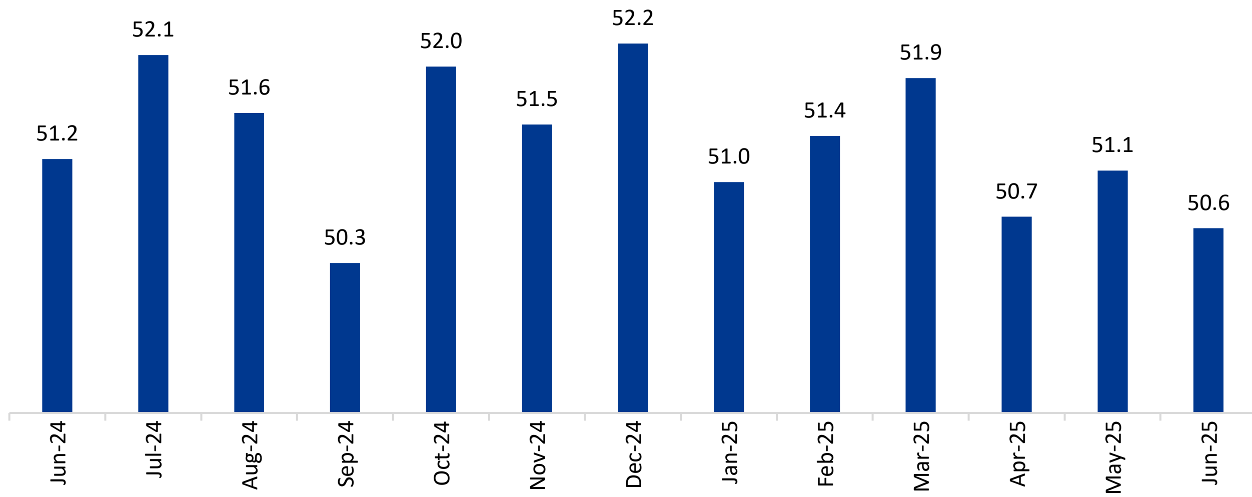


Source: CAPIQ

China's services PMI eased to 50.6 in June 2025

China's Caixin S&P Global services PMI eased to 50.6 in June 2025, down from May's 51.1, signalling a slowdown in the private service sector. The decline is driven by a fall in new business growth, including a decline in export orders, prompting firms to cut staffing due to slowdown in new orders. Decline in employment levels resulted in a rise in work backlog. Input costs rose modestly due to higher fuel and raw material cost, but stiff competition led companies to reduce their output prices. Despite the softer growth, business sentiment remained positive, with many firms expecting improved conditions over the next year.

Figure 24: China's services PMI

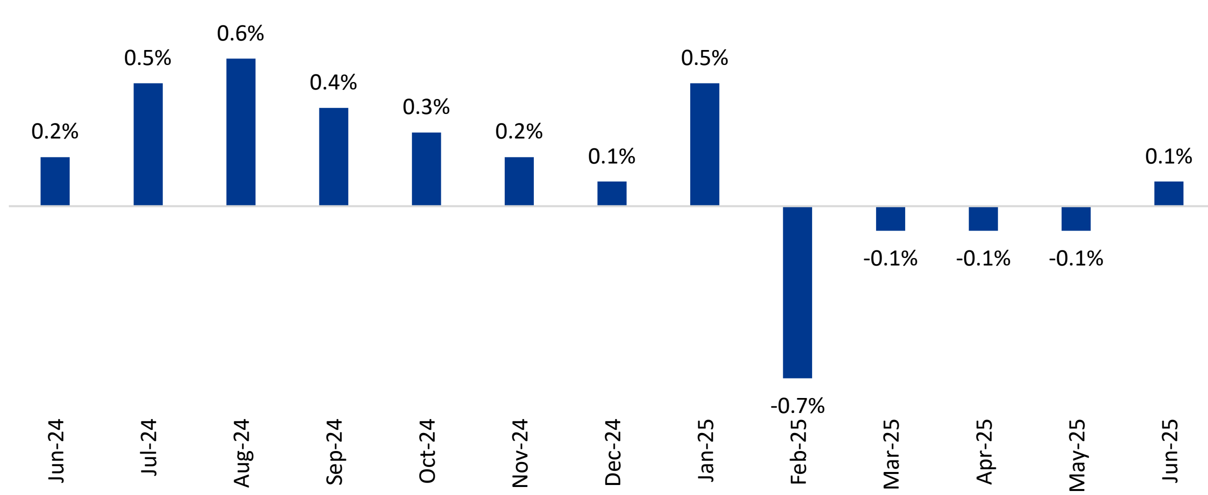


Source: CAPIQ

China's inflation rose 0.1% YOY in June 2025

According to the National Bureau of Statistics, China's CPI rose 0.1% YOY in June 2025, but fell 0.1% on a QOQ basis. Producer prices fell 3.6% YOY in June 2025, underscoring persistent deflationary pressures amid weak domestic demand and global trade uncertainties.

Figure 25: China's Consumer Price Index (YOY)

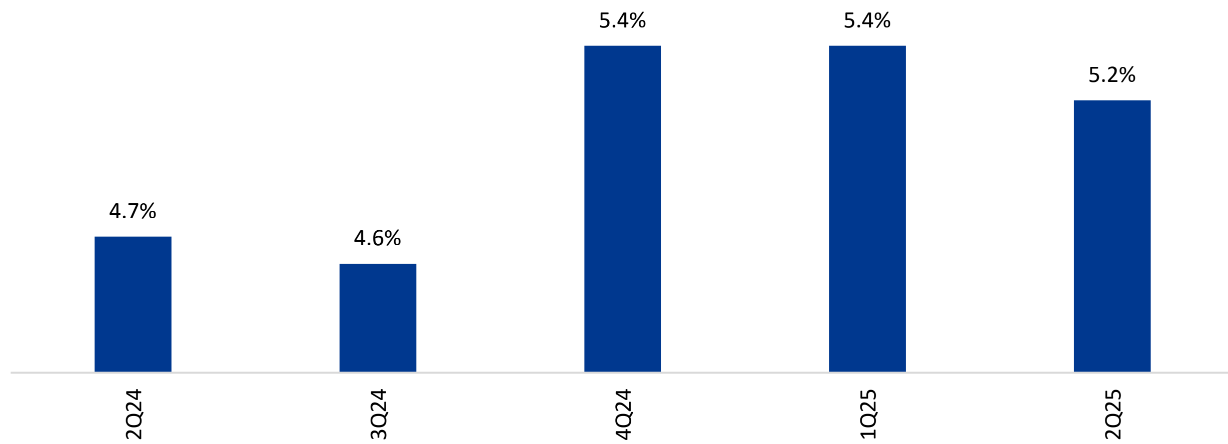


Source: CAPIQ

China's GDP increased 5.2% YOY in June 2025

China's GDP rose 5.2% YOY in 2Q25, slowing down from a 5.4% YOY growth in the previous quarter. The growth is mainly driven by Industrial production and retail sales, which grew 6.8% YOY and 4.8% YOY, respectively, in 2Q25. On a QOQ basis, the GDP grew 1.1% in 2Q25, down from a 1.2% growth in 1Q25. Exports increased in June 2025, as firms sought to capitalize on the US tariff truce. Despite a substantial increase in 1H25, the outlook for 2H25 remains weak due to the expected impact of US tariffs.

Figure 26: China's GDP (YOY)

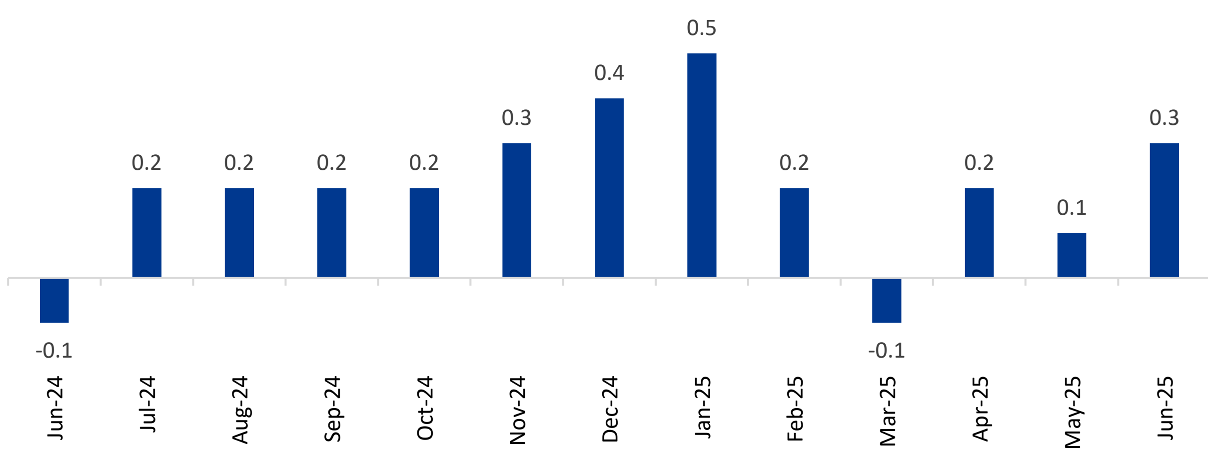


Source: CAPIQ

US inflation inched up 0.3% MOM in June 2025, consistent with estimates

Consumer prices in the US rose by 0.3% MOM in June 2025, following a 0.1% MOM increase in May 2025, driven by a rebound in energy prices, which increased 0.9% MOM in June 2025 after falling 1.0% MOM in May 2025. Moreover, the annual consumer price index (CPI) growth accelerated from 2.4% YOY in May 2025 to 2.7% YOY in June 2025. The core CPI, which excludes volatile food and energy prices, rose by 0.2% MoM in June 2025, up from a 0.1% MOM increase in May 2025, reflecting a muted impact of tariffs to date. The rise in core prices was driven by a 0.2% MOM increase in shelter costs, alongside higher prices for household furnishings, medical care, recreation, apparel, and personal care.

Figure 27: US CPI (MOM %)

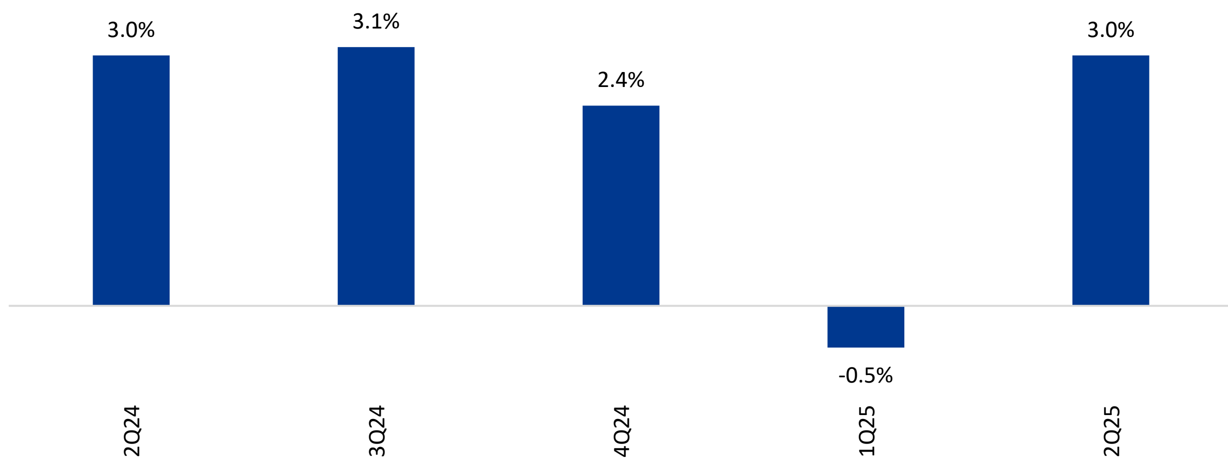


Source: CAPIQ

US economy expanded in 2Q25 amid a steep decline in imports

The US economy expanded faster than expected in 2Q25, with a real GDP growth of 3.0% QOQ compared to a 0.5% QOQ decline in 1Q25. The rebound was supported by a sharp decline in imports, which dropped 30.3% in 2Q25 after a 37.9% rise in the 1Q25. Furthermore, Consumer spending also supported economic growth, partially offset by a decline in investment and export activities.

Figure 28: US GDP (QOQ)

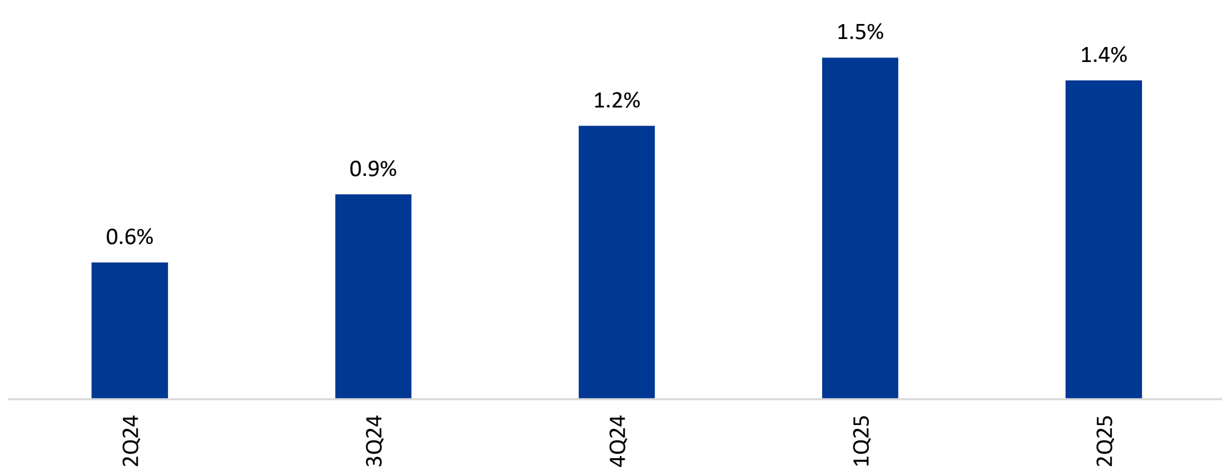


Source: CAPIQ

Eurozone GDP grew more than expected in 2Q25

The eurozone economy grew marginally 0.1% QOQ in 2Q25, higher than the estimate of flat growth but slower than the 0.6% QOQ growth recorded in 1Q25. The growth in 1Q25 GDP was led by a boost in US imports ahead of the tariff hike. Furthermore, annual growth declined from 1.5% in 1Q25 to 1.4% in 2Q25, but exceeded forecasts of 1.2%. Additionally, the EU27 economy expanded 0.2% QOQ and 1.5% YOY in 2Q25. Spain led growth among member states, with GDP rising 0.7%, followed by Portugal and Estonia.

Figure 29: Eurozone GDP (QOQ)



Source: CAPIQ

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