Global Risk Assets Rebound Amid Resilient Growth and Strong Earnings

Sector Weighting:
MARKET WEIGHT

GCC Fixed Income Outlook

UAE debt capital market (DCM) activity strengthened in 1H26 despite heightened regional geopolitical volatility, with total US dollar debt issuance increased 40% to USD 24 Bn in 1H26, compared to 2H25, keeping the UAE among the largest US dollar bond and sukuk issuers in emerging markets. According to Fitch Ratings, the UAE DCM grew 3% YOY to c. USD 320 Bn outstanding as of 1H26, with sukuk accounting for 21% and more than 70% of outstanding debt denominated in US dollars. Amid market volatility, some issuers shifted toward private placements and syndicated funding to meet financing needs, while sukuk liquidity improved slightly from March levels but remained below pre-war January levels. Credit fundamentals remain resilient, with over 80% of UAE sukuk rated investment-grade and no defaults reported, although the share of sukuk issuers on Stable Outlook declined to 81% in 1H26. Looking ahead, Fitch expects the UAE DCM to grow moderately in 2H26 and 2027, driven by government funding diversification, cross-sector financing requirements and regulatory reforms, with consolidated government debt expected to increase and bank and corporate issuance likely to remain opportunistic. However, the pace of issuance remains sensitive to regional stability, with renewed geopolitical escalations posing downside risks to market access and issuance activity.

The GCC primary debt market remained active in August 2026, with issuance spanning sovereigns, financial institutions and multilateral borrowers across conventional and Islamic formats. Sovereign activity included Bahrain's BHD 200 Mn two-year development bond carrying a 7.00% coupon, while Saudi Arabia's National Debt Management Center allocated SAR 9.5 Bn under its domestic sukuk programme across maturities ranging from 2031 to 2041. Bahrain also issued USD 186 Mn of 91-day Treasury bills at a weighted average interest rate of 5.29%, while Oman raised USD 52 Mn through 91-day and 182-day Treasury bills at average yields of 3.91% and 3.96%, respectively. Islamic issuance remained strong, with Kuwait International Bank receiving approval for up to USD 600 Mn of unsecured sukuk and Boubyan Bank securing regulatory approval for a KWD 100 Mn (USD 324 Mn) perpetual AT1 sukuk. Alrajhi Bank also raised USD 1 Bn through a three-year sustainability-linked commodity Murabaha facility priced at SOFR +80 bps. At the multilateral level, IILM raised USD 1.2 Bn through short-term sukuk across five tranches, with orders reaching USD 2.8 Bn, reflecting resilient investor demand for GCC and Islamic fixed-income instruments.

During its last policy meeting in July 2026, the US Federal Reserve maintained the federal funds rate at 3.50%-3.75%, as inflation remained above its 2% target. Persistent inflationary pressures, driven primarily by higher energy prices, have increased expectations of tighter monetary policy, with markets now anticipating one to two rate hikes by the end of 2026. The US 10-year Treasury yield increased marginally from 4.70% at the start of the month to 4.73% at month-end. Meanwhile, the 5-year CDS decreased across all GCC countries. The S&P Global UAE PMI increased from 50.8 in June 2026 to 52.7 in July 2026, marking a moderate recovery and the highest reading in four months. New order growth accelerated to its fastest pace since February, supported by easing regional tensions and stronger infrastructure activity. Meanwhile, Business activity rose at the fastest pace in four months, driven by stronger demand and freight-related supply constraints. Firms increased output, though growth remained below historical averages. In addition, export orders increased for the first time since March 2026, with growth reaching a one-year high, supported by a regional recovery in activity. At the same time, purchasing activity remained strong in July 2026, but inventories fell at the fastest pace since December 2025, due to import delays and material shortages. Supplier delivery times improved slightly as shipping through the Strait of Hormuz eased. Input cost inflation remained elevated in July 2026, nearing April's recent peak. Employment returned to growth in July 2026, supported by stronger demand, after a sharp decline in June 2026. However, business confidence weakened for the third consecutive month, reaching its lowest level since March 2026. The UAE recorded 3.0% YOY growth in real GDP in 1Q26, reaching AED

485 Bn (USD 132.1 Bn), with non-oil sectors expanding 4.8% and contributing 79.4% to overall output. In Saudi Arabia, PMI decreased marginally to 53.1 in July 2026 from 53.3 in June 2026, but remained comfortably above 50, signalling an expansion in the non-oil private sector for the fourth consecutive month. Business activity grew strongly in July 2026, supported by higher new orders and improving market conditions, although new order growth moderated. Export orders declined for the fifth consecutive month, but the pace of decline eased to its weakest in the sequence. Employment returned to modest growth in July after stagnating in June 2026, although job creation remained below early-2026 levels. Meanwhile, backlogs also declined at their fastest pace since April 2025, indicating increased spare capacity. Supply chain conditions improved for the third consecutive month, with delivery times shortening at the fastest pace since February 2026, supported by better vendor responsiveness and increased local sourcing. Input cost inflation remained high, although it slowed to its lowest level in four months. Selling prices continued to rise sharply, as businesses passed higher costs on to customers, although the increase was slightly slower than in June 2026. However, business confidence weakened, with only 8% of companies expecting output to increase over the next year, down from June's five-month high. Regional tensions and increasing competition continued to make companies more cautious about their future expansion plans. Furthermore, Saudi Arabia's real GDP decreased 4.8% YOY in 2Q26, primarily reflecting a 24.7% contraction in oil activity, which more than offset 0.6% growth in non-oil activity and 0.9% growth in government activity. According to GASTAT, Saudi Arabia's trade surplus rose 53.2% YOY to SAR 155 Bn in 1H26, driven by a 7.3% increase in exports and a 2.7% decline in imports, while total foreign trade reached SAR 1.1 Tn, up 2.8% YOY in 1H26. The country's CPI increased to 1.8% in July 2026, primarily due to a 4.2% rise in housing, water, electricity, gas and other fuel prices. On a MOM basis, CPI rose 0.2% in July 2026, supported by a 0.9% increase in housing, water, electricity, gas and other fuel prices. In Bahrain, according to Ministry of Finance and National Economy, non-oil activities grew 2.2% YOY in 1Q26, despite a 3.8% contraction in real GDP, as oil activity declined 37.2% due to Strait of Hormuz disruptions and scheduled maintenance. The non-oil sector accounted for 90.1% of real GDP, with financial and insurance activities growing 8.6% YOY. Meanwhile, in Oman according to National Centre for Statistics and Information (NCSI), inflation rose to 3.2% YOY in July 2026 from 2.8% in June, driven by higher food and transport prices. Average inflation stood at 2.9% during the first seven month in 2026, compared to 2025. In addition, according to Oman's Ministry of Finance, public revenue rose 13% YOY to OMR 6.6 Bn in 1H26, driven by higher oil revenues. Public debt remained broadly stable at OMR 14.2 Bn in 1H26, compared to 1H25. According to Qatar's National Planning Council, CPI rose 2.2% YOY in June 2026, with the largest increase in food and beverages, followed by miscellaneous goods and services.

Gold Outlook

Gold prices increased 9.7% MOM in August 2026, closing the month at USD 4,452.37 per ounce. The monthly advance was driven primarily by a shift in market expectations around US monetary policy, with a weakening US dollar and lower Treasury yields increasingly supporting gold's outlook. In contrast, geopolitical risks shifted, adding to volatility throughout the month. At the beginning of the month, gold prices rose as the US decision to delay further military action against Iran eased oil prices and reduced concerns that an energy shock could increase inflation. Gold strengthened further as weaker US labour market indicators reduced expectations of a September rate hike, while hopes of reopening the Strait of Hormuz lowered the risk of a prolonged disruption to energy supplies. The price of the yellow metal subsequently touched a seven-week high, its highest level since mid-June, as the weaker labour market backdrop reinforced expectations of eased monetary policy and supported demand for the precious metal. In the following week, gold prices initially traded sideways as investors assessed conflicting signals around US-Iran negotiations and awaited US inflation data for clearer signals on the interest rate outlook. Gold prices subsequently strengthened as weak US inflation data reduced expectations of an imminent Fed rate hike, allowing bullion to reach a two-month high. However, prices retreated towards the end of the week as investors booked profits following the inflation-driven rally. Post mid-month, gold resumed its upward movement as expectations of a near-term Fed rate hike continued to recede, while a weakening US dollar provided an additional tailwind. The rally accelerated after the US Treasury announced larger purchases of long-dated government bonds, which pushed Treasury yields lower and weakened the dollar further, improving the relative appeal for gold. The price of the yellow metal subsequently moved above its 200-day moving average and climbed to a three-month high, with technical buying adding momentum to the move and renewed investor interest emerging, thereby supporting precious metals. During the final week, gold initially remained supported as investors assessed US inflation developments and awaited guidance from Fed Chair Kevin Warsh, while concerns around US fiscal conditions continued to influence demand for the precious metal. Gold subsequently slid from its three-month high as investors locked in profits and as attention shifted towards the Fed's policy outlook. The decline intensified after Kevin Warsh adopted a more hawkish tone at Jackson Hole, prompting markets to increase the probability of a September rate hike, while the US dollar and Treasury yields moved higher, weighing on gold prices. At the end of the month, gold remained under pressure as renewed US-Iran tensions pushed oil prices higher, adding to inflation concerns alongside the more restrictive Fed outlook. Despite the late-month correction, gold retained a strong monthly gain supported by reduced expectations of a rate hike, a weaker US dollar and falling Treasury yields through mid-August. However, the subsequent hawkish shift in Fed expectations triggered a sharp pullback from the three-month high, although prices still ended well above July's closing level.

Oil Outlook

Oil prices recorded a marginal increase of 0.4% MOM to USD 90.49 per barrel in August 2026, as easing expectations of a US-Iran deal and improved prospects for reopening the Strait of Hormuz initially weighed on prices, although persistent supply risks limited the downside. Prices recovered thereafter as uncertainty over the Strait's reopening, attacks on oil infrastructure and vessels, and reduced shipping through the waterway heightened concerns over Middle East supply disruptions. Prices subsequently came under pressure from lower 2026 oil demand forecasts from OPEC and the IEA and a sharp 17.4 Mn-barrel increase in US crude inventories, before recovering as prolonged supply disruptions remained a concern. Post mid-month, prices continued to rise as fading hopes of a US-Iran peace deal and restricted shipping through the Strait supported prices, while heightened regional tensions and Houthi attacks added to supply risks. Prices declined in the final week as expanded US sanctions and expectations of renewed Middle East talks raised hopes of easing supply constraints. However, prices recovered from their lows following US strikes on Iran's Larak island and retaliatory attacks by Iran, although Brent crude still ended the month lower. Overall, oil prices remained volatile throughout August, driven by shifting expectations around the US-Iran conflict, the reopening of the Strait of Hormuz, and Middle East supply disruptions, while weaker demand expectations and higher US crude inventories limited the upside.

Our Top Bond/Sukuk Picks:

Top Bond Picks

S No.	Issuer Name	Ticker	ISIN	Yld to Mty (Mid)	Amt Out	Fitch Rating	Moody Rtg	S&P Rating	Country of Risk	Coupon	Maturity
1	DP World Ltd/United Arab Emirates	DPWDU	XS1883879006	6.65	1,300,000,000	BBB+	Baa2	N/A	AE	5.625	9/25/2048
2	Saudi Government International Bond	KSA	XS3267899923	6.43	3,500,000,000	A+	Aa3	A+	SA	5.875	1/12/2056
3	Oman Government International Bond	OMAN	US682051AJ69	6.38	2,750,000,000	BBB-	Baa3	N/A	OM	6.75	1/17/2048
4	Saudi Government International Bond	KSA	XS2747599509	6.37	4,750,000,000	A+	Aa3	N/A	SA	5.75	1/16/2054
5	Finance Department Government of Sharjah	SHJGOV	US38381CAF95	6.21	1,000,000,000	N/A	Ba1	BBB-	AE	6.125	3/6/2036
6	Abu Dhabi Government International Bond	ADGB	XS2811094213	6.02	1,750,000,000	AA	N/A	AA	AE	5.5	4/30/2054
7	Finance Department Government of Sharjah	SHJGOV	US38381CAE21	5.96	1,000,000,000	N/A	Ba1	BBB-	AE	6.5	11/23/2032
8	MDGH GMTN RSC Ltd	MUBAUH	US44985GAE17	5.91	750,000,000	AA	Aa2	AA	AE	6.875	11/1/2041
9	Kuwait International Government Bond	KUWIB	US85704AAD90	5.54	1,500,000,000	AA-	N/A	AA-	KW	5.509	7/29/2036
10	Abu Dhabi National Energy Co PJSC	TAQAUH	US00386SAB88	5.50	912,487,000	AA	Aa3	NR	AE	6.5	10/27/2036

Data Source: Bloomberg

Top SUKUK Picks

S No.	Issuer Name	Ticker	ISIN	Yld to Mty (Mid)	Amt Out	Fitch Rating	Moody Rtg	S&P Rating	Country of Risk	Coupon	Maturity
1	Saudi Electricity Sukuk Programme Co	SECO	XS2608638602	6.01	1,500,000,000	A+	Aa3	N/A	SA	5.684	4/11/2053
2	Saudi Electricity Global Sukuk Co 3	SECO	XS1054250318	5.86	1,000,000,000	A+	Aa3	A+	SA	5.5	4/8/2044
3	DP World Crescent Ltd	DPWDU	XS3066663124	5.74	1,500,000,000	BBB+	Baa2	N/A	AE	5.5	5/8/2035
4	SRC Sukuk Ltd	SRCSUK	XS3422176480	5.65	1,500,000,000	A+	Aa3	N/A	SA	5.375	7/14/2036
5	Sharjah Sukuk Program Ltd	SHARSK	XS2914525154	5.61	1,000,000,000	N/A	Ba1	BBB-	AE	5.433	4/17/2035
6	Aldar Investment Properties Sukuk Ltd	ALDAR	XS2816816305	5.55	645,000,000	N/A	Baa1	N/A	AE	5.5	5/16/2034
7	KSA Ijarah Sukuk Ltd	KSA	US50116FAD42	5.55	2,000,000,000	A+	Aa3	N/A	SA	5.598	9/9/2036
8	EDO Sukuk Ltd	ENEDEV	US28135J2A42	5.51	1,000,000,000	BBB-	N/A	BBB-	OM	5.875	9/21/2033
9	Esic Sukuk Ltd	ESICSU	XS2747181613	5.47	700,000,000	N/A	Baa3	N/A	AE	5.831	2/14/2029
10	Mazoon Assets Co SAOC	MAZOON	XS2907977131	5.45	750,000,000	BBB-	Ba1	N/A	OM	5.25	10/9/2031

Data Source: Bloomberg

Content:

MENA credit outlook

Bahrain's USD 186 Mn T-bill issue was oversubscribed 2.14 times

Bahrain's Central Bank issued 91-day treasury bills worth BD 70 Mn (USD 186.17 Mn) on behalf of the Ministry of Finance and National Economy, with total subscriptions from financial institutions reaching c. BD 150 Mn. The issue was oversubscribed by 114.29% and carried a weighted average interest rate of 5.29%. The bills are scheduled to mature on November 4, 2026.

Kuwait International Bank secured approval to issue USD 600 Mn sukuk

Kuwait International Bank (KIB) obtained the Central Bank of Kuwait's final approval for an unsecured sukuk issuance of up to USD 600 Mn under its USD 1.5 Bn existing sukuk programme. The sukuk is going to be issued through KIB Sukuk Limited, a special purpose entity based in the Cayman Islands.

Oman issued USD 52 Mn in new treasury bills

Oman raised OMR 20 Mn (USD 52 Mn) through two treasury bill tranches, comprising OMR 19.5 Mn with a 91-day maturity and OMR 0.5 Mn with a 182-day maturity. The 91-day tranche carried an average yield of c. 3.91% and an average discount rate of c. 3.87%, while the 182-day tranche offered an average yield of c. 3.96%.

Binghatti's Ba3 ratings faced downgrade review from Moody's

Moody's placed Binghatti Holding Ltd's Ba3 Corporate Family Rating (CFR) and Ba3-PD Probability of Default Rating (PDR) under review for downgrade, following a weaker liquidity position and uncertainty over cash flow generation in the next 12-18 months. Unrestricted cash fell to c. AED 393 Mn in June 2026 from AED 597 Mn at the end of 2025, while free cash outflows stood at AED 1.5 Bn in 1H26. The review reflected heightened exposure to slower property sales, delays in project completion, weaker customer collections and limited capital market access ahead of a bond maturity in early 2027.

Sukuk liquidity exceeded bonds in Saudi Arabia, Oman and Bahrain

Sukuk recorded higher liquidity than bonds across Saudi Arabia, Oman and Bahrain, with a liquidity score of 68 compared with 57 for bonds, according to Fitch Ratings. On an all-currency basis, sukuk also recorded a higher average score of 57 versus 53 for bonds. Liquidity scores for sukuk and bonds were the same in Qatar and the UAE, whereas Kuwaiti bonds ranked higher than sukuk. In August, sukuk issued by Egypt, Oman, Malaysia and Ireland exceeded their pre-war liquidity levels, with Egypt's score standing 11 points above the pre-war level.

Bahrain raised BHD 200 Mn through two-year development bond at 7%

Bahrain raised BHD 200 Mn (USD 530 Mn) through a two-year development bond carrying a fixed annual coupon of 7.00%, issued by the Central Bank of Bahrain on behalf of the Government. The offering received subscriptions of BHD 208.26 Mn, resulting in modest oversubscription.

IILM's short-term sukuk issuance was oversubscribed 2.27x

The International Islamic Liquidity Management Corporation (IILM) raised USD 1.2 Bn through the issuance and reissuance of short-term sukuk, with total orders reaching USD 2.8 Bn, representing an oversubscription of 2.27x. The offering comprised five tranches with maturities ranging from one to 12 months, carrying profit rates of 3.95% to 4.60%. The one-month tranche amounted to USD 355 Mn at 3.95%, while the three-month tranche stood at USD 556 Mn at 4.00%. The six-, nine- and 12-month tranches were valued at USD 115 Mn, USD 89 Mn and USD 104 Mn, respectively.

Alrajhi Bank secured USD 1 Bn through three-year sustainability Murabaha financing

Alrajhi Bank, rated Aa3/A/A by Moody's, S&P and Fitch, launched a USD 1 Bn three-year commodity Murabaha term loan under its sustainability financing framework, priced at SOFR + 80 bps. Citigroup, Emirates NBD, Mashreq Al Islami and Sumitomo Mitsui Banking Corporation were appointed as financing coordinators, mandated lead arrangers and bookrunners. The proceeds are expected to support eligible sustainable projects in line with the bank's Sustainable Finance Framework, with commitments scheduled by September 14.

Saudi Arabia allocated SAR 9.518 Bn through August sukuk issuance

The National Debt Management Center (NDMC) completed the August 2026 issuance under Saudi Arabia's SAR-denominated Sukuk Program, with a total allocation of SAR 9.518 Bn (USD 2.5 Bn). The issuance comprised five tranches, including SAR 1.550 Bn maturing in 2031, SAR 2.396 Bn maturing in 2033, SAR 258 Mn maturing in 2036, SAR 4.064 Bn maturing in 2039, and SAR 1.250 Bn maturing in 2041.

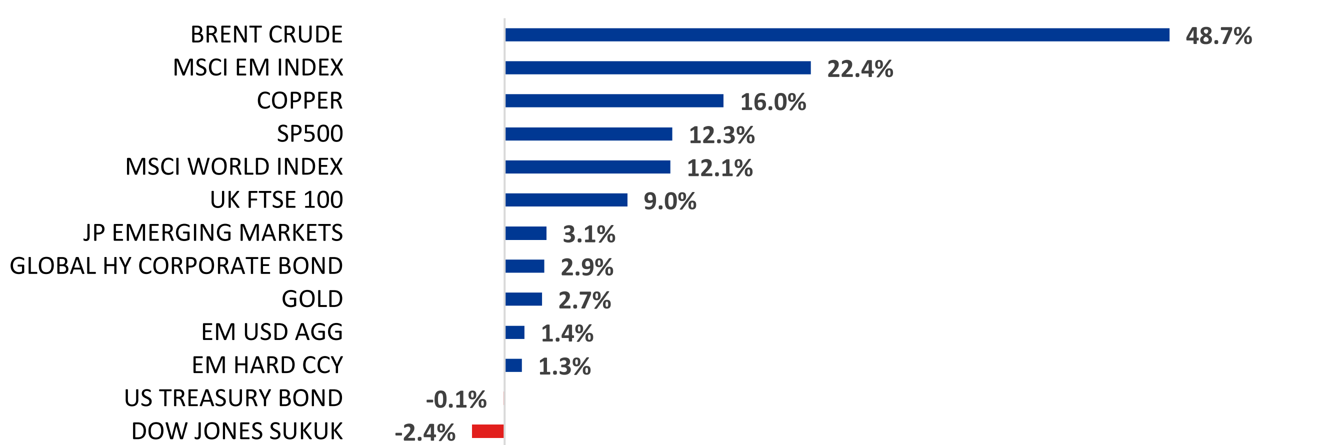
Boubyan Bank secured regulatory approval for up to KWD 100 Mn AT1 sukuk

Boubyan Bank secured regulatory clearance to proceed with a perpetual Additional Tier 1 (AT1) sukuk issuance of up to KWD 100 Mn (USD 324 Mn). The bank received preliminary approval from the Central Bank of Kuwait and final approval from the Capital Markets Authority (CMA).

Global Asset Performance

Global asset classes delivered broadly positive performance during August 2026, supported by resilient economic activity, strong corporate earnings and continued momentum in the global artificial intelligence (AI) investment cycle. Equity markets rebounded from the weakness seen in July, with emerging markets outperforming developed markets. The MSCI Emerging Markets Index rose 3.2% MOM, driven by strong performances across Taiwan, China and South Korea, while the MSCI World Index increased 2.5% MOM, supported primarily by gains in the US. The US remained the strongest-performing developed market, as continued AI-related capital expenditure and robust technology-sector earnings sustained investor interest. Investment in fixed income were relatively resilient, although rising bond yields and persistent inflationary pressures limited gains amid expectations of higher-for-longer interest rates. The Bloomberg Global Aggregate Bond Index increased 0.4% MOM, while the JP Morgan EMBI and EM USD Aggregate Bond Index gained 0.9% and 0.7% MOM, respectively, supported by improved risk appetite. US Treasuries returned 0.3% MOM, with front-end yields edged higher following comments from Fed Chair Warsh that recent US inflation data had not shown meaningful improvement. In contrast, the 30-year Treasury yield declined over the month after briefly reaching its highest level since 2007, following the US Treasury's announcement that it would at least double the pace of longer-dated bond buybacks from September. Credit markets also strengthened during the month, with the Dow Jones Sukuk Index rising 0.3% MOM and global high-yield corporate bonds gaining 0.6% MOM, reflecting an improvement in overall risk appetite. Within commodities, copper increased 2.0% MOM, supported by AI- and electrification-related demand and tight supply conditions. Gold rose 9.7% MOM, driven primarily by a shift in market expectations around US monetary policy, with a weakening US dollar and lower Treasury yields increasingly supporting gold's outlook. Brent crude increased 0.4% MOM, as ongoing geopolitical and supply concerns were largely offset by expectations of improving oil supply. Overall, market sentiment remained constructive during August, supported by resilient economic activity, strong corporate earnings and sustained investment in AI infrastructure. However, elevated geopolitical risks, higher energy prices and persistent inflationary pressures continued to create uncertainty and contributed to periods of increased market volatility.

Figure 1: Global Asset Performance (YTD in FY2026)

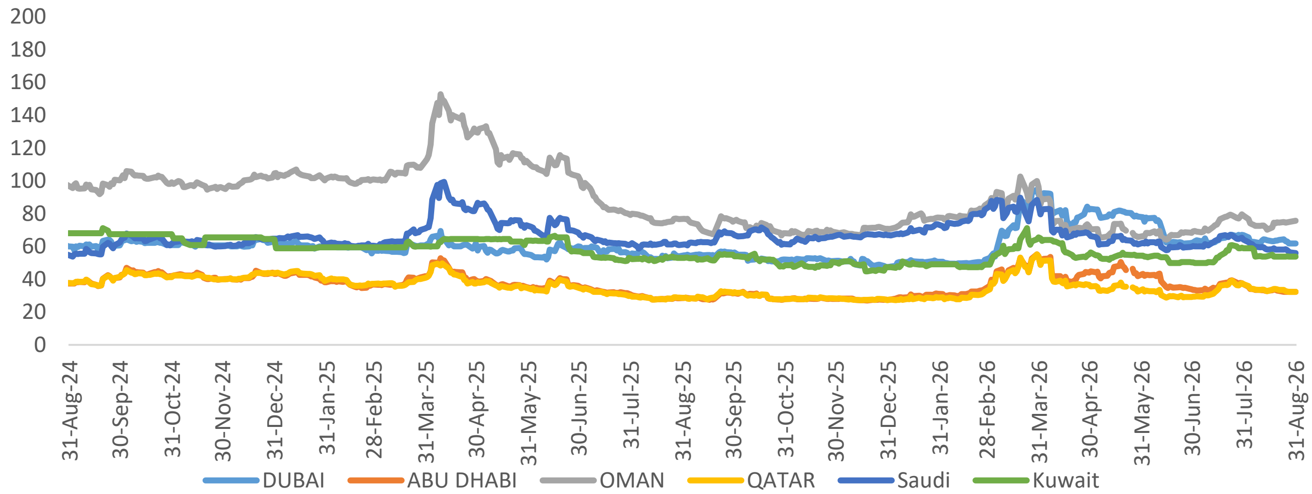


Source: Bloomberg

5-Year CDS

The 5-year CDS spreads declined across all GCC countries during August 2026, indicating an improvement in sovereign credit risk sentiment despite ongoing geopolitical and macroeconomic uncertainties. Qatar recorded the highest decline of 12.86% MOM in August 2026. KSA recorded the second-highest decline of 12.82% on a MOM basis in August 2026, followed by Abu Dhabi and Kuwait which recorded decline of 12.53% and 8.58% respectively, on a MOM basis in August 2026. Similarly, Dubai and Oman recorded decline of 7.58% and 4.03%, respectively, on a MOM basis in August 2026.

Figure 2: GCC Countries- 5 Year CDS



Source: Bloomberg

Sovereigns	Dubai	Abu Dhabi	Oman	Kuwait	Qatar	Saudi
MTD (%)	-7.58%	-12.53%	-4.03%	-8.58%	-12.86%	-12.82%

Banking Sector

Emirates NBD to acquire HSBC Egypt’s retail banking operations

Emirates NBD’s wholly owned Egyptian subsidiary agreed to acquire HSBC Egypt’s retail banking operations, covering the associated portfolio, branches, ATMs, customer base and relevant employees. The transaction is subject to regulatory clearances and other closing conditions and is targeted for completion in 2H27. HSBC Group expects to generate a pre-tax gain of c. USD 300 Mn from the sale.

QNB seeks USD 2 Bn five-year loan from Asian lenders

Qatar National Bank (QNB) is seeking to raise a USD 2 Bn five-year senior unsecured term facility from the Asian loan market, with DBS Bank, HSBC, Industrial and Commercial Bank of China, Mizuho Bank and Standard Chartered appointed as lead arrangers and bookrunners. The loan is structured as a bullet facility and priced at 75 bps above compounded SOFR. The funds is anticipated to be used to refinance a USD 2 Bn three-year facility raised in October 2023.

ADIB planned AED 1.75 Bn rights issue to raise capital

Abu Dhabi Islamic Bank (ADIB) planned to raise up to AED 1.75 Bn through a rights issue comprising 106.4 Mn new shares at a nominal value of AED 1 each, with a share premium of AED 15.45. The proposed issue price was based on an independent financial adviser's assessment and remains subject to approvals from the Central Bank of the UAE and the Capital Markets Authority (CMA). ADIB's General Assembly is scheduled to consider the proposal on October 6.

Corporate Sector

ADNOC Gas raised 2026-2030 capex guidance to USD 28 Bn

ADNOC Gas anticipates committed capex for 2026-2030 to increase to USD 28 Bn from USD 20 Bn, following the final investment decision for Rich Gas Development (RGD) Phases 2 and 3, which is expected to add USD 8.2 Bn investment. For 2026, the Company projects capex of USD 4.5-5.0 Bn, largely allocated toward growth initiatives.

ADNOC L&S acquired five VLCCs for USD 590 Mn

ADNOC Logistics and Services (ADNOC L&S) purchased five very large crude carriers (VLCCs) from Frontline Plc for c. USD 590 Mn, comprising two vessels built in 2012 for c. USD 115 Mn each and three vessels built in 2015 for c. USD 120 Mn each. ADNOC L&S has a fleet of more than 900 vessels, including seven VLGCs and eight VLCCs. The acquisition is expected to provide ADNOC with greater control over its supply chain amid continued disruptions in the Red Sea and Strait of Hormuz.

Mubadala increased stake in Aldar Properties to 28.03%

Mubadala Investment Company raised its ownership in Aldar Properties to 28.03% from 27.01% after acquiring additional shares through Mamoura Diversified Global Holding PJSC. The purchases were executed on the Abu Dhabi Securities Exchange (ADX) between May 8, 2026 and August 11, 2026. With the increased holding, Mubadala continues to be Aldar's largest shareholder, followed by International Holding Company (IHC) with a 26.52% stake.

Wison Engineering won USD 4.04 Bn EPC contract for ADNOC Gas project

ADNOC Gas awarded Wison Engineering an engineering, procurement and construction (EPC) contract worth USD 3.9 Bn for Phase 2 of its Rich Gas Development (RGD) project in Habshan, Abu Dhabi, along with a 220KV switch station, taking the overall contract value to c. USD 4.0 Bn. The project covers a new natural gas processing train, including gas pipelines, separation and condensate stabilisation facilities, acid gas removal units and deep natural gas liquids (NGL) recovery units.

ADQ offered to acquire remaining shares in AD Ports Group for cash

L'IMAD, through its wholly owned subsidiary ADQ, announced a voluntary conditional cash offer to acquire up to 100% of AD Ports Group's issued and paid-up share capital. The offer valued the remaining shares at AED 6.25 per share, while ADQ currently holds a 75.42% stake in the company. Rothschild & Co Middle East Limited was appointed as financial adviser, while Emirates NBD Capital and First Abu Dhabi Bank acted as joint lead managers and EFG Hermes UAE as co-lead manager.

ADNOC Distribution agreed to sell minority stake in Shell South Africa business to Reatile Group

ADNOC Distribution agreed to bring Reatile Group in as a minority investor in Shell Downstream South Africa (SDSA) following the completion of its planned acquisition of the business in 2027. ADNOC Distribution had agreed in July to acquire 100% of SDSA's share capital at an implied enterprise value of c. USD 1 Bn. The size of Reatile Group's stake and its financial commitment remain undisclosed, while ADNOC Distribution had previously indicated plans to divest a 28% stake to a local empowerment partner and through an Employee Stock Option Plan (ESOP).

Rating Outlook

- **Abu Dhabi**'s Long-Term Foreign-Currency Issuer Default Rating (IDR) has been confirmed by Fitch Ratings at 'AA' with a Stable Outlook. The 'AA' grade reflects Abu Dhabi's excellent fiscal and external metrics, as well as a high GDP per capita, which are offset by the country's substantial reliance on hydrocarbons, a weak but developing economic policy framework, and low governance indices when compared to peers. The government debt of Abu Dhabi is the lowest among Fitch-rated sovereigns, while sovereign net foreign assets are among the greatest. Lastly, Moody's assigned Aa2 rating to the UAE government with a stable outlook. This is a testament that depicts the nation's financial and economic vision and policies success and the strength and stability of its economic, financial and credit sectors.
- Fitch revised **Oman**’s credit rating to “**BBB- “from “BB+”** and revised its outlook from **positive to stable**. Fitch cited sustained strengthening of public and external balance sheet and increased confidence in the authorities commitment to fiscal prudence even in a lower oil price environment. Since 2020, Oman has sharply reduced government debt from about 68% of GDP to around 36% in 2025, supported by disciplined fiscal management and policy reforms. Fitch expects moderate budget deficits of around 1% of GDP in 2026–2027, a broadly stable debt trajectory well below the ‘BBB’ median, and further institutionalization of fiscal discipline through a new medium-term fiscal plan. The rating is supported by relatively high GDP per capita and improved debt metrics, while constraints remain Oman’s heavy reliance on oil revenues and still-modest financial buffers amid hydrocarbon price volatility. Moody’s recently upgraded Oman’s long-term issuer and senior unsecured ratings to **“Baa3” from “Ba1**”, citing expected enhancements in the country’s debt position and improved resilience to lower oil prices. However, Moody’s revised the country’s outlook to “stable” from “positive”, as Oman’s fiscal and economic outlook remains exposed to risks stemming from its continued heavy reliance on the hydrocarbon sector and potential declines in global oil demand and prices. S&P Global Ratings upgraded Oman’s long-term ratings from ‘BB+’ to ‘BBB- ‘with a stable outlook due to continued deleveraging of public sector entities. It also raised the short-term ratings on Oman from 'B' to 'A-3', while it revised the transfer and convertibility assessment from 'BBB-' to 'BBB'. The rating upgrade is attributable to the deleveraging balance sheet of the Omani government and several state-owned enterprises (SOEs) coupled with the commitment of the authorities to advance its longer-term structural reform agenda to solidify its economy.
- Moody's revised **Bahrain's** outlook from **"stable" to "negative",** affirming the country's **B2** rating while citing the strain that regional conflict is placing on the Gulf state's already fragile fiscal and debt position, with disruptions to shipping through the Strait of Hormuz and to regional air travel weighing on Bahrain's oil and aluminium exports as well as its tourism sector, pressures that Moody's warned would further deteriorate government finances and place additional strain on the country's limited foreign-exchange reserves. S&P Global Ratings revised its credit rating outlook on Bahrain from negative to stable. The rating agency affirmed Bahrain's long-term foreign and local currency sovereign credit ratings at 'B' with a stable outlook. The downgrade of the rating is driven by the growing risks to the fiscal position and the government's ability to service and refinance debt. The agency also cited that market volatility and weak financial conditions will lead higher interest burden on the government. It also expects the fiscal deficit to remain elevated due to lower oil prices, ongoing maintenance activity at the key Abu Sa'fah oil field and higher social spending. S&P expects the fiscal deficit to widen to 7.6% of GDP in 2025 compared to 5.8% in 2024. Fitch has recently revised the ratings on Bahrain’s long-term foreign currency issuer default rating to B from B+ with an outlook of STABLE from NEGATIVE. The revision in the credit rating is mainly due to mounting fiscal pressures, growing debt levels, coupled with high interest burden and delayed fiscal reforms.
- Fitch Ratings affirmed **Kuwait**'s long-term foreign-currency issuer default ratings, or IDR, to 'AA-' with a stable outlook. This is due to the Gulf state's fundamental issues being worsened by continued political limitations on decision-making. Since 2017, the Gulf state has been debating debt legislation, demonstrating the slowness with which decisions are made. Kuwait's debt is expected to climb to about 50% of GDP after the debt law is approved, according to the credit rating agency, up from the current 10%. The Kuwaiti administration has been attempting to adopt new public debt legislation

to alleviate the country's liquidity constraints, but the bill has been continually blocked by parliament. S&P Global Ratings upgraded Kuwait’s long-term sovereign credit rating to **‘AA-**’ with a **stable** outlook, reflecting expectations that the government will continue implementing fiscal and monetary reforms under its Vision 2035 strategy.

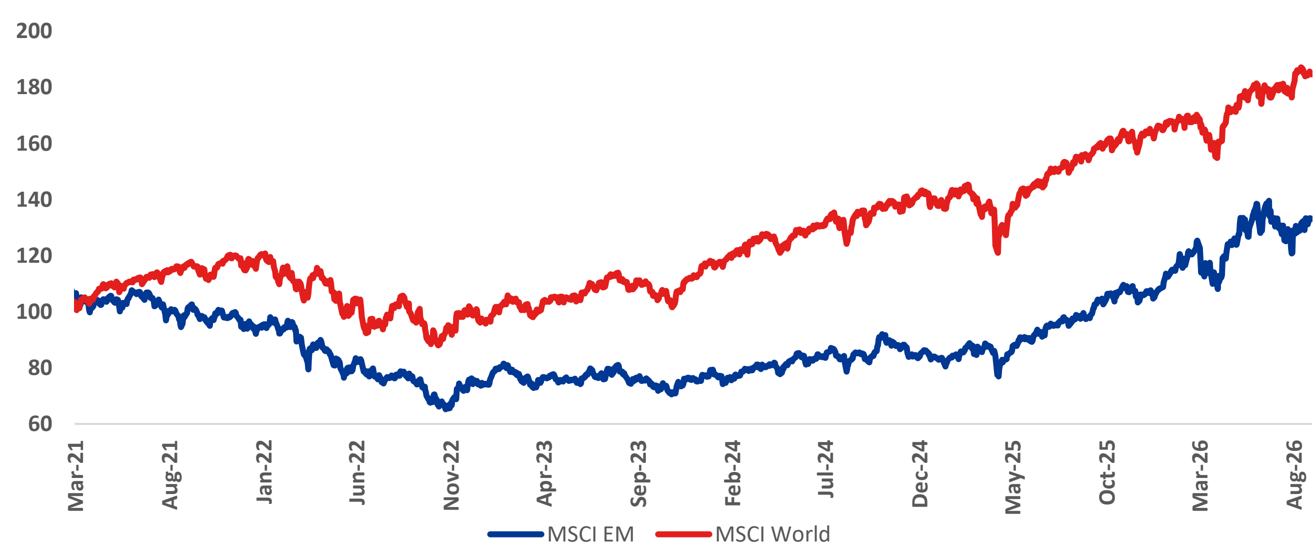
- **Saudi Arabia**'s Long-Term Foreign-Currency Issuer Default Rating (IDR) remained unchanged at 'A+' by Fitch Ratings, with a 'Stable' outlook. The key reasons cited by the rating agency for the rating are strong fiscal and external balance sheet, low government debt and sizable foreign reserve. The growth in the non-oil sector remains robust and the reform momentum is strong, while rising deficit, continued reliance on oil and external borrowing pose challenges. Moody's Investors Service affirmed Saudi Arabia's credit rating outlook at stable, noting the kingdom's continuous progress in economic diversification coupled with the strong growth of its non-oil sector. According to a statement, Moody's maintained the sovereign’s rating at Aa3, the fifth-highest rating citing the country’s efforts to diversify the economy away from oil. S&P Global Ratings revised Saudi Arabia's outlook from positive to stable. It upgraded KSA’s long-term foreign and local currency unsolicited sovereign credit rating from ‘A’ to ‘A+’ and affirmed short-term ratings at ‘A-1‘.
- In January 2024, Moody’s upgraded **Qatar**’s local and foreign-currency Long-Term issuer and foreign currency senior unsecured debt ratings to Aa2 from Aa3. It also changed the outlook from positive to stable. The rating is attributed to significant improvements in Qatar’s fiscal metrics during 2021-2023. Moody’s anticipates that the improvement in Qatar’s debt burden and debt-service metrics from 2021 to 2023 will continue into the medium term. Fitch Ratings has placed Qatar's 'AA' Long-Term Foreign-Currency and Local-Currency Issuer Default Ratings on Rating Watch Negative, reflecting heightened uncertainty around Qatar's security situation in the aftermath of the Middle East conflicts, along with the risk of a prolonged conflict or additional damage to the country's oil and gas infrastructure.

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

Global Markets

Global equity markets regained positive momentum in August 2026, supported by resilient economic activity, a healthy corporate earnings environment and renewed investor interest in technology and artificial intelligence (AI)-related sectors. Developed markets rose 2.5% MOM, while emerging markets outperformed, gaining 3.2% MOM. Within emerging markets, Taiwan was among the strongest performers, rising 7.0% MOM, supported by continued global demand for AI infrastructure and a rebound from the sharp decline in July, leaving valuations relatively attractive. China's SSE Composite gained 4.0% MOM, driven by a rotation into technology and AI-related stocks following July's sell-off, alongside strong momentum in semiconductors, enterprise hardware and selected defensive dividend stocks. South Korea's KOSPI increased 3.4% MOM, supported by renewed global AI demand, strong buying interest in major semiconductor companies and corporate share buybacks. In contrast, Brazil's equity market declined 0.3% MOM, primarily reflecting heightened political uncertainty ahead of the upcoming presidential election and continued foreign capital outflows. India's Nifty 50 declined 1.2% MOM, making it one of the weakest-performing emerging markets, amid higher crude oil prices driven by Middle East tensions, weakness in key market heavyweights and broader global market volatility. Among developed markets, the US was the strongest performer, with the S&P 500 rising 2.6% MOM. The rally was supported by continued strength in the AI investment cycle, robust technology-sector earnings and sustained data-centre capital expenditure. The market also benefited from a strong second-quarter earnings season, including another strong earnings report from Nvidia, although performance across mega-cap technology stocks remained mixed. Elsewhere, Japan's Nikkei declined 0.2% MOM, affected by weakness in global technology stocks, expectations of higher interest rates and persistent geopolitical concerns. The UK's FTSE 100 fell 0.4% MOM, weighed by weakness in banking and energy stocks, rising bond yields and renewed concerns over domestic inflation. France's CAC 40 declined 2.2% MOM, reflecting heightened Middle East geopolitical tensions, weak domestic economic conditions and softer global demand for major French exports. Overall, the global equity market recovery resumed in August, with the AI theme remaining a key driver of market performance. There were limited signs of a slowdown in US data-centre investment, supporting continued growth in technology-sector earnings. However, the divergent performance across technology stocks suggests that investors remain cautious in determining the longer-term winners of the AI investment cycle.

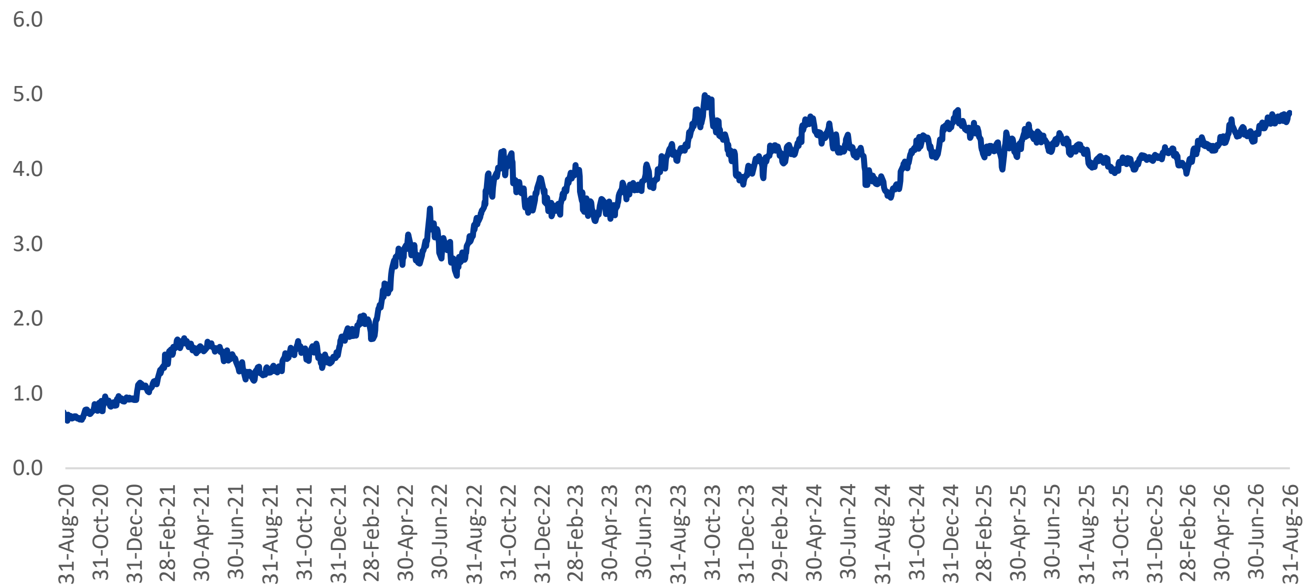
Figure 3: MSCI World and Emerging Market Index Historical trend



Source: Bloomberg

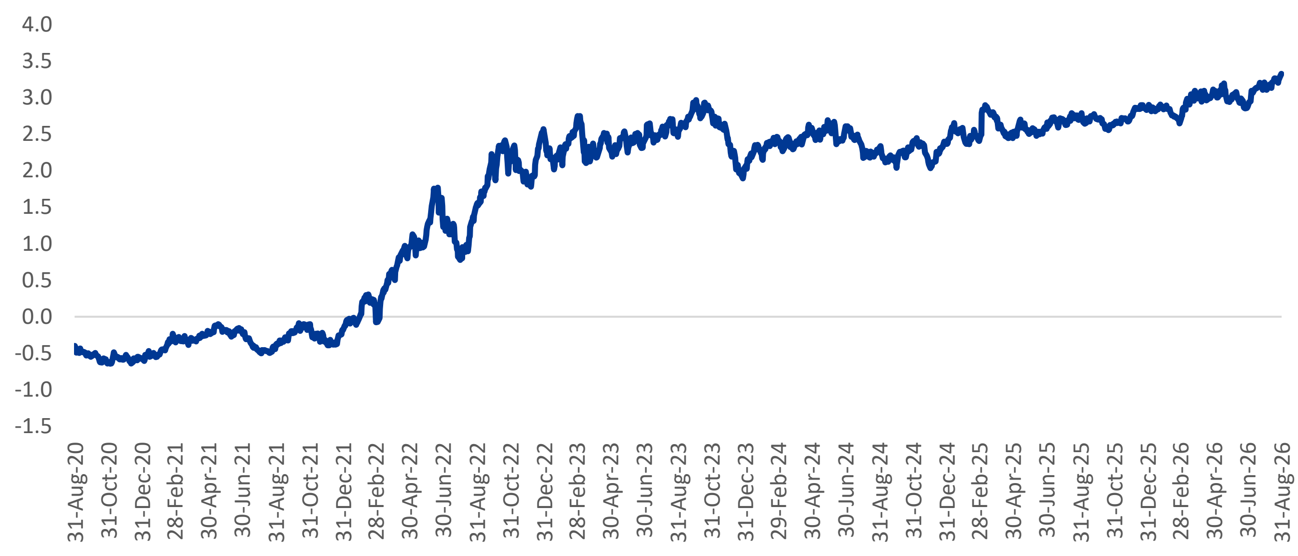
Yield on 10-year government

Figure 4: US 10-year government yield



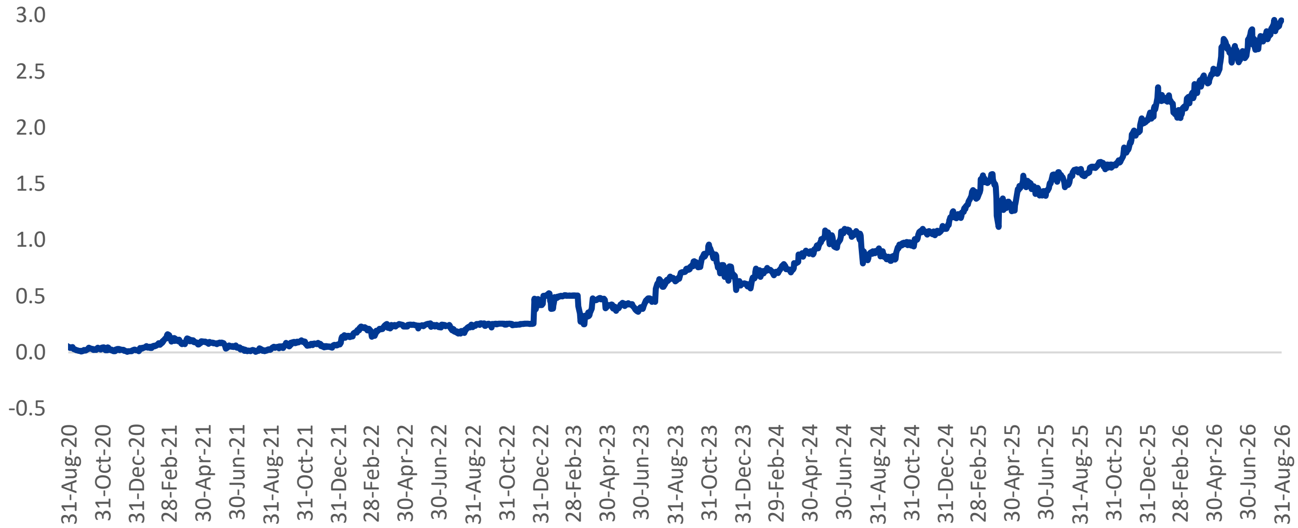
Source: Bloomberg

Figure 5: Germany 10-year government yield



Source: Bloomberg

Figure 6: Japan 10-year government yield



Source: Bloomberg

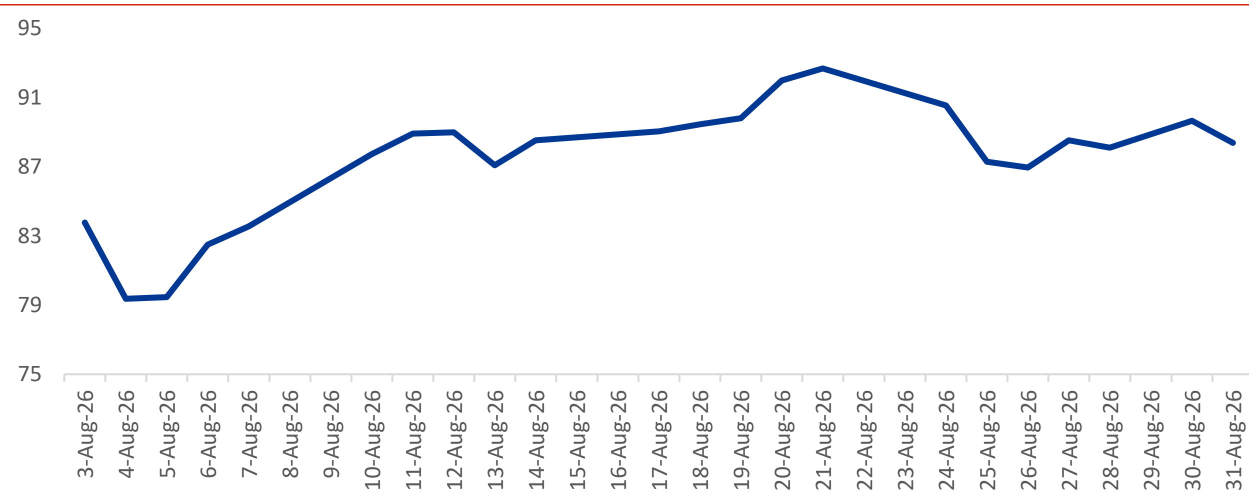
Figure 7: UK 10-year government yield

Source: Bloomberg

Oil Outlook

Oil prices recorded a marginal increase in August 2026, with Brent crude increasing 0.4% MOM to USD 90.49 per barrel. Oil prices remained volatile during the first week of August, initially declining as progress toward a US-Iran deal raised hopes of an end to the conflict and the reopening of the Strait of Hormuz. Prices later recovered as uncertainty over the reopening of the Strait resurfaced, with Iran considering restrictions on vessels using the Strait and continued Houthi attacks on Saudi oil tankers raising concerns over regional supply disruptions. Meanwhile, OPEC+ approved a further 188 thousand bpd increase in oil production quotas from September, completing the additional unwinding of a layer of voluntary output cuts. Oil prices initially rose during the following week of August as uncertainty over the reopening of the Strait of Hormuz and fading hopes of a US-Iran deal heightened concerns over supply disruptions. Prices were further supported by attacks on Saudi Aramco's Jazan refinery and vessels transiting the Strait of Hormuz and Bab el-Mandeb, with crude and refined product exports through the Strait averaging 3.0 Mn bpd at the end of the first week of August, down from 4.4 Mn bpd a week earlier. Prices subsequently declined as OPEC and the IEA lowered their 2026 oil demand forecasts and US crude inventories recorded a sharp 17.4 Mn-barrel increase, the largest weekly build since January 2023. However, prices recovered as concerns over prolonged supply disruptions resurfaced following threats of an indefinite blockade of Iran and further attacks on vessels transiting the Strait of Hormuz. Oil prices continued to rise post-mid-month as fading hopes of a US-Iran peace deal and uncertainty over the reopening of the Strait of Hormuz heightened concerns over supply disruptions. Prices were supported by continued restrictions on shipping through the Strait, with only five commodity vessels transited the waterway during the weekend of 15–16 August, compared to 31 vessels during the prior weekend, while attacks by the Houthis on vessels in the Red Sea further added to supply risks. The UAE's suspension of financial and economic transactions with Iran further heightened regional tensions. Meanwhile, Iraq approved alternative mechanisms to export crude through multiple outlets to reduce reliance on the Strait of Hormuz. Oil prices declined initially in the final week of August as profit-taking and expanded US sanctions on Iran outweighed immediate concerns over supply disruptions. Prices extended losses thereafter as expectations of renewed Middle East talks and progress toward an agreement to reopen the Strait of Hormuz raised hopes of easing supply constraints. Prices subsequently recovered from their lows following US strikes on Iran's Larak island in the Strait of Hormuz and retaliatory attacks by Iran, which heightened concerns over renewed supply disruptions. However, Brent crude ended August lower, despite the late-month escalation.

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

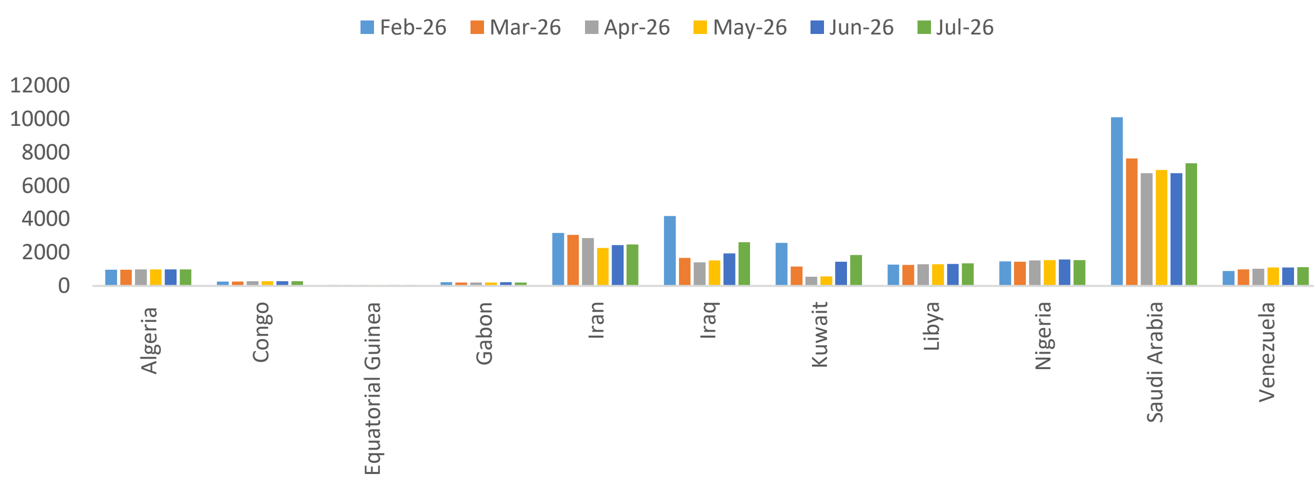


Source: Bloomberg

OPEC Production

Total crude oil production from the OPEC countries increased by 1,689 thousand barrels per day (bpd) MOM, reaching 19.9 Mn bpd in July 2026. Eight out of the 11 OPEC members reported an increase in production during the month. Iraq witnessed the largest increase in production, increasing 664 thousand bpd MOM in July 2026, followed by Saudi Arabia with the second-highest increase of 590 thousand bpd MOM. Kuwait's oil output increased 393 thousand bpd MOM in July 2026. Libya output rose 40 thousand bpd MOM in July 2026. Iran and Venezuela recorded growth in output of 27 thousand bpd and 13 thousand bpd MOM, respectively, while Equatorial Guinea and Algeria reported increases of 10 thousand bpd and 8 thousand bpd MOM, respectively, in July 2026. However, Nigeria saw the highest decline in oil production of 37 thousand bpd MOM in July 2026, followed by Gabon with a decline of 15 thousand bpd MOM. Congo saw a decline of 4 thousand bpd MOM in July 2026.

Figure 9: OPEC Crude Oil Production

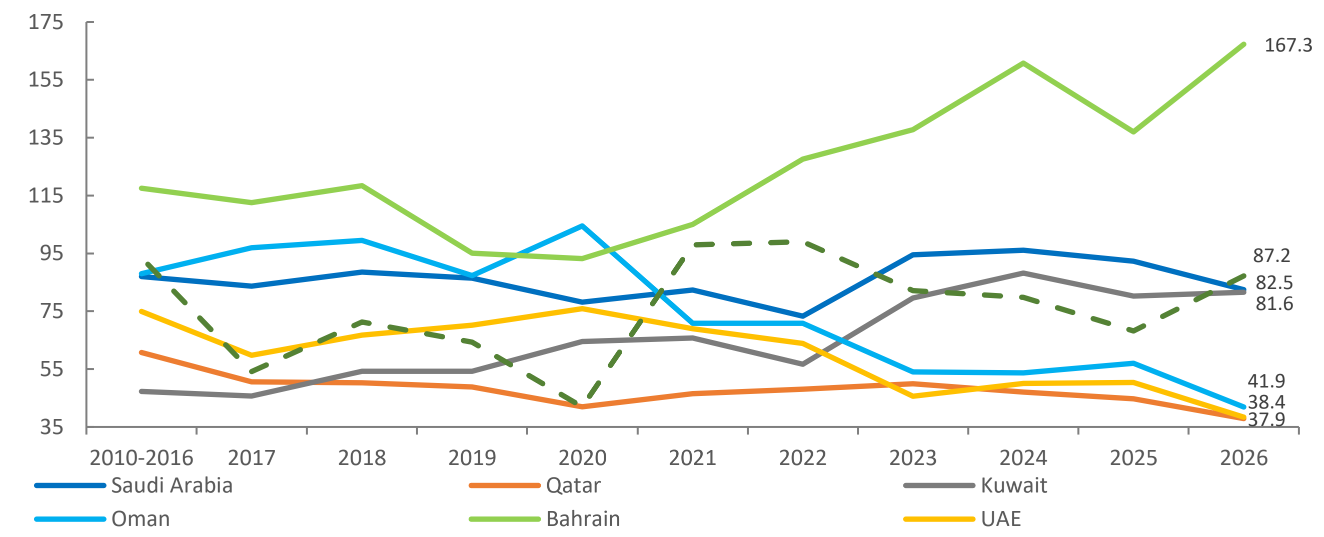


Source: OPEC (UAE excluded from OPEC effective May 2026)

Fiscal Breakeven Oil Price

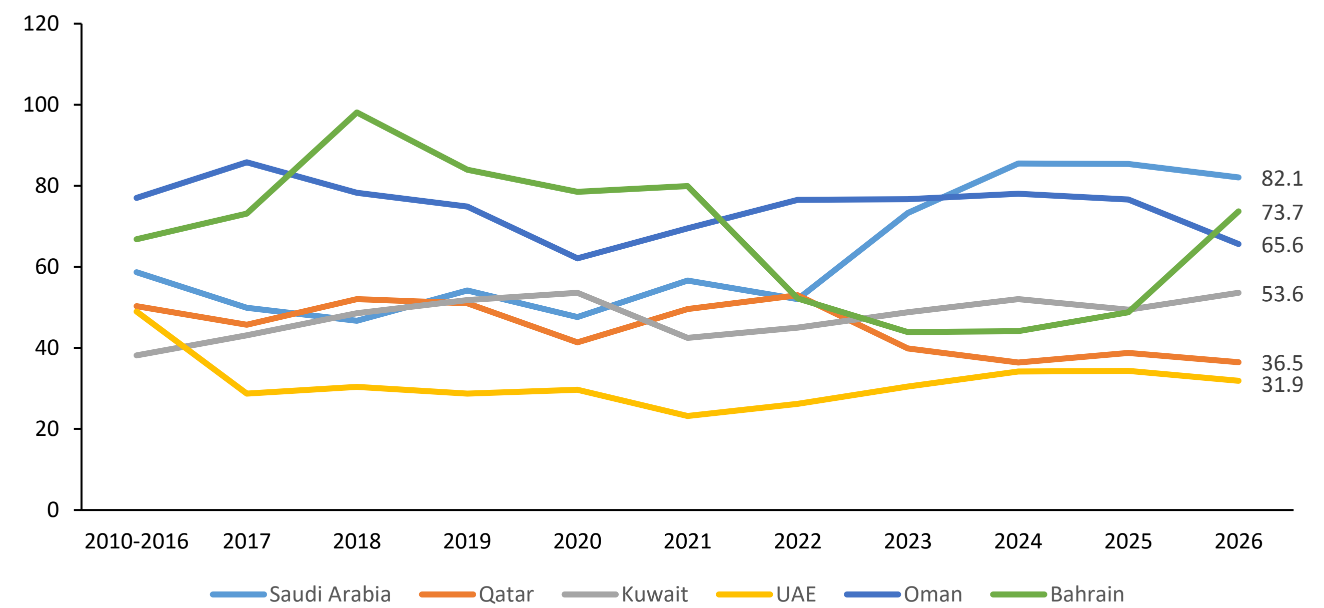
The overall fiscal breakeven oil price is expected to decline for all GCC countries in FY2026, except Bahrain and Kuwait. Bahrain’s fiscal breakeven is projected to increase from USD 137.0 per barrel in FY2025 to USD 167.3 per barrel in FY2026, while Kuwait’s fiscal breakeven is projected to increase from USD 80.2 per barrel in FY2025 to USD 81.6 per barrel in FY2026. Oman is expected to record the highest decline in fiscal breakeven oil price, from USD 57.0 per barrel in FY2025 to USD 41.9 per barrel in FY2026. The UAE’s fiscal breakeven oil price is projected to decline from USD 50.4 per barrel in FY2025 to USD 38.4 per barrel in FY2026, followed by Saudi Arabia, where the fiscal breakeven oil price is expected to decrease from USD 92.3 per barrel in FY2025 to USD 82.5 per barrel in FY2026. Qatar’s fiscal breakeven oil price is also projected to decline from USD 44.7 per barrel in FY2025 to USD 37.9 per barrel in FY2026.

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



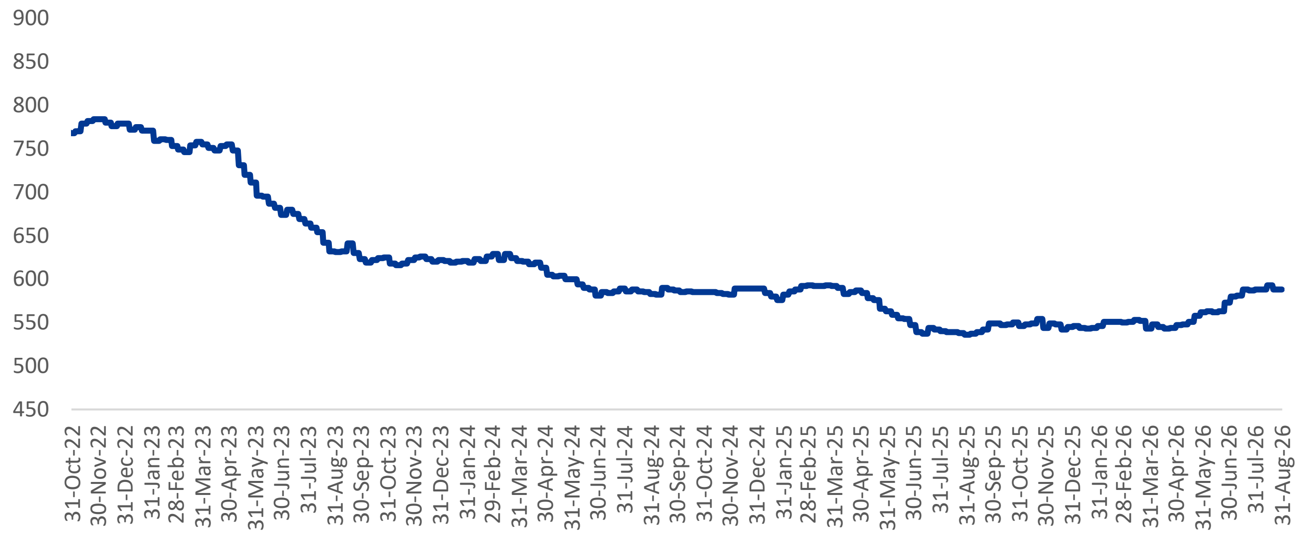
Source: Bloomberg

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



Source: Bloomberg

Figure 12: Oil Rig Count



Source: Bloomberg

Credit Strategy

Current View on Credit Initiation:

Name	Sector	Price	Mid YTM	Moody's/S&P/Fitch
ALDAR 3.875% 2029	Real Estate	96.20	5.25	Baa1/NA/NA
KWIPKK 4.5% 2027	Investment Co.	98.71	7.68	WR/NR/NA
ARAMCO 3.5% 2029	Oil & Gas	96.36	5.02	Aa3/NA/A+
BGBKKK 2.75% 2031	Bank	99.59	6.65	NA/NA/BBB+
INTLWT 5.95% 2039	Power Generation and Water Utility	98.36	6.15	Baa3/NR/BBB-

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

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

Implications of Securities Recommendations

Bond Particulars	Call	Price	Yield[1]	1M Return	3M Return	YTD Return	12M Return
INTLWT 5.95% 2039	MW	98.36	6.15	0.16	-2.25	-4.42	-2.89
BGBKKK 2.75% 2031	MW	99.59	6.65	0.09	0.66	1.96	3.17
ARAMCO 3.5% 2029	OW	96.36	5.02	0.18	-0.48	-1.34	-1.21
KWIPKK 4.5% 2027	MW	98.71	7.68	0.72	0.65	0.56	4.12
ALDAR 3.875% 2029	OW	96.20	5.25	0.83	-0.33	-1.60	-1.44

Source: Bloomberg, [1]Mid YTM

ALDAR 3.875% 2029: Maintain OVERWEIGHT rating

We assign an OVERWEIGHT rating on Aldar Properties PJSC's (Aldar Properties) 3.875% senior unsecured Sukuk maturing in October 2029. The Sukuk is trading at USD 96.20 with a yield of 5.25% when held until maturity (redemption at par) with a modified duration of 2.86. 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 66.9 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 2021. SODIC is a leading Egyptian real estate company with a strong 25-year track record, spanning a land area of 24.9 Mn square meters across three geographies in Egypt.
- Mubadala Investment Company, a Sovereign wealth fund of the Abu Dhabi government, owns a 27.01% stake in Aldar. Alpha Dhabi Holding owns a 30%+ 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 2Q26 with a revenue of AED 8.1 Bn, up 4.8% YOY. The growth was primarily driven by execution of the development revenue backlog, alongside higher recurring income from Aldar Investment supported by strong occupancy, rental growth, strategic acquisitions and growth in the Education and Estates businesses.
- It recorded a gross profit of AED 2,925 Mn, up 14.2% YOY in 2Q26, with gross margin expanding to 36.1% from 33.1% in 2Q25, and a net profit of AED 2,166 Mn, up 9.9% YOY, demonstrating the resilience of Aldar's diversified business model. EBITDA increased 17.6% YOY to AED 3,327 Mn in 2Q26, with EBITDA margin expanding to 41.0%.
- Aldar's strong financial results are primarily supported by continued execution of the development revenue backlog. The Company's development backlog increased to AED 71.6 Bn in 2Q26 from AED 62.3 Bn in 2Q25, providing clear

visibility on revenue recognition over the next two to three years, including sizeable UAE backlog of AED 59.9 Bn. The Development Holdings pipeline stood at AED 20.0 Bn in 2Q26, supporting long-term expansion of recurring income portfolio.

- The Company's growth was further supported by steady execution of its development revenue backlog, and resilient earnings from a diversified, defensive investment properties portfolio. High occupancy and strong rental growth across the core investment portfolio drove solid performance, further boosted by strategic acquisitions, including Masdar City assets and logistics assets at KEZAD, which contributed to higher recurring income. Strategic acquisitions, rising rental rates, and high occupancy levels, together with strong growth from Aldar Estates and Aldar Education, are supporting stable income and sustained revenue growth.
- Aldar maintained a robust liquidity position of AED 37.1 Bn as of 2Q26, comprising AED 16.8 Bn of free and unrestricted cash and AED 20.3 Bn of committed undrawn credit facilities. Shareholders equity increased to AED 43.2 Bn in 2Q26. The Company's total debt rose to AED 33.3 Bn in 2Q26. Additionally, the Project Management Services PMS backlog stood at AED 87.2 Bn, with AED 62.3 Bn of projects currently under construction.
- Aldar significantly strengthened its long-term recurring income platform through strategic initiatives during 2Q26, including a landmark public-private partnership with the Department of Municipalities and Transport to develop integrated communities across five strategic locations spanning over 20 Mn sqm in Abu Dhabi. The Company acquired a AED 1.1 Bn residential and retail development in Dubai Studio City and three industrial and logistics assets in KEZAD for AED 650 Mn. Aldar also secured a AED 5.0 Bn five-year sustainability-linked revolving credit facility.
- Aldar Estates and Aldar Education continue to support the Group's diversified recurring income platform, with Aldar Education operating 27 owned and managed schools as of 2Q26, primarily located across the UAE. Aldar announced a AED 385.8 Mn investment to relocate Cranleigh Abu Dhabi to a new purpose-built campus on Saadiyat Island, increasing capacity to 2,178 students from the 2027–28 academic year.
- In February, Aldar Properties formed a AED 10 Bn retail joint venture with Mubadala, combining Yas Mall and The Galleria Luxury Collection under a single platform. The transaction is expected to create operational synergies and reinforce Aldar's leadership in premium retail assets.

KWIPKK 4.5% 2027: Maintain MARKETWEIGHT rating

We assign a MARKETWEIGHT rating on Kuwait Projects Company (KIPCO)'s 4.5% senior unsecured bond maturing in February 2027. The bond is trading at USD 98.71 with a yield of 7.68% when held until maturity (redemption at par) and has a modified duration of 0.45. 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.

KIPCO is one of the largest holding companies in MENA, with its consolidated assets growing from KWD 13.8 Bn in 2025 to KWD 14.4 Bn in 1H26, 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 38.46% direct holding. AFH supported KIPCO in all business activities, including capital raising, and a reduction in dividends if required.

- KIPCO's total revenue from operations increased 3.5% YOY to KWD 796 Mn in 1H26, driven by higher interest income, energy income, and other income, partially offset by lower investment income, net fee and commission income, industrial & logistics income, educational services income, media and digital satellite network services income, and foreign exchange gains, coupled with a rise in the share of losses from associates.
- The Company's operating profit from continuing operations declined 0.4% YOY to KWD 88 Mn in 1H26. Provisions for credit losses increased from KWD 30 Mn in 1H25 to KWD 33 Mn in 1H26. Profit before tax decreased from KWD 49 Mn in 1H25 to KWD 39 Mn in 1H26.

- The Company recorded a decrease in net profit attributable to shareholders from KWD 10 Mn in 1H25 to KWD 5 Mn in 1H26.
- KIPCO cash and bank balance at the parent company level decreased to KWD 2,056 Mn in 1H26, compared to KWD 2,394 Mn in 2025.
- Net outstanding debt increased to KWD 2.4 Bn in 1H26 from KWD 1.8 Bn in 2025.
- KIPCO has received a dividend income of KWD 9 Mn in 1H26 compared to KWD 6 Mn in 1H25.
- KIPCO agreed to sell a 36.36% stake in JTC Logistics Transportation & Stevedoring Company to NAPESCO for KWD 30 Mn, at a 16.3% premium to JTC's previous closing price. Following the transaction, KIPCO's stake in JTC will decline from 63.19% to 26.83%, supporting liquidity and capital recycling.
- Fitch affirmed KIPCO's long-term issuer rating at 'BB-' and revised the outlook to stable from negative, reflecting improved leverage following asset monetisation. Capital Intelligence also affirmed the Company's ratings at 'BB+' (long-term) and 'B' (short-term) and revised the outlook to positive, supported by improved debt structure and funding profile.

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 96.36 and offers a yield of 5.02% with a modified duration of 2.43. 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 247.2 Bn barrels of oil equivalent in 2025, consisting of 186.5 Bn barrels of crude oil and condensate, 26.2 Bn barrels of NGL, and 211.7 trillion standard cubic feet of natural gas.
- 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 increased 19.0% YOY to SAR 450.8 Bn in 2Q26, primarily driven by higher prices of crude oil and refined and chemical products. This was partially offset by lower volumes sold of refined and chemical products, as well as lower volumes sold of crude oil.
- Revenue from Downstream operation increased 19.8% YOY to SAR 275.0 Bn in 2Q26, while revenue from Upstream operation rose 17.9% YOY to SAR 175.2 Bn in 2Q26. Other income related to sales increased significantly from SAR 28.3 Bn in 2Q25 to SAR 71.0 Bn in 2Q26. Other income related to sales increased, primarily due to higher reference equalization prices, and higher volumes sold of crude oil and refined products at regulated prices. Thus, revenue and other income related to sales increased from SAR 407.1 Bn in 2Q25 to SAR 521.8 Bn in 2Q26.
- Royalties and other taxes increased by 38.3% YOY to SAR 51.9 Bn in 2Q26. Total operating costs rose 27.3% YOY to SAR 305.7 Bn in 2Q26, driven by increases in Royalties, purchases, administrative and general expenses, as well as

depreciation and amortization and research and development, partially offset by a decline in impairment charges, exploration expenses and production and manufacturing expenses.

- Impairment and held for sale remeasurement losses declined from SAR 3.5 Bn in 1Q25 to SAR 625 Mn in 2Q26. The Company's finance and other income declined to SAR 4.4 Bn in 2Q26 compared to SAR 4.5 Bn in 2Q25.
- Income before taxes and zakat increased 28.9% YOY to SAR 214.7 Bn in 2Q26.
- Furthermore, Aramco's net profit increased from SAR 85.0 Bn in 2Q25 to SAR 122.6 Bn in 2Q26. The net profit attributable to equity shareholders increased from SAR 85.6 Bn in 2Q25 to SAR 121.5 Bn in 2Q26.
- Free cash flow declined to SAR 46.0 Bn in 2Q26 compared to SAR 57.1 Bn in 1Q26.
- Aramco paid a total dividend of SAR 82.1 Bn in 2Q26.
- Aramco's gearing ratio increased from 4.8% in 1Q26 to 6.2% in 2Q26. Aramco's capital expenditure (Upstream) on cash basis increased to SAR 38.7 Bn in 2Q26 from SAR 34.6 Bn in 2Q25. Meanwhile, capital expenditure (Downstream) on cash basis declined from SAR 10.5 Bn in 2Q25 to 9.3 Bn in 2Q26, primarily due to the phasing of capital spending. Similarly, capital expenditure (Corporate) on cash basis decreased from SAR 1.0 Bn in 2Q25 to SAR 1.3 Bn in 2Q26.
- The Company's net debt rose from SAR 88.8 Bn in 1Q26 to SAR 119.7 Bn in 2Q26.
- During May 2026, Aramco agreed to transfer its equity stakes in PRefChem to PETRONAS, supporting the optimization of its downstream portfolio while enabling both companies to continue exploring strategic collaborations in crude supply, technology exchange and product distribution.
- Aramco partnered with solutions by STC to deploy its largest high-performance supercomputer, enhancing seismic imaging, reservoir modelling and hydrocarbon discovery as part of its Upstream digital transformation.
- The Company's progress on its Upstream oil and gas projects, Phase one of the Dammam development project came onstream in 2025, adding 25 mbpd with phase two expected in 2027, adding a 50 mbpd of crude oil capacity. Procurement and construction for the Berri and Marjan crude oil increments brought onstream in 2025, providing an additional 250 mbpd and 300 mbpd, respectively. The Zuluf crude oil increment is progressing, with expected processing of 600 mbpd through a central facility in 2026. Tanajib Gas Plant, part of the Marjan development program commenced operations in 2025, adding 2.6 bscfd of raw gas processing capacity. Work on the Jafurah Gas Plant, part of the Jafurah unconventional gas field is advancing with phase one commissioned in December 2025 and sustainable sales gas projected at 2.0 bscfd by 2030, along with significant volumes of ethane, NGL, and condensate. Engineering, procurement, and construction activities for the Fadhili Gas Plant expansion are ongoing, expected to add 1.5 bscfd of additional raw gas processing capacity by 2027. In October, Aramco entered a 20-year lease-and-leaseback agreement for the Jafurah Field Gas Plant and Riyas NGL Fractionation Plant with its subsidiary, Jafurah Midstream Gas Company. As part of the deal, Aramco sold a 49% stake in the subsidiary to a consortium led by Global Infrastructure Partners (BlackRock) for SAR 41.8 Bn (USD 11.1 Bn) in cash. The subsidiary will receive quarterly volume-based tariff payments from Aramco, backed by minimum volume commitments. Aramco retains full ownership and operational control of the facilities, with no restrictions on production volumes.
- Aramco and Pasqal launched Saudi Arabia's first quantum computer and the Middle East's first commercial quantum computing platform, expanding advanced computing capabilities for the energy, materials and industrial sectors.
- In January, Aramco introduced 98-octane gasoline in the domestic market to meet evolving consumer needs and rising demand for premium fuels. Designed for high-performance and sports vehicles, the new fuel grade enhances engine performance and efficiency while complementing Aramco's existing fuel offerings.
- In February, Aramco announced the completion of an international bond issuance aggregating to an equivalent of SAR 15.0 Bn (USD 4.0 Bn) under its GMTN Programme. The issuance consists of four tranches, with the first tranche of SAR 1.88 Bn (USD 0.5 Bn) carrying a 4.0% coupon rate and maturing in 2029, a second tranche of SAR 5.63 Bn (USD 1.5 Bn) carrying a 4.375% coupon rate and maturing in 2031, a third tranche of SAR 4.69 Bn (USD 1.25 Bn)

carrying a 5.0% coupon rate and maturing in 2036, and a fourth tranche of SAR 2.81 Bn (USD 0.75 Bn carrying a 6.0% coupon rate and maturing in 2056. These notes are listed on the London Stock Exchange's Main Market.

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 99.59. The bond offers a yield of 6.65% and a duration of 0.08. Its loan book is diversified with exposure to Kuwait and international operations in multiple sectors.

- Burgan Bank is one of the leading conventional banks in Kuwait in terms of total assets and is listed on Boursa Kuwait. The Bank has a network of 124 branches and 282 ATMs as of 1H26. KIPCO Company holds a major stake in the Bank, owning 33.5%.
- Burgan Bank net operating income increased 9.4% YOY to KWD 138 Mn in 1H26, driven by a 9.3% YOY increase in the net interest income to KWD 90 Mn during 1H26, coupled with a 9.5% YOY rise in the non-interest income to KWD 47 Mn during 1H26.
- The Bank's net interest margin remained stable at 2.2% in 1H26, compared to 1H25. Net fees and commissions income increased from KWD 21 Mn in 1H25 to KWD 30 Mn in 1H26.
- Operating expenses increased 20.3% YOY to KWD 92 Mn in 1H26. The cost-to-income ratio increased to 67.0% in 1H26 from 61.0% in 1H25.
- The Bank reported a net profit attributable to shareholders of KWD 11 Mn in 1H26, compared to KWD 21 Mn in 1H25.
- Loans and advances to customers rose 10.1% YOY and 3.1% QOQ to KWD 5.1 Bn in 1H26. Deposit rose 5.2% YOY but declined 7.5% QOQ to KWD 5.6 Bn, with CASA deposit accounting for 69% in 1H26.
- The Bank's non-performing loans ratio decreased from 3.2% in 1H25 to 2.3% in 1H26. NPL coverage increased to 240% in 1H26 from 180% in 1H25.
- Capital adequacy ratio stood at 15.9% in 1H26, above the regulatory requirement. The Bank maintains high liquidity levels, with a liquid coverage ratio (LCR) and net stable funding ratio (NSFR) of 197% and 110%, respectively, as of 1H26, substantially above the minimum regulatory requirements.
- 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.

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 98.36 with a yield of 6.15% if held till maturity (redemption at par). The bond has a modified duration of 6.33. The Bond has a credit rating of BBB- from Fitch and Baa3 from Moody's both with a stable outlook.

ACWA Power Co. develops, operates, and invest in power generating, water desalination and green hydrogen production plants in Saudi Arabia and internationally. The company was established in 2004 in KSA and expanded throughout the years to operate in 16 countries. The first expansion plan took place in 2008-2010 in Oman and Jordan, then from 2012 to 2014, the company expanded in Morocco, South Africa, and Turkey. The company subsequently expanded into the UAE, Egypt, Bahrain, Vietnam, Ethiopia, and Uzbekistan, Azerbaijan, Indonesia, China, Kuwait.

- The Company's operational renewable capacity increased to 13.9 GW, while projects under construction and in advanced development stages expanded the total portfolio gross renewable capacity to 52.3 GW, accounted 53.4% of total power capacity. With this momentum, the company remains firmly on track to achieve its newly elevated target of a 70% renewable energy mix by 2030, surpassing the earlier goal of a 50/50 split between renewables and flexible generation six years ahead of schedule.

- The Company agreed to sell its 32% effective investment in SQWEC, an oil-fired facility with 850 MW of power and 212,000 cubic meters water desalination capacity in the Kingdom of Saudi Arabia, on September 7, 2021. The sale reduced the diversification of APMI One cash flow. In order to offset the impact of lost cashflows from SQWEC, ACWA Power increased the stake in RAWEC that forms part of APMI One bondholder security and cashflows from 37% to 80%, while this offsets the cashflow impact of the sale of SQWEC, it results in greater concentration at RAWEC, for which we view the offtaker as of lower credit quality than for others in the portfolio. The issuer APMI One is a Special Purpose Company, incorporated under the laws of DIFC, which is 100% owned by ACWA Power Projects. However, APMI One is not the only entity ACWA Power Projects has its hands on.
- APP filed its zakat and tax returns for all the years till FY2024. APPs closed its position with the ZATCA until FY2018; moreover, the ZATCA is currently performing audits for FY2021-24. The Company's subsidiaries and associates received a higher tax assessment from ZATCA, which led to an additional liability of SAR 151 Mn (with ACWA Power's share of SAR 79 Mn). The Company has recognised provisions of SAR 151 Mn (ACWA Power share of SAR 79 Mn) against this assessment as of 30th June 2025.
- ACWA Power achieved financial close in May 2025 on two projects, including the Uzbek GH2 Phase 1 with an investment of SAR 0.4 Bn, a capacity of 52 MW and 3 KTPA, and 80% ownership, as well as the Tashkent Riverside PV + BESS with an investment of SAR 2.0 Bn, a capacity of 400 MW, and full ownership. These milestones highlight the company's expanding renewable and hydrogen portfolio in Uzbekistan.
- ACWA Power started contribution to the company's results from several projects between January and May 2025 through ICOD or PCOD. These included Chirquiq GH2 in Uzbekistan with 52 MW and 3 KTPA capacity at 80% ownership, Redstone CSP in South Africa with 100 MW at 36% ownership, Shuaibah 3 SWRO in Saudi Arabia with 600 m³/day at 47.48% ownership, Bash Wind and Dzhankeldy Wind in Uzbekistan each with 500 MW at 65% ownership, Al Shuaibah 2 Solar PV in Saudi Arabia with 2,060 MW at 35.01% ownership, and Layla Solar PV in Saudi Arabia with 91 MW at 40.76% ownership.
- ACWA Power expanded its portfolio during the year ended 31 December 2025 through the acquisition of equity interests in entities in Kuwait and the Kingdom of Bahrain via a Sale and Purchase Agreement (SPA). These entities comprise gas-fired power generation capacity of 4.6 GW, water desalination capacity of 1,114k m³/day, and associated Operations and Maintenance companies. The acquisition was executed through newly established Holding Companies under ACWA for a total consideration of SAR 1,813 Mn, with the transactions in Bahrain and Kuwait completed on 30 November 2025 and 31 December 2025, respectively, following the fulfilment of all condition's precedent.

The financial details as of 1H26 for ACWA Power are listed below:

- ACWA Power's operating income before impairment loss and other expenses declined from SAR 2,207 Mn in 1H25 to SAR 1,444 Mn in 1H26, mainly due to lower revenue from development, procurement and construction services, reflecting slower progress in achieving project milestones amid ongoing geopolitical volatility, as well as higher recognition from comparatively larger projects in 1H25. The decline was further driven by higher settlement claims recognised in 1H25, mainly related to Noor 3 in Morocco, and higher G&A and other expenses in 1H26 due to increased employee-related costs and additional investments in digital activities. This was partially offset by a SAR 215 Mn contribution from existing and new projects coming into operations and improved operating efficiency, net of certain outages, as well as additional contributions from acquisitions in KSA, Bahrain and Kuwait completed in 1Q26 and 4Q25.
- Net profit attributable to equity holders decreased 28.1% YOY to SAR 653 Mn in 1H26. The decline was mainly due to lower operating income before impairment losses and other expenses. This was partially offset by lower impairment losses of SAR 248 Mn related to Noor 3 in Morocco, lower finance cost, net off foreign exchange & finance income of SAR 134 Mn, mainly due to the recognition of MTM losses on derivatives of SAR 92 Mn in 1H25,

as well as higher finance income of SAR 71 Mn driven by improved cash management. The decline was further offset by lower non-controlling interest, primarily due to the NCI share of the LD and insurance settlement income from Noor 3 recognised in 1H25.

- The adjusted net profit declined 44% YOY to SAR 655 Mn in 1H26, reflecting lower underlying profitability, lower impairment losses, the absence of the prior-year adjustment related to the termination of the Africa project, and a negative adjustment related to the termination of hedging instruments in 1H26.
- As of 1H26, ACWA Power's portfolio continued to scale, with 111 assets across operations, construction, and advanced development representing c. SAR 475 Bn of assets under management. The portfolio comprised 98.2 GW of power generation capacity and 9.7 Mn m^3/day of desalinated water capacity, reflecting continued execution of its long-term growth strategy across key regions.
- During 1H26, the Company added 5.2 GW of new power generation capacity and 0.6 Mn m^3/day water desalination capacity to its development pipeline, further strengthening its long-term growth platform.
- Construction activity remained strong with 32 projects under execution, representing 47 GW of power and 2 Mn m^3/day of water capacity. During 1H26, the Company achieved three commercial operation milestones, adding 0.8 GWh of battery energy storage capacity in Uzbekistan and 0.9 Mn m^3/day of water desalination capacity across Saudi Arabia and the UAE to its operational portfolio.
- Consolidated power availability improved to 92.4% in 1H26 from 91.0% in 1H25. Furthermore, renewable assets continued to operate with strong performance, with an average availability of 98.1% in 1H26 compared to 96.2% in 1H25. Consolidated water availability stood at 98.4% in 1H26, compared to 98.3% in 1H25.
- ACWA Power reported cash & short-term investments of SAR 7,246 Mn in 1H26, down from SAR 8,164 Mn in 2025. Total assets increased from SAR 70.1 Bn in 2025 to SAR 74.1 Bn in 1H26. The Company's debt increased to SAR 31.5 Bn in 1H26, up from SAR 30.3 Bn in 2025.
- ACWA Power was granted exclusive rights to develop and export green hydrogen and its derivatives from Saudi Arabia, alongside a mandate to develop and export renewable electricity to international markets.
- On 13 January 2026, the Group completed the acquisition of Badeel's 32% stake in SWEC for SAR 777 Mn, increasing its effective ownership from 30% to 62%. Despite the higher stake, SWEC continues to be accounted for as an equity-method investment as control remains unchanged.

Bond Yield charts (%)

Figure 13: ALDAR 3.875% 2029

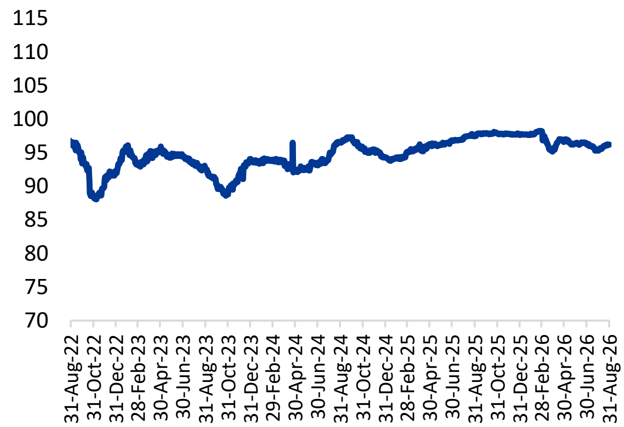


Figure 14: KWIPKK 4.5% 2027

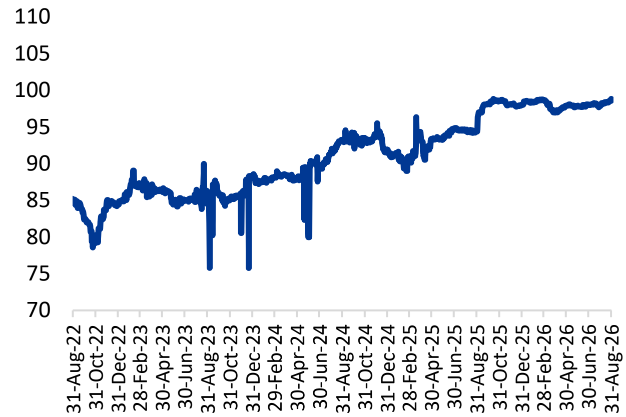


Figure 15: ARAMCO 3.5% 2029

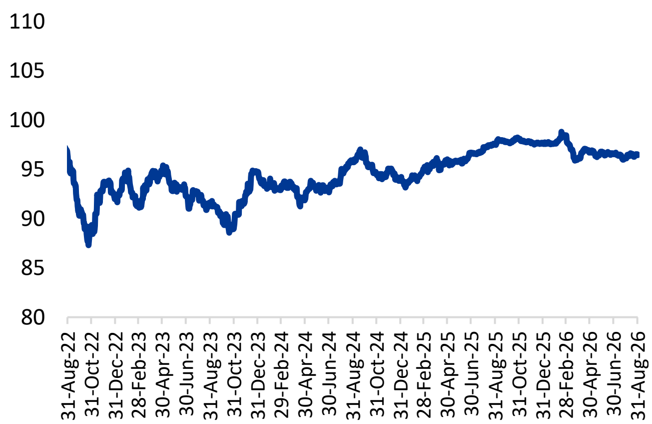


Figure 16: INTLWT 5.95% 2039

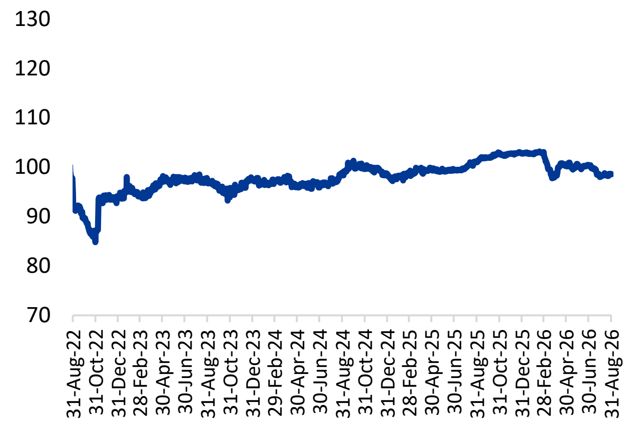
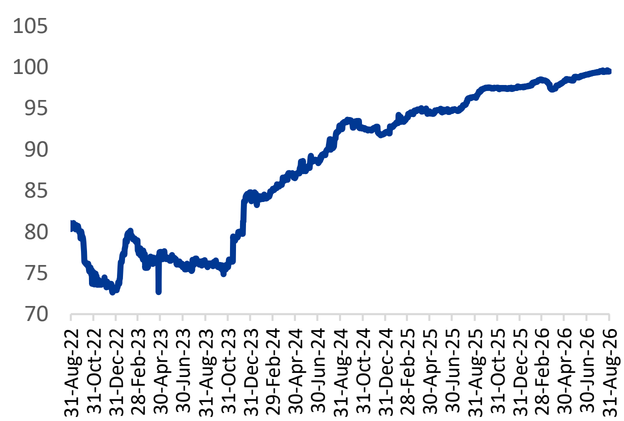


Figure 17: BGBKKK 2.75% 2031



Source: Bloomberg

Key Market Indicators

Particulars	Price/Yield	YTD (% change)	MOM (% change)
Brent crude	94.82	55.83	5.22
US dollar index	99.71	1.42	-0.20
10Y Treasury yield[1]	4.80	0.63	0.06
2Y Treasury yield[1]	4.39	0.92	0.11
10Y German bond yield[1]	3.37	0.52	0.17
10Y Japan bond yield[1]	2.97	0.91	0.17
Bloomberg UAE Composite USD Liquid index	148.68	-1.76	-1.68

Source: Bloomberg, [1] in Basis point

Sovereign Highlights

UAE

UAE's real GDP grew 3% YOY in 1Q26, led by non-oil activity

The UAE recorded 3.0% YOY growth in real GDP in 1Q26, reaching AED 485 Bn, with non-oil sectors expanding 4.8% and contributing 79.4% to overall output. Non-oil GDP stood at AED 385.1 Bn, while oil-related activity accounted for AED 99.9 Bn. Separately, non-oil foreign trade rose 13.1% YOY to AED 1.9 Tn in 1H26, supported by a 23.9% increase in non-oil exports to AED 452.8 Bn.

UAE non-oil private sector growth strengthened in July 2026, reaching a four-month high

The S&P Global UAE PMI increased from 50.8 in June 2026 to 52.7 in July 2026, marking the strongest improvement in non-oil private sector activity in four months. Growth was driven by stronger demand as regional tensions eased, with new order growth reaching a five-month high and output growth strengthening. Employment levels resumed growth following a decline in June. Meanwhile, ongoing supply chain disruptions and higher input costs continued to weigh on businesses, while confidence in future output declined for the third consecutive month, reaching its lowest level since March.

Saudi Arabia

Saudi non-oil private sector growth remained in expansion territory in July 2026

Saudi Arabia's Riyad Bank PMI eased marginally from 53.3 in June 2026 to 53.1 in July 2026, remaining above the 50 threshold and indicating continued expansion in non-oil private sector activity for the fourth consecutive month. Growth was driven by higher new order volumes, although the pace moderated from June 2026, while export orders contracted for the fifth consecutive month due to regional tensions and higher freight costs. Input cost pressures moderated to a four-month low but remained elevated, prompting businesses to raise output prices sharply. Employment also increased in July 2026, although job creation was weaker than earlier in 2026, while business confidence softened from June's five-month high.

Saudi Arabia's inflation accelerated to 1.8% in July 2026, led by higher housing costs

Saudi Arabia's CPI increased to 1.8% in July 2026, according to GASTAT, primarily due to a 4.2% rise in housing, water, electricity, gas and other fuel prices. Actual housing rents rose 4.3%, making the housing category the largest contributor to annual inflation at 0.8 percentage points of the overall rate. Personal care, social protection and other goods and services prices grew 2.9% YOY, while entertainment, sports and culture, food and beverages, and transport prices increased by 2.4%, 1.5% and 1.4%, respectively. On a MOM basis, CPI rose 0.2% in July 2026, supported by a 0.9% increase in housing, water, electricity, gas and other fuel prices.

Saudi GDP declined 4.8% YOY in 2Q26 amid weaker oil activity

Saudi Arabia's real GDP decreased 4.8% YOY in 2Q26, primarily reflecting a 24.7% contraction in oil activity, which more than offset 0.6% growth in non-oil activity and 0.9% growth in government activity. Meanwhile, crude production increased 12.0% MOM to 7.4 Mn barrels per day in July 2026. The Saudi Construction Index improved to 55.2 in July 2026, supported by continued expansion across infrastructure, residential and non-residential segments, while new orders rose to a five-month high of 59.3. Fiscal revenue increased 12.3% YOY to SAR 339 Bn in 2Q26, supported by higher oil and non-oil revenue, while government spending rose 11.0% YOY to SAR 373 Bn in 2Q26.

Egypt

Egypt increased electricity tariffs by 12% for most household consumers

Egypt's Electricity and Renewable Energy Ministry raised power tariffs for most residential users by an average of 12%, while the lowest household consumption bracket remained unchanged. The revision was intended to improve the financial sustainability of the electricity network and reduce the gap between electricity generation costs and consumer tariffs. The latest adjustment followed a 16-20% rise in electricity prices for higher-use residential and commercial consumers in April.

Egypt's non-oil private sector contraction moderated in July 2026

The S&P Global Egypt PMI increased from 46.0 in June 2026 to 46.8 in July 2026, although it remained below the 50 threshold, indicating continued contraction in the non-oil private sector. Business sentiment strengthened to its highest level since June 2022, while the pace of job losses slowed. However, new business continued to weaken for the seventh consecutive month, weighing on output, purchases and order books. Meanwhile, input cost inflation eased to a six-month low, while output price inflation slowed to its lowest level in four months.

Egypt maintained policy rates amid renewed inflationary pressures

The Central Bank of Egypt (CBE) maintained its interest rates for the fourth consecutive meeting, keeping the overnight deposit rate at 19% and the lending rate at 20%. The decision came as inflationary pressures strengthened, with annual inflation increasing to 14.9% in July 2026 from 14.3% in June 2026.

Egypt advanced plans to double oil output as USD 4 Bn refinery projects progressed

Egypt targeted doubling crude oil and condensate production under its five-year energy strategy, while advancing six refinery projects with investments exceeding USD 4 Bn. The production strategy includes seismic surveys, advanced technologies, new contractual frameworks and the development of untapped discoveries, alongside new wells expected to begin production by December 2026. Meanwhile, the refinery programme aims to modernise existing facilities, increase domestic output of higher-value petroleum products and reduce fuel imports.

Kuwait

Kuwait advanced plans for fourth olefins project

Kuwait Petroleum Corporation (KPC) moved forward with the proposed fourth olefins project after securing confirmation of the required feedstock gas and completing the market and product feasibility assessment. The project is planned for the Shuaiba Industrial area, with the feasibility confirmed through a joint working group with Equate. Final discussions are underway with relevant stakeholders to approve the study and proceed with the project, while site assessment activities are also in progress ahead of site preparation and demolition work.

Oman

Oman advanced plans for four industrial cities under 2026-2030 development plan

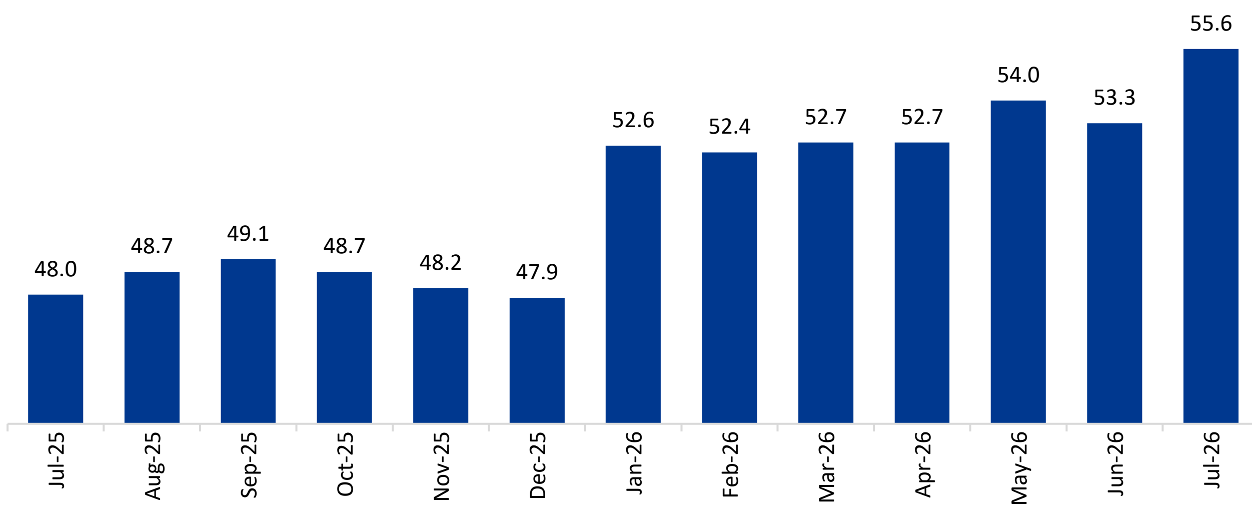
Oman advanced plans to develop four industrial cities in A'Suwaiq, Al Mudhaibi, Thumrait and Madha under the 11th Five-Year Development Plan 2026-2030, with areas of 12.2 Mn sqm, c. 9.0 Mn sqm, 4.0 Mn sqm and 0.36 Mn sqm, respectively. The projects are aimed at strengthening industrial infrastructure, supporting economic diversification, attracting local and foreign investment, developing SMEs and creating employment opportunities.

Global Economy

US manufacturing activity accelerated in July 2026; PMI reached a four-year high

The US manufacturing sector strengthened in July 2026, with the ISM Manufacturing PMI increasing from 53.3 in June 2026 to 55.6 in July 2026, reaching its highest level since May 2022. The improvement was supported by stronger order growth and a recovery in manufacturing employment, which expanded for the first time in 33 months. Meanwhile, input cost pressures remained elevated amid supply chain disruptions. Fifteen manufacturing industries reported growth during the month, while only the chemical products industry remained in contraction.

Figure 18: US ISM Manufacturing PMI

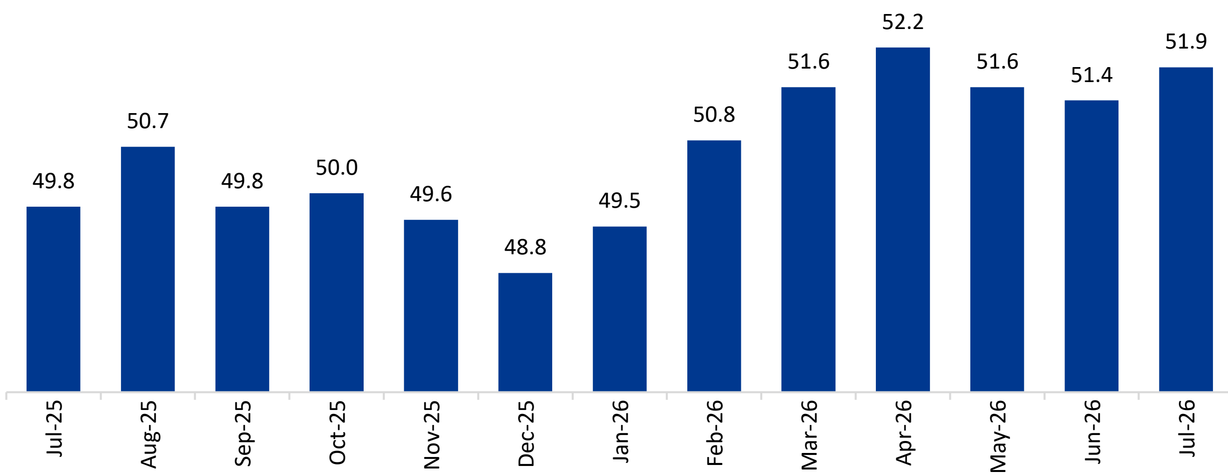


Source: CAPIQ

Eurozone manufacturing growth strengthened in July 2026

The S&P Global Eurozone Manufacturing PMI increased from 51.4 in June 2026 to 51.9 in July 2026, indicating the strongest improvement in manufacturing conditions since April. Factory output recorded its fastest growth since March 2022, supported by the clearance of outstanding orders and a modest rise in new business. However, demand remained subdued, as new orders increased only marginally and export orders continued to decline. Backlogs decreased for the third consecutive month, while employment and purchasing activity continued to decrease. Meanwhile, input cost inflation eased to a five-month low, resulting in the weakest increase in factory-gate prices since March, while business confidence improved to its highest level since February.

Figure 20: Eurozone's Manufacturing PMI

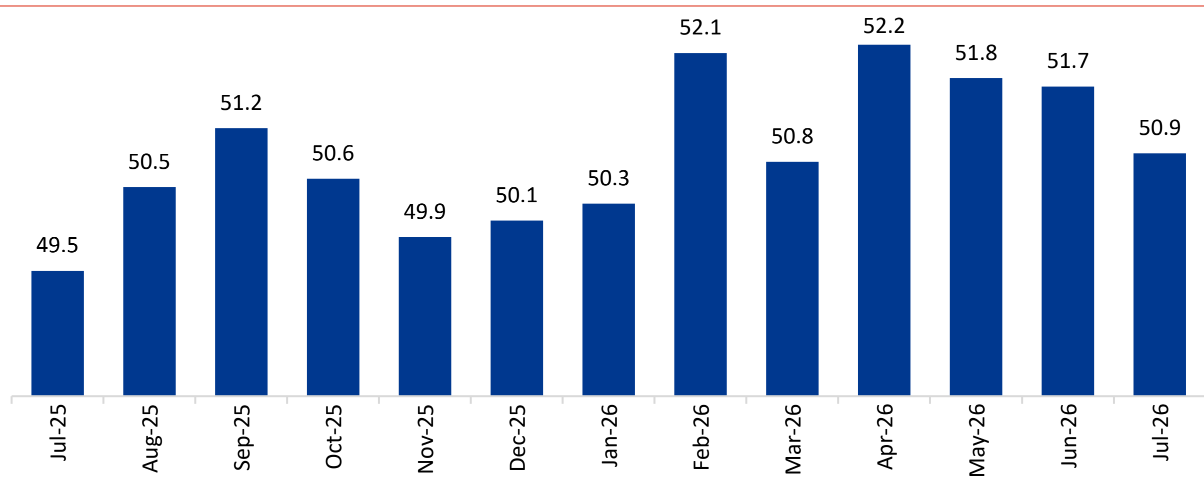


Source: CAPIQ

China Manufacturing Growth Moderates but Remains in Expansion

China's general manufacturing sector remained in expansion for the eighth consecutive month in July 2026, although the RatingDog China General Manufacturing PMI eased to 50.9 in July 2026 from 51.7 in June 2026, marking a four-month low. This followed the sector's strongest quarterly expansion since 2Q24. New orders continued to rise for the fourteenth consecutive month, supported by stronger domestic demand and international orders, albeit at a slower pace. Manufacturing output also expanded for the eighth straight month, while employment increased for the second consecutive month at its fastest pace since August 2023. Meanwhile, input price inflation moderated to its lowest level since January, indicating easing cost pressures.

Figure 21: China Caixin Manufacturing PMI

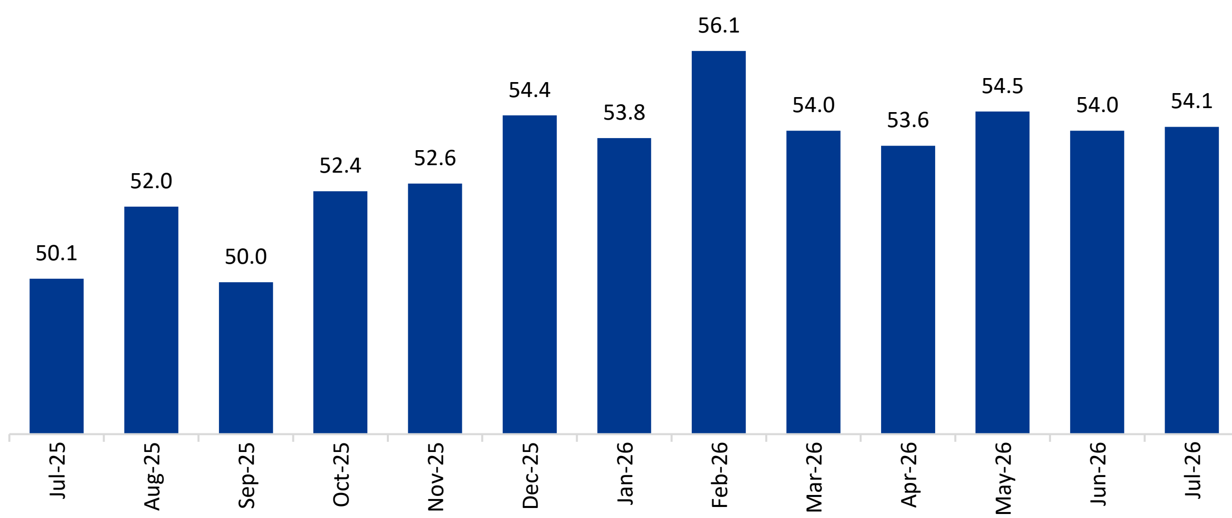


Source: CAPIQ

US services activity remained strong in July, while cost pressures increased

The US services sector continued to expand strongly in July 2026, with the ISM Services PMI edging up from 54.0 in June 2026 to 54.1 in July 2026, remaining comfortably above the 50-threshold indicating expansion. The sector continued to benefit from resilient demand, although supply constraints and higher fuel and labour costs increased cost pressures for businesses. Meanwhile, concerns related to tariffs and the Middle East conflict persisted, although they were cited less frequently than in the previous month. Thirteen industries reported growth, including retail trade, information, construction, public administration, utilities, mining, and finance and insurance, while healthcare and social assistance was among the sectors that contracted. Meanwhile, tariff-related impacts and Middle East conflict continued to affect business conditions, although these concerns were reported less frequently than in previous months.

Figure 22: US Services PMI

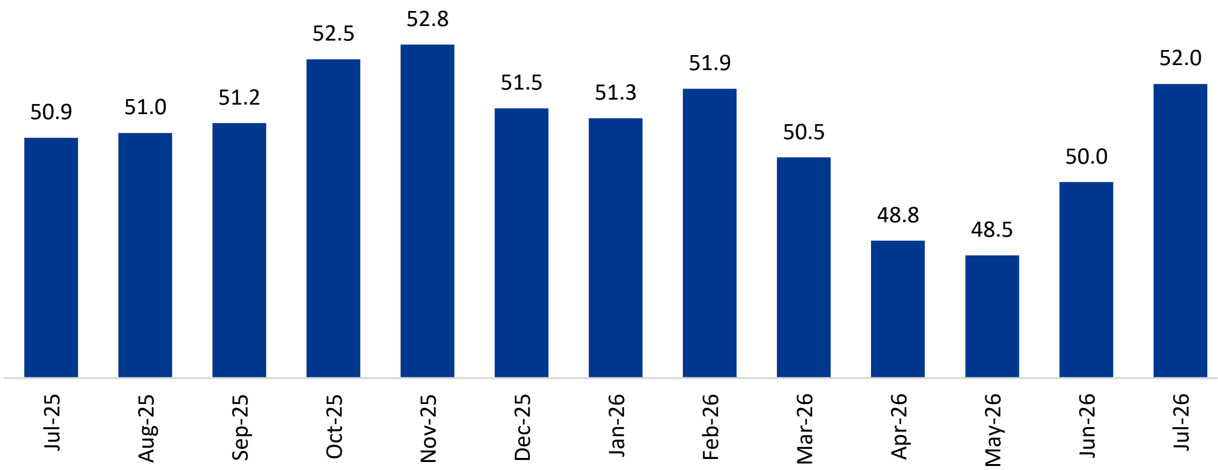


Source: CAPIQ

Eurozone private sector growth reached an eight-month high in July

The eurozone private sector recorded stronger growth in July 2026, with the S&P Global Eurozone Composite PMI rising from 50.0 in June 2026 to 52.0 in July 2026, marking the strongest expansion in eight months. The improvement was supported by a recovery in services activity and continued growth in manufacturing output, while new business increased for the first time since February. The Services PMI rose from 49.4 in June 2026 to 51.7 in July 2026, returning to expansion territory. Meanwhile, employment stabilized after six consecutive months of declines, and business confidence strengthened for the third consecutive month. Price pressures also eased, with both input cost and output price inflation moderating. Among the major economies, Germany returned to growth, while Italy and Spain recorded stronger expansions, France remained in contraction despite a softer decline.

Figure 23: HCOB Eurozone Composite PMI

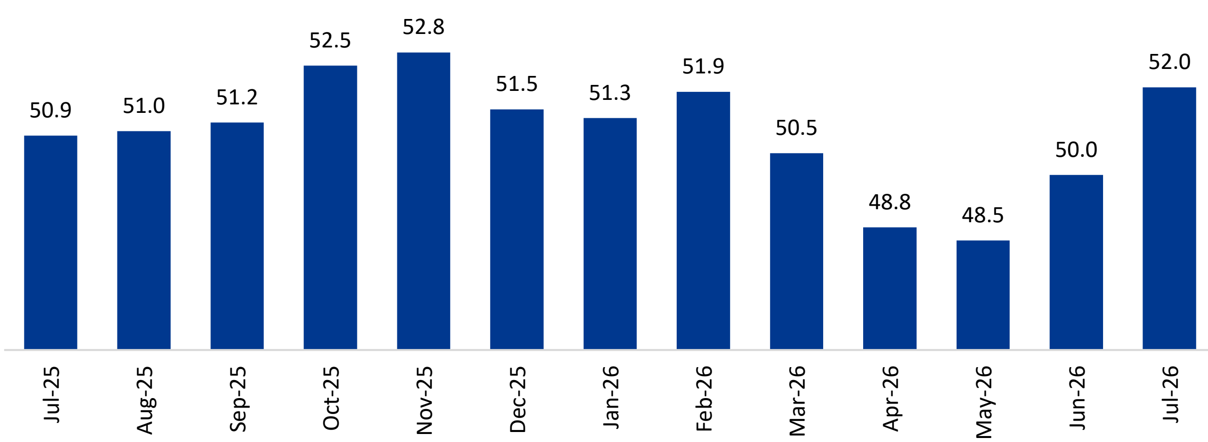


Source: CAPIQ

China services sector growth moderated in July amid softer new business

China's services sector remained in expansion in July 2026, although the pace of growth moderated significantly. The RatingDog China General Services Business Activity Index declined from 54.1 in June 2026 to 50.4 in July 2026, marking the weakest expansion since September 2024. In contrast, the Services PMI increased from 50.0 to 52.0 over the same period. The moderation in activity was primarily driven by slower growth in total business activity and new business, while services exports continued to expand for the third consecutive month. Employment also increased for the third consecutive month, marking the longest period of job creation since the second half of 2024, supported by business expansion and higher project workloads. Meanwhile, input cost inflation eased to its lowest level since January, although service providers continued to increase output prices. Business confidence remained positive but weakened to its lowest level since February 2020, indicating a more cautious outlook among service-sector businesses.

Figure 24: China Services PMI

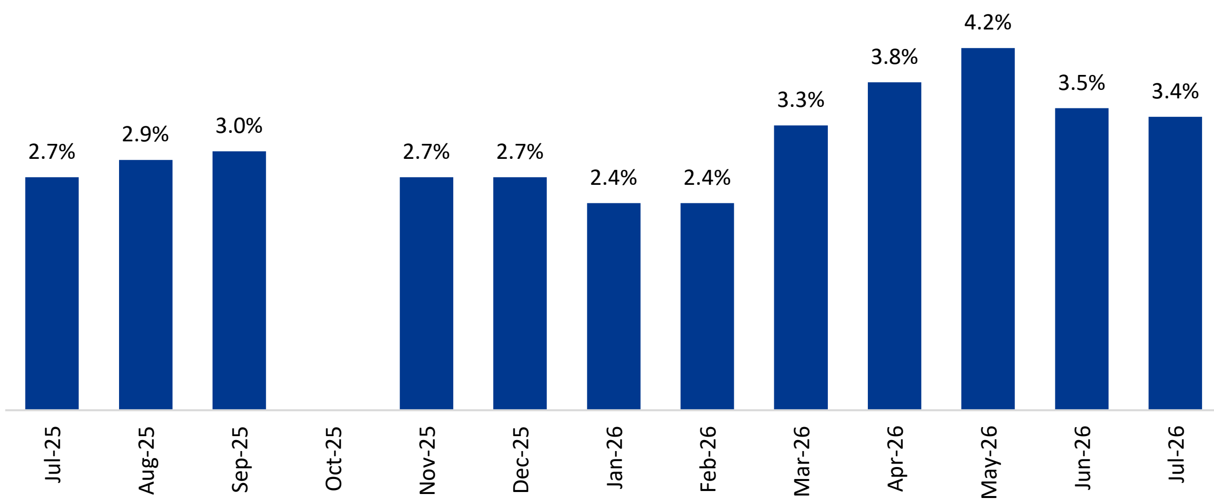


Source: CAPIQ

US consumer inflation eased slightly in July, while annual core inflation moderated

The US Consumer Price Index (CPI) increased 0.1% MOM in July 2026, following a 0.4% decline in June 2026. On an annual basis, inflation eased from 3.5% in June 2026 to 3.4% in July 2026. Shelter prices increased 0.1% MOM in July 2026 and accounted for around two-thirds of the monthly rise, while energy prices declined 1.5% in July 2026 after falling 5.7% in June 2026. Meanwhile, core inflation, excluding food and energy, increased 0.2% MOM in July 2026 after remaining unchanged in June 2026, while annual core inflation eased from 2.6% in June 2026 to 2.5% in July 2026. The monthly increase in core prices was mainly driven by higher shelter, medical care, airline fares, communication, education and recreation costs, partly offset by lower motor vehicle insurance prices.

Figure 25: US CPI (YOY)

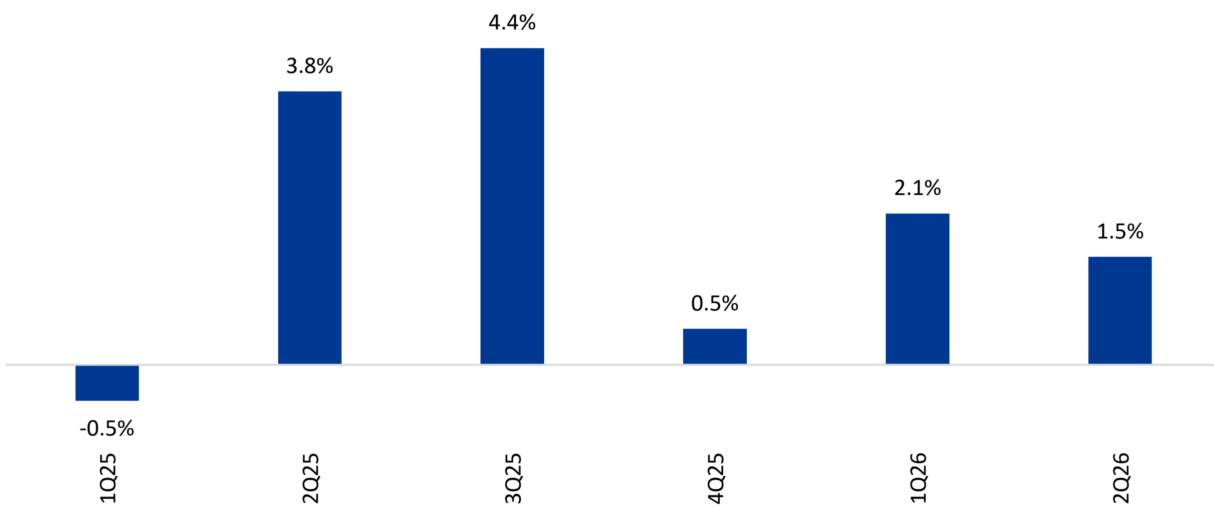


Source: CAPIQ

US economic growth slowed to 1.5% in 2Q26

The US economy expanded 1.5% in 2Q26, unchanged from the initial estimate and below the 2.1% growth recorded in 1Q26. The quarterly expansion was supported by stronger consumer spending, although the impact was partly offset by higher imports, which negatively contributed to GDP growth.

Figure 26: US GDP (QOQ)



Source: CAPIQ

Fed policymakers signalled greater concern over inflation at July meeting

The US Federal Reserve kept its benchmark interest rate unchanged at 3.50%-3.75% at its July 2026 meeting, although inflation concerns strengthened among policymakers. Three officials supported a 25-bps rate hike, while several policymakers indicated that a more restrictive policy stance was warranted amid broad-based price pressures. Meanwhile, many participants said further tightening would likely be required if inflation failed to move toward the Fed's 2% target. Policymakers also discussed a broader review of the Fed's balance sheet, while reaffirming that adjustments to the federal funds rate should remain the primary tool for setting monetary policy.

أبـوظـبـي الأول للأوراق المالية
FAB SECURITIES

FAB Securities Contacts:

Research Analyst			
Ahmad Banihani	+971-2	-6161629	Ahmad.Banihani@Bankfab.com
Shahrukh Nawaz	+971-2-	6161612	Shahrukh.Nawaz@Bankfab.com
Sales & Execution			
Trading Desk Abu Dhabi Head Office	+971-2	-6161777	
	+971-2	-6161700/1	
Institutional Desk	+971-4	-5658395	
Sales and Marketing	+971-2	-6161703	
Customer Service			
Abu Dhabi Office	+971-2	-6161600	