

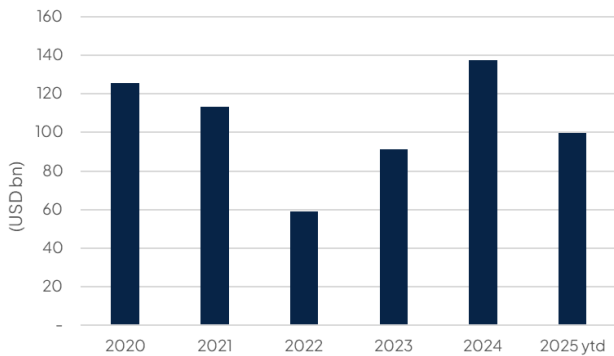


GCC markets H1 recap

July 1 2025 – Market Economics

At the half-way point of the year, MENA markets have shown considerable resilience amid a difficult global macro environment. The threat of US tariffs disrupting the outlook for the global economy, geopolitical volatility in the Middle East and uncertainty around interest rate policies from the Fed amid other dynamics have all formed a noisy backdrop for the performance of GCC assets.

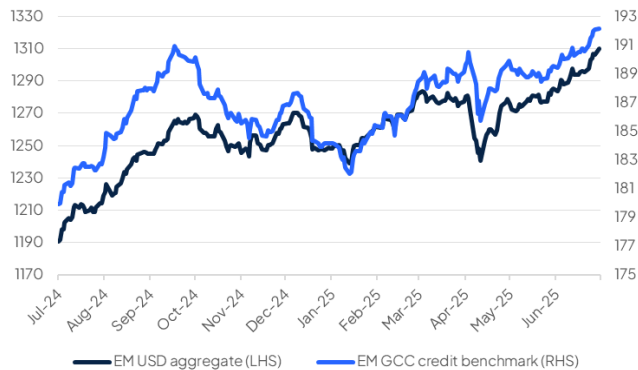
GCC bond and sukuk issuance ytd



Source: Bloomberg, Emirates NBD Research.

GCC and wider Middle East credit markets have tracked broader emerging markets with a region wide index up 4.3% in the first half of the year. Those gains come despite strong levels of new issuances this year: as of the end of June total GCC bond and sukuk issuance had reached USD 99.6bn or almost 73% of the total issuance in 2024.

GCC bonds on pace with EM peers

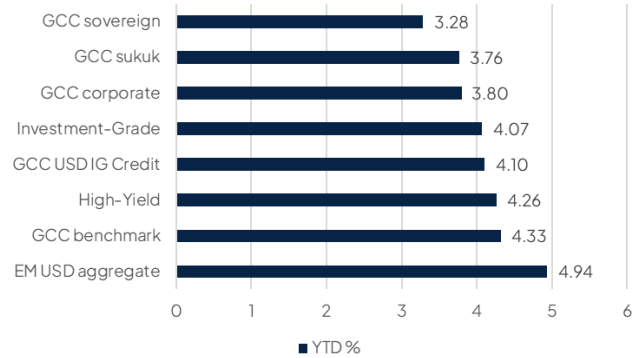


Source: Bloomberg, Emirates NBD Research.

By sector, high yield bonds from GCC issuers have been the stand out performers, up 4.3% ytd according to an index compiled by Bloomberg.

Investment grade bonds have also performed well with sovereigns notching a 3.3% gain in H1.

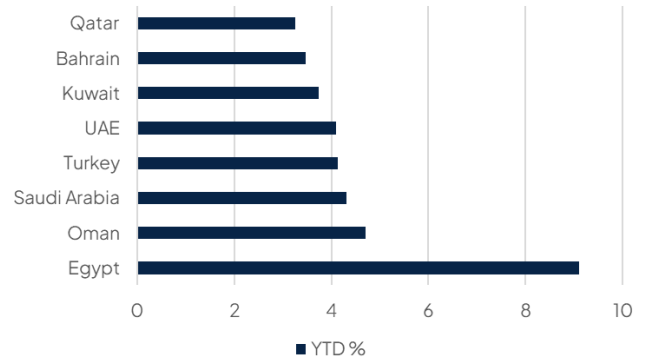
GCC bond performance ytd



Source: Bloomberg, Emirates NBD Research.

At a geographic level, Egyptian USD bonds have been the strongest performer ytd with a broad index of USD-denominated debt up 9.1% in H1, ahead of the broader emerging market index. The economy in Egypt has recorded its strongest performance in the last three years in calendar Q1 2025 while balance of payments conditions improve as Egypt follows through with its IMF programme.

MENAT bond performance in H1



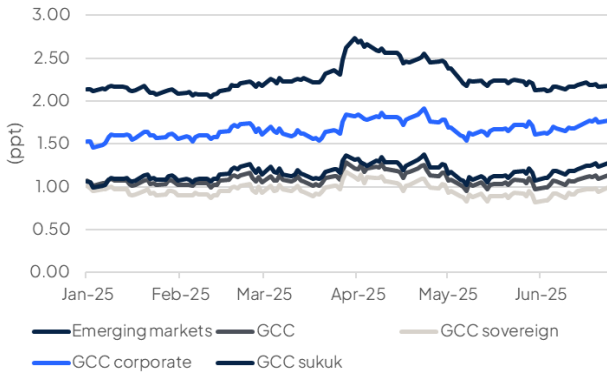
Source: Bloomberg, Emirates NBD Research.

Regional bond spreads have also been resilient. There was a modest tick higher mid-way through June in response to the escalation of the Israel-Iran conflict but that was quickly unwound. The more significant impact on spreads this year was from the introduction of the Liberation Day tariffs from the



US earlier in April though that impact has also been largely unwound.

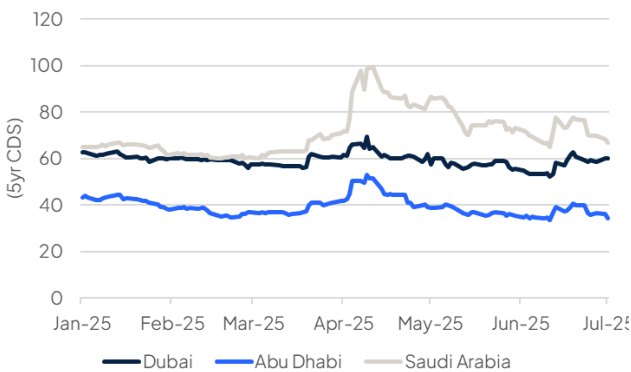
GCC spreads hold in range for 2025



Source: Bloomberg, Emirates NBD Research.

Regional CDS prices have been broadly contained with prices in Dubai and Abu Dhabi declining since the start of the year while Saudi Arabia CDS prices are only marginally wider.

CDS spreads ytd



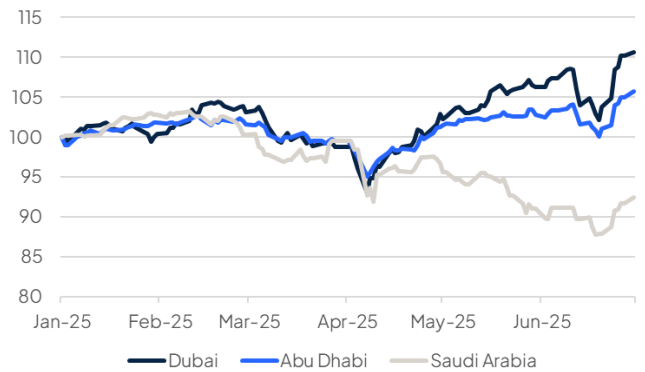
Source: Bloomberg, Emirates NBD Research.

Regional equity markets have a strong H1

In the UAE equity markets have had a strong first half. The DFMGI in Dubai is up close to 11% ytd while the ADX 15 index in Abu Dhabi has risen almost 10%. In Saudi Arabia, however, the Tadawul has been more

lacklustre, dropping 7% ytd in the first half of the year.

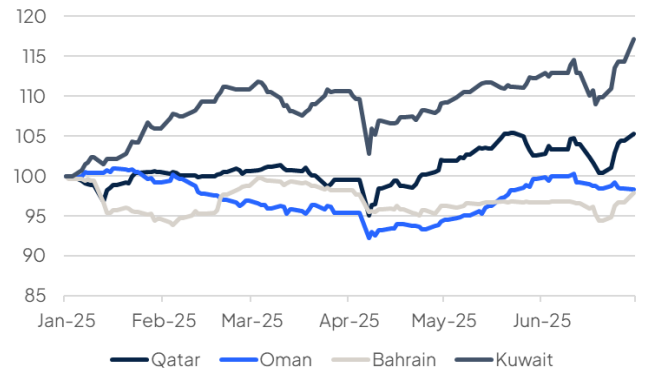
UAE and Saudi equity indexes ytd



Source: Bloomberg, Emirates NBD Research. Note: Jan 1 2025 = 100

Among other equity markets in the GCC Kuwait has been the standout performer with a 17% gain ytd while Qatari equities are up slightly more than 5%.

GCC equity indices ytd



Source: Bloomberg, Emirates NBD Research. Note: Jan 1 2025 = 100

Edward Bell, Acting Group Head of Research and Chief Economist / edwardpb@emiratesnbd.com



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