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GCC Fixed Income Research

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GCC Bonds and Sukuk Primary Market Analysis Q3 2026 Highlights

Terminology and notes to consider before reading this report:

- **GCC:** Gulf Cooperation Council
- **GCC Bonds and Sukuk market includes:**
 - **GCC Sovereign Issuances:** Bonds and Sukuk issued by GCC governments in local or foreign currencies for financing purposes.
 - **GCC Corporate Bonds:** Bonds and Sukuk issued by GCC corporate entities including Financial Institutions (FIs) and Government-Related Entities (GREs).
- This report is based on the dataset sourced from Bloomberg with the following search parameters:
 - maturities greater than 1 year
 - excluding 144A securities
- Several resources were utilized in the drafting of this report; notable sources are Bloomberg, Zawya, rating agencies' reports and Offering Memorandums.
- Every effort has been made to include and quote the majority of data that is accessible to Markaz.
- All currencies were converted into US Dollars for easy comparison.
- Fixed and floating rate tranches for the same issue are considered as different issuances.

Executive Summary:

During Q3 2026, the GCC Bonds and Sukuk market raised USD 34.8 billion through 45 primary issuances, representing a decrease of 13.5% from USD 40.2 billion raised through 136 issuances in Q3 2025. As the number of transactions declined more sharply than issuance value, the average issuance size increased from approximately USD 295.6 million in Q3 2025 to USD 773.0 million in Q3 2026.

Saudi Arabian entities were the leading issuers in the GCC during Q3 2026, raising USD 15.73 billion through 17 issuances and accounting for 45.2% of total primary issuance value. Kuwait ranked second with USD 8.73 billion through 9 issuances, representing 25.1% of the market, while the UAE ranked third with USD 5.56 billion through 11 issuances and a 16.0% share. In terms of market performance, regional fixed income indices weakened during Q3, with the Bloomberg GCC Aggregate Index declining 4.01% and the S&P MENA Bond & Sukuk Index falling 4.22%. By the end of Q3 2026, the indices were down 3.64% and 3.85% year-to-date, respectively.

Credit conditions weakened during Q3 2026, as GCC 5-year sovereign CDS spreads widened from June levels across all markets except Dubai. Qatar recorded the largest quarterly widening at 39.59%, followed by Bahrain at 31.15% and Oman at 26.12%, while Dubai tightened marginally by 0.29%. On a year-to-date basis, spreads remained above December 2025 levels for all markets except Saudi Arabia, with Bahrain recording the largest widening at 72.77%; Saudi Arabia was the only sovereign to end Q3 tighter than at the start of the year, with its CDS spread declining by 1.25%.

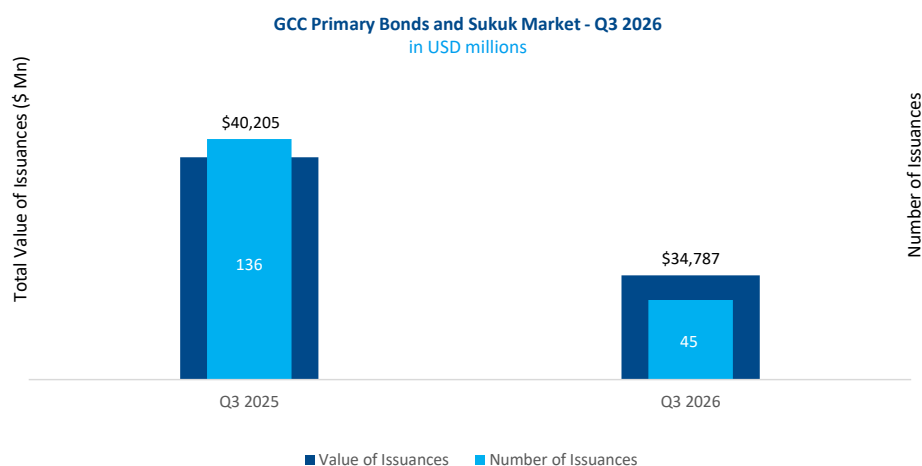
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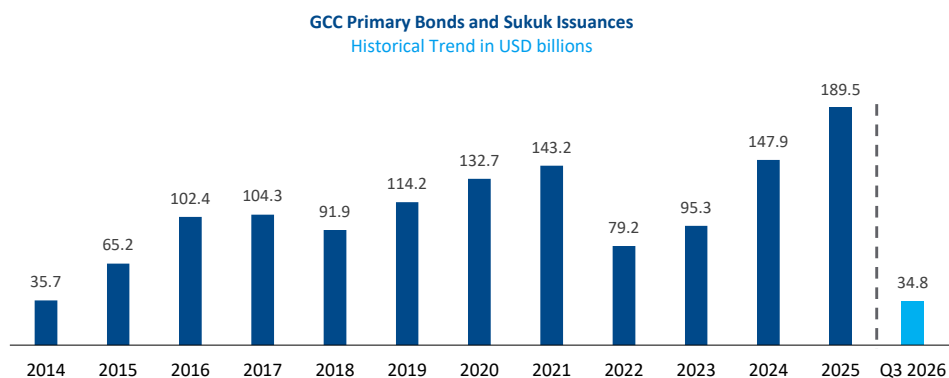
GCC Bonds and Sukuk Primary Market

GCC Bonds and Sukuk primary issuances amounted to USD 34.8 billion during Q3 2026, representing a decrease of 13.5% from USD 40.2 billion raised during Q3 2025. The total number of primary issuances declined to 45 in Q3 2026 from 136 in Q3 2025, representing a decrease of 66.9%. As the number of deals fell more sharply than total issuance value, the average issuance size increased from approximately USD 295.6 million in Q3 2025 to USD 773.0 million in Q3 2026.

The sharp decline in issuance value and deal count indicates considerably softer primary-market activity in Q3 2026 compared with Q3 2025. However, the more pronounced contraction in the number of transactions lifted the average deal size by approximately 161.5%, suggesting that activity was concentrated in fewer, larger benchmark issuances. This points to a more selective funding environment, given the current geopolitical climate, in which established borrowers were still able to execute sizeable transactions, while smaller and more frequent deals were less prevalent.



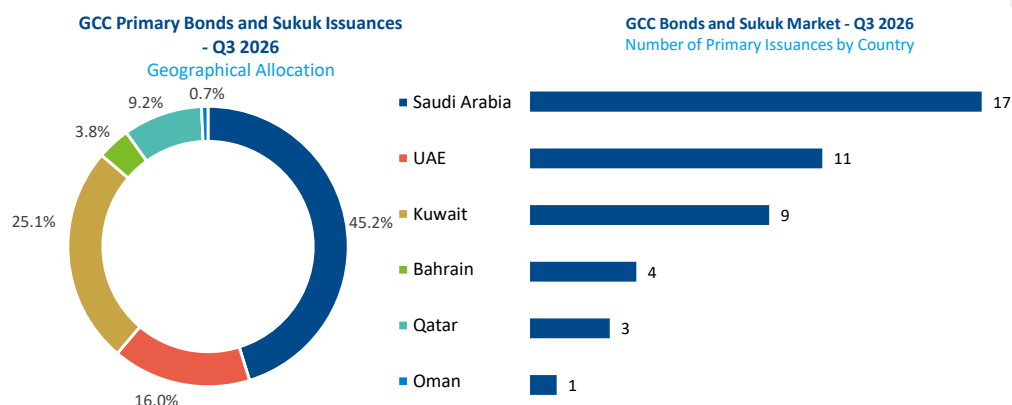
Source: Bloomberg, Markaz Analysis



Source: Bloomberg, Markaz Analysis

Geographical Allocation

Saudi Arabian entities were the leading issuers in the GCC during Q3 2026, raising a total of USD 15.73 billion through 17 issuances and accounting for 45.2% of the total value of primary GCC Bonds and Sukuk issuances. Kuwait ranked second, raising USD 8.73 billion through 9 issuances and representing 25.1% of the market, while the UAE followed with USD 5.56 billion through 11 issuances, accounting for 16.0% of total primary issuance value.



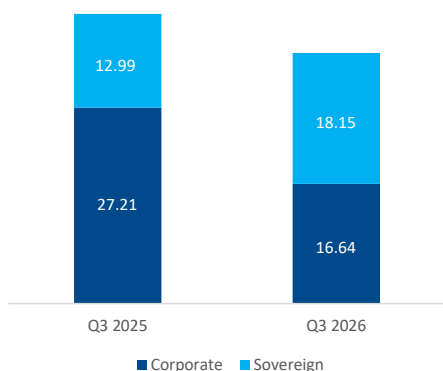
Source: Bloomberg, Markaz Analysis

Qatar-based entities were the fourth-largest issuers by value within the GCC during Q3 2026, raising USD 3.18 billion through 3 issuances and accounting for 9.2% of total primary issuance value. Bahraini entities raised USD 1.33 billion through 4 issuances, representing 3.8% of the market, while Omani entities raised USD 0.26 billion through 1 issuance, accounting for 0.7% of total issuance value.

At a high level, issuance during Q3 2026 remained concentrated in Saudi Arabia and Kuwait, which together accounted for 70.3% of total GCC Bonds and Sukuk primary issuance value. Saudi Arabia led the market with USD 15.73 billion raised through 17 issuances, while Kuwait ranked second by value with USD 8.73 billion through 9 issuances. The concentration was driven by the sizeable issuance volumes recorded in these two markets during the quarter.

Other GCC markets also contributed to issuance activity during Q3 2026. The UAE ranked third overall, raising USD 5.56 billion through 11 issuances and accounting for 16.0% of total issuance value. Qatar followed with USD 3.18 billion through 3 issuances, while Bahrain raised USD 1.33 billion through 4 issuances and Oman raised USD 0.26 billion through 1 issuance. Together, these markets accounted for 29.7% of total GCC primary issuance value during the quarter.

Sovereign vs. Corporate



Source: Bloomberg, Markaz Analysis

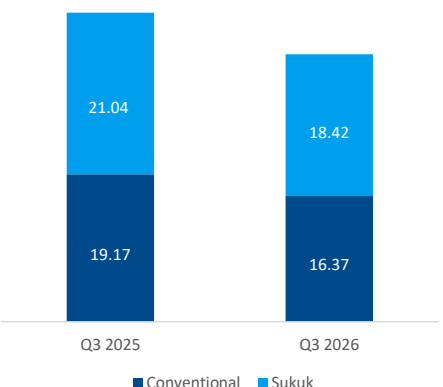
Unlike Q3 2025, when corporate issuers accounted for most of the issuance value, Q3 2026 saw sovereign issuances exceed corporate issuances. Corporate issuances represented 47.8% of the combined issuance value in Q3 2026, compared with 67.7% in Q3 2025, while sovereign issuances accounted for 52.2%, up from 32.3%.

Total GCC sovereign primary issuances increased by 39.7% in Q3 2026 to USD 18.15 billion, from USD 12.99 billion in Q3 2025. The largest sovereign issuance during the quarter was by the Kuwaiti Government, with a USD 3.0 billion bond.

Total GCC corporate primary issuances declined by 38.8% in Q3 2026 to USD 16.64 billion, from USD 27.21 billion in Q3 2025, where government related entities constituted 21.0% of corporate issuances or USD 3.5 billion, an increase of 11.5% from Q3 2025 (USD 3.14 billion through 3 issuances).

The GCC country with the highest value of corporate issuances was Saudi Arabia with USD 9.1 bn, whereas the single largest corporate issuance was by Riyadh Bank with a value of USD 2.7 billion.

Conventional vs Sukuk



Source: Bloomberg, Markaz Analysis

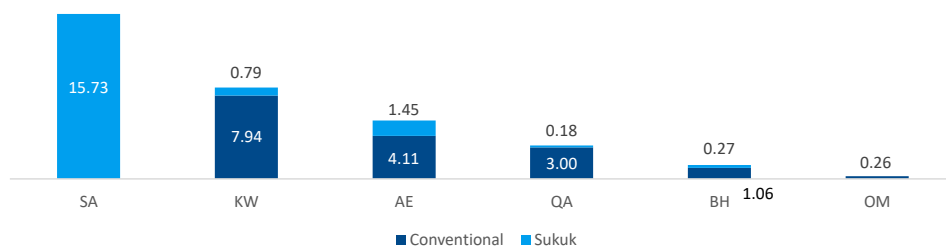
Sukuk issuances during Q3 2026 decreased by 12.5% when compared to Q3 2025. Through 26 issuances, Sukuks in the region raised USD 18.4 billion, representing 52.9% of total issuances for the quarter.

The largest sukuk issuance was by the Saudi Government with an issue size of USD 2.8 billion.

On the other hand, GCC Conventional issuances in Q3 2026 amounted to USD 16.4 billion, a decrease of 14.6% when compared to Q3 2025, representing 47.1% of total issuances for the quarter.

The largest single issue of a conventional bond in Q3 2026 was by the Kuwaiti Government with a total value of USD 3.0 billion.

GCC Primary Debt Bonds and Sukuk Market- Q3 2026
Conventional vs Sukuk (in USD billion)



Source: Bloomberg, Markaz Analysis

Sector Allocation

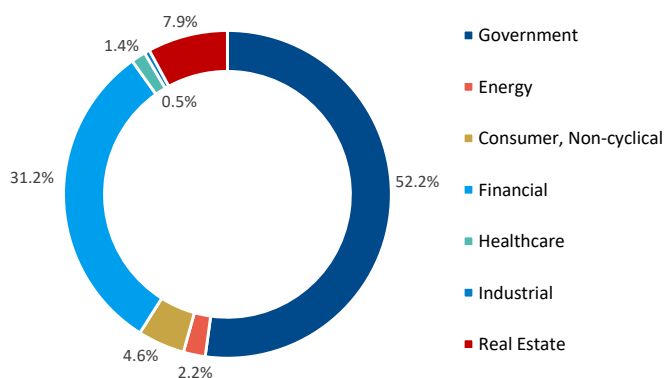
Government entities were the largest issuers by value during Q3 2026, raising USD 18.15 billion through 17 issuances and accounting for 52.2% of total GCC primary issuance value. The financial sector followed with USD 10.84 billion through 21 issuances, representing 31.2% of total issuance value, while real estate ranked third with USD 2.75 billion through 2 issuances and a 7.9% market share.

Overall issuance in Q3 2026 was highly concentrated in government and financial borrowers, which together accounted for 83.4% of total primary-market activity by value and 38 of the quarter's 45 issuances. This underscores the central role of sovereign funding and regional financial institutions in GCC debt capital markets during the quarter.

Consumer, non-cyclical issuers raised USD 1.62 billion through 2 issuances, representing 4.6% of total issuance value. Energy accounted for USD 0.75 billion through 1 issuance, or 2.2% of the market, while healthcare raised USD 0.50 billion through 1 issuance, representing 1.4%.

Industrial issuance was the smallest sector allocation during Q3 2026, totaling USD 0.18 billion through 1 issuance and accounting for 0.5% of total issuance value. The sector mix therefore remained dominated by government and financial issuers, with the remaining sectors collectively contributing 16.6% of the quarter's GCC primary issuance value.

GCC Primary Bonds and Sukuk Issuances - Q3 2026
Primary Issuances: Sector Breakdown by Value

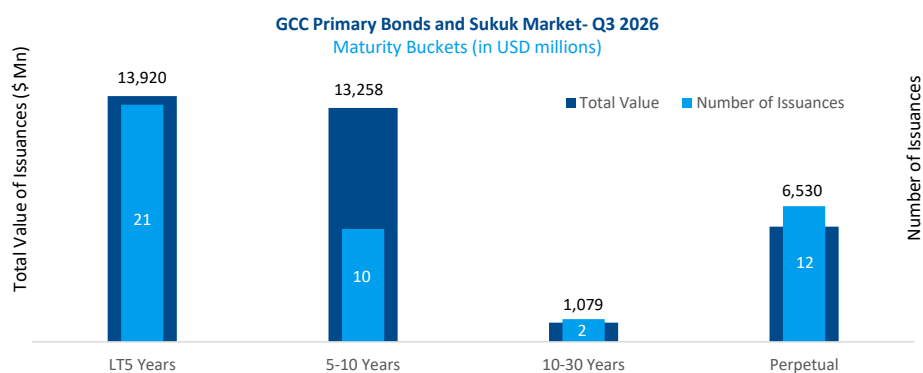


Source: Bloomberg, Markaz Analysis

Maturity Profile

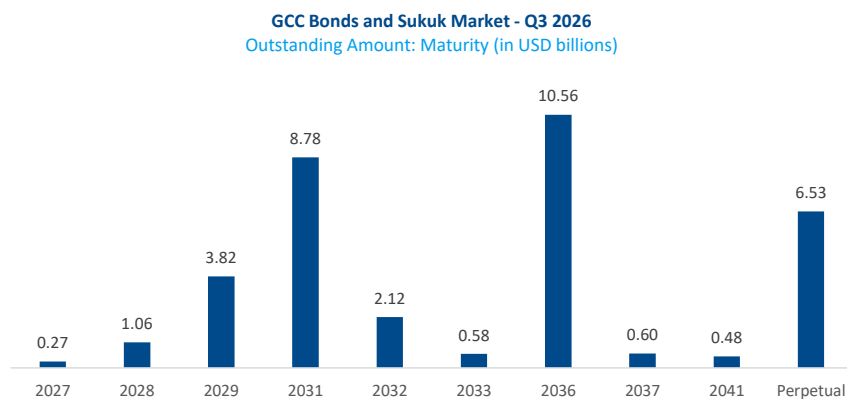
During Q3 2026, primary issuances with tenors of less than five years represented the largest share of GCC debt capital market activity, accounting for 40.0% of total issuance value. These issuances raised USD 13.92 billion through 21 transactions.

Primary issuances with tenors of five to ten years ranked second, raising USD 13.26 billion through 10 issuances and representing 38.1% of total GCC primary issuance value. Issuances with tenors of 10 to 30 years totaled USD 1.08 billion through 2 issuances, accounting for 3.1% of the market. Perpetual issuances raised USD 6.53 billion through 12 transactions and represented 18.8% of total issuance value, while there were no issuances with maturities greater than 30 years.



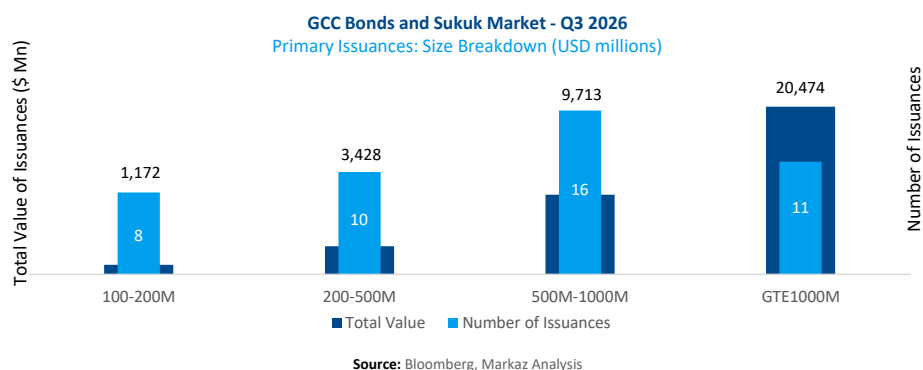
Source: Bloomberg, Markaz Analysis

The Q3 2026 maturity profile was concentrated in shorter and medium tenors, with issuances maturing in less than five years and between five and ten years together accounting for 78.1% of total issuance value, or USD 27.18 billion. Perpetual instruments represented a further 18.8%, while only 3.1% of issuance value carried maturities of 10 to 30 years and none exceeded 30 years.



Source: Bloomberg, Markaz Analysis

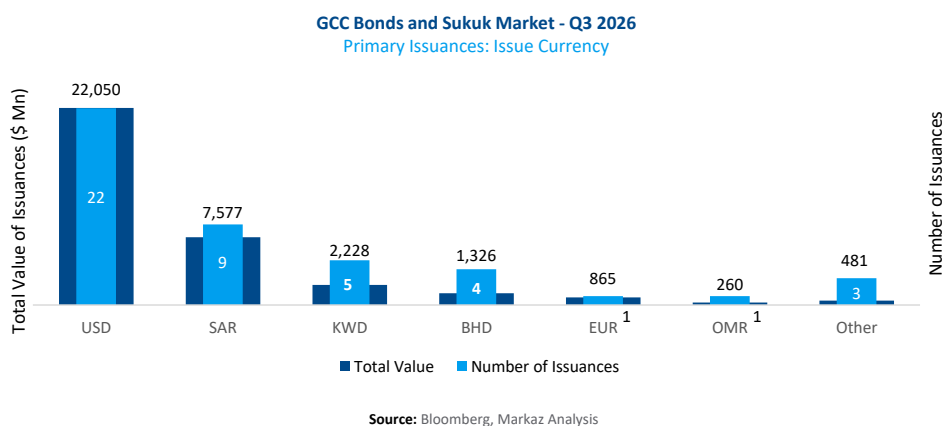
Issue Size Profile



During Q3 2026, issuances with an issue size of USD 1 billion or greater raised the largest amount, totaling USD 20.47 billion through 11 issuances and representing 58.9% of total GCC primary issuance value. Issuances of between USD 500 million and USD 1 billion followed, raising USD 9.71 billion through 16 transactions and accounting for 27.9% of the total.

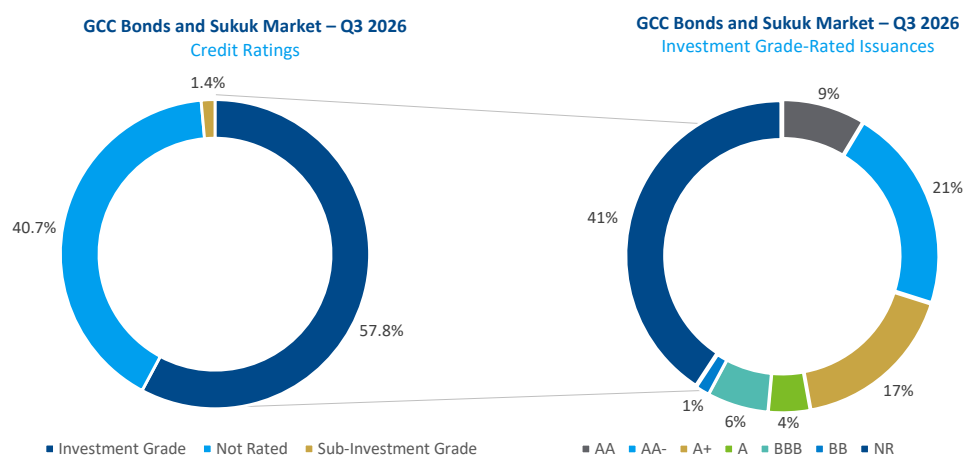
The highest number of issuances was in the USD 500 million to USD 1 billion bucket, with 16 issuances. Transactions sized between USD 200 million and USD 500 million raised USD 3.43 billion through 10 issuances, while those between USD 100 million and USD 200 million raised USD 1.17 billion through 8 issuances. There were no issuances below USD 100 million. Overall, deals of USD 500 million or more accounted for 86.8% of total issuance value, indicating that Q3 2026 activity was heavily concentrated in larger transactions.

Currency Profile



US Dollar-denominated issuances led the GCC Bonds and Sukuk market in Q3 2026, raising a total of USD 22.05 billion through 22 issuances and representing 63.4% of total primary issuance value. The Saudi Riyal was the second-largest issuance currency, with SAR-denominated transactions raising USD 7.58 billion through 9 issuances and accounting for 21.8% of the total. The Kuwaiti Dinar ranked third, with KWD-denominated issuances totaling USD 2.23 billion through 5 transactions, representing 6.4% of total issuance value. Bahraini Dinar-denominated issuances followed at USD 1.33 billion through 4 transactions, while EUR, OMR, QAR, AED and CNY issuances collectively accounted for the remaining USD 1.61 billion through 5 issuances.

Credit Rating



Source: Bloomberg, Markaz Analysis

In terms of value, 59.3% of GCC conventional bond and sukuk issuances were rated in Q3 2026, compared with 65.5% in Q3 2025. Rated issuance totaled USD 20.61 billion across 19 transactions in Q3 2026, comprising USD 20.11 billion of investment-grade issuance and USD 0.50 billion of sub-investment-grade issuance.

The share of rated issuances declined by 6.2%, from 65.5% in Q3 2025 to 59.3% in Q3 2026. In absolute terms, rated issuance fell by 21.7% to USD 20.61 billion from USD 26.32 billion, while the number of rated transactions declined to 19 from 63.

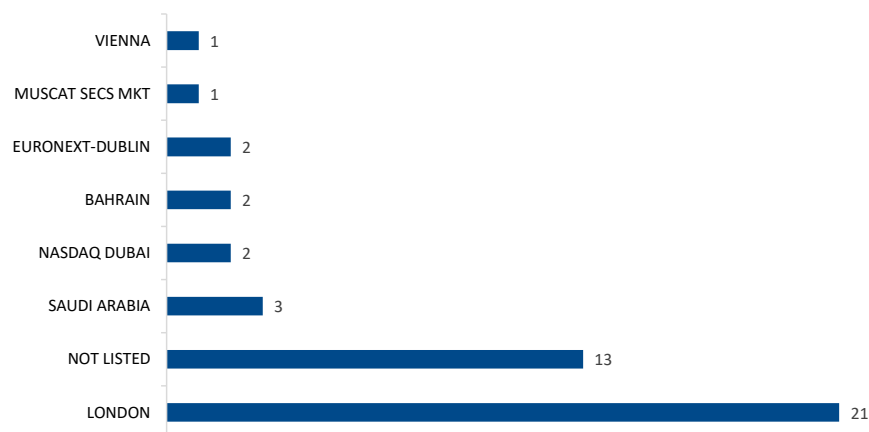
Investment-grade issuances accounted for 57.8% of total issuance value in Q3 2026, broadly stable compared with 58.4% in Q3 2025. Among rated issuances, investment-grade instruments represented 97.6% of rated value in Q3 2026, up from 89.2% in Q3 2025, reflecting the sharp reduction in sub-investment-grade issuance.

Not-rated issuances totaled USD 14.17 billion across 26 transactions in Q3 2026, accounting for 40.7% of total issuance value, compared with USD 13.89 billion across 73 transactions and a 34.5% share in Q3 2025. Overall, the Q3 2026 rating profile combined a lower rated share of total issuance with a stronger concentration of rated value in investment-grade instruments.

From an investor perspective, unrated issuance increased to 40.7% of total issuance value in Q3 2026, from 34.5% in Q3 2025, reducing the proportion of rated issuances. Nevertheless, investment-grade instruments represented 97.6% of rated issuance value, indicating that rated activity remained concentrated among higher-quality borrowers.

Listing Exchange

GCC Bonds and Sukuk Market - Q3 2026
Primary Issuances: Listing Exchange



Source: Bloomberg, Markaz Analysis

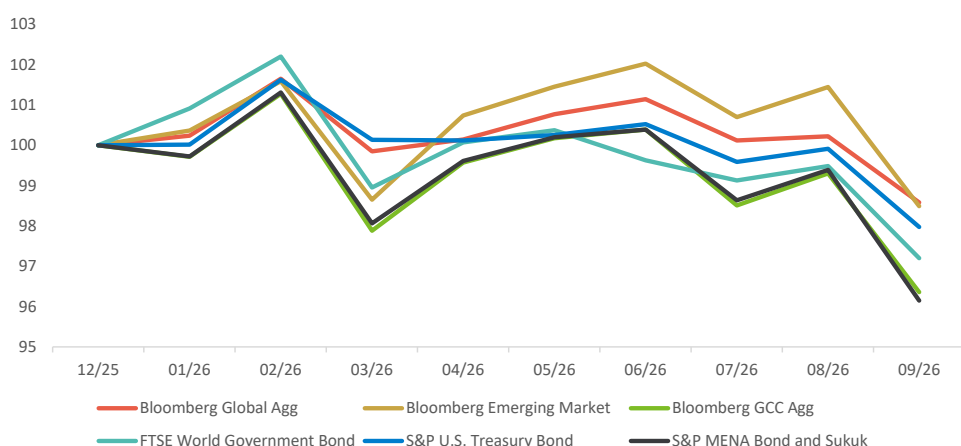
London was the leading listing exchange for GCC primary issuances during Q3 2026, hosting 21 issuances with a total value of USD 21.15 billion, equivalent to 60.8% of total issuance value. Saudi Arabia ranked second by listed value, with 3 issuances totaling USD 5.95 billion, while 13 issuances worth USD 4.12 billion were not listed on any exchange. Euronext Dublin hosted 2 issuances totaling USD 1.10 billion, Bahrain hosted 2 issuances worth USD 1.06 billion, and Nasdaq Dubai hosted 2 issuances totaling USD 0.65 billion.

London’s dominant 60.8% share highlights its continued importance as the principal international listing venue for GCC debt issuers, supporting access to global investors and established market infrastructure. At the same time, the USD 5.95 billion listed in Saudi Arabia underscores the growing role of domestic capital markets for sizeable regional transactions. Unlisted issuances represented 11.0% of total issuance value but 26.7% of the number of transactions, suggesting that unlisted deals were typically smaller than exchange-listed transactions. The remaining issuances were distributed across Euronext Dublin, Bahrain, Nasdaq Dubai, Vienna, and the Muscat Securities Market.

GCC Bonds and Sukuk Market – Market performance Q3 2026

Fixed income markets weakened during Q3 2026, as positive returns in August were insufficient to offset broad declines in July and September. Over the quarter, the S&P MENA Bond & Sukuk Index recorded the sharpest decline at approximately 4.2%, followed by the Bloomberg GCC Aggregate Index at approximately 4.0% and the Bloomberg Emerging Market Index at approximately 3.5%. Global government bond indices were relatively more resilient, with the Bloomberg Global Aggregate Index, S&P US Treasury Bond Index and FTSE World Government Bond Index declining by approximately 2.6%, 2.5% and 2.4%, respectively. By the end of Q3 2026, all indices in the comparison were negative year-to-date: the S&P MENA Bond & Sukuk Index was down 3.85%, the Bloomberg GCC Aggregate Index declined 3.64%, the FTSE World Government Bond Index fell 2.80%, the S&P US Treasury Bond Index was down 2.03%, the Bloomberg Emerging Market Index declined 1.51% and the Bloomberg Global Aggregate Index fell 1.42%. Overall, the quarter reflected renewed pressure across global and regional fixed income markets, with GCC and MENA bonds underperforming the broader global benchmarks.

Select Fixed Income Indices
2026 Performance



Source: S&P, Bloomberg, Markaz Analysis

2026	Bloomberg Global Agg	Bloomberg Emerging Market	Bloomberg GCC Agg	FTSE World Government Bond	S&P US Treasury Bond	S&P MENA Bond and Sukuk
Quarter 1	-0.15%	-1.35%	-2.11%	-1.05%	0.14%	-1.94%
Quarter 2	1.30%	3.42%	2.56%	0.68%	0.39%	2.37%
Quarter 3	-2.53%	-3.46%	-4.01%	-2.43%	-2.54%	-4.22%
Year-To-Date	-1.42%	-1.51%	-3.64%	-2.80%	-2.03%	-3.85%

Credit Default Swaps (CDS)

GCC 5-year sovereign CDS spreads generally widened during Q3 2026, reflecting renewed risk aversion across regional credit markets. Qatar recorded the largest quarterly widening, with spreads increasing by 39.59% from June 2026 levels, followed by Bahrain at 31.15%, Oman at 26.12%, Kuwait at 15.83%, Saudi Arabia at 10.60% and Abu Dhabi at 9.80%. Dubai was the only market to record a marginal quarterly tightening, with its CDS spread declining by 0.29%.

On a year-to-date basis, CDS spreads remained above December 2025 levels for all markets except Saudi Arabia. Bahrain recorded the largest widening at 72.77%, followed by Qatar at 49.29%, Abu Dhabi at 35.61%, Dubai at 30.66%, Kuwait at 23.07% and Oman at 21.60%. Saudi Arabia was the only sovereign to end Q3 2026 tighter than at the start of the year, with its CDS spread declining by 1.25%. Abu Dhabi and Qatar continued to hold the highest sovereign credit ratings in the GCC, followed by Kuwait and Saudi Arabia, while Bahrain remained the lowest-rated sovereign among the group.

GCC 5Y Sovereign CDS Spread and Credit Rating – Q3 2026

Country	31/12/2025	30/06/2026	30/09/2026	QTD % Change	YTD % Change	Sovereign Credit Ratings		
	CDS (Bps)	CDS (Bps)	CDS (Bps)			S&P	Moody's	Fitch
Abu Dhabi	27.45	33.90	37.22	9.80%	35.61%	AA	Aa2	AA
Qatar	27.26	29.16	40.70	39.59%	49.29%	AA	Aa2	AA
Kuwait	47.42	50.39	58.36	15.83%	23.07%	AA-	A1	AA-
Saudi Arabia	66.98	59.81	66.15	10.60%	-1.25%	A+	Aa3	A+
Oman	70.79	68.25	86.08	26.12%	21.60%	BBB-	Baa3	BBB-
Bahrain	184.26	242.72	318.33	31.15%	72.77%	B	B2	B
Dubai	47.44	62.17	61.99	-0.29%	30.66%	-	-	-

Source: Bloomberg, Markaz Analysis

Appendix 1: Key GCC Sovereign and Corporate Bonds and Sukuk Issuances in Q3 2026

Type	Issuer	Country	Maturity Date	Issue Size (USD mn)	Coupon	Sector	Rating
Conventional	Kuwait Government	KW	29/07/2029	3,000	5.04%	Government	AA-
Sukuk	Kingdom of Saudi Arabia	SA	20/07/2036	2,810	5.15%	Government	NR
Sukuk	Riyad Bank	SA	Perpetual	2,664	6.50%	Financial	NR
Conventional	State of Qatar	QA	28/09/2036	2,000	5.38%	Government	AA
Sukuk	Kingdom of Saudi Arabia	SA	09/09/2036	2,000	5.60%	Government	A+
Conventional	Kuwait Government	KW	29/07/2036	1,500	5.51%	Government	AA-
Sukuk	Saudi Real Estate Refinance	SA	14/07/2036	1,500	5.38%	Real Estate	A+
Conventional	Kuwait Government	KW	29/07/2031	1,500	5.16%	Government	AA-
Sukuk	Kingdom of Saudi Arabia	SA	09/09/2031	1,250	5.26%	Government	A+
Sukuk	Saudi Real Estate Refinance	SA	14/01/2032	1,250	5.00%	Real Estate	A+
Conventional	State of Qatar	QA	28/09/2031	1,000	5.25%	Government	AA
Conventional	DP World	AE	16/09/2032	865	4.75%	Consumer, Non-cyclical	BBB
Conventional	Kuwait Government	KW	23/07/2031	804	3.25%	Government	NR
Conventional	DP World	AE	16/09/2036	750	6.25%	Consumer, Non-cyclical	BBB
Conventional	Abu Dhabi National Energy Co	AE	03/08/2031	750	5.13%	Energy	AA-
Sukuk	Arab National Bank	SA	Perpetual	750	6.50%	Financial	NR
Sukuk	Al Rajhi Bank	SA	10/03/2037	600	6.23%	Financial	BBB
Conventional	Commercial Bank of Dubai PSC	AE	Perpetual	600	6.63%	Financial	NR
Sukuk	Alinma Bank	SA	Perpetual	533	6.50%	Financial	NR
Conventional	Bahrain Development Bond	BH	19/07/2028	531	7.00%	Financial	NR

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