

April 2026:
GCC Fixed Income Research

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Authors:
Fixed Income Team
FixedIncome@markaz.com

Kuwait Financial Centre “Markaz”
P.O. Box 23444, Safat 13095, Kuwait
Tel: +965 2224 8000
Fax: +965 2242 5828
markaz.com

GCC Bonds and Sukuk Primary Market Analysis Q1 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 Q1 2026, the GCC Bonds and Sukuk market raised USD 55.0 billion through 95 primary issuances, representing an increase of 5.6% from USD 52.1 billion raised during Q1 2025. The number of issuances declined by 26.3% from 129 in Q1 2025, lifting the average issuance size from USD 403.9 million to USD 579.4 million in Q1 2026.

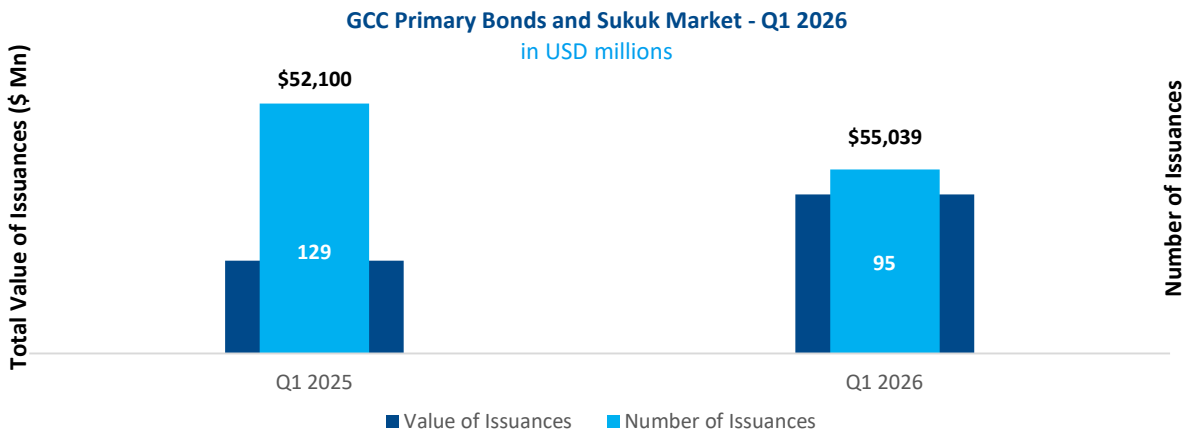
Saudi Arabian entities were the leading issuers in the GCC during Q1 2026, raising USD 32.5 billion through 42 issuances (59.1% of total value), followed by the UAE with USD 13.6 billion through 36 issuances (24.7%). In terms of market performance, the S&P MENA Bond & Sukuk Index declined by 1.94% during Q1 2026, while 5-Year Sovereign CDS spreads widened across GCC countries compared to December 2025, led by Abu Dhabi (97.89%) and Qatar (97.10%).

Geopolitical tensions from the Iran–USA conflict weighed on investor risk appetite in March 2026, contributing to weaker regional bond and sukuk index performance and a broad widening in GCC 5-year sovereign CDS spreads compared to December 2025.

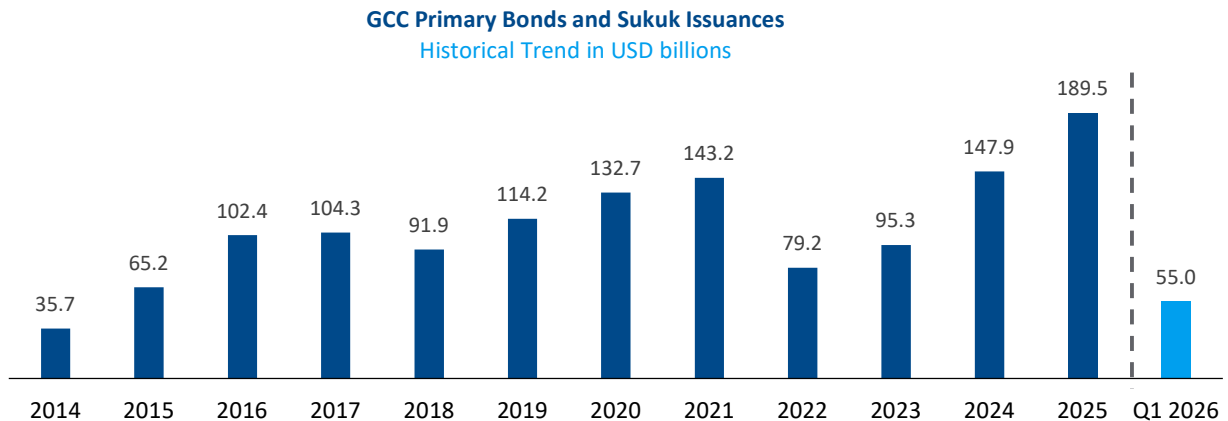
GCC Bonds and Sukuk Primary Market

GCC Bonds and Sukuk primary issuances amounted to USD 55.0 billion during Q1 2026, which represents an increase of 5.6% from USD 52.1 billion raised during Q1 2025. The total number of primary issuances during Q1 2026 was 95 issuances compared to 129 issuances during Q1 2025, representing a decrease of 26.3%. This increase in issuance value and decrease in the number of issuances indicates that the average deal size of issuances has increased from USD 403.9 million in Q1 2025 to an average deal size of USD 579.4 million in Q1 2026.

From a market perspective, the quarter’s higher average deal size suggests that primary activity was supported by a smaller number of larger, benchmark-style transactions. In an environment of softer fixed income performance and heightened risk sensitivity, such issuance can help anchor the market by providing clearer pricing references, while smaller issuers may be more selective in accessing the market until conditions stabilize.



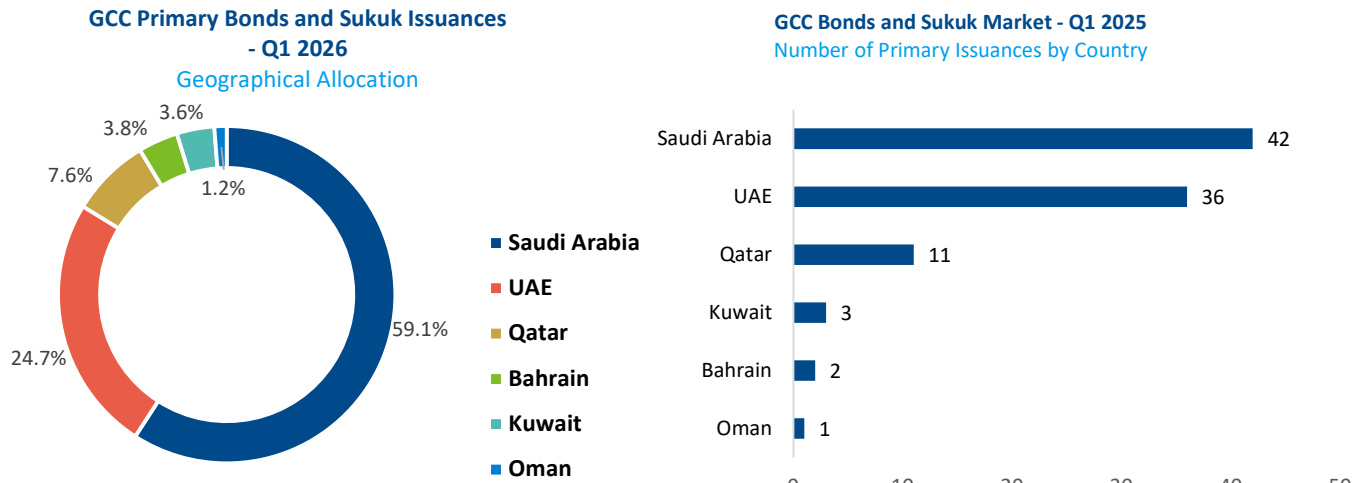
Source: Bloomberg, Markaz Analysis



Source: Bloomberg, Markaz Analysis

Geographical Allocation

Saudi Arabian entities again were the leading issuers in the GCC during Q1 2026, raising a total of USD 32.5 billion through 42 issuances (Q1 2025: USD 31.6 billion through 48 issuances), representing 59.1% of the total value of primary GCC Bonds and Sukuk issuances. The UAE came in second in terms of value raised, with USD 13.6 billion through 36 issuances during the quarter (Q1 2025: USD 10.2 billion through 31 issuances), representing 24.7% of the total value of primary GCC Bonds and Sukuk issuances.



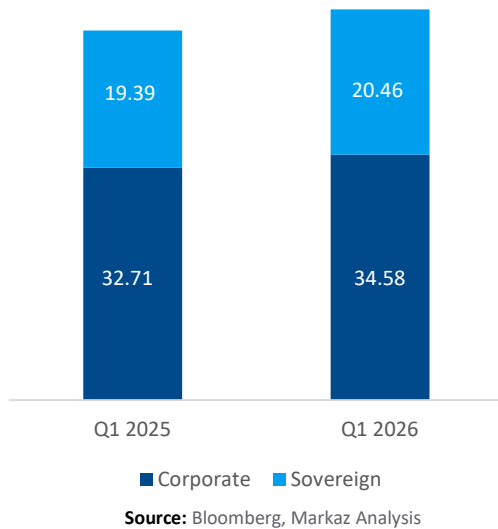
Source: Bloomberg, Markaz Analysis

Qatar-based entities were the third largest issuers in terms of value within the GCC during Q1 2026 with USD 4.2 billion (Q1 2025: USD 7.1 billion), recording a 41% decrease from Q1 2025. Bahraini entities raised USD 2.1 billion during Q1 2026 through 2 issuances (Q1 2025: USD 1.5 billion), representing 3.8% of the market. Kuwaiti entities raised USD 2.0 billion through 3 issuances (Q1 2025: USD 1.4 billion), representing 3.6% of the market while Omani entities raised a total of USD 650 million (Q1 2025: USD 260 million) through 1 issuance, representing 1.2% of the market.

At a high level, issuance during Q1 2026 remained concentrated in Saudi Arabia and the UAE, reflecting the depth of these markets and the role of large sovereign and quasi-sovereign borrowers in setting regional pricing benchmarks. This concentration typically supports liquidity and secondary-market visibility, particularly for larger USD-denominated transactions that attract a wider investor base.

For other GCC markets, quarterly issuance patterns can be more sensitive to deal timing and market windows, given a smaller pipeline of benchmark transactions. In Q1 2026, with weaker fixed income performance and a more cautious risk backdrop, issuers outside the two largest markets may be more selective in accessing the market.

Sovereign vs. Corporate



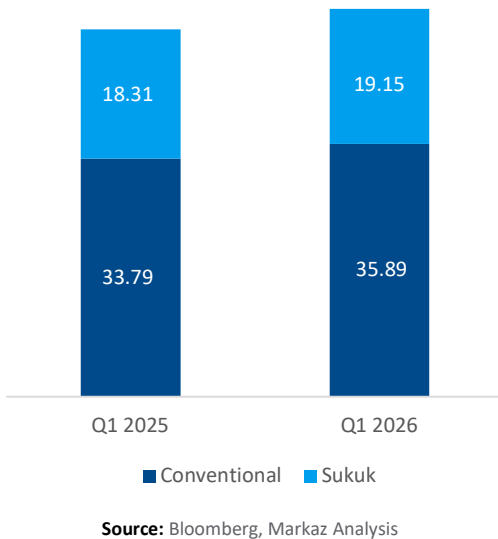
In line with Q1 2025, Q1 2026 also saw a higher appetite for corporate issuances over sovereign issuers, with the ratio of corporates to sovereigns the same across the two time periods (62.8% corporates vs 37.2% sovereigns).

Total GCC Sovereign primary issuances increased 5.5% in Q1 2026 compared to Q1 2025 to reach USD 20.46 billion (Q1 2025: 19.39 billion). The largest sovereign issuance in the GCC was again by the Saudi Government with a USD 3.5 billion bond.

Total GCC Corporate primary issuances increased 5.7% during Q1 2026 to reach USD 34.6 billion (Q1 2025: USD 32.7 billion) where government related entities constituted 7.7% of corporate issuances or USD 2.65 billion.

The GCC country with the highest value of corporate issuances was Saudi Arabia with USD 18.5 bn, whereas the single largest corporate issuance was by Saudi's Public Investment Fund with a value of USD 2.0 billion.

Conventional vs Sukuk



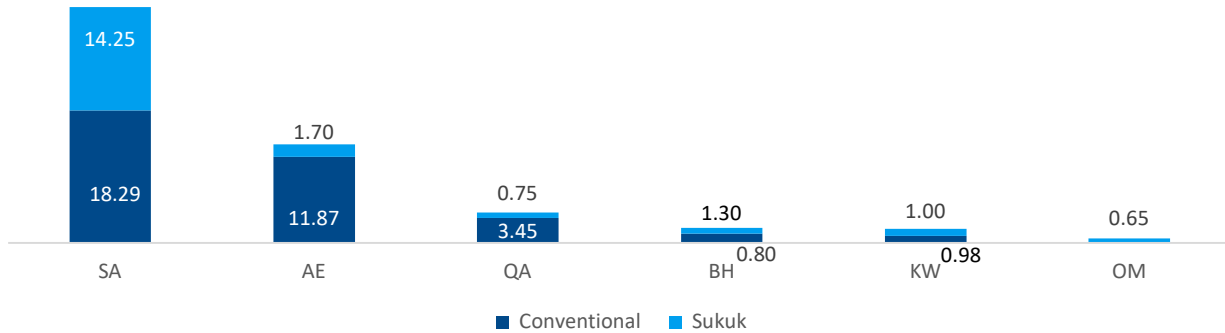
Sukuk issuances during Q1 2026 increased by 4.6% during Q1 2026 when compared to Q1 2025. Through 27 issuances, Sukuks in the region raised USD 19.2 billion.

The largest sukuk issuance was by the Saudi Government with an issue size of USD 2.6 billion.

On the other hand, GCC Conventional issuances in Q1 2026 amounted to USD 35.9 billion, an increase of 6.2% when compared to Q1 2025.

The largest single issue of a conventional bond in Q1 2026 was by the Saudi Government with a total value of USD 3.5 billion.

GCC Primary Debt Bonds and Sukuk Market- Q1 2026
Conventional vs Sukuk (in USD billion)



Source: Bloomberg, Markaz Analysis

Sector Allocation

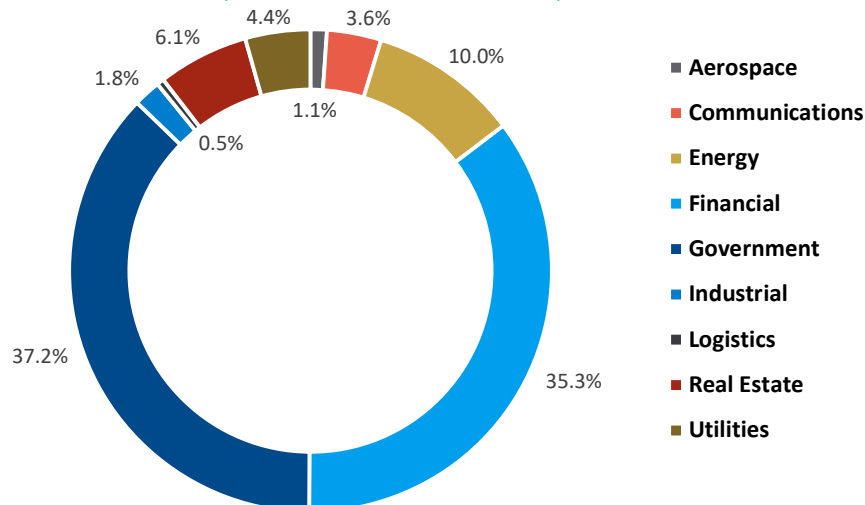
A total of USD 20.5 billion was raised by government entities during Q1 2026, constituting 37.2% of the total value of GCC primary issuances through 12 issuances. This was followed by the financial sector with issuances worth a total value of USD 19.5 billion, constituting 35.3% of total issuance. This was followed by the energy sector with a total value of USD 5.5 billion through 6 issuances during Q1 2026 and representing 10.0% of the market. The financial sector led the market in terms of the number of issuances during Q1 2026 with 64 primary issuances, followed by government entities with 12 issuances.

Overall issuance in Q1 2026 remained concentrated in government and financial borrowers, underscoring the importance of the debt market as both a benchmark funding channel for sovereign and quasi-sovereign names and a core source of capital markets funding for regional banks. Together, these two sectors provided the bulk of primary-market activity and helped sustain market depth during the quarter.

Energy issuance represented a smaller share of the market in Q1 2026, consistent with the sector's more episodic use of debt markets and the tendency for activity to be driven by the timing of a limited number of benchmark transactions. As a result, quarter-to-quarter changes in energy's contribution can reflect execution timing as much as underlying funding needs.

Against a backdrop of weaker fixed income performance and a broad widening in GCC 5-year sovereign CDS spreads during Q1 2026, investor attention typically remains focused on larger, well-established issuers. In this context, the sector mix can shape overall market tone, with government and high-quality financial issuance helping to anchor activity, while some corporate issuance may be timed around windows of improved sentiment.

GCC Primary Bonds and Sukuk Issuances - Q1 2026
Primary Issuances: Sector Breakdown by Value

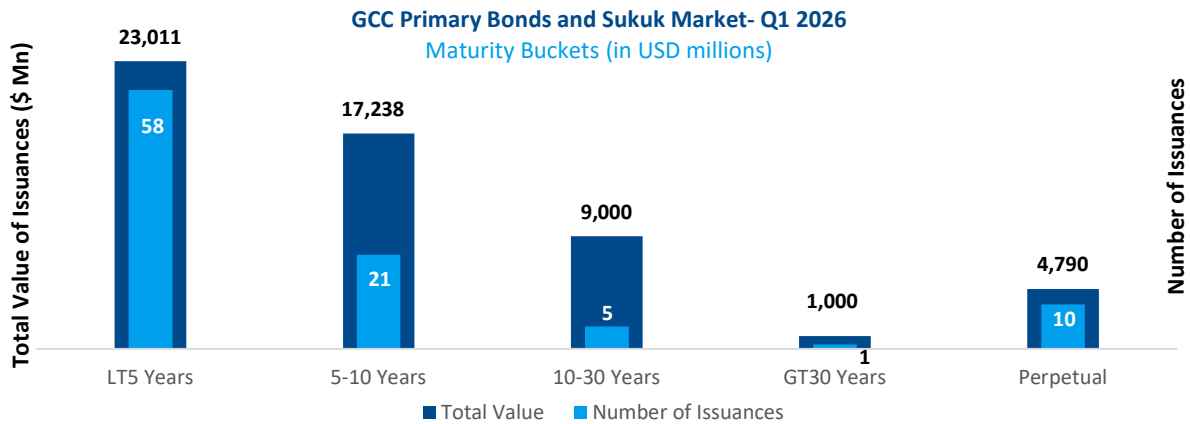


Source: Bloomberg, Markaz Analysis

Maturity Profile

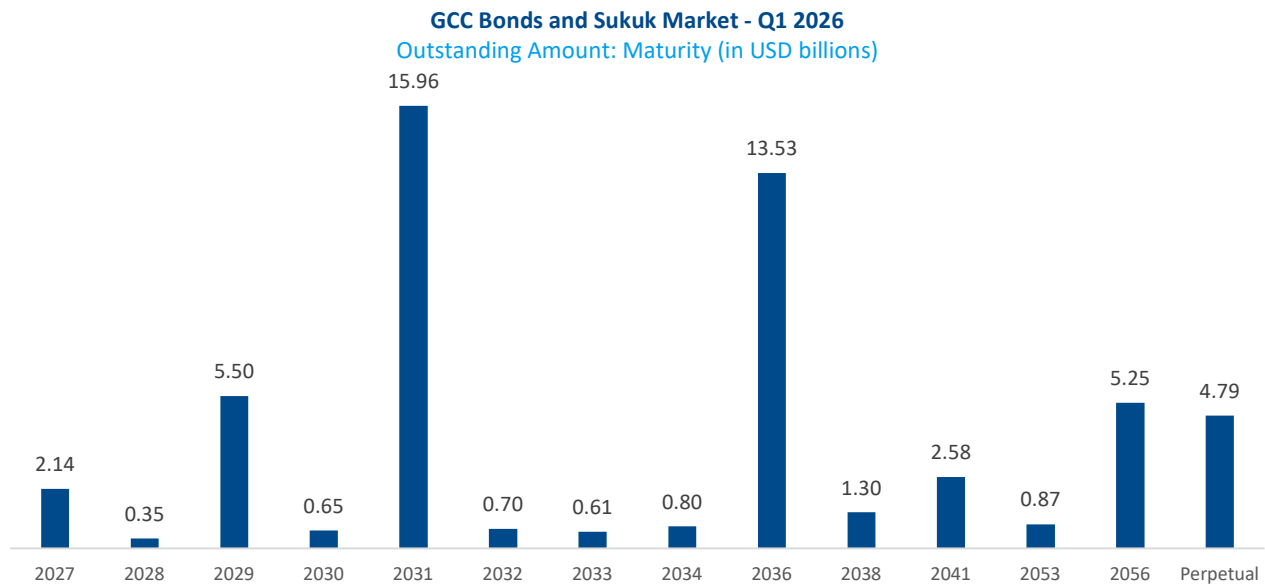
In the quarter ending Q1 2026, primary issuances with less than (“LT”) 5-year tenors represented 41.8% of the GCC debt capital markets with total value that amounted to USD 23.0 billion through 58 issuances.

Primary issuances with 5-10 year tenors came in second, representing 31.3% of the GCC debt capital markets with total value that amounted to USD 17.2 billion through 21 issuances. Issuances with 10-30 year tenors raised a total USD 9.0 billion through 5 issuances in Q1 2026 representing 16.4% of GCC primary issuances. Additionally, perpetual primary issuances raised a total value of USD 4.8 billion through 10 issuances, while there was one bond issued with a tenor greater than 30 years (“GT30”) during the year.



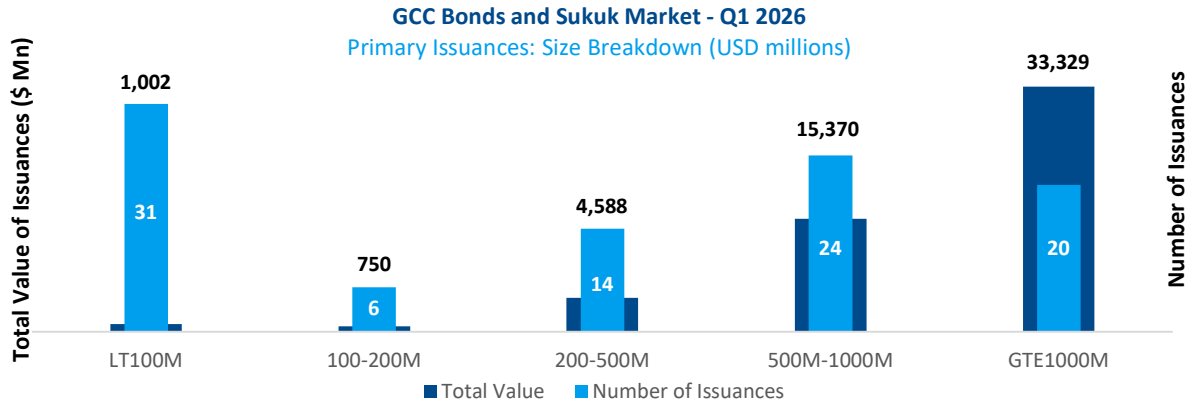
Source: Bloomberg, Markaz Analysis

Based on issuances in Q1 2026, the GCC market is expected to witness elevated levels of redemptions and potential refinancing in 2031 and in 2036 compared to other years as issuances amounting to USD 29.4 billion are expected to mature during said years (53.6% of bonds issued in Q1 2026).



Source: Bloomberg, Markaz Analysis

Issue Size Profile

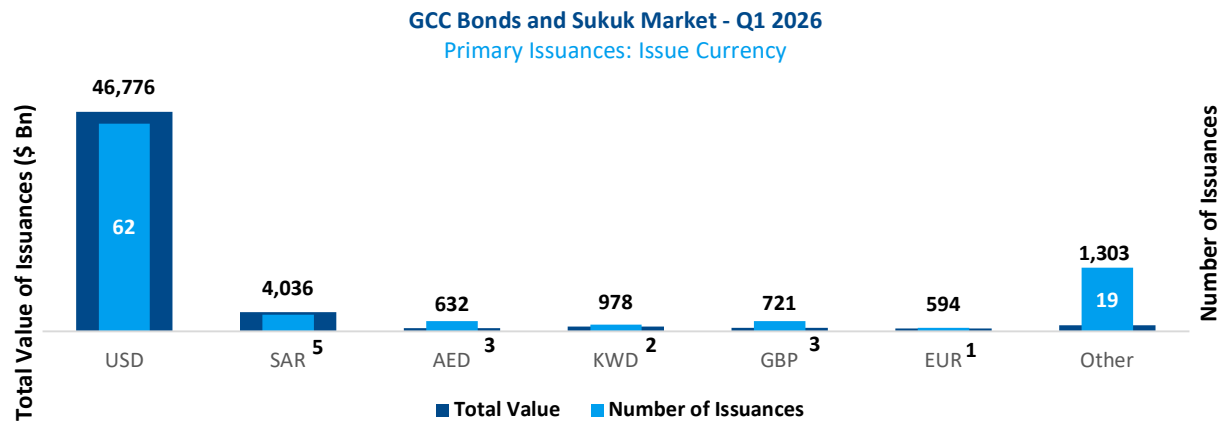


Source: Bloomberg, Markaz Analysis

During Q1 2026, primary issuances ranged in issue size from USD 10 million to USD 3.5 billion. Issuances with issue size of USD 1 billion or greater raised the largest amount, totaling USD 33.3 billion through 20 issuances in Q1 2026 and representing 60.6% of the total amount issued in the GCC.

The highest number of issuances was under USD 100 million issue size, where there were 31 issuances that raised a total amount of USD 1.0 billion during Q1 2026.

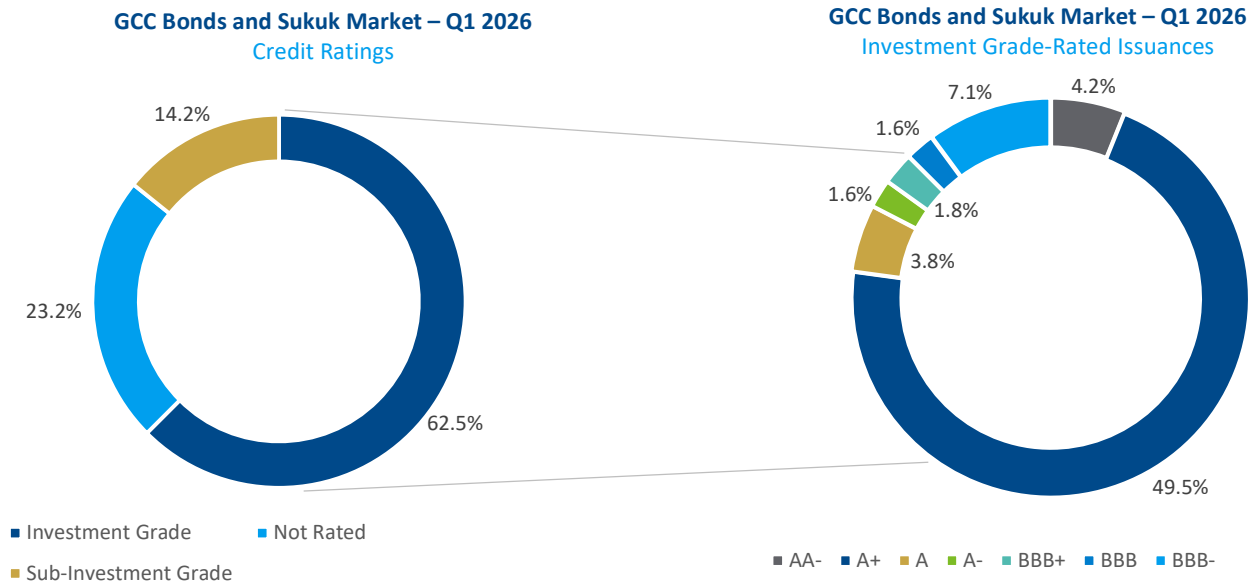
Currency Profile



Source: Bloomberg, Markaz Analysis

US Dollar-denominated issuances led the GCC Bonds and Sukuk market in Q1 2026, raising a total of USD 46.8 billion through 62 issuances, representing a substantial 85.0% of the total value raised in primary issuances in the GCC. The second largest issue currency was the Saudi Riyal (SAR), where SAR denominated issuances raised a total of USD 4.0 billion through 5 issuances.

Credit Rating



Source: Bloomberg, Markaz Analysis

In terms of value, a total of 76.8% of GCC Conventional and Sukuk bonds were rated in Q1 2026 by either one of the following rating agencies: Standard & Poor’s, Moody’s, Fitch and/or Capital Intelligence, as compared to 84.9% during the same period last year. Issuances rated within the Investment Grade accounted for 62.5% of the total issuances in Q1 2026.

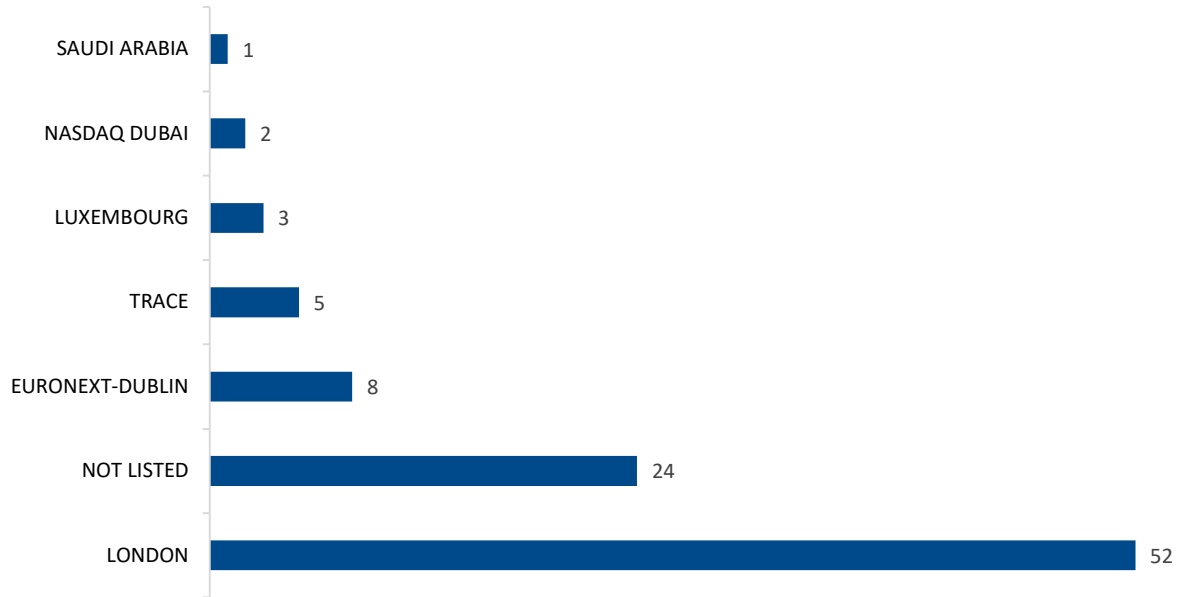
The year-on-year decline in the proportion of rated issuance value (from 84.9% in Q1 2025 to 76.8% in Q1 2026) may reflect a combination of factors, including a larger share of privately placed or locally distributed deals, issuer preference for faster execution, and the continued use of unrated formats for specific structures and investor bases. While unrated issuance does not necessarily imply weaker credit quality, it can reduce secondary-market transparency and may limit participation from certain institutional investors with rating-based mandates.

With investment-grade instruments accounting for 62.5% of total issuances in Q1 2026, the market remained anchored by higher-quality credits that typically benefit from broader investor demand and comparatively lower funding costs. In practice, credit ratings can influence both primary-market pricing and the depth of the potential investor pool, especially for USD-denominated benchmarks, where global investors often rely on agency ratings as a standardized measure of credit risk across jurisdictions and sectors.

In periods of elevated uncertainty—such as Q1 2026—ratings also tend to matter more for how investors price risk across issuers. This is consistent with the quarter’s weaker fixed income performance and the widening observed in GCC 5-year sovereign CDS spreads versus December 2025, as investors generally differentiate more sharply between higher- and lower-rated credits when market sentiment softens.

Listing Exchange

GCC Bonds and Sukuk Market - Q1 2026
Primary Issuances: Listing Exchange

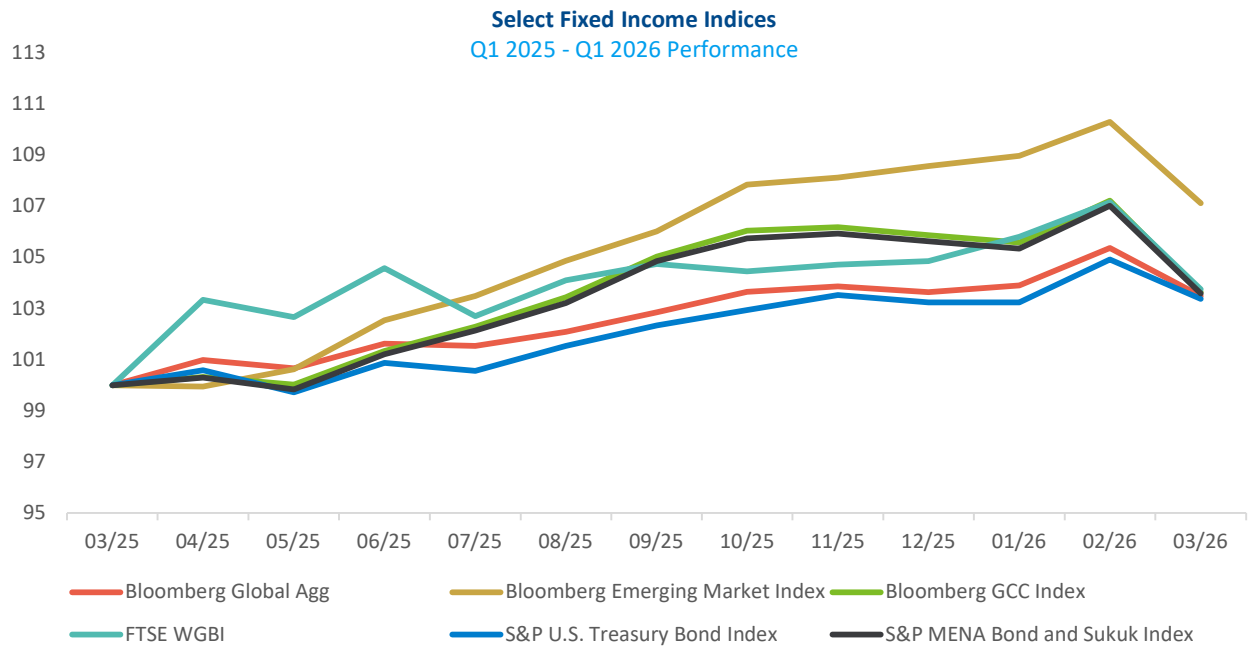


Source: Bloomberg, Markaz Analysis

London was again the most preferred listing exchange during Q1 2026 with listed value of GCC primary issuances, totaling USD 42.3 billion through 52 issuances. The second most popular listing exchange in Q1 2026 was EuroNext Dublin, with USD 2.2 billion through 8 issuances. Finally, there were 24 issuances that were not listed on any exchange, with a value of USD 4.1 billion. Looking forward, we expect there to be listings in the Kuwaiti stock exchange (Boursa Kuwait), as new regulations were announced this year that will enable bond and sukuk listings on the exchange.

GCC Bonds and Sukuk Market – Market performance Q1 2026

Following a strong performance in 2025, global fixed income indices had a negative start to the year in 2026, mainly driven by the Iran–USA war that started on the 28th of February of this year. The Bloomberg GCC Agg Index had the worst performance during the quarter, down -2.11%, and closely followed by the S&P MENA Bond & Sukuk Index (-1.94%). Emerging markets also experienced a negative start to the year, with the Bloomberg Emerging Market Index down -1.35% for the first quarter, while the FTSE World Government Bond Index, which tracks government bonds, was down by -1.05% during the same period. Other global indices were also down, but not by the same magnitude; with the Bloomberg Multiverse Index and the Bloomberg Global Agg Index down by -0.20% and -0.15% respectively. Finally, the S&P US Treasury bond index had a slightly positive return for the quarter, up by 0.14%, mainly driven by risk-off flows, where investors sold off global and GCC bonds and bought into US treasuries, which continued to function as the primary risk-off asset.



	Bloomberg Multiverse Index	Bloomberg Global Agg Index	Bloomberg Emerging Market Index	FTSE World Government Bond Index	Bloomberg GCC Agg Index	S&P MENA Bonds & Sukuk Index	S&P US Treasury Bond Index
Jan-2026	0.27%	0.24%	0.36%	0.91%	-0.29%	-0.28%	0.01%
Feb-2026	1.35%	1.41%	1.22%	1.28%	1.57%	1.59%	1.61%
Mar-2026	-1.80%	-1.78%	-2.89%	-3.18%	-3.35%	-3.20%	-1.46%
Q1-2026	-0.20%	-0.15%	-1.35%	-1.05%	-2.11%	-1.94%	0.14%

Credit Default Swaps (CDS)

For the first three months of 2026, all CDS spreads for GCC countries widened when compared to December 2025, mainly driven by the Iran–USA war. Abu Dhabi (97.89%) and Qatar (97.10%) experienced the largest widening out of all GCC countries, followed by Dubai (93.10%) and Bahrain (67.43%). Kuwait (38.16%) and Oman (36.20%) also saw their spreads widen, while Saudi Arabia experienced the smallest widening (27.41%)

The Emirate of Abu Dhabi and Qatar continue to maintain the highest sovereign credit ratings among peers in the GCC region, followed by Kuwait and then Saudi Arabia. Bahrain continues to have the lowest credit ratings in the GCC.

GCC 5Y Sovereign CDS Spread and Credit Rating – Q1 2026

Country	31/03/2025	30/06/2025	30/09/2025	31/12/2025	31/03/2026	YTD % Change	Sovereign Credit Ratings		
	CDS (Bps)	CDS (Bps)	CDS (Bps)	CDS (Bps)	CDS (Bps)		S&P	Moody's	Fitch
Abu Dhabi	41.82	35.96	33.10	28.50	56.40	97.89%	AA	Aa2	AA
Qatar	40.99	34.94	32.18	27.26	53.74	97.10%	AA	Aa2	AA
Kuwait	60.05	57.01	54.13	47.42	65.52	38.16%	AA-	A1	AA-
Saudi Arabia	70.99	68.38	67.21	66.98	85.35	27.41%	A+	Aa3	A+
Oman	112.06	102.88	75.92	70.79	96.42	36.20%	BBB-	Baa3	BBB-
Bahrain	198.17	209.57	165.47	184.26	308.49	67.43%	B	B2	B+
Dubai	60.59	60.06	56.16	47.44	91.61	93.10%	-	-	-

Source: Bloomberg, Markaz Analysis

Appendix 1: Key GCC Sovereign and Corporate Bonds and Sukuk Issuances in Q1 2026

Type	Issuer	Country	Maturity Date	Issue Size (USD mn)	Coupon	Sector	Rating
Conventional	Kingdom of Saudi Arabia	SA	12/01/2056	3,500	5.88%	Government	A+
Conventional	Kingdom of Saudi Arabia	SA	12/01/2031	2,750	4.38%	Government	A+
Conventional	Kingdom of Saudi Arabia	SA	12/01/2036	2,750	4.88%	Government	A+
Sukuk	Kingdom of Saudi Arabia	SA	22/07/2041	2,579	5.69%	Government	NR
Conventional	Kingdom of Saudi Arabia	SA	12/01/2029	2,500	4.13%	Government	A+
Sukuk	Public Investment Fund	SA	28/01/2036	2,000	5.13%	Financial	A+
Conventional	Qatar National Bank QPSC	QA	19/09/2027	1,750	4.57%	Financial	A+
Conventional	Emirate of Abu Dhabi	AE	05/03/2036	1,750	4.25%	Government	NR
Conventional	Saudi Arabian Oil Company	SA	02/02/2031	1,500	4.38%	Energy	A+
Conventional	Kingdom of Bahrain	BH	03/02/2038	1,300	7.10%	Government	B
Sukuk	Saudi Telecom Co	SA	15/01/2036	1,250	5.08%	Communications	A+
Conventional	Saudi Arabian Oil Company	SA	02/02/2036	1,250	5.00%	Energy	A+
Conventional	Emirate of Abu Dhabi	AE	05/03/2031	1,250	3.75%	Government	NR
Sukuk	Saudi Electricity Co	SA	22/01/2036	1,200	5.07%	Utilities	A+
Sukuk	Saudi Arabian Mining	SA	29/01/2036	1,000	5.25%	Basic Materials	BBB+
Sukuk	Kuwait Finance House	KW	13/01/2031	1,000	4.56%	Financial	A
Sukuk	Al Rajhi Bank	SA	Perpetual	1,000	6.15%	Financial	BBB-
Conventional	Saudi National Bank	SA	Perpetual	1,000	6.15%	Financial	NR
Conventional	Aldar Properties PJSC	AE	14/04/2056	1,000	5.88%	Financial	BBB-
Conventional	Riyad Bank	SA	14/01/2036	1,000	5.81%	Financial	BBB-

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For further information, please contact 'Markaz' at P.O. Box 23444, Safat 13095, Kuwait; Email: fixedincome@markaz.com; Tel: 00965 1804800; Fax: 00965 22450647.