MENA Daily Fixed Income Report – 09 July 2026

Kuwait Financial Centre "Markaz"

News Update

Fitch Ratings: Global Sukuk Issuance Recovery Hinges on Regional Stability- The global sukuk issuance trajectory will depend on whether the US–Iran ceasefire holds and evolves into regional stability, Fitch Ratings says. Increased stability could support a more favourable funding environment. Conversely, renewed escalations could weigh on growth. Market dynamics are likely to become clearer following the summer holidays in key sukuk markets. Issuers' funding plans and investors' allocation strategies will determine the trajectory. "We expect global sukuk issuance in 2026 to remain below 2025 levels, with recovery dependent on whether recent geopolitical easing translates into more durable regional stability," said Bashar Al Natoor, Global Head of Islamic Finance at Fitch Ratings. "Credit fundamentals are resilient, with no sukuk defaults since 2021 and just over 80% of Fitch-rated sukuk being investment grade, although the share of issuers with Stable Outlooks fell to 80% in 1H26." Market activity resumed sporadically for both investment-grade and speculative-grade sukuk issuers after a pause in March and April. However, volatilities and rising yields led sukuk issuance to fall by 36% in 1H26 year on year (yoy) in the GCC, Malaysia, Indonesia, Turkiye and Pakistan, to USD125 billion, while bonds fell by 0.8% (including multilaterals). Global sukuk outstanding rose by 11% to USD1.1 trillion. Sukuk is sizeable in emerging markets, at 9% of US dollar debt issued in 1H26 (ex. China). GCC investment-grade sukuk had lower yields than bonds.

Oil Rises as US Hits Iran, Stocks Lose Momentum- Oil climbed and government bonds fell after the US and Iran launched a fresh round of attacks, escalating tensions in the Middle East. Gold and silver declined. Brent rose 1.2% to $78.94 a barrel, on track for a third straight day of gains, as the US military completed an additional round of strikes against Iran. Asian shares pared their earlier advance to gain 0.1% as a rally in chip stocks lost momentum. Futures contracts for Wall Street gauges were little changed after fluctuating between gains and losses. Sovereign bonds fell in Japan, Australia and New Zealand, extending a slide in global debt on bets the Federal Reserve will raise interest rates to counter inflation. US Treasuries were little changed in Asia, after yields on the policy-sensitive two-year yield had approached the highest level this year on Wednesday.

Japan's Five-Year Bond Sale Sees Decent Demand on Higher Yields- Demand at Japan's five-year bond sale on Thursday was broadly in line with recent auctions, showing that elevated yields are attracting some buyers. The bid-to-cover ratio, a key gauge of interest, rose to 3.43 from June's offering. It was slightly above the 12-month average of 3.35. Bond futures extended losses slightly after the result and yields on longer tenors remained higher as geopolitical and fiscal risks weighed on the market. Japanese sovereign yields have climbed over the past few weeks as investors fret over Prime Minister Sanae Takaichi's ambitious spending and investment plans, with the five-year yield close to 2%. Meanwhile, her perceived dovish stance on monetary policy has stoked concerns that the Bank of Japan is raising rates too slowly to control inflation, hurting longer-maturity bonds.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2029	4.65	-2.63	KSA	2029	4.87	-
Abu Dhabi	2031	4.77	-2.04	KSA	2031	4.95	-
Abu Dhabi	2035	4.92	-4.01	KSA	2036	5.25	-
Abu Dhabi	2054	5.74	-5.19	KSA	2056	6.23	-
Bahrain	2029	7.12	-4.10	Oman	2029	4.99	-2.20
Bahrain	2031	7.22	-6.18	Oman	2031	5.00	-2.15
Bahrain	2036	7.53	-7.97	Oman	2051	6.09	-2.26
Dubai	2029	4.49	-2.92	Qatar	2029	4.49	-1.87
Dubai	2050	6.19	-6.66	Qatar	2034	4.68	-3.45
Kuwait	2035	5.14	-3.32	Qatar	2050	5.57	-4.54

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.49	6.00	-0.42	-0.37
S&P MENA Bond and Sukuk Index	5.29	6.09	-0.44	-0.41
Bloomberg Emerging Markets USD Index	6.12	5.85	-0.27	1.52
Bloomberg Global Aggregate Index	3.92	6.19	-0.39	-0.99

Interbank Rates (%)	3 Months		6 Months		12 Months	
	09/07/2026	31/12/2025	09/07/2026	31/12/2025	09/07/2026	31/12/2025
KIBOR	3.56	3.56	3.75	3.75	3.94	3.94
SAIBOR	4.85	4.86	5.31	5.23	4.95	5.08
BHIBOR	5.15	4.98	5.24	4.91	5.38	4.78
QATAR	3.90	3.98	3.85	3.90	3.75	3.75
AEIBOR	3.86	3.47	3.96	3.52	4.23	3.61
EURIBOR	2.31	2.03	2.54	2.11	2.70	2.24
LIBOR	4.85	-	4.68	-	6.04	-
SOFR	3.74	5.33	3.85	3.57	3.99	3.42

USD Swap Rates	Yield %	1D Δ (bps)	YTD Δ (%)	Currencies	USD	1D Δ (bps)	YTD Δ (%)	Commodities	USD	YTD Δ (%)
1-Year	4.03	-0.02	17.68	KWD	0.31	0.03	-0.01	Crude Oil	77.98	29.60
2-Year	4.05	-0.03	22.18	SAR	3.76	0.00	0.00	Gold	4089.60	-7.90
5-Year	4.01	-0.02	15.80	EUR	1.14	0.15	-0.03	Silver	58.77	-18.68
7-Year	4.05	-0.02	12.34	GBP	1.34	0.14	0.00	Copper	614.95	5.29
10-Year	4.14	-0.02	8.81	JPY	162.36	0.14	-0.03	Nat. Gas	3.22	-13.82
30-Year	4.31	-0.01	3.52	CNH	6.80	0.11	0.03	Aluminum	3131.45	4.02

Yield Curves	US Treasuries		UK Guilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
1-Year	4.04	-0.02	4.14	0.00	NA	NA
2-Year	4.19	0.05	4.33	0.00	2.38	0.00
5-Year	4.30	0.12	4.51	-0.02	2.64	0.00
10-Year	4.56	0.17	4.97	0.00	2.87	0.00
30-Year	5.06	0.20	5.69	-0.02	3.64	0.00

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	A1	AA-	AA-
KSA	Aa3	A+	A+
UAE	Aa2	AA	AA-
Abu Dhabi	Aa2	AA	AA
Qatar	Aa2	AA	AA
Bahrain	B2	B	B
Oman	Baa3	BBB-	BBB-
Egypt	Caa1	B	B
Lebanon	C	SD	WD
Jordan	Ba3	BB-	BB-
Turkey	Ba3	BB-	BB-
Tunisia	Caa1	NR	B-
Morocco	Ba1	BBB-	BB+
US	Aa1	AA+	AA+
UK	Aa3	AA	AA-
China	A1	A+	Au

USD 5Yr CDS	09-Jul 2026	31-Dec 2025
Kuwait	56.15	53.51
KSA	60.92	68.34
Abu Dhabi	34.04	28.71
Dubai	68.14	51.84
Qatar	30.12	28.49
Bahrain	273.45	187.27
Oman	71.07	74.43
Iraq	292.60	223.27
Egypt	273.73	278.36
Morocco	76.90	72.65
Turkey	224.00	206.51
US	43.18	32.09
UK	19.52	17.94
China	37.25	44.14
Japan	27.62	25.40
Germany	8.22	8.76
France	31.75	32.04

A number of sources which include Bloomberg, Zawya, and daily newspapers were utilized in the creation of this report.