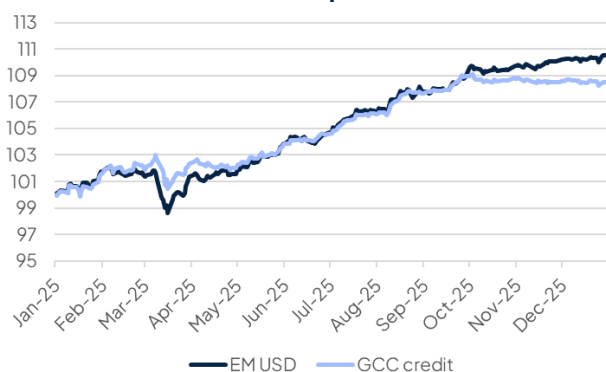


MENAT credit monitor – Fed in focus this week

26 January 2026 – Market Economics

Middle East credit markets held up relatively well in the week ending 23 January 2026 as the sharp sell off in bond markets sparked by losses in the Japanese government bond markets had a limited pass through to the region. Emerging market bonds generally were stable with a USD index holding essentially unchanged while GCC bonds likewise were flat week/week.

GCC bonds relative to EM peers



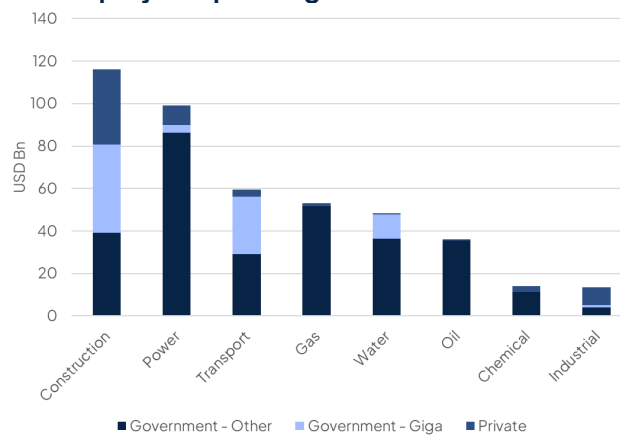
Source: Bloomberg, Emirates NBD Research. Note: Jan 1 2025 = 100

Across sectors in the GCC there was no major outlier with sovereign, corporate and sukuk indexes showing negligible change over the course of the week while spreads were only marginally higher. Turkish bonds pulled higher last week with USD-denominated bonds up 0.2% w/w while spreads were tighter by nearly 4bps and Egyptian USD bonds also moved higher, up 0.3% with spreads tighter by about 2bps.

Market focus this week will be on the Federal Reserve's first FOMC meeting of 2026 where we expect no change in policy to be announced and markets are pricing in less than a 3% probability of a rate cut. More attention will fall on commentary after the FOMC decision and in particular risks around Fed governance and leadership. US President Donald Trump has kept up his criticism of the Fed, the US Department of Justice has launched an investigation into chair Jerome Powell's handling of renovations of the Fed's headquarters in Washington DC and President Trump has still not named his candidate to replace Powell whose term as chair ends in May this year.

Press reports have also suggested that Saudi Arabia intends to substantially cut back on its investment in Neom, including The Line project, along with confirmation that the 2029 Asia Winter Games will not be held in Saudi Arabia, reducing the capital expenditure required.

Current project spending in Saudi Arabia



Source: MEED projects, Emirates NBD Research.

Fitch revised their outlook on Türkiye's sovereign rating to positive while affirming the rating at 'BB-.' Fitch noted growing reserves and tighter macroeconomic policies as supporting the change in outlook. Moody's kept their rating on Türkiye unchanged at 'Ba3' with a stable outlook.

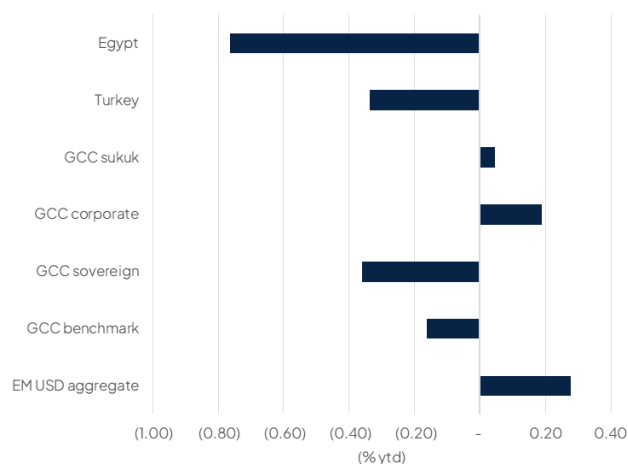
After substantial issuances in the first few weeks of the year, the flow of regional new issues moderated last week. Notable new issues in the past week include:

- PIF 10yr USD 2bn sukuk at +85
- Ma'aden 10yr USD 1bn sukuk at +105
- Al Masraf 5yr USD 500m at +125

The Arab Energy Fund has mandated banks for a USD 10yr benchmark sukuk to price around MS+95.



Regional bond performance: ytd

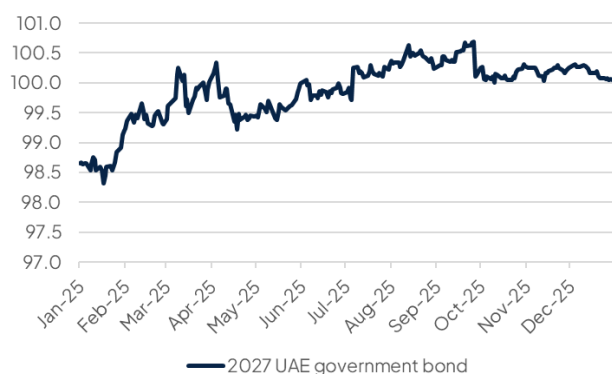


Source: Bloomberg, Emirates NBD Research.

UAE to issue T-bonds this week

The UAE will issue AED 550m in 2031 maturity bonds on 27 January 2026 as part of its regular T-bonds and T-sukuk issuance calendar. This will be a new issuance rather than a re-opening of an existing tranche, with a plan to raise a total of AED 2.75bn by end of the year.

Existing UAE government bond



Source: Bloomberg, Emirates NBD Research.

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