

News Updates

Burgan Bank K.P.S.C. 11NC6 Subordinated Tier 2 Notes Due 2031 priced at 2.750% – Burgan Bank K.P.S.C. 11NC6 Subordinated Tier 2 Notes Due 2031 priced its USD Benchmark issue at 2.750% fixed per annum from the Issue Date until the Reset Date. Resets to the then prevailing 5-Year US Treasury Rate (the “Reset Rate”) plus the Margin on the Reset Date. Interest Payments will be payable semi-annually in arrears on 15 June and 15 December in every year, commencing on 15 June 2021. Joint Lead Managers & Bookrunners included Bank ABC, Citi, Emirates NBD Capital, First Abu Dhabi Bank, HSBC, J.P. Morgan, Kamco Invest, Mizuho Securities, MUFG, NBK Capital and Standard Chartered Bank (B&D). *(Source: Bloomberg)*

Gulf's Stimulus Outlier Puts Off New Taxes, Weighs Longer Relief – Bahrain could extend the duration of support measures to help businesses cope with the impact of the coronavirus after deploying the Gulf region's biggest stimulus relative to economic output. Before following some of its neighbors and exploring raising taxes to boost revenue, the focus is now on ensuring that a projected recovery gathers pace next year, Finance Minister Sheikh Salman bin Khalifa al Khalifa said in an interview. The government will “do what is necessary to ensure a positive path” while “observing very closely” what countries including Saudi Arabia and Oman are doing to bolster income, he said. *(Source: Bloomberg)*

Morocco Raises \$3 Billion in Record Foreign Bond Sale – Morocco returned to international capital markets with a record foreign bond offering to shore up finances battered by the coronavirus. The government's \$3 billion bond offering included dollar-denominated seven-, 12- and 30-year securities, according to a person familiar with the matter who asked not to be identified. The deal priced at 175 basis points over U.S. Treasuries for \$750 million of the shortest-duration notes, 200 basis points for \$1 billion in 12-year bonds and 4% for the \$1.25 billion in 30-year securities, the person said. The deal marks the largest amount raised by the kingdom in a single international sale, according to data compiled by Bloomberg. It was Morocco's second foreign bond sale of the year. Barclays Plc, BNP Paribas SA, JPMorgan Chase & Co. and Natixis SA were appointed lead managers of the sale, the person said. *(Source: Bloomberg)*

Fitch Sees Sovereign Defaults Despite Better 2021 Credit Outlook – The environment for sovereign credit will be more favorable in 2021 with the emergence of medical solutions to the virus, though there could be more defaults next year, according to Fitch Ratings. “Favorable funding conditions will not prevent pockets of acute emerging-market stress and possible defaults next year,” Fitch stated. A record 4 countries defaulted in 2020, and 11 nations are rated below B-, another record *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.83	5.17	KSA	2025	1.21	6.65
Abu Dhabi	2030	1.60	9.43	KSA	2030	2.10	10.24
Abu Dhabi	2050	2.70	19.93	KSA	2050	3.26	9.70
Bahrain	2026	3.33	-1.20	Oman	2025	4.39	-2.03
Bahrain	2030	4.69	17.28	Oman	2029	5.53	-1.73
Bahrain	2047	6.10	-3.70	Oman	2048	6.84	-2.18
Dubai	2029	2.61	2.51	Qatar	2025	0.97	6.46
Kuwait	2022	0.19	1.40	Qatar	2030	1.75	11.49
Kuwait	2027	1.13	5.84	Qatar	2050	2.78	23.41

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.52	8.08	-0.08	8.17
S&P MENA Bond and Sukuk Index	2.05	NA	-0.07	8.74
Bloomberg Emerging Markets USD Index	3.62	6.80	-0.01	5.37
Bloomberg Global Aggregate Index	0.86	7.42	0.07	8.31

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	9/12/2020	31/12/2019	9/12/2020	31/12/2019	9/12/2020	31/12/2019
KIBOR	1.4375	2.7500	1.6875	2.9375	1.9375	3.1875
SAIBOR	0.8288	2.2314	0.8775	2.2557	0.9488	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.1153	2.2500	1.1824	2.3500	1.2816	2.5333
AEIBOR	0.3575	2.2086	0.5568	2.1914	0.5894	2.2900
EURIBOR	-0.5340	-0.3830	-0.5130	-0.3240	-0.4990	-0.2490
LIBOR	0.2304	1.9084	0.2531	1.9121	0.3383	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2133	0.05	-88.0	KWD	0.3044	0.0000	-0.43
2-Year	0.2305	0.12	-86.4	SAR	3.7517	-0.0053	-0.01
5-Year	0.4625	0.55	-73.3	BHD	0.3771	0.0080	0.01
7-Year	0.6804	1.10	-62.1	QAR	3.6417	-0.0082	0.00
10-Year	0.9444	1.69	-50.2	OMR	0.3850	0.0026	0.00
30-Year	1.4167	2.65	-32.3	AED	3.6730	0.0000	0.00

Currencies

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	0.00		-0.10	0.01		-0.79	0.02
5-Year	0.40	-0.04		-0.05	0.05		-0.80	0.06
10-Year	0.94	-0.17		0.25	0.31		-0.66	0.19
30-Year	1.69	-0.64		0.80	1.42		-0.19	0.88

Source: Bloomberg

UK Gilts

German Bunds

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	A1	AA-	AA
KSA	A1	A-u	A
UAE	Aa2	NR	AA-
Abu Dhabi	Aa2	AA	AA
Qatar	Aa3	AA-	AA-
Bahrain	B2	B+	B+
Oman	Ba3	B+	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B2	B+u	BB-
Tunisia	B2	NR	B
Morocco	Ba1	BBB-	BB+
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS

	9-Dec 2020	31-Dec 2019
Kuwait	39.19	36.700
KSA	63.80	56.915
Abu Dhabi	34.75	36.090
Dubai	103.29	91.005
Qatar	35.14	36.705
Bahrain	241.24	175.995
Oman	348.16	234.400
Iraq	496.48	383.680
Egypt	332.69	277.420
Morocco	86.70	91.435
Turkey	356.53	282.130
US	12.81	10.810
UK	16.10	16.210
China	28.26	31.205
Japan	14.46	21.042
Germany	9.60	7.080
France	15.08	16.130