

## News Updates

### Kuwait Pension Fund Plans to Triple Infrastructure Investments –

Kuwait's \$112 billion pension fund is looking to more than triple investments in infrastructure as part of its asset-allocation strategy over the next couple of years. “In infrastructure, we're looking to build up aggressively,” Meshal Al-Othman, director general of the Public Institution for Social Security, said in an interview with Bloomberg TV on Tuesday. “We're at 3% today. We're taking that up to roughly 10%.” It will also “slightly increase” investments in hedge funds and real estate, he said. PIFSS, as the fund is known, had a record investment profit of \$7.3 billion in the three months through June, an almost fourfold increase from a year earlier. It aims to have 12% to 17% of its portfolio in real estate, followed by private equity at between 8% and 13%. (Source: Bloomberg)

### Worldwide sukuk issuance set for modest decline despite COVID-19:

**Moody's** – Sukuk issuance worldwide could fall by just five percent this year despite the COVID-19 outbreak, reversing four consecutive years of rapid growth, Moody's said in a report. According to global ratings agency, some \$77 billion in sukuk was issued in the first six months of 2020, down from \$87 billion in the same period of 2019 as the coronavirus pandemic pared activity in Malaysia and Indonesia. Nitish Bhojnagarwala, VP-Senior Credit Officer at Moody's, said: “We expect the decline to be partly offset by the slow oil price recovery which will increase the financing needs of Gulf-Cooperation Council (GCC)1 countries. Accordingly, we expect issuance to rally in the second half of the year to around \$90 billion, led by a surge in sovereign issuance, notably in the Gulf. Activity in Malaysia and Indonesia may also recover moderately given uncertainty regarding the length of the crisis.” (Source: Zawya)

### Treasury Yields Rebound Mirrors Virus Hopes, StanChart Says –

The recent rebound in Treasury yields is mirroring signs of increased investor optimism that the coronavirus will be contained, according to Standard Chartered Plc. Moves in yields have been closely tracking a basket of “Covid-19 sensitive” equities since February, and those shares have been outperforming market-leading technology stocks so far in August, wrote strategist Steve Englander in a note Wednesday. That could be down to positive newsflow on vaccines or a growing sense of confidence over the containment of the pandemic, he said. “The most recent move could well be driven by Russia's vaccine announcement,” Englander wrote. “But the run-up since the beginning of August could indicate more confidence among investors that Covid resurgence is likely to be controlled.” Benchmark Treasury yields have climbed more than 10 basis points so far this month, amid improving risk appetite and an imminent flood of debt issuance. The 10-year bond traded at 0.64% Wednesday, a one-month high. (Source: Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.18	7.47	KSA	2025	1.22	3.91
Abu Dhabi	2047	2.47	13.34	KSA	2029	1.91	6.15
Bahrain	2024	3.49	-1.64	KSA	2049	3.03	14.57
Bahrain	2029	5.10	-4.81	Oman	2025	4.58	-2.79
Bahrain	2047	6.33	-6.39	Oman	2029	6.29	-6.74
Dubai	2023	0.11	1.61	Oman	2048	7.59	-10.72
Dubai	2029	2.77	1.77	Qatar	2024	0.86	3.79
Kuwait	2022	0.49	1.68	Qatar	2028	1.46	5.90
Kuwait	2027	1.18	6.15	Qatar	2049	2.56	16.99

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.59	8.18	-0.30	7.23
S&P MENA Bond and Sukuk Index	2.05	NA	-0.30	9.03
Bloomberg Emerging Markets USD Index	4.11	6.90	0.01	3.85
Bloomberg Global Aggregate Index	0.86	7.48	-0.39	5.80

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	12/08/2020	31/12/2019	12/08/2020	31/12/2019	12/08/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.9200	2.2314	0.9700	2.2557	1.0200	2.3071
BHIBOR	2.2833	2.6667	2.5167	2.7000	2.6833	2.8333
QATAR	1.1500	2.2500	1.2250	2.3500	1.3750	2.5333
AEIBOR	0.5279	2.2086	0.7071	2.1914	0.9336	2.2900
EURIBOR	-0.4780	-0.3830	-0.4220	-0.3240	-0.3500	-0.2490
LIBOR	0.2569	1.9084	0.3331	1.9121	0.4554	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2404	-0.14	-86.4
2-Year	0.2316	0.13	-86.4
5-Year	0.3345	0.35	-80.7
7-Year	0.4740	0.60	-73.6
10-Year	0.6527	0.82	-65.6
30-Year	0.9507	1.05	-54.5

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3062	-0.0817	-1.00
SAR	3.7503	0.0000	0.04
BHD	0.3770	0.0000	0.02
QAR	3.6415	0.0000	0.01
OMR	0.3850	0.0026	0.00
AED	3.6731	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.15	0.00
5-Year	0.28	-0.01
10-Year	0.65	-0.05
30-Year	1.34	-0.23

Source: Bloomberg

## UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.01	-0.06
5-Year	-0.03	-0.25
10-Year	0.20	-0.89
30-Year	0.73	-1.65

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.71	0.00
5-Year	-0.71	0.00
10-Year	-0.55	0.00
30-Year	-0.05	0.00

## Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	Aa2	AA-	AA
KSA	A1	A-u	A
UAE	Aa2	NR	NR
Abu Dhabi	Aa2	AA	AA
Qatar	Aa3	AA-	AA-
Bahrain	B2u	B+	BB-
Oman	Ba3	BB-	BB
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B1	B+u	BB-
Tunisia	B2	NR	B
Morocco	Ba1	BBB-	BBB-
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

## USD 5Yr CDS

	12-Aug 2020	31-Dec 2019
Kuwait	55.510	36.700
KSA	80.710	56.915
Abu Dhabi	45.480	36.090
Dubai	156.970	91.005
Qatar	44.130	36.705
Bahrain	296.360	175.995
Oman	465.880	234.400
Iraq	639.380	383.680
Egypt	435.180	277.420
Morocco	127.550	91.435
Turkey	544.540	282.130
US	13.170	10.810
UK	18.240	16.210
China	39.440	31.205
Japan	15.380	21.042
Germany	9.370	7.080
France	14.880	16.130