

## News Updates

**Kuwait Finance House gets approval for \$1bn sukuk issuance –** Kuwait Finance House, a Sharia-complaint bank, said the Central Bank of Kuwait has approved its request to issue sukuk (Islamic sharia-complaint bonds) worth up to \$1 billion, or its equivalent in other currencies. In a filing to the Kuwaiti bourse the lender said the sukuk would support its Tier 1 capital in accordance with Basel III requirements. The COVID-19 pandemic has an impact on the Kuwaiti banking system with profitability declines reported last year. However, the sector is well capitalised, with capital adequacy ratio averaging 18 percent, well above the mandated 13 percent. (Source: Reuters)

**Al Mazaya Holding inks KWD 24m credit facility contracts –** Al Mazaya Holding has signed KWD 24.488 million (\$81.21 million) credit facility contracts with a Kuwaiti bank to restructure its debt. The credit facility will enable the company to reprofile its original outstanding facility of KWD 22.7 million, in addition to the related due finance costs towards the bank, according to the company's disclosure to Boursa Kuwait on Thursday. The facility's tenor is six years, with the first installment due upon completing the related signatures from all contractual parties, followed by equal installments for a five-year period. The facility's final installment will be due at the end of the contract term on 31 January 2027. The facilities will have a positive impact on the company's liquidity during its tenor, which will be recorded in the company's financial statements for the second quarter (Q2) of 2021. (Source: Mubasher)

**Saudi Arabia likely to account for 60% of GCC cumulative deficit – S&P –** Saudi Arabia is expected to account for 60% of the \$355 billion cumulative deficit across the GCC states between 2021 and 2024, according to S&P Global Ratings. Kuwait will likely follow with 25%, while the UAE and Oman are projected to represent 7% and 4%, respectively, of the GCC cumulative deficit. S&P expected the aggregate GCC central government deficit to plunge to about \$80 billion in 2021, accounting for 5% of the gross domestic product (GDP), compared to \$143 billion in 2020 or 10% of GDP. Kuwait meanwhile is foreseen to register the GCC's highest central government deficit-to-GDP ratio of 20% in 2021, followed by Bahrain and the UAE at 6%. Saudi Arabia and Oman will likely register 5% and 4%, respectively, while Qatar will record 1%. Lower deficits will be backed by higher oil prices, fiscal consolidation measures, and an increasing level of economic activity as COVID-19 restrictions are lifted. S&P expected an average Brent oil price of \$60 per barrel (bbl) until the end of 2021, \$60/bbl in 2022, and \$55/bbl in 2023 and beyond. “GCC sovereigns have demonstrated ready access to international capital markets and many have substantial pools of external liquid assets available to fund their fiscal deficits and support their economies in the face of external shocks,” according to the ratings agency. Saudi Arabia is reportedly planning to raise nearly \$55 billion in the coming four years through its privatisation programme to boost revenue and narrow the budget deficit that hit \$79 billion in 2020. (Source: Mubasher)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.82	-0.83	KSA	2025	1.26	-0.89
Abu Dhabi	2030	2.01	-3.68	KSA	2030	2.33	-2.84
Abu Dhabi	2050	3.18	-7.81	KSA	2050	3.65	-6.50
Bahrain	2026	3.47	-1.70	Oman	2025	3.39	2.31
Bahrain	2030	5.54	-5.56	Oman	2029	5.03	2.32
Bahrain	2047	6.95	-9.89	Oman	2048	6.88	-1.66
Dubai	2029	2.55	-1.00	Qatar	2025	0.95	-1.19
Kuwait	2022	0.16	-0.99	Qatar	2030	2.04	-3.80
Kuwait	2027	1.44	-2.60	Qatar	2050	3.34	-8.83

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.65	8.08	0.02	-0.90
S&P MENA Bond and Sukuk Index	2.27	NA	0.09	-1.62
Bloomberg Emerging Markets USD Index	3.81	6.80	0.10	-1.30
Bloomberg Global Aggregate Index	1.12	7.42	-0.01	-2.54

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	31/5/2021	31/12/2020	31/5/2021	31/12/2020	31/5/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.7914	0.8175	0.8414	0.8700	0.9143	0.9413
BHIBOR	1.6183	2.2500	1.6733	2.5333	1.7800	2.6833
QATAR	1.1417	1.1206	1.2124	1.1960	1.3705	1.3636
AEIBOR	0.3174	0.5125	0.4999	0.4908	0.5246	0.6538
EURIBOR	-0.5430	-0.5450	-0.5120	-0.5260	-0.4810	-0.4990
LIBOR	0.1314	0.2384	0.1710	0.2576	0.2481	0.3419

## USD Swap Rates

	Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.1459	0.07	-24.2	KWD	0.3010	0.1495
2-Year	0.2292	0.02	15.9	SAR	3.7508	-0.0027
5-Year	0.8700	-1.27	102.3	BHD	0.3770	-0.0027
7-Year	1.2405	-0.47	89.5	QAR	3.6413	0.0000
10-Year	1.5520	-1.40	67.7	OMR	0.3850	0.0026
30-Year	2.0010	0.46	42.7	AED	3.6730	0.0000

## US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.14	0.00	0.05	-0.02	-0.66	0.00
5-Year	0.80	0.00	0.34	0.04	-0.66	0.00
10-Year	1.59	0.02	0.79	0.13	-0.32	0.00
30-Year	2.28	0.02	1.30	0.34	0.38	0.00

## Currencies

## Commodities

## Sovereign Ratings

	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	B3	NR	B
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+
<b>USD 5Yr CDS</b>	<b>31-May 2021</b>	<b>31-Dec 2020</b>	
Kuwait	46.24	40.69	
KSA	59.49	63.77	
Abu Dhabi	40.78	36.03	
Dubai	83.45	104.06	
Qatar	41.05	36.70	
Bahrain	194.18	233.58	
Oman	248.50	353.60	
Iraq	514.59	542.74	
Egypt	321.52	330.47	
Morocco	89.33	102.56	
Turkey	407.04	299.47	
US	7.35	11.52	
UK	9.04	15.13	
China	36.59	26.70	
Japan	15.81	14.74	
Germany	9.25	9.09	
France	20.63	14.42	