

News Updates

Mashreq announces pricing of its \$300m debut offering – Mashreqbank, one of the leading financial institutions in the UAE, announced the pricing of an aggregate principal amount of \$300 million of its 8.5% Perpetual Non-callable 5-year Additional Tier 1 Notes. The offering is expected to close on July 7, subject to customary closing conditions. Initial Price Talks (IPTs) of low-mid 8% were released at 9.15 am UAE. Despite a challenging and volatile market backdrop, investor demand exceeded \$500 million during the course of London morning: a book update was announced at 12.30pm London time, allowing Mashreq to set the yield at 8.500% and communicating a transaction size of \$300 million. According to Mashreq, the issuance is expected to further strengthen its capital structure and leverage ratios, positioning for further balance sheet growth. *(Source: Zawya)*

Saudi Investment Bank completes \$533m sukuk issue - Saudi Investment Bank (SAIB) has completed its sukuk offering worth 2 billion riyals (\$533 million), the specialist corporate lender said in a bourse filing on Wednesday. The Tier 1 sukuk denominated in Saudi riyals offers a 6 percent a year fixed rate that is payable semi-annually from (including) the issue date. The Saudi lender had announced last March its intention to issue a sukuk programme through a private placement. SAIB's net profit for the first quarter of the year rose by 34.4 percent to 287 million riyals, driven by an increase in total operating income. *(Source: Zawya)*

Fitch cuts view on global sovereign debt over rise in borrowing costs - Credit rating agency Fitch downgraded its view on sovereign debt on Thursday on concerns about the rise in global borrowing costs and the potential for a flurry of new defaults. Fitch, which monitors over 100 countries, said the Ukraine-Russia war was stoking problems such as higher inflation, trade disruptions and weaker economies which are all now hurting sovereign credit conditions. "Rising interest rates are increasing government debt-servicing costs," Fitch's Global Head of Sovereigns, James McCormack, said, cutting the firm's view on the sovereign sector to "neutral" from "improving." "Most exposed are emerging market (EM) sovereigns, but some highly indebted developed markets are at risk as well, including in the eurozone." The number of countries seeing their credit ratings cut has begun to rise again this year as the pressures have built. Gross external funding needs will be highest this year in both nominal terms and relative to foreign exchange reserves for EM sovereigns that are net importers of commodities, McCormack added. "They now face tighter global funding conditions, and with a record-high share of sovereigns rated in the 'B' category or lower, it is likely there will be additional defaults." *(Source: Arab News)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.26	-7.89	KSA	2027	3.41	-7.01
Abu Dhabi	2031	3.71	-12.76	KSA	2032	3.95	-12.54
Abu Dhabi	2050	4.41	-22.28	KSA	2050	4.98	-21.91
Bahrain	2028	6.18	-7.16	Oman	2027	5.94	-7.39
Bahrain	2032	7.47	-12.36	Oman	2032	6.79	-11.06
Bahrain	2051	8.48	-17.75	Oman	2051	7.96	-15.51
Dubai	2029	4.03	-9.30	Qatar	2026	4.47	-10.70
Dubai	2050	5.73	-23.46	Qatar	2030	3.70	-10.82
Kuwait	2027	3.22	-7.43	Qatar	2050	4.58	-22.58

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.69	8.08	0.63	-10.64
S&P MENA Bond and Sukuk Index		NA	0.30	-11.12
Bloomberg Emerging Markets USD Index	7.07	6.80	0.58	-16.66
Bloomberg Global Aggregate Index	2.81	7.42	0.46	-13.52

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	03/07/2022	31/12/2021	03/07/2022	31/12/2021	03/07/2022	31/12/2021
KIBOR	2.1875	1.5000	2.4375	1.7500	0.0000	2.0000
SAIBOR	2.9387	0.9057	3.3100	0.9829	3.5604	1.0600
BHIBOR	3.5699	1.5167	4.0127	1.6233	4.7667	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	1.7889	0.3645	2.7075	0.7000	3.3023	0.7396
EURIBOR	-0.1760	-0.5730	0.2380	-0.5460	0.9610	-0.4980
LIBOR	2.2929	0.2144	2.8993	0.3451	3.5643	0.5888

USD Swap Rates					Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)	
1-Year	3.2213	-6.89	502.1	KWD	0.3067	-0.0815	-1.37	Crude Oil	111.63	49.24	
2-Year	3.1269	-14.91	232.2	SAR	3.7528	-0.0080	0.07	Gold	1,801.50	-1.87	
5-Year	2.9100	-16.54	112.5	EUR	1.0437	-0.6677	-8.41	Silver	19.67	-16.15	
7-Year	2.9145	-14.90	97.5	GBP	1.2110	-0.6816	-10.62	Copper	360.40	-18.65	
10-Year	2.9634	-13.04	87.4	JPY	135.2800	0.3772	-14.89	Nat. Gas	5.73	56.69	
30-Year	2.8716	-7.62	65.9	CNH	6.7003	-0.0493	-5.08	Aluminum	2,435.51	-12.96	
US Treasuries					UK Gilts			German Bunds			
	Yield %		1D Δ (%)		Yield %		1D Δ (%)		Yield %		1D Δ (%)
2-Year	2.83		0.24		1.64		0.30		NA		NA
5-Year	2.88		0.75		1.71		0.80		0.56		0.29
10-Year	2.88		1.15		2.08		1.40		1.02		0.78
30-Year	3.10		1.52		2.45		1.92		1.53		0.92

Sovereign Ratings			
	Moody's	S&P	Fitch
Kuwait	A1	A+	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	BB-	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B2	B+	B+
Tunisia	Caa1	NR	CCC
Morocco	Ba1	BB+	BB+
US	Aaa	AA+	AAA
UK	Aa3	AA	AA-
China	A1	A+	A+

USD 5Yr CDS	03-Jul 2022	31-Dec 2021
Kuwait	61.91	40.53
KSA	67.86	50.97
Abu Dhabi	67.22	43.09
Dubai	123.40	89.58
Qatar	66.43	42.55
Bahrain	308.00	286.32
Oman	241.67	254.42
Iraq	575.15	507.35
Egypt	343.48	496.58
Morocco	307.23	85.91
Turkey	824.85	555.46
US	17.88	10.01
UK	10.28	8.91
China	83.33	39.86
Japan	24.86	16.23
Germany	11.16	7.53
France	21.97	17.87