

News Updates

Kuwait's C. bank issues KWD 360m bonds, tawarruq – The Central Bank of Kuwait (CBK) on Tuesday issued bonds and related tawarruq worth KWD 360 million, with a 1.37% return rate. The issue registered total demand of KWD 3.03 billion and was oversubscribed by 8.41 times, according to official data released by the CBK. The bonds have a six-month maturity period and will be due on 1 December 2020. Bonds and related tawarruq are local bonds offered by the CBK to banks working in the Kuwaiti financial sector to regulate the market's liquidity. (Source: Mubasher)

Emirate of Sharjah sells \$1 bln 7-year dollar sukuk – Sharjah, the third-largest emirate of the United Arab Emirates, sold \$1 billion in seven-year sukuk, or Islamic bonds, on Tuesday, according to a document from one of the banks arranging the deal. The debt sale comes as several governments in the Gulf seek to bolster their finances to face the economic fallout from the coronavirus pandemic and a historic slide in oil prices. Sharjah set the final spread at 245 basis points (bps) over midswaps for the sukuk, which are Islamic sharia-compliant bonds, according to the document seen by Reuters. It tightened the spread by 30 bps from where it began marketing the notes earlier on Tuesday. Sharjah, rated Baa2 by Moody's ratings agency and BBB by S&P, is a relatively frequent issuer of U.S. dollar Islamic bonds. (Source: Reuters)

Saudi Wealth Fund Halted Plans to Change \$10b Loan Terms – Saudi Arabia's Public Investment Fund suspended plans to change certain terms of a \$10 billion loan it raised last year after some banks voiced reservations, Reuters reports, citing unidentified people. A proposal made this year to delay the repayment of a \$10 billion bridge loan raised in October was questioned by some of the lenders, two unidentified people familiar with the matter said. The fund received support for the idea from most of the banks on the deal, but was also told the amendment would not be seen positively, according to one person. (Source: Reuters)

Hydrocarbon revenue of GCC states to decline to \$200bln – IIF – The Institute of International Finance (IIF), a global financial industry body has projected a decline in hydrocarbon revenue of GCC states from \$326 billion in 2019 to \$200 billion in 2020. IIF expects the aggregated fiscal deficit to widen from 2.5 percent in 2019 to 10.3 percent of GDP in 2020, equivalent to \$144 billion, assuming an average Brent oil price of \$40 per barrel. Saudi Arabia, Kuwait, Qatar, and the UAE, with large public foreign assets, are better placed to accommodate large deficits than Bahrain and Oman. "Lower hydrocarbon exports will also weigh on the current account, which we expect to shift from a surplus of \$88 billion in 2019 to a deficit of \$33 billion in 2020 despite the projected 15 percent fall in imports. Capital outflows will continue to exceed nonresident capital inflows. As a result, consolidated GCC official reserves will fall by \$133 billion in 2020," the IIF said. (Source: Zawya)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.91	2.72	KSA	2025	1.89	1.17
Abu Dhabi	2047	3.11	1.19	KSA	2029	2.57	1.36
Bahrain	2024	4.70	-5.26	KSA	2049	3.87	-0.65
Bahrain	2029	6.10	-11.28	Oman	2025	5.87	-8.35
Bahrain	2047	7.00	-13.64	Oman	2029	7.92	-16.67
Dubai	2023	1.69	1.26	Oman	2048	8.58	-20.66
Dubai	2029	3.17	-1.24	Qatar	2024	1.61	1.34
Kuwait	2022	1.01	1.13	Qatar	2028	2.23	0.94
Kuwait	2027	1.79	2.61	Qatar	2049	3.31	2.62

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.52	7.32	0.12	-0.46
S&P MENA Bond and Sukuk Index	2.76	NA	-0.05	1.93
Bloomberg Emerging Markets USD Index	5.03	6.26	0.18	-2.67
Bloomberg Global Aggregate Index	1.02	7.33	0.09	2.17

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	03/06/2020	31/12/2019	03/06/2020	31/12/2019	03/06/2020	31/12/2019
KIBOR	1.6875	2.7500	1.9375	2.9375	2.1875	3.1875
SAIBOR	1.0771	2.2314	1.1343	2.2557	1.1714	2.3071
BHIBOR	2.2167	2.6667	2.2833	2.7000	2.4917	2.8333
QATAR	1.1890	2.2500	1.2550	2.3500	1.3900	2.5333
AEIBOR	0.8249	2.2086	1.0410	2.1914	1.1696	2.2900
EURIBOR	-0.3250	-0.3830	-0.1630	-0.3240	-0.1030	-0.2490
LIBOR	0.3371	1.9084	0.4963	1.9121	0.6375	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2912	0.16	-83.6
2-Year	0.2495	0.19	-85.3
5-Year	0.3647	0.67	-78.9
7-Year	0.5020	1.29	-72.1
10-Year	0.6717	1.86	-64.6
30-Year	0.9925	2.60	-52.5

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3082	0.0000	-1.66
SAR	3.7555	-0.0053	-0.07
BHD	0.3774	0.0000	-0.04
QAR	3.6420	0.0000	0.01
OMR	0.3851	0.0104	-0.01
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.17	-0.02
5-Year	0.32	-0.07
10-Year	0.68	-0.20
30-Year	1.48	-0.75

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.04	0.05
5-Year	0.02	0.07
10-Year	0.22	0.12
30-Year	0.63	-0.45

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.65	0.00
5-Year	-0.64	0.01
10-Year	-0.45	0.12
30-Year	0.06	0.54

Source: Bloomberg

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	Ba2	BB-	BB
Egypt	B2	B	B+
Lebanon	Ca	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

	3-Jun 2020	31-Dec 2019
Kuwait	84.630	36.700
KSA	125.940	56.915
Abu Dhabi	85.790	36.090
Dubai	193.440	91.005
Qatar	85.230	36.705
Bahrain	416.100	175.995
Oman	603.470	234.400
Iraq	772.970	383.680
Egypt	551.010	277.420
Morocco	141.010	91.435
Turkey	504.590	282.130
US	14.510	10.810
UK	28.080	16.210
China	50.610	31.205
Japan	19.190	21.042
Germany	16.910	7.080
France	27.760	16.130