

News Update – 28 November 2019

Islamic Development Bank set to raise 1 bln euro in green sukuk – Jeddah-based Islamic Development Bank is set to raise 1 billion euro (\$1.10 billion) through five-year "green" sukuk, or Islamic bonds, a document showed on Wednesday. The triple-A rated financial institution is offering investors 28 basis points over mid-swaps for the debt sale. Green bonds are a growing category of fixed-income securities, and green sukuk could widen the appeal of Islamic bonds beyond traditional markets in Asia and the Middle East to include ethical investors in Western countries.

Fitch Affirms Ooredoo at 'A-'; Outlook Stable – Fitch Ratings has affirmed Ooredoo Q.P.S.C.'s Long-Term Issuer Default Rating (IDR) at 'A-'. The Outlook on the IDR is Stable. Ooredoo's rating reflects the strength of the company's links with the state of Qatar (AA-/Stable). The company is rated on a top-down basis, three notches below the sovereign rating of Qatar, in line with Fitch's Government-Related Entities (GRE) Rating Criteria. Ooredoo's standalone credit profile (SCP) is 'bbb', reflecting a combination of factors that include a strong position in the company's domestic telecoms market, a diversified portfolio of international assets with some carrying emerging-market risk, strong underlying cash generation and a conservative leverage policy.

Oman Hires Banks for Rial Islamic Bond Program – Oman mandated Bank Muscat SAOG, Bank Nizwa SAOG and Alizz Islamic Bank SAOG to set up a local currency sukuk program, Times of Oman reported. A five- and seven-year dual-tranche benchmark sukuk is being offered to investors through a book-building process, according to the newspaper. It's open for subscription from Nov. 25 to Dec. 8.

Lack of legal clause poses risk for crisis-hit Lebanon bonds – As Lebanon's crisis-hit bonds flash warnings of a sovereign debt distress ahead, any potential restructuring is likely complicated by the absence of widely-used legal clauses barring bondholders from holding up the negotiations in the courts. Lebanon is one of the few countries - alongside the Bahamas, Azerbaijan, Macedonia and Poland - to not include so-called enhanced collective action clauses, or CACs, in the legal framework governing its recent bond sales. Championed by the IMF, such provisions can make it easier for countries to proceed with orderly debt restructuring by enabling a majority of creditors to agree to modify payment terms of the contract or otherwise restructure the debt, overcoming any obstacles presented by minority creditors who favor holding out for legal recourse.

GCC Sovereign Yields (28 November 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.41	9.37	KSA	2025	2.49	8.01
Abu Dhabi	2047	3.21	21.04	KSA	2029	2.89	11.98
Bahrain	2024	3.66	7.78	KSA	2049	3.86	23.63
Bahrain	2029	4.93	15.59	Oman	2025	4.36	12.70
Bahrain	2047	6.13	21.39	Oman	2029	5.85	0.75
Dubai	2023	2.51	4.04	Oman	2048	7.12	14.82
Dubai	2029	3.12	9.76	Qatar	2024	2.21	4.48
Kuwait	2022	1.96	3.23	Qatar	2028	2.52	9.73
Kuwait	2027	2.36	7.52	Qatar	2049	3.48	23.85

Source: Bloomberg

Bonds and Sukuk Indices (28 November 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.26	7.33	-0.01	13.55
S&P MENA Bond and Sukuk Index	2.98	NA	0.09	13.13
Bloomberg Emerging Markets USD Index	5.05	6.28	-0.08	11.39
Bloomberg Global Aggregate Index	1.40	7.27	-0.10	6.20

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	28/11/2019	31/12/2018	28/11/2019	31/12/2018	28/11/2019	31/12/2018
KIBOR	2.7500	2.3125	2.9375	2.5625	3.1875	2.8125
SAIBOR	2.2371	2.9750	2.2529	3.1150	2.2971	3.3413
BHIBOR	2.4000	3.5500	2.8200	4.0833	2.9167	4.7000
QATAR	2.3500	2.9056	2.4500	3.0889	2.7968	3.3028
AEIBOR	2.1775	2.8375	2.2713	3.1849	2.2775	3.5737
EURIBOR	-0.3990	-0.3090	-0.3380	-0.2370	-0.2790	-0.1170
LIBOR	1.9086	2.8076	1.9143	2.8756	1.9416	3.0054

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7565	2.45	-36.3
2-Year	1.6330	0.05	-38.5
5-Year	1.5850	0.15	-38.3
7-Year	1.6138	0.10	-38.5
10-Year	1.6902	0.30	-37.6
30-Year	1.8551	-0.14	-34.6

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3043	-0.0263	-0.17
SAR	3.7500	0.0080	0.04
BHD	0.3771	0.0000	-0.02
QAR	3.6665	-0.0164	-0.30
OMR	0.3850	0.0026	0.00
AED	3.6731	-0.0027	-0.01

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.63	0.00
5-Year	1.63	0.00
10-Year	1.77	0.02
30-Year	2.19	0.02

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.50	-0.05
5-Year	0.48	-0.11
10-Year	0.67	-0.23
30-Year	1.23	-0.36

German Bunds

	Yield %	1D Δ (%)
2-Year	-1.46	-0.01
5-Year	-0.67	0.00
10-Year	-0.51	0.00
30-Year	0.11	0.29

	Sovereign Ratings		
	Moody's	S&P	Fitch
Abu Dhabi	Aa2	AA	AA
Bahrain	B2	B+	BB-
Kuwait	Aa2	AA	AA
Oman	Ba1	BB	BB+
Qatar	Aa3	AA-	AA-
KSA	A1	A-	A
UAE	Aa2	NR	NR
Egypt	B2	B	B+
Lebanon	Caa2	CCC	CCC
Turkey	B1	B+	BB-
Tunisia	B2	NR	B+
Morocco	Ba1	BBB-	BBB-
Jordan	B1	B+	BB-
China	A1	A+	A+
UK	Aa2	AA	AA
USA	Aaa	AA+	AAA
USD 5-Year CDS			YTD Δ (%)
Abu Dhabi	39.870		-38.28
Kuwait	39.920		-35.12
Dubai	113.380		-6.46
Bahrain	196.240		-29.18
Qatar	40.450		-49.00
KSA	68.550		-33.08
Egypt	299.530		-19.73
Lebanon	2206.820		199.88
Turkey	320.986		-10.75
Iraq	334.270		-24.83
Morocco	85.460		-13.72
China	38.332		-41.89
France	16.950		-52.15
Germany	7.650		-36.51
Japan	21.313		-10.02
UK	17.960		-48.60
US	12.440		-32.04