

News Updates

Kuveyt Turk Katilim Bankasi mandates banks for \$350m RegS Sukuk

– Kuveyt Türk Katilim Bankasi mandated KFH Capital as global coordinator, HSBC and KFH Capital as joint capital structuring agents, joint ESG structuring agents and joint sukuk structuring agents and Bank ABC, Citi, Dubai Islamic Bank, Emirates NBD Capital, HSBC and KFH Capital as joint lead managers and joint bookrunners to arrange a global investor call on Sept. 7, along with a series of fixed income investor calls for An inaugural \$350m 10.25NC5.25 years RegS only Basel III compliant sustainability Tier 2 sukuk offering issued by KT21 T2 Company Limited (the “Issuer”), expected to be rated [B] by Fitch, will follow subject to market conditions. Kuveyt Türk Katilim Bankasi is rated B+/Negative by Fitch; it is the largest participation bank in Turkey by total assets and 62.2% owned by Kuwait Finance House. (Source: Bloomberg)

Oman working on ESG framework to widen funding base - sources –

The government of Oman is working on an environmental, social and governance (ESG) framework which could allow the heavily indebted Gulf oil-producing country to widen its funding base, two sources familiar with the matter said. The move comes as Oman works with the International Monetary Fund to develop a debt strategy after state coffers were hurt by low oil prices and the COVID-19 pandemic last year. Work on developing an ESG framework is at its early stages, said one of the sources. A second said that while it was not linked to specific debt issuance plans, it would prove useful to tap ESG-focused investors in future fundraising exercises. The ministry of finance did not immediately respond to a comment request. Since the oil price crash in 2014, Oman's debt to GDP ratio has jumped from 15% in 2015 to about 80% last year, while Oman's plans to diversify revenue away from oil and to reduce spending on its bloated public sector have lagged. But the Sultanate has embarked on a raft of measures in the past year to fix its finances, including the introduction of a value-added tax. This has helped it maintain access in the international debt markets and raise billions of dollars between loans and bonds this year despite a ballooning budget deficit. (Source: Reuters)

Green sukuk market won't ignite without Gulf governments backing, warns top Fitch Ratings analyst –

Gulf countries need to lead by example with ambitious infrastructure projects to unlock the true potential of a growing green and sustainable sukuk market that doubled this year, a leading analyst at credit ratings agency Fitch Ratings has told Arab News. Bashar Al Nattoor, the global head of Islamic finance at the agency, pointed to the rapid growth in the Sharia-compliant green sector, which saw issuances rise from \$3 billion in 2020 to \$6 billion in the first half of this year alone. But he warned that without leadership from governments in the Gulf region, this branch of the sukuk market may fail to properly “ignite”. A green sukuk is similar to a conventional Islamic bond, except the proceeds from the product can only be used to fund environmentally-friendly projects. (Source: Arab News)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.66	-0.69	KSA	2025	1.08	-0.68
Abu Dhabi	2030	1.80	-2.38	KSA	2030	2.15	-1.60
Abu Dhabi	2050	2.97	-4.31	KSA	2050	3.46	-3.68
Bahrain	2026	3.76	-3.57	Oman	2025	3.16	2.72
Bahrain	2030	5.43	-5.18	Oman	2029	4.78	3.86
Bahrain	2047	6.78	-8.09	Oman	2048	6.43	3.88
Dubai	2029	2.44	-0.52	Qatar	2025	0.88	-1.62
Kuwait	2022	0.08	-1.64	Qatar	2030	1.92	-3.18
Kuwait	2027	1.19	-1.84	Qatar	2050	3.11	-5.10

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.55	8.08	-0.01	1.01
S&P MENA Bond and Sukuk Index	2.16	NA	0.02	0.47
Bloomberg Emerging Markets USD Index	3.85	6.80	-0.11	0.52
Bloomberg Global Aggregate Index	1.04	7.42	-0.07	-2.15

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	07/09/2021	31/12/2020	07/09/2021	31/12/2020	07/09/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7957	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.5667	2.2500	1.6333	2.5333	1.8250	2.6833
QATAR	1.0300	1.1206	1.1156	1.1960	1.3336	1.3636
AEIBOR	0.3992	0.5125	0.4860	0.4908	0.5250	0.6538
EURIBOR	-0.5480	-0.5450	-0.5190	-0.5260	-0.5000	-0.4990
LIBOR	0.1155	0.2384	0.1484	0.2576	0.2228	0.3419

USD Swap Rates

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.1526	-0.13	-20.7	KWD	0.3006	0.0832	0.92	Gold	1,823.30	-4.60
2-Year	0.2983	0.26	50.8	SAR	3.7506	0.0027	0.04	Silver	24.69	-7.37
5-Year	0.8817	0.49	105.0	BHD	0.3770	-0.0080	0.01	Copper	431.10	22.33
7-Year	1.1263	-0.05	72.1	QAR	3.6421	-0.0302	-0.01	Nat. Gas	4.69	71.00
10-Year	1.3542	1.28	46.4	OMR	0.3850	0.0026	0.00	Aluminum	2,760.00	38.02
30-Year	1.6842	1.12	20.1	AED	3.6730	0.0000	0.00	Crude Oil	72.55	42.53

US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.20	0.01	0.17	0.05	-0.70	0.00
5-Year	0.79	-0.04	0.35	0.09	-0.75	0.00
10-Year	1.34	-0.14	0.69	0.21	-0.52	0.00
30-Year	1.96	-0.27	1.04	0.61	0.13	0.00

Currencies

	USD	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
Gold	1,823.30	-4.60		Silver	24.69	-7.37	
Copper	431.10	22.33		Nat. Gas	4.69	71.00	
Aluminum	2,760.00	38.02		Crude Oil	72.55	42.53	

UK Gilts

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.20	0.01	0.17	0.05	-0.70	0.00
5-Year	0.79	-0.04	0.35	0.09	-0.75	0.00
10-Year	1.34	-0.14	0.69	0.21	-0.52	0.00
30-Year	1.96	-0.27	1.04	0.61	0.13	0.00

Commodities

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Gold	1,823.30	-4.60	
Silver	24.69	-7.37	
Copper	431.10	22.33	
Nat. Gas	4.69	71.00	
Aluminum	2,760.00	38.02	
Crude Oil	72.55	42.53	

German Bunds

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.20	0.01	0.17	0.05	-0.70	0.00
5-Year	0.79	-0.04	0.35	0.09	-0.75	0.00
10-Year	1.34	-0.14	0.69	0.21	-0.52	0.00
30-Year	1.96	-0.27	1.04	0.61	0.13	0.00

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	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+

USD 5Yr CDS

	7-Sep 2021	31-Dec 2020
Kuwait	46.11	40.69
KSA	48.17	63.77
Abu Dhabi	39.17	36.03
Dubai	80.52	104.06
Qatar	38.98	36.70
Bahrain	242.22	233.58
Oman	230.43	353.60
Iraq	513.05	542.74
Egypt	338.10	330.47
Morocco	90.27	102.56
Turkey	363.74	299.47
US	7.84	11.52
UK	7.66	15.13
China	32.67	26.70
Japan	16.58	14.74
Germany	8.35	9.09
France	17.53	14.42