

News Updates

Saudi Arabia's Acwa Power Set to Raise \$1 Billion in Sukuk Sale – Saudi Arabia's Acwa Power International, half-owned by the kingdom's sovereign wealth fund, is planning to raise about \$1 billion by selling Islamic bonds early next year, according to people familiar with the matter. The company, one of the largest developers of power plants in the Middle East, has appointed the Saudi unit of HSBC Holdings Plc and Samba Capital to advise on the issuance, the people said, asking not to be identified as the information is private. The sukuk, as Islamic bonds are known, will be used to help fund Acwa's share of an \$8 billion acquisition of gasification and power assets at Jazan on Saudi Arabia's west coast. The sukuk will be followed by Acwa's initial public offering on the Riyadh stock exchange, which could raise about \$1 billion and value the company at about \$8 billion, the people said. (Source: Bloomberg)

Bahrain economy 'expected to recover in 2021': S&P – Bahrain's economy is expected to recover moderately in 2021, with real GDP expanding by 3.5 per cent, says the latest assessment by S&P Global Ratings. The US-based firm sees economic growth in the kingdom averaging around 2.3pc in 2022-2023. S&P has forecast Bahrain's real GDP contracting by 5pc this year, because of the effects of the pandemic and lower oil prices on consumption and investment activities. Looking ahead, it said Bahrain's relatively diverse economy would benefit from its proximity to the large market of Saudi Arabia, sound regulatory oversight of the financial sector, and a relatively well-educated work force. However, the new year could turn out to be the toughest test for banks world-wide since the aftermath of the global financial crisis, says the firm's Global Banks 2021 Outlook released last Tuesday. The withdrawal of supports that have steadied banks and helped borrowers survive will reveal a truer picture of underlying bank asset quality, even as economies start to recover. (Source: Bloomberg)

G20 to extend debt relief to mid-2021, pushes private sector to help – Leaders of the world's 20 biggest economies on Sunday endorsed a plan to extend a freeze in official debt service payments by the poorest countries to mid-2021 and backed a common approach for dealing with their debt problems. The G20 debt relief initiative - launched shortly after the start of the pandemic in the spring - has helped 46 of 73 eligible countries defer \$5.7 billion in 2020 debt service payments, freeing up funds for countries to fight the pandemic and shore up their economies. The COVID-19 crisis has exacerbated concerns about high debt levels affecting not just low-income countries, but some middle-income states as well. (Source: Bloomberg)

GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi | 2025 | 0.82 | 5.25 | KSA | 2025 | 1.14 | 7.01 |
| Abu Dhabi | 2030 | 1.55 | 9.91 | KSA | 2030 | 2.02 | 11.14 |
| Abu Dhabi | 2050 | 2.66 | 20.93 | KSA | 2050 | 3.16 | 11.91 |
| Bahrain | 2026 | 3.46 | -1.65 | Oman | 2025 | 4.89 | -3.94 |
| Bahrain | 2030 | 4.91 | 15.62 | Oman | 2029 | 6.11 | -5.52 |
| Bahrain | 2047 | 6.26 | -5.46 | Oman | 2048 | 7.42 | -8.82 |
| Dubai | 2029 | 2.52 | 3.21 | Qatar | 2025 | 0.93 | 6.69 |
| Kuwait | 2022 | 0.31 | 1.33 | Qatar | 2030 | 1.65 | 12.45 |
| Kuwait | 2027 | 1.15 | 5.96 | Qatar | 2050 | 2.71 | 25.30 |

Bonds and Sukuk Indices

| Index Name | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index | 2.55 | 8.08 | 0.01 | 7.91 |
| S&P MENA Bond and Sukuk Index | 2.02 | NA | 0.04 | 9.08 |
| Bloomberg Emerging Markets USD Index | 3.75 | 6.80 | 0.15 | 4.71 |
| Bloomberg Global Aggregate Index | 0.87 | 7.42 | 0.21 | 7.45 |

Interbank Rates (%)

| | 3 Months | | 6 Months | | 12 Months | |
|---------|------------|------------|------------|------------|------------|------------|
| | 23/11/2020 | 31/12/2019 | 23/11/2020 | 31/12/2019 | 23/11/2020 | 31/12/2019 |
| KIBOR | 1.4375 | 2.7500 | 1.6875 | 2.9375 | 1.9375 | 3.1875 |
| SAIBOR | 0.8338 | 2.2314 | 0.8838 | 2.2557 | 0.9513 | 2.3071 |
| BHIBOR | 2.2500 | 2.6667 | 2.5333 | 2.7000 | 2.6833 | 2.8333 |
| QATAR | 1.0602 | 2.2500 | 1.1537 | 2.3500 | 1.3668 | 2.5333 |
| AEIBOR | 0.3446 | 2.2086 | 0.5200 | 2.1914 | 0.7875 | 2.2900 |
| EURIBOR | -0.5280 | -0.3830 | -0.5090 | -0.3240 | -0.4830 | -0.2490 |
| LIBOR | 0.2049 | 1.9084 | 0.2488 | 1.9121 | 0.3365 | 1.9963 |

USD Swap Rates

| | Yield % | 1D Δ (bps) | YTD Δ (%) | | USD | 1D Δ (bps) | YTD Δ (%) |
|---------|---------|------------|-----------|-----|--------|------------|-----------|
| 1-Year | 0.2115 | -0.14 | -88.1 | KWD | 0.3053 | 0.0328 | -0.72 |
| 2-Year | 0.2514 | 0.09 | -85.2 | SAR | 3.7509 | -0.0133 | 0.02 |
| 5-Year | 0.4419 | 0.18 | -74.4 | BHD | 0.3771 | 0.0053 | 0.01 |
| 7-Year | 0.6086 | -0.26 | -66.1 | QAR | 3.6413 | -0.0027 | 0.01 |
| 10-Year | 0.8250 | 0.19 | -56.5 | OMR | 0.3850 | -0.0026 | -0.01 |
| 30-Year | 1.2038 | -2.75 | -42.4 | AED | 3.6731 | 0.0000 | 0.00 |

Currencies

US Treasuries

| | Yield % | 1D Δ (%) | | Yield % | 1D Δ (%) | | Yield % | 1D Δ (%) |
|---------|---------|----------|--|---------|----------|--|---------|----------|
| 2-Year | 0.16 | 0.00 | | -0.06 | 0.01 | | -0.74 | 0.02 |
| 5-Year | 0.37 | 0.00 | | -0.01 | 0.07 | | -0.78 | 0.06 |
| 10-Year | 0.82 | 0.01 | | 0.30 | 0.22 | | -0.65 | 0.11 |
| 30-Year | 1.52 | 0.04 | | 0.88 | 0.79 | | -0.18 | 0.07 |

Source: Bloomberg

UK Gilts

German Bunds

Sovereign Ratings

| | Moody's | S&P | Fitch |
|-----------|---------|------|-------|
| Kuwait | A1 | AA- | AA |
| KSA | A1 | A-u | A |
| UAE | Aa2 | NR | NR |
| 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 | B2 | NR | B |
| Morocco | Ba1 | BBB- | BB+ |
| US | Aaa | AA+u | AAA |
| UK | Aa2 | AAu | AA- |
| China | A1 | A+ | A+ |

USD 5Yr CDS

| | 23-Nov 2020 | 31-Dec 2019 |
|-----------|-------------|-------------|
| Kuwait | 40.18 | 36.700 |
| KSA | 68.17 | 56.915 |
| Abu Dhabi | 36.81 | 36.090 |
| Dubai | 113.06 | 91.005 |
| Qatar | 37.62 | 36.705 |
| Bahrain | 287.42 | 175.995 |
| Oman | 384.76 | 234.400 |
| Iraq | 582.89 | 383.680 |
| Egypt | 375.26 | 277.420 |
| Morocco | 95.95 | 91.435 |
| Turkey | 373.14 | 282.130 |
| US | 13.40 | 10.810 |
| UK | 17.68 | 16.210 |
| China | 32.05 | 31.205 |
| Japan | 15.16 | 21.042 |
| Germany | 9.47 | 7.080 |
| France | 15.65 | 16.130 |