

News Updates

Kuwait's Boubyan Bank hires arrangers for dollar sukuk – Kuwait's Boubyan Bank has hired international and regional banks to arrange the issuance of five-year U.S. dollar-denominated sukuk, a document showed. HSBC and Standard Chartered have been hired as joint global coordinators. Bank ABC, Boubyan Capital, First Abu Dhabi Bank, Islamic Corporation for the Development of the Private Sector, KFH Capital, Kuwait International Bank and Warba Bank are also involved in arranging the deal, the document said. Boubyan Bank will meet fixed income investors in Dubai and London ahead of the potential benchmark debt sale. Benchmark bonds are generally meant to be upwards of \$500 million.

Qatar National Bank raises \$1 billion in seven-year bonds – Qatar National Bank (QNB), the Gulf's biggest bank by assets, raised \$1 billion in seven-year bonds offering a 2.75% coupon, a document showed on Wednesday. Barclays, Credit Agricole, Mizuho, QNB Capital and Standard Chartered arranged the deal. QNB Finance is the issuer and Qatar National Bank is the guarantor for the debt sale, which attracted more than \$3 billion in orders. The bonds were marketed with an initial price guidance of around 155 basis points (bps) over mid-swaps but were priced with a final spread of 128 bps over the benchmark. QNB's deal follows a \$600 million Formosa bond issue last month, as the bank taps different markets to diversify its funding.

Fitch Ratings: Growth Returns to Saudi Arabian Banks but Remains Fragile; Buffers are Sound – The soft operating environment and subdued GDP growth in Saudi Arabia are challenges to credit demand as the economy remains highly oil-dependent, despite the government's diversification efforts, Fitch Ratings says. The weak pipeline of government infrastructure projects, modest real GDP growth forecasts, still low consumer confidence, fiscal tightening and geo-political tensions remain threats to credit growth. Nonetheless, banks' profitability has been resilient and remains a rating strength, underpinned by strong franchises, cheap funding and limited competition. Performance metrics improved in 2018 on the back of rate hikes by the Fed but this trend is likely to reverse. Non-performing loan ratios have been rising but continue to compare very well by international standards. Fitch views the Saudi banking sector as well capitalised, with one of the highest weighted average common equity Tier 1 ratio globally. Strong capital ratios reflect stiff regulatory requirements and benefit from low growth and strong profitability. Nevertheless, we believe high capital ratios are necessary due to high concentration levels.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Yield Δ (YTD %)	Sovereigns	Maturity	Yield %	Yield Δ (YTD %)
Abu Dhabi	2027	2.21	-7.84	KSA	2025	2.16	-7.92
Abu Dhabi	2047	3.14	-2.57	KSA	2029	2.66	-5.94
Bahrain	2024	3.42	0.29	KSA	2049	3.75	-3.09
Bahrain	2029	4.52	-0.17	Oman	2025	4.01	-3.58
Bahrain	2047	5.78	-1.27	Oman	2029	5.29	-0.56
Dubai	2023	2.38	-1.96	Oman	2048	6.69	0.49
Dubai	2029	3.07	-1.79	Qatar	2024	1.96	-8.50
Kuwait	2022	1.73	-9.05	Qatar	2028	2.38	-4.56
Kuwait	2027	2.13	-7.80	Qatar	2049	3.38	-2.95

Source: Bloomberg

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.03	7.33	-0.07	1.13
S&P MENA Bond and Sukuk Index	2.80	NA	-0.04	1.38
Bloomberg Emerging Markets USD Index	4.72	6.28	0.06	1.54
Bloomberg Global Aggregate Index	1.31	7.27	-0.34	0.40

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	06/02/2020	31/12/2019	06/02/2020	31/12/2019	06/02/2020	31/12/2019
KIBOR	2.7500	2.7500	3.0000	2.9375	3.1875	3.1875
SAIBOR	2.1600	2.2314	2.1743	2.2557	2.2257	2.3071
BHIBOR	2.1500	2.2500	2.6333	2.7000	2.7667	2.8333
QATAR	2.2875	2.2500	2.3875	2.3500	2.6750	2.5333
AEIBOR	1.9030	2.2086	2.0638	2.1914	2.3561	2.2900
EURIBOR	-0.3960	-0.3830	-0.3400	-0.3240	-0.2880	-0.2490
LIBOR	1.7374	1.9084	1.7435	1.9121	1.8030	1.9963

USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	1.6450	1.22	-7.1	KWD	0.3043	-0.0362	-0.39
2-Year	1.5294	2.35	-9.9	SAR	3.7519	0.0027	-0.01
5-Year	1.4976	2.61	-13.4	BHD	0.3770	0.0000	0.02
7-Year	1.5459	2.55	-14.0	QAR	3.6671	-0.0109	-0.19
10-Year	1.6351	2.36	-13.7	OMR	0.3850	-0.0649	-0.01
30-Year	1.8255	0.98	-12.7	AED	3.6731	0.0000	0.00

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	1.46	-0.04	0.49	-0.02
5-Year	1.49	-0.12	0.46	-0.13
10-Year	1.68	-0.21	0.61	-0.47
30-Year	2.15	-0.23	1.13	-1.28

	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	CC
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	37.700		9.41
Kuwait	36.960		8.27
Dubai	90.250		3.70
Bahrain	158.950		-3.90
Qatar	40.280		14.60
KSA	62.190		11.90
Egypt	250.370		-4.67
Lebanon	3211.540		40.01
Turkey	238.318		-15.06
Iraq	394.130		15.92
Morocco	76.400		-5.51
China	32.503		6.18
France	15.750		-6.16
Germany	6.920		-4.50
Japan	17.385		-12.63
UK	16.180		-9.14
US	12.330		12.34