

News Updates

Dubai wealth fund sells \$600m in long 5-year bonds – Investment Corporation of Dubai (ICD), the Dubai government's main investment arm, sold \$600 million in long five-year bonds at 275 basis points over mid-swaps, a document showed on Wednesday. ICD began marketing the bonds at around 300 basis points over mid-swaps earlier on Wednesday and received more than \$1.1 billion in orders, according to the document issued by one of the banks leading the deal. Issuers from the Gulf are lining up to take advantage of low interest rates to plug finances hit by cheap oil and the coronavirus pandemic, with Oman also selling bonds on Wednesday in its first issuance since July last year. The government of Dubai sold \$2 billion in bonds last month in its first public debt issuance since 2014 amid a sharp economic downturn that has revived concern over its finances and memories of its 2009 debt crisis. Citi, Emirates NBD Capital, First Abu Dhabi Bank, HSBC, JPMorgan and Standard Chartered arranged ICD's deal. *(Source: Zawya)*

Oman Returns to International Debt Markets, Skips Shortest Bond – Oman has dropped plans to sell a bond with a three-year maturity as it returns to foreign debt markets for the first time in more than a year. The government is offering a benchmark-sized placement of seven- and 12-year dollar notes, with a yield of around 7% and 7.625%, respectively, according to a person familiar with the deal, who asked not to be identified because they're not authorized to speak about it. The sultanate is seeking to plug a widening budget deficit that could reach almost 19% of gross domestic product this year, according to the International Monetary Fund. Oman, whose debt is ranked junk by the three major rating companies, is in initial talks with “certain other Gulf countries” for financial support, according to its bond prospectus. *(Source: Bloomberg)*

Final terms set for Arab National Bank \$750m Tier 2 Sukuk at MS+290 – The \$750m 10NC5 issue was priced at MS+290. Guidance was at MS+300+310, while IPT was in the MS+325bps area. Books closed above \$2b. Expected issue rating is Baa3 by Moody's and BBB- by Fitch. HSBC Bank and JPMorgan Securities were Joint Lead Managers and Bookrunners. *(Source: Bloomberg)*

Tabreed raises \$500m from seven-year bond issuance – National Central Cooling Company (Tabreed) has raised \$500 million from seven-year and 2.5% coupon bond issuance, according to a press release on Wednesday. The issuance has attracted 140 local and international investors, allowing the company to tighten pricing to achieve a final coupon of 2.5% and to raise the size of the final bond to \$500 million. Hence, the bond issuance was oversubscribed five times at its initial size of \$400 million. The bond, which will be listed on the London Stock Exchange, is rated Baa3 by Moody's and BBB by Fitch, in line with Tabreed's corporate ratings. *(Source: Mubasher)*

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A number of sources which include Bloomberg, Zawya, and daily newspapers were utilized in the creation of this report.

GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi | 2025 | 0.91 | 4.95 | KSA | 2025 | 1.31 | 6.38 |
| Abu Dhabi | 2030 | 1.65 | 9.13 | KSA | 2030 | 2.02 | 11.12 |
| Abu Dhabi | 2050 | 2.76 | 18.59 | KSA | 2050 | 3.29 | 9.35 |
| Bahrain | 2026 | 4.02 | -3.84 | Oman | 2025 | 5.30 | -5.49 |
| Bahrain | 2030 | 5.60 | 10.24 | Oman | 2029 | 6.75 | -9.55 |
| Bahrain | 2047 | 6.73 | -10.86 | Oman | 2048 | 7.91 | -13.97 |
| Dubai | 2029 | 2.59 | 2.69 | Qatar | 2025 | 0.97 | 6.70 |
| Kuwait | 2022 | 0.44 | 1.31 | Qatar | 2030 | 1.69 | 12.27 |
| Kuwait | 2027 | 1.25 | 5.45 | Qatar | 2050 | 2.83 | 22.58 |

Bonds and Sukuk Indices

| Index Name | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index | 2.63 | 8.08 | -0.21 | 6.54 |
| S&P MENA Bond and Sukuk Index | 2.10 | NA | -0.33 | 8.07 |
| Bloomberg Emerging Markets USD Index | 3.98 | 6.80 | -0.18 | 2.52 |
| Bloomberg Global Aggregate Index | 0.90 | 7.42 | 0.29 | 6.62 |

Interbank Rates (%)

| | 3 Months | | 6 Months | | 12 Months | |
|---------|------------|------------|------------|------------|------------|------------|
| | 22/10/2020 | 31/12/2019 | 22/10/2020 | 31/12/2019 | 22/10/2020 | 31/12/2019 |
| KIBOR | 1.5625 | 2.7500 | 1.8125 | 2.9375 | 2.1250 | 3.1875 |
| SAIBOR | 0.8488 | 2.2314 | 0.9000 | 2.2557 | 0.9675 | 2.3071 |
| BHIBOR | 2.2500 | 2.6667 | 2.5333 | 2.7000 | 2.6833 | 2.8333 |
| QATAR | 0.8625 | 2.2500 | 0.9750 | 2.3500 | 1.2375 | 2.5333 |
| AEIBOR | 0.3800 | 2.2086 | 0.7358 | 2.1914 | 0.7275 | 2.2900 |
| EURIBOR | -0.5070 | -0.3830 | -0.4980 | -0.3240 | -0.4730 | -0.2490 |
| LIBOR | 0.2158 | 1.9084 | 0.2519 | 1.9121 | 0.3371 | 1.9963 |

USD Swap Rates

| | Yield % | 1D Δ (bps) | YTD Δ (%) | | USD | 1D Δ (bps) | YTD Δ (%) |
|---------|---------|------------|-----------|-----|--------|------------|-----------|
| 1-Year | 0.2060 | 0.02 | -88.4 | KWD | 0.3056 | 0.0327 | -0.82 |
| 2-Year | 0.2308 | 0.00 | -86.4 | SAR | 3.7510 | -0.0080 | 0.02 |
| 5-Year | 0.4265 | -0.34 | -75.3 | BHD | 0.3771 | 0.0000 | -0.01 |
| 7-Year | 0.6053 | -0.83 | -66.3 | QAR | 3.6420 | 0.0082 | 0.02 |
| 10-Year | 0.8395 | -1.22 | -55.7 | OMR | 0.3850 | 0.0000 | 0.00 |
| 30-Year | 1.2680 | -2.21 | -39.4 | AED | 3.6730 | 0.0000 | 0.00 |

US Treasuries

| | Yield % | 1D Δ (%) | | Yield % | 1D Δ (%) | | Yield % | 1D Δ (%) |
|---------|---------|----------|--|---------|----------|--|---------|----------|
| 2-Year | 0.15 | 0.00 | | -0.06 | -0.04 | | -0.79 | 0.00 |
| 5-Year | 0.35 | 0.03 | | -0.06 | -0.15 | | -0.82 | 0.00 |
| 10-Year | 0.81 | 0.12 | | 0.24 | -0.69 | | -0.66 | 0.00 |
| 30-Year | 1.62 | 0.46 | | 0.81 | -1.79 | | -0.18 | 0.00 |

Source: Bloomberg

Currencies

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- | BBB- |
| US | Aaa | AA+u | AAA |
| UK | Aa2 | AAu | AA- |
| China | A1 | A+ | A+ |

| USD 5Yr CDS | 22-Oct 2020 | 31-Dec 2019 |
|-------------|-------------|-------------|
| Kuwait | 45.17 | 36.700 |
| KSA | 67.21 | 56.915 |
| Abu Dhabi | 39.36 | 36.090 |
| Dubai | 130.00 | 91.005 |
| Qatar | 38.08 | 36.705 |
| Bahrain | 312.05 | 175.995 |
| Oman | 424.32 | 234.400 |
| Iraq | 667.08 | 383.680 |
| Egypt | 424.86 | 277.420 |
| Morocco | 115.76 | 91.435 |
| Turkey | 492.86 | 282.130 |
| US | 13.85 | 10.810 |
| UK | 18.25 | 16.210 |
| China | 37.10 | 31.205 |
| Japan | 15.45 | 21.042 |
| Germany | 9.76 | 7.080 |
| France | 16.30 | 16.130 |