

News Updates

NBK Gets Approval to Issue Up to \$490 Million in Tier 2 Notes – National Bank of Kuwait SAKP, the gulf nation's largest lender, said it obtained approval to issue as much as 150 million dinars (\$490 million) in Tier 2 capital securities. The Central Bank of Kuwait and the Capital Markets Authority will also allow NBK to redeem 125 million dinars in Tier 2 notes issued in 2015, it said in a statement to the exchange on Sunday. The lender, which is listed on Kuwait's Premier Market index, currently does not expect the transactions to have a material impact on its financial position. (Source: Bloomberg)

CMA granted KIB approval to issue Tier 2 Capital Sukuk – Kuwait International Bank (KIB) has obtained Capital Market Authority's (CMA) approval to issue Tier 2 Capital Sukuk for an amount up to USD 300 million or equivalent in other currencies, in order to enhance the Bank's capital base as per Capital Adequacy Ratio Standard – Basel 3. The bank has stated that there is currently no material impact on its financial position. (Source: Boursa Kuwait)

Islamic syndicated loans could make up for sukuk's shortcomings - S&P – The Islamic syndicated loans market has been modestly outperforming sukuk in 2020, after Islamic countries were hit hard by the double impact of COVID-19 and low oil prices. Sukuk issuance fell by 27 percent year-on-year in the first half of 2020, S&P Global Ratings said, while syndicated loans in Islamic countries in the first half of 2020 were at \$50.1 billion, 40 percent of the 2019 total. Core Islamic countries including the GCC states, Turkey, Malaysia, Indonesia are all facing economic contractions, and corporates have cut capital expenditure, while using banking facilities to stay afloat. It could be the case that governments find syndicated loans a more convenient solution: “S&P Global Ratings has observed that the Islamic syndicated loans market has been modestly outperforming the sukuk market this year. “Although the bulk of syndicated deals--totaling more than \$50 billion--remain conventional, we believe Islamic syndications could increasingly complement traditional financing options. “Because such syndications involve a limited number of counterparties, they could support quicker and easier issuance than is the case for sukuk,” the ratings agency said. “This year, GCC governments and government-related entities have tapped the conventional markets for bonds and syndications more often than the sukuk market,” S&P said in its Ratings Direct report. “There are several reasons for this, but the most common relates to the complexity of issuing Islamic instruments, particularly sukuk, due to a lack of standardisation.” (Source: Zawya)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.94	4.94	KSA	2025	1.24	6.76
Abu Dhabi	2030	1.62	9.38	KSA	2030	2.01	11.28
Abu Dhabi	2050	2.69	20.33	KSA	2050	3.26	9.92
Bahrain	2026	4.14	-4.29	Oman	2025	5.04	-4.54
Bahrain	2030	5.52	10.94	Oman	2029	6.42	-7.48
Bahrain	2047	6.54	-8.89	Oman	2048	7.57	-10.52
Dubai	2029	2.55	3.08	Qatar	2025	0.97	6.81
Kuwait	2022	0.41	1.39	Qatar	2030	1.71	12.15
Kuwait	2027	1.27	5.41	Qatar	2050	2.79	23.41

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.62	8.08	0.29	6.64
S&P MENA Bond and Sukuk Index	2.10	NA	0.25	8.06
Bloomberg Emerging Markets USD Index	3.94	6.80	0.28	2.93
Bloomberg Global Aggregate Index	0.91	7.42	0.39	6.10

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	12/10/2020	31/12/2019	12/10/2020	31/12/2019	12/10/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.0625	3.1875
SAIBOR	0.8613	2.2314	0.9100	2.2557	0.9750	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.0639	2.2500	1.1390	2.3500	1.3400	2.5333
AEIBOR	0.3400	2.2086	0.6256	2.1914	0.7558	2.2900
EURIBOR	-0.5090	-0.3830	-0.4860	-0.3240	-0.4630	-0.2490
LIBOR	0.2241	1.9084	0.2458	1.9121	0.3476	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2204	0.10	-87.6
2-Year	0.2395	-0.11	-85.9
5-Year	0.4147	0.12	-76.0
7-Year	0.5839	0.18	-67.5
10-Year	0.8104	0.13	-57.2
30-Year	1.2305	0.14	-41.2

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.15	0.01
5-Year	0.34	0.00
10-Year	0.77	0.02
30-Year	1.57	0.06

Source: Bloomberg

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3058	0.1145	-0.87
SAR	3.7513	0.0000	0.01
BHD	0.3771	0.0080	0.00
QAR	3.6420	0.0165	0.02
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	0.00

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.03	-0.02
5-Year	-0.03	-0.02
10-Year	0.28	0.07
30-Year	0.85	0.28

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.73	0.00
5-Year	-0.76	0.00
10-Year	-0.59	0.00
30-Year	-0.10	0.00

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	BB-	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	12-Oct 2020	31-Dec 2019
Kuwait	53.16	36.700
KSA	68.45	56.915
Abu Dhabi	37.57	36.090
Dubai	141.24	91.005
Qatar	36.60	36.705
Bahrain	312.65	175.995
Oman	423.06	234.400
Iraq	612.95	383.680
Egypt	418.06	277.420
Morocco	112.64	91.435
Turkey	499.85	282.130
US	14.47	10.810
UK	18.75	16.210
China	36.83	31.205
Japan	15.83	21.042
Germany	9.65	7.080
France	16.46	16.130