

News Updates

KIB obtains central bank's initial approval for Sukuk issuance – Kuwait International Bank (KIB) has received preliminary approval from the Central Bank of Kuwait (CBK) on 30 June for a Sukuk issuance programme. The value of the issuance is up to KWD 2 billion, or the equivalent in other currencies. The first issuance offering will be valued at KWD 750 million, according to the bank's statement to Boursa Kuwait on Thursday. KIB revealed that the final approval is subject to presenting the prospectus associated with the issuance. *(Source: Mubasher)*

Kuwait to Inject 240 Million Dinars to Support Private Sector – The Kuwaiti government will inject 240 million dinars (\$792 million) into a fund that supports private sector employees, the state-run national news agency reported Thursday. The Finance Ministry will transfer the funds upon the request of the cabinet to help what the government said are imbalances in the labor market because of measures to contain the spread of coronavirus, the agency said. *(Source: Bloomberg)*

Oman returns to loan market for US\$2bn despite recent downgrade – Oman is in the market for a US\$2bn bridge loan from international and regional lenders, which bankers expect the sultanate to complete successfully despite it being downgraded further into junk territory. In March, the sultanate was forced to put a US\$2bn sovereign loan on hold after it was hit by falling oil prices, the impact of Covid-19 and a downgrade by Fitch to BB from BB+, making the cost of a loan too expensive. However, as market conditions have improved since March, Oman — one of the weakest economies in the oil-rich Gulf — has returned for a one-year loan, even though it suffered a second downgrade by Moody's to Ba3 from Ba2 on June 23. “There will be a mix of regional and international banks in the deal with a regional bank getting the coordinator role,” a banker said. It will be taken out eventually in the bond markets but it is not clear whether the bridge loan will be syndicated further or will be provided as a club loan. *(Source: Reuters)*

Fitch Upgrades TAQA to 'AA-'; Outlook Stable – Fitch Ratings has upgraded Abu Dhabi National Energy Company PJSC's (TAQA) Long-Term Issuer Default Rating (IDR) and senior unsecured debt rating to 'AA-' from 'A' and removed the ratings from Rating Watch Positive (RWP). The Outlook on the IDR is Stable. The upgrade is supported by Fitch's view of the strengthening of the links under its Government-Related Entities (GRE) Rating criteria between TAQA and its majority indirect shareholder Abu Dhabi (AA/Stable). The asset transfers from Abu Dhabi Power Corporation PJSC (AD Power) to TAQA strengthen TAQA's links with Abu Dhabi in Fitch's view, as they improve its position in electricity generation and water desalination, and secures a natural monopoly in the distribution and transmission of water and electricity in the Emirate of Abu Dhabi. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.54	5.24	KSA	2025	1.40	3.35
Abu Dhabi	2047	2.78	7.16	KSA	2029	2.07	5.04
Bahrain	2024	4.00	-3.16	KSA	2049	3.49	5.93
Bahrain	2029	5.32	-6.24	Oman	2025	5.14	-5.08
Bahrain	2047	6.51	-8.28	Oman	2029	6.83	-10.20
Dubai	2023	0.70	1.16	Oman	2048	7.82	-13.31
Dubai	2029	3.05	-0.14	Qatar	2024	1.05	3.22
Kuwait	2022	0.55	1.75	Qatar	2028	1.77	4.05
Kuwait	2027	1.46	4.62	Qatar	2049	2.99	8.58

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.93	7.32	0.01	3.46
S&P MENA Bond and Sukuk Index	2.36	NA	0.11	5.37
Bloomberg Emerging Markets USD Index	4.59	6.26	0.35	0.10
Bloomberg Global Aggregate Index	0.95	7.33	0.05	3.15

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	05/07/2020	31/12/2019	05/07/2020	31/12/2019	05/07/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8750	2.9375	2.1250	3.1875
SAIBOR	0.9843	2.2314	1.0386	2.2557	1.0900	2.3071
BHIBOR	2.2500	2.6667	2.4333	2.7000	2.5667	2.8333
QATAR	1.0567	2.2500	1.1548	2.3500	1.2868	2.5333
AEIBOR	0.7563	2.2086	1.0993	2.1914	1.3924	2.2900
EURIBOR	-0.4350	-0.3830	-0.3140	-0.3240	-0.2380	-0.2490
LIBOR	0.3038	1.9084	0.3661	1.9121	0.5386	1.9963

USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2696	0.07	-84.8	KWD	0.3076	0.0650	-1.48
2-Year	0.2201	-0.70	-87.0	SAR	3.7515	0.0027	0.01
5-Year	0.3320	0.00	-80.8	BHD	0.3771	0.0000	-0.01
7-Year	0.4730	-0.16	-73.7	QAR	3.6413	0.0000	0.01
10-Year	0.6490	0.00	-65.8	OMR	0.3850	0.0000	0.00
30-Year	0.9363	0.18	-55.2	AED	3.6731	0.0000	0.00

US Treasuries

	UK Gilts			German Bunds	
	Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	0.00	-0.09	-0.03	-0.69
5-Year	0.30	0.00	-0.05	-0.05	-0.70
10-Year	0.67	0.01	0.18	-0.05	-0.50
30-Year	1.43	0.04	0.65	-0.05	0.02

Source: Bloomberg

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	Aa2	AA-	AA
KSA	A1	A-u	A
UAE	Aa2	NR	NR
Abu Dhabi	Aa2	AA	AA
Qatar	Aa3	AA-	AA-
Bahrain	B2u	B+	BB-
Oman	Ba3	BB-	BB
Egypt	B2	B	B+
Lebanon	Ca	SD	RD
Jordan	B1	B+	BB-
Turkey	B1	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

	5-Jul 2020	31-Dec 2019
Kuwait	68.540	36.700
KSA	88.120	56.915
Abu Dhabi	61.460	36.090
Dubai	176.880	91.005
Qatar	60.860	36.705
Bahrain	331.460	175.995
Oman	477.860	234.400
Iraq	776.020	383.680
Egypt	456.820	277.420
Morocco	133.190	91.435
Turkey	458.860	282.130
US	11.780	10.810
UK	26.050	16.210
China	44.790	31.205
Japan	16.000	21.042
Germany	12.180	7.080
France	19.520	16.130