

News Update – 11 November 2019

Kuwait's NBK Hires Banks to Issue USD AT1 Perpetual Securities – The National Bank of Kuwait ("NBK") has decided to issue USD perpetual securities under Additional Tier 1 Capital through its special purpose vehicle NBK Tier 1 Financing (2) Limited. NBK Tier 1 Financing (2) Limited is a special-purpose vehicle established for the sole purpose of (1) issuing the AT1 securities; and (2) using the proceeds to finance a subordinated loan to NBK. The guarantee provided by NBK constitutes direct, unconditional, subordinated obligations of NBK. Moody's Investors Service ("Moody's") has today assigned a Baa3 (hyb) rating to the upcoming issuance of the perpetual non-cumulative Additional Tier 1 (AT1) capital securities by NBK Tier 1 Financing (2) Limited, a wholly-owned subsidiary of National Bank of Kuwait S.A.K.P. NBK has hired JPMorgan, Citi, Standard Chartered, NBK Capital as global coordinators.

Central Bank of Kuwait issues KWD 160m bonds – The Central Bank of Kuwait (CBK) has issued bonds worth KWD 160 million (\$528 million), according to the Kuwait News Agency (KUNA). The Bonds and related Tawarruq issuance will mature in six months, with a rate of return at 2.875%. CBK's most recent bond issuance was on Monday 4 November at a total value of KWD 240 million for three months with a 2.75%. In October, the CBK decided to cut interest rates by 25 basis points (0.25%), in accordance with the US Federal Reserve, which cut rates three times this year.

Arabian Centres to begin Sukuk roadshow on Nov. 12 – Arabian Centres Co. has announced the commencement of international roadshow on November 12, 2019 for its planned issuance of US dollar-denominated Shariah compliant sukuk. The company said in a bourse filing that it will hold a series of investor meetings in Hong Kong, Singapore, the United Arab Emirates, London and New York. The company has mandated Goldman Sachs International and HSBC as joint global coordinators, responsible for coordinating the activities of lead managers and underwriters on the transaction. Arabian Centres Co also announced credit rating agency Moody's has assigned Ba1 rating with a stable outlook, while Fitch has assigned BB+ (EXP) rating with a stable outlook to the company.

Lebanese Banks Are Offered Dollars as Capital Controls Rule – Lebanon's central bank has no plans to impose formal restrictions on the movement of money or force depositors to accept losses, its governor said, but will offer "unlimited" dollars for commercial lenders to finance trade and meet customer demand through weeks of protest. With Lebanon deep in political paralysis, bank chief Riad Salameh announced a series of banking measures to ease the sense of crisis and avoid a shortage of goods in the market. Lenders will now accept Lebanese pounds from clients repaying dollar loans, reevaluate credit facilities cut as the anti-government uprising began and cover checks that bounced as a result, he said, also asking banks to restore credit-card limits some had lowered.

GCC Sovereign Yields (11 November 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.50	8.82	KSA	2025	2.51	8.05
Abu Dhabi	2047	3.42	16.82	KSA	2029	3.02	10.98
Bahrain	2024	3.70	7.78	KSA	2049	4.05	20.09
Bahrain	2029	4.79	16.50	Oman	2025	4.39	12.48
Bahrain	2047	6.11	21.40	Oman	2029	5.85	0.85
Dubai	2023	2.59	3.82	Oman	2048	7.11	14.85
Dubai	2029	3.25	8.82	Qatar	2024	2.24	4.35
Kuwait	2022	2.04	3.24	Qatar	2028	2.64	8.72
Kuwait	2027	2.39	7.65	Qatar	2049	3.67	20.05

Source: Bloomberg

Bonds and Sukuk Indices (11 November 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.33	7.31	0.01	12.49
S&P MENA Bond and Sukuk Index	3.07	NA	-0.02	11.89
Bloomberg Emerging Markets USD Index	5.01	6.25	-0.07	10.90
Bloomberg Global Aggregate Index	1.48	7.30	0.02	5.55

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	11/11/2019	31/12/2018	11/11/2019	31/12/2018	11/11/2019	31/12/2018
KIBOR	2.6875	1.8750	2.9375	2.0625	3.1250	2.3750
SAIBOR	2.2286	1.8988	2.2514	2.0875	2.2929	2.2863
BHIBOR	2.4000	2.4500	2.8367	2.9000	2.9500	3.2750
QATAR	2.2750	2.7342	2.3750	2.8868	2.6056	3.0468
AEIBOR	2.1856	1.8310	2.3670	2.0513	2.2471	2.5648
EURIBOR	-0.3950	-0.3290	-0.3240	-0.2710	-0.2620	-0.1860
LIBOR	1.9006	1.6858	1.9230	1.8336	1.9998	2.1022

USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	1.784	0.0000	-35.3%	KWD	0.3040	-0.0001	-0.10%
2-Year	1.714	0.0000	-35.6%	SAR	3.7505	0.0000	0.03%
5-Year	1.713	-0.0001	-33.6%	BHD	0.3770	0.0000	-0.02%
7-Year	1.752	-0.0002	-33.2%	QAR	3.6638	0.0000	-0.22%
10-Year	1.833	-0.0002	-32.4%	OMR	0.3850	0.0003	0.00%
30-Year	2.011	-0.0002	-29.1%	AED	3.6730	0.0000	-0.01%

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	1.67	0.01%	0.56	-0.84%
5-Year	1.74	0.04%	0.56	-0.11%
10-Year	1.92	0.18%	0.81	0.06%
30-Year	2.40	0.53%	1.32	0.02%

	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	B-	CCC
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	40.060		-37.35
Kuwait	39.890		-35.16
Dubai	117.300		-4.15
Bahrain	201.400		-27.41
Qatar	40.230		-48.75
KSA	64.090		-37.34
Egypt	290.970		-21.92
Lebanon	1542.850		109.59
Turkey	315.643		-11.93
Iraq	341.920		-23.33
Morocco	83.940		-15.09
China	36.603		-44.28
France	16.860		-51.90
Germany	8.010		-33.91
Japan	21.502		-10.02
UK	28.06		-23.32
US	12.42		-31.31