

News Updates

Moody's assigns Baa1(hyb) rating to Tier 2 bonds of National Bank of Kuwait – Moody's Investors Service, ("Moody's") has assigned a Baa1(hyb) long-term foreign currency rating to the upcoming USD 300 million issuance of subordinated bonds with contractual point of non-viability (PONV) loss absorption features by NBK Tier 2 Limited, a wholly-owned subsidiary of National Bank of Kuwait S.A.K.P. ("NBK" deposits A1 stable, baseline credit assessment (BCA) a3, Adjusted BCA a3). The notes will be issued by NBK Tier 2 Limited, a special-purpose vehicle established by NBK. The notes are guaranteed by NBK and rank pari passu with all other Tier 2 PONV subordinated debt of the bank and the holders of the Certificates are therefore effectively exposed to NBK's Tier 2 subordinated credit risk. (Source: Bloomberg)

Aramco Turns to Bonds to Help Fund \$75 Billion Dividend – Saudi Aramco, the world's biggest oil company, is set to return to the bond markets for the first time since April of last year as it seeks to fund a \$75 billion dividend commitment. Aramco, which hired banks including Goldman Sachs Group Inc. for the sale, needs to raise debt after slumping crude prices caused profit to fall by 45% in the third quarter. That's left it unable to generate enough cash to fund the investor payouts, almost all of which go to the Saudi government, which needs the money to plug a widening budget deficit. The company could raise about \$6 billion, according to two people familiar with the deal. Aramco media officials didn't immediately respond to requests for comment. Aramco has slashed spending, cut jobs, and is considering selling some assets. Despite these efforts to conserve cash, its gearing -- a measure of debt as a percentage of equity – has increased to 21.8%, above its target range of 5% to 15%. Gearing also rose because the company took on debt to pay for a \$70 billion acquisition of Saudi Basic Industries Corp., a chemical maker, earlier this year. (Source: Bloomberg)

Dubai Aerospace Mandates Banks for \$ 144a/RegS 5.25-Year Sukuk – Dubai Aerospace Enterprise mandates Bank ABC, Commercial Bank of Dubai, Credit Agricole CIB, Deutsche Bank, Dubai Islamic Bank, Emirates NBD Capital, First Abu Dhabi Bank, GIB, Goldman Sachs International, HSBC, JPMorgan, Mizuho Securities, Natixis and Truist Securities as joint lead managers and joint bookrunners to arrange global investor calls and a series of fixed income investor calls from Nov. 16. A Rule 144A / Regulation S U.S.\$ fixed rate 5.25-year senior unsecured sukuk offering under a \$2.5b Trust Certificate Issuance Program, expected to be rated Baa3 by Moody's and BBB- by Fitch, will follow subject to market conditions Dubai Aerospace Enterprise is wholly owned (directly and indirectly) by the Investment Corp. of Dubai (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.83	5.22	KSA	2025	1.24	6.65
Abu Dhabi	2030	1.58	9.67	KSA	2030	2.05	10.76
Abu Dhabi	2050	2.69	20.16	KSA	2050	3.19	11.22
Bahrain	2026	3.49	-1.64	Oman	2025	4.84	-3.74
Bahrain	2030	4.92	15.65	Oman	2029	6.00	-4.76
Bahrain	2047	6.22	-5.10	Oman	2048	7.33	-7.91
Dubai	2029	2.52	3.34	Qatar	2025	0.94	6.68
Kuwait	2022	0.37	1.27	Qatar	2030	1.67	12.32
Kuwait	2027	1.17	5.77	Qatar	2050	2.76	24.05

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.58	8.08	0.00	7.60
S&P MENA Bond and Sukuk Index	2.06	NA	-0.06	8.63
Bloomberg Emerging Markets USD Index	3.80	6.80	0.14	4.39
Bloomberg Global Aggregate Index	0.91	7.42	0.16	6.86

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	17/11/2020	31/12/2019	17/11/2020	31/12/2019	17/11/2020	31/12/2019
KIBOR	1.4375	2.7500	1.6875	2.9375	1.9375	3.1875
SAIBOR	0.8375	2.2314	0.8875	2.2557	0.9550	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	0.9269	2.2500	1.0396	2.3500	1.2616	2.5333
AEIBOR	0.3804	2.2086	0.7217	2.1914	0.6604	2.2900
EURIBOR	-0.5140	-0.3830	-0.5030	-0.3240	-0.4690	-0.2490
LIBOR	0.2220	1.9084	0.2460	1.9121	0.3394	1.9963

USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2199	0.08	-87.6	KWD	0.3055	0.0000	-0.79
2-Year	0.2651	0.17	-84.4	SAR	3.7507	0.0000	0.03
5-Year	0.4735	0.16	-72.6	BHD	0.3771	0.0053	0.00
7-Year	0.6675	0.22	-62.9	QAR	3.6421	-0.0137	0.00
10-Year	0.9087	0.22	-52.0	OMR	0.3850	0.0000	0.00
30-Year	1.3398	0.03	-35.9	AED	3.6731	0.0000	0.00

US Treasuries

	UK Gilts			German Bunds	
	Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.18	0.00	-0.04	-0.02	-0.73
5-Year	0.41	-0.02	0.01	-0.02	-0.75
10-Year	0.91	-0.05	0.35	-0.14	-0.61
30-Year	1.67	-0.19	0.94	-0.48	-0.14

Source: Bloomberg

Sovereign Ratings

	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-	BB+
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+
USD 5Yr CDS	17-Nov 2020	31-Dec 2019	
Kuwait	39.18	36.700	
KSA	64.50	56.915	
Abu Dhabi	35.40	36.090	
Dubai	110.01	91.005	
Qatar	35.40	36.705	
Bahrain	305.12	175.995	
Oman	396.55	234.400	
Iraq	582.90	383.680	
Egypt	374.07	277.420	
Morocco	103.36	91.435	
Turkey	395.40	282.130	
US	13.13	10.810	
UK	17.41	16.210	
China	31.29	31.205	
Japan	14.76	21.042	
Germany	9.52	7.080	
France	16.15	16.130	