

News Updates

Burgan Bank mandates banks for US\$ RegS 6NC5 Senior Unsecured Notes – Burgan Bank mandates Citi and Standard Chartered Bank as joint global coordinators along with Bank ABC, Emirates NBD Capital, First Abu Dhabi Bank, HSBC, Industrial and Commercial Bank of China Ltd - Dubai (DIFC) Branch, JPMorgan, Mizuho Securities and NBK Capital as joint lead managers and joint bookrunners to arrange a global investor conference call on Monday 27 September 2021 at 10:00 AM BST / 1:00 PM GST / 5:00 PM HKT, along with a series of fixed income investor calls. A benchmark USD-denominated Rule Reg S senior unsecured 6NC5 note that is fixed until the first call date and floating thereafter under Burgan Bank's \$1.5 billion Euro Medium Term Note Programme will follow, subject to market conditions FCA/ICMA stabilization applies. Burgan Bank is rated A+, Baa1, BBB+ by Fitch, Moody's and S&P, respectively. *(Source: Bloomberg)*

Bahrain to Hike VAT After Saudi Arabia in Bid to Cut Deficit – Bahrain plans to double its value-added tax to 10%, the Gulf's highest rate after Saudi Arabia, in a bid to boost state revenue and curb one of the region's widest budget deficits. Bahrain is seeking ways to cut spending and bring its budget back into balance by 2024, a delay to the previous target, without undermining a fragile recovery, an official close to the government told Bloomberg News. It isn't clear when the higher VAT rate will be implemented. Saudi Arabia tripled its VAT rate to 15% last year to bolster state revenue when oil prices slumped. The United Arab Emirates and Oman impose a 5% VAT under a common 2018 framework by the six-nation Gulf Cooperation Council bloc. Kuwait and Qatar have yet to implement the tax. *(Source: Bloomberg)*

Saudi has strongest banking system among GCC, S&P Global Ratings says – S&P Global Ratings said on Sunday that the COVID-19 pandemic and last year's oil price crash did not affect all Gulf Cooperation Council (GCC) banking systems in the same way, highlighting that the Saudi Arabian banking system appeared to be the strongest in the current environment. "We expect GCC banks' asset quality indicators to deteriorate only slightly thanks to regulatory and government support measures, and improving economic sentiment," the rating firm said in the comment. According to S&P Global Ratings, Saudi banks will continue to benefit from mortgage growth and the implementation of Vision 2030, which it expects will boost asset quality and profitability indicators. The rating firm said the most vulnerable banking system among GCC countries is the United Arab Emirates (UAE), where the pandemic affected sectors such as hospitality, trade, and real estate sector. "In our view, UAE banks are among the most vulnerable in the GCC region, as a result of their high exposure to real estate and other hard-hit sectors, while Saudi banks are better placed thanks to stronger profitability," it said. "Other issues include Qatar's increasing net external debt and Kuwait's fiscal impasse, which may not just hurt the economy but also question the government's ability to support the banking system in a predictable and timely manner," it added. *(Source: Arab News)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.84	-1.35	KSA	2025	1.11	-0.88
Abu Dhabi	2030	1.91	-3.26	KSA	2030	2.25	-2.44
Abu Dhabi	2050	3.06	-5.84	KSA	2050	3.51	-4.34
Bahrain	2026	4.06	-4.71	Oman	2025	3.36	1.96
Bahrain	2030	5.57	-6.12	Oman	2029	5.02	2.23
Bahrain	2047	7.11	-11.56	Oman	2048	6.66	0.99
Dubai	2029	2.50	-0.94	Qatar	2025	0.98	-2.03
Kuwait	2022	-0.06	-1.72	Qatar	2030	2.02	-3.96
Kuwait	2027	1.29	-2.28	Qatar	2050	3.16	-6.07

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.60	8.08	-0.30	0.62
S&P MENA Bond and Sukuk Index	NA	NA	-0.22	0.11
Bloomberg Emerging Markets USD Index	4.09	6.80	-0.34	-0.52
Bloomberg Global Aggregate Index	1.13	7.42	-0.40	-3.29

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	27/9/2021	31/12/2020	27/9/2021	31/12/2020	27/9/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8071	0.8175	0.8557	0.8700	0.9257	0.9413
BHIBOR	1.5500	2.2500	1.6250	2.5333	1.8000	2.6833
QATAR	1.1427	1.1206	1.2000	1.1960	1.3482	1.3636
AEIBOR	0.4500	0.5125	0.3834	0.4908	0.4412	0.6538
EURIBOR	-0.5430	-0.5450	-0.5230	-0.5260	-0.4880	-0.4990
LIBOR	0.1323	0.2384	0.1554	0.2576	0.2296	0.3419

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.1810	-0.05	-6.0	KWD	0.3012	-0.0332	0.71	Gold	1,759.70	-7.93
2-Year	0.3870	-0.12	95.7	SAR	3.7511	-0.0053	0.02	Silver	22.67	-14.97
5-Year	1.0453	-0.26	143.1	BHD	0.3770	0.0000	0.02	Copper	428.90	21.71
7-Year	1.2782	-0.08	95.3	QAR	3.6420	0.0027	-0.01	Nat. Gas	5.29	93.14
10-Year	1.4830	0.10	60.3	OMR	0.3850	0.0000	0.00	Aluminum	2,910.00	45.23
30-Year	1.7437	0.03	24.4	AED	3.6730	0.0000	0.00	Crude Oil	79.11	55.42

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.27	0.00	0.37	0.00	-0.72	0.00
5-Year	0.95	0.00	0.58	0.00	-0.71	0.00
10-Year	1.46	-0.03	0.92	0.00	-0.39	0.00
30-Year	1.98	0.00	1.23	0.00	0.26	0.00

Sovereign Ratings			
	Moody's	S&P	Fitch
Kuwait	A1	A+	AA
KSA	A1	A-u	A
UAE	Aa2	NR	AA-
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	B3	NR	B-
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	27-Sep 2021	31-Dec 2020
Kuwait	46.86	40.69
KSA	52.20	63.77
Abu Dhabi	42.03	36.03
Dubai	88.12	104.06
Qatar	42.01	36.70
Bahrain	268.93	233.58
Oman	256.41	353.60
Iraq	501.22	542.74
Egypt	416.36	330.47
Morocco	93.73	102.56
Turkey	418.54	299.47
US	11.96	11.52
UK	7.53	15.13
China	42.42	26.70
Japan	17.07	14.74
Germany	7.60	9.09
France	17.84	14.42