

News Updates

GCC bond market pipeline promising; Bahrain, Oman likely next to issue debt – The pipeline for bond issuances by GCC governments looks strong as Oman and Kuwait are expected to be the next countries to issue the debt instrument. James Swanston, economist for the Mena region at Capital Economics, said following Bahrain's successful \$1 billion dollar bond issuance this month, Oman is now reportedly set to follow suit with a \$3-\$4 billion issuance. Elsewhere, Kuwait's government is rumored to be considering passing a long-awaited debt law, which would allow them to issue debt locally and internationally, in an emergency decree if parliament continues to reject it. (Source: Zawya)

UAE-based NMC Healthcare placed in administration – UAE-based NMC Healthcare has been placed in the hands of administrators by the Abu Dhabi Global Markets Courts (ADGM). According to a statement, the “light touch” administration process, which relates directly to 36 businesses operating in the UAE, will allow for financial restructuring on “high levels of debt” discovered earlier in the year. It will also allow the group of entities to secure an additional \$325 million financing facility “whilst protecting the businesses from creditor action”, the statement added. (Source: Bloomberg)

Bahrain's economy shrank by 8.9% in second-quarter amid coronavirus restrictions – Bahrain's economy contracted by 8.9% year on year in the second quarter, government data showed on Sunday, as the small Gulf state suffered from restriction measures to contain the new coronavirus. Hotel and restaurant activity declined by 61.3% compared to the same period a year earlier. The oil sector increased by 3.2% at constant prices, while the non-oil economy declined by 11.5%. (Source: Reuters)

Egypt set to issue first green sovereign bond – In a bid to seek more ways to widen its sources of financing and investors, Egypt is preparing to sell its first-ever green bond, the Ministry of Finance said. Green bonds is one of the financing options available to private firms and public entities to support climate and environmental investments. The issuance will be the first such one in the Middle East and North Africa region. Egypt hopes to raise \$500 million from the issuance. Four entities were chosen to manage the sale, including Citibank, Credit Agricole SA, Deutsche Bank and HSBC Holdings Plc. According to the ministry, Egypt has a range of green projects estimated at about \$1.9 million among them pollution reduction, renewable energy, clean transportation and sustainable water management. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.05	4.38	KSA	2025	1.52	5.34
Abu Dhabi	2030	1.74	8.31	KSA	2030	2.29	8.47
Abu Dhabi	2050	2.78	18.19	KSA	2050	3.41	7.21
Bahrain	2026	4.49	-5.67	Oman	2025	5.71	-6.98
Bahrain	2030	5.92	7.82	Oman	2029	7.15	-11.95
Bahrain	2047	6.94	-13.02	Oman	2048	8.31	-17.67
Dubai	2029	2.77	1.44	Qatar	2025	1.12	6.14
Kuwait	2022	0.68	1.06	Qatar	2030	1.92	10.28
Kuwait	2027	1.46	4.15	Qatar	2050	2.92	20.53

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.78	8.08	0.21	4.95
S&P MENA Bond and Sukuk Index	2.21	NA	0.05	6.66
Bloomberg Emerging Markets USD Index	4.10	6.80	-0.02	1.88
Bloomberg Global Aggregate Index	0.90	7.42	-0.07	5.35

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	28/09/2020	31/12/2019	28/09/2020	31/12/2019	28/09/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8713	2.2314	0.9200	2.2557	0.9813	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	0.9870	2.2500	1.0726	2.3500	1.3115	2.5333
AEIBOR	0.4600	2.2086	0.5995	2.1914	0.7983	2.2900
EURIBOR	-0.4980	-0.3830	-0.4680	-0.3240	-0.4330	-0.2490
LIBOR	0.2179	1.9084	0.2713	1.9121	0.3693	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2267	0.12	-87.2
2-Year	0.2239	0.14	-86.8
5-Year	0.3403	0.20	-80.3
7-Year	0.4859	0.22	-73.0
10-Year	0.6888	0.21	-63.7
30-Year	1.0703	0.13	-48.8

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3065	-0.0326	-1.09
SAR	3.7508	0.0000	0.02
BHD	0.3771	-0.0027	-0.02
QAR	3.6414	0.0082	0.01
OMR	0.3850	-0.0026	0.00
AED	3.6729	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	0.00
5-Year	0.27	0.00
10-Year	0.66	-0.02
30-Year	1.40	0.01

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.08	0.02
5-Year	-0.10	0.11
10-Year	0.18	0.35
30-Year	0.73	1.06

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.70	0.00
5-Year	-0.74	0.00
10-Year	-0.60	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

	28-Sep 2020	31-Dec 2019
Kuwait	54.17	36.700
KSA	96.67	56.915
Abu Dhabi	53.47	36.090
Dubai	146.36	91.005
Qatar	53.23	36.705
Bahrain	340.49	175.995
Oman	454.32	234.400
Iraq	589.17	383.680
Egypt	438.46	277.420
Morocco	129.67	91.435
Turkey	538.19	282.130
US	15.82	10.810
UK	18.56	16.210
China	49.90	31.205
Japan	16.12	21.042
Germany	9.89	7.080
France	17.00	16.130