

News Updates

Kuwait Finance Ministry to Mull Halving \$66 Billion Debt Ceiling – Kuwait's government will study an idea to lower by half the ceiling on public debt as part of proposed amendments to a law it's struggled to push through parliament, Finance Minister Barak Al-Sheetan said. The finance and economic committee has also suggested reducing the period for borrowing, Al-Sheetan said Sunday after meeting lawmakers. The panel has proposed reducing the limit from 20 billion dinars (\$66 billion) to 10 billion dinars, said the committee's head, Safa Al-Hashem. Liquid assets in Kuwait's Treasury will soon be depleted if oil prices don't improve and if the government can't borrow in local and international markets, the minister has said. The draft bill currently allows for the sale of 30-year bonds over 10 years from the approval date. (Source: Bloomberg)

Dubai Is Said To Be in Talks With Banks for Dollar Sukuk Sale – Dubai is in talks with banks for a possible sale of Islamic bonds in dollars, people familiar with the matter said, as it seeks ways to shore up its finances. The sheikhdom last week sent a request for proposals for a benchmark sukuk offering, the people said, asking not to be identified because the information is private. A final decision hasn't been made and Dubai may decide not to tap the market. A spokesman for Dubai's Department of Finance declined to comment. If Dubai does tap the market, it would follow other governments from the Gulf that have sold dollar debt or started the process since the spread of the coronavirus. Abu Dhabi, the capital of the United Arab Emirates, raised \$5 billion in a three-part offering last week while Bahrain is planning a return to the dollar debt market, according to people familiar with the matter. (Source: Bloomberg)

Bahrain starts preparing its second bond sale this year – Bahrain is planning its second foray into the debt capital markets this year, two sources familiar with the matter said, as the tiny oil-dependent Gulf state seeks to bolster its fragile public finances. Bahrain sent a request for proposals to banks to arrange a potential issuance of U.S. dollar-denominated benchmark bonds, the two sources familiar with the matter said. Benchmark deals are generally upwards of \$500 million. One of the sources said the deal may include both conventional and Islamic bonds, or sukuk. "Bahrain's fiscal position remains fragile and wider GCC fiscal support is vital," Monica Malik, chief economist at Abu Dhabi Commercial Bank, said in a report this month, referring to the six-member Gulf Cooperation Council. Ratings agency Fitch this month downgraded Bahrain further into "junk" territory, citing increases in the budget deficit and government debt, and a sharp gross domestic product contraction. (Source: Zawya)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.02	4.70	KSA	2025	1.56	5.30
Abu Dhabi	2030	1.70	8.78	KSA	2030	2.25	8.96
Abu Dhabi	2050	2.73	19.34	KSA	2050	3.30	9.12
Bahrain	2026	3.93	-3.10	Oman	2025	5.11	-4.79
Bahrain	2030	5.08	14.51	Oman	2029	6.18	-5.97
Bahrain	2047	6.33	-6.28	Oman	2048	7.57	-10.47
Dubai	2029	2.81	1.23	Qatar	2025	1.15	6.19
Kuwait	2022	0.59	1.39	Qatar	2030	1.81	11.29
Kuwait	2027	1.27	5.47	Qatar	2050	2.87	21.65

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.67	8.08	-0.11	5.77
S&P MENA Bond and Sukuk Index	2.16	NA	-0.03	7.19
Bloomberg Emerging Markets USD Index	4.17	6.80	0.04	3.04
Bloomberg Global Aggregate Index	0.91	7.42	0.52	5.90

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	31/08/2020	31/12/2019	31/08/2020	31/12/2019	31/08/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8900	2.2314	0.9429	2.2557	0.9971	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	0.8677	2.2500	0.9922	2.3500	1.2578	2.5333
AEIBOR	0.4650	2.2086	0.6696	2.1914	0.7024	2.2900
EURIBOR	-0.4770	-0.3830	-0.4440	-0.3240	-0.3690	-0.2490
LIBOR	0.2409	1.9084	0.3099	1.9121	0.4453	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2374	0.06	-86.6
2-Year	0.2255	0.22	-86.7
5-Year	0.3448	0.72	-80.1
7-Year	0.5104	0.53	-71.6
10-Year	0.7325	0.39	-61.3
30-Year	1.1287	0.30	-46.0

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3054	0.0983	-0.74
SAR	3.7505	0.0027	0.03
BHD	0.3770	0.0000	0.01
QAR	3.6416	0.0027	0.00
OMR	0.3850	0.0000	-0.01
AED	3.6730	0.0027	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	-0.01
5-Year	0.27	-0.02
10-Year	0.72	0.01
30-Year	1.50	0.00

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.07	0.07
5-Year	-0.01	0.16
10-Year	0.31	0.26
30-Year	0.88	1.18

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.69	0.00
5-Year	-0.68	0.00
10-Year	-0.48	0.00
30-Year	0.06	0.00

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	B2	B+	B+
Oman	Ba3	BB-	BB-
Egypt	B2	B	B+
Lebanon	C	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

	31-Aug 2020	31-Dec 2019
Kuwait	52.530	36.700
KSA	81.230	56.915
Abu Dhabi	44.630	36.090
Dubai	150.340	91.005
Qatar	43.910	36.705
Bahrain	314.040	175.995
Oman	444.150	234.400
Iraq	573.070	383.680
Egypt	426.280	277.420
Morocco	124.540	91.435
Turkey	521.510	282.130
US	13.000	10.810
UK	18.100	16.210
China	34.030	31.205
Japan	15.960	21.042
Germany	9.530	7.080
France	16.180	16.130