

News Updates

Ahli United Bank Hire Advisers for Sukuk Offering – Ahli United Bank mandates banks to arrange global and regional investor calls on Aug. 31 for a fixed-rate senior Islamic sukuk offering. Bank hires HSBC and JPMorgan as joint global coordinators. Bank ABC, Dubai Islamic Bank, Kamco Invest, KFH Capital, Kuwait International Bank and Mashreq Bank are joint lead managers and book runners. Sukuk sale subject to market conditions. (Source: Bloomberg)

Fitch Rates AUB Sukuk Limited's Senior Unsecured Sukuk 'BB+(EXP)' – Fitch Ratings has assigned Ahli United Bank B.S.C.'s (AUB; BB+/bb/Stable) upcoming USD500 million-USD750 million senior unsecured sukuk an expected rating of 'BB+(EXP)'. The sukuk is to be issued through the trustee AUB Sukuk Limited (AUBSL). AUBSL is a special purpose vehicle incorporated in the Cayman Islands and was established solely to issue certificates (sukuk) and enter into the transactions contemplated by the transaction documents. The certificates' expected rating is in line with AUB's 'BB+' Long-Term Issuer Default Rating (IDR), which reflects Fitch's view that default of these senior unsecured obligations would equal a default of AUB in accordance with Fitch's rating definitions. AUB's Long-Term IDR reflects a moderate probability of support from the Kuwaiti authorities, if needed despite the bank being licensed and headquartered in Bahrain. The IDR, which takes into account transfer and convertibility risks, is above the Bahraini sovereign rating (B+/Stable). (Source: Fitch Ratings)

Energy Transition to Challenge OPEC+ Supply Coordination – An accelerating energy transition may bring the oil demand peak closer than originally anticipated by the OPEC+ alliance and challenge its ability to coordinate supply decisions, Fitch Ratings says. The core members of OPEC+ anticipate global oil demand to reach its peak in the late 2030s and to plateau afterwards. However, the accelerating strategies to mitigate climate change risks and the transition to cleaner sources of energy may bring this date forward. For example, the UN Principles for Responsible Investment's Forecast Policy Scenario, which Fitch use as a core stress scenario in their ESG Vulnerability Scores assumes that oil demand will peak in 2026-2028 and start falling steadily thereafter. OPEC is due to publish its 2021 World Oil Outlook in late September, where it may update its long-term forecast taking into account the recent trends in the energy transition. A faster-than-anticipated peak in oil consumption may weaken the OPEC+'s ability to coordinate production, resulting in greater oil price volatility and lower average prices. OPEC+ has been instrumental in smoothing oil price fluctuations via targeted production cuts or increases since the inception in its current format in 2016. However, the alliance members may become more inclined to monetise their vast oil reserves (most Middle Eastern producers have a reserve life of 50 years or longer at the current output levels) and maximise production while demand is still present. This could hamper the alliance's ability to agree on cuts when required to balance crude oil supply and demand. (Source: Fitch Ratings)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.71	-0.73	KSA	2025	1.09	-0.61
Abu Dhabi	2030	1.79	-2.32	KSA	2030	2.16	-1.58
Abu Dhabi	2050	2.97	-4.26	KSA	2050	3.46	-3.49
Bahrain	2026	3.89	-3.96	Oman	2025	3.21	2.59
Bahrain	2030	5.61	-6.27	Oman	2029	4.85	3.43
Bahrain	2047	6.94	-9.82	Oman	2048	6.50	2.98
Dubai	2029	2.45	-0.58	Qatar	2025	0.94	-1.69
Kuwait	2022	0.03	-1.57	Qatar	2030	1.94	-3.24
Kuwait	2027	1.22	-1.88	Qatar	2050	3.11	-5.10

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.56	8.08	0.19	0.92
S&P MENA Bond and Sukuk Index	2.17	NA	0.03	0.32
Bloomberg Emerging Markets USD Index	3.82	6.80	0.04	0.53
Bloomberg Global Aggregate Index	1.03	7.42	-0.07	-2.33

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	01/09/2021	31/12/2020	01/09/2021	31/12/2020	01/09/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7957	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.5667	2.2500	1.6333	2.5333	1.8250	2.6833
QATAR	1.0188	1.1206	1.0833	1.1960	1.3267	1.3636
AEIBOR	0.3617	0.5125	0.4285	0.4908	0.5440	0.6538
EURIBOR	-0.5490	-0.5450	-0.5290	-0.5260	-0.5000	-0.4990
LIBOR	0.1199	0.2384	0.1548	0.2576	0.2351	0.3419

USD Swap Rates

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.1558	0.12	-19.1	KWD	0.3008	0.0000	0.83	Gold	1,817.20	-4.92
2-Year	0.3067	0.68	55.1	SAR	3.7508	0.0000	0.03	Silver	23.89	-10.37
5-Year	0.8851	1.88	105.8	BHD	0.3770	0.0000	0.01	Copper	432.60	22.76
7-Year	1.1230	1.92	71.6	QAR	3.6419	0.0110	0.01	Nat. Gas	4.42	61.36
10-Year	1.3447	1.93	45.3	OMR	0.3850	0.0026	0.00	Aluminum	2,713.00	35.67
30-Year	1.6746	1.05	19.4	AED	3.6731	0.0000	0.00	Crude Oil	72.09	41.63

US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.21	-0.01	0.21	-0.06	-0.71	0.00
5-Year	0.79	-0.08	0.38	-0.10	-0.76	0.00
10-Year	1.33	-0.17	0.71	-0.38	-0.54	0.00
30-Year	1.94	-0.22	1.05	-1.35	0.09	0.00

UK Gilts

German Bunds

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	1-Sep 2021	31-Dec 2020	
Kuwait	46.08	40.69	
KSA	49.78	63.77	
Abu Dhabi	39.99	36.03	
Dubai	85.26	104.06	
Qatar	39.78	36.70	
Bahrain	239.80	233.58	
Oman	234.10	353.60	
Iraq	538.50	542.74	
Egypt	344.04	330.47	
Morocco	90.00	102.56	
Turkey	364.07	299.47	
US	7.84	11.52	
UK	7.63	15.13	
China	31.58	26.70	
Japan	16.21	14.74	
Germany	8.50	9.09	
France	18.54	14.42	