

News Updates

Kuwait parliament approves bill to establish sharia board – Kuwait's parliament approved on Wednesday a draft law to establish a sharia board to oversee banking and Islamic finance, state new agency KUNA reported. The central bank will take over the supervision of the banking sector and ensure it abides by Islamic law. The bank will form the new board and dictate its operations, it added.

Kuwait's holdings of US Treasuries hit \$43bn in December – Kuwait's holdings of US Treasury bonds grew by 4.84% or \$2 billion year-on-year (YoY) in December 2019 to stand at \$43.3 billion as compared to \$41.3 billion, recent data by the US Department of the Treasury showed. On a monthly basis, holdings levelled up by 0.69% when compared to \$43 billion in November. The US Treasury bonds for Kuwait were distributed as \$36.894 billion long-term bonds, while the short-term bonds stood at \$6.426 billion.

Saudi Dar Al Arkan sells \$400 mln seven-year sukuk – Saudi Arabian real estate developer Dar Al Arkan 4300.SE sold \$400 million in seven-year sukuk at 7%, a document from one of the banks leading the deal showed on Wednesday. Dar Al Arkan, which began marketing the Islamic bonds at 7.375-7.5% on Wednesday, hired AlKhair Capital, Citi, Deutsche Bank, Dubai Islamic Bank, Emirates NBD Capital, Mashreqbank, Nomura, Standard Chartered Bank and Warba Bank to lead the deal. The issuer received more than \$1.1 billion in orders for the deal, the document said. The sukuk, or Islamic bonds, will be issued through Dar Al Arkan Sukuk Company Ltd and guaranteed by Dar Al Arkan Real Estate Development.

Citi, Deutsche start talks to sell \$9 bln Dubai port company debt – Citi and Deutsche Bank have started talks with other banks to sell roughly \$9 billion in debt Dubai raised to take full control of DP World and refinance borrowings of Dubai World, sources familiar with the matter said on Wednesday. Dubai announced this week one of its state companies, Port and Free Zone World (PFZW), part of state investment vehicle Dubai World, aims to buy publicly listed shares of port operator DP World in a deal with a \$13.9 billion valuation which will end up adding billions of dollars of debt to DP World's books. DP World's planned de-listing will add leverage to the company, which pushed rating agencies Moody's and Fitch to put the firm under review this week for a potential downgrade. As part of the deal, DP World will borrow \$5.15 billion to fund a dividend to Dubai World, which is the sole shareholder of PFZW, helping it meet outstanding obligations to lenders. The \$9 billion in debt includes the dividend payment, \$2.7 billion for the purchase of the listed shares, and the refinancing of some debt maturities, said one of the sources.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Yield Δ (YTD %)	Sovereigns	Maturity	Yield %	Yield Δ (YTD %)
Abu Dhabi	2027	2.08	-13.06	KSA	2025	2.12	-9.44
Abu Dhabi	2047	3.02	-6.09	KSA	2029	2.57	-9.04
Bahrain	2024	3.27	-4.08	KSA	2049	3.58	-7.43
Bahrain	2029	4.44	-1.82	Oman	2025	3.94	-5.43
Bahrain	2047	5.73	-2.12	Oman	2029	5.02	-5.56
Dubai	2023	2.37	-2.62	Oman	2048	6.49	-2.49
Dubai	2029	3.02	-3.46	Qatar	2024	1.84	-13.90
Kuwait	2022	1.63	-14.55	Qatar	2028	2.28	-8.49
Kuwait	2027	2.04	-11.80	Qatar	2049	3.27	-6.01

Source: Bloomberg

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.93	7.33	0.06	1.97
S&P MENA Bond and Sukuk Index	2.71	NA	0.05	2.28
Bloomberg Emerging Markets USD Index	4.68	6.28	0.06	2.37
Bloomberg Global Aggregate Index	1.27	7.27	-0.26	0.22

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	20/02/2020	31/12/2019	20/02/2020	31/12/2019	20/02/2020	31/12/2019
KIBOR	2.5000	2.7500	2.7500	2.9375	3.0625	3.1875
SAIBOR	2.1357	2.2314	2.1514	2.2557	2.2043	2.3071
BHIBOR	2.1500	2.2500	2.6333	2.7000	2.7667	2.8333
QATAR	2.2988	2.2500	2.3988	2.3500	2.6702	2.5333
AEIBOR	1.9150	2.2086	1.9678	2.1914	2.3563	2.2900
EURIBOR	-0.4030	-0.3830	-0.3580	-0.3240	-0.2920	-0.2490
LIBOR	1.6946	1.9084	1.7149	1.9121	1.7719	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	1.5704	-0.94	-11.3	KWD	0.3065	-0.1665	-1.09
2-Year	1.4424	-1.03	-15.0	SAR	3.7511	-0.0027	0.02
5-Year	1.3896	-1.23	-19.6	BHD	0.3770	0.0000	0.01
7-Year	1.4249	-1.21	-20.7	QAR	3.6669	-0.0218	-0.20
10-Year	1.4985	-1.16	-20.9	OMR	0.3855	-0.0649	-0.01
30-Year	1.6676	-1.01	-20.3	AED	3.6731	0.0000	0.00

US Treasuries

	UK Gilt		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	1.42	0.02	0.50	0.00
5-Year	1.40	0.06	0.46	0.04
10-Year	1.55	0.12	0.60	0.11
30-Year	2.00	0.26	1.08	0.43

Sovereign Ratings

	Sovereign Ratings		
	Moody's	S&P	Fitch
Abu Dhabi	Aa2	AA	AA
Bahrain	B2	B+	BB-
Kuwait	Aa2	AA	AA
Oman	Ba1	BB	BB+
Qatar	Aa3	AA-	AA-
KSA	A1	A-	A
UAE	Aa2	NR	NR
Egypt	B2	B	B+
Lebanon	Caa2	CCC	CC
Turkey	B1	B+	BB-
Tunisia	B2	NR	B+
Morocco	Ba1	BBB-	BBB-
Jordan	B1	B+	BB-
China	A1	A+	A+
UK	Aa2	AA	AA
USA	Aaa	AA+	AAA

USD 5-Year CDS

	YTD Δ (%)
Abu Dhabi	36.960
Kuwait	35.970
Dubai	64.010
Bahrain	165.530
Qatar	39.000
KSA	58.670
Egypt	251.050
Lebanon	6384.210
Turkey	259.960
Iraq	394.140
Morocco	76.400
China	33.854
France	13.390
Germany	6.470
Japan	17.770
UK	16.890
US	12.570