

## News Updates

**Dubai Islamic Bank closes lowest ever yielding AT1 sukuk** – Dubai Islamic Bank (DIB), rated A3 by Moody's and A by Fitch, has successfully priced a \$1 billion perpetual non-call 5.5 years additional tier 1 sukuk with a profit rate of 4.625% per annum. This transaction carries the lowest ever yield achieved by any bank globally on an AT1 Sukuk issue and is the only AT1 Sukuk from the GCC in 2020. The sukuk attracted more than 150 high-quality investors and the success of DIB's offering can be gauged by the substantial international interest in the Sukuk as the orderbook peaked at \$5.7 billion - representing a 5.7x subscription on the issue. (Source: Trade Arabia)

**Bahrain first in GCC to allow use of convertible notes** – Bahrain has become the first in the GCC to allow businesses to raise capital via convertible notes – a type of loan which means lenders can be repaid in equity rather than cash. The GDN reported on Sunday that the latest amendment to the Bahrain Commercial Companies Law (BCCL) will enable firms to introduce employee share schemes and to raise funding via convertible notes. Providing for the use of these debt instruments will make it easier for start-ups and scale-ups in Bahrain to raise capital, experts have said. The change, introduced by legislative decree on September 28, 2020, is intended to further improve Bahrain's business environment and bring the BCCL in line with global best practices. “Convertible notes are a debt instrument that provide startups with a simpler, cheaper and faster means of raising capital without having to establish a valuation at an early stage. By granting incentives for early investors such as discount rates, this instrument can attract a wider range of capital. These developments are empowering new growth for locally registered businesses – especially start-ups and SMEs with global ambitions”, Economic Development Board head of start-ups Pakiza Abdulrahman stated. (Source: Bloomberg)

**Egypt Cuts Rates for Second Time in Boost for Virus-Hit Economy** – Egypt cut interest rates for a second consecutive meeting, seeking to give a boost to local businesses battling with the impact of the coronavirus. The central bank reduced the benchmark deposit rate 50 basis points to 8.25%, the Monetary Policy Committee said Thursday in a statement. Seven of 12 economists surveyed by Bloomberg had predicted the cut. The lending rate was reduced by the same amount to 9.25%. The decision follows combined cuts of 350 basis points earlier in the year and could help reduce the financing costs of Egypt's budget deficit while adding fuel to a fledgling revival of the private sector. Business activity in the North African nation posted a six-year high in October, although concerns over further unemployment and potential new Covid-19-related restrictions continue to dog the economy. (Source: Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.86	5.23	KSA	2025	1.18	6.79
Abu Dhabi	2030	1.56	9.88	KSA	2030	2.02	10.98
Abu Dhabi	2050	2.68	20.45	KSA	2050	3.17	11.67
Bahrain	2026	3.54	-1.84	Oman	2025	4.86	-3.85
Bahrain	2030	5.01	14.86	Oman	2029	6.07	-5.21
Bahrain	2047	6.27	-5.70	Oman	2048	7.42	-8.77
Dubai	2029	2.43	3.69	Qatar	2025	0.92	6.69
Kuwait	2022	0.37	1.28	Qatar	2030	1.66	12.48
Kuwait	2027	1.14	5.89	Qatar	2050	2.75	24.23

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.57	8.08	0.15	7.59
S&P MENA Bond and Sukuk Index	2.05	NA	0.17	8.70
Bloomberg Emerging Markets USD Index	3.82	6.80	-0.02	4.24
Bloomberg Global Aggregate Index	0.91	7.42	0.14	6.69

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	15/11/2020	31/12/2019	15/11/2020	31/12/2019	15/11/2020	31/12/2019
KIBOR	1.3750	2.7500	1.6250	2.9375	1.9375	3.1875
SAIBOR	0.8388	2.2314	0.8888	2.2557	0.9550	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	0.9732	2.2500	1.0890	2.3500	1.2397	2.5333
AEIBOR	0.4511	2.2086	0.6938	2.1914	0.7991	2.2900
EURIBOR	-0.5140	-0.3830	-0.5030	-0.3240	-0.4690	-0.2490
LIBOR	0.2220	1.9084	0.2460	1.9121	0.3394	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2197	0.14	-87.6
2-Year	0.2626	0.37	-84.5
5-Year	0.4667	1.66	-73.0
7-Year	0.6566	1.67	-63.5
10-Year	0.8943	1.76	-52.8
30-Year	1.3146	1.41	-37.1

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3058	-0.0654	-0.90
SAR	3.7505	0.0080	0.03
BHD	0.3771	0.0000	-0.01
QAR	3.6412	0.0137	0.01
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.18	0.00
5-Year	0.41	-0.07
10-Year	0.90	-0.13
30-Year	1.65	-0.22

Source: Bloomberg

## UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.05	-0.02
5-Year	0.01	0.00
10-Year	0.34	0.09
30-Year	0.92	0.15

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.73	0.00
5-Year	-0.76	0.02
10-Year	-0.62	0.11
30-Year	-0.14	0.53

## 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	B+	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-	BB+
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	15-Nov 2020	31-Dec 2019
Kuwait	39.18	36.700
KSA	65.81	56.915
Abu Dhabi	37.11	36.090
Dubai	112.22	91.005
Qatar	37.53	36.705
Bahrain	308.07	175.995
Oman	396.56	234.400
Iraq	582.90	383.680
Egypt	372.90	277.420
Morocco	105.76	91.435
Turkey	399.24	282.130
US	13.32	10.810
UK	16.85	16.210
China	30.35	31.205
Japan	14.82	21.042
Germany	9.45	7.080
France	15.48	16.130