

News Updates

Kuwait passes law to protect ailing companies, attract investors –

The Kuwaiti parliament has approved a law to increase protection for troubled businesses and provide two new options before they are forced to declare bankruptcy, a parliamentary committee report showed. Under the 40-year-old previous law, failure to make debt repayments meant automatic bankruptcy and the defaulter faced penalties, including imprisonment, deprivation of political rights and travel bans. The new law does not treat failure to pay debt as a criminal offence, unless it is fraudulent. It also allows bankruptcy to be avoided either by a settlement with creditors or a restructuring plan. This law is "one of the most important laws supporting improving the business environment and attracting foreign investment," the committee report said. "It contains clear legal rules and standards that preserve the rights of investors and achieves a balance between the creditor and the debtor." (Source: Zawya)

Kuwait's state oil company picks adviser to merge units –

Kuwait Petroleum Corp. is hiring a consultant to help merge its subsidiaries as the state-run company slashes capital spending by more than 25 percent over the next five years. KPC will combine its eight business units into four to streamline operations, according to a person familiar with the matter. To make the change as smooth as possible, it plans to sign with a consultant next month, the person said, asking not to be identified because they haven't finalised the contract. To chop five-year capital spending to 19.8 billion dinars (\$65bn), KPC cancelled some projects and postponed others, including exploration. It also pushed back some expected acquisitions by a subsidiary, Kuwait Foreign Petroleum Exploration Co., the person said. Kuwait's Supreme Petroleum Council, which oversees the OPEC member's oil industry, has approved the merger plan. (Source: Reuters)

Saudi Arabia Raises 500 Million Riyals in Domestic Sukuk Offer –

Saudi Arabia raised 500 million riyals (\$133 million) from its local Sukuk offering in August, the finance ministry said Saturday in an emailed statement. First tranche of 100 million riyals, a total tranche size of 6.125 billion riyals, matures in 2028. Second tranche of 400 million riyals, a total tranche size of 13.515 billion riyals, matures in 2035 (Source: Bloomberg)

Abu Dhabi in talks with banks for new international bond deal, sources say –

The government of Abu Dhabi is in talks with banks for a new international bond issue, sources said, having already raised \$10 billion via debt issues this year to prop up its finances amid low oil prices and the coronavirus crisis. Hydrocarbon-dependent Gulf states have raised billions of dollars to refill state coffers this year and more deals are expected in coming months, with ratings agency S&P predicting a record \$100 billion jump in debt this year. Oil-rich Abu Dhabi - rated AA by Fitch and S&P and Aa2 by Moody's, making it overall the highest-rated sovereign issuer in the Gulf - raised \$10 billion through an initial \$7 billion bond in April which was re-opened the following month. (Source: Zawya)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.02	4.77	KSA	2025	1.53	5.47
Abu Dhabi	2030	1.65	9.32	KSA	2030	2.19	9.64
Abu Dhabi	2050	2.61	22.19	KSA	2050	3.16	11.93
Bahrain	2026	4.04	-3.49	Oman	2025	5.20	-5.17
Bahrain	2030	5.10	14.60	Oman	2029	6.28	-6.66
Bahrain	2047	6.36	-6.66	Oman	2048	7.61	-10.83
Dubai	2029	2.72	1.85	Qatar	2025	1.06	6.64
Kuwait	2022	0.58	1.43	Qatar	2030	1.75	11.94
Kuwait	2027	1.25	5.62	Qatar	2050	2.68	26.01

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.63	8.08	0.12	6.50
S&P MENA Bond and Sukuk Index	2.10	NA	0.13	8.10
Bloomberg Emerging Markets USD Index	4.17	6.80	0.11	3.29
Bloomberg Global Aggregate Index	0.87	7.42	-0.14	5.83

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	23/08/2020	31/12/2019	23/08/2020	31/12/2019	23/08/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.9014	2.2314	0.9514	2.2557	1.0029	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	1.1458	2.2500	1.2224	2.3500	1.3634	2.5333
AEIBOR	0.5637	2.2086	0.6525	2.1914	0.7643	2.2900
EURIBOR	-0.4870	-0.3830	-0.4410	-0.3240	-0.3760	-0.2490
LIBOR	0.2500	1.9084	0.3144	1.9121	0.4410	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2306	-0.13	-87.0
2-Year	0.2189	-0.04	-87.1
5-Year	0.3150	-0.59	-81.8
7-Year	0.4470	-0.98	-75.1
10-Year	0.6298	-1.41	-66.8
30-Year	0.9668	-2.15	-53.8

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3053	0.0491	-0.74
SAR	3.7506	0.0000	0.02
BHD	0.3770	0.0000	0.02
QAR	3.6417	0.0000	0.00
OMR	0.3850	0.0000	-0.01
AED	3.6729	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.14	0.00
5-Year	0.26	0.04
10-Year	0.63	0.23
30-Year	1.34	1.07

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.06	0.02
5-Year	-0.05	0.07
10-Year	0.20	0.21
30-Year	0.78	0.73

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.71	0.00
5-Year	-0.73	0.05
10-Year	-0.58	0.12
30-Year	-0.08	0.13

Source: Bloomberg

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	B2u	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

	23-Aug 2020	31-Dec 2019
Kuwait	52.490	36.700
KSA	84.270	56.915
Abu Dhabi	45.840	36.090
Dubai	153.340	91.005
Qatar	45.180	36.705
Bahrain	294.270	175.995
Oman	452.640	234.400
Iraq	594.190	383.680
Egypt	424.270	277.420
Morocco	121.860	91.435
Turkey	542.670	282.130
US	13.030	10.810
UK	19.660	16.210
China	37.580	31.205
Japan	16.000	21.042
Germany	10.190	7.080
France	17.520	16.130