

## News Updates

**Warba Bank receives regulatory approval for KWD 150m Sukuk** – Warba Bank has received approval from the Central Bank of Kuwait and the Capital Markets Authority (CMA) for the second issuance of Sukuk at a value not exceeding KWD 150 million. The issuance is part of a Sukuk programme at a maximum value of \$2 billion or its equivalent in other currencies, the bank said in a statement to Boursa Kuwait on Wednesday. The deal will have a significant impact on the lender’s financial position, by “enhancing the bank’s liquidity and diversifying funding sources as well as the bank’s general commercial purposes.” It is noteworthy to mention that in 2019, Warba Bank achieved net profits of KWD 16.5 million, up from KWD 12.74 million in 2018. (Source: Mubasher)

**Fitch revises Burgan Bank Turkey's outlook to negative** – Fitch Ratings has revised the outlook on the long-term foreign-currency issuer default ratings (LTFC IDRs) of nine Turkish foreign-owned banks, including Burgan Bank Turkey, to negative from stable. The lender’s LTFC IDR has been affirmed at 'B+', Burgan Bank said in a statement to Boursa Kuwait on Wednesday. In addition, the bank’s long-term local-currency issuer default rating (LTLC IDR) has been affirmed at 'BB-'. The rating “reflect[s] Fitch’s view that the weakening of Turkey’s external finances is increasing the risk of government intervention in the banking sector, which could impede the ability of all banks in the sector to service their foreign currency obligations,” the international credit rating agency said. (Source: Mubasher)

**Moody’s downgrades Arabian Centres ratings** – Moody’s Investors Service has downgraded Arabian Centres Company’s (ACC) corporate family rating (CFR) to ‘Ba2’ from ‘Ba1’. The rating on the \$500 million Sukuk, which was issued by Arabian Centres Sukuk Limited and due in 2024, was downgraded to ‘Ba3’ from ‘Ba2’, according to a press release on Tuesday. Meanwhile, all ratings were placed on review for downgrade and the outlook has been changed to ratings under review from stable. The downgrade of the CFR was caused by an expected rise in leverage stemming from a likely decrease in rental income over the next 12 months due to the business disruptions resulted from the coronavirus (COVID-19) outbreak. The Ba2 rating on the CFR captures the long-term positive fundamentals for shopping mall operators in Saudi Arabia, ACC’s adequate liquidity profile with no material debt maturing before 2024, and the company’s strong market position. (Source: Mubasher)

**Goldman Says Sovereign HY Issuance May Climb to \$50b This Year** – Dollar bond issuance by high-yield emerging-market sovereigns may rise to at least \$50b this year from the current \$20b if risk sentiment keeps improving, Goldman Sachs Group says. Egypt’s \$5b debt sale last week was the first time since February a HY sovereign has come to the market in size, and this is expected to be followed by BB rated issuers such as South Africa and Brazil amid an increase in funding needs, analyst Sara Grut in London writes in report. EM sovereign spread over Treasuries below 450 bps could spur more HY issuance; yield premium was at 520 bps on Tuesday, based on a JPMorgan index. (Source: Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.88	2.97	KSA	2025	1.91	1.14
Abu Dhabi	2047	3.07	1.91	KSA	2029	2.47	1.97
Bahrain	2024	4.94	-5.92	KSA	2049	3.82	0.20
Bahrain	2029	6.29	-12.32	Oman	2025	6.07	-9.05
Bahrain	2047	7.27	-16.54	Oman	2029	8.30	-18.76
Dubai	2023	1.21	1.76	Oman	2048	8.84	-22.51
Dubai	2029	3.25	-1.94	Qatar	2024	1.54	1.61
Kuwait	2022	1.19	0.82	Qatar	2028	2.19	1.27
Kuwait	2027	1.79	2.54	Qatar	2049	3.35	2.02

	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+	BB-
Oman	Ba2	BB-	BB
Egypt	B2	B	B+
Lebanon	Ca	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+

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.48	7.32	0.26	-0.31
S&P MENA Bond and Sukuk Index	2.77	NA	0.20	2.07
Bloomberg Emerging Markets USD Index	5.11	6.26	0.42	-2.99
Bloomberg Global Aggregate Index	1.05	7.33	0.27	1.48

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	28/05/2020	31/12/2019	28/05/2020	31/12/2019	28/05/2020	31/12/2019
KIBOR	1.6875	2.7500	1.9375	2.9375	2.1875	3.1875
SAIBOR	1.0900	2.2314	1.1529	2.2557	1.1843	2.3071
BHIBOR	2.2333	2.6667	2.3167	2.7000	2.5583	2.8333
QATAR	1.2298	2.2500	1.2661	2.3500	1.3716	2.5333
AEIBOR	0.8785	2.2086	1.2516	2.1914	1.3099	2.2900
EURIBOR	-0.2740	-0.3830	-0.1330	-0.3240	-0.0780	-0.2490
LIBOR	0.3713	1.9084	0.5716	1.9121	0.6798	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.3052	-0.64	-82.8
2-Year	0.2661	-0.16	-84.3
5-Year	0.3796	-0.39	-78.0
7-Year	0.5077	-1.40	-71.8
10-Year	0.6678	-2.26	-64.8
30-Year	0.9613	-2.74	-54.0

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3088	0.0000	-1.86
SAR	3.7580	0.0027	-0.13
BHD	0.3777	0.0000	-0.09
QAR	3.6414	0.0000	0.01
OMR	0.3850	0.0000	0.01
AED	3.6731	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.18	-0.02
5-Year	0.34	0.04
10-Year	0.68	0.20
30-Year	1.43	0.42

## UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.04	0.01
5-Year	0.09	0.09
10-Year	0.19	0.27
30-Year	0.61	0.79

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.63	-0.02
5-Year	-0.62	-0.06
10-Year	-0.45	-0.16
30-Year	0.02	-0.43

Source: Bloomberg

USD 5Yr CDS	28-May 2020	31-Dec 2019
Kuwait	88.660	36.700
KSA	135.300	56.915
Abu Dhabi	90.050	36.090
Dubai	202.250	91.005
Qatar	90.060	36.705
Bahrain	426.160	175.995
Oman	604.090	234.400
Iraq	881.670	383.680
Egypt	560.010	277.420
Morocco	143.680	91.435
Turkey	540.290	282.130
US	14.080	10.810
UK	27.430	16.210
China	49.320	31.205
Japan	21.360	21.042
Germany	18.910	7.080
France	31.720	16.130