

News Updates

IFA repays first installment in KWD 25m loan – International Financial Advisors (IFA) has repaid KWD 3 million (\$9.8 million) as the first installment in a loan amounting to KWD 24.98 million (\$81.9 million). The completion of the first payment as agreed in the fourth quarter (Q4) 2020 will result in a profit deduction of KWD 18.98 million as per the signed contract, according to the company's disclosure to Boursa Kuwait on Thursday. *(Source: Mubasher)*

Oman Downgraded to B+ by S&P, Outlook Stable – Oman's sovereign rating was cut for the second time in 2020 by S&P Global Ratings as lower crude revenue and the virus pandemic take a heavy toll on the country's finances. S&P took Oman a notch lower to B+, four levels into its non-investment grade scale, according to a statement Friday. The outlook on the rating is stable. The Gulf nation had already been downgraded twice this year by both Moody's. Investors Service and Fitch Ratings. S&P's rating is now one level lower than both Moody's and Fitch. "Oman's public sector finances, as indicated by the net debt level, will materially weaken over the next three years, notwithstanding the implementation of measures to reduce fiscal deficits, S&P said. "This is partly driven by our assumptions of restrained oil price growth and slow economic recovery from the Covid-19 pandemic." *(Source: Bloomberg)*

Shuaa Capital Mandates Banks for New USD Regs Bond and Exchange Offer – Shuaa Capital mandates First Abu Dhabi Bank and Standard Chartered Bank as joint global coordinators, and Bank of Sharjah, First Abu Dhabi Bank, Emirates NBD Capital, Mashreqbank, and Standard Chartered Bank as joint lead managers and bookrunners to arrange a series of fixed income investor calls commencing on Oct. 15. A fixed rate USD Regulation S unrated 3-year bond with a size of up to \$150 million will follow subject to market conditions. In addition, Shuaa invited holders of the outstanding existing \$100 million guaranteed 6.75 percent bonds due 2020 issued by ADFG FC Ltd. to offer to exchange any and all of their existing notes for new U.S.\$ denominated notes due 2023 to be issued by Shuaa Capital Bond 1 Ltd. *(Source: Bloomberg)*

Sukuk an Option as Tunisia Budgets 19.5b Dinars in New Debt – Tunisia's government plans to raise 16.6 billion dinars (\$6 billion) in new external debt and 2.9 billion dinars in domestic debt next year to help finance expenditure and cover the budget deficit, according to an official document outlining the draft bill and seen by Bloomberg. Budget deficit in 2021 projected to reach 8 billion dinars. Govt allowed to offer up to 7 billion dinars in "state guaranteed" loans or sukuks. Bill proposes flat 18% corporate tax; lowers import tax on tobacco products "to fight contraband". *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.87	5.09	KSA	2025	1.15	7.16
Abu Dhabi	2030	1.60	9.55	KSA	2030	1.91	12.12
Abu Dhabi	2050	2.67	20.77	KSA	2050	3.18	11.57
Bahrain	2026	4.06	-3.89	Oman	2025	5.05	-4.59
Bahrain	2030	5.53	10.79	Oman	2029	6.48	-7.98
Bahrain	2047	6.62	-9.60	Oman	2048	7.70	-11.78
Dubai	2029	2.48	3.41	Qatar	2025	0.96	6.80
Kuwait	2022	0.25	1.62	Qatar	2030	1.65	12.64
Kuwait	2027	1.16	6.03	Qatar	2050	2.71	25.34

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-	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	2.58	8.08	0.17	7.08
S&P MENA Bond and Sukuk Index	2.06	NA	0.07	8.51
Bloomberg Emerging Markets USD Index	3.95	6.80	0.09	2.96
Bloomberg Global Aggregate Index	0.88	7.42	0.11	6.21

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	18/10/2020	31/12/2019	18/10/2020	31/12/2019	18/10/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.0625	3.1875
SAIBOR	0.8563	2.2314	0.9063	2.2557	0.9713	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.1667	2.2500	1.2333	2.3500	1.3667	2.5333
AEIBOR	0.4353	2.2086	0.6603	2.1914	0.8279	2.2900
EURIBOR	-0.5090	-0.3830	-0.4980	-0.3240	-0.4680	-0.2490
LIBOR	0.2184	1.9084	0.2575	1.9121	0.3350	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2109	-0.01	-88.1
2-Year	0.2315	0.14	-86.4
5-Year	0.4004	0.58	-76.8
7-Year	0.5607	0.82	-68.8
10-Year	0.7791	0.90	-58.9
30-Year	1.1798	0.34	-43.6

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3060	0.0000	-0.95
SAR	3.7512	-0.0053	0.01
BHD	0.3771	0.0000	-0.01
QAR	3.6415	-0.0027	0.01
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.14	-0.01
5-Year	0.32	-0.04
10-Year	0.75	-0.12
30-Year	1.53	-0.34

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.07	-0.01
5-Year	-0.08	0.00
10-Year	0.18	-0.07
30-Year	0.73	-0.14

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.78	0.00
5-Year	-0.82	0.03
10-Year	-0.68	0.10
30-Year	-0.21	0.02

Source: Bloomberg