

News Updates

Tijari Decides on Date for First Bondholders Association Meeting of Second Tranche – Commercial Bank of Kuwait (Tijari) has decided to hold the first bondholders associate meeting of the second tranche on Monday, 22 July 2024 at 10:30 am in the Bank’s Head Office. The meeting will discuss and adopt the bylaws of the association of the holders of the second tranche bonds issues by Tijari under the subordinated Tier 2 Bonds Issuance Program as well as elect the legal representative of the bondholders’ associate and define his powers.

FAB Sets Marker for Tier 2 Debt – First Abu Dhabi Bank became the first issuer from the Gulf to sell a Tier 2 bond this year, placing a US\$750m 10.5-year non-call 5.5 note on Tuesday. The region's banks had focused exclusively on AT1 issuance in 2024 in terms of capital trades but FAB had no problems. It had only been nine months since the bank's last Tier 2 deal, which was a US\$1bn April 2034 bond with a first reset in April 2029. That bond was spotted by the leads at 151bp over Treasuries. Books opened on this latest transaction at the 185bp area over Treasuries. A banker close to the deal said investors were focused more on the spread pickup over FAB's senior debt, than on how much it was coming inside its AT1s. He said the fair value level was an implied 65bp pickup over the senior curve based on the senior/Tier 2 differential for European banks. That suggested that fair value was at plus 155bp, which is exactly where the deal priced, off books of more than US\$2.15bn. While the relative premium over senior debt was similar to European banks, the all-in cost was lower for FAB (Aa3/AA-/AA-) compared with its European counterparts. "It was well inside European all-in levels," said the banker. The FAB bond priced at a yield of 5.804%. Unlike most GCC issues, most buyers came from outside the region. The banker said the non-regional allocation was about 80%.

Kuwait Says Government Spending Must be Fixed to Control Budget Growth – Kuwait's budget is projected to show a deficit of 5.6 billion dinars (\$18.33 billion) for the 2024-2025 fiscal year, with expenses estimated at 24.5 billion dinars and revenues at 18.9 billion dinars, the Ministry of Finance announced on Sunday. Government spending must be fixed at 24.5 billion Kuwaiti dinars in the 2027-2028 budget to control budget growth, it added. The liquidity of the General Reserve Fund, from which the budget deficit is financed, decreased to 2 billion dinars last March from 33.6 billion ten years ago due to increasing withdrawals, the Ministry of Finance said.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.66	-0.69	KSA	2027	4.86	0.08
Abu Dhabi	2029	4.71	-2.09	KSA	2029	4.81	-1.73
Abu Dhabi	2031	4.56	-1.28	KSA	2032	4.93	-1.88
Abu Dhabi	2050	5.22	-3.46	KSA	2050	5.70	-4.05
Bahrain	2028	5.98	0.01	Oman	2027	5.40	-0.92
Bahrain	2031	6.56	0.87	Oman	2031	5.55	-1.62
Bahrain	2051	7.61	0.81	Oman	2051	6.43	-0.93
Dubai	2029	4.36	0.20	Qatar	2028	4.59	-1.98
Dubai	2050	5.78	-0.92	Qatar	2030	4.57	-3.50
Kuwait	2027	4.93	-1.41	Qatar	2050	5.17	-3.76

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.41	6.57	0.04	1.18
S&P MENA Bond and Sukuk Index	5.22	7.05	0.04	0.73
Bloomberg Emerging Markets USD Index	6.95	6.01	0.12	3.62
Bloomberg Global Aggregate Index	3.75	6.54	0.26	-1.47

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	15/07/2024	31/12/2023	15/07/2024	31/12/2023	15/07/2024	31/12/2023
KIBOR	4.31	4.00	4.50	4.25	4.69	4.56
SAIBOR	6.20	5.34	5.95	5.60	5.82	5.87
BHIBOR	6.35	6.14	6.34	6.27	6.33	6.55
QATAR	6.03	5.28	6.10	5.42	6.25	5.58
AEIBOR	5.19	4.31	5.16	4.94	5.11	5.04
EURIBOR	3.66	2.13	3.66	2.69	3.56	3.29
LIBOR	5.57	4.77	5.59	5.14	6.04	5.48
SOFR	5.30	5.33	5.21	5.16	4.96	4.77

USD Swap Rates

	USD Swap Rates			Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)		
1-Year	4.83	0.13	1.54	KWD	0.3507	0.00	0.55	Crude Oil	85.12	12.26
2-Year	4.28	-1.10	5.36	SAR	3.7508	0.00	-0.02	Gold	2,417.0	13.60
5-Year	3.81	-1.00	7.94	EUR	1.0894	-0.12	-1.31	Silver	31.15	26.12
7-Year	3.75	-0.86	7.89	GBP	1.2976	-0.09	1.92	Copper	457.60	16.26
10-Year	3.75	-0.70	7.86	JPY	157.9400	-0.08	-10.69	Nat. Gas	2.25	-16.31
30-Year	3.61	-0.49	8.84	CNH	7.2744	-0.03	-2.05	Aluminum	2,416.88	-0.85

US Treasuries

	US Treasuries		UK Giltis		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
1-Year	4.86	-0.86	4.61	0.02	NA	NA
2-Year	4.45	0.11	4.08	0.00	3.27	0.02
5-Year	4.10	0.18	3.95	-0.09	2.54	-0.10
10-Year	4.18	0.22	4.11	-0.27	2.40	-0.24
30-Year	4.40	0.39	4.61	-0.43	2.67	-0.54

Sovereign Ratings

	Sovereign Ratings		
	Moody's	S&P	Fitch
Kuwait	A1	A+	AA-
KSA	A1	Au	A+
UAE	Aa2	NR	AA-
Abu Dhabi	Aa2	AA	AA
Qatar	Aa2	AA	AA-
Bahrain	B2	B+	B+
Oman	Ba1	BB+	BB+
Egypt	Caa1	B-	B-
Lebanon	C	SD	RDu
Jordan	Ba3	B+	BB-
Turkey	B3	B+u	B
Tunisia	Caa2	NR	CCC-
Morocco	Ba1	BB+	BB+u
US	Aaa	AA+u	AAAu
UK	Aa3	AAu	AA-u
China	A1	A+	A+u

USD 5Yr CDS	15-Jul 2024	31-Dec 2023
Kuwait	52.16	35.96
KSA	49.76	50.21
Abu Dhabi	38.03	39.60
Dubai	57.99	60.36
Qatar	37.99	43.52
Bahrain	175.83	198.10
Oman	91.59	112.12
Iraq	347.02	411.62
Egypt	NA	NA
Morocco	81.54	109.36
Turkey	253.51	279.01
US	34.20	45.19
UK	16.21	33.74
China	56.54	59.80
Japan	20.57	22.74
Germany	7.90	15.61
France	26.30	22.94

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