

News Updates

Fitch Affirms KFH, AUB on Acquisition Offer, Puts UK Subsidiary on RWP – Fitch Ratings has affirmed Kuwait Finance House K.S.C.P's (KFH), Ahli United Bank B.S.C.'s (AUB) and Ahli United Bank K.S.C.P's (AUBK) Long-Term Issuer Default Ratings (IDRs). It has also placed the Long-Term IDR of Ahli United Bank (UK) PLC (AUBUK) on Rating Watch Positive (RWP). The rating actions follow the announcement on 25 July 2022 of KFH's firm intention to make an offer to acquire up to 100% of AUB by way of a share swap. On completion of the acquisition, AUB would become a subsidiary of KFH and AUB's shareholders would become shareholders in KFH. AUB's subsidiaries would become part of the KFH group, and KFH would plan to convert both AUB and its subsidiaries into sharia-compliant units. The acquisition would make KFH the second-largest Islamic bank globally by assets behind Al Rajhi Bank of Saudi Arabia. KFH's market share in Kuwait would increase to 28% from 22% of domestic assets, as per Fitch calculations, remaining behind National Bank of Kuwait S.A.K.P (including its subsidiary Boubyan Bank: 33%). KFH would though become the largest bank in Bahrain by total assets, following a likely merger between AUB and KFH's existing Bahraini subsidiary. *(Source: Fitch Ratings)*

ECB injects billions of euros into weaker eurozone debt markets – The European Central Bank is using its pandemic-era bond-buying programme to shield highly indebted eurozone countries from the effects of its decision to unwind stimulus programmes in its bid to fight inflation. The central bank concluded net purchases under its pandemic emergency purchase programme in March, but is focusing reinvestments of maturing bonds on the bloc's more financially fragile members. The reinvestments highlight the ECB's eagerness to keep a lid on borrowing costs for countries and prevent a eurozone debt meltdown as it pulls back from the accommodative monetary policy that has supported the bloc since the debt crisis a decade ago. *(Source: Financial Times)*

Goldman Sachs lower forecast on Brent crude – Goldman Sachs cut its forecast for Brent crude in Q3 2022 to \$110 a barrel, and for the fourth quarter to \$125, compared with previous estimates of \$140 and \$130, respectively. But the US bank, in its note issued on Aug. 7, did not change its price forecast for 2023 at \$125 a barrel. The bank explained that the recent decline in the price of Brent crude was driven by reduced liquidity and escalating concerns, including those related to recession, China's strict policy on COVID-19, and the Chinese real estate sector. *(Source: Argam)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.04	-6.93	KSA	2027	3.09	-5.89
Abu Dhabi	2031	3.35	-10.09	KSA	2032	3.44	-8.75
Abu Dhabi	2050	4.19	-19.22	KSA	2050	4.73	-18.80
Bahrain	2028	5.82	-5.34	Oman	2027	5.15	-4.34
Bahrain	2032	6.95	-8.75	Oman	2032	5.83	-4.64
Bahrain	2051	8.19	-14.94	Oman	2051	7.18	-7.48
Dubai	2029	3.81	-8.21	Qatar	2026	3.13	-6.18
Dubai	2050	5.62	-21.52	Qatar	2030	3.50	-9.84
Kuwait	2027	3.19	-7.25	Qatar	2050	4.21	-17.79

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.45	8.08	0.14	-8.35
S&P MENA Bond and Sukuk Index	4.03	NA	0.02	-8.73
Bloomberg Emerging Markets USD Index	6.84	6.80	0.48	-14.67
Bloomberg Global Aggregate Index	2.70	7.42	0.50	-12.41

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	09/08/2022	31/12/2021	09/08/2022	31/12/2021	09/08/2022	31/12/2021
KIBOR	2.3750	1.5000	2.6250	1.7500	3.0000	2.0000
SAIBOR	3.0025	0.9057	3.4253	0.9829	3.9277	1.0600
BHIBOR	4.1417	1.5167	4.4583	1.6233	5.0917	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	2.5839	0.3645	3.2653	0.7000	3.5773	0.7396
EURIBOR	0.2770	-0.5730	0.6780	-0.5460	1.0230	-0.4980
LIBOR	2.8667	0.2144	3.4256	0.3451	3.8599	0.5888

	USD Swap Rates			Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)		
1-Year	3.6421	-0.79	580.8	KWD	0.3068	-0.0489	-1.39	Crude Oil	96.42	29.75
2-Year	3.4674	-0.77	268.4	SAR	3.7603	-0.0106	-0.10	Gold	1,801.90	-2.12
5-Year	2.9435	-0.06	114.9	EUR	1.0195	-0.0294	-10.34	Silver	20.68	-11.86
7-Year	2.8475	0.10	93.0	GBP	1.2086	0.0248	-10.69	Copper	358.30	-19.13
10-Year	2.8172	0.08	78.2	JPY	134.9500	0.0000	-14.72	Nat. Gas	7.67	110.48
30-Year	2.6940	0.46	55.6	CNH	6.7616	0.0118	-5.98	Aluminum	2,457.50	-12.06

	US Treasuries		UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	3.20	0.01	1.82	0.15	NA	NA
5-Year	2.91	0.00	1.76	0.43	0.40	0.00
10-Year	2.76	0.02	1.95	0.95	0.68	0.00
30-Year	2.98	0.05	2.35	1.40	1.10	0.00

	Sovereign Ratings		
	Moody's	S&P	Fitch
Kuwait	A1	A+	AA-
KSA	A1	A-u	A
UAE	Aa2	NR	AA-
Abu Dhabi	Aa2	AA	AA
Qatar	Aa3	AA-	AA-
Bahrain	B2	B+	B+
Oman	Ba3	BB-	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B2	B+	B
Tunisia	Caa1	NR	CCC
Morocco	Ba1	BB+	BB+
US	Aaa	AA+	AAA
UK	Aa3	AA	AA-
China	A1	A+	A+

USD 5Yr CDS	09-Aug 2022	31-Dec 2021
Kuwait	62.96	40.53
KSA	55.73	50.97
Abu Dhabi	53.07	43.09
Dubai	118.80	89.58
Qatar	54.35	42.55
Bahrain	285.37	286.32
Oman	261.51	254.42
Iraq	713.65	507.35
Egypt	NA	496.58
Morocco	279.57	85.91
Turkey	706.82	555.46
US	18.83	10.01
UK	14.38	8.91
China	76.05	39.86
Japan	21.38	16.23
Germany	14.07	7.53
France	23.50	17.87