

GCC Fixed Income Weekly Review

Global bond index added to previous declines, with the index level dropping to the lowest since May 2020. Hawkish signal by the ECB and two consecutive rate hikes by the BoE rattled bond markets. The sell-off was broad-based- but more concentrated in European sovereign and corporate bonds. In the US, the 10yr UST yields reached near 2% level, the highest level since December 2019. Corporate bonds also suffered losses, led by European credit. EM USD bonds posted another week of losses, amidst the sell-off in the bond market.

Investor interest for GCC bonds dented with the increase in the global bond volatility. Qatar and Saudi Arabia led the losses last week. Similarly, CDS spreads widened across all GCC sovereigns with Bahrain and Oman recording the largest widening in spreads. In the USD sovereign market, bond yields edged higher across the GCC with Oman and Qatar recording the largest jump in yields.

Qatar's government is considering to refinance more than USD10bn worth of debt due for maturity next year. Ministry of Finance officials are in early talks with international banks for a potential syndicated loan or bond sale, however no final decision has been made yet. The government could decide to refinance part of the debt. Qatar did not issue any new government bonds in 2021 and last raised borrowing through its triple-tranche bond deal in April 2020.

In corporate issuances, **Dubai Islamic Bank is planning to issue new dollar-denominated sukuk and has given an initial price guidance of around 120bp over USTs.** The sukuk will be of 5-year maturity. **Saudi Arabia's Riyadh Bank plans to issue new US dollar denominated Tier 1 capital sukuk with an aim to support its capital base and meet its financial and strategic needs.** Separately, after the recent green bond sale by Abu Dhabi's solar energy firm Sweihan PV Power Company, **Mirfa International Power and Water Company (MIPCO) is next in line to issue new bonds worth USD1bn.**

Country	Saudi Arabia	Abu Dhabi	Dubai*	Kuwait	Bahrain	Oman	Qatar	Egypt
Moody's	A1	Aaa2	Baa1	A1	Ba2	Ba3	Aa3	B3
Fitch	A	AA	-	AA	B+	BB-	AA-	B+

Prerana Seth

Fixed Income Strategist
Tel: +971 (0)2 696 2878
prerana.seth@adcb.com

Mohammed Al Hemeiri

Analyst
Tel: +971 (0)2 696 2236
mohammed.alhemeiri@adcb.com

Visit [Investment Strategy Webpage](#) to read our other reports

GCC Fixed Income Weekly Snapshot

BBG Barclays	Latest	-1w %	YTD %	Interest rates			
				3M interbank	Latest	-1w (bp)	YTD (bp)
EM USD Agg TR	1,222.1	-1.2	-3.5	Saudi	1.07	5.78	16.14
EM LatAm TR	1017.3	-1.5	-4.1	UAE	0.46	1.8	9.4
EM EMEA TR	389.2	-1.1	-3.1	Kuwait	1.50	0.0	0.00
EM Asia TR	635.2	-1.0	-3.5	Bahrain	1.57	0.0	5.0
Bahrain TR	177.2	-0.5	-1.0	Oman	2.15	9.23	1.50
Oman TR	134.5	-1.2	-2.1	Qatar^^	1.15	0.0	2.5
Kuwait TR	147.9	-0.5	-1.6	US^^	0.36	5.19	14.81
Qatar TR	143.1	-1.4	-3.6	12M interbank			
Saudi Arabia TR	146.6	-1.4	-3.9	Saudi	1.47	16.9	40.5
UAE TR	143.5	-0.9	-3.0	UAE	1.14	13.63	40.17
5Y Sov. CDS	Latest (bp)	-1w (bp)	YTD (bp)	Kuwait	2.00	0.0	0.0
Saudi Arabia	55.3	2.7	3.3	Bahrain	1.78	0.00	1.66
Abu Dhabi	52.8	1.1	7.9	Oman	3.02	1.1	0.4
Dubai	105.4	2.5	6.2	Qatar^^	1.35	0.00	2.50
Kuwait	58.9	0.5	10.0	10Y yield			
Bahrain	310.26	9.6	6.2	Saudi Arabia	2.88	16.2	39.5
Oman	253.7	8.1	-12.3	Abu Dhabi	2.47	15.00	45.50
Qatar	53.3	2.0	8.1	Dubai	2.78	3.4	23.3
Egypt	549.3	21.6	40.8	Kuwait	2.24	12.00	59.00
Turkey	540.8	8.0	-28.0	Bahrain	6.12	17.0	28.2
US	13.2	0.1	-1.3	Oman	5.49	23.40	52.00
Germany	9.4	0.8	-0.9	Qatar	2.61	24.0	51.1

Note: *Dewa rating used as proxy, data from 2nd February to 8th February 2022,

Source: Moody's rating, Fitch ratings, Bloomberg, ADCB Asset Management

Qatar government is considering to refinance its debt due in 2023

Qatar's government is considering to refinance more than USD10bn worth of debt due for maturity next year. Ministry of Finance officials are in early talks with international banks for a potential syndicated loan or bond sale, however no final decision has been made yet. The government could decide to refinance part of the debt. Qatar did not issue any new government bonds in 2021 and last raised borrowing through its triple-tranche bond deal in April 2020.

Saudi Riyad Bank to sell new dollar denominated Tier 1 capital sukuk

Saudi Arabia's Riyad Bank plans to issue new US dollar denominated Tier 1 capital sukuk with an aim to support its capital base and meet its financial and strategic needs. The bank indicated that the amount and terms of offer of the sukuk will be determined based on the market conditions. The offer is expected to be through a special purpose vehicle and will be eligible to investors locally as well as internationally.

(Source: Zawya)

Dubai Islamic Bank to issue new dollar-denominated sukuk

Dubai Islamic Bank, UAE's largest Islamic lender, is planning to issue new dollar-denominated sukuk and has given an initial price guidance of around 120bp over USTs. The sukuk will be of 5-year maturity.

(Source: Zawya)

UAE's MIPCO to issue over USD1bnn in bonds for refinancing, desalination project

Mirfa International Power and Water Company (MIPCO), majority owned by Abu Dhabi's TAQA, is planning to issue new debt over USD1bn in order to refinance debt and support the desalination project, MIPCO could use a financing framework similar to that adopted by Abu Dhabi solar energy firm Sweihan PV Power Company, which recently tapped USD700.8mn in amortising green bonds. The bonds will refinance a USD1.2bn worth of seven-year loan taken in 2014 to fund the MIPCO project, with the proceeds also financing the second phase of the project.

(Source: Zawya and Al Arabiya)

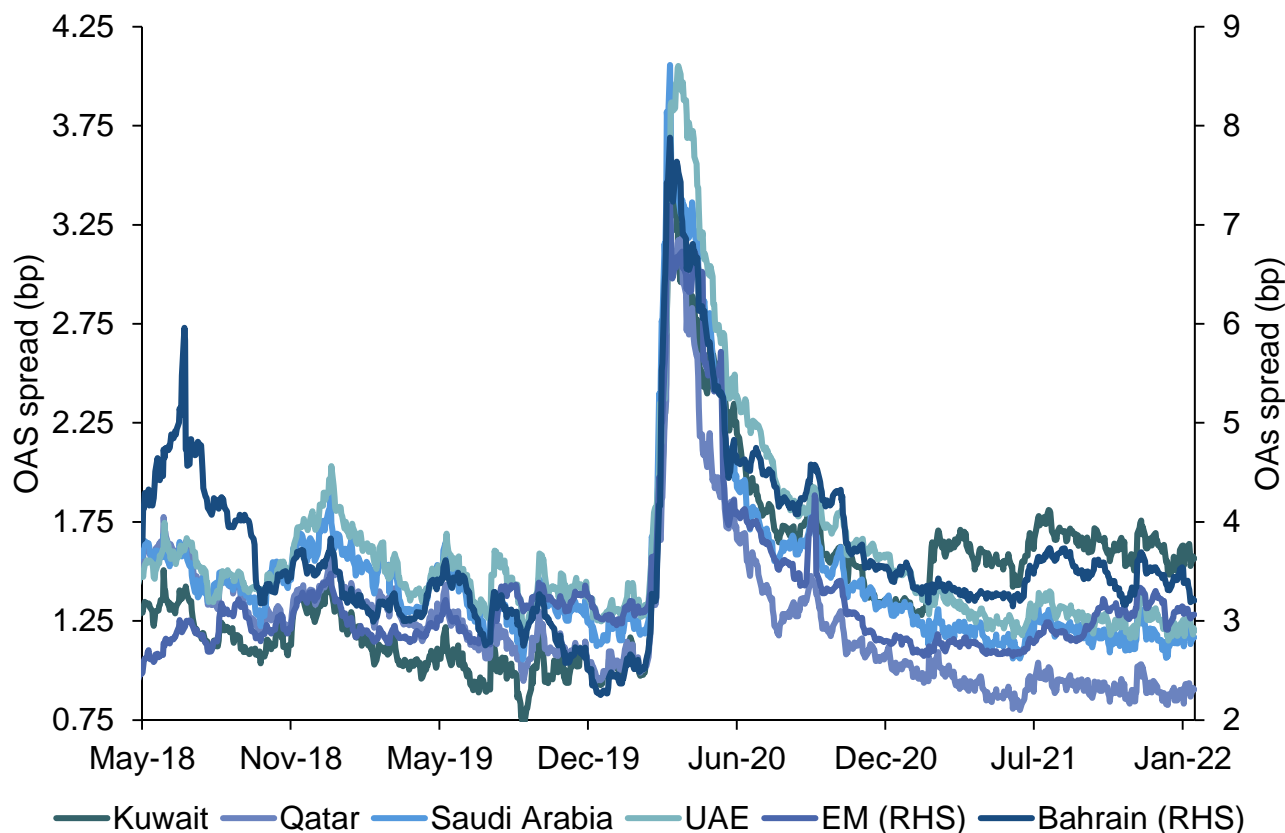
Issuer	BBG	Sector	Country	Issue Amt	Cpn	Maturity	Maturity Type	Currency	Issue Date	Rtg ^	YTM (mid)	YTC (mid)
SNB Sukuk Ltd	SNBAB	Financials	SA	750	2.342	1/19/2027	AT MATURITY	USD	1/19/2022	A-	2.45	-
Sweihan PV Power Co PJ	SWEHAN	Financials	AE	700.8	3.625	1/31/2049	SINKABLE	USD	1/21/2022	BBB+	3.81	0.00
EIG Pearl Holdings Sarl	EIGPRL	Financials	SA	1250	3.545	8/31/2036	SINKABLE	USD	1/25/2022	A	3.50	-
EIG Pearl Holdings Sarl	EIGPRL	Financials	SA	1250	4.387	11/30/2046	SINKABLE	USD	1/25/2022	A	4.36	-
Abu Dhabi Commercial Bank PJSC	ADCBUH	Financials	AE	250	0	1/25/2062	CALLABLE	USD	1/25/2022	A-	3.72	-

*Amount Issued in USDmillion, Bloomberg sector classification has been used, ^Issuer rating used where applicable, Fitch rating or equivalent used

Source: Fitch Ratings, Moody's ratings, Bloomberg, ADCB Asset Management

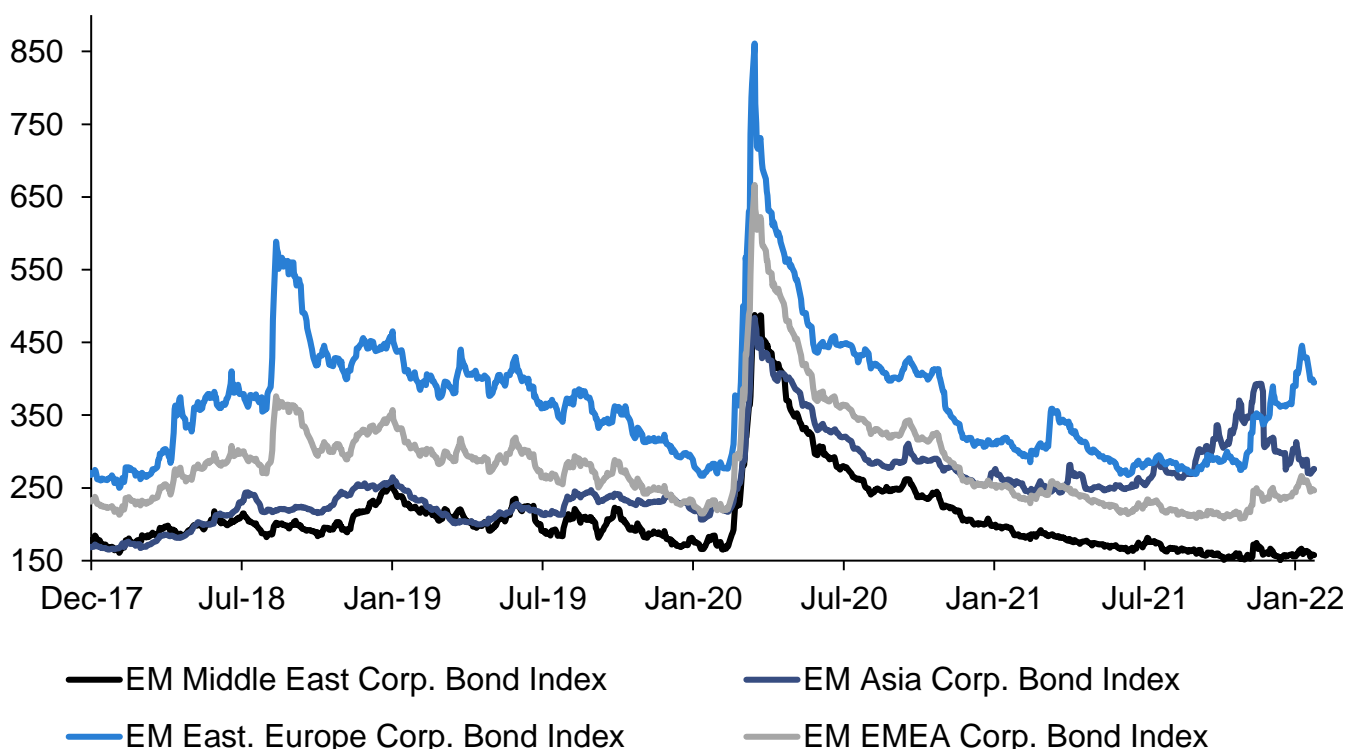
Appendix

Bloomberg Barclays Bond Indices OAS spread (EM vs GCC)



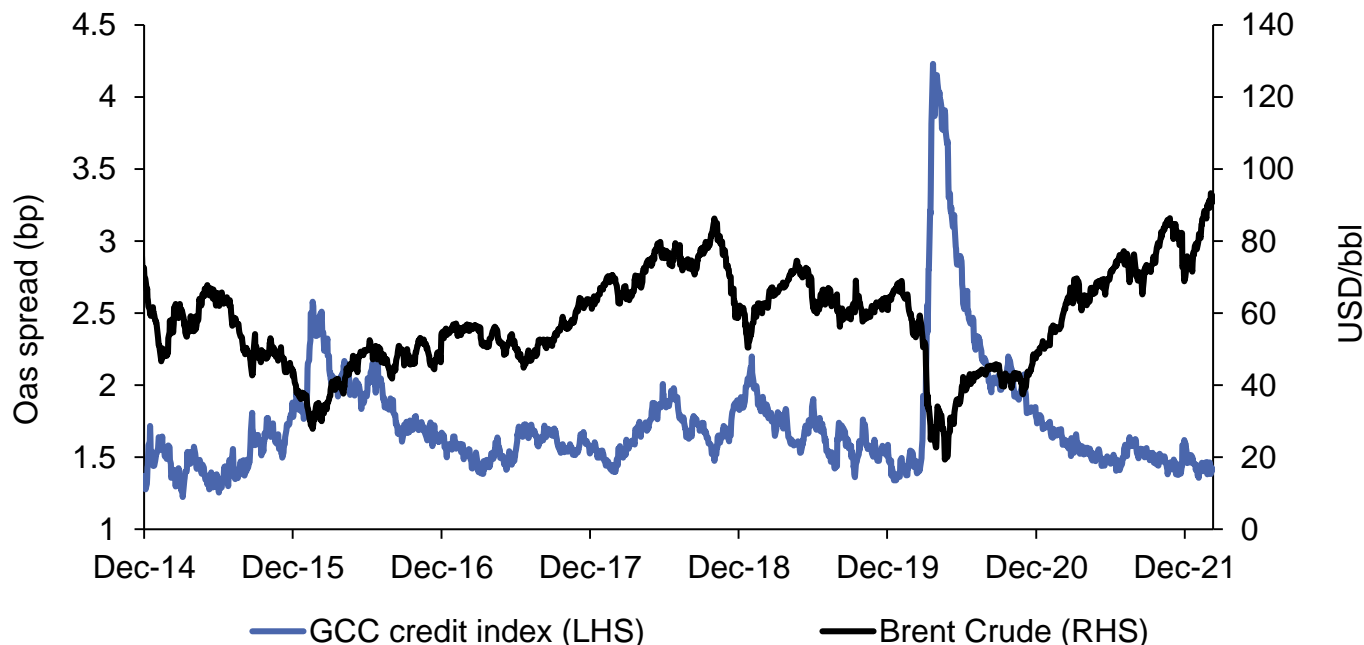
Source: Bloomberg Barclays Sovereign Bond Indices, ADCB

Emerging markets versus Middle East spread



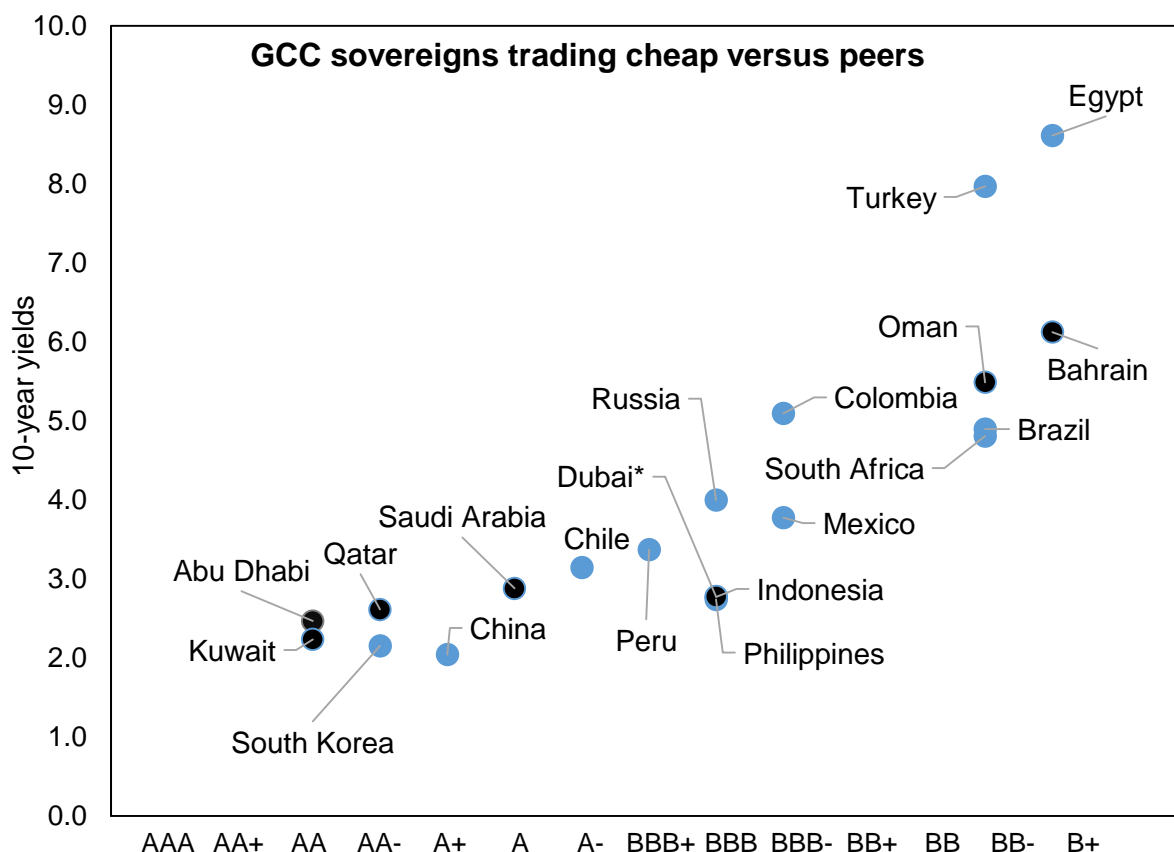
Source: Credit Suisse Corporate Bond Indices, ADCB

GCC corporate OAS spread versus Brent Crude



Source: Bloomberg, ADCB

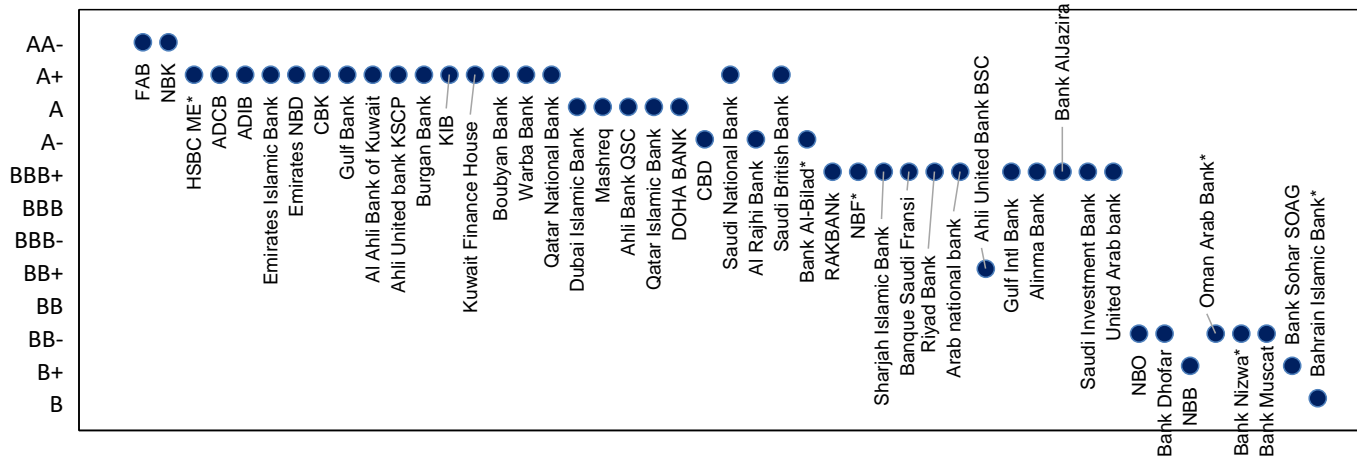
10yr yield versus Credit ratings (EM vs GCC)



Source: Bloomberg, ADCB, *Dewa rating used as a substitute for Dubai, Fitch ratings are used for all countries

GCC Financials Credit Rating

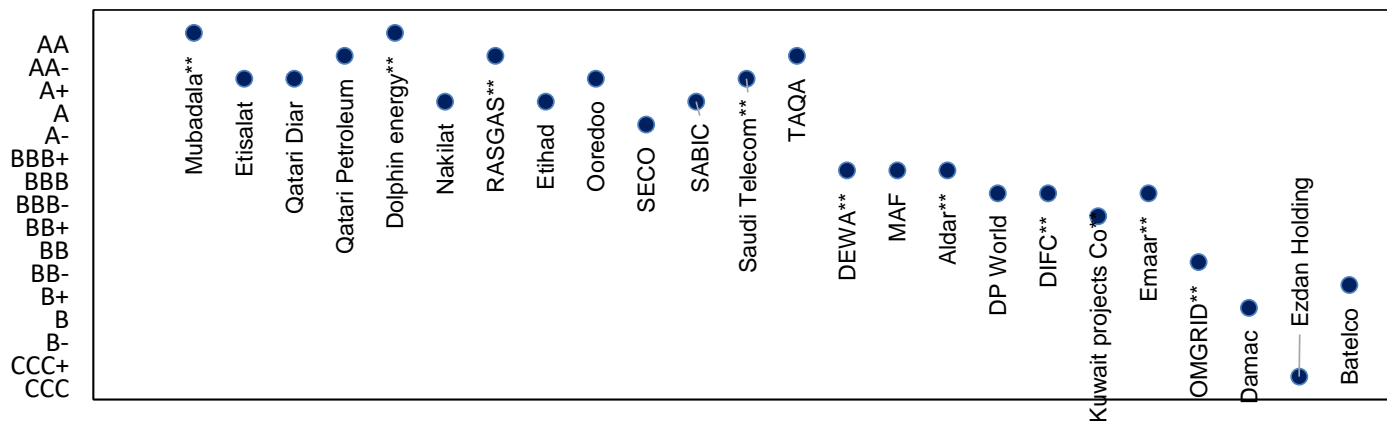
GCC Financials



Note: The ratings refer to Fitch ratings, *S&P rating used as substitute where the corporate/bank not rated by Fitch rating
Source: Bloomberg, ADCB

GCC Corporate Credit rating

GCC Corporates



Note: The ratings refer to S&P ratings, ** Fitch ratings used as substitute where the corporate/bank not rated by S&P ratings, ^ refers to Moody's ratings
Source: Bloomberg, ADCB

Sources

All information in this report has been obtained from the following sources except where indicated otherwise:

1. Bloomberg
2. Wall Street Journal
3. RTT News
4. Reuters
5. Gulfbase
6. Zawya

Disclaimer

ADCB Asset Management Limited ("AAML"), is a member of ADCB Group, licensed by Financial Services Regulatory Authority in Abu Dhabi Global Markets under financial services permission number 170036.

This publication is intended for general information purposes only. It should not be construed as an offer, recommendation or solicitation to purchase or dispose of any securities or to enter in any transaction or adopt any hedging, trading or investment strategy. Neither this publication nor anything contained herein shall form the basis of any contract or commitment whatsoever. Distribution of this publication does not oblige ADCB Group to enter into any transaction.

The content of this publication should not be considered as legal, regulatory, credit, tax or accounting advice. Anyone proposing to rely on or use the information contained in the publication should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts regarding information contained in this publication. Investment products are not available to US persons.

Information and opinions contained herein is are based on various sources, including but not limited to public information, annual reports and statistical data that AAML considers accurate and reliable. However, AAML makes no representation or warranty as to the accuracy or completeness of any statement made in or in connection with this publication and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in this publication. This publication is intended for customers who are either retail or professional investors.

Charts, graphs and related data or information provided in this publication are intended to serve for illustrative purposes only. The information contained in this publication is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to their determination. All statements as to future matters are not guaranteed to be accurate. AAML expressly disclaims any obligation to update or revise any forward looking statement to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

ADCB Group does and may at any time solicit or provide commercial banking, investment banking, credit, advisory or other services to the companies covered in its publications. As a result, recipients of this publication should be aware that any or all of foregoing services may at time give rise to a conflict of interest that could affect the objectivity of this publication. Opinions expressed herein may differ from opinions expressed by other businesses or affiliates of ADCB Group.

Past performance does not guarantee future results. Investment products are not bank deposits and are not guaranteed by ADCB Group. They are subject to investment risk, including possible of loss of principal amount invested. This publication may not be reproduced or circulated without ADCB Group written authority. The manner of circulation and distribution may be restricted by law or regulation in certain jurisdictions. Persons who come into possession of this document are required to inform themselves of, and to observe such restrictions. Any unauthorized use, duplication, or disclosure of this document is prohibited by law and may result in prosecution.