Press Release

Issuances of GCC Sukuk doubled to USD 30.0 billion

Markaz: Primary Issuances of Bonds and Sukuk in GCC see value rising 18% year-on-year to reach USD 83.7 billion in first half of 2021

Kuwait – 14 July 2021: Kuwait Financial Centre "Markaz", in its recent research report titled "GCC Bonds and Sukuk Market Survey H1-2021," highlighted the trends pertaining to Bonds and Sukuk primary issuances in the GCC region during the first six months of the year. The report showed that primary debt issuances continue to see significant activity in the region.

Primary issuances of Bonds and Sukuk amounted to USD 83.7 billion during H1-2021, marking a growth of 18% year-on-year from USD 70.8 billion raised during H1-2020. The implications of Covid-19 have resulted in added strain on regional economies in terms of budget deficits and tightening liquidity. Moreover, the total number of primary issuances during the first half of the year totaled 201, compared to 176 issuances during the same period in the previous year.

GCC Bonds and Sukuk Market

The Bonds and Sukuk market within the GCC consists of Bonds and Sukuk issued by governments or corporations for financing purposes and are denominated in either local or foreign currencies.

Geographical Allocation: Saudi-based issuers led the GCC Bonds and Sukuk market during H1-2021, raising a total of USD 31.9 billion, or representing 38% of the total value raised in the GCC, through 21 primary issuances. The UAE followed with 34% and Oman with 10% of the total value raised. Moreover, Kuwaiti entities raised a total of USD 3.4 billion, representing 4% of the total value raised during the first half of 2021.

Sovereign vs. Corporate: Sovereign issuances by GCC entities amounted to USD 32.4 billion during H1-2021, down 23% year-on-year from USD 42.3 billion raised during H1-2020. Corporate issuances on the other hand amounted to a total value of USD 51.4 billion during H1-2021, an increase of 80% year-on-year from USD 28.6 billion raised during the same period last year.

Conventional vs. Sukuk: Conventional issuances decreased during H1-2021 by 3% year-on-year, where a total of USD 53.7 billion was raised in H1-2021, representing most of the issuances with 64% of the total value of primary issuances in the GCC. On the other hand, Sukuk issuances doubled on a year-on-year basis to reach USD 30.0 billion during H1-2021, compared with USD 15.2 billion raised in H1-2020, representing 36% of the total value of issuances.

Sector Allocation: The Government sector accounted for the largest amount of primary debt issuances by value, raising a total of USD 32.4 billion, or 39% of the total value of issuances in the GCC in H1-2021. The Financial sector was second in its contribution to the total value of primary issuances in the region, raising a total value of USD 28.7 billion and representing 34% of the total market.

Maturity Profile: Issuances with tenors of 5-10 years dominated the GCC debt capital markets by total value, raising a total of USD 30.2 billion, or 36% of the total value of issuances, through 67 issuances. Issuances with tenors of 10-30 came in second with a total value raised of USD 28.1 billion through 33 issuances.

Issue Size Profile: The size of GCC Bonds and Sukuk issuances ranged from USD 5 million to USD 4.4 billion. Issuances with principle amounts greater than or equal to USD 1 billion raised the largest amount totaling USD 44.1 billion, representing 53% of the total primary issuances.

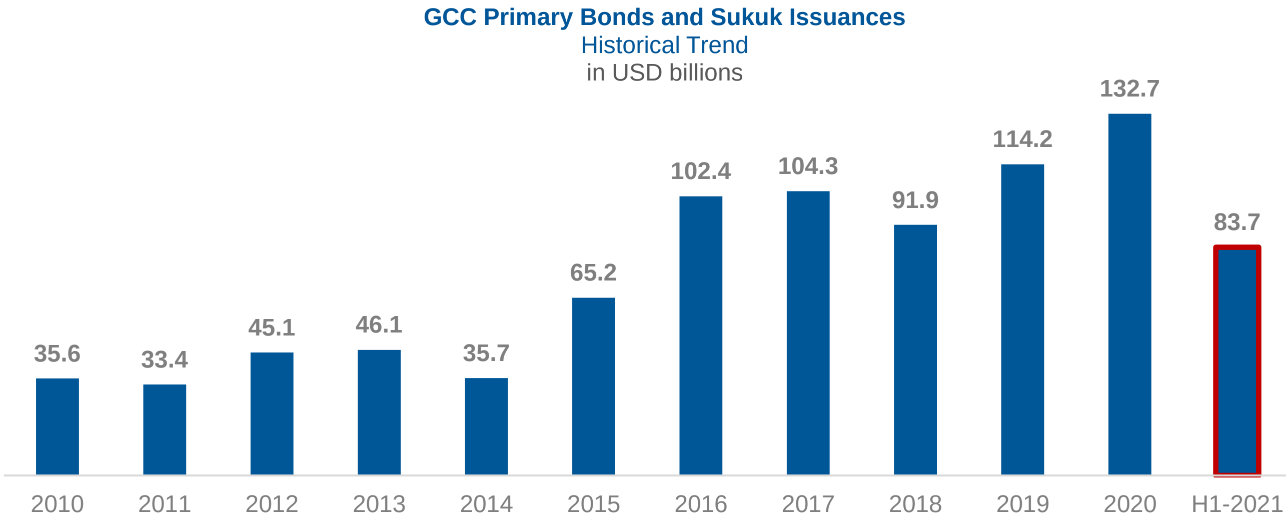
Currency Profile: US Dollar-denominated issuances led the GCC Bonds and Sukuk market in H1-2021, raising a total of USD 55.0 billion or 66% of the total value of issuances, through 108 issuances. The second largest issue currency was the Saudi Riyal (SAR), where issuances in SAR raised a total of USD 14.8 billion or 18% of the total value of issuances in the GCC, through 9 issuances.

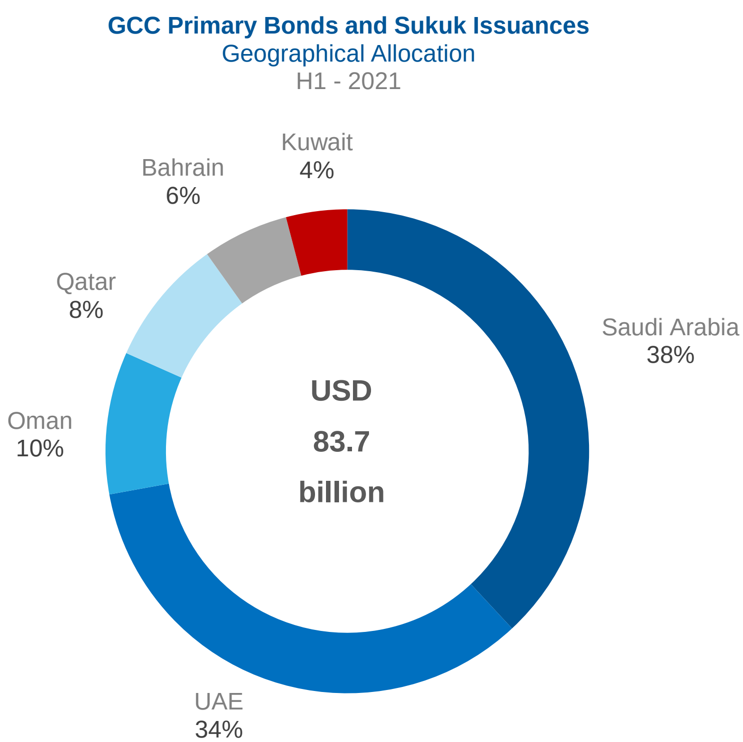
Rating: In terms of value, a total of 58% of GCC Conventional and Sukuk bonds were rated as Investment Grade in H1-2021 by either one of the following rating agencies: Standard & Poor's, Moody's, Fitch and/or Capital Intelligence.

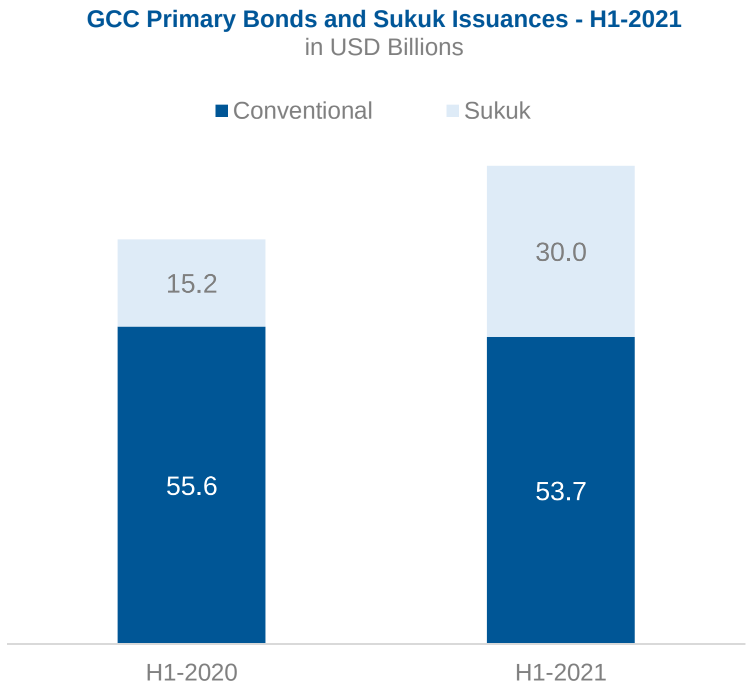
Listing: During H1-2021, 150 issuances of a total of 201 issuances of Bonds and Sukuk were listed, equivalent to USD 78.4 billion. London Stock Exchange is the listing exchange with the greatest traded value of GCC primary issuances issued in H1-2021 totaling USD 37.8 billion through 69 issuances.

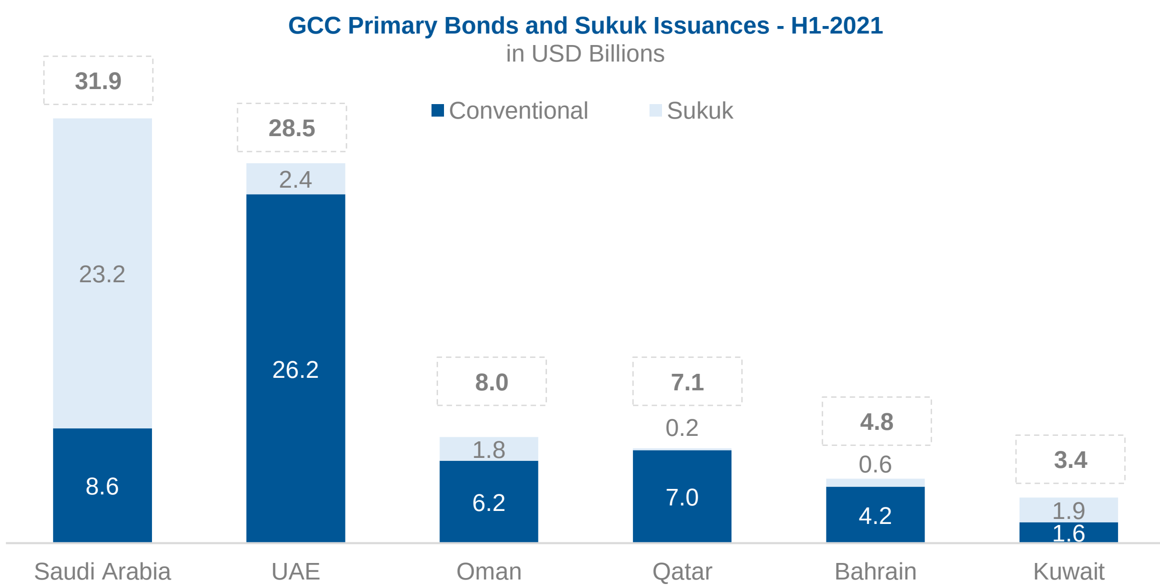
Bonds and Sukuk Total Amount Outstanding in the GCC: As at 30th June 2021, the total amount outstanding of Corporate and Sovereign Bonds and Sukuk issued by GCC entities was USD 683.4 billion. Government issuances made up 57% of the total amount. The Financial sector was the second sector to lead the Corporates with 24% of the total amount.

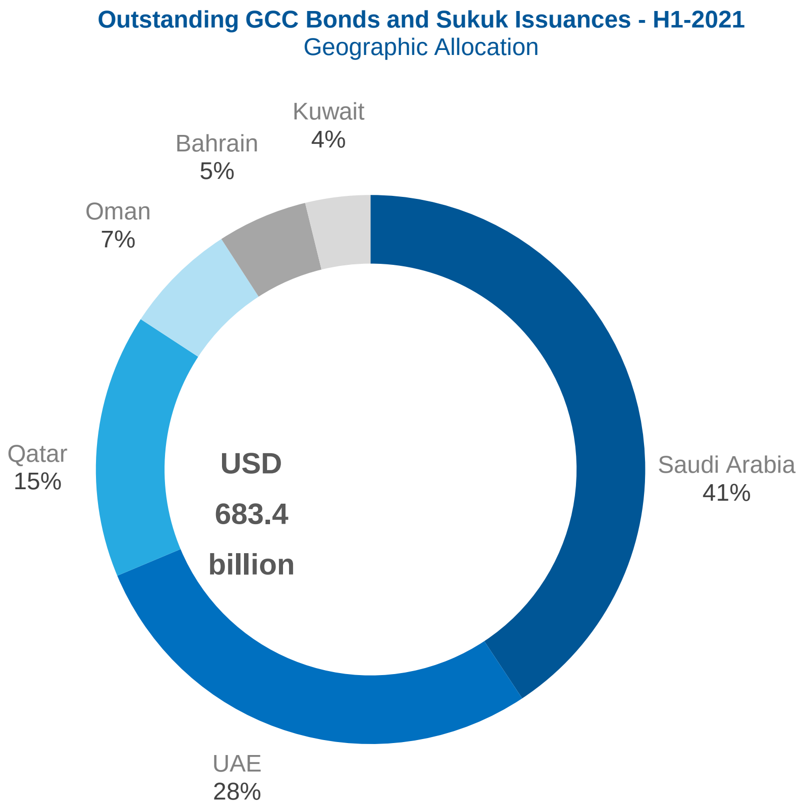
Of the amount outstanding as at 30 June 2021, USD 278.1 billion, or 41%, were issued by Saudi Arabian entities. Bonds and Sukuk by Kuwaiti entities accounted for only USD 26.2 billion, or 4% of the total amount of outstanding debt in the GCC.


GCC Primary Bonds and Sukuk Issuances
Historical Trend
in USD billions
35.6
33.4
45.1
46.1
35.7
65.2
102.4
104.3
91.9
114.2
132.7
83.7
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
H1-2021

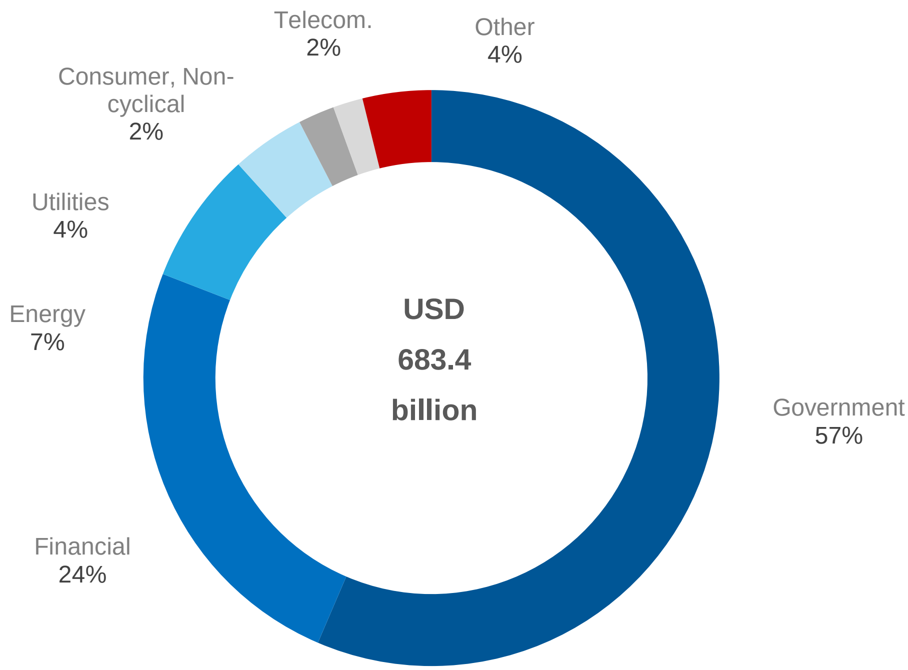

GCC Primary Bonds and Sukuk Issuances
Geographical Allocation
H1 - 2021
Kuwait 4%
Bahrain 6%
Qatar 8%
Oman 10%
UAE 34%
Saudi Arabia 38%
USD
83.7
billion


GCC Primary Bonds and Sukuk Issuances - H1-2021
in USD Billions
Conventional
Sukuk
15.2
55.6
30.0
53.7
H1-2020
H1-2021


GCC Primary Bonds and Sukuk Issuances - H1-2021
in USD Billions
Conventional
Sukuk
31.9
23.2
8.6
28.5
2.4
26.2
8.0
1.8
6.2
7.1
0.2
7.0
4.8
0.6
4.2
3.4
1.9
1.6
Saudi Arabia
UAE
Oman
Qatar
Bahrain
Kuwait


Outstanding GCC Bonds and Sukuk Issuances - H1-2021
Geographic Allocation
Kuwait
4%
Bahrain
5%
Oman
7%
Qatar
15%
USD
683.4
billion
Saudi Arabia
41%
UAE
28%

Outstanding GCC Bonds and Sukuk Issuances - H1-2021
Sector allocation



###

About Kuwait Financial Centre "Markaz"

Established in 1974, Kuwait Financial Centre K.P.S.C "Markaz" is one of the leading asset management and investment banking institutions in the Region with total assets under management of over KD 988 million as of 31 March 2021 (USD 3.27 billion). Markaz was listed on the Boursa Kuwait in 1997.

For further information, please contact:

Sondos S. Saad
Media & Communications Department
Kuwait Financial Centre K.P.S.C. "Markaz"
Tel: +965 2224 8000
Fax: +965 2246 7264
Email: ssaad@markaz.com

markaz.com