

News Updates

Fitch Affirms Burgan Bank at 'A+'; Stable Outlook – Fitch Ratings has affirmed Burgan Bank K.P.S.C.'s (BB) Long-Term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook. Fitch has also affirmed the bank's Viability Rating (VR) at 'bb'. BB's IDRs are driven by support from the Kuwaiti state. Fitch's expectation of support from the authorities is underpinned by Kuwait's strong ability to provide support to domestic banks, as reflected by the sovereign rating (AA/Stable) and a strong willingness to do so irrespective of the banks' size, franchise, funding structure and level of government ownership. This view is reinforced by the authorities' record of support for the domestic banking system in case of need. (Source: Fitch Ratings)

Fitch Affirms Al Ahli Bank of Kuwait at 'A+'; Stable Outlook – Fitch Ratings has affirmed Al Ahli Bank of Kuwait's (ABK) Long-Term Issuer Default Rating (IDR) at 'A+' and Viability Rating (VR) at 'bb+'. ABK's IDRs are driven by support from the Kuwaiti sovereign. Its Support Rating (SR) of '1' and Support Rating Floor (SRF) of 'A+' reflect Fitch's view of an extremely high probability of support being provided by the Kuwaiti authorities to all domestic banks if needed. (Source: Fitch Ratings)

FTSE Russell launches local currency Saudi government bond index – Global index provider FTSE Russell said on Thursday it had launched a bond index for Saudi Arabia to measure the performance of fixed-rate, local currency government bonds, a move which could lead to new inflows to the Saudi market. The FTSE Saudi Arabian Government Bond Index will cover sukuk and non-sukuk government bonds with at least one year to maturity and a minimum amount outstanding of 1 billion riyals (\$266.65 million). As of July 31, 2020, 45 Saudi securities with a total market value of 273.2 billion riyals (\$72.9 billion) were eligible for inclusion in the index, according to the FTSE statement. (Source: Zawya)

In landmark shift, Fed rewrites approach to inflation, labor market – The Federal Reserve on Thursday rolled out a sweeping rewrite of its approach to its dual role of achieving maximum employment and stable prices, putting new weight on bolstering the U.S. labor market and less on worries about too-high inflation. The Fed's new monetary policy strategy, unveiled at the start of an annual central banking conference, pledges to address “shortfalls” from the “broad-based and inclusive goal” of full employment, a nod to research showing racial income disparities hold back economic growth. It also promises to aim for 2% inflation on average, so that periods of too-low inflation would likely be followed by an effort to lift inflation “moderately above 2% for some time.” The change suggests the U.S. central bank's key overnight interest rate, already near zero, will stay there for potentially years to come as policymakers woo higher inflation. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.02	4.70	KSA	2025	1.56	5.30
Abu Dhabi	2030	1.70	8.78	KSA	2030	2.25	8.96
Abu Dhabi	2050	2.73	19.34	KSA	2050	3.30	9.12
Bahrain	2026	3.93	-3.10	Oman	2025	5.11	-4.79
Bahrain	2030	5.08	14.51	Oman	2029	6.18	-5.97
Bahrain	2047	6.33	-6.28	Oman	2048	7.57	-10.47
Dubai	2029	2.81	1.23	Qatar	2025	1.15	6.19
Kuwait	2022	0.59	1.39	Qatar	2030	1.81	11.29
Kuwait	2027	1.27	5.47	Qatar	2050	2.87	21.65

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.67	8.08	-0.11	5.77
S&P MENA Bond and Sukuk Index	2.16	NA	-0.03	7.19
Bloomberg Emerging Markets USD Index	4.17	6.80	0.04	3.04
Bloomberg Global Aggregate Index	0.91	7.42	0.52	5.90

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	30/08/2020	31/12/2019	30/08/2020	31/12/2019	30/08/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8929	2.2314	0.9443	2.2557	0.9986	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	0.9708	2.2500	1.0688	2.3500	1.3313	2.5333
AEIBOR	0.4707	2.2086	0.7131	2.1914	0.7495	2.2900
EURIBOR	-0.4770	-0.3830	-0.4440	-0.3240	-0.3690	-0.2490
LIBOR	0.2409	1.9084	0.3099	1.9121	0.4453	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2368	-1.64	-86.6
2-Year	0.2233	-2.40	-86.8
5-Year	0.3376	-3.44	-80.5
7-Year	0.5051	-3.06	-71.9
10-Year	0.7286	-2.44	-61.6
30-Year	1.1257	-1.88	-46.2

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3056	0.0000	-0.83
SAR	3.7505	0.0000	0.03
BHD	0.3770	0.0000	0.01
QAR	3.6416	0.0027	0.00
OMR	0.3850	0.0000	-0.01
AED	3.6730	-0.0027	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	0.06
5-Year	0.27	0.22
10-Year	0.72	0.30
30-Year	1.50	0.23

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.07	0.07
5-Year	-0.01	0.16
10-Year	0.31	0.26
30-Year	0.88	1.18

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.69	0.01
5-Year	-0.68	0.05
10-Year	-0.48	0.06
30-Year	0.06	-0.16

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	Aa2	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	BB-	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B1	B+u	BB-
Tunisia	B2	NR	B
Morocco	Ba1	BBB-	BBB-
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS

	30-Aug 2020	31-Dec 2019
Kuwait	52.530	36.700
KSA	81.230	56.915
Abu Dhabi	44.630	36.090
Dubai	150.340	91.005
Qatar	43.910	36.705
Bahrain	314.040	175.995
Oman	444.150	234.400
Iraq	573.070	383.680
Egypt	426.280	277.420
Morocco	124.540	91.435
Turkey	521.510	282.130
US	13.000	10.810
UK	18.100	16.210
China	34.050	31.205
Japan	16.130	21.042
Germany	9.530	7.080
France	16.180	16.130