

News Updates

Oman Returns to Debt Market as Rally Reduces Borrowing Costs –

Oman, one of the weakest sovereigns in the Gulf Arab region, returned to the dollar debt market as a rally in its bonds that were issued about a month ago enabled it to lock in cheaper rates. The cash-strapped sultanate raised \$500 million in a tap of its bonds due in 2027 and 2032. The securities were originally issued in October and yields have fallen more than 70 basis points since then, as advances in the push for a coronavirus vaccine boosted demand for riskier assets around the world. Oman sold \$200 million in bonds maturing in 2027 at a 6.30% yield, and \$300 million in bonds maturing in 2032 paying 6.90%. The initial guidance was 6.45% and 7.05% respectively. The sultanate has started to send the right signals to investors concerned about its dwindling reserves after lagging most of its neighbors in implementing fiscal reforms. It plans to start taxing the income of wealthy individuals in 2022 -- breaking a regional taboo -- and introduce a delayed value-added tax in April. In the meantime, it's in talks to win fiscal support from some regional neighbors, easing concerns about any risk of devaluation pressure on its currency peg. (Source: Bloomberg)

Fitch Lowers Tunisia's Outlook to Negative; Affirms at 'B' –

Outlook cut to negative from stable, reflecting “a worsening of fiscal liquidity risks from a sharp deterioration in public finances” and the impact of the coronavirus pandemic, Fitch says in a statement. “Fragmented political landscape and entrenched social tensions raise material downside risks to progress on crucial fiscal reforms and could complicate efforts to secure fresh IMF and commercial funding”. Budget deficit projected to widen to 10.5% of GDP in 2020. Widening of deficit also reflects government spending to repay arrears to private suppliers and state enterprises. “Government plans to resort to monetary financing for the first time, if implemented without institutional safeguards, could jeopardize the progress achieved since 2018 on restoring macroeconomic stability” (Source: Bloomberg)

AstraZeneca-Oxford COVID-19 vaccine can be 90% effective –

The UK's pharmaceutical giant AstraZeneca announced that its coronavirus (COVID-19) vaccine, developed in collaboration with the University of Oxford, could be about 90% effective. Late-stage trials, conducted in the UK and Brazil, showed that the vaccine showed an effectiveness of 90% when it was administered as a half dose, followed by a full dose at least a month apart, according to a statement on Monday. The other dosing regimen showed 62% efficacy when administered as two full doses at least one month apart. (Source: Mubasher)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.86	5.17	KSA	2025	1.13	6.99
Abu Dhabi	2030	1.58	9.67	KSA	2030	2.01	11.01
Abu Dhabi	2050	2.68	20.50	KSA	2050	3.19	11.32
Bahrain	2026	3.38	-1.34	Oman	2025	4.88	-3.91
Bahrain	2030	4.90	15.75	Oman	2029	6.15	-5.73
Bahrain	2047	6.19	-4.70	Oman	2048	7.40	-8.66
Dubai	2029	2.56	2.89	Qatar	2025	0.90	6.68
Kuwait	2022	0.29	1.36	Qatar	2030	1.67	12.27
Kuwait	2027	1.12	6.03	Qatar	2050	2.75	24.22

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.55	8.08	-0.09	7.82
S&P MENA Bond and Sukuk Index	2.03	NA	-0.13	8.93
Bloomberg Emerging Markets USD Index	3.75	6.80	-0.04	4.68
Bloomberg Global Aggregate Index	0.88	7.42	-0.22	7.22

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	24/11/2020	31/12/2019	24/11/2020	31/12/2019	24/11/2020	31/12/2019
KIBOR	1.4375	2.7500	1.6875	2.9375	2.0000	3.1875
SAIBOR	0.8325	2.2314	0.8825	2.2557	0.9500	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.1401	2.2500	1.2134	2.3500	1.3667	2.5333
AEIBOR	0.4115	2.2086	0.5675	2.1914	0.8969	2.2900
EURIBOR	-0.5280	-0.3830	-0.5090	-0.3240	-0.4830	-0.2490
LIBOR	0.2049	1.9084	0.2488	1.9121	0.3365	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2125	0.03	-88.0
2-Year	0.2518	0.07	-85.2
5-Year	0.4559	0.36	-73.6
7-Year	0.6357	0.54	-64.6
10-Year	0.8599	0.72	-54.6
30-Year	1.2487	0.79	-40.3

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3055	-0.0491	-0.77
SAR	3.7505	-0.0027	0.03
BHD	0.3770	0.0080	0.01
QAR	3.6413	-0.0027	0.01
OMR	0.3850	0.0000	-0.01
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.16	0.00
5-Year	0.39	0.00
10-Year	0.86	-0.08
30-Year	1.57	-0.31

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.04	-0.03
5-Year	0.00	-0.08
10-Year	0.32	-0.22
30-Year	0.90	-0.35

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.74	0.00
5-Year	-0.78	0.00
10-Year	-0.65	-0.03
30-Year	-0.17	-0.34

Source: Bloomberg

Sovereign Ratings

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

USD 5Yr CDS

	24-Nov 2020	31-Dec 2019
Kuwait	40.18	36.700
KSA	68.17	56.915
Abu Dhabi	36.81	36.090
Dubai	113.06	91.005
Qatar	37.62	36.705
Bahrain	287.42	175.995
Oman	384.76	234.400
Iraq	582.89	383.680
Egypt	375.26	277.420
Morocco	95.95	91.435
Turkey	373.14	282.130
US	13.40	10.810
UK	17.68	16.210
China	32.05	31.205
Japan	15.16	21.042
Germany	9.47	7.080
France	15.65	16.130