

News Updates

S&P Says Gulf Banks Face Long Climb to Recovery After 2020 Shock

– Lenders in the Gulf Cooperation Council are set to have long-lasting negative effects from last year's pandemic-driven downturn and lower oil prices, according to S&P Global Ratings. “Despite the recent rally in oil prices and brighter near-term outlook for economic recovery, the operating performance of GCC banks will continue to be constrained by the protracted recovery in key economic sectors and low interest rates,” S&P analysts including Mohamed Damak wrote in a report Sunday. Last year's twin shocks led governments to slash spending and direct banks to lend at lower rates and delay repayments. S&P expects asset-quality indicators to continue deteriorating while the cost of risk is expected to remain high, as lenders start to recognize the actual impact of 2020 and forbearance measures are lifted during the second half. (Source: Bloomberg)

Goldman Predicts Plunge in Gulf Borrowing Needs as Oil Rallies

– The Gulf Cooperation Council's borrowing requirements could drop to \$10 billion over the next three years from about \$270 billion, if oil prices continue to stay elevated, according to Goldman Sachs Group Inc. If prices for the commodity average \$65 a barrel and all else is equal, borrowing needs for the six countries comprising the council would drop 96% from what they'd be if oil traded at \$45. Oil prices have rallied almost 80% since the start of November to about \$70 a barrel as major economies roll out coronavirus vaccines and the OPEC cartel implements deep production cuts. The average price needed to balance GCC members' current accounts is lower at \$50 per barrel, Goldman said, giving comfort regarding the external outlook and the resilience of currency pegs, even if prices decline from current levels. Kuwait is likely to have the biggest improvement in its budget balance from high oil levels, with its shortfall narrowing by around 15 percentage points of gross domestic product this year. Still, the sovereign is facing a liquidity squeeze that “cannot be remedied by higher oil prices alone.” (Source: Bloomberg)

Raya unit to issue EGP 600M securitization bond

– Raya Holding Company for Financial Investments (RAYA) authorized its subsidiary, Aman Financial Services, to issue securitization bonds worth EGP 600 million, the company said in a statement to the Egyptian Exchange on March 14th. The company's board approved proceeding with the issuance in collaboration with the National Bank of Egypt and the Commercial International Bank. The board also approved the transfer of part of its credit portfolio, including consumer loans, to the subsidiary. Proceeds from the issuance will be used to meet the company's financing needs and finance its working capital cycle after obtaining the required administrative, regulatory, and governmental In February, the listed company announced that its unit studying the issuance of securitization bonds and the issuance is pending approvals of the company's board of directors and shareholders as well as regulatory and governmental approvals. Raya's consolidated net loss slid to EGP 61.67 million in 2020 from EGP 141.04 million in 2019. (Source: Arab Finance)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.00	-1.19	KSA	2025	1.47	-1.50
Abu Dhabi	2030	2.18	-4.98	KSA	2030	2.55	-4.63
Abu Dhabi	2050	3.38	-11.14	KSA	2050	3.94	-10.74
Bahrain	2026	3.44	-1.12	Oman	2025	3.55	1.98
Bahrain	2030	5.63	-6.00	Oman	2029	5.19	1.44
Bahrain	2047	6.93	-9.66	Oman	2048	6.93	-2.28
Dubai	2029	2.78	-2.12	Qatar	2025	1.18	-1.64
Kuwait	2022	0.07	-0.49	Qatar	2030	2.25	-5.18
Kuwait	2027	1.56	-2.91	Qatar	2050	3.51	-11.51

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.82	8.08	-0.49	-3.17
S&P MENA Bond and Sukuk Index	2.42	NA	-0.39	-3.90
Bloomberg Emerging Markets USD Index	3.94	6.80	-0.41	-3.39
Bloomberg Global Aggregate Index	1.14	7.42	-0.51	-3.76

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	15/3/2021	31/12/2020	15/3/2021	31/12/2020	15/3/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	1.9375	1.9375
SAIBOR	0.7963	0.8175	0.8438	0.8700	0.9163	0.9413
BHIBOR	1.7583	2.2500	1.8250	2.5333	2.1417	2.6833
QATAR	0.7000	1.1206	0.8500	1.1960	1.1500	1.3636
AEIBOR	0.3750	0.5125	0.5207	0.4908	0.5966	0.6538
EURIBOR	-0.5390	-0.5450	-0.5140	-0.5260	-0.4830	-0.4990
LIBOR	0.1895	0.2384	0.1940	0.2576	0.2781	0.3419

USD Swap Rates

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.2027	0.14	5.3	KWD	0.3022	0.0662	0.35	Gold	1,724.00	-9.24
2-Year	0.2589	0.27	30.9	SAR	3.7508	0.0027	0.03	Silver	26.02	-1.71
5-Year	0.9421	1.17	119.1	BHD	0.3771	0.0000	-0.02	Copper	413.30	17.28
7-Year	1.3131	0.93	100.6	QAR	3.6418	-0.0055	-0.01	Nat. Gas	2.55	0.55
10-Year	1.6515	0.66	78.5	OMR	0.3850	0.0000	0.00	Aluminum	2,145.75	8.51
30-Year	2.0880	0.80	48.9	AED	3.6730	0.0000	0.00	Crude Oil	69.72	34.65

US Treasuries

	Yield %	1D Δ (%)	UK Gilts	Yield %	1D Δ (%)	German Bunds	Yield %	1D Δ (%)
2-Year	0.15	-0.01	0.09	-0.04	-0.65	0.00		
5-Year	0.85	-0.05	0.38	-0.27	-0.69	-0.03		
10-Year	1.64	-0.08	0.82	-1.01	-0.41	-0.23		
30-Year	2.39	-0.25	1.35	-2.03	0.22	-1.10		

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	A1	AA-	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	B+	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B2	B+u	BB-
Tunisia	B3	NR	B
Morocco	Ba1	BBB-	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+
USD 5Yr CDS	15-Mar 2021	31-Dec 2020	
Kuwait	43.89	40.69	
KSA	62.37	63.77	
Abu Dhabi	43.89	36.03	
Dubai	93.02	104.06	
Qatar	43.90	36.70	
Bahrain	190.17	233.58	
Oman	308.18	353.60	
Iraq	434.69	542.74	
Egypt	289.04	330.47	
Morocco	91.14	102.56	
Turkey	322.82	299.47	
US	8.42	11.52	
UK	12.02	15.13	
China	31.46	26.70	
Japan	14.49	14.74	
Germany	8.74	9.09	
France	13.71	14.42	