

News Updates

Bahrain expected to get additional financing from Gulf allies: Moody's – Ratings agency Moody's said on Tuesday it expects Bahrain to receive additional financing from its Gulf allies. The heavily indebted Gulf state was bailed out with a \$10 billion package in 2018 from Saudi Arabia, Kuwait, and the United Arab Emirates, but in September postponed by two years plans to balance its budget after the coronavirus crisis strained its finances. "As for Bahrain ... the timing and size of an augmented financial package to mitigate liquidity risks remain uncertain; we continue to expect financing to eventually be forthcoming as the country's financial needs are dwarfed by the capacity of its partners to provide support," Moody's said in a report. (Source: Arab News)

Bahrain set to raise \$2bln with dual-tranche bond – Bahrain was set to raise \$2 billion in bonds on Wednesday as, with financing conditions expected to tighten, the heavily indebted Gulf country moves quickly to raise extra cash. Manama was marketing dual-tranche dollar-denominated bonds comprising sukuk and conventional portions, a term sheet reviewed by Reuters showed. It gave initial price guidance of 4.25% to 4.375% for 7-1/2-year sukuk, or Islamic bonds, and between 6% and 6.125% for 12-1/2-year bonds, the document showed. Those levels were subsequently tightened as orders of over \$4.7 billion piled in. BNP Paribas, Citi, JPMorgan and National Bank of Bahrain are arranging the debt sale, which is expected to price later on Wednesday. (Source: Reuters)

Moody's affirms ratings of nine Saudi Banks and changes outlook to stable – Moody's Investors Service today affirmed the long-term deposit ratings of the nine banks it rates in Saudi Arabia, as well as the senior unsecured and subordinated debt ratings of their affiliated entities, where applicable, it said in a statement. At the same time, the rating agency changed the outlook on the long-term deposit and senior unsecured debt ratings to stable from negative. The affected institutions are Saudi National Bank, Al Rajhi Bank, Riyad Bank, Banque Saudi Fransi, Arab National Bank, Bank AlBilad, The Saudi Investment Bank, Bank Al-Jazira and Gulf International Bank -- Saudi Arabia. Separately, the agency has also announced the affirmation of the Saudi Real Estate Refinance Company (SRC) A2 issuer ratings and revised its outlook to stable from negative. (Source: Arab News)

Yield-Curve Collapse Show Fear Rate Hikes Will Choke Off Growth – Bond investors are responding to surging inflation by bracing for an environment where sustained cost pressures end up cratering economic growth. The spread between U.S. five- and 30-year yields shrank to the narrowest since the middle of 2020 on Wednesday, a flattening move that usually signals expectations for a weaker economy. Meanwhile, the strongest consumer-price-index report in 30 years sent a gauge of inflation expectations - the five-year break-even rate - to a record high. The fact that shorter-maturity yields are rising faster than longer ones shows the market is growing increasingly concerned central banks are misguided in their reluctance to raise interest rates. The fear is that if they wait too long to combat inflation, they will then have to tighten so rapidly that they undermine economic growth, and then have to cut rates again. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.08	-2.33	KSA	2025	1.32	-1.82
Abu Dhabi	2030	1.96	-3.74	KSA	2030	2.29	-2.79
Abu Dhabi	2050	2.94	-3.84	KSA	2050	3.47	-3.79
Bahrain	2026	3.77	-4.00	Oman	2025	3.22	2.31
Bahrain	2030	5.40	-5.11	Oman	2029	4.70	4.25
Bahrain	2047	6.96	-9.92	Oman	2048	6.50	2.95
Dubai	2029	2.43	-0.74	Qatar	2025	1.25	-3.10
Kuwait	2022	-0.12	-2.07	Qatar	2030	2.15	-4.94
Kuwait	2027	1.58	-3.96	Qatar	2050	3.10	-5.02

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.68	8.08	-0.26	0.95
S&P MENA Bond and Sukuk Index	2.32	NA	-0.14	0.34
Bloomberg Emerging Markets USD Index	4.38	6.80	-0.39	-1.58
Bloomberg Global Aggregate Index	1.25	7.42	-0.74	-4.07

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	11/11/2021	31/12/2020	11/11/2021	31/12/2020	11/11/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8357	0.8175	0.8829	0.8700	0.9529	0.9413
BHIBOR	1.5167	2.2500	1.5583	2.5333	1.7667	2.6833
QATAR	1.1721	1.1206	1.2138	1.1960	1.3323	1.3636
AEIBOR	0.3001	0.5125	0.4750	0.4908	0.6336	0.6538
EURIBOR	-0.5650	-0.5450	-0.5330	-0.5260	-0.4980	-0.4990
LIBOR	0.1495	0.2384	0.2151	0.2576	0.3498	0.3419

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.3260	0.05	69.4	KWD	0.3017	0.0000	0.55	Gold	1,852.80	-3.06
2-Year	0.7350	0.00	271.6	SAR	3.7511	0.0000	0.03	Silver	24.83	-6.85
5-Year	1.3080	0.70	204.2	BHD	0.3770	0.0053	0.00	Copper	434.00	23.16
7-Year	1.4532	-0.35	122.0	QAR	3.6421	0.0082	-0.01	Nat. Gas	4.91	68.52
10-Year	1.5820	-0.25	71.0	OMR	0.3850	0.0000	0.00	Aluminum	2,562.00	27.69
30-Year	1.7170	-0.16	22.5	AED	3.6730	0.0000	0.00	Crude Oil	82.88	63.76

US Treasuries			UK Gilt		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.51	0.01	0.55	-0.26	-1.30	-0.01
5-Year	1.22	0.01	0.70	-0.57	-0.71	-0.09
10-Year	1.55	0.02	0.92	-0.89	-0.40	-0.39
30-Year	1.90	0.06	1.05	-2.99	0.03	-1.50

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	A1	A+	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	Caa1	NR	B-
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	11-Nov 2021	31-Dec 2020
Kuwait	43.47	40.69
KSA	46.29	63.77
Abu Dhabi	38.33	36.03
Dubai	84.16	104.06
Qatar	38.80	36.70
Bahrain	262.05	233.58
Oman	238.64	353.60
Iraq	483.68	542.74
Egypt	445.90	330.47
Morocco	87.34	102.56
Turkey	405.76	299.47
US	13.28	11.52
UK	7.53	15.13
China	52.48	26.70
Japan	16.64	14.74
Germany	8.02	9.09
France	19.59	14.42