

## News Updates

**Kuwait's Central Bank Is Said to Extend Virus Relief Until June** – Kuwait's central bank has extended until the end of June the support measures it introduced last year to help lenders cope with the coronavirus pandemic, according to people familiar with the decision. The amendments will be reviewed by the central bank's board of directors to decide if another extension is needed beyond June or whether the requirements should revert to their pre-crisis levels, the regulator told lenders in a circular seen by Bloomberg and confirmed by the people. They declined to be identified discussing confidential matters. The program, which unlocks extra liquidity and allows for regulatory flexibility, was originally in effect until end-2020. (Source: Bloomberg)

**GCC holdings of US Treasuries fall 16.5% in December** – Investments of the GCC states in US Treasury bills and bonds decreased by 16.5% or \$45.9 billion year-on-year (YoY) during December 2020. Total investments of Gulf countries in US Treasury bills and bonds amounted to \$231.414 billion in December 2020, compared to \$277.285 billion in the same month in 2019, as shown by official data. Saudi Arabia was the top GCC buyer of US Treasury bonds with \$134.4 billion in December 2020. This is down from \$179.8 billion in December 2019. Kuwait ranked second, raising its holdings of US debt instruments by 6.47% to \$46.1 billion, followed by the UAE, which cut its holdings by \$4.4 billion to \$36.3 billion. Qatar held the fourth position with higher annual investments in US debt instruments by \$2.91 billion last December at \$7.99 billion. On the contrary, Oman saw its holdings of US treasury bonds declining by \$1.4 billion to \$5.7 billion. Bahrain tailed the list with \$916 million in holdings during December 2020, compared with \$1.27 billion in December 2019. (Source: Mubasher)

**Turkey to Extend Rate Pause Amid Lira Rally** – Turkey's central bank is expected to hold interest rates for a second month as it waits out an upswing in inflation while the lira rallies. All but three of the 25 economists surveyed by Bloomberg predict borrowing costs will stay steady at 17% on Thursday. The lira has jumped a world-leading 23% against the dollar since President Recep Tayyip Erdogan overhauled his economic policy team in November, installing a market-friendly central bank governor who won over investors with rate hikes, policy simplification and hawkish pledges. Although inflation quickened for a fourth month to 15% in January, on the lingering impact of last year's lira depreciation and rapid credit growth, most economists say Governor Naci Agbal can get away with keeping the key rate unchanged. Yet while inflation overshoot is now within the central bank's prediction range, it will accelerate further, forcing an additional policy interest rate hike of 100 basis points by the end of April, Morgan Stanley analysts including Alina Slyusarchuk wrote in an emailed note. Another reason to stand pat is the slowing credit growth. The pace of annual lending expansion has been below inflation over the past two months. The boom in lending has been fizzling out since a decision in November to remove a rule that pressured banks to extend credit. (Source: Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.85	-0.48	KSA	2025	1.18	-0.22
Abu Dhabi	2030	1.85	-2.26	KSA	2030	2.21	-1.73
Abu Dhabi	2050	3.08	-6.05	KSA	2050	3.59	-5.39
Bahrain	2026	3.31	-0.45	Oman	2025	3.55	2.08
Bahrain	2030	5.06	-2.26	Oman	2029	5.18	1.52
Bahrain	2047	6.48	-4.62	Oman	2048	6.88	-1.72
Dubai	2029	2.43	0.39	Qatar	2025	0.88	-0.41
Kuwait	2022	0.49	-0.68	Qatar	2030	1.91	-2.46
Kuwait	2027	1.34	-1.59	Qatar	2050	3.17	-6.02

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.56	8.08	-0.13	-1.16
S&P MENA Bond and Sukuk Index	2.14	NA	-0.25	-1.62
Bloomberg Emerging Markets USD Index	3.59	6.80	-0.04	-1.12
Bloomberg Global Aggregate Index	0.98	7.42	-0.21	-1.95

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	18/2/2021	31/12/2020	18/2/2021	31/12/2020	18/2/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8063	0.8175	0.8525	0.8700	0.9263	0.9413
BHIBOR	2.0833	2.2500	2.3500	2.5333	2.6200	2.6833
QATAR	0.9405	1.1206	1.0431	1.1960	1.2348	1.3636
AEIBOR	0.3238	0.5125	0.4273	0.4908	0.5640	0.6538
EURIBOR	-0.5430	-0.5450	-0.5200	-0.5260	-0.5000	-0.4990
LIBOR	0.1886	0.2384	0.2026	0.2576	0.3026	0.3419

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1732	-0.06	-10.0
2-Year	0.1960	-0.22	-0.9
5-Year	0.6751	0.69	57.0
7-Year	1.0083	0.70	54.0
10-Year	1.3552	0.88	46.5
30-Year	1.8433	1.00	31.5

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3025	0.0000	0.28
SAR	3.7508	0.0027	0.03
BHD	0.3771	-0.0027	-0.01
QAR	3.6421	0.0055	0.01
OMR	0.3850	0.0000	0.01
AED	3.6730	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.10	0.00
5-Year	0.55	-0.02
10-Year	1.28	-0.05
30-Year	2.04	-0.14

Source: Bloomberg

## UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.07	0.01
5-Year	0.10	0.09
10-Year	0.57	0.55
30-Year	1.15	1.58

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.66	0.00
5-Year	-0.71	0.05
10-Year	-0.47	0.20
30-Year	0.13	0.74

## 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	B2	NR	B
Morocco	Ba1	BBB-	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	18-Feb 2021	31-Dec 2020
Kuwait	41.18	40.69
KSA	62.43	63.77
Abu Dhabi	41.25	36.03
Dubai	100.31	104.06
Qatar	41.91	36.70
Bahrain	227.59	233.58
Oman	324.51	353.60
Iraq	506.63	542.74
Egypt	301.38	330.47
Morocco	101.12	102.56
Turkey	290.75	299.47
US	9.69	11.52
UK	13.77	15.13
China	28.05	26.70
Japan	13.91	14.74
Germany	8.85	9.09
France	14.25	14.42