

News Updates

Saudi Arabia, Oman most exposed to depletion of sovereign wealth funds, Moody's reports

– The impact of the COVID-19 pandemic on oil demand and prices has significantly increased government funding requirements in all GCC countries, which will be partially financed by sovereign wealth funds (SWFs), according to a Moody's report issued on Wednesday, Al Sharq Business reported. The stocks of SWFs in both Qatar and Abu Dhabi remain high enough to cover decades of fiscal deficits at current levels, according to the report. However, for Oman and Saudi Arabia, which possess more modest SWF assets, significant drawdowns will lead to substantial erosion of their SWF buffers over the medium term, reducing the increase in fiscal strength derived from these assets, and increasing external vulnerability risks in Oman. In Kuwait, the huge fiscal deficits have largely depleted the liquid portion of the country's smaller General Reserve Fund, increasing liquidity risks in the absence of a debt law, despite the large stock of assets held in the Future Generations Fund, which are currently ring fenced from the general budget, according to the report. (Source: Zawya)

Fitch revises 11 Kuwaiti banks' Outlook to Negative; affirms IDRs

– Fitch Ratings has revised the Outlooks on 11 Kuwaiti banks' Long-Term Issuer Default Ratings (IDRs) to Negative from Stable and affirmed the banks' respective IDRs. The banks are National Bank of Kuwait SAKP (NBK), Kuwait Finance House KSCP (KFH), Burgan Bank KPSC (BB), Al Ahli Bank of Kuwait KSCP, Boubayan Bank KSCP (BBY), Gulf Bank KSCP, Commercial Bank of Kuwait KPSC, Ahli United Bank (Kuwait), Kuwait International Bank KSCP (KIB), Warba Bank KSCP (WB) and Industrial Bank of Kuwait KSC. Fitch has also revised the Outlook to Negative on the support-driven Long-Term IDRs of NBK's subsidiaries, NBK (International) PLC (NBKI) and NBK France SA (NBKF). The rating actions follow a similar action on Kuwait's sovereign rating on 2 February 2021. (Source: Zawya)

Inflation in Kuwait rose 2.95% in Dec

– Kuwait's inflation rate in December rose by 2.95 percent on a year-on-year basis, the Central Statistics Bureau (CSB) said yesterday. In its monthly consumer prices index (CPI) report, CSB noted that the monthly inflation rate rose by 0.34 percent in December compared to a month earlier. On the scale of individual sectors, there were significant price rises in food and beverages (9.81 percent), culture and recreation (7.23 percent), commodities and miscellaneous goods and services (5.73) and telecommunications (5.3 percent). (Source: Kuwait Times)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.83	-0.42	KSA	2025	1.15	-0.17
Abu Dhabi	2030	1.79	-1.87	KSA	2030	2.20	-1.52
Abu Dhabi	2050	3.01	-4.98	KSA	2050	3.53	-4.52
Bahrain	2026	3.25	-0.04	Oman	2025	3.46	2.46
Bahrain	2030	4.94	-1.36	Oman	2029	4.97	3.11
Bahrain	2047	6.33	-2.70	Oman	2048	6.71	0.60
Dubai	2029	2.42	0.67	Qatar	2025	0.84	-0.21
Kuwait	2022	0.40	-0.57	Qatar	2030	1.81	-1.56
Kuwait	2027	1.27	-1.14	Qatar	2050	3.07	-4.17

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.49	8.08	-0.19	-0.43
S&P MENA Bond and Sukuk Index	2.08	NA	-0.14	-0.89
Bloomberg Emerging Markets USD Index	3.55	6.80	-0.14	-0.61
Bloomberg Global Aggregate Index	0.93	7.42	-0.26	-1.32

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	14/2/2021	31/12/2020	14/2/2021	31/12/2020	14/2/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.8100	0.8175	0.8575	0.8700	0.9313	0.9413
BHIBOR	2.1667	2.2500	2.4667	2.5333	2.6833	2.6833
QATAR	0.9621	1.1206	1.0721	1.1960	1.2440	1.3636
AEIBOR	0.2875	0.5125	0.4370	0.4908	0.5651	0.6538
EURIBOR	-0.5470	-0.5450	-0.5220	-0.5260	-0.5020	-0.4990
LIBOR	0.1938	0.2384	0.2008	0.2576	0.2998	0.3419

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1818	0.02	-5.6
2-Year	0.2052	0.37	3.7
5-Year	0.6172	3.00	43.5
7-Year	0.9380	4.08	43.3
10-Year	1.2857	5.25	38.9
30-Year	1.8092	5.98	29.0

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3026	-0.0463	0.53
SAR	3.7511	0.0000	0.02
BHD	0.3771	-0.0053	-0.01
QAR	3.6760	-0.0817	-0.06
OMR	0.3850	-0.0623	-0.06
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.11	0.00
5-Year	0.49	-0.13
10-Year	1.21	-0.40
30-Year	2.01	-1.30

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.05	-0.02
5-Year	0.08	-0.08
10-Year	0.51	-0.59
30-Year	1.10	-1.24

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.66	-0.01
5-Year	-0.73	-0.07
10-Year	-0.53	-0.26
30-Year	0.07	-1.50

Source: Bloomberg

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	Aa2	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS

	14-Feb 2021	31-Dec 2020
Kuwait	40.69	40.69
KSA	61.35	63.77
Abu Dhabi	39.88	36.03
Dubai	92.09	104.06
Qatar	39.76	36.70
Bahrain	225.38	233.58
Oman	327.60	353.60
Iraq	484.63	542.74
Egypt	309.05	330.47
Morocco	97.45	102.56
Turkey	287.32	299.47
US	9.71	11.52
UK	14.01	15.13
China	28.16	26.70
Japan	14.70	14.74
Germany	9.92	9.09
France	13.72	14.42