

News Updates

Kuwait Sees \$10 Billion Deficit on Higher Oil, Cuts Spending – Kuwait forecast a narrower budget deficit for the fiscal year starting April 1, due to buoyant oil prices. The deficit, which would be the ninth in a row, is projected at 3.1 billion dinars (\$10.3 billion), down 74.2% from the current year's estimate of 12.1 billion dinars, according to the Finance Ministry. Spending is to fall 4.8% to 21.9 billion dinars, with capital expenditure accounting for 13.2% of that sum. Kuwait won't be transferring 10% of total revenue to the Future Generations Fund, or sovereign wealth fund, under a 2020 law barring such transfers in deficit years. The finance minister didn't say how the budget gap will be financed. Political bickering has delayed a new debt law that would allow Kuwait to borrow, and the country hasn't been to the market since a debut Eurobond in 2017. Lawmakers have opposed borrowing to cover the deficit, saying the government should better manage finances before resorting to debt. *(Source: Bloomberg)*

S&P Affirms Ratings On Four Kuwaiti Banks; Outlooks Unchanged – S&P Global Ratings affirmed its issuer and issue credit ratings on four Kuwaiti banks. The outlooks on these banks are unchanged. S&P affirmed the ratings of Boubyan Bank K.S.C.P. (A-/Stable/--), Burgan Bank (BBB+/Negative/A-2), Gulf Bank (BBB+/Stable/A-2) and National Bank of Kuwait S.A.K. (A/Negative/A-1) and its core subsidiary National Bank of Kuwait (International) PLC (A/Negative/A-1). Despite higher oil prices, Kuwait's government has almost exhausted the General Reserve Fund's (GRF's) liquidity. The government is yet to reach an agreement with the opposition-dominated parliament on a comprehensive fiscal funding strategy, which presents financing risks for the state, particularly if oil prices decline, the rating agency stated. Nonetheless, S&P expects the banking sector's operating environment to remain stable, supported mainly by banks' comfortable provisioning buffers and strong retail depositor base. The rating agency expects the recovery to continue through 2022 and 2023. However, already vulnerable sectors of the economy--particularly real estate, which accounts for nearly one-third of banks' total exposure--could continue to contribute to problem loan formation. In S&P's view, banks can absorb additional potential losses, thanks to their existing stock of credit provisions that comfortably exceed 100% of problem loans. They expect credit growth to remain at 3%-6% in 2022, supported mainly by personal lending and the oil sector. Similarly, banks' earnings should continue to recover, benefiting from rising interest rates and marginally lower credit charges. *(Source: S&P Global Ratings)*

Saudi Arabia Plans To Keep Debt Stable as Oil Income Surges – Saudi Arabia plans to keep its overall debt level stable this year with borrowing largely focused on 43 billion riyals (\$11.4 billion) in debt refinancing, as rising oil prices and rebounding growth fill state coffers with surplus cash. The kingdom may consider additional funding through domestic or international markets, the National Debt Management Center said in a statement. Depending on market conditions, it "may explore" a non-dollar denominated international issuance, according to the 2022 borrowing plan, though public debt is expected to remain at 938 billion riyals by the end of 2022, or 25.9% of expected gross domestic product. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.97	-1.45	KSA	2027	2.15	-1.73
Abu Dhabi	2031	2.26	-2.30	KSA	2032	2.63	-2.30
Abu Dhabi	2050	3.18	-3.90	KSA	2050	3.69	-4.24
Bahrain	2028	4.99	-1.87	Oman	2027	4.68	-2.13
Bahrain	2032	6.26	-4.12	Oman	2032	5.68	-3.14
Bahrain	2051	7.42	-6.83	Oman	2051	6.98	-4.95
Dubai	2029	2.72	-1.27	Qatar	2026	1.88	-1.13
Kuwait	2022	-0.30	-0.24	Qatar	2030	2.48	-2.11
Kuwait	2027	1.99	-1.76	Qatar	2050	3.25	-3.33

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.07	8.08	-0.04	-1.87
S&P MENA Bond and Sukuk Index	2.64	NA	0.13	-1.83
Bloomberg Emerging Markets USD Index	4.71	6.80	-0.34	-2.63
Bloomberg Global Aggregate Index	1.47	7.42	-0.19	-1.13

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	25/01/2022	30/12/2021	25/01/2022	30/12/2021	25/01/2022	30/12/2021
KIBOR	1.5000	1.5000	1.7500	1.7500	2.0625	2.0000
SAIBOR	0.9723	0.9057	1.0643	0.9829	1.2000	1.0600
BHIBOR	1.5667	1.5167	1.6500	1.6233	1.7833	1.7667
QATAR	1.1500	1.1250	1.2000	1.2000	1.3500	1.3250
AEIBOR	0.4121	0.3645	0.6501	0.7000	0.8764	0.7396
EURIBOR	-0.5520	-0.5730	-0.5220	-0.5460	-0.4620	-0.4980
LIBOR	0.2577	0.2144	0.4444	0.3451	0.7986	0.5888

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.7203	1.01	34.6	KWD	0.3023	0.0331	0.08	Gold	1,844.70	0.75
2-Year	1.1632	1.15	23.6	SAR	3.7516	-0.0027	0.11	Silver	23.87	2.20
5-Year	1.6210	-0.45	18.4	BHD	0.3770	-0.0080	0.01	Copper	443.00	-0.75
7-Year	1.7267	-1.03	17.0	QAR	3.6416	-0.0082	0.00	Nat. Gas	3.94	5.50
10-Year	1.8152	-1.46	14.8	OMR	0.3850	0.0000	-0.06	Aluminum	3,045.00	8.56
30-Year	1.9092	-2.10	10.3	AED	3.6730	0.0082	0.00	Crude Oil	86.89	11.71

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	1.01	-0.01	0.86	0.03	NA	NA
5-Year	1.54	0.02	0.96	0.14	-0.64	0.10
10-Year	1.76	0.14	1.12	0.39	-0.28	0.34
30-Year	2.09	0.41	1.24	1.22	0.16	0.90

	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	25-Jan 2022	31-Dec 2021
Kuwait	47.55	40.53
KSA	52.06	50.97
Abu Dhabi	48.90	43.09
Dubai	91.84	89.58
Qatar	48.18	42.55
Bahrain	299.48	286.32
Oman	259.47	254.42
Iraq	485.56	507.35
Egypt	560.02	496.58
Morocco	93.59	85.91
Turkey	537.62	555.46
US	10.12	10.01
UK	9.13	8.91
China	48.03	39.86
Japan	15.98	16.23
Germany	7.35	7.53
France	16.99	17.87