

News Updates

S&P Revised Ahli United Bank Outlook To Stable; Ratings Affirmed – S&P Global Ratings (S&P) revised its outlook on Ahli United Bank B.S.C. (AUB) to stable from positive. At the same time, they affirmed their 'BBB/A-2' long and short-term issuer credit ratings on the bank. "AUB has shown strong asset quality resilience during the pandemic and further reinforced its Kuwaiti subsidiary's capitalization through the issuance of a \$600 million additional Tier 1 instrument in June 2021" S&P stated. "In part due to the expected withdrawal of some shareholder deposits, AUB's funding profile is now comparable with that of peers. Given these dynamics, we revised the outlook to stable from positive and affirmed the 'BBB/A-2' ratings on AUB" the rating agency stated. The stable outlook balances their expectations that operating risks and any unexpected increase in credit losses will be absorbed by AUB's good capital buffers and earnings over the next 12-24 months, the agency said. (Source: S&P Global Ratings)

Fitch places Qatari banks' ratings on negative watch – Fitch Ratings has placed all Qatari banks on ratings watch list citing concerns over the sector's increasing reliance on external funding. The credit ratings agency placed all banks' long-term issuer default ratings (IDRs) on rating watch negative (RWN) in October as they are the most dependent among the Gulf Cooperation Council banks on non-domestic funding. Their increasing reliance on external funding makes them more vulnerable to external shocks and investor sentiment and could moderately weaken the sovereign's ability to support the sector, if needed, the agency said. Foreign liabilities accounted for 48 percent of the sector's funding at end-Q3-21 (38 percent at end-2018) and net external debt increased to a substantial 80 percent of Qatar's forecast 2021 GDP at end-Q3-21 (30 percent at end-2018). This dependence, coupled with the growing size of the banking system, could weaken the authorities' ability to support the sector. Banking sector assets increased to 303 percent of forecast 2021 GDP at end-Q3-21 from 212 percent of 2018 GDP, Fitch said. However, it noted that near-term downside risks to Qatari banks' credit profiles from the impact of the pandemic have been contained. The sector's credit growth remained healthy at 7 percent in M9-21 (2020: 8.5 percent) despite cuts to government capital spending. Fitch recently revised the outlook on its operating environment score for the sector to stable from negative. (Source: Zawya)

Fitch Affirms Bank of Sharjah at 'BBB-/Stable; Downgrades VR to 'ccc+', off RWN – Fitch Ratings (Fitch) has affirmed UAE-based Bank of Sharjah P.J.S.C.'s Long-Term Issuer Default Rating (IDR) at 'BBB+' with a Stable Outlook. Fitch has also downgraded BOS's Viability Rating (VR) to 'ccc+' from 'b-' and removed it from Rating Watch Negative (RWN). Fitch placed BOS's VR on RWN in May 2020. "The downgrade reflects our view of the bank's still weak asset quality and capitalisation, which have not materially improved since we placed it on RWN. These weaknesses are driven by high impaired loans and foreclosed assets in the UAE and the large exposure to Lebanon through wholly-owned subsidiary Emirates Lebanon Bank (ELB)" Fitch says. The downgrade also reflects their view that BOS's capital buffers would be insufficient in the event where the bank needs to recognise additional losses on its Lebanese exposures. (Source: Fitch Ratings)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.19	-2.77	KSA	2025	1.43	-2.35
Abu Dhabi	2030	2.11	-4.82	KSA	2030	2.41	-3.62
Abu Dhabi	2050	3.02	-5.33	KSA	2050	3.55	-5.11
Bahrain	2026	4.03	-5.05	Oman	2025	3.60	1.13
Bahrain	2030	5.70	-6.98	Oman	2029	5.15	1.24
Bahrain	2047	7.32	-13.74	Oman	2048	6.93	-2.28
Dubai	2029	2.55	-1.56	Qatar	2025	1.34	-3.45
Kuwait	2022	0.16	-2.45	Qatar	2030	2.25	-5.69
Kuwait	2027	1.45	-3.96	Qatar	2050	3.19	-6.58

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.84	8.08	-0.08	-0.14
S&P MENA Bond and Sukuk Index	2.42	NA	-0.02	-0.41
Bloomberg Emerging Markets USD Index	4.51	6.80	0.07	-2.39
Bloomberg Global Aggregate Index	1.33	7.42	-0.17	-5.58

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	25/11/2021	31/12/2020	25/11/2021	31/12/2020	25/11/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8429	0.8175	0.8929	0.8700	0.9629	0.9413
BHIBOR	1.5167	2.2500	1.5583	2.5333	1.7667	2.6833
QATAR	1.1670	1.1206	1.2105	1.1960	1.3493	1.3636
AEIBOR	0.3970	0.5125	0.5805	0.4908	0.7697	0.6538
EURIBOR	-0.5720	-0.5450	-0.5330	-0.5260	-0.4910	-0.4990
LIBOR	0.1780	0.2384	0.2519	0.2576	0.4490	0.3419

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.4267	0.08	121.7	KWD	0.3029	0.0000	0.13	Gold	1,794.40	-6.25
2-Year	0.8920	1.27	351.0	SAR	3.7520	-0.0053	0.01	Silver	23.66	-11.55
5-Year	1.4563	0.68	238.7	BHD	0.3770	0.0027	0.00	Copper	447.00	26.97
7-Year	1.5911	0.36	143.1	QAR	3.6417	0.0000	-0.01	Nat. Gas	5.04	73.02
10-Year	1.6970	0.87	83.4	OMR	0.3850	0.0000	0.00	Aluminum	2,717.50	35.37
30-Year	1.8003	0.85	28.4	AED	3.6730	0.0000	0.01	Crude Oil	82.28	62.58

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.64	0.01	0.56	0.02	-2.19	0.00
5-Year	1.34	0.01	0.74	0.00	-0.76	0.00
10-Year	1.63	0.02	0.99	0.01	-0.39	0.05
30-Year	1.96	0.04	1.07	0.14	0.08	-0.23

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-Nov 2021	31-Dec 2020
Kuwait	45.96	40.69
KSA	46.55	63.77
Abu Dhabi	39.67	36.03
Dubai	86.61	104.06
Qatar	39.62	36.70
Bahrain	277.88	233.58
Oman	245.31	353.60
Iraq	589.93	542.74
Egypt	478.23	330.47
Morocco	86.08	102.56
Turkey	474.51	299.47
US	14.28	11.52
UK	9.47	15.13
China	48.30	26.70
Japan	16.38	14.74
Germany	7.30	9.09
France	19.69	14.42