

News Updates

Lifting of Qatar blockade will have 'limited' gains: Moody's – The restoration of diplomatic ties between Qatar and four Arab nations is unlikely to have immediate material credit ramifications, said Moody's Investors Service. Saudi Arabia, Bahrain, Egypt and UAE agreed to reinstate diplomatic relations with Qatar, at last week's Gulf Cooperation Council (GCC) summit, ending a three-year standoff and restoring full ties with the Gulf state. The four countries severed ties with Qatar in 2017, blocking commerce and travel from the Arab neighbour. Following the recent breakthrough pact, Saudi Arabia and UAE have already announced the reopening of their borders with Qatar, while other states are expected to follow suit. Moody's said while the reopening of land, air and sea borders will allow the resumption of cross-border trade, services and travel, the diplomatic thaw is unlikely to have immediate material credit ramifications due to the limited intra-GCC trade linkages and the prolonged duration of the diplomatic spat. (Source: Bloomberg)

Citi Raises Brent Forecasts as Saudi Cuts to Push Oil Above \$60 – Saudi Arabia's additional supply cut, announced this week, tightens global balances by 1.1m b/d, analysts led by Ed Morse say in a report. OPEC has an "overly pessimistic outlook for demand" and the extra cutback "could end up overheating the market". Visible global oil inventories remain 700m bbl above pre-pandemic levels. "Saudi Arabia appears to have returned to its traditional position as a swing producer, a role that allows it to maximize revenue over time. Citi raised 2021 Brent forecast to \$59/bbl from \$54. Brent will climb above \$60 later this year. Prices will peak at \$61 in 1Q 2022 (Source: Bloomberg)

Egypt Annual Inflation Slows, Dipping Below Quarterly Target – Annual inflation in urban parts of Egypt grew at a slower pace in December, potentially clearing the way for the central bank's focus to be on the global impact of the pandemic when it mulls upcoming rate decisions. The year-on-year inflation rate slowed to 5.4% from 5.7% in November, the state-run statistics agency CAPMAS said on Sunday. That puts the average rate for 2020's final three months at 5.2%, according to Bloomberg calculations -- significantly below the central bank's target of 9%, plus or minus 3 percentage points. On a monthly basis, consumer prices reversed and hit their lowest level in about 18 months in December. They contracted 0.4%, compared with month-on-month expansion of 0.8% in November. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.83	-0.30	KSA	2025	1.15	0.07
Abu Dhabi	2030	1.60	-0.27	KSA	2030	2.10	-0.61
Abu Dhabi	2050	2.90	-2.90	KSA	2050	3.44	-3.04
Bahrain	2026	3.25	0.03	Oman	2025	3.93	0.67
Bahrain	2030	4.90	-1.02	Oman	2029	5.27	0.97
Bahrain	2047	6.14	-0.42	Oman	2048	6.66	1.10
Dubai	2029	2.51	0.31	Qatar	2025	0.88	-0.17
Kuwait	2022	0.35	-0.37	Qatar	2030	1.68	-0.48
Kuwait	2027	1.16	-0.57	Qatar	2050	2.97	-2.52

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.50	8.08	0.07	-0.60
S&P MENA Bond and Sukuk Index	2.08	NA	0.03	-0.95
Bloomberg Emerging Markets USD Index	3.59	6.80	-0.08	-0.81
Bloomberg Global Aggregate Index	0.87	7.42	-0.01	-0.46

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	11/1/2021	31/12/2020	11/1/2021	31/12/2020	11/1/2021	31/12/2020
KIBOR	1.4375	1.4375	1.6875	1.6875	1.9375	1.9375
SAIBOR	0.8175	0.8175	0.8675	0.8700	0.9400	0.9413
BHIBOR	2.2333	2.2500	2.5000	2.5333	2.6667	2.6833
QATAR	1.0340	1.1206	1.1234	1.1960	1.3361	1.3636
AEIBOR	0.4190	0.5125	0.5282	0.4908	0.5700	0.6538
EURIBOR	-0.5500	-0.5450	-0.5300	-0.5260	-0.5100	-0.4990
LIBOR	0.2244	0.2384	0.2465	0.2576	0.3296	0.3419

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1952	-0.15	1.4
2-Year	0.2123	-0.24	7.3
5-Year	0.5523	-0.57	28.4
7-Year	0.8277	4.30	26.4
10-Year	1.1258	0.02	21.7
30-Year	1.6163	3.67	15.3

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.3034	-0.0989	-0.03
2-Year	3.7518	-0.0027	0.00
5-Year	0.3770	0.0027	0.01
7-Year	3.6418	-0.0110	-0.01
10-Year	0.3850	0.0000	0.00
30-Year	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	0.01
5-Year	0.48	0.00
10-Year	1.12	0.02
30-Year	1.87	0.04

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.15	-0.03
5-Year	-0.05	-0.06
10-Year	0.28	-0.08
30-Year	0.87	0.08

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.69	-0.01
5-Year	-0.75	0.00
10-Year	-0.61	-0.04
30-Year	-0.13	-0.17

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	11-Jan 2021	31-Dec 2020
Kuwait	41.69	40.69
KSA	63.23	63.77
Abu Dhabi	41.41	36.03
Dubai	96.87	104.06
Qatar	41.30	36.70
Bahrain	219.65	233.58
Oman	335.90	353.60
Iraq	542.76	542.74
Egypt	307.33	330.47
Morocco	97.33	102.56
Turkey	307.63	299.47
US	11.20	11.52
UK	15.23	15.13
China	28.46	26.70
Japan	14.16	14.74
Germany	9.24	9.09
France	14.08	14.42