

## News Updates

**Kuwait should accelerate reforms to be less tied to oil price fluctuations - IMF** – Kuwait needs to accelerate reforms to reduce the dependence of government policies on the rise and fall of oil prices, an International Monetary Fund (IMF) official said. The oil-rich Gulf state faces near-term liquidity risks largely due to the absence of parliamentary authorisation for the government to borrow. "Kuwait has high levels of buffers but they need to accelerate reforms," said Jihad Azour, director of the Middle East and Central Asia Department at the IMF. Kuwait has been hit hard by lower oil prices and the COVID-19 pandemic, but economic reforms have stalled due to repeated rows and deadlocks between cabinets and assemblies. Ratings agency Fitch this week downgraded Kuwait's outlook to "negative" from "stable". Kuwait has announced plans to move towards fiscal consolidation and to diversify its revenues, but Azour said the country should accelerate reforms allowing them to "gradually reduce the dependence of the fiscal on oil prices and allow them to be less pro-cyclical in their policies." (Source: Zawya)

**Moody's cuts Morocco's outlook to negative over recovery doubts** – Moody's revised Morocco's outlook from "stable" to "negative" owing to its "subpar" recovery prospects. The kingdom is set to face headwinds from its "concentrated exposure" to sectors and trading partners hit hard by the coronavirus pandemic, the ratings agency said on Friday. According to an International Monetary Fund report published this month, Morocco is expected to record an economic contraction of 7 per cent for 2020 while its fiscal deficit is expected to hit 7.75 per cent. The country's economy is projected to grow by 4.7 per cent this year as it recovers lost ground. Moody's expects the government's debt to hit 76 per cent of gross domestic product, up from 65 per cent in 2019. The ratio is expected to stabilise below 80 per cent over the next three years. (Source: The National)

**Turkey's Wealth Fund to Invest \$15 Billion to Shore Up Economy** – Turkey's sovereign wealth fund plans to invest \$15 billion in industries including energy, petrochemicals and gold mining as part of a program designed to reduce the economy's vulnerabilities. The investor is focusing on those areas where Turkey constantly runs a deficit in foreign trade, according to Chief Executive Officer Zafer Sonmez. The fund, known as TWF, is now beginning with the projects that will span over the next five years, he said. "2020 was a year of mergers and acquisitions for us," Sonmez said in an interview on Wednesday. "This year is when the wealth fund starts direct investments." The sovereign investor's priorities highlight its role as the linchpin of the country's post-pandemic economic order following a succession of crises and currency collapses that gave way to rapid increases in activity. (Source: Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.80	-0.22	KSA	2025	1.10	0.16
Abu Dhabi	2030	1.73	-1.22	KSA	2030	2.14	-1.07
Abu Dhabi	2050	2.93	-3.40	KSA	2050	3.49	-3.72
Bahrain	2026	3.23	-0.07	Oman	2025	3.32	2.94
Bahrain	2030	4.91	-1.18	Oman	2029	4.84	3.88
Bahrain	2047	6.25	-1.79	Oman	2048	6.54	2.59
Dubai	2029	2.31	1.18	Qatar	2025	0.86	-0.17
Kuwait	2022	0.41	-0.49	Qatar	2030	1.78	-1.36
Kuwait	2027	1.21	-0.86	Qatar	2050	3.01	-3.08

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.48	8.08	0.30	-0.19
S&P MENA Bond and Sukuk Index	2.07	NA	0.12	-0.73
Bloomberg Emerging Markets USD Index	3.52	6.80	0.13	-0.54
Bloomberg Global Aggregate Index	0.92	7.42	0.05	-1.61

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	7/2/2021	31/12/2020	7/2/2021	31/12/2020	7/2/2021	31/12/2020
KIBOR	1.4375	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.8138	0.8175	0.8625	0.8700	0.9313	0.9413
BHIBOR	2.2000	2.2500	2.4667	2.5333	2.6833	2.6833
QATAR	1.0102	1.1206	1.1102	1.1960	1.2701	1.3636
AEIBOR	0.3540	0.5125	0.4757	0.4908	0.5900	0.6538
EURIBOR	-0.5350	-0.5450	-0.5190	-0.5260	-0.5040	-0.4990
LIBOR	0.1909	0.2384	0.2070	0.2576	0.3041	0.3419

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1796	-0.31	-6.7
2-Year	0.1990	-0.24	0.6
5-Year	0.5845	0.73	35.9
7-Year	0.9007	1.70	37.6
10-Year	1.2405	2.84	34.1
30-Year	1.7633	4.07	25.8

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.3030	-0.0330	0.10
2-Year	3.7512	0.0000	0.01
5-Year	0.3770	0.0000	0.00
7-Year	3.6412	0.0055	0.01
10-Year	0.3850	0.0000	0.01
30-Year	3.6730	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.10	0.02
5-Year	0.46	-0.02
10-Year	1.16	-0.20
30-Year	1.97	-0.67

Source: Bloomberg

## UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.04	-0.02
5-Year	0.08	-0.11
10-Year	0.48	-0.53
30-Year	1.07	-1.22

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.67	0.00
5-Year	-0.73	0.00
10-Year	-0.54	-0.05
30-Year	0.01	-0.21

## 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	7-Feb 2021	31-Dec 2020
Kuwait	42.19	40.69
KSA	60.93	63.77
Abu Dhabi	38.41	36.03
Dubai	100.24	104.06
Qatar	39.22	36.70
Bahrain	224.60	233.58
Oman	327.59	353.60
Iraq	468.44	542.74
Egypt	314.23	330.47
Morocco	98.36	102.56
Turkey	284.17	299.47
US	10.00	11.52
UK	15.35	15.13
China	28.48	26.70
Japan	14.33	14.74
Germany	9.54	9.09
France	13.95	14.42