

News Updates

Bond yields of Kuwait and Qatar are the highest in the Gulf – National Bank of Kuwait (NBK) stated in their report that Qatar and Kuwait led the Gulf by increasing their bond yields on a quarterly basis (in the fourth quarter of 2021), as they rose by 32 basis points and 29 basis points, respectively. Meanwhile, bond yields in Abu Dhabi, Bahrain and Saudi Arabia saw fairly modest quarter-on-quarter growth of 16, 8 and 2 basis points, respectively. NBK indicated that the medium-term sovereign bond yields rose in the Gulf Cooperation Council countries, with the exception of the Sultanate of Oman, in the fourth quarter of 2021, on the back of the rise in global bond yields that began their upward journey in November, as the pace of rise in Gulf bond yields accelerated in January, which led to an increase in the difference between it and the yields of US Treasury bond. (Source: Middle East 24)

Saudi sukuk issuance increase 37% in 2021: S&P Global Ratings – S&P Global Ratings believes that Saudi issuances have risen 37% in calendar year 2021. Saudi companies and government raised USD \$36.9 billion sukuk in 2021, compared to USD \$27 billion in 2020 and USD \$28.6 billion in 2019. In 2021, while the global sukuk issuance reached USD \$147.4 billion compared with USD \$148.4 billion in 2020, foreign-currency denominated sukuk issuance increased by 10%. Jumbo issuances in Saudi Arabia (for example the Saudi Aramco Sukuk) have contributed to this increase along with continued issuance growth in Malaysia, Indonesia, and--to a lesser extent--Turkey, due to favorable market conditions and ample liquidity. According to S&P, the issuance of capital boosting instruments by some of the GCC banks seeking these same favorable conditions also provided a boost. The rating agency expects the volume of issuance in 2022 to hover around \$145-150 billion and believes that the implementation of national transformation plans such as the Saudi Vision 2030 will lead in some opportunities for sukuk issuances. (Source: Press Release)

Oil turns higher on fears of tight supply, shrugging off U.S.-Iran talks – Oil prices rose on Monday, reversing earlier losses, as investors kept bullish sentiment on expectations that global supply would remain tight as demand picks up and shrugged off signs of progress in the U.S.-Iran nuclear talks. U.S. President Joe Biden's administration on Friday restored sanctions waivers to Iran to allow international nuclear cooperation projects, as the talks on the 2015 international nuclear deal enter the final stretch. If the United States lifts sanctions on Iran, the country could boost oil shipments, adding to global supply. Brent crude was up 60 cents, or 0.6%, at \$93.87 a barrel as of 0152 GMT, after touching its highest since Oct. 3, 2014 of \$94.00 earlier. It slid to as low as \$92.47 in an early trade. U.S. West Texas Intermediate crude climbed 25 cents, or 0.3%, to \$92.56 a barrel, near its 7-year high hit on Friday, having fallen to as low as \$91.36 earlier in the session. Both benchmarks rose more than \$2 on Friday, extending their rally into a seventh week on ongoing worries about supply disruptions fuelled by political turmoil among major world producers. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.00	-1.76	KSA	2027	2.22	-2.12
Abu Dhabi	2031	2.36	-3.12	KSA	2032	2.70	-2.94
Abu Dhabi	2050	3.31	-6.20	KSA	2050	3.77	-5.51
Bahrain	2028	4.83	-1.12	Oman	2027	4.62	-1.94
Bahrain	2032	5.99	-2.09	Oman	2032	5.70	-3.30
Bahrain	2051	7.10	-3.02	Oman	2051	6.95	-4.60
Dubai	2029	2.87	-2.36	Qatar	2026	3.37	-7.00
Kuwait	2022	-0.46	-0.32	Qatar	2030	2.68	-3.29
Kuwait	2027	2.06	-2.14	Qatar	2050	3.40	-5.94

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.18	8.08	-0.40	-2.54
S&P MENA Bond and Sukuk Index	2.78	NA	-0.41	-2.69
Bloomberg Emerging Markets USD Index	4.78	6.80	-0.50	-3.08
Bloomberg Global Aggregate Index	1.69	7.42	-0.53	-2.38

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	07/02/2022	31/12/2021	07/02/2022	31/12/2021	07/02/2022	31/12/2021
KIBOR	1.5000	1.5000	1.7500	1.7500	2.0000	2.0000
SAIBOR	1.0215	0.9057	1.1557	0.9829	1.3371	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	0.4613	0.3645	0.7295	0.7000	1.0225	0.7396
EURIBOR	-0.5480	-0.5730	-0.4730	-0.5460	-0.3460	-0.4980
LIBOR	0.3390	0.2144	0.5554	0.3451	0.9990	0.5888

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.9992	0.09	86.8	KWD	0.3025	0.0331	0.02	Gold	1,811.00	-1.09
2-Year	1.4815	0.06	57.4	SAR	3.7523	0.0000	0.10	Silver	22.80	-2.36
5-Year	1.8450	0.12	34.7	BHD	0.3770	0.0000	0.01	Copper	447.80	0.32
7-Year	1.9125	-0.45	29.6	QAR	3.6416	-0.0082	0.00	Nat. Gas	4.40	23.70
10-Year	1.9690	-0.94	24.5	OMR	0.3850	0.0078	-0.05	Aluminum	3,097.50	10.43
30-Year	2.0004	-2.58	15.6	AED	3.6730	0.0000	-0.01	Crude Oil	93.57	20.97
US Treasuries				UK Gilts			German Bunds			
	Yield %	1D Δ (%)			Yield %	1D Δ (%)			Yield %	1D Δ (%)
2-Year	1.31	0.00			1.25	-0.22			NA	NA
5-Year	1.77	0.00			1.30	-0.39			-0.24	-0.27
10-Year	1.90	0.07			1.41	-0.35			0.08	-0.58
30-Year	2.19	0.40			1.48	-0.51			0.31	-0.57

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	07-Feb 2022	31-Dec 2021
Kuwait	50.52	40.53
KSA	53.10	50.97
Abu Dhabi	51.25	43.09
Dubai	94.25	89.58
Qatar	50.65	42.55
Bahrain	284.50	286.32
Oman	228.83	254.42
Iraq	423.39	507.35
Egypt	533.10	496.58
Morocco	91.44	85.91
Turkey	542.56	555.46
US	10.42	10.01
UK	8.54	8.91
China	51.64	39.86
Japan	15.96	16.23
Germany	6.00	7.53
France	16.54	17.87