

## News Updates

**S&P Publishes 2020 Emerging & Frontier Market Default Study** – The credit quality of corporate issuers in emerging and frontier markets sharply deteriorated in 2020 as the COVID-19 pandemic pushed the world into recession, said S&P Global Ratings today in its "2020 Annual Emerging And Frontier Markets Corporate Default And Rating Transition Study." The proportion of total issuers that were downgraded (including defaults) jumped to the highest since 2016, and the proportion of issuers that were upgraded hit an all-time low. Meanwhile, the number of emerging and frontier market corporate issuer defaults increased to 26 in 2020 from 22 in 2019. All 25 emerging and frontier market defaulters that were rated when 2020 began were rated speculative-grade ('BB+' or lower), and nearly three-quarters of these were rated 'B-' or lower at the start of the year. "Our analysis of emerging and frontier market corporate defaults from 1997 to 2020 shows a clear correlation between lower ratings and a higher incidence of default," said Nick Kraemer, head of S&P Global Ratings Performance Analytics. *(Source: S&P Global Ratings)*

**S&P Cuts Turkey Outlook to Negative on Lira Dive, Inflation** – S&P Global Ratings lowered the outlook on Turkey's sovereign credit rating to negative, citing the lira's recent weakening and rising inflation that the credit assessor says poses risks to the country's "externally leveraged economy." The lira has weakened 30% against the dollar since late October as the central bank cut interest rates amid inflation that S&P describes as "high and rising." Current easing and significant depreciation will pressure inflation, which year-on-year may reach as much as 30% in early 2022, and will swell the deficit, according to the agency. *(Source: Bloomberg)*

**PM says Tunisia is keen to fulfil foreign debt obligations** – Tunisia will continue to fulfil its foreign debt obligations and has started preparatory work for an IMF deal, Prime Minister Najla Bouden said on Friday, as talk of a possible default swirls among local and foreign analysts. Her comments echo those of Finance Minister Sihem Boughdiri who said at an economic conference on Thursday that Tunisia was far from rescheduling its debts within the Paris Club, despite its financial difficulties. Tunisia facing its worst economic crisis after its economy contracted 8.8% last year and the fiscal deficit reached a record 11.4%. *(Source: Reuters)*

**IMF Urges Morocco to Reduce Budget Deficit, Debt-to-GDP Level** – The International Monetary Fund "encourages" Morocco to trim its budget deficit and restore the debt-to-GDP ratio to pre-pandemic levels, mission chief for the kingdom, Roberto Cardarelli, tells reporters. Fiscal reform and spending cuts may help the government reconcile medium-term financing needs with debt reduction, according to IMF. The economy is projected to grow 6.3% this year, highest in the MENA region, IMF says. "Economic recovery" is expected to continue; GDP projected to grow 3% in 2022 and 2023. *(Source: Bloomberg)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.25	-2.92	KSA	2025	1.50	-2.61
Abu Dhabi	2030	1.94	-3.84	KSA	2030	2.27	-2.71
Abu Dhabi	2050	2.97	-4.41	KSA	2050	3.45	-3.66
Bahrain	2026	4.22	-5.78	Oman	2025	3.36	1.73
Bahrain	2030	5.73	-7.23	Oman	2029	4.78	3.66
Bahrain	2047	7.33	-13.77	Oman	2048	6.56	2.22
Dubai	2029	2.53	-1.61	Qatar	2025	1.32	-3.56
Kuwait	2022	-0.22	-2.29	Qatar	2030	2.16	-5.16
Kuwait	2027	1.61	-4.45	Qatar	2050	3.05	-4.33

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.78	8.08	0.08	0.75
S&P MENA Bond and Sukuk Index	2.35	NA	0.27	0.46
Bloomberg Emerging Markets USD Index	4.47	6.80	0.02	-1.54
Bloomberg Global Aggregate Index	1.27	7.42	0.05	-4.42

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	12/12/2021	31/12/2020	12/12/2021	31/12/2020	12/12/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0625	1.9375
SAIBOR	0.8500	0.8175	0.8986	0.8700	0.9729	0.9413
BHIBOR	1.5167	2.2500	1.6017	2.5333	1.7667	2.6833
QATAR	1.1250	1.1206	1.2000	1.1960	1.3250	1.3636
AEIBOR	0.4021	0.5125	0.5550	0.4908	0.7493	0.6538
EURIBOR	-0.5880	-0.5450	-0.5430	-0.5260	-0.4980	-0.4990
LIBOR	0.1983	0.2384	0.2883	0.2576	0.5094	0.3419

USD Swap Rates				Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD
1-Year	0.4359	-1.73	126.4	KWD	0.3026	0.0000	0.23	Gold	1,784.80
2-Year	0.8685	-3.30	339.1	SAR	3.7514	0.0053	0.01	Silver	22.20
5-Year	1.3597	-2.02	216.2	BHD	0.3770	0.0000	0.00	Copper	428.65
7-Year	1.4712	-1.40	124.7	QAR	3.6416	-0.0082	-0.01	Nat. Gas	3.93
10-Year	1.5742	-0.64	70.1	OMR	0.3850	0.0000	0.00	Aluminum	2,616.51
30-Year	1.7162	0.79	22.4	AED	3.6730	0.0000	0.00	Crude Oil	75.15

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.65	0.07	0.41	0.01	NA	0.00
5-Year	1.25	0.09	0.54	0.01	-0.73	-0.02
10-Year	1.48	0.16	0.74	0.13	-0.48	-0.06
30-Year	1.88	-0.01	0.86	0.01	-0.07	-0.29

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	12-Dec 2021	31-Dec 2020
Kuwait	40.51	40.69
KSA	51.24	63.77
Abu Dhabi	42.73	36.03
Dubai	86.85	104.06
Qatar	42.50	36.70
Bahrain	296.20	233.58
Oman	259.33	353.60
Iraq	516.87	542.74
Egypt	491.31	330.47
Morocco	86.08	102.56
Turkey	496.71	299.47
US	12.06	11.52
UK	8.98	15.13
China	42.91	26.70
Japan	16.59	14.74
Germany	7.57	9.09
France	18.42	14.42