

News Updates

Fitch affirms National Bank of Kuwait at 'AA-'; outlook stable – Fitch Ratings has affirmed National Bank of Kuwait's (NBK), NBK (International)'s (NBKI) and NBK France's Long-Term Issuer Default Rating (IDR) at 'AA-' with a Stable Outlook. Fitch has also affirmed NBK's Viability Rating (VR) at 'a-'. NBK's IDRs are driven by support from the Kuwaiti state. The Support Rating (SR) of '1' and Support Rating Floor (SRF) of 'AA-' reflect Fitch's view of an extremely high probability of support being provided by the Kuwaiti authorities to all domestic banks if needed. Fitch's expectation of support from the authorities is underpinned by Kuwait's strong ability to provide support to domestic banks, as reflected by the sovereign rating (AA/Stable) and a strong willingness to do so irrespective of the bank's size, franchise, funding structure and level of government ownership. (Source: Fitch Ratings)

Fitch Downgrades Bahrain's Ahli United Bank to 'BB+'; Outlook Stable – Fitch Ratings has downgraded Ahli United Bank BSC's (AUB) Long-Term Issuer Default Rating (IDR) to 'BB+' from 'BBB-' and the Viability Rating (VR) to 'bb' from 'bb+'. The Outlook on the Long-Term IDR is Stable. The rating actions follow the downgrade of Bahrain's sovereign rating to 'B+' from 'BB-' and Bahrain's Country Ceiling to 'BB+' from 'BBB-' on 14 August 2020. AUB's Long-Term IDR reflects Fitch's assessment of the likelihood of support for AUB from the Kuwaiti authorities. In Fitch's view, the likelihood of AUB being able to receive and utilise this support is constrained by Bahrain's Country Ceiling. The downgrade of the Country Ceiling has therefore resulted in the downgrade of AUB. This constraint is a consequence of AUB's exposure to the Bahraini sovereign and domestic economy on both sides of the balance sheet. Bahrain represented 17% of AUB's credit risk exposures at end-1H20. (Source: Fitch Ratings)

Euro-Area Inflation Turns Negative in Worrying Sign for ECB – The Consumer prices in the 19-nation euro area are falling for the first time in four years, highlighting that a recent rebound in economic activity hasn't managed to offset the pandemic's profound impact on demand. The inflation rate came in at -0.2%, missing economists' median estimate for a reading of +0.2%. Core inflation hit a record low, in part dragged lower by discounting during summer sales. The European Central Bank had warned that inflation would weaken, but the negative reading will still sound the alarm for policy makers who have tried to soften the shock unleashed by the coronavirus. While consumption and industrial activity have improved in the euro area since lockdowns were relaxed, weak inflation pressures and the threat of unemployment provide a gloomy backdrop for the ECB's policy meeting next week. Another likely source of concern is the euro, which has risen more than 7% over the last six months. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.99	4.74	KSA	2025	1.51	5.47
Abu Dhabi	2030	1.68	8.90	KSA	2030	2.22	9.24
Abu Dhabi	2050	2.69	20.28	KSA	2050	3.25	10.17
Bahrain	2026	3.88	-2.96	Oman	2025	5.02	-4.38
Bahrain	2030	5.04	14.97	Oman	2029	6.10	-5.47
Bahrain	2047	6.29	-5.89	Oman	2048	7.53	-10.04
Dubai	2029	2.80	1.31	Qatar	2025	1.14	6.26
Kuwait	2022	0.61	1.35	Qatar	2030	1.79	11.50
Kuwait	2027	1.23	5.71	Qatar	2050	2.84	22.23

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.65	8.08	0.23	6.10
S&P MENA Bond and Sukuk Index	2.14	NA	0.13	7.49
Bloomberg Emerging Markets USD Index	4.03	6.80	0.31	3.56
Bloomberg Global Aggregate Index	0.90	7.42	0.18	6.29

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	02/09/2020	31/12/2019	02/09/2020	31/12/2019	02/09/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8900	2.2314	0.9414	2.2557	0.9971	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	0.9015	2.2500	1.0077	2.3500	1.2715	2.5333
AEIBOR	0.4908	2.2086	0.6562	2.1914	0.7435	2.2900
EURIBOR	-0.4770	-0.3830	-0.4480	-0.3240	-0.3830	-0.2490
LIBOR	0.2409	1.9084	0.3099	1.9121	0.4453	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2374	0.04	-86.6
2-Year	0.2235	0.23	-86.8
5-Year	0.3254	0.35	-81.2
7-Year	0.4795	0.83	-73.3
10-Year	0.6902	1.26	-63.6
30-Year	1.0677	1.93	-48.9

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3055	-0.0982	-0.77
SAR	3.7509	0.0000	0.02
BHD	0.3770	0.0027	0.02
QAR	3.6420	0.0055	0.01
OMR	0.3850	-0.0052	-0.01
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	0.00
5-Year	0.26	-0.03
10-Year	0.68	-0.10
30-Year	1.44	-0.38

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.11	0.05
5-Year	-0.04	0.13
10-Year	0.29	0.20
30-Year	0.88	0.47

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.70	0.00
5-Year	-0.69	0.00
10-Year	-0.49	0.00
30-Year	0.04	0.00

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	Aa2	AA-	AA
KSA	A1	A-u	A
UAE	Aa2	NR	NR
Abu Dhabi	Aa2	AA	AA
Qatar	Aa3	AA-	AA-
Bahrain	B2	B+	B+
Oman	Ba3	BB-	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B1	B+u	BB-
Tunisia	B2	NR	B
Morocco	Ba1	BBB-	BBB-
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS

	02-Sep 2020	31-Dec 2019
Kuwait	52.530	36.700
KSA	75.840	56.915
Abu Dhabi	40.690	36.090
Dubai	146.110	91.005
Qatar	40.360	36.705
Bahrain	286.930	175.995
Oman	408.850	234.400
Iraq	573.060	383.680
Egypt	418.070	277.420
Morocco	120.220	91.435
Turkey	508.300	282.130
US	13.000	10.810
UK	17.500	16.210
China	32.270	31.205
Japan	15.680	21.042
Germany	8.940	7.080
France	16.440	16.130