

News Updates

Kuwait to transfer 2b dinars to General Reserve Fund – Kuwait's Ministry of Finance is preparing to transfer 2.05 billion Kuwaiti dinar in liquid cash after the parliament approved a law limiting the transfer of state funds to the Future Generations Fund, Al Qabas reported. The cash will be pumped into the General Reserve Fund, which will enhance the liquidity of the fund until the government finds alternative means of enhancing liquidity, a source told Al Qabas. On last Wednesday, the National Assembly passed a law that would limit the transfer of funds from the General Reserve Fund to the Future Generation Funds. The law would allow funds to be transferred contingent on a budget surplus, as in the past 10 per cent would automatically be transferred from the General Reserve to the Future Generation Fund each year. (Source: Gulf News)

Saudi Arabia finance ministry announces closure of August issuance of sukuk program – Saudi Arabia's finance ministry announced on Saturday the closure of the August 2020 issuance of the government's sukuk program. The first tranche of the sukuk, or Islamic bonds, has a size of 100 million riyals (\$26.6 million) and a total tranche size of 6.125 billion riyals, maturing in 2028, the ministry said. The second tranche of the sukuk has a size of 400 million riyals and a total tranche size of 13.515 billion riyals, maturing in 2035. The issuance size of the sukuk program in August was set at 500 million riyals, the ministry said. In June, Saudi Arabia raised 8.495 billion riyals in sukuk. (Source: Zawya)

Bond Traders Clamoring for Answers Bet the Fed Isn't Done Yet – The world's biggest bond market enters a potentially pivotal week with Treasuries regaining momentum as investors brace for signals from the Federal Reserve on its next crucial policy move. Ten-year Treasury yields are coming off their biggest weekly drop since early June. Traders are betting the Fed isn't done with stimulus even as last week's release of the minutes from the Fed's July meeting raised questions over the timing of any additional support for the economy. While lawmakers are still struggling to agree on further relief measures, the focus will turn to Thursday's speech by Fed Chairman Jerome Powell at the Kansas City Fed's annual symposium. He'll discuss the central bank's long-awaited policy framework review, which is widely expected to lay the groundwork for a new inflation strategy. Traders are also looking for any hints on plans for the Fed's bond-buying program. The upshot is that the days ahead could prove critical for interest rates, the economy and inflation. The benchmark 10-year Treasury yield fell 8 basis points last week to about 0.63%, just a bit more than 30 basis points above its record low from March. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.02	4.72	KSA	2025	1.53	5.47
Abu Dhabi	2030	1.64	9.39	KSA	2030	2.19	9.64
Abu Dhabi	2050	2.61	22.34	KSA	2050	3.16	11.93
Bahrain	2026	4.04	-3.49	Oman	2025	5.20	-5.17
Bahrain	2030	5.10	14.40	Oman	2029	6.28	-6.66
Bahrain	2047	6.36	-6.66	Oman	2048	7.61	-10.83
Dubai	2029	2.71	1.85	Qatar	2025	1.06	6.64
Kuwait	2022	0.58	1.43	Qatar	2030	1.75	11.94
Kuwait	2027	1.25	5.62	Qatar	2050	2.68	26.01

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.63	8.08	0.12	6.50
S&P MENA Bond and Sukuk Index	2.10	NA	0.13	8.10
Bloomberg Emerging Markets USD Index	4.17	6.80	0.11	3.29
Bloomberg Global Aggregate Index	0.87	7.42	-0.14	5.83

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	24/08/2020	31/12/2019	24/08/2020	31/12/2019	24/08/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.9000	2.2314	0.9500	2.2557	1.0014	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	1.0490	2.2500	1.1306	2.3500	1.3409	2.5333
AEIBOR	0.5637	2.2086	0.6525	2.1914	0.7643	2.2900
EURIBOR	-0.4870	-0.3830	-0.4410	-0.3240	-0.3760	-0.2490
LIBOR	0.2500	1.9084	0.3144	1.9121	0.4410	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2306	0.00	-87.0
2-Year	0.2184	-0.05	-87.1
5-Year	0.3176	0.26	-81.6
7-Year	0.4466	-0.04	-75.2
10-Year	0.6262	-0.36	-67.0
30-Year	0.9491	-1.77	-54.6

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3058	-0.1472	-0.88
SAR	3.7508	0.0000	0.02
BHD	0.3770	0.0053	0.02
QAR	3.6417	0.0000	0.00
OMR	0.3850	0.0000	-0.01
AED	3.6729	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.14	0.00
5-Year	0.26	0.00
10-Year	0.62	0.05
30-Year	1.33	0.34

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.06	0.02
5-Year	-0.05	0.07
10-Year	0.20	0.21
30-Year	0.78	0.73

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.71	0.00
5-Year	-0.74	0.00
10-Year	-0.58	0.00
30-Year	-0.08	0.00

Source: Bloomberg

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	B2u	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

	24-Aug 2020	31-Dec 2019
Kuwait	52.490	36.700
KSA	84.270	56.915
Abu Dhabi	45.840	36.090
Dubai	153.340	91.005
Qatar	45.180	36.705
Bahrain	294.270	175.995
Oman	452.640	234.400
Iraq	594.190	383.680
Egypt	424.270	277.420
Morocco	121.860	91.435
Turkey	542.670	282.130
US	13.030	10.810
UK	19.660	16.210
China	37.580	31.205
Japan	16.000	21.042
Germany	10.190	7.080
France	17.520	16.130