

News Updates

Kuwait Outlook Cut to Negative at Fitch on Debt Gridlock – Kuwait's rating outlook was cut to negative from stable at Fitch as political bickering delays reforms and stymies borrowing. “The revision of the outlook reflects near-term liquidity risk associated with the imminent depletion of liquid assets in the General Reserve Fund in the absence of parliamentary authorization for the government to borrow,” Fitch said in a statement. The rating was affirmed at AA. Kuwait still doesn't have a public debt law enabling it to borrow and hasn't been to the market since a debut Eurobond in 2017. Lawmakers have opposed borrowing to cover the country's budget deficit and say the government should better manage finances before resorting to debt. “Depletion of GRF liquidity would sharply limit the government's ability to make good on its spending obligations and could result in significant economic disruption,” Fitch said. Fitch also said: Base case is that government will replenish the GRF to avoid depletion even without any new legislation by parliament, and that debt service (about 400 million dinars, or 1% of GDP in 2021) would continue in a timely manner. Authorities have shown commitment to avoiding a liquidity crisis and have flexibility to take extraordinary measures, but the timing of a sustainable funding solution remains unclear. Expects the general government deficit to widen to about 6.7 billion dinars (20% of GDP) in FY20. Fiscal deficits will likely remain in the double digits in the medium to long term (Source: Bloomberg)

Qatar's Ahli Bank Hires Banks for \$300m Bond – Ahli Bank hires international banks to organize a series of fixed income investor calls, which may start as early as Feb. 2, according to regulatory filing. \$300m fixed rate resettable RegS, additional Tier 1 perpetual, non-call, 5-year unrated bond may follow, subject to market conditions. (Source: Bloomberg)

Fitch Assigns OETC's USD600m Notes 'BB-' Final Rating – Fitch Ratings has assigned Oman Electricity Transmission Company's (OETC; BB-/Negative) USD600 million 5.8% senior unsecured notes due in 2031 a final rating of 'BB-'. The notes are issued through wholly owned subsidiary Oryx Funding Limited and guaranteed by OETC. The notes are rated at the same level as OETC's senior unsecured rating, reflecting the guarantee in place. The final rating is in line with the expected rating assigned on 25 January 2021. OETC's rating is constrained by the Sultanate of Oman (BB-/Negative). The notes rank pari passu with other senior unsecured obligations of OETC, and include a change-of-control clause if state ownership falls below 51%, a cross-default provision, and negative pledge covenants. The proceeds are being used to fund capex, refinance a bridge shareholder loan due in 2021 and for general corporate purposes. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.82	-0.33	KSA	2025	1.14	0.04
Abu Dhabi	2030	1.71	-1.19	KSA	2030	2.17	-1.22
Abu Dhabi	2050	2.91	-3.02	KSA	2050	3.48	-3.55
Bahrain	2026	3.29	-0.28	Oman	2025	3.39	2.66
Bahrain	2030	5.04	-1.94	Oman	2029	5.06	2.38
Bahrain	2047	6.33	-2.86	Oman	2048	6.65	1.14
Dubai	2029	2.39	0.77	Qatar	2025	0.87	-0.19
Kuwait	2022	0.41	-0.47	Qatar	2030	1.76	-1.20
Kuwait	2027	1.20	-0.77	Qatar	2050	2.99	-2.92

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.51	8.08	0.05	-0.36
S&P MENA Bond and Sukuk Index	2.08	NA	-0.04	-0.68
Bloomberg Emerging Markets USD Index	3.57	6.80	0.09	-0.69
Bloomberg Global Aggregate Index	0.89	7.42	-0.26	-1.35

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	3/2/2021	31/12/2020	3/2/2021	31/12/2020	3/2/2021	31/12/2020
KIBOR	1.4375	1.4375	1.6875	1.6875	1.9375	1.9375
SAIBOR	0.8138	0.8175	0.8625	0.8700	0.9325	0.9413
BHIBOR	2.2000	2.2500	2.4667	2.5333	2.6833	2.6833
QATAR	1.0184	1.1206	1.1170	1.1960	1.2743	1.3636
AEIBOR	0.2916	0.5125	0.4755	0.4908	0.5450	0.6538
EURIBOR	-0.5430	-0.5450	-0.5280	-0.5260	-0.5110	-0.4990
LIBOR	0.1955	0.2384	0.2150	0.2576	0.3055	0.3419

USD Swap Rates

	Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1803	0.03	-6.3
2-Year	0.1947	0.06	-1.6
5-Year	0.5555	0.67	29.2
7-Year	0.8489	0.79	29.7
10-Year	1.1620	0.87	25.6
30-Year	1.6422	0.93	17.1

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.11	0.00	-0.11	-0.03
5-Year	0.45	-0.03	-0.02	-0.09
10-Year	1.11	-0.08	0.35	-0.34
30-Year	1.88	-0.16	0.92	-0.85

Source: Bloomberg

Sovereign Ratings

	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

	3-Feb 2021	31-Dec 2020
Kuwait	42.19	40.69
KSA	65.99	63.77
Abu Dhabi	42.33	36.03
Dubai	104.05	104.06
Qatar	42.53	36.70
Bahrain	231.06	233.58
Oman	333.21	353.60
Iraq	490.53	542.74
Egypt	325.34	330.47
Morocco	99.19	102.56
Turkey	298.98	299.47
US	10.00	11.52
UK	15.32	15.13
China	29.38	26.70
Japan	14.59	14.74
Germany	9.36	9.09
France	14.47	14.42