

News Updates

Saudi non-oil private sector back to growth for first time since Feb - PMI – Saudi Arabia's non-oil private sector returned to growth in September for the first time in seven months, a survey showed on Monday, amid stronger demand after a loosening of lockdown measures imposed to stem the spread of the coronavirus. The seasonally adjusted IHS Markit Saudi Arabia Purchasing Managers' Index (PMI) rose to 50.7 from 48.8 in August, going above the 50 mark that separates growth from contraction for the first time since February, prior to the pandemic. “Business activity in the Saudi Arabia non-oil private sector ticked up in September, supported by a return to sales growth as the economy started to find its footing after the COVID-19 lockdown,” said David Owen, economist at IHS Markit. “In addition, the impact of a rise in VAT notably softened, after a sharp rise in prices and a dip in sales were seen in August. Cost inflation eased to just a marginal pace.” (Source: Reuters)

UAE non-oil sector sees weak rebound in September - PMI – The United Arab Emirates' non-oil private sector swung back to growth in September, a survey showed on Monday, but firms continued to shed jobs amid cash flow issues and concerns over renewed restrictions to contain the novel coronavirus. The seasonally adjusted IHS Markit UAE Purchasing Managers' Index (PMI), which covers manufacturing and services, rose to 51.0 in September from 49.4 in August, going above the 50.0 mark that separates growth from contraction for the third time in four months. This was the highest reading for 11 months but was still well below its 54.1 average last year. New orders grew in September as companies offered larger discounts and activity picked up due to an increase in consumer demand amid softer coronavirus-related restrictions. (Source: Reuters)

Fed must be 'in it to win it' on inflation goal: Evans – Chicago Federal Reserve Bank President Charles Evans on Monday said he expects U.S. inflation to reach 2% by 2023 and signaled his support for allowing it to rise to 2.5%, a level seen by others at the Fed as excessive. “The Fed “needs to have an ‘in it to win it’ attitude toward our inflation objective,” Evans said in remarks prepared for delivery to the National Association for Business Economics. “This will require actual overshooting, and we can't be timid about doing so.” In August the Fed adopted a new framework to counter long-running structural forces pulling down on inflation, officially aiming for 2% inflation on average. Allow inflation to reach 2.5%, he said, and the Fed could reach the 2% average goal a year earlier. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.98	4.71	KSA	2025	1.28	6.56
Abu Dhabi	2030	1.70	8.76	KSA	2030	2.09	10.43
Abu Dhabi	2050	2.74	19.29	KSA	2050	3.33	8.65
Bahrain	2026	4.37	-5.22	Oman	2025	5.49	-6.00
Bahrain	2030	5.83	8.61	Oman	2029	6.89	-10.38
Bahrain	2047	6.79	-11.57	Oman	2048	7.94	-14.28
Dubai	2029	2.69	1.87	Qatar	2025	1.00	6.67
Kuwait	2022	0.46	1.43	Qatar	2030	1.82	11.16
Kuwait	2027	1.33	4.97	Qatar	2050	2.91	20.75

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.74	8.08	0.20	5.67
S&P MENA Bond and Sukuk Index	2.19	NA	0.06	7.14
Bloomberg Emerging Markets USD Index	4.06	6.80	0.12	2.04
Bloomberg Global Aggregate Index	0.92	7.42	0.03	5.77

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	10/6/2020	31/12/2019	10/6/2020	31/12/2019	10/6/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8675	2.2314	0.9138	2.2557	0.9800	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.1414	2.2500	1.2139	2.3500	1.3686	2.5333
AEIBOR	0.5119	2.2086	0.6651	2.1914	0.7908	2.2900
EURIBOR	-0.5050	-0.3830	-0.4730	-0.3240	-0.4490	-0.2490
LIBOR	0.2335	1.9084	0.2448	1.9121	0.3575	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2148	-0.07	-87.9
2-Year	0.2271	-0.33	-86.6
5-Year	0.3839	-1.75	-77.8
7-Year	0.5534	-1.66	-69.2
10-Year	0.7813	-1.60	-58.8
30-Year	1.2045	-1.22	-42.4

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3059	0.0654	-0.92
SAR	3.7511	0.0000	0.02
BHD	0.3771	0.0027	-0.01
QAR	3.6421	-0.0055	0.00
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.14	0.01
5-Year	0.32	0.09
10-Year	0.76	0.18
30-Year	1.58	0.28

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.03	-0.04
5-Year	-0.04	-0.13
10-Year	0.29	-0.53
30-Year	0.87	-1.31

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.69	0.00
5-Year	-0.73	0.00
10-Year	-0.58	0.00
30-Year	-0.09	0.00

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	A1	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	B2	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

	06-Oct 2020	31-Dec 2019
Kuwait	56.17	36.700
KSA	82.38	56.915
Abu Dhabi	47.00	36.090
Dubai	139.24	91.005
Qatar	45.78	36.705
Bahrain	321.69	175.995
Oman	456.53	234.400
Iraq	612.94	383.680
Egypt	438.14	277.420
Morocco	124.73	91.435
Turkey	500.76	282.130
US	15.25	10.810
UK	16.96	16.210
China	44.21	31.205
Japan	16.33	21.042
Germany	8.85	7.080
France	15.60	16.130