

## News Updates

**Saudi Arabia expected to remain top GCC sukuk, bond issuer in 2021** – Saudi Arabia is likely to remain the top bond and sukuk issuer in the Gulf region next year with either flat or a marginal year-on-year (YoY) growth in issuance to help plug the budget deficit, Junaid Ansari, Vice President of Investment Strategy and Research, Kamco Investment Company, told Argaam. The Kingdom has been the top issuer over the last three years with issuances of \$36.6 billion in 2018, \$55.3 billion in 2019 and \$52.4 billion for year-to-date 2020. “With maturities of more than \$60 billion for the three years from 2022-2024, the Kingdom is expected to see much larger issuances unless oil prices see significant growth, which we believe is highly unlikely,” Ansari said. Kamco foresees oil prices to remain around \$40 a barrel. Saudi Arabia is expected to run a budget deficit of \$37.58 billion (SAR 141 billion) next year (4.9% of GDP). The government has already issued \$36 billion in bonds and sukuk this year until November 2020 as compared to full-year issuance of \$39 billion last year. (Source: Argaam)

**Egypt Holds Interest Rates as New Virus Strain Prompts Caution** – Egypt left interest rates unchanged, putting monetary easing on pause amid fears over the effect of a new strain of the coronavirus on global markets. The Monetary Policy Committee held the deposit rate at 8.25% and the lending rate at 9.25%, it said Thursday in a statement. The decision was predicted by all 14 economists surveyed by Bloomberg after authorities cut rates by a cumulative 400 basis points this year. Along with the pandemic, the central bank was also weighing an uptick in November inflation to 5.7%, its highest level in seven months. Despite the increase, the North African nation’s real-interest rate is second-highest only to Malaysia among more than 50 major economies tracked by Bloomberg -- a key factor in attracting foreign inflows to its local debt market. (Source: Bloomberg)

**Turkey Central Banker Tightens Again in Boost to Credibility** – Turkey’s central bank governor delivered another meaty interest-rate hike, bolstering credibility with investors after he pledged to tighten policy when needed to keep prices in check. The Monetary Policy Committee led by Governor Naci Agbal lifted the one-week repo rate to 17% from 15% on Thursday, beating the 150-basis-points hike predicted in a Bloomberg survey of 25 analysts. The bank pledged in its rates decision to maintain a tight stance until it sees “a permanent fall in inflation,” citing risks from a weak lira, domestic demand and commodity prices including food costs. (Source: Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.73	5.43	KSA	2025	1.15	6.83
Abu Dhabi	2030	1.55	9.73	KSA	2030	2.00	10.99
Abu Dhabi	2050	2.71	19.47	KSA	2050	3.20	10.64
Bahrain	2026	3.32	-1.26	Oman	2025	4.13	-1.33
Bahrain	2030	4.79	16.46	Oman	2029	5.48	-1.53
Bahrain	2047	6.11	-3.82	Oman	2048	6.81	-1.90
Dubai	2029	2.52	2.78	Qatar	2025	0.83	6.86
Kuwait	2022	0.07	1.39	Qatar	2030	1.61	12.60
Kuwait	2027	1.06	6.08	Qatar	2050	2.77	23.40

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.46	8.08	0.00	8.68
S&P MENA Bond and Sukuk Index	2.00	NA	0.09	9.22
Bloomberg Emerging Markets USD Index	3.53	6.80	0.07	6.24
Bloomberg Global Aggregate Index	0.86	7.42	-0.01	8.65

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	27/12/2020	31/12/2019	27/12/2020	31/12/2019	27/12/2020	31/12/2019
KIBOR	1.4375	2.7500	1.6875	2.9375	2.0000	3.1875
SAIBOR	0.8188	2.2314	0.8700	2.2557	0.9413	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	0.9625	2.2500	1.0625	2.3500	1.6375	2.5333
AEIBOR	0.4325	2.2086	0.5350	2.1914	0.6493	2.2900
EURIBOR	-0.5420	-0.3830	-0.5190	-0.3240	-0.4940	-0.2490
LIBOR	0.2401	1.9084	0.2666	1.9121	0.3404	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1972	0.10	-88.9
2-Year	0.2045	-0.03	-88.0
5-Year	0.4471	0.00	-74.1
7-Year	0.6660	-0.13	-62.9
10-Year	0.9359	0.00	-50.6
30-Year	1.4072	0.00	-32.7

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3036	0.0000	-0.18
SAR	3.7531	-0.0107	-0.04
BHD	0.3770	0.0027	0.01
QAR	3.6414	0.0055	0.01
OMR	0.3850	0.0000	-0.01
AED	3.6730	-0.0027	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.12	0.00
5-Year	0.36	0.00
10-Year	0.92	0.02
30-Year	1.66	0.05

## UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.16	-0.01
5-Year	-0.06	0.04
10-Year	0.25	0.32
30-Year	0.82	0.93

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.73	0.00
5-Year	-0.75	0.00
10-Year	-0.61	0.00
30-Year	-0.16	0.00

Source: Bloomberg

## 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

	27-Dec 2020	31-Dec 2019
Kuwait	40.19	36.700
KSA	66.05	56.915
Abu Dhabi	36.35	36.090
Dubai	107.45	91.005
Qatar	37.21	36.705
Bahrain	235.89	175.995
Oman	353.32	234.400
Iraq	544.82	383.680
Egypt	331.35	277.420
Morocco	102.18	91.435
Turkey	311.40	282.130
US	11.65	10.810
UK	15.71	16.210
China	27.17	31.205
Japan	14.22	21.042
Germany	9.37	7.080
France	15.22	16.130