

News Updates

Fitch Affirms Doha Bank at ‘A’, Outlook Stable – Fitch Ratings has affirmed the Doha Bank’s IDRs, Support Rating (SR) and Support Rating Floor (SRF) with Stable Outlook and it reflect Fitch’s expectation of an extremely high probability of support from the Qatari authorities for domestic banks in case of need. This reflects the strong ability of Qatar to support its banks, as indicated by its rating (AA-/Stable), combined with Fitch’s belief of a strong willingness to support the banking sector and the bank. The government and the Qatar Central Bank have extended a QAR75 billion stimulus package (10% of GDP), which includes a zero-cost QAR50 billion repo facility for banks to provide credit extensions, of both principal and interest to borrowers affected by the pandemic, until 15 June 2021. As part of the stimulus, Qatar Development Bank (QDB) launched a QAR3 billion national guarantee programme that provides guarantees at subsidized rates to local banks against loans extended to SMEs affected by the pandemic. (Source: Bloomberg)

Turkey's Central Bank Hikes in December, Vows to Remain Hawkish – Turkey’s central bank, under the new leadership of Naci Agbal, has topped up its hefty November rate hike with another increase in December. It raised the one-week repo rate by 200 basis points to 17%, higher than both Bloomberg’s expectation (16%) and the consensus forecast (16.5%). It also vowed to keep policy tight until inflation has moderated toward its end-2021 forecast target. This means any easing will probably have to wait until 3Q21. (Source: Bloomberg)

Treasury Market’s Inflation Gauge Nears 2%, Highest Since 2018 – For the first time in two years, bond investors are betting that U.S. inflation will average close to 2% per year over the coming decade. The market’s key measure of price expectations reached 1.981% on Tuesday after touching 1.992% Monday, the highest since December 2018, data compiled by Bloomberg show. The gauge, known as the breakeven rate, is gaining momentum as traders prepare for an economic recovery in 2021 now that a Brexit deal has been reached and as U.S. legislators have approved additional virus-relief aid. The roll-out of vaccinations against the coronavirus is also fueling the move higher. It’s all happening against the backdrop of the Federal Reserve’s push to revive inflation, which has been too low for years. In August, policy makers unveiled an extensively previewed new approach, under which they will seek inflation that averages 2% over time by allowing price pressures to overshoot after periods of weakness. One key to that effort, officials have said, is the need to buoy expectations for inflation. (Source: Bloomberg)

GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi | 2025 | 0.71 | 5.46 | KSA | 2025 | 1.16 | 6.77 |
| Abu Dhabi | 2030 | 1.55 | 9.70 | KSA | 2030 | 2.01 | 10.93 |
| Abu Dhabi | 2050 | 2.72 | 19.31 | KSA | 2050 | 3.24 | 10.16 |
| Bahrain | 2026 | 3.29 | -1.21 | Oman | 2025 | 4.21 | -1.38 |
| Bahrain | 2030 | 4.78 | 16.51 | Oman | 2029 | 5.50 | -1.53 |
| Bahrain | 2047 | 6.11 | -3.82 | Oman | 2048 | 6.80 | -1.81 |
| Dubai | 2029 | 2.46 | 2.89 | Qatar | 2025 | 0.83 | 6.83 |
| Kuwait | 2022 | 0.03 | 1.34 | Qatar | 2030 | 1.62 | 12.55 |
| Kuwait | 2027 | 1.04 | 6.08 | Qatar | 2050 | 2.78 | 23.21 |

Bonds and Sukuk Indices

| Index Name | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index | 2.45 | 8.08 | 0.07 | 8.71 |
| S&P MENA Bond and Sukuk Index | 1.99 | NA | 0.07 | 9.30 |
| Bloomberg Emerging Markets USD Index | 3.52 | 6.80 | 0.06 | 6.37 |
| Bloomberg Global Aggregate Index | 0.84 | 7.42 | 0.29 | 8.95 |

Interbank Rates (%)

| | 3 Months | | 6 Months | | 12 Months | |
|---------|------------|------------|------------|------------|------------|------------|
| | 30/12/2020 | 31/12/2019 | 30/12/2020 | 31/12/2019 | 30/12/2020 | 31/12/2019 |
| KIBOR | 1.4375 | 2.7500 | 1.6875 | 2.9375 | 1.9375 | 3.1875 |
| SAIBOR | 0.8175 | 2.2314 | 0.8700 | 2.2557 | 0.9413 | 2.3071 |
| BHIBOR | 2.2500 | 2.6667 | 2.5333 | 2.7000 | 2.6833 | 2.8333 |
| QATAR | 0.9450 | 2.2500 | 1.0525 | 2.3500 | 1.3250 | 2.5333 |
| AEIBOR | 0.3875 | 2.2086 | 0.5935 | 2.1914 | 0.6518 | 2.2900 |
| EURIBOR | -0.5420 | -0.3830 | -0.5200 | -0.3240 | -0.4950 | -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 | 0.1992 | 0.02 | -88.7 |
| 2-Year | 0.2084 | 0.02 | -87.7 |
| 5-Year | 0.4489 | -0.01 | -74.0 |
| 7-Year | 0.6760 | -0.10 | -62.4 |
| 10-Year | 0.9509 | -0.12 | -49.8 |
| 30-Year | 1.4334 | -0.06 | -31.5 |

Currencies

| | USD | 1D Δ (bps) | YTD Δ (%) |
|-----|--------|------------|-----------|
| KWD | 0.3033 | 0.1154 | -0.07 |
| SAR | 3.7528 | 0.0133 | -0.02 |
| BHD | 0.3771 | 0.0000 | 0.01 |
| QAR | 3.6414 | 0.0055 | 0.01 |
| OMR | 0.3850 | 0.0000 | -0.01 |
| AED | 3.6730 | 0.0000 | 0.00 |

US Treasuries

| | Yield % | 1D Δ (%) |
|---------|---------|----------|
| 2-Year | 0.13 | 0.00 |
| 5-Year | 0.38 | 0.00 |
| 10-Year | 0.94 | 0.02 |
| 30-Year | 1.67 | 0.08 |

Source: Bloomberg

UK Gilts

| | Yield % | 1D Δ (%) |
|---------|---------|----------|
| 2-Year | -0.18 | 0.03 |
| 5-Year | -0.09 | 0.11 |
| 10-Year | 0.21 | 0.49 |
| 30-Year | 0.77 | 1.25 |

German Bunds

| | Yield % | 1D Δ (%) |
|---------|---------|----------|
| 2-Year | -0.79 | 0.00 |
| 5-Year | -0.78 | 0.08 |
| 10-Year | -0.64 | 0.12 |
| 30-Year | -0.18 | 0.36 |

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

| | 30-Dec 2020 | 31-Dec 2019 |
|-----------|-------------|-------------|
| Kuwait | 40.19 | 36.700 |
| KSA | 63.99 | 56.915 |
| Abu Dhabi | 36.23 | 36.090 |
| Dubai | 103.48 | 91.005 |
| Qatar | 36.68 | 36.705 |
| Bahrain | 235.95 | 175.995 |
| Oman | 352.63 | 234.400 |
| Iraq | 547.01 | 383.680 |
| Egypt | 332.68 | 277.420 |
| Morocco | 101.42 | 91.435 |
| Turkey | 305.56 | 282.130 |
| US | 11.47 | 10.810 |
| UK | 15.65 | 16.210 |
| China | 27.18 | 31.205 |
| Japan | 14.32 | 21.042 |
| Germany | 9.29 | 7.080 |
| France | 14.50 | 16.130 |