

## News Updates

**Riyad Bank plans issuing Tier 2 Sukuk** – Riyadh Bank on Tuesday announced its intention to set up a domestic SAR-denominated Sukuk issuance programme of up to SAR 10 billion. This comes in a bid to issue and offer senior and/or subordinated Sukuk including the issuance of Tier 2 capital-eligible Sukuk in one or more tranches or through one issuance or a series of issuances, according to a stock exchange statement. The bank plans to issue Tier 2 Sukuk under the Sukuk programme by way of a private placement in Saudi Arabia. The potential offer, subject to the approval of competent regulatory authorities, aims to strengthen the bank's capital base. (Source: Mubasher)

**Bahrain Plans to Sell Dollar Bonds to Plug Budget Deficit** – Bahrain started marketing a three-tranche dollar bond to help plug one of the widest deficits in the region. The Gulf Arab kingdom is selling benchmark-size seven-year debt, 12-year securities and/or notes maturing in 30 years, according to a person familiar with the matter, who's not authorized to speak publicly and asked not to be identified. Benchmark typically means the equivalent of at least \$500 million. Despite a \$10 billion bailout package pledged by its wealthier neighbors in 2018, Bahrain's public finances have been under strain from the twin shock of the pandemic and lower oil prices. The International Monetary Fund projects Bahrain's budget deficit to be at about 9.2% of gross domestic product this year. (Source: Bloomberg)

**Turkey Joins Emerging-Market Debt Flurry with Dollar Bonds** – Turkey hired international banks for its first Eurobond sale of the year, the latest in a string of recent high-yield debt offerings in emerging markets. The nation is selling dollar-denominated securities maturing in 2026 and 2031, according to a person familiar with the matter who asked not to be identified because the details are confidential. The initial price thought for the five-year security is 5.25%, and 6.25% for the 10-year note, the person said. Turkey and other junk-rated borrowers, including Bahrain and Laos, are taking advantage of low interest rates and investors' hunger for yield as they seek to cushion the blow to their budgets from the coronavirus pandemic. Turkey's U-turn toward market-friendly policies is also attracting foreign funds back to its assets. (Source: Bloomberg)

**JPMorgan Fund Manager Sees 2% U.S. Yield on Inflation Lift** – A rebound in the pandemic-stricken U.S. economy could see the 10-year Treasury yield nearly double by the end of 2021, according to JPMorgan Asset Management. The \$1.9 trillion money manager now says the benchmark borrowing rate can surge as high as 2%, as more-generous government spending and a global vaccine roll-out revive inflation risks. If all goes smoothly, by year-end U.S. policy makers will be flagging a pullback in asset purchases, said Seamus Mac Gorain, the head of global rates. (Source: Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.83	-0.31	KSA	2025	1.18	-0.11
Abu Dhabi	2030	1.67	-0.80	KSA	2030	2.20	-1.49
Abu Dhabi	2050	2.90	-2.81	KSA	2050	3.47	-3.52
Bahrain	2026	3.39	-0.64	Oman	2025	3.85	1.09
Bahrain	2030	5.18	-2.99	Oman	2029	5.49	-0.60
Bahrain	2047	6.43	-4.06	Oman	2048	6.92	-2.10
Dubai	2029	2.44	0.38	Qatar	2025	0.92	-0.34
Kuwait	2022	0.30	-0.31	Qatar	2030	1.78	-1.24
Kuwait	2027	1.18	-0.70	Qatar	2050	2.96	-2.24

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.50	8.08	0.12	-0.68
S&P MENA Bond and Sukuk Index	1.67	NA	0.13	-0.76
Bloomberg Emerging Markets USD Index	3.63	6.80	0.12	-1.07
Bloomberg Global Aggregate Index	0.87	7.42	0.18	-0.73

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	20/1/2021	31/12/2020	20/1/2021	31/12/2020	20/1/2021	31/12/2020
KIBOR	1.4375	1.4375	1.6875	1.6875	1.9375	1.9375
SAIBOR	0.8175	0.8175	0.8675	0.8700	0.9400	0.9413
BHIBOR	2.2333	2.2500	2.5167	2.5333	2.6833	2.6833
QATAR	1.1366	1.1206	1.2035	1.1960	1.3433	1.3636
AEIBOR	0.3425	0.5125	0.4246	0.4908	0.5318	0.6538
EURIBOR	-0.5530	-0.5450	-0.5330	-0.5260	-0.5030	-0.4990
LIBOR	0.2240	0.2384	0.2358	0.2576	0.3124	0.3419

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1961	0.10	1.9
2-Year	0.2045	0.04	3.4
5-Year	0.5236	0.39	21.8
7-Year	0.7965	0.40	21.7
10-Year	1.0959	0.26	18.4
30-Year	1.5806	0.04	12.7

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3029	0.0991	0.13
SAR	3.7515	-0.0027	0.01
BHD	0.3770	0.0000	0.00
QAR	3.6419	0.0110	0.01
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	0.00
5-Year	0.45	-0.02
10-Year	1.09	-0.04
30-Year	1.84	-0.03

## UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.14	-0.02
5-Year	-0.05	-0.03
10-Year	0.29	-0.03
30-Year	0.86	0.09

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.66	-0.02
5-Year	-0.75	-0.03
10-Year	-0.61	-0.02
30-Year	-0.12	-0.03

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

	20-Jan 2021	31-Dec 2020
Kuwait	41.69	40.69
KSA	66.09	63.77
Abu Dhabi	43.09	36.03
Dubai	102.94	104.06
Qatar	42.79	36.70
Bahrain	217.84	233.58
Oman	320.83	353.60
Iraq	574.29	542.74
Egypt	309.32	330.47
Morocco	94.32	102.56
Turkey	329.49	299.47
US	10.63	11.52
UK	15.26	15.13
China	30.28	26.70
Japan	13.72	14.74
Germany	9.47	9.09
France	14.68	14.42