

News Updates

Burgan Bank to Exercise Call Option on 100m Dinar Tier 2 Bonds –

On 24 January 2021, Burgan Bank K.P.S.C. has elected to exercise the call option for the redemption of the KD 100 million Subordinated Tier 2 bonds issued on 9 March 2016. These bonds have a ten-year tenor and a call option for redemption after five years from the date of their issuance or on any interest payment date thereafter. The redemption follows the Bank's new USD 500 million Subordinated Tier 2 bonds issuance, which took place in December 2020. Both actions were collectively taken to effectively manage the Bank's capital and long-term liquidity requirements. (Source: Boursa Kuwait)

Turkey Policy Shift Pays Off With Record Demand at Bond Sale –

Turkey attracted record demand for its first Eurobond sale of the year, raising \$3.5 billion via a two-part offering of dollar-denominated securities. Demand for the securities was more than \$15 billion, an all-time high for a Turkish issuance in international capital markets, the country's Treasury said in a statement. The nation sold \$1.75 billion of debt maturing in 2026 at a yield of 4.9%. That compared with initial price talk of 5.25%, according to a person familiar with the matter. The government also sold the same amount of notes due 2031 at 5.95%, down from a pre-sale guidance of 6.25%, said the person. Turkey joined the cohort of junk-rated borrowers looking to take advantage of low interest rates and investors' hunger for yield as they seek to cushion the blow to their budgets from the coronavirus pandemic. (Source: Bloomberg)

Turkey to Keep High Rates for Extended Period, Hawkish Bias –

The Central Bank of the Republic of Turkey left its benchmark interest rate unchanged at 17% in January, as expected. Two consecutive rate hikes under a new governor in November and December have kept monetary conditions tight despite accelerating inflation. The CBRT has pledged to keep rates high for an extended period, and to deliver additional tightening if needed. (Source: Bloomberg)

Oil Falls With Rising U.S. Supplies an Obstacle to Recovery –

Oil declined the most in a week with rising U.S. crude stockpiles seen as an obstacle facing a market that is still recovering from a pandemic-induced demand slump. Futures fell 1.6% to the lowest level in nearly two weeks in New York on Friday. A U.S. government report showed domestic crude inventories increased for the first time since December, rising more than 4 million barrels last week. However, the data also showed refiners processed the most crude since March, an encouraging sign. A stronger dollar on Friday also reduced the appeal of commodities priced in the currency. Following crude's strong start to the new year, prices have struggled to break out to new highs this month with restrictions in place to curb the spread of Covid-19. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.81	-0.24	KSA	2025	1.18	-0.06
Abu Dhabi	2030	1.69	-0.92	KSA	2030	2.20	-1.47
Abu Dhabi	2050	2.85	-1.83	KSA	2050	3.44	-2.93
Bahrain	2026	3.36	-0.53	Oman	2025	3.80	1.35
Bahrain	2030	5.10	-2.41	Oman	2029	5.45	-0.35
Bahrain	2047	6.36	-3.26	Oman	2048	6.91	-1.97
Dubai	2029	2.50	0.31	Qatar	2025	0.88	-0.26
Kuwait	2022	0.27	-0.33	Qatar	2030	1.75	-1.06
Kuwait	2027	1.25	-0.88	Qatar	2050	2.95	-2.10

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.53	8.08	0.01	-0.54
S&P MENA Bond and Sukuk Index	1.65	NA	0.04	-0.67
Bloomberg Emerging Markets USD Index	3.61	6.80	0.00	-0.94
Bloomberg Global Aggregate Index	0.88	7.42	-0.05	-0.71

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	24/1/2021	31/12/2020	24/1/2021	31/12/2020	24/1/2021	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	1.1304	1.1206	1.2034	1.1960	1.3496	1.3636
AEIBOR	0.3576	0.5125	0.5025	0.4908	0.5318	0.6538
EURIBOR	-0.5400	-0.5450	-0.5250	-0.5260	-0.4980	-0.4990
LIBOR	0.2153	0.2384	0.2360	0.2576	0.3123	0.3419

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.1921	-0.09	-0.2	KWD	0.3029	0.0000	0.13
2-Year	0.2008	-0.03	1.5	SAR	3.7513	0.0000	0.01
5-Year	0.5269	-0.66	22.5	BHD	0.3770	0.0000	0.00
7-Year	0.8063	-0.69	23.2	QAR	3.6413	-0.0027	0.00
10-Year	1.1129	-0.71	20.3	OMR	0.3850	0.0000	0.00
30-Year	1.6057	-1.08	14.5	AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.12	0.00		-0.14	0.01		-0.67	0.01
5-Year	0.43	0.07		-0.04	0.07		-0.75	0.06
10-Year	1.09	0.20		0.31	0.24		-0.60	0.14
30-Year	1.85	0.53		0.89	0.52		-0.10	0.57

Source: Bloomberg

Currencies

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

	24-Jan 2021	31-Dec 2020
Kuwait	41.69	40.69
KSA	67.89	63.77
Abu Dhabi	43.21	36.03
Dubai	106.24	104.06
Qatar	43.09	36.70
Bahrain	228.72	233.58
Oman	320.16	353.60
Iraq	552.30	542.74
Egypt	310.00	330.47
Morocco	94.68	102.56
Turkey	327.27	299.47
US	10.63	11.52
UK	15.39	15.13
China	29.31	26.70
Japan	14.24	14.74
Germany	9.37	9.09
France	14.07	14.42