

News Updates

New initiative to enhance monetary policy in Oman – The Central Bank of Oman (CBO) says its new Monetary Policy Enhancement Project, launched at the start of this year, will help unleash an array of benefits that will contribute to further strengthening the economic and financial stability of the Sultanate. The overarching objective behind the initiative is to enhance the effectiveness and the transmission mechanism of CBO's monetary policy within the boundaries of the fixed exchange rate regime, thereby reinforcing the country's economic and financial stability, the sector regulator said. Earlier, an action plan approved by CBO's Board of Governors last December was fine-tuned by CBO experts with technical assistance provided by the International Monetary Fund (IMF), it pointed out. “Successful implementation of MPEP would have enormous positives impacts on the effectiveness of CBO's operations in particular and on the Omani economy at large,” said the apex bank in its newly published 2020 Financial Stability Report. (Source: Oman Observer)

Turkey Central Bank Poised for 100bp Rate Hike – The Central Bank of the Republic of Turkey will probably raise the one-week repo rate by 100 basis points at its meeting Thursday. A surprising spike in November inflation would justify additional tightening. At his first meeting as governor of the CBRT in November, Naci Agbal re-instated the one-week repo rate as the main policy tool and raised it by 475 bps to 15%. Additional tightening may be needed as inflation surged to 14% last month. The pass-through from currency depreciation to consumer prices as well as a rise in oil costs caused the spike. (Source: Bloomberg)

Relief Deal Close as Lawmakers End Fed Impasse – Congressional negotiators cleared the last significant obstacle for pandemic relief legislation with a compromise in a dispute over the future of Federal Reserve emergency lending programs, setting up a possible vote on Sunday. The compromise would clear the way for a final agreement on a roughly \$900 billion plan to help the U.S. economy weather the coronavirus pandemic. The House and Senate could act as soon as Sunday on the legislation, Senate Democratic leader Chuck Schumer told reporters late Saturday, saying that negotiators were “very close.” “If things continue on this path and nothing gets in the way, we'll be able to vote tomorrow,” the New York Democrat said. Congress plans to combine the virus-related measures with \$1.4 trillion in government spending for fiscal year 2021. The deal is expected to include funds for small businesses, stimulus payments for most individuals, supplemental unemployment benefits, support for vaccine distribution and resources for education, child care and housing. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.80	5.27	KSA	2025	1.15	6.96
Abu Dhabi	2030	1.57	9.67	KSA	2030	2.00	11.14
Abu Dhabi	2050	2.71	19.65	KSA	2050	3.21	10.72
Bahrain	2026	3.32	-1.20	Oman	2025	4.23	-1.38
Bahrain	2030	4.72	17.06	Oman	2029	5.42	-1.03
Bahrain	2047	6.09	-3.42	Oman	2048	6.70	-0.50
Dubai	2029	2.56	2.75	Qatar	2025	0.89	6.76
Kuwait	2022	0.25	1.25	Qatar	2030	1.62	12.60
Kuwait	2027	1.10	5.97	Qatar	2050	2.77	23.70

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.45	8.08	0.12	8.73
S&P MENA Bond and Sukuk Index	2.00	NA	0.02	9.19
Bloomberg Emerging Markets USD Index	3.53	6.80	0.04	6.13
Bloomberg Global Aggregate Index	0.85	7.42	-0.16	8.80

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	20/12/2020	31/12/2019	20/12/2020	31/12/2019	20/12/2020	31/12/2019
KIBOR	1.4375	2.7500	1.6875	2.9375	1.9375	3.1875
SAIBOR	0.8200	2.2314	0.8713	2.2557	0.9413	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.2666	2.2500	1.3389	2.3500	1.5058	2.5333
AEIBOR	0.4325	2.2086	0.5074	2.1914	0.8150	2.2900
EURIBOR	-0.5370	-0.3830	-0.5200	-0.3240	-0.4980	-0.2490
LIBOR	0.2358	1.9084	0.2585	1.9121	0.3340	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1935	-0.24	-89.1
2-Year	0.2049	-0.28	-87.9
5-Year	0.4508	0.50	-73.9
7-Year	0.6761	0.99	-62.4
10-Year	0.9494	1.41	-49.9
30-Year	1.4230	1.41	-32.0

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3037	0.1152	-0.21
SAR	3.7517	0.0027	-0.01
BHD	0.3770	0.0000	0.00
QAR	3.6415	-0.0027	0.01
OMR	0.3850	0.0000	-0.01
AED	3.6729	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.12	0.00
5-Year	0.38	-0.01
10-Year	0.95	-0.12
30-Year	1.69	-0.24

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.10	0.04
5-Year	-0.05	0.17
10-Year	0.25	0.43
30-Year	0.80	1.06

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.76	0.00
5-Year	-0.77	0.00
10-Year	-0.63	0.00
30-Year	-0.17	0.17

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-Dec 2020	31-Dec 2019
Kuwait	40.19	36.700
KSA	63.32	56.915
Abu Dhabi	34.99	36.090
Dubai	103.81	91.005
Qatar	36.05	36.705
Bahrain	242.50	175.995
Oman	351.80	234.400
Iraq	500.67	383.680
Egypt	335.74	277.420
Morocco	94.24	91.435
Turkey	319.30	282.130
US	12.89	10.810
UK	15.81	16.210
China	26.80	31.205
Japan	14.64	21.042
Germany	9.19	7.080
France	13.90	16.130