

News Updates

S&P Upgrades Gulf Insurance Group To 'A'; Outlook Stable – Gulf Insurance Group K.S.C.P. (GIG) announced that it is issuing up to Kuwaiti dinar (KWD) 60 million (US\$199 million) of Tier 2, junior, subordinated, perpetual notes, having received all the necessary regulatory approvals, which will qualify in their entirety as capital for solvency purposes. This is the second action that GIG's management has taken to improve capital adequacy after a KWD 50 million rights issue on Sept. 9, 2021, following the acquisition of AXA's Gulf operations. "We continue to believe that it could take time for GIG to consolidate and reorganize AXA's Gulf operations to deliver the improvements we expect in operating performance. However, the new subordinated notes will qualify as hybrid capital in our capital model and will strengthen GIG's financial flexibility to a level that reduces our concerns about the execution risk around GIG's integration of AXA Gulf" S&P Global Ratings stated. "We are therefore raising our issuer credit and financial strength ratings on GIG to 'A' from 'A-'. We are also assigning our 'BBB+' issue rating to the subordinated notes" the rating agency said. "The stable outlook reflects our expectation that over the next two years, GIG will successfully integrate AXA's Gulf operations; improve its investment mix; maintain its improved capital adequacy; and continue improving its operating performance, which will help to safeguard its very strong capital and earnings" the rating agency said. (Source: S&P Global Ratings)

S&P Affirms Emirate of Sharjah 'BBB-/A-3' Ratings; Outlook Stable – S&P Global Ratings affirmed its 'BBB-/A-3' long- and short-term foreign and local currency sovereign credit ratings on the Emirate of Sharjah. The outlook is stable. The stable outlook reflects their expectation that Sharjah's large fiscal deficits will decrease through 2024. They expect the government's fiscal trajectory to become clearer in the first quarter of next year, after the 2022 budget is announced. The affirmation balances their view of risks to Sharjah's debt trajectory with its relatively diverse and wealthy economy. The ratings also reflect advantages stemming from the emirate's membership in the UAE, including low external financing risks and the potential for extraordinary financial support from the federation. (Source: S&P Global Ratings)

Yellen Expects High Inflation Through Mid-2022 Before Easing – Treasury Secretary Janet Yellen said she expects price increases to remain high through the first half of 2022, but rejected criticism that the U.S. risks losing control of inflation. Inflation is expected to ease in the second half as issues ranging from supply bottlenecks, a tight U.S. labor market and other factors arising from the pandemic improve, Yellen said. The current situation reflects "temporary" pain, she said. "I don't think we're about to lose control of inflation," Yellen said, pushing back on criticism by former Treasury Secretary Lawrence Summers this month. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.08	-2.25	KSA	2025	1.26	-1.54
Abu Dhabi	2030	2.09	-4.60	KSA	2030	2.41	-3.66
Abu Dhabi	2050	3.14	-7.27	KSA	2050	3.62	-6.13
Bahrain	2026	4.14	-5.28	Oman	2025	3.28	2.20
Bahrain	2030	5.76	-7.36	Oman	2029	4.75	3.87
Bahrain	2047	7.29	-13.47	Oman	2048	6.60	1.74
Dubai	2029	2.49	-1.13	Qatar	2025	1.25	-3.01
Kuwait	2022	-0.05	-1.96	Qatar	2030	2.23	-5.49
Kuwait	2027	1.56	-3.91	Qatar	2050	3.27	-7.73

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.76	8.08	-0.01	-0.23
S&P MENA Bond and Sukuk Index	2.37	NA	0.03	-0.91
Bloomberg Emerging Markets USD Index	4.32	6.80	0.08	-1.92
Bloomberg Global Aggregate Index	1.29	7.42	0.14	-4.31

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	25/10/2021	31/12/2020	25/10/2021	31/12/2020	25/10/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0625	1.9375
SAIBOR	0.8200	0.8175	0.8686	0.8700	0.9429	0.9413
BHIBOR	1.5000	2.2500	1.5583	2.5333	1.7667	2.6833
QATAR	1.1250	1.1206	1.2000	1.1960	1.3250	1.3636
AEIBOR	0.2760	0.5125	0.5076	0.4908	0.5465	0.6538
EURIBOR	-0.5490	-0.5450	-0.5340	-0.5260	-0.4710	-0.4990
LIBOR	0.1249	0.2384	0.1720	0.2576	0.3169	0.3419

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.2698	0.02	40.2	KWD	0.3015	0.0332	0.60	Gold	1,798.60	-5.89
2-Year	0.6280	0.32	217.5	SAR	3.7509	0.0027	0.02	Silver	24.54	-7.95
5-Year	1.2811	0.45	197.9	BHD	0.3770	0.0053	0.01	Copper	455.00	29.11
7-Year	1.4880	0.88	127.3	QAR	3.6416	-0.0055	-0.01	Nat. Gas	5.52	97.32
10-Year	1.6635	1.26	79.8	OMR	0.3850	0.0000	0.00	Aluminum	2,865.50	42.81
30-Year	1.8716	1.27	33.5	AED	3.6731	0.0000	0.00	Crude Oil	86.22	69.89

US Treasuries			UK Gilt		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.45	0.00	0.65	0.11	-0.75	0.00
5-Year	1.20	-0.01	0.82	0.18	-0.60	0.00
10-Year	1.65	-0.11	1.14	0.50	-0.25	0.00
30-Year	2.08	-0.32	1.36	1.73	0.21	0.00

Sovereign Ratings			
	Moody's	S&P	Fitch
Kuwait	A1	A+	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	Caa1	NR	B-
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	25-Oct 2021	31-Dec 2020
Kuwait	46.46	40.69
KSA	49.23	63.77
Abu Dhabi	41.51	36.03
Dubai	86.40	104.06
Qatar	41.75	36.70
Bahrain	293.25	233.58
Oman	245.95	353.60
Iraq	453.92	542.74
Egypt	459.98	330.47
Morocco	90.85	102.56
Turkey	462.36	299.47
US	11.16	11.52
UK	7.42	15.13
China	45.74	26.70
Japan	17.11	14.74
Germany	7.83	9.09
France	19.52	14.42