

## News Updates

**Kuwait Central Bank Denies Plan to Devalue, Stands by Peg** – The Central Bank of Kuwait, which pegs the dinar to a basket of currencies dominated by the U.S. dollar, affirmed its commitment to the country's exchange-rate policy, responding to reports of an impending devaluation. “In light of recent online reports falsely speculating on the intent to devalue the national currency, the Central Bank of Kuwait reiterates its commitment to maintaining the Kuwaiti dinar exchange rate at a level that protects its purchasing power,” it said in a statement on Sunday. “CBK will continue its adherence to policies that aim to bolster the local currency and maintain monetary and financial stability.” (Source: Bloomberg)

**NBK, KFH ink KWD 1bn credit facility agreement with KPC** – The National Bank of Kuwait (NBK) and Kuwait Finance House (KFH) have signed a credit facility agreement worth KWD 1 billion with Kuwait Petroleum Corporation (KPC) to fund the KPC's capital expenditure. Under the agreement, the KFH is in charge of the Islamic tranche worth KWD 400 million and its syndication and the Islamic investment agent, according to the disclosures of KFH and NBK to Boursa Kuwait on Sunday. Meanwhile, the KFH will contribute KWD 304 million in financing. Meanwhile, NBK is the Initial Mandated Lead Arranger, Conventional Facility Agent, and Facility Global Agent; hence, the NBK's share in the financing is KWD 370 million. The finance to KPC will have no financial impact on the financial position of the NBK and KFH since it is their regular business activities. Moreover, Boubayan Bank and Al Ahli Bank of Kuwait have contributed KWD 60 million each to the KWD 1 billion credit facility agreement arranged by the NBK and KFH. (Source: Mubasher)

**Morgan Stanley Sees No Saudi Eurobond This Quarter in ‘Surprise’** – Saudi Arabia's fiscal outlook suggests no more Eurobond issuance in 2020, implying that the government will fund the estimated 155 billion-riyal (\$41 billion) budget deficit in the second half largely via asset drawdowns, according to Morgan Stanley. A pre-budget statement published last week sees total public-sector debt at 854 billion riyals at end-2020, an increase of 34 billion riyals from June 2020. The local market's “absorption capability” is sufficient to borrow the amount “comfortably” in the second half, Jaiparan Khurana, a London-based strategist at Morgan Stanley, said in a report. Markets were expecting as much as \$6 billion of borrowing in the next three months, meaning “it should be a welcome surprise” if Saudi Arabia pauses its Eurobond issuance, he said. (Source: Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.99	4.60	KSA	2025	1.31	6.38
Abu Dhabi	2030	1.70	8.67	KSA	2030	2.13	10.17
Abu Dhabi	2050	2.74	19.04	KSA	2050	3.35	8.18
Bahrain	2026	4.39	-5.33	Oman	2025	5.56	-6.41
Bahrain	2030	5.85	8.35	Oman	2029	6.99	-10.98
Bahrain	2047	6.87	-12.31	Oman	2048	8.10	-15.76
Dubai	2029	2.71	1.67	Qatar	2025	1.07	6.28
Kuwait	2022	0.46	1.33	Qatar	2030	1.82	11.17
Kuwait	2027	1.35	4.83	Qatar	2050	2.90	20.89

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.76	8.08	-0.20	5.45
S&P MENA Bond and Sukuk Index	2.20	NA	-0.26	7.07
Bloomberg Emerging Markets USD Index	4.08	6.80	-0.11	1.92
Bloomberg Global Aggregate Index	0.91	7.42	-0.01	5.74

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	10/5/2020	31/12/2019	10/5/2020	31/12/2019	10/5/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8675	2.2314	0.9150	2.2557	0.9800	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.0157	2.2500	1.1057	2.3500	1.3244	2.5333
AEIBOR	0.4032	2.2086	0.4750	2.1914	0.7615	2.2900
EURIBOR	-0.5050	-0.3830	-0.4730	-0.3240	-0.4490	-0.2490
LIBOR	0.2335	1.9084	0.2448	1.9121	0.3575	1.9963

## USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2162	-0.13	-87.8	KWD	0.3061	0.0490	-0.98
2-Year	0.2201	-0.11	-87.0	SAR	3.7511	-0.0027	0.02
5-Year	0.3567	-0.08	-79.4	BHD	0.3771	0.0133	-0.01
7-Year	0.5137	0.21	-71.4	QAR	3.6421	0.0055	0.01
10-Year	0.7304	0.61	-61.5	OMR	0.3850	0.0000	0.00
30-Year	1.1478	1.97	-45.1	AED	3.6729	0.0000	0.00

## US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.13	0.00	-0.05	-0.03
5-Year	0.28	0.01	-0.06	-0.03
10-Year	0.71	-0.05	0.24	-0.18
30-Year	1.50	-0.38	0.81	-0.45

Source: Bloomberg

## Sovereign Ratings

	Sovereign Ratings		
	Moody's	S&P	Fitch
Kuwait	A1	AA-	AA
KSA	A1	A-u	A
UAE	Aa2	NR	NR
Abu Dhabi	Aa2	AA	AA
Qatar	Aa3	AA-	AA-
Bahrain	B2	B+	B+
Oman	Ba3	BB-	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-	BBB-
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

	USD 5Yr CDS	
	05-Oct 2020	31-Dec 2019
Kuwait	57.17	36.700
KSA	86.69	56.915
Abu Dhabi	49.52	36.090
Dubai	143.44	91.005
Qatar	48.12	36.705
Bahrain	334.31	175.995
Oman	458.35	234.400
Iraq	612.95	383.680
Egypt	438.19	277.420
Morocco	119.63	91.435
Turkey	517.20	282.130
US	15.65	10.810
UK	17.82	16.210
China	46.01	31.205
Japan	16.35	21.042
Germany	10.39	7.080
France	16.34	16.130