

News Updates

Moody's downgrades Kuwait's credit rating to A1; changes outlook to stable – Moody's Investors Service has downgraded Kuwait's long-term foreign and local currency issuer rating to A1 from Aa2, and changed the outlook to stable. “The decision to downgrade the ratings reflects both the increase in government liquidity risks and a weaker assessment of Kuwait's institutions and governance strength,” Moody's said in a statement. In the continued absence of legal authorization to issue debt or draw on the sovereign wealth fund assets held in the Future Generations Fund (FGF), available liquid resources are nearing depletion, introducing liquidity risk despite Kuwait's extraordinary fiscal strength. And while the fractious relationship between parliament and the executive is a long-standing constraint on Moody's assessment of institutional strength, the deadlock over the government's medium-term funding strategy and the absence of any meaningful fiscal consolidation measures point to more significant deficiencies in Kuwait's legislative and executive institutions and policy effectiveness than previously assessed. “While liquidity risks are particularly relevant in the next few months, over the medium term next one or two years, upside and downside risks are broadly balanced reflected in the stable outlook,” the rating agency said. (Source: Gulf News)

Emirates Islamic closes \$500m Sukuk – Emirates Islamic Bank has successfully closed the issuance of five-year Sukuk worth \$500 million from its \$2.5 billion Certificate Issuance Programme. The Sukuk has a profit rate of 1.827%, the lowest achieved by a UAE bank in the past ten years, with a subscription order of \$1.2 billion, 2.4 times more than the issuance size. (Source: Mubasher)

Oman to target \$3-\$4 billion with upcoming bond sale – Oman plans to issue U.S. dollar-denominated bonds soon, targeting \$3 billion to \$4 billion with the deal, two sources said, as the Gulf state seeks to bolster finances badly hit by a slump in oil prices. The deal would cover a \$2 billion bridge loan Oman secured last month and give it additional funding in what would be Oman's first foray in the international bond market this year. A relatively small crude producer burdened by high levels of debt, Oman - rated “junk” by all major rating agencies - said this month it was planning to tap local and international debt markets, without disclosing how much it plans to raise from overseas investors. The bonds will be arranged by some of the banks that provided the \$2 billion bridge loan, said the two sources familiar with the matter, speaking on condition of anonymity. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.03	4.56	KSA	2025	1.52	5.35
Abu Dhabi	2030	1.69	8.77	KSA	2030	2.30	8.49
Abu Dhabi	2050	2.74	19.19	KSA	2050	3.36	8.12
Bahrain	2026	4.33	-5.00	Oman	2025	5.41	-5.86
Bahrain	2030	5.72	9.46	Oman	2029	6.84	-10.13
Bahrain	2047	6.82	-11.77	Oman	2048	8.06	-15.36
Dubai	2029	2.72	1.94	Qatar	2025	1.13	6.07
Kuwait	2022	0.57	1.29	Qatar	2030	1.89	10.40
Kuwait	2027	1.43	4.51	Qatar	2050	2.90	20.99

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.72	8.08	-0.16	5.41
S&P MENA Bond and Sukuk Index	2.18	NA	-0.18	7.02
Bloomberg Emerging Markets USD Index	3.98	6.80	-0.13	2.49
Bloomberg Global Aggregate Index	0.89	7.42	-0.21	5.85

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	23/09/2020	31/12/2019	23/09/2020	31/12/2019	23/09/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8725	2.2314	0.9225	2.2557	0.9825	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	1.0320	2.2500	1.1125	2.3500	1.3146	2.5333
AEIBOR	0.5167	2.2086	0.5994	2.1914	0.6908	2.2900
EURIBOR	-0.5080	-0.3830	-0.4700	-0.3240	-0.4330	-0.2490
LIBOR	0.2233	1.9084	0.2729	1.9121	0.3785	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2248	-0.32	-87.3
2-Year	0.2138	-0.32	-87.4
5-Year	0.3243	-0.59	-81.2
7-Year	0.4719	-0.46	-73.7
10-Year	0.6789	-0.28	-64.2
30-Year	1.0590	-0.52	-49.4

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3063	-0.1143	-1.03
SAR	3.7509	0.0000	0.02
BHD	0.3771	0.0000	-0.01
QAR	3.6420	0.0000	0.01
OMR	0.3850	0.0026	0.00
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	0.01
5-Year	0.26	0.02
10-Year	0.67	0.04
30-Year	1.42	0.13

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.06	-0.15
5-Year	-0.08	-0.29
10-Year	0.20	-0.60
30-Year	0.75	-0.87

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.71	0.00
5-Year	-0.74	0.00
10-Year	-0.57	0.00
30-Year	-0.06	0.00

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

	23-Sep 2020	31-Dec 2019
Kuwait	54.60	36.700
KSA	96.54	56.915
Abu Dhabi	52.73	36.090
Dubai	143.22	91.005
Qatar	53.05	36.705
Bahrain	303.93	175.995
Oman	421.84	234.400
Iraq	589.17	383.680
Egypt	442.43	277.420
Morocco	118.27	91.435
Turkey	563.51	282.130
US	16.98	10.810
UK	17.97	16.210
China	43.66	31.205
Japan	15.65	21.042
Germany	9.56	7.080
France	16.68	16.130