

News Updates

Kuwait's inflation up 1.68% in January – Kuwait's inflation rate grew by 1.68% year-on-year (YoY) to 115.3 points in January from 113.4 points, according to data released by the Central Statistical Bureau (CSB) on Thursday. The telecommunications sector was the key contributor to the consumer price index (CPI) growth by 4.40%, while prices of the housing services sector advanced by 0.86%. Month-on-month (MoM), the GCC nation's CPI edged up by 0.09% last month due to an increase in prices of four subgroups, topped by the basket of various goods and services which went up by 0.55%.

Kuwait banks seen stable despite subdued growth: S&P – The overall credit profiles of rated banks in Kuwait should remain stable in 2020, barring any unexpected increase in geopolitical risk or a major fall in oil prices, S&P Global Ratings said in a new report published on RatingsDirect. "Cost of risk (CoR) should further decrease to below 90 basis points for 2020 on the back of steady accumulation of provisions (exceeding 200%) thanks to conservative Central Bank of Kuwait (CBK) regulations. Margin compression should partly rollover into 2020, post the CBK's decision to cut the interest rate in 2019," said S&P Global Ratings credit analyst Zeina Nasreddine, commenting on the report titled "Kuwait Banking Sector 2020 Outlook: Resilience Despite Subdued Growth And Real Estate Concentrations." "Concentration in the commercial real estate (CRE) segment remains a key credit risk for banks. Nevertheless, we expect the current real estate price correction period to end in the next 12-24 months, with a limited effect on the banking system," she added.

Lebanon Slammed by Double Downgrade as Bond Default Looms – Lebanon was downgraded deeper into junk by two of the three biggest credit rating companies Friday as the nation's bondholders brace for a potential default next month. S&P Global Ratings cut the country's long-term foreign currency rating to CC, following a similar reduction by Moody's Investors Service to Ca earlier in the day. That puts Lebanon's rating below the likes of Argentina, Mozambique and the Democratic Republic of Congo. The moves cap a turbulent week for Lebanon in which a bank run intensified, the World Bank warned of "implosion" and the yield on the government's Eurobonds maturing next month skyrocketed to more than 1,000%. According to Moody's, the Middle Eastern nation's plans for an economic overhaul will probably include bond write-downs in the range of 35%-65% of face value.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Yield Δ (YTD %)	Sovereigns	Maturity	Yield %	Yield Δ (YTD %)
Abu Dhabi	2027	1.99	-16.95	KSA	2025	2.08	-11.24
Abu Dhabi	2047	2.92	-9.40	KSA	2029	2.47	-12.50
Bahrain	2024	3.27	-4.17	KSA	2049	3.45	-10.82
Bahrain	2029	4.44	-1.95	Oman	2025	3.92	-5.76
Bahrain	2047	5.73	-2.21	Oman	2029	4.94	-7.18
Dubai	2023	2.31	-4.98	Oman	2048	6.45	-3.19
Dubai	2029	2.97	-4.92	Qatar	2024	1.78	-16.58
Kuwait	2022	1.58	-17.02	Qatar	2028	2.20	-11.70
Kuwait	2027	2.00	-13.67	Qatar	2049	3.14	-9.87

Source: Bloomberg

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.87	7.33	0.39	2.63
S&P MENA Bond and Sukuk Index	2.66	NA	0.29	2.81
Bloomberg Emerging Markets USD Index	4.62	6.28	0.23	2.73
Bloomberg Global Aggregate Index	1.22	7.27	0.37	0.56

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	23/02/2020	31/12/2019	23/02/2020	31/12/2019	23/02/2020	31/12/2019
KIBOR	2.5000	2.7500	2.7500	2.9375	3.0000	3.1875
SAIBOR	2.1357	2.2314	2.1500	2.2557	2.2043	2.3071
BHIBOR	2.1500	2.2500	2.6333	2.7000	2.7667	2.8333
QATAR	2.2747	2.2500	2.3747	2.3500	2.6301	2.5333
AEIBOR	1.8771	2.2086	1.9731	2.1914	2.2895	2.2900
EURIBOR	-0.4150	-0.3830	-0.3560	-0.3240	-0.2870	-0.2490
LIBOR	1.6793	1.9084	1.6748	1.9121	1.7286	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.5132	-3.46	-14.5
2-Year	1.3668	-4.50	-19.5
5-Year	1.3053	-4.80	-24.5
7-Year	1.3328	-5.18	-25.9
10-Year	1.3978	-5.61	-26.2
30-Year	1.5412	-6.96	-26.3

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3068	-0.0098	-1.16
SAR	3.7518	-0.0053	0.00
BHD	0.3770	0.0027	0.02
QAR	3.6680	-0.0082	-0.20
OMR	0.3850	0.0000	-0.01
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.35	0.07
5-Year	1.32	0.20
10-Year	1.47	0.41
30-Year	1.91	1.07

UK Gilt

	Yield %	1D Δ (%)
2-Year	0.50	-0.02
5-Year	0.46	-0.03
10-Year	0.57	0.03
30-Year	1.00	1.28

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.66	-0.01
5-Year	-0.64	-0.08
10-Year	-0.46	-0.15
30-Year	0.04	-0.06

	Sovereign Ratings		
	Moody's	S&P	Fitch
Abu Dhabi	Aa2	AA	AA
Bahrain	B2	B+	BB-
Kuwait	Aa2	AA	AA
Oman	Ba1	BB	BB+
Qatar	Aa3	AA-	AA-
KSA	A1	A-	A
UAE	Aa2	NR	NR
Egypt	B2	B	B+
Lebanon	Ca	CC	CC
Turkey	B1	B+	BB-
Tunisia	B2	NR	B+
Morocco	Ba1	BBB-	BBB-
Jordan	B1	B+	BB-
China	A1	A+	A+
UK	Aa2	AA	AA
USA	Aaa	AA+	AAA
USD 5-Year CDS			YTD Δ (%)
Abu Dhabi	36.740		6.47
Kuwait	36.960		8.27
Dubai	95.990		9.20
Bahrain	163.580		-4.22
Qatar	38.900		10.64
KSA	59.320		6.86
Egypt	250.640		-6.14
Lebanon	6735.540		537.61
Turkey	286.278		2.12
Iraq	394.130		15.92
Morocco	76.390		-5.51
China	34.835		13.89
France	13.400		-19.60
Germany	6.620		-9.90
Japan	14.467		-25.96
UK	17.640		-1.62
US	12.510		14.32