

News Updates

Kuwait approves state budget, projects deficit of \$46bn – Kuwait's parliament has approved the state budget for the current fiscal year, projecting a deficit of KD14 billion (\$46 billion) after making adjustments to account for lower oil prices and a cut in spending. Expenditure is now estimated at about KD21.6 billion after slashing almost KD1 billion since the Finance Ministry unveiled its plan in January. The decrease hasn't affected subsidies, benefits or employees' rights, according to lawmaker Adnan AbdulSamad, who heads the budgets committee. Revenue in the fiscal year that started April 1 is projected to drop by more than half to KD7.5 billion, under the assumption that oil will average \$30 a barrel. (Source: Arabian Business)

Bahrain sells \$2 billion in sukuk and bonds – Bahrain sold \$2 billion in a dual-tranche bond deal comprising seven-year sukuk and 12-year conventional bonds on Wednesday, its second international debt sale this year, a document showed. Bahrain sold \$1 billion in sukuk at 3.95% and \$1 billion in 12-year bonds at 5.45% and received more than \$7.6 billion in combined orders for them, the document from one of the banks arranging the deal showed. (Source: Reuters)

Oman Plans Debt Sales to Cover Gulf's Biggest Budget Deficit – Oman's government is planning to tap international and local debt markets this year as it seeks to plug the widest budget deficit among Gulf Arab economies. The sultanate, rated junk by the three major rating companies, hired Bank Muscat for a local-currency Islamic bond offering, according to the Finance Ministry. The sale will target local and small investors through a book-building process, it said in a statement on Wednesday. Besides signing a bridge loan for 770 million rials (\$2 billion) and issuing 550 million rials in development bonds this year, the ministry said Oman has also been tapping its reserves and privatizing some assets. (Source: Bloomberg)

Oil prices fall as growing U.S. stockpiles signal bumpy demand recovery – Oil prices slid on Thursday after data showed U.S. crude stockpiles unexpectedly rose last week, stoking concern about a sluggish recovery in fuel demand as coronavirus cases continue to surge in many countries. U.S. West Texas Intermediate (WTI) crude CLc1 futures fell 24 cents, or 0.63%, to \$37.81 a barrel at 0417 GMT, after climbing 3.5% on Wednesday. Brent crude LCOc1 futures dropped 17 cents, or 0.42% to \$40.62 a barrel, after rising 2.5% on Wednesday. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.03	4.60	KSA	2025	1.48	5.67
Abu Dhabi	2030	1.67	9.10	KSA	2030	2.16	9.77
Abu Dhabi	2050	2.67	20.89	KSA	2050	3.23	10.47
Bahrain	2026	4.00	-3.54	Oman	2025	4.94	-4.13
Bahrain	2030	5.23	13.33	Oman	2029	6.06	-5.22
Bahrain	2047	6.42	-7.52	Oman	2048	7.58	-10.53
Dubai	2029	2.60	2.82	Qatar	2025	1.11	6.30
Kuwait	2022	0.54	1.41	Qatar	2030	1.80	11.43
Kuwait	2027	1.23	5.65	Qatar	2050	2.81	22.95

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.62	8.08	0.03	6.32
S&P MENA Bond and Sukuk Index	2.12	NA	-0.16	7.68
Bloomberg Emerging Markets USD Index	4.10	6.80	0.00	3.40
Bloomberg Global Aggregate Index	0.91	7.42	-0.10	5.71

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	10/09/2020	31/12/2019	10/09/2020	31/12/2019	10/09/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8900	2.2314	0.9400	2.2557	0.9938	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	1.1846	2.2500	1.2410	2.3500	1.3867	2.5333
AEIBOR	0.3625	2.2086	0.6769	2.1914	0.8154	2.2900
EURIBOR	-0.4880	-0.3830	-0.4590	-0.3240	-0.4020	-0.2490
LIBOR	0.2495	1.9084	0.3010	1.9121	0.4270	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2424	-0.14	-86.3
2-Year	0.2276	-0.24	-86.6
5-Year	0.3349	-0.71	-80.6
7-Year	0.4857	-0.98	-73.0
10-Year	0.6920	-1.19	-63.5
30-Year	1.0606	-1.72	-49.3

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3059	0.0327	-0.90
SAR	3.7511	-0.0027	0.02
BHD	0.3771	-0.0053	0.00
QAR	3.6420	0.0027	0.01
OMR	0.3850	0.0000	-0.01
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.14	0.01
5-Year	0.27	0.04
10-Year	0.69	0.13
30-Year	1.44	0.43

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.09	-0.11
5-Year	-0.07	-0.22
10-Year	0.23	-0.62
30-Year	0.80	-1.56

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.69	0.00
5-Year	-0.71	0.00
10-Year	-0.53	0.00
30-Year	-0.02	0.00

Source: Bloomberg

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	Aa2	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	B1	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	10-Sep 2020	31-Dec 2019
Kuwait	49.53	36.700
KSA	80.08	56.915
Abu Dhabi	42.39	36.090
Dubai	134.01	91.005
Qatar	41.97	36.705
Bahrain	296.68	175.995
Oman	413.63	234.400
Iraq	573.05	383.680
Egypt	410.55	277.420
Morocco	120.95	91.435
Turkey	508.24	282.130
US	13.00	10.810
UK	14.89	16.210
China	35.49	31.205
Japan	16.00	21.042
Germany	9.44	7.080
France	15.14	16.130