

News Updates

Aramco Outlook to Negative by Fitch; L-T IDR Rating Affirmed – Fitch Ratings has revised Saudi Arabian Oil Company's (Saudi Aramco) Outlook to Negative from Stable while affirming the company's Long-Term Issuer Default Rating (IDR) at 'A'. Saudi Aramco's rating is constrained by that of Saudi Arabia in accordance with Fitch's Government-Related Entities (GRE) and Parent and Subsidiary Linkage (PSL) Rating Criteria. This reflects the influence the state exerts on the company through strategic direction, taxation and dividends, as well as regulating the level of production in line with OPEC commitments. Saudi Aramco's 'aa+' SCP is contingent on the company's ability to maintain net leverage below 1x through the cycle. (Source: Fitch Ratings)

Moody's: 2021 Global Sukuk Sales Seen at Similar Level as 2020 – Moody's Investors Service expects next year's global sukuk issuance to hover at around \$170 billion, similar level as this year, as post-pandemic recovery takes hold globally. Gulf Cooperation Council countries can drive issuance higher as result of lower oil prices and rising funding requirements among GCC sovereigns, said Nitish Bhojagarwala, vice president and senior credit officer, in a media briefing on Tuesday. A lot of demand for sukuk has been facilitated in local currency domestic markets, such as in Saudi Arabia, said Christian de Guzman, senior vice president. “All their domestic issuance that are going to be used to fund deficit is going to be in domestic currency and be Shariah compliant,” said Guzman. This year's sales to ease from \$179 billion in 2019, mainly due to lower issuance by Southeast Asian corporates. African countries as well as Turkey and Bangladesh are among places that offer growth potential. Moody's also expects to see pickup in green sukuk transactions on higher recognition of ESG instruments as type of investment (Source: Bloomberg)

Nearly \$2 trillion traded on COVID-19 vaccine news – News of a breakthrough in the race to find a COVID-19 vaccine sparked one of the heaviest trading days since the height of the pandemic crisis, according to early data analysed by Reuters, with nearly \$2 trillion changing hands on Monday. Traders stampeded to the riskier plays in equities, foreign exchange and bond markets after Pfizer Inc released positive data on its vaccine trial, while rotating out of safe havens such as technology stocks, Japanese yen and top-rated bonds. “Volumes (are) also surging as programmes and baskets go to work to either correct portfolio balances or address margin calls,” said Mark Taylor, sales trader at Mirabaud Securities, highlighting a jump in volumes in the airlines and banking sectors. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.88	5.09	KSA	2025	1.26	6.60
Abu Dhabi	2030	1.61	9.45	KSA	2030	2.07	10.55
Abu Dhabi	2050	2.74	19.25	KSA	2050	3.25	10.13
Bahrain	2026	3.60	-2.07	Oman	2025	5.01	-4.42
Bahrain	2030	5.22	13.19	Oman	2029	6.33	-6.94
Bahrain	2047	6.44	-7.68	Oman	2048	7.61	-10.88
Dubai	2029	2.47	3.62	Qatar	2025	0.99	6.52
Kuwait	2022	0.40	1.26	Qatar	2030	1.73	11.84
Kuwait	2027	1.23	5.47	Qatar	2050	2.80	23.13

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.62	8.08	-0.18	7.01
S&P MENA Bond and Sukuk Index	2.08	NA	-0.09	8.31
Bloomberg Emerging Markets USD Index	3.85	6.80	-0.03	3.81
Bloomberg Global Aggregate Index	0.94	7.42	-0.09	6.35

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	11/11/2020	31/12/2019	11/11/2020	31/12/2019	11/11/2020	31/12/2019
KIBOR	1.4375	2.7500	1.6875	2.9375	1.9375	3.1875
SAIBOR	0.8388	2.2314	0.8888	2.2557	0.9550	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	0.7479	2.2500	0.8852	2.3500	1.2451	2.5333
AEIBOR	0.4511	2.2086	0.6950	2.1914	0.8966	2.2900
EURIBOR	-0.5160	-0.3830	-0.5110	-0.3240	-0.4830	-0.2490
LIBOR	0.2050	1.9084	0.2418	1.9121	0.3325	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2190	0.02	-87.6
2-Year	0.2613	0.08	-84.6
5-Year	0.5177	1.03	-70.1
7-Year	0.7200	0.26	-59.9
10-Year	0.9840	1.37	-48.1
30-Year	1.3960	-0.46	-33.3

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3057	0.0000	-0.83
SAR	3.7507	0.0000	0.02
BHD	0.3771	0.0106	0.01
QAR	3.6417	-0.0192	0.00
OMR	0.3850	0.0000	-0.01
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.18	0.00
5-Year	0.45	0.00
10-Year	0.98	0.02
30-Year	1.74	0.04

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.01	-0.03
5-Year	0.04	-0.10
10-Year	0.40	-0.36
30-Year	0.99	-0.72

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.72	-0.01
5-Year	-0.72	-0.10
10-Year	-0.55	-0.24
30-Year	-0.05	-0.81

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	B+	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-	BB+
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS

	11-Nov 2020	31-Dec 2019
Kuwait	42.17	36.700
KSA	62.72	56.915
Abu Dhabi	35.88	36.090
Dubai	114.30	91.005
Qatar	36.70	36.705
Bahrain	308.61	175.995
Oman	402.42	234.400
Iraq	580.08	383.680
Egypt	390.27	277.420
Morocco	107.22	91.435
Turkey	446.29	282.130
US	12.92	10.810
UK	18.01	16.210
China	26.91	31.205
Japan	15.06	21.042
Germany	9.61	7.080
France	16.42	16.130