

News Updates

Saudi Arabia Outlook Cut to Negative by Fitch on Oil, Virus – Saudi Arabia's outlook was cut to negative from stable by Fitch Ratings as the coronavirus pandemic and lower oil prices clobber the kingdom's finances. A negative outlook means the next move on the credit rating may be a downgrade to the lowest level since Fitch began assessing the kingdom in 2004. The sovereign is still at A, its sixth highest rating, and on par with Japan and Iceland, according to a statement on Monday. Fitch last downgraded Saudi Arabia in 2019 and has its assessment one notch above S&P Global Ratings and one level lower than Moody's Investors Service. The revision for Saudi Arabia “reflects the continued weakening of its fiscal and external balance sheets” that's been “accelerated by the coronavirus pandemic and lower oil prices, despite the government's strong commitment to fiscal consolidation,” said Fitch analysts including Krisjanis Krustins. *(Source: Bloomberg)*

Oman Seeks to Raise Billions by Leveraging Biggest Oil Block – Oman is seeking to raise money off the back of its largest oil block, as the cash-strapped Gulf nation looks for new ways to tame its budget deficit and steady a reeling economy. The sultanate plans to transfer its 60% stake in Block 6, which has a production capacity of 650,000 barrels a day, from Petroleum Development Oman to a new company, according to three people familiar with the matter. The company would then tap international financial markets, allowing Oman to raise debt without putting it on the government's books, they said, asking not to be identified because they're not authorized to speak to media. The new firm may try to sell around \$3 billion of bonds in the first half of next year, one of the people said. JPMorgan Chase & Co. is advising the government, the person said. PDO and JPMorgan declined to comment. Spokespeople for Oman's ministries of energy and finance didn't immediately respond to emails requesting comment. *(Source: Bloomberg)*

Egypt's Central Bank May Cut Rates to Slow Pound Gains: MUFG – At the same time, with real policy rates at more than 5%, “modest” easing is unlikely to disrupt portfolio inflows into Egypt, Ehsan Khoman, MUFG Bank's head of Middle Eastern research, writes in a report. CBE will probably lower the deposit rate by 50bps to 8.25% and the lending rate by the same amount to 9.25% at its meeting on Thursday. A rate cut will reduce the upward pressure on the Egyptian pound, easing concerns over the nation's external competitiveness, Dubai-based Khoman says. It will also support the nation's near-term growth outlook and public finances *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.86	5.16	KSA	2025	1.26	6.60
Abu Dhabi	2030	1.57	9.81	KSA	2030	2.07	10.52
Abu Dhabi	2050	2.69	20.26	KSA	2050	3.22	10.65
Bahrain	2026	3.62	-2.14	Oman	2025	4.96	-4.23
Bahrain	2030	5.20	13.31	Oman	2029	6.31	-6.86
Bahrain	2047	6.42	-7.49	Oman	2048	7.56	-10.29
Dubai	2029	2.45	3.74	Qatar	2025	0.99	6.51
Kuwait	2022	0.42	1.23	Qatar	2030	1.71	12.02
Kuwait	2027	1.21	5.62	Qatar	2050	2.78	23.37

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.60	8.08	0.20	7.20
S&P MENA Bond and Sukuk Index	2.08	NA	0.06	8.40
Bloomberg Emerging Markets USD Index	3.85	6.80	0.39	3.84
Bloomberg Global Aggregate Index	0.93	7.42	-0.70	6.45

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	10/11/2020	31/12/2019	10/11/2020	31/12/2019	10/11/2020	31/12/2019
KIBOR	1.4375	2.7500	1.6875	2.9375	1.9375	3.1875
SAIBOR	0.8413	2.2314	0.8913	2.2557	0.9550	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	0.8957	2.2500	1.0204	2.3500	1.2401	2.5333
AEIBOR	0.4836	2.2086	0.6981	2.1914	0.8022	2.2900
EURIBOR	-0.5130	-0.3830	-0.5120	-0.3240	-0.4830	-0.2490
LIBOR	0.2059	1.9084	0.2434	1.9121	0.3334	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2092	-0.01	-88.2
2-Year	0.2505	0.04	-85.2
5-Year	0.4813	-0.23	-72.2
7-Year	0.6796	-0.65	-62.2
10-Year	0.9223	-1.22	-51.3
30-Year	1.3364	-3.39	-36.1

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3057	-0.0982	-0.83
SAR	3.7506	0.0080	0.03
BHD	0.3771	0.0027	0.00
QAR	3.6420	-0.0192	0.00
OMR	0.3850	0.0000	-0.01
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.17	0.01
5-Year	0.43	0.00
10-Year	0.91	0.10
30-Year	1.68	0.66

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.02	-0.05
5-Year	0.02	-0.26
10-Year	0.37	-1.21
30-Year	0.96	-2.63

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.73	-0.06
5-Year	-0.75	-0.31
10-Year	-0.58	-1.01
30-Year	-0.08	-3.99

Source: Bloomberg

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

	10-Nov 2020	31-Dec 2019
Kuwait	43.17	36.700
KSA	61.73	56.915
Abu Dhabi	34.18	36.090
Dubai	111.49	91.005
Qatar	34.58	36.705
Bahrain	308.79	175.995
Oman	407.86	234.400
Iraq	580.07	383.680
Egypt	386.61	277.420
Morocco	106.25	91.435
Turkey	459.30	282.130
US	12.74	10.810
UK	18.51	16.210
China	28.12	31.205
Japan	15.20	21.042
Germany	9.64	7.080
France	15.71	16.130