

News Updates

Kuwait Asks Ministries to Cut Spending by 10% Amid Budget Gap –

Kuwait's cabinet instructed state entities to reduce spending by at least 10% in an attempt to cut its budget deficit, state-run Kuwait News Agency reported. The OPEC member posted a record 10.8 billion dinar (\$36 billion) budget deficit in 2020, up 175% from a year earlier. It has been battling to reduce the gap due to its dependence on oil revenues, and high spending on civil servant wages and subsidies. The measures include limiting spending on local and international events and exhibitions and travel expenses, cutting spending on overseas training, foreign missions and medical treatment for nationals, taking steps to ensure debts due to the state are collected, revision of incentives to top state officials and rents for state-owned real estate, assessment and possible halting of financial incentives to nationals employed in the private sector whose wages exceed 3,000 dinars, and establishing a sovereign credit rating governance committee. Last month, Kuwait was downgraded by S&P Global Ratings for a second time in less than two years. The rating agency said the downgrade reflects “the persistent lack of a comprehensive funding strategy despite the central government’s ongoing sizable deficits.” (Source: Bloomberg)

Saudi Arabia's holdings of US Treasury bonds down 6% in H1-21 –

Saudi Arabia has decreased its holdings of US Treasury bonds (T-bonds) by 6.3% to \$127.8 billion during the first half (H1) of 2021, compared to \$136.4 billion by the end of 2020. On an annual basis, Saudi Arabia's investments in the US debt instruments rose by 2.3% from \$124.9 billion by the end of June 2020, according to the latest data by the US Department of the Treasury. Globally, Saudi Arabia has ranked 15th among the holders of the US Treasury bonds by the end of June. At the Arab level, the Kingdom occupied the first position among the US bonds' holders, followed by the UAE with \$60.8 billion investments and Kuwait with \$47.2 billion. (Source: Mubasher)

U.S. Treasury yields end little changed after mixed data, COVID concerns remain –

U.S. Treasury yields ended Tuesday little changed in choppy trading after data showed a mixed picture of the U.S. economy and as investors remained concerned about slowing global growth and the spread of COVID-19 variants. Yields rose after data showed that U.S. retail sales fell 1.1% in July, more than economists expected. Industrial production numbers, however, showed that output at U.S. factories surged in July. Benchmark 10-year note yields were last at 1.258%, little changed on the day, after earlier falling as low as 1.217%. Analysts said that trading has been volatile with many investors and traders on holiday for the second half of August. Yields fell on Monday on disappointing Chinese economic data, and after the Taliban took over Afghanistan's capital Kabul. The spread of coronavirus variants has also raised doubts that businesses will be able to normalize as quickly as previously expected. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.72	-0.75	KSA	2025	1.06	-0.52
Abu Dhabi	2030	1.83	-2.72	KSA	2030	2.17	-1.80
Abu Dhabi	2050	3.00	-5.04	KSA	2050	3.47	-3.67
Bahrain	2026	3.93	-4.05	Oman	2025	3.32	2.27
Bahrain	2030	5.67	-6.54	Oman	2029	4.95	2.77
Bahrain	2047	7.06	-11.06	Oman	2048	6.64	1.29
Dubai	2029	2.47	-0.57	Qatar	2025	0.94	-1.64
Kuwait	2022	0.13	-1.50	Qatar	2030	1.97	-3.56
Kuwait	2027	1.23	-1.89	Qatar	2050	3.12	-5.32

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.58	8.08	0.02	0.63
S&P MENA Bond and Sukuk Index	2.17	NA	0.02	0.20
Bloomberg Emerging Markets USD Index	3.90	6.80	-0.01	-0.11
Bloomberg Global Aggregate Index	1.01	7.42	-0.32	-2.39

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	18/8/2021	31/12/2020	18/8/2021	31/12/2020	18/8/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7957	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.5917	2.2500	1.7167	2.5333	1.8667	2.6833
QATAR	1.0917	1.1206	1.1708	1.1960	1.3083	1.3636
AEIBOR	0.3442	0.5125	0.5076	0.4908	0.5151	0.6538
EURIBOR	-0.5500	-0.5450	-0.5270	-0.5260	-0.4930	-0.4990
LIBOR	0.1245	0.2384	0.1554	0.2576	0.2368	0.3419

USD Swap Rates

			Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	
1-Year	0.1588	0.08	-17.5	KWD	0.3010	-0.0831	0.78	Gold
2-Year	0.3145	0.42	59.0	SAR	3.7507	0.0000	0.03	Silver
5-Year	0.8628	1.05	100.7	BHD	0.3771	0.0000	-0.01	Copper
7-Year	1.0799	1.22	65.0	QAR	3.6419	0.0000	-0.01	Nat. Gas
10-Year	1.2907	1.42	39.5	OMR	0.3850	0.0000	0.00	Aluminum
30-Year	1.6447	1.32	17.3	AED	3.6730	0.0082	0.01	Crude Oil

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.22	0.00		0.14	-0.01		-0.71	0.00
5-Year	0.78	-0.04		0.30	0.01		-0.80	0.00
10-Year	1.28	-0.11		0.56	0.11		-0.62	0.00
30-Year	1.93	-0.24		0.94	0.43		-0.03	0.00

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.22	0.00		0.14	-0.01
5-Year	0.78	-0.04		0.30	0.01
10-Year	1.28	-0.11		0.56	0.11
30-Year	1.93	-0.24		0.94	0.43

German Bunds

	Yield %	1D Δ (%)
2-Year	0.22	0.00
5-Year	0.78	-0.04
10-Year	1.28	-0.11
30-Year	1.93	-0.24

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	A1	A+	AA
KSA	A1	A-u	A
UAE	Aa2	NR	AA-
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	B3	NR	B-
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+
USD 5Yr CDS	18-Aug 2021	31-Dec 2020	
Kuwait	46.09	40.69	
KSA	53.73	63.77	
Abu Dhabi	41.92	36.03	
Dubai	84.33	104.06	
Qatar	41.47	36.70	
Bahrain	244.78	233.58	
Oman	243.00	353.60	
Iraq	550.08	542.74	
Egypt	345.58	330.47	
Morocco	94.00	102.56	
Turkey	381.37	299.47	
US	7.23	11.52	
UK	8.23	15.13	
China	35.98	26.70	
Japan	16.01	14.74	
Germany	8.81	9.09	
France	18.96	14.42	