

News Updates

Gulf Thaw May Boost Qatar's Non-Oil Economy, Fitch Says – A resolution of the dispute between Qatar and its Gulf neighbors is expected to bolster prospects for the gas-rich nation's non-oil economy over the medium term, according to Fitch Ratings. “A resumption of travel links will eventually lift tourism inflows, and greater interest from regional buyers could support the real estate market, which has been in a multi-year downturn,” the ratings agency said in a note. Saudi Arabia planned to open its land, air and sea borders with Qatar on Monday, the eve of a regional leaders’ summit in the kingdom. The step came amid efforts to resolve the dispute that’s split Qatar from its neighbors since 2017. Fitch also said: Qatar’s high leverage will remain a key rating constraint. It expects general government debt-to-GDP ratio to reach 76% in 2020, up from 60% in 2017. Contingent liabilities are large, especially those from local banks. Lenders’ net foreign liabilities rose to a \$130 billion, or 70% of GDP, in 2019. The government’s asset position mitigates some of the risks from high indebtedness; Fitch estimates sovereign net foreign assets at 137% of GDP in 2019. Qatar will post “a roughly balanced budget” in 2020, including estimated investment income from Qatar Investment Authority assets. (Source: Bloomberg)

Emirates NBD Hires Banks for Senior USD 5Y Regs Bond – Emirates NBD Bank has mandated Emirates NBD Capital, ICBC, ING, Mizuho Securities and Standard Chartered Bank as joint lead managers and bookrunners to arrange a global investor conference call on Jan. 5. A benchmark fixed rate USD Regulation S senior unsecured bond under ENBD’s U.S.\$ 12.5b EMTN program will follow, subject to market conditions. FCA/ICMA stabilization applies. Emirates NBD is rated A+ (stable) by Fitch and A3 (negative) by Moody’s; it is 55.8% owned by the Investment Corp. of Dubai, the principal investment arm of the Government of Dubai (Source: Bloomberg)

Fed’s Mester Says Policy Should Hold Steady in Coming Months – The U.S. economy will require steady, continued support from monetary and fiscal policy throughout 2021 as it faces a bleak winter before reaching a vaccine-driven, mid-year rebound, according to Federal Reserve Bank of Cleveland President Loretta Mester. “A slowdown in the economy in the first part of the year along the lines I am expecting would not require a change in monetary policy so long as the medium-run outlook remains intact,” Mester said in the text of remarks she’s set to deliver Monday evening. “Nor would the strengthening in growth I expect to see later this year necessitate a change in our policy stance because I expect that the economy will still be far from our employment and inflation goals,” she added. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.78	-0.05	KSA	2025	1.17	-0.01
Abu Dhabi	2030	1.57	0.05	KSA	2030	2.04	-0.09
Abu Dhabi	2050	2.77	-0.56	KSA	2050	3.32	-1.08
Bahrain	2026	3.25	0.14	Oman	2025	4.09	0.13
Bahrain	2030	4.74	0.09	Oman	2029	5.37	0.30
Bahrain	2047	6.08	0.30	Oman	2048	6.69	0.53
Dubai	2029	2.54	0.03	Qatar	2025	0.86	0.00
Kuwait	2022	0.17	-0.09	Qatar	2030	1.65	-0.24
Kuwait	2027	1.14	-0.24	Qatar	2050	2.87	-0.74

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.46	8.08	-0.11	-0.11
S&P MENA Bond and Sukuk Index	2.03	NA	-0.19	-0.18
Bloomberg Emerging Markets USD Index	3.49	6.80	0.02	0.02
Bloomberg Global Aggregate Index	0.83	7.42	0.15	0.15

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	5/1/2021	31/12/2020	5/1/2021	31/12/2020	5/1/2021	31/12/2020
KIBOR	1.4375	1.4375	1.6875	1.6875	1.9375	1.9375
SAIBOR	0.8163	0.8175	0.8688	0.8700	0.9400	0.9413
BHIBOR	2.2500	2.2500	2.5333	2.5333	2.6833	2.6833
QATAR	0.9550	1.1206	1.0548	1.1960	1.3532	1.3636
AEIBOR	0.4500	0.5125	0.5321	0.4908	0.6427	0.6538
EURIBOR	-0.5450	-0.5450	-0.5260	-0.5260	-0.4990	-0.4990
LIBOR	0.2384	0.2384	0.2576	0.2576	0.3419	0.3419

USD Swap Rates

	Yields			Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.1863	0.05	-3.2	KWD	0.3033	0.0000
2-Year	0.1900	0.17	-3.9	SAR	3.7516	0.0000
5-Year	0.4218	0.57	-1.9	BHD	0.3770	0.0027
7-Year	0.6481	0.55	-1.0	QAR	3.6421	-0.0082
10-Year	0.9195	0.55	-0.6	OMR	0.3850	0.0000
30-Year	1.4085	0.78	0.5	AED	3.6731	0.0000

US Treasuries

	Yields		UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.12	0.00	-0.18	-0.02	-0.74	-0.02
5-Year	0.35	-0.02	-0.11	0.07	-0.78	0.06
10-Year	0.92	-0.05	0.17	0.24	-0.66	0.29
30-Year	1.67	-0.21	0.73	0.46	-0.20	1.13

Source: Bloomberg

Sovereign Ratings

	Sovereign Ratings		
	Moody's	S&P	Fitch
Kuwait	A1	AA-	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	B2	NR	B
Morocco	Ba1	BBB-	BB+
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+
USD 5Yr CDS	5-Jan 2021	31-Dec 2020	
Kuwait	40.70	36.700	
KSA	64.84	56.915	
Abu Dhabi	36.86	36.090	
Dubai	97.35	91.005	
Qatar	37.81	36.705	
Bahrain	218.67	175.995	
Oman	334.59	234.400	
Iraq	541.16	383.680	
Egypt	305.66	277.420	
Morocco	98.68	91.435	
Turkey	303.55	282.130	
US	11.59	10.810	
UK	14.38	16.210	
China	27.74	31.205	
Japan	14.21	21.042	
Germany	9.26	7.080	
France	14.64	16.130	