

News Updates

Standard & Poor's affirmed State of Kuwait's Sovereign Credit Ratings at 'AA-'; Outlook Negative

– On Jan. 15, 2021, S&P Global Ratings affirmed its 'AA-/A-1+' long- and short-term foreign and local currency sovereign credit ratings on Kuwait. The outlook is negative. S&P forecast that Kuwait's central government deficit will total a substantial 30% of GDP in the 2020-2021 fiscal year, while the government's main source of budget funding, the General Reserve Fund (GRF), is approaching depletion. Beyond this immediate fiscal impasse, broader reform momentum remains slow and complicated by the confrontational relationship between the government and parliament. However, Kuwait's total accumulated government savings remain substantial at over 500% of GDP, under S&P's estimate. The negative outlook reflects S&P's view of short- and medium-term risks stemming from fiscal pressure, including the continued depletion of the GRF--the government's main source of budget funding--for which alternative financing arrangements are not yet in place. It also highlights the medium-term risks from Kuwait's persistently slow structural reform progress, particularly compared with other regional sovereigns. (Source: S&P)

Saudi Arabia's Top Bank Follows UAE Rivals to Dollar Bond Market

– Saudi Arabia's National Commercial Bank hired advisers to tap the dollar bond market, joining rivals in the neighboring United Arab Emirates to take advantage of investors' appetite for yield. The bank mandated Citigroup Inc., Emirates NBD PJSC, Goldman Sachs Group Inc., JPMorgan Chase & Co., Mitsubishi UFJ Financial Group, NCB Capital and Standard Chartered Plc as lead managers and bookrunners for the potential Islamic bond offering, according to a statement. A benchmark fixed-rate USD-denominated Regulation S PNC6 Basel III compliant Tier 1 sukuk unrated offering will follow, subject to market conditions. (Source: Bloomberg)

Global Sukuk issuance expected to rise to \$140-\$155bn in 2021

– Global Sukuk issuance is expected to rise to around \$140-\$155 billion in 2021, driven by a recovery in issuance in Malaysia, Indonesia, and the GCC countries, according to a report by S&P Global Ratings. In 2020, the global Sukuk issuance decreased to \$139.8 billion from \$167.3 billion in 2019. The credit rating agency also forecast that Islamic finance countries would see average unweighted growth in GDP of 4.6% in 2021 after a sharp recession in 2020. Last year, the Islamic finance countries recorded an average unweighted contraction in GDP of 3.7% due to the coronavirus (COVID-19) pandemic and low oil prices. (Source: Mubasher)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.84	-0.37	KSA	2025	1.18	-0.08
Abu Dhabi	2030	1.67	-0.79	KSA	2030	2.20	-1.46
Abu Dhabi	2050	2.89	-2.60	KSA	2050	3.47	-3.41
Bahrain	2026	3.32	-0.31	Oman	2025	4.01	0.50
Bahrain	2030	5.05	-2.02	Oman	2029	5.59	-1.18
Bahrain	2047	6.31	-2.55	Oman	2048	6.98	-2.92
Dubai	2029	2.41	0.38	Qatar	2025	0.91	-0.31
Kuwait	2022	0.34	-0.33	Qatar	2030	1.74	-0.97
Kuwait	2027	1.24	-0.87	Qatar	2050	2.95	-2.18

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.52	8.08	-0.11	-0.79
S&P MENA Bond and Sukuk Index	1.67	NA	-0.02	-0.87
Bloomberg Emerging Markets USD Index	3.63	6.80	-0.02	-1.19
Bloomberg Global Aggregate Index	0.87	7.42	-0.15	-0.82

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	18/1/2021	31/12/2020	18/1/2021	31/12/2020	18/1/2021	31/12/2020
KIBOR	1.4375	1.4375	1.6875	1.6875	1.9375	1.9375
SAIBOR	0.8175	0.8175	0.8675	0.8700	0.9400	0.9413
BHIBOR	2.2333	2.2500	2.5167	2.5333	2.6833	2.6833
QATAR	1.0092	1.1206	1.1131	1.1960	1.2796	1.3636
AEIBOR	0.3788	0.5125	0.4375	0.4908	0.5450	0.6538
EURIBOR	-0.5520	-0.5450	-0.5320	-0.5260	-0.5080	-0.4990
LIBOR	0.2234	0.2384	0.2481	0.2576	0.3226	0.3419

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1940	-0.39	0.8
2-Year	0.2039	-0.10	3.1
5-Year	0.5210	-0.22	21.2
7-Year	0.7900	-4.32	20.7
10-Year	1.0897	0.42	17.8
30-Year	1.5816	0.74	12.8

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3032	-0.0330	0.03
SAR	3.7515	0.0053	0.01
BHD	0.3770	0.0000	0.01
QAR	3.6417	-0.0082	-0.01
OMR	0.3850	0.0000	0.00
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	0.00
5-Year	0.45	0.00
10-Year	1.08	0.01
30-Year	1.83	0.02

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.15	0.01
5-Year	-0.05	0.06
10-Year	0.28	0.00
30-Year	0.87	-0.08

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.68	0.00
5-Year	-0.77	-0.03
10-Year	-0.63	-0.06
30-Year	-0.14	-0.44

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

	18-Jan 2021	31-Dec 2020
Kuwait	41.68	40.69
KSA	66.73	63.77
Abu Dhabi	42.51	36.03
Dubai	95.08	104.06
Qatar	42.52	36.70
Bahrain	229.47	233.58
Oman	347.42	353.60
Iraq	568.59	542.74
Egypt	315.55	330.47
Morocco	101.44	102.56
Turkey	329.46	299.47
US	10.69	11.52
UK	15.20	15.13
China	30.86	26.70
Japan	13.88	14.74
Germany	9.48	9.09
France	13.93	14.42