

## News Updates

**Moody's Changes Oman's Outlook to Stable** – In its recent announcement, Moody's changed the outlook on Oman's credit rating to stable from negative and affirmed its rating at Ba3. According to Moody's, the change in outlook reflects the significant easing of pressures on government liquidity and external financing. This came as a result of the ongoing implementation of the Medium Term Fiscal Plan and a relative rise in oil prices since the middle of 2020, which led to steady decline in the direct government debt burden to around 60% of GDP by 2024. Moody's expects that oil prices will average above \$60/barrel during the coming years, increasing the likelihood that these pressures will remain under control. According to Moody's, the bounce back to Ba3 ratings reflects the agency's view that despite narrower fiscal and current account deficits, Oman's structural vulnerability to potential future declines in oil demand and prices will remain high. Moody's estimates that higher oil prices will account for around half of the expected reduction in the fiscal deficit to less than 2% of GDP in 2021 from 18% of GDP in 2020. Based on Moody's assumption that prices continue to average above \$60-65/barrel in 2022-2023, the fiscal deficit will likely remain small in the medium term, pointing to a large and likely durable reduction in the government's gross financing needs to less than 10% of GDP per annum during the mentioned time-period from more than 22% of GDP in 2020. Moody's expects Oman's current account deficit to decline below 4% of GDP in 2021-23 from more than 13% of GDP in 2020. *(Source: Times of Oman)*

**Tunisia Central Bank Urges Speedy Reforms After Rating Downgrade** – Tunisian authorities must implement measures needed to secure a new loan from the International Monetary Fund within weeks, after Moody's Investors Service lowered the nation's credit rating, a senior central bank official said. Moody's on Thursday cut its assessment of Tunisia by one notch to Caa1, which indicates the nation's debt obligations are subject to very high credit risk. The yield on Tunisia's \$1 billion of Eurobonds due in 2025 surged 105 basis points to a record 13.32% on Friday, the worst performance by sovereign dollar debt in emerging markets. The downgrade is "a very negative element and requires the Tunisian authorities to take the necessary measures within a week or two at the latest to progress towards activating a new program," Abdelkarim Lassoued, who heads financing and foreign transactions at the central bank, told local broadcaster Mosaïque FM on Friday. "That will send a positive signal." *(Source: Bloomberg)*

**Oil prices rise to three-year high on back of supply deficit forecasts** – Oil prices settled at a three-year high above \$85 a barrel on Friday, boosted by forecasts of a supply deficit in the next few months as the easing of coronavirus-related travel restrictions spurs demand. Brent crude futures settled up 86 cents, or 1%, at \$84.86 a barrel. Front-month prices, which touched their highest level since October 2018 at \$85.10, hit a weekly rise of 3%, its sixth straight weekly gain. U.S. West Texas Intermediate (WTI) crude futures rose 97 cents, or 1.2%, to \$82.28 a barrel. The was up 3.5% on the week in an eighth consecutive weekly rise. Demand has picked up with the recovery from the COVID-19 pandemic, with a further boost from power generators who have been turning away from expensive gas and coal to fuel oil and diesel. *(Source: Reuters)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.98	-1.90	KSA	2025	1.27	-1.52
Abu Dhabi	2030	2.05	-4.40	KSA	2030	2.42	-3.72
Abu Dhabi	2050	3.17	-7.71	KSA	2050	3.64	-6.58
Bahrain	2026	4.23	-5.48	Oman	2025	3.32	2.10
Bahrain	2030	5.83	-7.74	Oman	2029	4.77	3.80
Bahrain	2047	7.31	-13.53	Oman	2048	6.59	1.81
Dubai	2029	2.49	-1.03	Qatar	2025	1.14	-2.72
Kuwait	2022	0.11	-1.95	Qatar	2030	2.18	-5.18
Kuwait	2027	1.46	-3.42	Qatar	2050	3.26	-7.70

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.74	8.08	-0.06	-0.21
S&P MENA Bond and Sukuk Index	2.34	NA	-0.03	-0.81
Bloomberg Emerging Markets USD Index	4.30	6.80	0.02	-1.71
Bloomberg Global Aggregate Index	1.23	7.42	-0.13	-4.19

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	17/10/2021	31/12/2020	17/10/2021	31/12/2020	17/10/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8157	0.8175	0.8614	0.8700	0.9371	0.9413
BHIBOR	1.5167	2.2500	1.6250	2.5333	1.8000	2.6833
QATAR	1.1500	1.1206	1.2000	1.1960	1.3500	1.3636
AEIBOR	0.4075	0.5125	0.3362	0.4908	0.5390	0.6538
EURIBOR	-0.5480	-0.5450	-0.5280	-0.5260	-0.4830	-0.4990
LIBOR	0.1236	0.2384	0.1605	0.2576	0.2796	0.3419

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.2276	1.61	18.2	KWD	0.3017	0.0331	0.51	Gold	1,768.30	-7.48
2-Year	0.5409	4.44	173.5	SAR	3.7509	-0.0027	0.02	Silver	23.35	-12.40
5-Year	1.1964	6.91	178.2	BHD	0.3770	-0.0027	0.02	Copper	472.95	34.21
7-Year	1.4003	6.18	113.9	QAR	3.6412	0.0027	0.01	Nat. Gas	5.41	93.49
10-Year	1.5756	5.11	70.3	OMR	0.3850	0.0000	0.00	Aluminum	3,149.50	57.18
30-Year	1.8085	3.35	29.0	AED	3.6730	0.0000	0.00	Crude Oil	84.86	67.21

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.39	-0.06	0.57	-0.15	-0.76	0.00
5-Year	1.13	-0.36	0.76	-0.34	-0.68	-0.05
10-Year	1.57	-0.52	1.10	-0.55	-0.32	-0.19
30-Year	2.04	-0.57	1.37	-1.91	0.25	-0.48

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	Caa1	NR	B-
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	17-Oct 2021	31-Dec 2020
Kuwait	46.75	40.69
KSA	50.59	63.77
Abu Dhabi	42.25	36.03
Dubai	88.30	104.06
Qatar	41.96	36.70
Bahrain	290.90	233.58
Oman	247.61	353.60
Iraq	453.92	542.74
Egypt	438.04	330.47
Morocco	92.70	102.56
Turkey	446.37	299.47
US	12.21	11.52
UK	7.60	15.13
China	48.18	26.70
Japan	17.05	14.74
Germany	7.85	9.09
France	19.22	14.42