

News Updates

S&P affirms Saudi Arabia rating at 'A-/A-2' with stable outlook – S&P Global on Thursday affirmed Saudi Arabia's sovereign credit ratings at 'A-/A-2' with a stable outlook, saying its estimate of the Gulf nation's strong net asset-stock position on its fiscal and external balances continues to be a key ratings support. However, prolonged low oil prices without a significant fiscal adjustment could lead to an erosion of the net asset stock position and put pressure on Saudi Arabia's ratings, the agency said in a statement (*Source: Reuters*)

Egypt Surprises With 1st Rate Cut Since March as Focus Moves – Egypt's central bank unexpectedly lowered interest rates for the first time since an emergency cut in March as the focus moves from luring more debt investment to supporting economic growth. The Monetary Policy Committee reduced the deposit rate to 8.75% from 9.25%, according to a statement Thursday. The lending rate was decreased by the same amount to 9.75%. The cut “provides appropriate support to economic activity” and is “consistent with achieving price stability over the medium term,” the MPC said. The stimulus is timely for the economy dragged down by disruptions caused by the coronavirus pandemic. The International Monetary Fund expects growth of 2% in 2020-2021, the slowest in years. (*Source: Bloomberg*)

Turkey Tightens Monetary Policy Further After Surprise Rate Hike – Turkey's central bank offered local lenders just a fraction of their daily liquidity requirements from its cheapest funding window on Friday, tightening monetary policy further after raising rates unexpectedly this week. The central bank offered 5 billion liras (\$660 million) through its one-week repo auction, where the cost of money was raised to 10.25% in a surprise rate hike on Thursday. That's going to force lenders to tap the monetary authority's costlier tools to meet the rest of their funding needs, pushing the average cost of funding higher. (*Source: Bloomberg*)

U.S. labor market slowing as fiscal stimulus fades – The weekly jobless claims report from the Labor Department on Thursday, the most timely data on the economy's health, showed 26 million people were on unemployment benefits in early September. The faltering labor market recovery and a recent rise in new coronavirus infections has piled pressure on Congress and the White House to come up with another rescue package. Federal Reserve Chair Jerome Powell told lawmakers on Wednesday that Congress and the U.S. central bank needed to “stay with it” in working to support the economy's recovery. More fiscal stimulus is looking increasingly unlikely before the Nov. 3 presidential election. (*Source: Reuters*)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.05	4.38	KSA	2025	1.52	5.34
Abu Dhabi	2030	1.74	8.31	KSA	2030	2.29	8.47
Abu Dhabi	2050	2.78	18.19	KSA	2050	3.41	7.21
Bahrain	2026	4.49	-5.67	Oman	2025	5.71	-6.98
Bahrain	2030	5.92	7.82	Oman	2029	7.15	-11.95
Bahrain	2047	6.94	-13.02	Oman	2048	8.31	-17.67
Dubai	2029	2.77	1.44	Qatar	2025	1.12	6.14
Kuwait	2022	0.69	1.06	Qatar	2030	1.92	10.28
Kuwait	2027	1.46	4.15	Qatar	2050	2.92	20.53

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.78	8.08	0.21	4.95
S&P MENA Bond and Sukuk Index	2.21	NA	0.05	6.66
Bloomberg Emerging Markets USD Index	4.10	6.80	-0.02	1.88
Bloomberg Global Aggregate Index	0.90	7.42	-0.07	5.35

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	27/09/2020	31/12/2019	27/09/2020	31/12/2019	27/09/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8725	2.2314	0.9213	2.2557	0.9825	2.3071
BHIBOR	2.2500	2.6667	2.5167	2.7000	2.6833	2.8333
QATAR	0.9480	2.2500	1.0403	2.3500	1.2961	2.5333
AEIBOR	0.4642	2.2086	0.6894	2.1914	0.6883	2.2900
EURIBOR	-0.4980	-0.3830	-0.4680	-0.3240	-0.4330	-0.2490
LIBOR	0.2179	1.9084	0.2713	1.9121	0.3693	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2255	-0.97	-87.3
2-Year	0.2225	-0.70	-86.9
5-Year	0.3383	-0.55	-80.4
7-Year	0.4837	-0.38	-73.1
10-Year	0.6867	-0.23	-63.8
30-Year	1.0690	0.08	-48.9

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3063	0.0000	-1.06
SAR	3.7508	0.0000	0.02
BHD	0.3771	-0.0027	-0.02
QAR	3.6414	0.0082	0.01
OMR	0.3850	0.0000	0.00
AED	3.6729	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	0.01
5-Year	0.27	0.04
10-Year	0.65	0.13
30-Year	1.40	0.20

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.08	0.02
5-Year	-0.10	0.11
10-Year	0.19	0.35
30-Year	0.73	1.06

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.70	0.01
5-Year	-0.74	0.07
10-Year	-0.60	0.25
30-Year	-0.10	1.27

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	BB-	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-	BBB-
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS

	27-Sep 2020	31-Dec 2019
Kuwait	54.17	36.700
KSA	96.67	56.915
Abu Dhabi	53.47	36.090
Dubai	146.36	91.005
Qatar	53.23	36.705
Bahrain	340.49	175.995
Oman	454.32	234.400
Iraq	589.17	383.680
Egypt	438.46	277.420
Morocco	129.67	91.435
Turkey	538.19	282.130
US	15.82	10.810
UK	18.56	16.210
China	49.30	31.205
Japan	16.20	21.042
Germany	9.89	7.080
France	17.00	16.130