

News Updates

Saudi Deal With Euroclear to Allow Foreigner Access to Debt – Saudi Arabia reached an agreement with one of the world's biggest bond clearing systems to settle transactions in its debt market. The deal between the kingdom's Securities Depository Center Company, known as Edaa, and Brussels-based Euroclear Bank will give foreign investors access to the sukuk and bond market within the Saudi Exchange. Under the terms of an agreement signed at the Future Investment Initiative conference in Riyadh, the link is expected to become operational in March 2022, according to a statement on Wednesday. "By becoming Euroclearable, this G-20 market will gain direct exposure to a wider international investor base, which will result in improved liquidity and cost efficiencies," said Lieve Mostrey, chief executive officer of Euroclear Group. Major emerging economies like Russia have in recent years partnered with Euroclear to lure bond inflows by allowing it to act as a custodian for foreign investors' collateral. (Source: Bloomberg)

Fitch Affirms Abu Dhabi at 'AA'; Outlook Stable – Fitch Ratings has affirmed Abu Dhabi's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'AA' with a Stable Outlook. The rating agency stated that the 'AA' rating reflects Abu Dhabi's strong fiscal and external metrics and high GDP per capita, balanced by high dependence on hydrocarbons, a relatively weak, but improving, economic policy framework and low governance indicators compared with peers. Abu Dhabi's government debt is among the lowest of Fitch-rated sovereigns, and sovereign net foreign assets the highest. (Source: Fitch Ratings)

Major gas supplier Qatar Energy plans 'green' bonds - sources – Qatar Energy, one of the world's top liquefied natural gas (LNG) suppliers, is working on a plan to reinvent itself as environmentally responsible for investors via a framework that will pave the way for it to sell "green" bonds in a deal likely to be worth several billion dollars, three sources with knowledge of the matter said. Qatar Energy is working on establishing an Environmental, Social and Governance (ESG) framework that would allow it to issue green bonds - debt earmarked for environmentally friendly uses, the sources said. If completed, it would be the first sale of green bonds by a national oil company in the GCC. (Source: Reuters)

U.S. 2-year yield soars to 19-month peak, curve flattens across the board – The U.S. 2-year Treasury yield rose to a 19-month high on Wednesday, occasioning the sharpest flattening of one yield curve yardstick since the pandemic started amid heightened anticipation of a Federal Reserve interest rate rise next year. U.S. 10-year yields dropped to a two-week low of 1.52% and were last at 1.5378%. The widely watched spread between the 2- and 10-year yields fell to 103.7 basis points, from 116.4, the biggest point contraction since March 27, 2020, and the flattest since late August. In the run-up to the Fed's policy meeting next week, market focus has moved beyond pricing the central bank's likely taper of asset purchases and onto the timing of the first rate rise since December 2018. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.04	-2.13	KSA	2025	1.31	-1.74
Abu Dhabi	2030	2.07	-4.46	KSA	2030	2.39	-3.49
Abu Dhabi	2050	3.09	-6.29	KSA	2050	3.59	-5.59
Bahrain	2026	4.02	-4.89	Oman	2025	3.30	2.12
Bahrain	2030	5.62	-6.55	Oman	2029	4.77	3.71
Bahrain	2047	7.18	-12.40	Oman	2048	6.60	1.80
Dubai	2029	2.48	-1.08	Qatar	2025	1.20	-2.88
Kuwait	2022	-0.18	-1.96	Qatar	2030	2.19	-5.22
Kuwait	2027	1.53	-3.72	Qatar	2050	3.21	-6.81

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.74	8.08	0.20	0.04
S&P MENA Bond and Sukuk Index	2.36	NA	0.22	-0.64
Bloomberg Emerging Markets USD Index	4.27	6.80	0.30	-1.42
Bloomberg Global Aggregate Index	1.25	7.42	0.39	-3.94

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	28/10/2021	31/12/2020	28/10/2021	31/12/2020	28/10/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8243	0.8175	0.8729	0.8700	0.9457	0.9413
BHIBOR	1.5000	2.2500	1.5583	2.5333	1.7667	2.6833
QATAR	1.1563	1.1206	1.2075	1.1960	1.3469	1.3636
AEIBOR	0.3272	0.5125	0.5101	0.4908	0.5604	0.6538
EURIBOR	-0.5500	-0.5450	-0.5330	-0.5260	-0.4740	-0.4990
LIBOR	0.1359	0.2384	0.1763	0.2576	0.3228	0.3419

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.3090	1.53	60.5	KWD	0.3017	0.0000	0.53	Gold	1,801.90	-5.72
2-Year	0.6939	3.24	250.8	SAR	3.7511	-0.0027	0.02	Silver	24.13	-9.49
5-Year	1.2617	2.74	193.4	BHD	0.3770	0.0000	0.00	Copper	440.65	25.04
7-Year	1.4330	1.84	118.9	QAR	3.6419	-0.0055	0.01	Nat. Gas	6.05	107.62
10-Year	1.5789	1.05	70.6	OMR	0.3850	0.0000	0.00	Aluminum	2,675.74	33.35
30-Year	1.7602	0.03	25.5	AED	3.6730	0.0000	0.00	Crude Oil	83.08	63.70

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.53	-0.05	0.54	0.16	-0.81	0.00
5-Year	1.19	-0.11	0.69	0.48	-0.62	0.00
10-Year	1.55	-0.06	0.98	1.11	-0.32	0.00
30-Year	1.95	0.03	1.13	4.07	0.12	0.00

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	28-Oct 2021	31-Dec 2020
Kuwait	46.46	40.69
KSA	47.44	63.77
Abu Dhabi	41.39	36.03
Dubai	87.53	104.06
Qatar	41.64	36.70
Bahrain	286.51	233.58
Oman	242.85	353.60
Iraq	453.90	542.74
Egypt	460.86	330.47
Morocco	90.43	102.56
Turkey	439.19	299.47
US	12.67	11.52
UK	7.46	15.13
China	44.14	26.70
Japan	17.18	14.74
Germany	7.97	9.09
France	18.61	14.42