

News Updates

Fitch Ratings affirms KIB's long-term IDR at 'A+' with a stable outlook – Fitch Ratings, one of the leading global credit ratings agencies, has affirmed Kuwait International Bank (KIB)'s Long-term Issuer Default Rating (IDR) at 'A+' and viability rating (VR) at “bb-”, with a stable outlook. This stable outlook on KIB's long-term IDR reflects the outlook on the Kuwaiti sovereign rating. In its report issued on 22 December 2020, Fitch stated that KIB's Issuer Default Ratings (IDRs) reflect an extremely high probability of support from the Kuwaiti authorities, if needed. This considers Kuwait's strong ability to provide support to domestic banks, as reflected by its sovereign rating (AA/Stable) and strong willingness to do so irrespective of the banks' size, franchise, funding structure and the level of government ownership. Fitch also added that key rating drivers include stable funding, nominal domestic franchise, higher risk appetite, asset quality and profitability under pressure, adequate but declining capitalization. (Source: Kuwait Times, Fitch)

UAE GDP expected to shrink more than anticipated in 2020 – The Central Bank of the UAE (CBUAE) expected a 6% contraction in the UAE's gross domestic product (GDP) in 2020, compared to its previous forecast of a 5.2% decline. The real non-hydrocarbon GDP is projected to decrease by about 5% in the current year, according to the CBUAE's quarterly economic review. In 2021, the CBUAE forecasts that the UAE's real total GDP and non-hydrocarbon real GDP would grow by 2.5% and 3.6%, respectively. The CBUAE's outlook is better than that of IMF which expected a 6.6% shrink in the UAE economy in 2020. Meanwhile, the UAE is expected to see a contraction in the real oil GDP in 2020, driven by an average oil production of 2.8 million barrels per day for this year. In line with OPEC+ agreement, the UAE oil production decreased by 4.1% year-on-year (YoY) in the second quarter (Q2) and by 17.7% in the third quarter (Q3). "As an oil exporter, the UAE is likely to feel the fallout from reduced global demand for oil due to the contraction of economic activities worldwide, including transportation and international travel," the report referred. It is noteworthy to mention that in September, the CBUAE expected a 5.2% decrease in the UAE GDP in 2020 due to the coronavirus (COVID-19) pandemic. (Source: Mubasher)

Turkey's Inflation Surprise to Prompt a 100bp Rate Hike – The new governor of the Central Bank of the Republic of Turkey bought credibility with a hefty hike to the one-week repo rate in November. Subsequent data showed a surprising surge in inflation to 14%. This will be enough for the central bank to hike the repo rate by 100 bps -- to 16% -- despite a stabilizing currency, a halt in reserve depletion and slower household dollarization. Bloomberg's expectation is below the consensus forecast, which projects a 150-bp hike. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.73	5.43	KSA	2025	1.13	6.96
Abu Dhabi	2030	1.57	9.58	KSA	2030	2.00	11.12
Abu Dhabi	2050	2.73	19.31	KSA	2050	3.23	10.42
Bahrain	2026	3.32	-1.26	Oman	2025	4.14	-1.26
Bahrain	2030	4.78	16.51	Oman	2029	5.48	-1.51
Bahrain	2047	6.11	-3.79	Oman	2048	6.81	-1.80
Dubai	2029	2.58	2.66	Qatar	2025	0.81	6.94
Kuwait	2022	0.05	1.44	Qatar	2030	1.60	12.66
Kuwait	2027	1.07	6.08	Qatar	2050	2.78	23.48

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.46	8.08	-0.04	8.62
S&P MENA Bond and Sukuk Index	2.01	NA	-0.08	9.12
Bloomberg Emerging Markets USD Index	3.54	6.80	-0.02	6.17
Bloomberg Global Aggregate Index	0.86	7.42	-0.04	8.57

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	24/12/2020	31/12/2019	24/12/2020	31/12/2019	24/12/2020	31/12/2019
KIBOR	1.4375	2.7500	1.6875	2.9375	1.9375	3.1875
SAIBOR	0.8188	2.2314	0.8700	2.2557	0.9413	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	0.9500	2.2500	1.0500	2.3500	1.3667	2.5333
AEIBOR	0.4275	2.2086	0.5935	2.1914	0.6875	2.2900
EURIBOR	-0.5390	-0.3830	-0.5220	-0.3240	-0.4930	-0.2490
LIBOR	0.2381	1.9084	0.2628	1.9121	0.3373	1.9963

USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2028	0.08	-88.5	KWD	0.3037	0.0000	-0.18
2-Year	0.2093	-0.07	-87.7	SAR	3.7527	0.0027	-0.02
5-Year	0.4532	0.32	-73.8	BHD	0.3771	0.0000	0.01
7-Year	0.6787	0.24	-62.2	QAR	3.6420	0.0055	0.01
10-Year	0.9525	0.12	-49.7	OMR	0.3850	0.0000	-0.01
30-Year	1.4265	0.14	-31.8	AED	3.6729	0.0000	0.01

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.12	0.00	-0.16	-0.04
5-Year	0.37	-0.01	-0.05	-0.32
10-Year	0.94	0.00	0.28	-1.26
30-Year	1.68	-0.03	0.86	-3.38

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	24-Dec 2020	31-Dec 2019	
Kuwait	40.19	36.700	
KSA	65.83	56.915	
Abu Dhabi	36.67	36.090	
Dubai	106.91	91.005	
Qatar	37.53	36.705	
Bahrain	235.91	175.995	
Oman	350.54	234.400	
Iraq	545.22	383.680	
Egypt	340.36	277.420	
Morocco	102.62	91.435	
Turkey	324.38	282.130	
US	11.58	10.810	
UK	15.61	16.210	
China	30.71	31.205	
Japan	14.16	21.042	
Germany	9.24	7.080	
France	14.43	16.130	