

News Updates

Saudi Arabia May Face Budget Squeeze After 2021, Moody's Says –

Saudi Arabia may not be able to rely on annual dividends of almost \$75 billion from state oil company Saudi Aramco beyond next year unless crude prices increase, according to Moody's Investors Service. The government, which owns 98% of Aramco, has depended on the dividend to help plug its budget deficit. “The government is unlikely to be able to repeat the maneuver beyond 2021,” Moody's said in a report. This is the case “particularly when taking into account Saudi Aramco's own capital expenditure needs and its commitment” to buying Saudi Basic Industries Corp. Aramco agreed earlier this year to buy 70% of the chemicals maker from the government's Public Investment Fund for \$69 billion. Aramco pledged during its 2019 initial public offering to pay out \$75 billion to shareholders during its first five years as a publicly traded company. It has since reaffirmed that commitment. Yet, crude prices have fallen amid the coronavirus pandemic and are 35% lower this year. Aramco, meanwhile is pumping less oil under a deal among global producers to reduce supply. (Source: Bloomberg)

Moody's assigns new ratings to Saudi domestic sukuk issuance programme –

Moody's has assigned a provisional (P)A1 senior unsecured medium-term note (MTN) global scale rating (GSR) and Aaa.sa senior unsecured national scale rating (NSR) to the Government of Saudi Arabia's domestic SAR-denominated sukuk issuance program. At the same time, Moody's has concurrently assigned an A1/Aaa.sa senior unsecured GSR/NSR to the most recent sukuk instrument issued under the programme. The government of Saudi Arabia's A1 GSR is underpinned by the government's robust, albeit deteriorating, balance sheet and supported by substantial external liquidity buffers, it said in a press release. (Source: Zawya)

Egypt Annual Inflation Accelerates Even as Food Prices Fall –

Annual consumer prices in urban parts of Egypt accelerated 3.7% in September, even as food prices dropped, according to data posted by the state-run statistics agency, CAPMAS. The annual rate climbed from 3.4% the previous month while, on a monthly basis, prices rose 0.3%. Food and beverage prices declined 2.6% annually in September and fell 0.2% month-on-month. The central bank unexpectedly cut its benchmark interest rate by 50 basis points last month, saying the move provided “appropriate support” for economic activity and was consistent with achieving price stability over the medium term. Inflation remains well below the central bank's target of 9% -- plus or minus 3 percentage points -- by the end of 2020. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.94	4.94	KSA	2025	1.24	6.76
Abu Dhabi	2030	1.62	9.38	KSA	2030	2.01	11.28
Abu Dhabi	2050	2.69	20.33	KSA	2050	3.26	9.92
Bahrain	2026	4.14	-4.29	Oman	2025	5.04	-4.54
Bahrain	2030	5.52	10.94	Oman	2029	6.42	-7.48
Bahrain	2047	6.54	-8.89	Oman	2048	7.57	-10.52
Dubai	2029	2.55	3.08	Qatar	2025	0.97	6.81
Kuwait	2022	0.41	1.39	Qatar	2030	1.71	12.15
Kuwait	2027	1.27	5.41	Qatar	2050	2.79	23.41

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.62	8.08	0.29	6.64
S&P MENA Bond and Sukuk Index	2.10	NA	0.25	8.06
Bloomberg Emerging Markets USD Index	3.94	6.80	0.28	2.93
Bloomberg Global Aggregate Index	0.91	7.42	0.39	6.10

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	11/10/2020	31/12/2019	11/10/2020	31/12/2019	11/10/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8613	2.2314	0.9100	2.2557	0.9750	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.2056	2.2500	1.2561	2.3500	1.3599	2.5333
AEIBOR	0.4506	2.2086	0.6775	2.1914	0.7983	2.2900
EURIBOR	-0.5090	-0.3830	-0.4860	-0.3240	-0.4630	-0.2490
LIBOR	0.2241	1.9084	0.2458	1.9121	0.3476	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2204	0.10	-87.6
2-Year	0.2406	0.12	-85.8
5-Year	0.4135	-0.24	-76.1
7-Year	0.5821	-0.57	-67.6
10-Year	0.8091	-0.91	-57.3
30-Year	1.2291	-1.05	-41.2

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3061	0.0000	-0.98
SAR	3.7512	0.0000	0.01
BHD	0.3771	0.0000	-0.01
QAR	3.6416	-0.0110	0.00
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.15	0.00
5-Year	0.34	0.00
10-Year	0.77	0.12
30-Year	1.57	0.37

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.02	-0.02
5-Year	-0.03	-0.02
10-Year	0.28	0.07
30-Year	0.85	0.28

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.72	0.01
5-Year	-0.75	0.03
10-Year	-0.59	0.02
30-Year	-0.10	-0.11

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

	11-Oct 2020	31-Dec 2019
Kuwait	53.16	36.700
KSA	68.45	56.915
Abu Dhabi	37.57	36.090
Dubai	141.24	91.005
Qatar	36.60	36.705
Bahrain	312.65	175.995
Oman	423.06	234.400
Iraq	612.95	383.680
Egypt	418.06	277.420
Morocco	112.64	91.435
Turkey	499.85	282.130
US	14.47	10.810
UK	18.75	16.210
China	37.55	31.205
Japan	15.60	21.042
Germany	9.65	7.080
France	16.46	16.130