

News Updates

Turkey's Central Bank to Hold Rates in January – The Central Bank of the Republic of Turkey will likely keep interest rates on hold at 17% when it meets on Thursday. The new central bank governor, Naci Agbal, has raised the one-week repo rate by 675 basis points since his appointment in November. He has also vowed to keep policy tight until inflation has moderated toward the bank's end-2021 single-digit forecast. The lira has rallied and reserves are stabilizing, providing no reason to raise rates further. But inflation accelerated in December, limiting the scope for easing. (Source: Bloomberg)

Fitch Affirms Arab Bank Plc at 'BB'; Outlook Negative – Fitch Ratings has affirmed Jordan-based Arab Bank Plc's (AB) Long-Term Issuer Default Rating (IDR) at 'BB' with a Negative Outlook. AB's 'BB' Long-Term IDR is driven by its standalone strength, as indicated by its Viability Rating (VR) of 'bb'. The VR reflects the bank's geographical diversification in the Gulf Cooperation Council (GCC) and outside the MENA region, as well as the bank's good capital ratios, strong funding franchise and well-managed liquidity. At the same time, the rating considers the expected pressures on profitability and capital, as well as high exposure to the Jordanian sovereign relative to the bank's equity and to the challenging operating conditions in some countries in the MENA region. (Source: Bloomberg)

Fitch Affirms Bank of Jordan at 'BB-'; Outlook Negative – Fitch Ratings has affirmed Bank of Jordan's (BOJ) Long-Term Issuer Default Rating (IDR) at 'BB-'. The Outlook is Negative. At the same time, Fitch has affirmed all of BOJ's other ratings. BOJ's IDRs are driven by its standalone credit profile, as defined by its Viability Rating (VR). The bank's VR considers its exposure to the weakening domestic operating environment, which heightens pressure on the bank's asset quality, profitability and capital. However, it also considers the bank's good domestic franchise and solid funding and liquidity profile. (Source: Bloomberg)

U.S. 10-Year Yields at 1.6% Represent Fair Value: Brandywine – Developments surrounding the coronavirus remain the biggest risk and driver for markets in 2021, said Francis Scotland, director of global macro research at Brandywine Global. U.S. “yields are creeping up from their pandemic lows that we saw earlier in 2020,” but they “remain very low relative to our measure of fair value for the 10-year which is around 1.6%,” Scotland said in a web briefing. Fund sees continued asset purchases by Federal Reserve in 2021. While Brandywine expects improving global growth this year, “the biggest element in the macro story is still the virus”. Inflection point for markets will come when vaccines allow for re-opening of global services sectors. Fund sees opportunities in emerging-market and high-yield bonds, particularly if the dollar remains weak. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.81	-0.29	KSA	2025	1.18	-0.09
Abu Dhabi	2030	1.67	-0.80	KSA	2030	2.18	-1.31
Abu Dhabi	2050	2.89	-2.65	KSA	2050	3.49	-3.73
Bahrain	2026	3.33	-0.35	Oman	2025	3.99	0.56
Bahrain	2030	5.08	-2.25	Oman	2029	5.63	-1.47
Bahrain	2047	6.31	-2.43	Oman	2048	7.00	-3.19
Dubai	2029	2.46	0.35	Qatar	2025	0.89	-0.27
Kuwait	2022	0.16	-0.22	Qatar	2030	1.75	-1.08
Kuwait	2027	1.18	-0.68	Qatar	2050	2.95	-2.17

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.52	8.08	0.00	-0.80
S&P MENA Bond and Sukuk Index	1.68	NA	-0.02	-0.89
Bloomberg Emerging Markets USD Index	3.63	6.80	-0.02	-1.19
Bloomberg Global Aggregate Index	0.87	7.42	-0.09	-0.91

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	19/1/2021	31/12/2020	19/1/2021	31/12/2020	19/1/2021	31/12/2020
KIBOR	1.4375	1.4375	1.6875	1.6875	1.9375	1.9375
SAIBOR	0.8175	0.8175	0.8675	0.8700	0.9400	0.9413
BHIBOR	2.2333	2.2500	2.5167	2.5333	2.6833	2.6833
QATAR	1.0099	1.1206	1.1105	1.1960	1.2799	1.3636
AEIBOR	0.3613	0.5125	0.5184	0.4908	0.5493	0.6538
EURIBOR	-0.5520	-0.5450	-0.5320	-0.5260	-0.5080	-0.4990
LIBOR	0.2234	0.2384	0.2481	0.2576	0.3226	0.3419

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1969	0.29	2.3
2-Year	0.2101	0.30	6.2
5-Year	0.5393	1.29	25.4
7-Year	0.8115	2.15	24.0
10-Year	1.1106	1.55	20.0
30-Year	1.5965	1.49	13.9

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3032	0.0000	0.03
SAR	3.7514	-0.0027	0.01
BHD	0.3770	0.0000	0.01
QAR	3.6420	0.0027	-0.01
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.14	-0.01
5-Year	0.47	-0.10
10-Year	1.11	-0.26
30-Year	1.86	-0.60

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.15	0.00
5-Year	-0.05	0.03
10-Year	0.28	-0.01
30-Year	0.86	0.14

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.68	-0.01
5-Year	-0.76	-0.04
10-Year	-0.61	-0.14
30-Year	-0.12	-0.51

Source: Bloomberg

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	19-Jan 2021	31-Dec 2020
Kuwait	41.69	40.69
KSA	66.88	63.77
Abu Dhabi	42.72	36.03
Dubai	95.08	104.06
Qatar	42.72	36.70
Bahrain	230.40	233.58
Oman	342.68	353.60
Iraq	570.69	542.74
Egypt	315.52	330.47
Morocco	102.98	102.56
Turkey	331.39	299.47
US	10.64	11.52
UK	15.26	15.13
China	30.76	26.70
Japan	13.52	14.74
Germany	9.62	9.09
France	14.40	14.42