

News Updates

Kuwaiti central bank lowers interest rates by 0.25% – The Central Bank of Kuwait (CBK) decided to cut its discount rate by 25 basis points (0.25%) to reach 2.5% from 2.75%, Kuwait News Agency (KUNA) reported on Wednesday. Overnight repo rate currently stands at 2%, while the one-week and one-month repo rates are at 2.25% and 2.75%, respectively, as shown by the CBK's website. The move follows a decision by the US Federal Reserve on Tuesday to cut interest rates by 0.5%. Central banks in Saudi Arabia and the UAE announced similar decisions regarding their interest rates.

Kuwait banking outlook remains stable in 2020 - Moody's – Moody's Investors Service stated that the outlook for the Kuwaiti banking system remains 'Stable', bolstered by a robust economic growth, which will support credit conditions for the country's banks. Kuwait's non-oil GDP growth is predicted to remain strong, levelling up by 0.5% to reach nearly 3% in 2020 compared to 2.5% last year, the rating agency said in a report on Wednesday. In this regard, VP-Senior credit officer at Moody's, Nitish Bhojnarwala, said, "High lending concentration to single borrowers and to the volatile real-estate sector pose substantial risks to Kuwait's banks, but these are mitigated by very large loan-loss reserves, robust capital, and sound liquidity." Furthermore, problem loans will gradually increase to around 2% of gross loans this year, compared to 1.6% in 2018, due to delinquencies at some banks' foreign subsidiaries. The banking system in Kuwait has sound credit conditions and strong capital, Moody's said, expecting the tangible common equity ratio to remain stable at around 14.5%.

10-year Treasury yield falls below 1% for the first time after Fed slashes rates due to coronavirus – The 10-year Treasury yield broke below 1% for the first time ever in the wake of an emergency rate cut by the Federal Reserve to combat the economic effects of the spreading coronavirus. The yield on the benchmark 10-year Treasury note fell more than 11 basis points to an all-time low of 0.906%. The yield on the 30-year Treasury bond was also at a record low of 1.601%. Investors have fled stocks and rushed into bonds for safety as the spreading virus stoked fears of a prolonged economic slowdown or even a recession.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Yield Δ (YTD %)	Sovereigns	Maturity	Yield %	Yield Δ (YTD %)
Abu Dhabi	2027	1.80	-25.34	KSA	2025	1.87	-20.82
Abu Dhabi	2047	2.83	-12.18	KSA	2029	2.32	-18.08
Bahrain	2024	3.36	-1.19	KSA	2049	3.43	-11.10
Bahrain	2029	4.64	2.36	Oman	2025	4.11	-1.52
Bahrain	2047	5.91	0.71	Oman	2029	5.35	0.12
Dubai	2023	2.47	-0.82	Oman	2048	6.65	-0.59
Dubai	2029	3.03	-3.68	Qatar	2024	1.55	-28.07
Kuwait	2022	1.31	-33.08	Qatar	2028	1.98	-20.76
Kuwait	2027	1.80	-22.79	Qatar	2049	3.01	-14.08

Source: Bloomberg

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.81	7.33	0.63	3.28
S&P MENA Bond and Sukuk Index	2.54	NA	0.27	3.47
Bloomberg Emerging Markets USD Index	4.56	6.28	0.58	2.89
Bloomberg Global Aggregate Index	0.98	7.27	0.14	2.98

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	05/03/2020	31/12/2019	05/03/2020	31/12/2019	05/03/2020	31/12/2019
KIBOR	2.5000	2.7500	2.7500	2.9375	3.0000	3.1875
SAIBOR	1.6343	2.2314	1.6500	2.2557	1.6743	2.3071
BHIBOR	1.9000	2.2500	2.3233	2.7000	2.4500	2.8333
QATAR	2.3000	2.2500	2.4000	2.3500	2.6700	2.5333
AEIBOR	1.6393	2.2086	1.5393	2.1914	1.6524	2.2900
EURIBOR	-0.4630	-0.3830	-0.4220	-0.3240	-0.3620	-0.2490
LIBOR	1.3143	1.9084	1.2520	1.9121	1.2456	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.7697	-3.83	-56.5
2-Year	0.7149	-3.79	-57.9
5-Year	0.8128	-3.29	-53.0
7-Year	0.8957	-3.41	-50.2
10-Year	1.0105	-3.66	-46.7
30-Year	1.2551	-5.19	-40.0

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3061	0.0229	-0.97
SAR	3.7526	-0.0053	-0.02
BHD	0.3771	0.0000	0.00
QAR	3.6675	0.0300	-0.22
OMR	0.3850	-0.0026	0.00
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.65	0.09
5-Year	0.75	0.16
10-Year	1.02	0.36
30-Year	1.66	1.12

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.19	0.07
5-Year	0.24	0.08
10-Year	0.37	0.25
30-Year	0.90	0.32

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.86	0.04
5-Year	-0.85	0.09
10-Year	-0.67	0.13
30-Year	-0.17	0.10

	Sovereign Ratings		
	Moody's	S&P	Fitch
Abu Dhabi	Aa2	AA	AA
Bahrain	B2	B+	BB-
Kuwait	Aa2	AA	AA
Oman	Ba1	BB	BB+
Qatar	Aa3	AA-	AA-
KSA	A1	A-	A
UAE	Aa2	NR	NR
Egypt	B2	B	B+
Lebanon	Ca	CC	CC
Turkey	B1	B+	BB-
Tunisia	B2	NR	B+
Morocco	Ba1	BBB-	BBB-
Jordan	B1	B+	BB-
China	A1	A+	A+
UK	Aa2	AA	AA
USA	Aaa	AA+	AAA
USD 5-Year CDS			YTD Δ (%)
Abu Dhabi	43.750		26.68
Kuwait	44.950		30.05
Dubai	10.930		27.52
Bahrain	180.430		5.36
Qatar	48.260		36.93
KSA	71.690		29.10
Egypt	313.870		16.64
Lebanon	12641.37		574.72
Turkey	297.601		6.19
Iraq	419.230		22.48
Morocco	91.500		11.02
China	43.085		41.49
France	17.290		1.07
Germany	8.340		12.24
Japan	21.820		11.31
UK	18.770		2.52
US	14.000		25.67