

News Updates

Moody's: Kuwait's rating is subject to a downgrade by more than one degree – Moody's Investors Service issued a report in which it indicated that there are factors that may pressure the downgrade of Kuwait's credit rating by more than one degree. In its report, entitled Annual Credit Analysis of Kuwait, the agency clarified that the most important factors that put pressure on Kuwait's rating is the increasing government liquidity risks, especially with the approaching maturity of the first tranche of international bonds, the government's financial strength will continue to decline in the medium term due to the increase in government debt in light of the scenario of passing the new public debt law, and the public budget achieving a large deficit, and the government's inability to implement financial reforms. At the same time, the agency clarified that there are other factors that may raise Kuwait's rating, such as the evidence of sustainable improvement in institutional strength and standards of governance, through the constructive relationship between government and parliament, leading to smoother and more predictable policy formation, the improvement in the effectiveness of fiscal policy by increasing the government's ability to respond to shocks, and implementation of financial reforms that substantially reduce the funding requirements of the public budget. Moody's indicated that its report does not include a new credit rating decision, while it dealt with a detailed analysis of the previous credit rating decision (A1, with a stable outlook) issued on September 22, 2020 in light of developments in economic and financial policies and economic data recorded during the current year. (Source: Al Khaleeji Today)

Bahrain outlook improves on fiscal reforms, S&P says – S&P Global Ratings has revised Bahrain's outlook to 'stable' from 'negative' on the back of new fiscal reforms aimed at improving non-oil revenues and cutting state spending, the ratings agency said in a statement. Rated below investment grade, Bahrain was supported by its Gulf neighbors to avoid a credit crunch in 2018 with a \$10 billion package from Saudi Arabia, Kuwait and the United Arab Emirates. That money was linked to a set of fiscal reforms, but after the coronavirus crisis strained its finances, Bahrain in September postponed plans to balance its budget by two years and announced plans to increase a value-added tax. The agency said it expects the government to benefit from additional financial support from its Gulf neighbors, if needed. (Source: Reuters)

US Treasury yields dive as virus variant dents growth outlook – Concerns about a new coronavirus variant on Friday drove the sharpest rally in short-dated U.S. Treasuries since the pandemic took hold, as investors scurried for safe-haven assets and pared some of their bets on rate hikes through next year. Two-year yields, a guide to short-term U.S. interest rate expectations, slid 12 basis points (bps) to as low as 0.51%, the sharpest daily drop since COVID first sent shockwaves through world markets in March 2020. Ten-year yields were also down 12 bps, the biggest drop since February this year, to around 1.53% and five year yields tumbled 14 bps to around 1.19%. Bond yields fall when prices rise. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.24	-2.86	KSA	2025	1.49	-2.49
Abu Dhabi	2030	2.08	-4.67	KSA	2030	2.43	-3.88
Abu Dhabi	2050	3.02	-5.25	KSA	2050	3.56	-5.25
Bahrain	2026	3.68	-4.60	Oman	2025	3.71	0.73
Bahrain	2030	5.73	-7.30	Oman	2029	5.28	0.48
Bahrain	2047	7.43	-14.73	Oman	2048	7.04	-3.60
Dubai	2029	2.58	-1.82	Qatar	2025	1.31	-3.45
Kuwait	2022	0.02	-2.21	Qatar	2030	2.25	-5.74
Kuwait	2027	1.70	-4.65	Qatar	2050	3.21	-6.80

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.85	8.08	-0.01	-0.15
S&P MENA Bond and Sukuk Index	2.38	NA	0.25	-0.16
Bloomberg Emerging Markets USD Index	4.54	6.80	-0.21	-2.60
Bloomberg Global Aggregate Index	1.25	7.42	0.98	-4.56

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	29/11/2021	31/12/2020	29/11/2021	31/12/2020	29/11/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8443	0.8175	0.8957	0.8700	0.9657	0.9413
BHIBOR	1.5167	2.2500	1.6017	2.5333	1.7667	2.6833
QATAR	1.1297	1.1206	1.2012	1.1960	1.3277	1.3636
AEIBOR	0.3795	0.5125	0.5236	0.4908	0.6653	0.6538
EURIBOR	-0.5720	-0.5450	-0.5370	-0.5260	-0.4940	-0.4990
LIBOR	0.1754	0.2384	0.2460	0.2576	0.4104	0.3419

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.3720	1.74	93.2	KWD	0.3027	0.1157	0.21	Gold	1,794.80	-6.23
2-Year	0.7841	4.24	296.4	SAR	3.7517	-0.0027	0.00	Silver	23.40	-12.52
5-Year	1.3357	6.57	210.6	BHD	0.3770	0.0053	0.00	Copper	433.85	23.24
7-Year	1.4735	5.45	125.1	QAR	3.6417	0.0000	-0.01	Nat. Gas	5.07	68.66
10-Year	1.5787	4.86	70.6	OMR	0.3850	0.0000	0.00	Aluminum	2,632.50	31.13
30-Year	1.6915	3.68	20.6	AED	3.6730	0.0082	0.01	Crude Oil	75.25	48.69

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.54	-0.07	0.44	0.23	-1.74	0.00
5-Year	1.22	-0.30	0.60	0.58	-0.79	0.09
10-Year	1.53	-0.46	0.82	1.30	-0.50	0.67
30-Year	1.86	-0.84	0.92	2.97	-0.02	2.10

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	29-Nov 2021	31-Dec 2020
Kuwait	45.98	40.69
KSA	52.01	63.77
Abu Dhabi	43.55	36.03
Dubai	86.11	104.06
Qatar	43.10	36.70
Bahrain	277.10	233.58
Oman	251.46	353.60
Iraq	638.11	542.74
Egypt	478.04	330.47
Morocco	88.86	102.56
Turkey	500.55	299.47
US	14.90	11.52
UK	9.34	15.13
China	51.45	26.70
Japan	16.50	14.74
Germany	7.97	9.09
France	19.54	14.42