

News Updates

Saudi Arabia Leans on Domestic Borrowing as Budget Deficit Grows

– Saudi Arabia covered nearly its entire budget deficit with domestic borrowing in the third quarter, as the oil rout and coronavirus worsened a fiscal gap that widened 27% from a year earlier. The quarterly deficit reached 41 billion riyals (\$11 billion), the Finance Ministry said in a statement released on Wednesday. After tapping nearly 42 billion riyals of domestic borrowing to finance it, the ministry used just 1.3 billion riyals from government reserves between July and September, it said. (Source: Bloomberg)

UAE's Etihad issues \$600m sustainability-linked sukuk

– UAE's Etihad Airways has issued a \$600m sukuk which is linked to its carbon reduction targets. The airline has committed to net zero carbon emissions by 2050 and a 50 per cent reduction in net emissions by 2035. The carrier says that it is the world's first Transition Sukuk and the first Sustainability-Linked financing in global aviation, under a Transition Finance Framework. HSBC and Standard Chartered Bank acted as joint global coordinators and joint sustainability structuring agents. Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD Capital, First Abu Dhabi Bank, HSBC, and Standard Chartered Bank acted as joint lead managers and bookrunners. Abu Dhabi Commercial Bank meanwhile acted as joint lead manager, and Mashreq Bank was the financial advisor for this sukuk. (Source: Gulf Business)

Fitch Affirms Abu Dhabi at 'AA'; Outlook Stable

– Fitch Ratings has affirmed Abu Dhabi's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'AA' with a Stable Outlook. The 'AA' rating reflects Abu Dhabi's strong fiscal and external metrics and high GDP per capita, balanced by high dependence on hydrocarbons, an economic policy framework still under development and relatively weak governance indicators. Government debt, although rising, is among the lowest and sovereign net foreign assets are estimated to be the third-largest among Fitch-rated sovereigns, at 218% of GDP at end-2019. This provides strong resilience to the oil price shock as hydrocarbons contributing around 80% of fiscal revenue leads to high volatility in fiscal outturns. (Source: Fitch Ratings)

Turkey Plans to Borrow \$10b in 2021 via International Bond Sales

– Treasury plans to borrow \$10b from international markets via bond issuances, according to annual program published on website. 2021 domestic borrowing planned at 541b liras (\$65b). 2021 debt repayments planned at 547.2b liras, of which 98.2b liras is for debt from abroad. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.98	4.57	KSA	2025	1.38	5.95
Abu Dhabi	2030	1.76	8.02	KSA	2030	2.18	9.51
Abu Dhabi	2050	2.89	16.03	KSA	2050	3.46	6.31
Bahrain	2026	4.13	-4.24	Oman	2025	5.71	-6.87
Bahrain	2030	5.75	9.12	Oman	2029	7.21	-12.24
Bahrain	2047	6.96	-13.36	Oman	2048	8.36	-18.19
Dubai	2029	2.67	2.27	Qatar	2025	1.06	6.24
Kuwait	2022	0.50	1.19	Qatar	2030	1.85	10.75
Kuwait	2027	1.29	5.13	Qatar	2050	2.97	19.51

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.77	8.08	-0.26	5.41
S&P MENA Bond and Sukuk Index	2.18	NA	-0.21	7.11
Bloomberg Emerging Markets USD Index	4.09	6.80	-0.17	1.81
Bloomberg Global Aggregate Index	0.91	7.42	-0.06	5.82

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	01/11/2020	31/12/2019	01/11/2020	31/12/2019	01/11/2020	31/12/2019
KIBOR	1.5000	2.7500	1.7500	2.9375	2.0625	3.1875
SAIBOR	0.8463	2.2314	0.8950	2.2557	0.9600	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	0.7667	2.2500	0.9000	2.3500	1.1833	2.5333
AEIBOR	0.4350	2.2086	0.6813	2.1914	0.7961	2.2900
EURIBOR	-0.5230	-0.3830	-0.5210	-0.3240	-0.4890	-0.2490
LIBOR	0.2158	1.9084	0.2421	1.9121	0.3301	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2097	0.02	-88.2
2-Year	0.2375	0.23	-86.0
5-Year	0.4485	1.46	-74.1
7-Year	0.6495	3.33	-63.9
10-Year	0.8950	4.85	-52.8
30-Year	1.3129	5.65	-37.2

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3057	0.0000	-0.85
SAR	3.7508	-0.0107	0.02
BHD	0.3771	-0.0106	-0.01
QAR	3.6414	0.0027	0.01
OMR	0.3850	0.0000	-0.01
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.15	-0.01
5-Year	0.38	-0.07
10-Year	0.87	-0.46
30-Year	1.66	-1.27

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.04	-0.06
5-Year	-0.04	-0.14
10-Year	0.26	-0.53
30-Year	0.83	-1.63

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.80	-0.02
5-Year	-0.84	-0.05
10-Year	-0.69	-0.09
30-Year	-0.22	-0.18

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	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

	01-Nov 2020	31-Dec 2019
Kuwait	48.17	36.700
KSA	86.19	56.915
Abu Dhabi	49.21	36.090
Dubai	134.83	91.005
Qatar	49.16	36.705
Bahrain	343.52	175.995
Oman	466.10	234.400
Iraq	706.77	383.680
Egypt	404.04	277.420
Morocco	132.25	91.435
Turkey	553.36	282.130
US	14.22	10.810
UK	17.87	16.210
China	39.07	31.205
Japan	15.93	21.042
Germany	9.60	7.080
France	16.09	16.130