

News Updates

S&P Global Ratings Says GCC Banks Hope Worst Over As Recovery Begins – S&P Global Ratings believes banks in the Gulf Cooperation Council (GCC) have demonstrated resilience to the COVID-19-related economic shock and last year's sharp decline in oil prices, according to a new report. "Western and local central banks' unprecedented interventions, which took the form of liquidity injections and regulatory forbearance measures, helped cushion regional banks from wider uncertainty and masked the true hit to their asset quality indicators," said S&P Global Ratings credit analyst Mohamed Damak. "However, a gradual recovery in private sector economic activity, supportive public sector demand for credit, and higher oil prices (S&P Global Ratings assumes an average of \$75 per barrel [/bbl] in 2021 and \$65/bbl in 2022) have also helped amortize the impact on banks. In turn, nonperforming loan (NPL) ratios increased only 20 basis points (bps) for the top GCC 45 banks between year-end 2020 and June 30, 2021." (*Source: Bloomberg*)

UAE's First Federal Debt Adds to Borrowing Rush Before Fed Taper – The United Arab Emirates is marketing the first bond sale in its 50-year history as a combined federation, joining the rush of emerging-market borrowers tapping investors before the Federal Reserve starts winding down its pandemic stimulus. The securities, which are denominated in dollars, will mature in 10 and 20 years, according to a person familiar with the matter who's not authorized to speak publicly and asked not to be identified. The UAE is also offering a 40-year dual-listed Formosa bond, debt issued in Taiwan and denominated in a currency other than the Taiwan dollar. Proceeds from the debt will go toward infrastructure projects and investments by its sovereign wealth fund. While several of the seven emirates, including Abu Dhabi, Dubai and Sharjah, have tapped the market over the years, the UAE has never done so as a single entity. The debt sale comes after a turbulent week that drove short-term Treasury yields to the highest levels since the pandemic began. As investors start pricing in higher borrowing costs in anticipation of the Fed's tapering of its asset purchases, emerging-market governments -- both regional and global -- have been rushing to bond markets. (*Source: Bloomberg*)

Lebanon Resumes Bailout Talks With IMF as It Courts Creditors – Lebanon has resumed bailout talks with the International Monetary Fund after an 18 month hiatus and said it would work with bondholders to agree on a fair way to restructure debt worth tens of billions of dollars. The government began discussions with the IMF on a potential \$10 billion loan program after defaulting on its international bonds in March 2020, drafting a plan to restructure the economy and its entire \$90 billion debt stock. The negotiations stalled due to disagreements over how to distribute the losses, while prolonged political deadlock stymied reforms even as the economy crumbled. (*Source: Bloomberg*)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.92	-1.63	KSA	2025	1.19	-1.22
Abu Dhabi	2030	1.99	-3.82	KSA	2030	2.32	-2.93
Abu Dhabi	2050	3.10	-6.55	KSA	2050	3.59	-5.56
Bahrain	2026	4.15	-5.18	Oman	2025	3.46	1.63
Bahrain	2030	5.73	-7.13	Oman	2029	5.07	1.85
Bahrain	2047	7.25	-13.03	Oman	2048	6.78	-0.49
Dubai	2029	2.49	-0.94	Qatar	2025	1.07	-2.31
Kuwait	2022	-0.18	-1.77	Qatar	2030	2.11	-4.56
Kuwait	2027	1.40	-2.96	Qatar	2050	3.22	-6.99

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.69	8.08	0.03	0.05
S&P MENA Bond and Sukuk Index	2.29	NA	-0.06	-0.43
Bloomberg Emerging Markets USD Index	4.14	6.80	-0.12	-1.22
Bloomberg Global Aggregate Index	1.15	7.42	0.07	-3.71

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	05/10/2021	31/12/2020	05/10/2021	31/12/2020	05/10/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8086	0.8175	0.8571	0.8700	0.9300	0.9413
BHIBOR	1.5500	2.2500	1.6250	2.5333	1.8000	2.6833
QATAR	1.1417	1.1206	1.2000	1.1960	1.3399	1.3636
AEIBOR	0.3500	0.5125	0.4374	0.4908	0.4039	0.6538
EURIBOR	-0.5470	-0.5450	-0.5260	-0.5260	-0.4880	-0.4990
LIBOR	0.1331	0.2384	0.1570	0.2576	0.2349	0.3419

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.1682	0.00	-12.6	KWD	0.3016	0.0000	0.58	Gold	1,759.80	-7.92
2-Year	0.3813	0.80	92.8	SAR	3.7507	0.0027	0.03	Silver	22.49	-15.63
5-Year	1.0435	1.90	142.7	BHD	0.3770	0.0000	0.00	Copper	421.50	19.61
7-Year	1.2906	1.70	97.2	QAR	3.6416	0.0000	-0.01	Nat. Gas	5.87	110.05
10-Year	1.5026	1.26	62.4	OMR	0.3850	0.0000	0.00	Aluminum	2,904.75	44.97
30-Year	1.7853	0.43	27.3	AED	3.6731	0.0000	0.00	Crude Oil	81.48	60.55

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.28	-0.01	0.40	-0.01	-0.74	0.00
5-Year	0.96	-0.09	0.62	-0.03	-0.72	0.00
10-Year	1.49	-0.13	1.01	-0.07	-0.38	0.00
30-Year	2.05	-0.13	1.38	-0.26	0.26	0.00

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	B3	NR	B-
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	05-Oct 2021	31-Dec 2020
Kuwait	46.51	40.69
KSA	53.56	63.77
Abu Dhabi	42.84	36.03
Dubai	91.68	104.06
Qatar	43.04	36.70
Bahrain	284.81	233.58
Oman	259.39	353.60
Iraq	523.84	542.74
Egypt	458.09	330.47
Morocco	95.44	102.56
Turkey	434.67	299.47
US	14.75	11.52
UK	8.02	15.13
China	49.10	26.70
Japan	17.97	14.74
Germany	7.95	9.09
France	18.18	14.42