

News Updates

Fitch: Kuwait is struggling to reduce its dependence on oil and gas –

Fitch Solutions said that Kuwait will struggle to reduce its dependence on oil and gas due to the push for increased production until 2040, pointing out that oil export revenues will be necessary to help the country implement the “Kuwait 2035” vision, in which it seeks to diversify its economy and reduce its dependence on oil and transform it into a financial and commercial center at the international and regional levels. In a report on the Kuwaiti oil sector, the agency expected that this sector will continue to play an important role in the economy to move forward to achieve the government’s long-term goals, noting that the financial revenues from the oil sector, which constitute 90% of Kuwait’s annual revenues, make alternative plans for economic diversification difficult. Kuwait’s current account surplus is expected to be almost entirely supported by the oil sector for the remainder of the decade, indicating that fiscal revenues from oil production and exports will remain necessary to meet Kuwait’s future development needs in conjunction with increased spending on infrastructure projects laid out within the Kuwait plan 2035. Fitch pointed out that Kuwait will need large oil investments at home to achieve the required strong production levels by 2040, which they believe are ambitious due to the country’s history of not achieving the previous production targets set by the state. (Source: Mubasher)

OPEC+ could reconsider output increase, says Kuwaiti oil minister –

The increase in oil output agreed last month by OPEC+ nations could be reconsidered at its next meeting on Sept. 1, Kuwait’s oil minister said on Sunday. The Organization of the Petroleum Exporting Countries (OPEC) and allies including Russia, collectively known as OPEC+, will meet on Wednesday to discuss the previously agreed increase of 400,000 barrels per day (bpd) for the next several months. U.S. President Joe Biden’s administration has urged OPEC and its allies to boost oil output to tackle rising gasoline prices that it views as a threat to the global economic recovery. (Source: Reuters)

U.S. Gasoline Surges, Oil Steady as Hurricane Ida Roils Supplies –

U.S. gasoline futures jumped and oil was steady after Hurricane Ida barreled ashore in Louisiana, disrupting energy supplies in the world’s largest economy at a time of rising commodity prices. Gasoline for October spiked more than 4% higher in New York before paring gains, while West Texas Intermediate crude was little changed. Last week, WTI rallied 10% as investors wagered global demand would weather the setback posed by the spread of the delta coronavirus variant. Both crude oil and gasoline have been hit by volatile trading this month as investors weighed the challenge to consumption posed by the delta variant. This week traders will weigh the fall-out from Ida, as well as the likelihood that the Organization of Petroleum Exporting Countries and its allies will go ahead with an increase in output when it meets on September 1. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.73	-0.85	KSA	2025	1.07	-0.61
Abu Dhabi	2030	1.83	-2.76	KSA	2030	2.14	-1.53
Abu Dhabi	2050	3.00	-4.43	KSA	2050	3.46	-3.54
Bahrain	2026	3.93	-3.98	Oman	2025	3.24	2.53
Bahrain	2030	5.67	-6.79	Oman	2029	4.92	2.93
Bahrain	2047	7.00	-10.47	Oman	2048	6.60	1.85
Dubai	2029	2.46	-0.59	Qatar	2025	0.92	-1.63
Kuwait	2022	0.13	-1.50	Qatar	2030	2.01	-3.83
Kuwait	2027	1.23	-1.89	Qatar	2050	3.13	-5.49

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.58	8.08	0.10	0.70
S&P MENA Bond and Sukuk Index	2.16	NA	0.04	0.29
Bloomberg Emerging Markets USD Index	3.85	6.80	0.18	0.33
Bloomberg Global Aggregate Index	1.03	7.42	0.22	-2.37

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	30/8/2021	31/12/2020	30/8/2021	31/12/2020	30/8/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7957	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.5500	2.2500	1.6333	2.5333	1.8083	2.6833
QATAR	1.1500	1.1206	1.2000	1.1960	1.3404	1.3636
AEIBOR	0.3638	0.5125	0.4242	0.4908	0.4369	0.6538
EURIBOR	-0.5500	-0.5450	-0.5290	-0.5260	-0.5020	-0.4990
LIBOR	0.1199	0.2384	0.1548	0.2576	0.2351	0.3419

USD Swap Rates

			Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	
1-Year	0.1561	-0.13	-18.9	KWD	0.3009	0.0000	0.78	Gold
2-Year	0.3061	-0.15	54.8	SAR	3.7508	0.0000	0.03	Silver
5-Year	0.8848	-0.36	105.8	BHD	0.3770	0.0000	0.00	Copper
7-Year	1.1111	-0.39	69.7	QAR	3.6416	0.0000	-0.01	Nat. Gas
10-Year	1.3238	-0.25	43.1	OMR	0.3850	0.0000	0.00	Aluminum
30-Year	1.6475	-0.85	17.5	AED	3.6731	0.0000	0.00	Crude Oil

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.21	0.01		0.11	0.04		-0.72	0.00
5-Year	0.80	0.02		0.29	0.08		-0.78	0.00
10-Year	1.30	0.06		0.58	0.21		-0.58	0.00
30-Year	1.91	0.22		1.00	0.58		0.04	0.00

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.21	0.01		0.11	0.04
5-Year	0.80	0.02		0.29	0.08
10-Year	1.30	0.06		0.58	0.21
30-Year	1.91	0.22		1.00	0.58

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.72	0.00
5-Year	-0.78	0.00
10-Year	-0.58	0.00
30-Year	0.04	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	30-Aug 2021	31-Dec 2020	
Kuwait	46.07	40.69	
KSA	50.63	63.77	
Abu Dhabi	40.77	36.03	
Dubai	76.63	104.06	
Qatar	40.64	36.70	
Bahrain	249.12	233.58	
Oman	241.25	353.60	
Iraq	562.87	542.74	
Egypt	345.07	330.47	
Morocco	93.82	102.56	
Turkey	365.70	299.47	
US	7.85	11.52	
UK	7.68	15.13	
China	33.26	26.70	
Japan	16.30	14.74	
Germany	8.72	9.09	
France	18.21	14.42	