

News Updates

Gulf economies set for steep contractions this year before rebounding

– The six-member Gulf Cooperation Council faces a steep economic contraction this year before partially rebounding in 2021, with most countries facing sharper declines than previously estimated, a quarterly Reuters poll showed. Saudi Arabia, the region's largest economy, is expected to face a GDP contraction of 5.1% this year and rebound to 3.1% growth next year and 2.7% growth in 2022. A poll conducted three months ago saw the world's largest oil exporter contracting 5.2% in 2020. The United Arab Emirates, which has seen a surge in new COVID-19 cases in the past month or so, is expected to see GDP decline 6.0% this year, grow 2.7% next year and expand 3.8% in 2022. In July, analysts expected a 5.1% decline in 2020 and 2.6% growth in 2021. "The UAE economy will suffer a deeper contraction this year than we anticipated in May," the Institute of International Finance said in a research note. "Dubai's economy may contract by at least 8%, more than Abu Dhabi, as its large exposure to tourism, aviation, and other services makes it more vulnerable to the effects of the pandemic," the IIF said, adding that output declined 9% in the first half of the year and employment dropped by 10%. Median forecasts for Kuwait expected a 6.3% contraction this year, 2.6% growth next year and 3.3% growth in 2022. Three months ago it was seen shrinking 6.1% in 2020 and expanding 2.5% in 2021. (Source: Zawya)

Dubai developer Union Properties pays off \$19m of debt

– Dubai real estate developer Union Properties (UPP) has paid off AED 70 million (\$19 million) of debt from its largest lender as part of a comprehensive debt restructuring programme. He added that debt restructuring has helped reduce financing costs by 35 percent for the three-month period ending September 2020 year-on-year. (Source: Zawya)

Oil steadies, but outlook gloomy as coronavirus cases, supply grow

– Oil prices eked out small gains on Tuesday after recent sharp losses, but sentiment remained subdued as a surge in global coronavirus cases hit prospects for crude demand while supply is rising. Brent crude LCOc1 was up 19 cents, or 0.5%, at \$40.65 a barrel by 0324 GMT. U.S. oil CLc1 gained 15 cents, or 0.4%, at \$38.71 a barrel. Both contracts fell more than 3% on Monday. A lack of progress on agreeing a U.S. coronavirus relief package added to market gloom, although U.S. House of Representatives Speaker Nancy Pelosi said on Monday she hoped a deal can be reached before the Nov. 3 elections. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.92	4.90	KSA	2025	1.33	6.28
Abu Dhabi	2030	1.69	8.76	KSA	2030	2.07	10.71
Abu Dhabi	2050	2.78	18.23	KSA	2050	3.31	8.96
Bahrain	2026	4.09	-4.15	Oman	2025	5.53	-6.29
Bahrain	2030	5.70	9.53	Oman	2029	7.03	-11.22
Bahrain	2047	6.90	-12.68	Oman	2048	8.19	-16.63
Dubai	2029	2.62	2.57	Qatar	2025	1.02	6.45
Kuwait	2022	0.47	1.25	Qatar	2030	1.77	11.49
Kuwait	2027	1.24	5.47	Qatar	2050	2.88	21.44

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.71	8.08	0.05	6.10
S&P MENA Bond and Sukuk Index	2.13	NA	0.12	7.76
Bloomberg Emerging Markets USD Index	4.01	6.80	0.02	2.35
Bloomberg Global Aggregate Index	0.91	7.42	0.03	6.31

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	27/10/2020	31/12/2019	27/10/2020	31/12/2019	27/10/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8475	2.2314	0.8963	2.2557	0.9613	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	0.8625	2.2500	0.9750	2.3500	1.2375	2.5333
AEIBOR	0.4736	2.2086	0.7075	2.1914	0.8525	2.2900
EURIBOR	-0.5120	-0.3830	-0.4960	-0.3240	-0.4640	-0.2490
LIBOR	0.2165	1.9084	0.2494	1.9121	0.3366	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2140	-0.04	-87.9
2-Year	0.2370	-0.01	-86.0
5-Year	0.4164	-0.51	-75.9
7-Year	0.5949	-0.49	-66.9
10-Year	0.8265	-0.40	-56.4
30-Year	1.2535	-0.17	-40.1

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3057	-0.0327	-0.85
SAR	3.7505	0.0107	0.03
BHD	0.3771	0.0080	0.01
QAR	3.6421	-0.0110	0.00
OMR	0.3850	0.0000	-0.01
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.15	0.00
5-Year	0.35	0.02
10-Year	0.80	0.03
30-Year	1.59	0.02

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.05	0.00
5-Year	-0.03	0.00
10-Year	0.27	0.04
30-Year	0.85	-0.09

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.78	-0.01
5-Year	-0.79	-0.02
10-Year	-0.65	0.01
30-Year	-0.17	0.21

Source: Bloomberg

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

	27-Oct 2020	31-Dec 2019
Kuwait	45.16	36.700
KSA	75.48	56.915
Abu Dhabi	43.13	36.090
Dubai	130.42	91.005
Qatar	42.91	36.705
Bahrain	335.00	175.995
Oman	466.07	234.400
Iraq	701.81	383.680
Egypt	408.78	277.420
Morocco	119.98	91.435
Turkey	530.50	282.130
US	14.03	10.810
UK	18.20	16.210
China	36.91	31.205
Japan	15.52	21.042
Germany	9.78	7.080
France	16.03	16.130