

News Updates

Kuwait banking sector to remain stable, strength depends on length of crisis - c.bank – Kuwait's banking sector is expected to remain stable to a large degree, the central bank governor said in a report published on Sunday, but its strength will depend on how long the current crisis lasts. "The crisis highlights the structural imbalances rooted in Kuwait's dependence on oil revenues and the state's role as a major source of employment for national workers," Mohammad al-Hashel said in the future outlook section of the bank's 2019 financial stability report. He added that a lack of progress on reforms to diversify away from oil would continue to expose Kuwait to oil price volatility. (Source: Zawya)

Kuwait's oil sector cancels several tenders & projects to cut costs – Kuwait Petroleum Corporation (KPC) and its subsidiaries have started to cancel a large number of unimportant tenders and contracts within the budget of the current fiscal year, in implementation of the decisions to apply austerity and reduce expenses disclosed by the CEO of KPC Hashem Al-Hashem. The sources explained that KOC canceled the Ahmadi City buildings project, considering it as a non-strategic project. It also canceled a contract for the supply of connections to the wells, given the high costs, and it is considering re-offering it again. Some other projects have also been canceled, but the details will be revealed later. Also, the Dabdaba solar energy project, which is worth KD 551 million, was recently canceled too. (Source: Zawya)

Not the right time to raise, introduce new taxes in GCC: IMF – It is not the right time to increase taxes on consumption and introduce tax on sectors that will drive the recovery of GCC economies in the post-coronavirus era, a senior official of the International Monetary Fund (IMF) said. Jihad Azour, the fund's chief economist for the Mena, said the tax system in the region can be improved by being more progressive and building some additional solidarity because income disparity in the region is still getting high. He also called to make the tax system more efficient. "It may not be the right time to tax or burden the sectors that could drive the recovery [of the economies]," Azour added. This is the right opportunity to introduce additional fairness, efficiency and more use of technology to provide more services as well as be more transparent of how public money is being used, he stressed. (Source: Zawya)

Saudi holdings of US Treasuries fall by \$1.8 bln to \$123.5 bln in May 2020 – Saudi Arabia's holdings of US Treasuries reached \$123.5 billion in May 2020, the lowest level since February 2017, down by \$1.8 billion month-on-month, new data released by the US Treasury showed. The Kingdom remained at the 15th place among the largest holders of US debt in May 2020. (Source: Argaam)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.45	5.74	KSA	2025	1.38	3.29
Abu Dhabi	2047	2.77	7.40	KSA	2029	2.09	4.85
Bahrain	2024	4.10	-3.36	KSA	2049	3.34	8.46
Bahrain	2029	5.47	-7.27	Oman	2025	4.93	-4.26
Bahrain	2047	6.73	-10.87	Oman	2029	7.15	-12.14
Dubai	2023	1.54	1.40	Oman	2048	7.97	-14.68
Dubai	2029	2.92	0.56	Qatar	2024	1.04	3.24
Kuwait	2022	0.46	1.79	Qatar	2028	1.68	4.51
Kuwait	2027	1.38	4.98	Qatar	2049	2.88	10.62

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.86	7.32	0.20	4.23
S&P MENA Bond and Sukuk Index	2.28	NA	0.15	6.21
Bloomberg Emerging Markets USD Index	4.48	6.26	0.16	0.94
Bloomberg Global Aggregate Index	0.91	7.33	-0.10	4.11

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	20/07/2020	31/12/2019	20/07/2020	31/12/2019	20/07/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.9529	2.2314	1.0014	2.2557	1.0486	2.3071
BHIBOR	2.3000	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.1666	2.2500	1.2335	2.3500	1.3540	2.5333
AEIBOR	0.5910	2.2086	0.7046	2.1914	1.1828	2.2900
EURIBOR	-0.4430	-0.3830	-0.3510	-0.3240	-0.2900	-0.2490
LIBOR	0.2714	1.9084	0.3336	1.9121	0.4700	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2548	0.16	-85.6
2-Year	0.2255	0.27	-86.7
5-Year	0.3249	0.79	-81.2
7-Year	0.4551	1.12	-74.7
10-Year	0.6150	1.50	-67.5
30-Year	0.8740	2.44	-58.2

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3072	0.0000	-1.33
SAR	3.7508	-0.0053	0.02
BHD	0.3771	0.0027	0.00
QAR	3.6415	-0.0137	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	0.00
5-Year	0.28	-0.04
10-Year	0.63	-0.09
30-Year	1.33	-0.48

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.10	-0.02
5-Year	-0.07	-0.07
10-Year	0.16	-0.34
30-Year	0.67	-0.33

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.68	-0.02
5-Year	-0.68	-0.10
10-Year	-0.52	-0.20
30-Year	-0.01	-0.65

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	Aa2	AA-	AA
KSA	A1	A-u	A
UAE	Aa2	NR	NR
Abu Dhabi	Aa2	AA	AA
Qatar	Aa3	AA-	AA-
Bahrain	B2u	B+	BB-
Oman	Ba3	BB-	BB
Egypt	B2	B	B+
Lebanon	Ca	SD	RD
Jordan	B1	B+	BB-
Turkey	B1	B+u	BB-
Tunisia	B2	NR	B
Morocco	Ba1	BBB-	BBB-
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	20-Jul 2020	31-Dec 2019
Kuwait	58.830	36.700
KSA	100.960	56.915
Abu Dhabi	58.810	36.090
Dubai	180.210	91.005
Qatar	56.640	36.705
Bahrain	338.790	175.995
Oman	480.070	234.400
Iraq	691.350	383.680
Egypt	448.660	277.420
Morocco	137.430	91.435
Turkey	526.730	282.130
US	13.680	10.810
UK	25.560	16.210
China	43.220	31.205
Japan	15.510	21.042
Germany	12.500	7.080
France	19.510	16.130