

News Updates

Oman Dangles Bailout Card to Win Over Investors for Bond Sale –

As Oman wades back into the international debt market after more than a year, it's seeking to boost investor confidence by raising the possibility of assistance from its Gulf neighbors. The sultanate is in preliminary talks to win support from some states in the region, according to its bond prospectus. Derivatives traders have pared back wagers for a devaluation of the Omani rial on anticipation that the wealthier Gulf states will come to the country's rescue -- as they did for Bahrain two years ago -- if its peg to the dollar comes under threat. Oman has lagged most peers in implementing fiscal reforms despite dwindling reserves and a budget deficit S&P Global Ratings estimates could reach 18% of gross domestic product this year. The government is facing increasing pressure to tap global debt markets as a widening fiscal shortfall leaves the sovereign underfunded by about 1.3 billion rials (\$3.4 billion) to 1.4 billion rials, according to Morgan Stanley. “Given the weakness in external balances, the buyers will likely be those who ascribe a greater probability of support if it comes down to it, in the Bahrain-type of model,” said Todd Schubert, head of fixed-income research at Bank of Singapore. *(Source: Bloomberg)*

Qatar Islamic Bank \$750m 5Y USD Sukuk priced at MS+155bps –

Qatar Islamic Bank \$750m 5Y USD senior unsecured Sukuk priced at 1.950% which was issued under QIB's \$4b Trust Certificate Issuance Program. Earlier in the day, IPT was at MS+185bps area. Expected issue rating of “A” by Fitch. Citi, Credit Agricole CIB, Dukhan Bank, HSBC, QInvest, QNB Capital and Standard Chartered Bank (B&D) were all lead managers and bookrunners for the issue. *(Source: Bloomberg)*

Etihad Airways Hires Banks for 5-Yr USD Regs Sukuk –

Etihad Airways mandates banks to arrange a series of fixed income investor calls commencing on Oct. 22. Unlisted 5-year USD RegS senior unsecured Sukuk may follow. Expected to be rated “A” by Fitch, subject to market Conditions. HSBC, Standard Chartered as joint global coordinators and joint sustainability structuring agents. Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD Capital, First Abu Dhabi Bank, HSBC, Standard Chartered as joint lead managers and bookrunners; Mashreq Bank as financial adviser. *(Source: Bloomberg)*

Turkey's Central Bank to Hike by 200 Bps Despite Virus –

The Central Bank of the Republic of Turkey will probably raise the one-week repo rate by 200 basis points on Thursday. It has tightened monetary conditions since its last policy meeting, in September, and the repo rate needs to catch up. At 10.25%, the repo rate now lags the average cost of funding from the central bank. When the CBRT faced a similar divergence in September, it opted to hike the repo rate. It could do the same this month. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.93	4.92	KSA	2025	1.27	6.56
Abu Dhabi	2030	1.65	9.11	KSA	2030	2.01	11.25
Abu Dhabi	2050	2.74	19.23	KSA	2050	3.24	10.26
Bahrain	2026	4.05	-3.89	Oman	2025	5.25	-5.29
Bahrain	2030	5.58	10.45	Oman	2029	6.67	-9.07
Bahrain	2047	6.69	-10.27	Oman	2048	7.84	-13.30
Dubai	2029	2.52	3.01	Qatar	2025	0.99	6.72
Kuwait	2022	0.57	1.21	Qatar	2030	1.68	12.33
Kuwait	2027	1.24	5.57	Qatar	2050	2.78	23.75

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.61	8.08	-0.23	6.77
S&P MENA Bond and Sukuk Index	2.07	NA	-0.08	8.43
Bloomberg Emerging Markets USD Index	3.97	6.80	-0.20	2.70
Bloomberg Global Aggregate Index	0.90	7.42	-0.03	6.31

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	21/10/2020	31/12/2019	21/10/2020	31/12/2019	21/10/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8513	2.2314	0.9000	2.2557	0.9675	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.1500	2.2500	1.2000	2.3500	1.3000	2.5333
AEIBOR	0.3775	2.2086	0.7792	2.1914	0.7886	2.2900
EURIBOR	-0.5090	-0.3830	-0.4970	-0.3240	-0.4700	-0.2490
LIBOR	0.2086	1.9084	0.2543	1.9121	0.3398	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2093	0.04	-88.2
2-Year	0.2355	0.38	-86.1
5-Year	0.4347	1.90	-74.9
7-Year	0.6134	2.59	-65.9
10-Year	0.8478	3.20	-55.3
30-Year	1.2792	3.71	-38.8

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3057	0.0654	-0.85
SAR	3.7508	0.0000	0.02
BHD	0.3771	0.0080	0.00
QAR	3.6421	0.0000	0.01
OMR	0.3850	0.0026	0.00
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.15	-0.01
5-Year	0.36	-0.11
10-Year	0.82	-0.34
30-Year	1.64	-0.98

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
	-0.08	-0.02
	-0.09	-0.02
	0.18	-0.24
	0.74	-0.85

German Bunds

	Yield %	1D Δ (%)
	-0.79	0.00
	-0.83	0.00
	-0.67	0.00
	-0.20	0.00

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-	BBB-
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS

	21-Oct 2020	31-Dec 2019
Kuwait	45.17	36.700
KSA	67.82	56.915
Abu Dhabi	38.51	36.090
Dubai	131.55	91.005
Qatar	38.18	36.705
Bahrain	316.59	175.995
Oman	424.32	234.400
Iraq	639.45	383.680
Egypt	425.46	277.420
Morocco	114.32	91.435
Turkey	506.10	282.130
US	13.64	10.810
UK	18.11	16.210
China	37.08	31.205
Japan	15.42	21.042
Germany	9.63	7.080
France	16.25	16.130