

News Updates

Dubai Aerospace Is Said to Near Hiring Advisers for Bond Sale – Dubai Aerospace Enterprise is close to picking advisers for a potential bond sale of about \$750 million as the Middle East's biggest plane-leasing firm seeks to expand its fleet. The firm could appoint around 10 banks, and an announcement may come as soon as next week, people familiar with the matter said, asking not to be identified discussing private deliberations. The state-owned company is also seeking to extend by two years its existing dollar revolving credit facility, the people said. Dubai Aerospace declined to comment. (Source: Bloomberg)

Oman enacts measures to tackle public debt pile – The Sultanate's authorities, led by the Ministry of Finance, have outlined a slew of measures aimed at reining in the country's sizable public debt, which is projected to reach RO 21.7 billion by the end of this year. The measures, spelt out in the 2021 General Budget as well as the Medium Term Fiscal Plan released last November, seek to reduce Oman's twin deficits — the annual budget deficit as well as the soaring public debt — to sustainable levels. An immediate concern for the government, given the burgeoning size of the country's public debt, is the skyrocketing interest cost of servicing its borrowings. It is estimated at an unprecedented RO 1.2 billion during 2021 alone, up from an estimated RO 860 million in 2020, according to the Ministry of Finance. This compares with an interest burden of RO 35 million in 2014, when Oman's dependence on external borrowings to finance the budget deficit was relatively modest. (Source: Oman Observer)

Middle East GDP set to rise 2.1% in 2021: World Bank – GDP in the Middle East, is expected to rise 2.1 per cent this year, supported largely by firming global oil demand and easing domestic lockdowns, according to the World Bank. "The recovery is contingent on containment of the pandemic, stabilising oil prices, no further escalation of geopolitical tensions and the assumption of a vaccine rollout in the second half of the year," the latest Global Economic Prospects report said. For oil exporters, growth is expected to recover to 1.8 percent this year, on oil demand normalising, the scheduled easing of OPEC+ oil production cuts, policy support and the gradual loosening of domestic pandemic-related restrictions, it said. (Source: Zawya)

Turkey's Inflation Soared in December on Lira Depreciation – Turkey's consumer price inflation continued to accelerate, rising to 14.6% in December from 14% the previous month. The pass-through to consumer prices from sharp currency depreciation was behind the surge. A rise in oil costs also contributed to price pressures. The spike in inflation has reduced real interest rates, although they remain comfortably positive after the central bank's hike in December (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.83	-0.30	KSA	2025	1.15	0.07
Abu Dhabi	2030	1.60	-0.27	KSA	2030	2.10	-0.61
Abu Dhabi	2050	2.90	-2.90	KSA	2050	3.44	-3.04
Bahrain	2026	3.25	0.03	Oman	2025	3.93	0.67
Bahrain	2030	4.91	-1.02	Oman	2029	5.27	0.97
Bahrain	2047	6.14	-0.42	Oman	2048	6.66	1.10
Dubai	2029	2.51	0.31	Qatar	2025	0.88	-0.17
Kuwait	2022	0.36	-0.37	Qatar	2030	1.68	-0.48
Kuwait	2027	1.17	-0.57	Qatar	2050	2.97	-2.52

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.50	8.08	0.07	-0.60
S&P MENA Bond and Sukuk Index	2.08	NA	0.03	-0.95
Bloomberg Emerging Markets USD Index	3.59	6.80	-0.08	-0.81
Bloomberg Global Aggregate Index	0.87	7.42	-0.01	-0.46

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	10/1/2021	31/12/2020	10/1/2021	31/12/2020	10/1/2021	31/12/2020
KIBOR	1.4375	1.4375	1.6875	1.6875	1.9375	1.9375
SAIBOR	0.8175	0.8175	0.8675	0.8700	0.9400	0.9413
BHIBOR	2.2500	2.2500	2.5333	2.5333	2.6833	2.6833
QATAR	0.9701	1.1206	1.0669	1.1960	1.3807	1.3636
AEIBOR	0.4240	0.5125	0.5307	0.4908	0.5725	0.6538
EURIBOR	-0.5500	-0.5450	-0.5300	-0.5260	-0.5100	-0.4990
LIBOR	0.2244	0.2384	0.2465	0.2576	0.3296	0.3419

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1952	-0.15	1.4
2-Year	0.2147	0.07	8.5
5-Year	0.5580	3.00	29.8
7-Year	0.8277	4.30	26.4
10-Year	1.1256	4.79	21.6
30-Year	1.6163	3.67	15.3

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3031	0.0000	0.07
SAR	3.7515	0.0027	0.01
BHD	0.3770	0.0000	0.01
QAR	3.6418	-0.0110	-0.01
OMR	0.3850	-0.0026	0.00
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	0.01
5-Year	0.48	-0.11
10-Year	1.12	-0.31
30-Year	1.87	-0.41

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.14	-0.03
5-Year	-0.05	-0.06
10-Year	0.29	-0.08
30-Year	0.87	0.08

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.69	-0.01
5-Year	-0.75	0.00
10-Year	-0.61	-0.04
30-Year	-0.13	-0.17

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	A1	AA-	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	B2	NR	B
Morocco	Ba1	BBB-	BB+
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS

	10-Jan 2021	31-Dec 2020
Kuwait	41.69	36.700
KSA	63.23	56.915
Abu Dhabi	41.41	36.090
Dubai	96.87	91.005
Qatar	41.30	36.705
Bahrain	219.65	175.995
Oman	335.90	234.400
Iraq	542.76	383.680
Egypt	307.33	277.420
Morocco	97.33	91.435
Turkey	307.63	282.130
US	11.20	10.810
UK	15.23	16.210
China	27.54	31.205
Japan	14.16	21.042
Germany	9.24	7.080
France	14.08	16.130