

News Updates

JPMorgan: The era of jumbo Gulf bond deals is probably over – Gulf governments continue to issue debt in high volumes, but deficit cuts and improved liquidity have reduced the urgency to raise money through so-called "jumbo bonds", a senior JPMorgan banker has said. In 2016 Saudi Arabia issued \$17.5 billion bonds, which marked the beginning of an era of jumbo transactions in the region, as governments urgently needed to fill coffers after the 2014-2015 oil price collapse. Jumbo bonds are generally meant as over \$5 billion. The Gulf continues to supply very large transactions - this year state-owned Qatar Petroleum sold \$12.5 billion bonds. But barring shocks like COVID-19, governments in the future are expected to cover their funding needs through more frequent and smaller deals, said Hani Deaibes, head of debt capital markets for the Middle East and North Africa at JPMorgan. Rebounding crude prices this year have reduced the oil-producing region's thirst for debt, but some governments may continue to tap the markets to take advantage of low rates, sources have previously told Reuters. "Maybe Kuwait is the only one that - when they eventually get approval to raise debt - may decide to do a jumbo transaction since they haven't accessed the market since their inaugural transaction" said Deaibes. Kuwait issued \$8 billion in 2017 but has since been unable to tap the markets because of a standoff between parliament and cabinet, which has blocked a new debt law. (Source: Reuters)

Moody's upgrades STC's BCA to a1 from a2; affirms A1 issuer rating – Moody's Investors Service ("Moody's") has today upgraded Saudi Telecom Company's (STC) baseline credit assessment (BCA) to a1 from a2 and affirmed STC's A1 long-term issuer rating. Moody's also affirmed STC Sukuk Company Limited's A1 senior unsecured rating. The outlook on all ratings remains negative. "The upgrade of STC's BCA reflects the company's track record of maintaining a conservative financial profile over the years and its ability to maintain very strong financial metrics", says Julien Haddad, a Moody's Vice President Senior Analyst, and local market analyst on STC. "The upgrade also reflects STC's leading position in the Saudi telecom sector, which has considerable growth opportunities". (Source: Bloomberg)

Egypt Sells \$3 Billion of Bonds in Rush to Beat Fed Taper – Egypt sold \$3 billion in its second Eurobond issuance of the year, joining a rush of emerging-market governments taking advantage of low borrowing costs before the U.S. Federal Reserve starts tapering its pandemic stimulus. The issuance was three times oversubscribed, with total bids of \$9 billion by more than 300 investors from U.S., Europe, Asia, Middle East and Africa, the Finance Ministry said Friday in a statement. The sale included \$1.125 billion of 6-year notes at a yield of 5.8%, \$1.125 billion in 12-year notes at a yield of 7.3%, and \$750 million in 30-year bonds at 8.75%. Demand from investors helped cut final yields on the 6 and 12-year notes by 32.5 basis points, and by 12.5 basis points on the 30-year bonds, the ministry said. JPMorgan Chase & Co., Citigroup Inc., HSBC Holdings Plc, First Abu Dhabi Bank and Standard Chartered managed the transaction. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.84	-1.35	KSA	2025	1.11	-0.88
Abu Dhabi	2030	1.91	-3.26	KSA	2030	2.25	-2.44
Abu Dhabi	2050	3.06	-5.84	KSA	2050	3.51	-4.34
Bahrain	2026	4.06	-4.71	Oman	2025	3.36	1.96
Bahrain	2030	5.57	-6.12	Oman	2029	5.02	2.23
Bahrain	2047	7.11	-11.56	Oman	2048	6.66	0.99
Dubai	2029	2.50	-0.94	Qatar	2025	0.98	-2.03
Kuwait	2022	-0.04	-1.72	Qatar	2030	2.02	-3.96
Kuwait	2027	1.29	-2.28	Qatar	2050	3.16	-6.07

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.60	8.08	-0.30	0.62
S&P MENA Bond and Sukuk Index	2.21	NA	-0.22	0.11
Bloomberg Emerging Markets USD Index	4.09	6.80	-0.34	-0.52
Bloomberg Global Aggregate Index	1.13	7.42	-0.40	-3.29

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	26/9/2021	31/12/2020	26/9/2021	31/12/2020	26/9/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8071	0.8175	0.8557	0.8700	0.9257	0.9413
BHIBOR	1.5583	2.2500	1.6250	2.5333	1.8000	2.6833
QATAR	1.1281	1.1206	1.2000	1.1960	1.3447	1.3636
AEIBOR	0.4529	0.5125	0.4210	0.4908	0.4275	0.6538
EURIBOR	-0.5430	-0.5450	-0.5230	-0.5260	-0.4880	-0.4990
LIBOR	0.1323	0.2384	0.1554	0.2576	0.2296	0.3419

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.1815	0.23	-5.7	KWD	0.3010	0.0000	0.75	Gold	1,751.70	-8.35
2-Year	0.3882	0.74	96.3	SAR	3.7508	0.0000	0.02	Silver	22.43	-15.87
5-Year	1.0479	-0.27	143.7	BHD	0.3770	-0.0027	0.02	Copper	428.55	21.61
7-Year	1.2790	1.01	95.4	QAR	3.6417	0.0000	-0.01	Nat. Gas	5.14	87.52
10-Year	1.4820	2.25	60.2	OMR	0.3850	0.0000	0.00	Aluminum	2,910.00	45.23
30-Year	1.7434	4.14	24.4	AED	3.6730	0.0000	0.00	Crude Oil	78.09	53.42

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.27	-0.01	0.37	0.01	-0.71	-0.01
5-Year	0.95	0.01	0.58	0.01	-0.71	-0.02
10-Year	1.45	-0.17	0.92	-0.15	-0.39	-0.22
30-Year	1.98	-0.96	1.23	-0.68	0.26	-0.97

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	26-Sep 2021	31-Dec 2020
Kuwait	46.86	40.69
KSA	52.20	63.77
Abu Dhabi	42.03	36.03
Dubai	88.12	104.06
Qatar	42.01	36.70
Bahrain	268.93	233.58
Oman	256.41	353.60
Iraq	501.22	542.74
Egypt	416.36	330.47
Morocco	93.73	102.56
Turkey	418.54	299.47
US	11.96	11.52
UK	7.53	15.13
China	42.92	26.70
Japan	16.66	14.74
Germany	7.60	9.09
France	17.84	14.42