

News Updates

CI: Bahrain's Sovereign Ratings Downgraded; Outlook Revised to Stable – Capital Intelligence Ratings (CI Ratings or CI) announced that it has lowered Bahrain's Long-Term Foreign Currency Rating (LT FCR) and Long-Term Local Currency Rating (LT LCR) to 'B+' from 'BB-'. At the same time, CI Ratings has affirmed the sovereign's Short-Term Foreign Currency Rating (ST FCR) and Short-Term Local Currency Rating (ST LCR) at 'B'. The Outlook for all ratings has been revised to Stable from Negative. The ratings downgrade reflects the persistent weaknesses in the public finances, including high budget deficits and rising debt levels, which have in turn contributed to a heavy interest burden and large financing needs. The ratings also take into account Bahrain's external vulnerabilities, with large external financing requirements and modest foreign reserves. Bahrain's credit metrics remain heavily influenced by developments in the oil market, with the commodity accounting for around 17.7% of GDP, 58% of fiscal revenues, and 42% of exports in 2020. *(Source: Capital Intelligence)*

Oman budget deficit shrinks due to higher oil prices – Oman posted a year-to-date budget deficit of around 1 billion rials (\$2.60 billion) in August, a 46.2% annual decline in its fiscal shortfall, the ministry of finance said, benefiting from higher oil prices. Year-to-date state revenues increased by 13.9% to 6.3 billion rials by the end of August when compared to the same period last year. "Such an increase is reflected by improved oil and gas prices over the past months", the ministry said in a statement. Public spending increased by 1.7% year on year. S&P Global Ratings recently said it had revised its outlook on Oman to positive from stable due to the higher oil prices and its fiscal reform plans, which are expected to narrow state deficits and slow a rise in debt levels over the next three years. *(Source: Reuters)*

Oil surges to \$80 a barrel as global energy crunch continues – U.S. crude futures topped \$80 a barrel for the first time since November 2014 as a global energy crisis boosts demand at a time when OPEC+ producers are keeping supplies tight. Futures in New York rose as much as 2.3% on Friday and are poised for a seventh straight weekly gain, the longest stretch of advances since December. A weakening of the dollar on the back of worse-than-expected U.S. labor market data also boosted the appeal of commodities priced in the currency. This week brought many indications that supplies will remain constrained: Saudi Aramco said a global natural gas shortage was already boosting oil demand for power generation and heating, and the U.S. Energy Department said that it had no plans "at this time" to tap the nation's oil reserves. *(Source: Bloomberg)*

U.S. Senate approves temporary lift of debt ceiling, averts default – The U.S. Senate approved legislation on Thursday to temporarily raise the federal government's \$28.4 trillion debt limit and avoid the risk of a historic default this month, but put off until early December a decision on a longer-lasting remedy. The \$480 billion increase, which would lift the debt limit to \$28.9 trillion, is expected to be exhausted by Dec. 3, the same day that funding for most federal programs expires under a stop-gap measure passed earlier this month following another partisan standoff. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.98	-1.84	KSA	2025	1.23	-1.41
Abu Dhabi	2030	2.05	-4.37	KSA	2030	2.39	-3.47
Abu Dhabi	2050	3.18	-8.00	KSA	2050	3.66	-6.77
Bahrain	2026	4.25	-5.54	Oman	2025	3.44	1.71
Bahrain	2030	5.86	-7.84	Oman	2029	5.00	2.36
Bahrain	2047	7.33	-13.69	Oman	2048	6.78	-0.37
Dubai	2029	2.53	-1.23	Qatar	2025	1.12	-2.64
Kuwait	2022	6.92	-5.01	Qatar	2030	2.17	-5.11
Kuwait	2027	1.29	-2.65	Qatar	2050	3.29	-8.10

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.75	8.08	-0.21	-0.43
S&P MENA Bond and Sukuk Index	2.34	NA	-0.29	-0.98
Bloomberg Emerging Markets USD Index	4.28	6.80	-0.21	-1.92
Bloomberg Global Aggregate Index	1.22	7.42	-0.21	-4.41

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	10/10/2021	31/12/2020	10/10/2021	31/12/2020	10/10/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8114	0.8175	0.8571	0.8700	0.9314	0.9413
BHIBOR	1.5500	2.2500	1.6250	2.5333	1.8000	2.6833
QATAR	1.1500	1.1206	1.2000	1.1960	1.3449	1.3636
AEIBOR	0.3549	0.5125	0.4694	0.4908	0.5150	0.6538
EURIBOR	-0.5480	-0.5450	-0.5180	-0.5260	-0.4820	-0.4990
LIBOR	0.1211	0.2384	0.1565	0.2576	0.2470	0.3419

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.1831	0.91	-4.9	KWD	0.3016	-0.0332	0.55	Gold	1,757.40	-8.05
2-Year	0.4314	1.89	118.1	SAR	3.7504	0.0000	0.03	Silver	22.71	-14.82
5-Year	1.1472	4.09	166.8	BHD	0.3770	0.0053	0.01	Copper	427.55	21.33
7-Year	1.4097	4.10	115.4	QAR	3.6414	0.0055	0.00	Nat. Gas	5.57	99.03
10-Year	1.6356	4.20	76.8	OMR	0.3850	0.0000	0.01	Aluminum	2,952.30	47.34
30-Year	1.9190	3.99	36.9	AED	3.6730	0.0000	0.00	Crude Oil	82.39	62.34

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.32	-0.02	0.53	-0.15	-0.74	0.00
5-Year	1.06	-0.18	0.76	-0.34	-0.69	-0.06
10-Year	1.61	-0.34	1.16	-0.70	-0.32	-0.25
30-Year	2.16	-0.79	1.50	-1.46	0.33	-0.74

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	10-Oct 2021	31-Dec 2020
Kuwait	46.47	40.69
KSA	52.89	63.77
Abu Dhabi	42.92	36.03
Dubai	91.14	104.06
Qatar	42.83	36.70
Bahrain	285.46	233.58
Oman	259.13	353.60
Iraq	500.44	542.74
Egypt	459.02	330.47
Morocco	96.16	102.56
Turkey	434.85	299.47
US	11.76	11.52
UK	7.61	15.13
China	50.12	26.70
Japan	17.03	14.74
Germany	7.80	9.09
France	19.32	14.42