

News Updates

Fitch: Sukuk Momentum to Stay Intact, Short-Term Headwinds to Persist – Sukuk momentum is expected to continue over the medium term supported by intact investor appetite, funding diversification and refinancing needs, Fitch Ratings says in a new report. "Sukuk supply-demand imbalance will continue to be a key growth factor but not without headwinds" said Bashar Al-Natoor, Global Head of Islamic Finance, Fitch Ratings. "These headwinds include additional AAOIFI-compliance complexities for sukuk, and reduced borrowing needs and fiscal deficits for some of the sukuk-issuing sovereigns due to higher oil prices." Sukuk issuance from the GCC region, Malaysia, Indonesia, Turkey and Pakistan reached USD57.3 billion in 3Q21. Issuance fell, as expected, by 27% qoq, primarily due to yearly seasonal patterns and implementation challenges related to Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) standards. (Source: Fitch Ratings)

UAE Studying Debut Green Debt and Federal Bond in Local Currency – The United Arab Emirates could venture to new corners of debt markets after selling the first bond in its history as a combined federation. Days after pricing \$4 billion in dollar securities, the UAE is now studying federal bond issuance denominated in the local currency, a senior Finance Ministry official said on Wednesday. The government will also explore the possibility of offering green bonds in response to market demand. (Source: Bloomberg)

Egypt to be listed on GBI-EM index, JPMorgan says – Egyptian government bonds have been cleared to join J.P. Morgan's GBI-EM investment index starting on Jan. 31, the investment bank said in a research note. Egypt would have an estimated weight of 1.85% in the index. Some 14 Egyptian pound government bonds worth a total \$26 billion are eligible for the benchmark, the note said. The bonds have an average yield of 14.9% and a duration of 2.9 years. Local currency bond markets would benefit to the tune of \$1.4-\$2.2 billion if Egyptian bonds won inclusion to the index, the bank's analysts said in April. (Source: Reuters)

Moroccan central bank holds benchmark interest rate at 1.5% - statement – Morocco's central bank left its benchmark interest rate at 1.5% on Wednesday, saying monetary policy was largely accommodative, amid the recovery of the economy from the repercussions of the COVID-19 pandemic. Inflation was expected to stand at 1.2% this year and 1.6% next year, from 0.7% in 2020, despite the impact of imported inflationary pressure, the bank said in a statement after its quarterly meeting. (Source: Reuters)

Fed Officials Saw Taper Starting in Mid-November or Mid-December – Federal Reserve officials broadly agreed last month they should start reducing emergency pandemic support for the economy in mid-November or mid-December amid increasing concern over inflation. "Participants generally assessed that, provided that the economic recovery remained broadly on track, a gradual tapering process that concluded around the middle of next year would likely be appropriate," minutes of the Sept. 21-22 Federal Open Market Committee meeting released Wednesday said. "Participants noted that if a decision to begin tapering purchases occurred at the next meeting, the process of tapering could commence with the monthly purchase calendars beginning in either mid-November or mid-December." (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.06	-2.13	KSA	2025	1.31	-1.69
Abu Dhabi	2030	2.07	-4.42	KSA	2030	2.41	-3.62
Abu Dhabi	2050	3.15	-7.39	KSA	2050	3.64	-6.47
Bahrain	2026	4.32	-5.83	Oman	2025	3.46	1.71
Bahrain	2030	5.85	-7.89	Oman	2029	4.98	2.46
Bahrain	2047	7.34	-14.01	Oman	2048	6.77	-0.27
Dubai	2029	2.50	-1.08	Qatar	2025	1.25	-2.93
Kuwait	2022	-0.10	-1.89	Qatar	2030	2.20	-5.22
Kuwait	2027	1.49	-3.48	Qatar	2050	3.28	-7.94

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.75	8.08	0.20	-0.37
S&P MENA Bond and Sukuk Index	2.35	NA	0.14	-0.98
Bloomberg Emerging Markets USD Index	4.33	6.80	0.20	-1.96
Bloomberg Global Aggregate Index	1.23	7.42	0.34	-4.34

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	14/10/2021	31/12/2020	14/10/2021	31/12/2020	14/10/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8157	0.8175	0.8614	0.8700	0.9371	0.9413
BHIBOR	1.5167	2.2500	1.6250	2.5333	1.8000	2.6833
QATAR	1.1500	1.1206	1.2000	1.1960	1.3500	1.3636
AEIBOR	0.3874	0.5125	0.4800	0.4908	0.5365	0.6538
EURIBOR	-0.5520	-0.5450	-0.5230	-0.5260	-0.4760	-0.4990
LIBOR	0.1268	0.2384	0.1571	0.2576	0.2614	0.3419

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.2064	0.18	7.2	KWD	0.3019	0.0000	0.48	Gold	1,790.80	-6.30
2-Year	0.4930	0.15	149.2	SAR	3.7510	0.0000	0.02	Silver	23.02	-13.66
5-Year	1.1444	-0.07	166.1	BHD	0.3770	-0.0053	0.01	Copper	456.30	29.48
7-Year	1.3701	0.71	109.3	QAR	3.6413	0.0027	0.00	Nat. Gas	5.71	104.08
10-Year	1.5667	1.63	69.3	OMR	0.3850	0.0000	0.00	Aluminum	3,053.75	52.40
30-Year	1.8290	3.07	30.5	AED	3.6730	0.0000	0.00	Crude Oil	83.74	65.00

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.35	0.01	0.56	-0.03	-0.79	0.00
5-Year	1.07	0.02	0.76	0.08	-0.66	0.03
10-Year	1.55	-0.10	1.08	0.54	-0.29	0.27
30-Year	2.06	-0.62	1.34	2.24	0.29	2.04

Sovereign Ratings			
	Moody's	S&P	Fitch
Kuwait	A1	A+	AA
KSA	A1	A-u	A
UAE	Aa2	NR	AA-
Abu Dhabi	Aa2	NR	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	14-Oct 2021	31-Dec 2020
Kuwait	47.48	40.69
KSA	52.97	63.77
Abu Dhabi	43.97	36.03
Dubai	88.77	104.06
Qatar	43.62	36.70
Bahrain	299.92	233.58
Oman	258.48	353.60
Iraq	483.38	542.74
Egypt	453.08	330.47
Morocco	95.41	102.56
Turkey	439.83	299.47
US	11.90	11.52
UK	8.61	15.13
China	53.91	26.70
Japan	17.41	14.74
Germany	7.81	9.09
France	19.38	14.42