

News Updates

CI: Kuwait's Sovereign Ratings Lowered; Outlook Revised to Stable

– Capital Intelligence Ratings (CI Ratings or CI) today announced that it has lowered Kuwait's Long-Term Foreign Currency Rating (LT FCR) and Long-Term Local Currency Rating (LT LCR) to 'A+' from 'AA-'. At the same time, CI Ratings has lowered the sovereign's Short-Term Foreign Currency Rating (ST FCR) and Short-Term Local Currency Rating (ST LCR) to 'A1' from 'A1+'. The Outlook on the ratings has been revised to Stable from Negative. The downgrade of the ratings reflects Kuwait's heightened refinancing and liquidity risks in the face of the political impasse between the government and the parliament over the debt law and fiscal reforms. This impasse has so far prevented the government from gaining access to the substantial stock of assets accumulated in the Future Generation Fund (FGF), as well as from tapping the international markets for financing. The downgrade also takes into consideration the sizeable central government budget deficit, the absence of a clear and comprehensive funding strategy, and the near depletion of the General Reserve Fund (GRF). Moreover, any improvement in the assets of the GRF in the near term is seen as being unlikely given the lack of substantive fiscal consolidation measures. (Source: Capital Intelligence)

Nobody's running Lebanon, central bank boss says – Lebanon's central bank governor said nobody was running the country, hitting back after government criticism of his decision to halt fuel subsidies that have drained currency reserves. In an interview broadcast on Saturday, Riad Salameh said the government could resolve the problem quickly by passing necessary legislation. The country's President Michel Aoun later on Saturday called on parliament to convene and take appropriate action on the crisis, his office said in a statement, without specifying a time or a particular proposal. Salameh denied he had acted alone in declaring an end to the subsidies on Wednesday, and said it was widely known that the decision was coming. "So far you have nobody running the country," Salameh told Radio Free Lebanon. The worsening fuel crisis is part of Lebanon's wider financial meltdown. Hospitals, bakeries and many businesses are scaling back operations or shutting down as fuel runs dry. (Source: Reuters)

Fitch Affirms Turkey at 'BB-'; Outlook Stable – Fitch Ratings affirmed Turkey's credit rating at 'BB-' late Friday with a stable outlook. "Turkey's ratings reflect weak monetary policy credibility, high inflation, low external liquidity in the context of high financing requirements and geopolitical risks," the global rating agency said in a statement. Fitch said it expects inflation to ease to 16.9% by the end of the year due to a favorable base effect and slowing domestic demand. The agency revised up Turkey's 2021 growth forecast to 7.9%, from its previous estimate of 6.3% in June, because of strong performance in the first quarter and continued resilience in economic activity. It also expects the full-year current account deficit to decline to 3% of the gross domestic product in 2021, from 5.2% in 2020, as tourism export receipts improve year-on-year in the second half of the year. (Source: Daily Sabah)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.68	-0.68	KSA	2025	1.11	-0.67
Abu Dhabi	2030	1.87	-2.95	KSA	2030	2.19	-1.97
Abu Dhabi	2050	3.02	-5.22	KSA	2050	3.48	-3.98
Bahrain	2026	3.93	-4.05	Oman	2025	3.29	2.42
Bahrain	2030	5.65	-6.52	Oman	2029	4.89	3.14
Bahrain	2047	6.95	-10.08	Oman	2048	6.62	1.62
Dubai	2029	2.47	-0.51	Qatar	2025	0.87	-1.42
Kuwait	2022	0.10	-1.47	Qatar	2030	1.94	-3.41
Kuwait	2027	1.24	-1.93	Qatar	2050	3.14	-5.77

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.59	8.08	0.07	0.45
S&P MENA Bond and Sukuk Index	2.18	NA	0.02	0.01
Bloomberg Emerging Markets USD Index	3.91	6.80	0.20	-0.16
Bloomberg Global Aggregate Index	1.02	7.42	0.38	-2.22

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	15/8/2021	31/12/2020	15/8/2021	31/12/2020	15/8/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7943	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.5750	2.2500	1.7167	2.5333	1.8667	2.6833
QATAR	0.9289	1.1206	1.0350	1.1960	1.2196	1.3636
AEIBOR	0.3721	0.5125	0.5275	0.4908	0.5111	0.6538
EURIBOR	-0.5520	-0.5450	-0.5280	-0.5260	-0.4960	-0.4990
LIBOR	0.1243	0.2384	0.1566	0.2576	0.2388	0.3419

USD Swap Rates

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.1545	-0.42	-19.7	KWD	0.3009	0.0332	0.80	Gold	1,778.20	-6.96
2-Year	0.3014	-1.10	52.4	SAR	3.7505	0.0000	0.03	Silver	23.78	-10.57
5-Year	0.8583	-5.31	99.6	BHD	0.3770	0.0000	-0.01	Copper	438.15	24.33
7-Year	1.0745	-6.90	64.1	QAR	3.6416	-0.0055	-0.01	Nat. Gas	3.86	42.37
10-Year	1.2824	-8.08	38.6	OMR	0.3848	0.0650	0.06	Aluminum	2,608.75	30.65
30-Year	1.6330	-7.73	16.5	AED	3.6730	0.0000	0.00	Crude Oil	70.59	38.28

US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.21	0.03	0.13	0.03	-0.68	0.00
5-Year	0.77	0.25	0.29	0.08	-0.80	-0.02
10-Year	1.28	0.78	0.57	0.27	-0.61	0.04
30-Year	1.93	1.84	0.96	0.64	-0.03	0.44

UK Gilts

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.21	0.03	0.13	0.03	-0.68	0.00
5-Year	0.77	0.25	0.29	0.08	-0.80	-0.02
10-Year	1.28	0.78	0.57	0.27	-0.61	0.04
30-Year	1.93	1.84	0.96	0.64	-0.03	0.44

German Bunds

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.21	0.03	0.13	0.03	-0.68	0.00
5-Year	0.77	0.25	0.29	0.08	-0.80	-0.02
10-Year	1.28	0.78	0.57	0.27	-0.61	0.04
30-Year	1.93	1.84	0.96	0.64	-0.03	0.44

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	15-Aug 2021	31-Dec 2020	
Kuwait	46.05	40.69	
KSA	53.68	63.77	
Abu Dhabi	41.78	36.03	
Dubai	84.70	104.06	
Qatar	41.50	36.70	
Bahrain	244.40	233.58	
Oman	242.99	353.60	
Iraq	535.93	542.74	
Egypt	346.63	330.47	
Morocco	93.82	102.56	
Turkey	381.68	299.47	
US	7.22	11.52	
UK	7.54	15.13	
China	36.59	26.70	
Japan	15.82	14.74	
Germany	8.45	9.09	
France	17.83	14.42	