

News Updates

Saudi Aramco's panda bond far from a done deal as market's small size hinders fundraising by oil giants, say bankers – While Saudi Aramco has listed the yuan as a potential fund-raising currency for a debt issuance, bankers say the market size could hinder the deal. Year-to-date issuance of panda bonds is down 50 per cent compared to 2018, though some analysts see it picking up in 2021. Saudi Aramco, the record holder for the most capital raised in a stock sale, created a stir when it said in November that it may sell bonds denominated in yuan, potentially challenging the US dollar's dominance of the petrodollar market. But it may be easier said than done, according to bankers who arranged the oil giant's US\$20 billion worth of bond fundraising this year and last. Listing the yuan as a possible currency choice is one thing, but it is quite another to actually raise vast amounts of capital denominated in the Chinese currency. The panda bond market has remained relatively small, because the deal size is limited to between 1 billion and 3 billion yuan by the lack of liquidity in the market. An application process which lacks certainty for issuers is also hindering bigger deals, said David Yim, regional head of capital markets for Greater China & North Asia at Standard Chartered. "Given the relatively small issue size, panda bonds are unlikely to form a significant part of these oil groups' overall bond issuance," said Yim. He said the US dollar remains the main transaction and funding currency in the oil sector. (Source: Bloomberg)

Oil Climbs Toward \$47 on U.S. Vaccine Rollout, Tanker Explosion – Oil advanced toward \$47 a barrel before the rollout of the first Covid-19 vaccine in the U.S. and as news of another tanker explosion in the Middle East raised concerns over the region's stability. Futures rose 0.6% in New York after losing 0.5% on Friday. First deliveries of the Pfizer Inc.-BioNTech SE vaccine will be made Monday after the drug gained emergency authorization last week, with President Donald Trump and other officials offered the shot as part of a plan to ensure continuity of government. A ship was hit by an explosion near the Saudi Arabian port city of Jeddah on Sunday, according to the United Kingdom Marine Trade Operations. The incident highlights the potential for supply to be disrupted in the region and comes three weeks after an oil tanker was damaged in a possible attack at the Saudi terminal of Shuqaiq. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.83	5.10	KSA	2025	1.20	6.66
Abu Dhabi	2030	1.59	9.43	KSA	2030	2.10	10.28
Abu Dhabi	2050	2.72	19.47	KSA	2050	3.28	9.46
Bahrain	2026	3.35	-1.30	Oman	2025	4.33	-1.92
Bahrain	2030	4.75	16.83	Oman	2029	5.63	-2.32
Bahrain	2047	6.12	-3.89	Oman	2048	6.93	-3.22
Dubai	2029	2.61	2.48	Qatar	2025	0.94	6.53
Kuwait	2022	0.18	1.36	Qatar	2030	1.72	11.73
Kuwait	2027	1.09	6.05	Qatar	2050	2.79	23.16

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.51	8.08	0.11	8.15
S&P MENA Bond and Sukuk Index	2.05	NA	0.11	8.77
Bloomberg Emerging Markets USD Index	3.60	6.80	0.09	5.61
Bloomberg Global Aggregate Index	0.84	7.42	0.08	8.45

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	14/12/2020	31/12/2019	14/12/2020	31/12/2019	14/12/2020	31/12/2019
KIBOR	1.4375	2.7500	1.6875	2.9375	1.9375	3.1875
SAIBOR	0.8275	2.2314	0.8763	2.2557	0.9463	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.5459	2.2500	1.6157	2.3500	1.8268	2.5333
AEIBOR	0.4150	2.2086	0.5568	2.1914	0.7051	2.2900
EURIBOR	-0.5430	-0.3830	-0.5200	-0.3240	-0.4990	-0.2490
LIBOR	0.2165	1.9084	0.2488	1.9121	0.3359	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1851	0.16	-89.5
2-Year	0.1991	0.35	-88.3
5-Year	0.4279	0.43	-75.3
7-Year	0.6406	0.56	-64.4
10-Year	0.8999	0.73	-52.5
30-Year	1.3549	1.13	-35.2

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3044	0.0000	-0.43
SAR	3.7510	0.0027	0.02
BHD	0.3771	0.0080	0.00
QAR	3.6414	0.0082	0.01
OMR	0.3850	0.0026	0.00
AED	3.6730	0.0082	0.01

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.12	0.00
5-Year	0.37	-0.01
10-Year	0.90	-0.06
30-Year	1.64	-0.26

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.14	-0.01
5-Year	-0.10	0.06
10-Year	0.17	0.31
30-Year	0.71	0.83

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.80	0.01
5-Year	-0.83	0.09
10-Year	-0.69	0.29
30-Year	-0.24	1.66

Source: Bloomberg

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

	14-Dec 2020	31-Dec 2019
Kuwait	40.19	36.700
KSA	65.66	56.915
Abu Dhabi	36.08	36.090
Dubai	103.82	91.005
Qatar	36.88	36.705
Bahrain	242.13	175.995
Oman	351.27	234.400
Iraq	505.60	383.680
Egypt	332.13	277.420
Morocco	94.04	91.435
Turkey	384.42	282.130
US	13.11	10.810
UK	16.62	16.210
China	31.33	31.205
Japan	14.45	21.042
Germany	9.31	7.080
France	14.76	16.130