

News Updates

Fitch Affirms Boubyan Bank at 'A+'; Stable Outlook – Fitch Ratings has affirmed Boubyan Bank's (BBY) Long-Term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook and Viability Rating at 'bbb-'. BBY's IDRs are driven by support from the Kuwaiti sovereign. Its Support Rating (SR) of '1' and Support Rating Floor (SRF) of 'A+' reflect Fitch's view of an extremely high probability of support being provided by the Kuwaiti authorities to all domestic banks if needed. BBY's SRF is in line with Fitch's Domestic Systemically Important Bank SRF for Kuwait. Fitch's expectation of support from the authorities is underpinned by Kuwait's strong ability to provide support to domestic banks, as reflected by the sovereign rating (AA/Stable) and a strong willingness to do so irrespective of the banks' size, franchise, funding structure and level of government ownership. (Source: Fitch Ratings)

Investor appetite for Gulf bonds stay resilient despite COVID-19 – Appetite among investors in the Middle East for regional bonds held intact despite the onset of the COVID-19 pandemic, as the widely considered 'safe-haven' asset class rode out the pandemic shock. “Middle Eastern bond markets are included in the global emerging bond market indices and were thus exposed to the bout of capital flight experienced by this broader asset class during the COVID-19 shock,” Dominique Maire, Head of Fixed Income at Julius Baer stated. “They nonetheless recovered faster than some other regions.” (Source: Gulf News)

Fed policymakers signal comfort with higher inflation – In the week since the Federal Reserve made a landmark shift in its approach to monetary policy, details are emerging on what it could look like in practice, with two Fed policymakers on Thursday saying they'd be comfortable with leaving interest rates near zero even if inflation rises to levels not seen on a sustained basis in some 30 years. Remarks from a number of Fed policymakers in recent days suggest that a shift to a more accommodative stance in pursuit of higher inflation isn't imminent and that most feel the next move to support the economy needs to come from Congress. Chicago Fed President Charles Evans said that the accommodative policies could take the form of promising to keep interest rates pinned near zero until inflation reaches 2.5%, well above current low levels and modestly above the U.S. central bank's inflation target of 2%. “I'd be comfortable with inflation going up to 2.5% as long as we were trying to average off very low inflation rates,” Evans stated. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.02	4.64	KSA	2025	1.47	5.65
Abu Dhabi	2030	1.65	9.22	KSA	2030	2.19	9.47
Abu Dhabi	2050	2.65	21.45	KSA	2050	3.20	11.14
Bahrain	2026	3.89	-3.03	Oman	2025	4.94	-4.07
Bahrain	2030	5.02	15.09	Oman	2029	5.99	-4.78
Bahrain	2047	6.30	-6.04	Oman	2048	7.47	-9.46
Dubai	2029	2.61	2.82	Qatar	2025	1.10	6.41
Kuwait	2022	0.48	1.53	Qatar	2030	1.74	11.95
Kuwait	2027	1.19	5.95	Qatar	2050	2.78	23.66

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.60	8.08	-0.35	6.49
S&P MENA Bond and Sukuk Index	2.09	NA	-0.20	8.06
Bloomberg Emerging Markets USD Index	4.04	6.80	-0.39	3.54
Bloomberg Global Aggregate Index	0.91	7.42	-0.45	5.72

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	07/09/2020	31/12/2019	07/09/2020	31/12/2019	07/09/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8900	2.2314	0.9413	2.2557	0.9950	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	1.0938	2.2500	1.1750	2.3500	1.3208	2.5333
AEIBOR	0.4906	2.2086	0.6319	2.1914	0.7004	2.2900
EURIBOR	-0.4830	-0.3830	-0.4510	-0.3240	-0.4010	-0.2490
LIBOR	0.2480	1.9084	0.2921	1.9121	0.4210	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2387	0.38	-86.5
2-Year	0.2307	-0.05	-86.4
5-Year	0.3601	-0.50	-79.2
7-Year	0.5181	-0.01	-71.2
10-Year	0.7300	0.55	-61.5
30-Year	1.0950	-0.02	-47.6

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3058	0.0000	-0.87
SAR	3.7507	0.0000	0.02
BHD	0.3770	0.0053	0.02
QAR	3.6419	0.0137	0.01
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.14	0.00
5-Year	0.30	0.00
10-Year	0.72	0.01
30-Year	1.47	0.04

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.09	-0.06
5-Year	-0.04	-0.10
10-Year	0.26	-0.36
30-Year	0.83	-0.62

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.72	0.00
5-Year	-0.73	0.00
10-Year	-0.54	0.00
30-Year	-0.03	0.00

Source: Bloomberg

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	Aa2	AA-	AA
KSA	A1	A-u	A
UAE	Aa2	NR	NR
Abu Dhabi	Aa2	AA	AA
Qatar	Aa3	AA-	AA-
Bahrain	B2	B+	B+
Oman	Ba3	BB-	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B1	B+u	BB-
Tunisia	B2	NR	B
Morocco	Ba1	BBB-	BBB-
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	07-Sep 2020	31-Dec 2019
Kuwait	47.49	36.700
KSA	80.97	56.915
Abu Dhabi	43.12	36.090
Dubai	130.21	91.005
Qatar	42.68	36.705
Bahrain	282.81	175.995
Oman	417.89	234.400
Iraq	573.06	383.680
Egypt	418.00	277.420
Morocco	121.20	91.435
Turkey	511.32	282.130
US	13.03	10.810
UK	15.80	16.210
China	33.75	31.205
Japan	15.73	21.042
Germany	9.30	7.080
France	14.72	16.130