

News Updates

Kuwait Taps Wealth Fund as Cash Dries Up – Kuwait's government has transferred the last of its performing assets to the country's sovereign wealth fund in exchange for cash to plug its budget deficit, after a political dispute over borrowing left one of the world's richest nations short of cash and prompted Fitch to cut its outlook to negative. Fitch affirmed Kuwait's AA rating but said “the imminent depletion of liquid assets” and “absence of parliamentary authorization for the government to borrow” was creating uncertainty. Its report follows S&P Global Ratings' recent warning that it would consider downgrading Kuwait in the next six to 12 months if politicians fail to overcome the impasse. *(Source: Bloomberg)*

Moody's affirms Burgan Bank's long-term bank deposit ratings; changes outlook to negative – The affirmation of Burgan's A3 deposit ratings reflects the fact that they continue to benefit from five notches of uplift from the bank's ba2 Baseline Credit Assessment (BCA) which remains unaffected by today's rating action. The five notches of uplift reflect Moody's assessment of 1) a moderate probability of affiliate support from its parent Kuwait Projects Company (Holding) K.S.C.P (KIPCO, Ba1 negative), resulting in one notch of uplift and an Adjusted BCA of ba1 and 2) a very high probability of support from the Government of Kuwait (A1 stable), in case of need resulting in further four notches of uplift from the adjusted BCA. The change in outlook reflects potential weakening in the capacity of the bank's parent to provide support as indicated by Moody's downgrade and negative outlook on KIPCO's ratings on 1 February 2021. *(Source: Bloomberg)*

Saudi Wealth Fund May Double Loan to \$15 Billion for Deals – Saudi Arabia's sovereign wealth fund may raise a loan that's more than double what it sought late last year for new investments following strong demand from lenders, according to people familiar with the matter. The Public Investment Fund is set to increase the loan size to as much as \$15 billion from an initial plan to raise \$5 billion to \$7 billion, the people said, asking not to be identified as the information is private. The fund is looking to agree on terms with banks in the next few weeks and a final decision on the size hasn't yet been made, they said. *(Source: Bloomberg)*

Treasury Selloff Drives 30-Year Yield Above Its Peak From March – Yields on the longest-dated U.S. benchmark bond have topped the high reached during pandemic-related market turmoil in March, fueled in part by rising expectations of inflation. Yield on the 30-year Treasury bond rose as much as one basis point to 1.9361%, the highest since February last year. That was above the March high of 1.9275%. The move extended an advance in yields sparked by the outcome of the Georgia runoff elections that gave Democrats a majority in the U.S. Senate, clearing a path for President Joe Biden to deliver on promises of expanded pandemic relief measures. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.84	-0.41	KSA	2025	1.14	-0.01
Abu Dhabi	2030	1.73	-1.29	KSA	2030	2.17	-1.34
Abu Dhabi	2050	2.93	-3.36	KSA	2050	3.51	-4.11
Bahrain	2026	3.29	-0.27	Oman	2025	3.44	2.55
Bahrain	2030	5.00	-1.76	Oman	2029	5.05	2.40
Bahrain	2047	6.33	-2.83	Oman	2048	6.67	0.89
Dubai	2029	2.36	0.88	Qatar	2025	0.86	-0.31
Kuwait	2022	0.42	-0.49	Qatar	2030	1.79	-1.46
Kuwait	2027	1.22	-0.88	Qatar	2050	3.03	-3.47

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.51	8.08	-0.07	-0.43
S&P MENA Bond and Sukuk Index	2.09	NA	-0.12	-0.79
Bloomberg Emerging Markets USD Index	3.58	6.80	-0.06	-0.75
Bloomberg Global Aggregate Index	0.90	7.42	-0.10	-1.45

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	4/2/2021	31/12/2020	4/2/2021	31/12/2020	4/2/2021	31/12/2020
KIBOR	1.4375	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.8138	0.8175	0.8625	0.8700	0.9313	0.9413
BHIBOR	2.2000	2.2500	2.4667	2.5333	2.6833	2.6833
QATAR	1.0114	1.1206	1.1112	1.1960	1.2707	1.3636
AEIBOR	0.3513	0.5125	0.3996	0.4908	0.5900	0.6538
EURIBOR	-0.5400	-0.5450	-0.5260	-0.5260	-0.5150	-0.4990
LIBOR	0.1923	0.2384	0.2171	0.2576	0.3041	0.3419

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1840	0.05	-4.4
2-Year	0.2020	0.14	2.1
5-Year	0.5797	0.30	34.8
7-Year	0.8857	0.58	35.3
10-Year	1.2115	0.96	30.9
30-Year	1.7062	1.04	21.7

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3030	-0.0330	0.10
SAR	3.7513	0.0000	0.01
BHD	0.3770	-0.0027	0.00
QAR	3.6414	0.0082	0.00
OMR	0.3850	0.0000	0.00
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.12	0.00
5-Year	0.46	0.00
10-Year	1.14	-0.05
30-Year	1.93	-0.12

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.10	-0.02
5-Year	0.00	-0.08
10-Year	0.37	-0.27
30-Year	0.94	-0.49

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.67	-0.01
5-Year	-0.74	-0.06
10-Year	-0.56	-0.22
30-Year	-0.01	-1.14

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

	4-Feb 2021	31-Dec 2020
Kuwait	42.19	40.69
KSA	63.98	63.77
Abu Dhabi	41.84	36.03
Dubai	102.41	104.06
Qatar	41.91	36.70
Bahrain	232.43	233.58
Oman	333.28	353.60
Iraq	488.23	542.74
Egypt	325.34	330.47
Morocco	101.04	102.56
Turkey	296.82	299.47
US	10.00	11.52
UK	16.02	15.13
China	29.17	26.70
Japan	14.27	14.74
Germany	9.88	9.09
France	14.87	14.42