

News Updates

Kuwait draft budget foresees narrower deficit for fiscal 2021/22 – Kuwait's finance ministry has proposed a draft 23.05 billion dinar (\$76.2 billion) budget for the fiscal year starting on April 1, it said on Monday, forecasting a lower deficit for the coming fiscal year. The Gulf state, which despite its wealth is facing a large deficit due to lower oil prices and a liquidity crunch due to a political deadlock, expects a deficit of 12.1 billion dinars in fiscal 2021/2022 - 13.8% narrower than the deficit budgeted for the year ending on March 31. An OPEC member state, Kuwait has been hit hard by lower crude prices and the coronavirus pandemic. Repeated rows and deadlocks between cabinet and the elected assembly have led to successive government reshuffles and dissolutions of parliament, hampering much needed economic reforms. The finance ministry based its 2021/2022 proposed budget on an oil prices assumption of \$45 per barrel and on a production of 2.4 million barrels per day, it said. That compares with an average oil price of \$30 per barrel underlying its budget for the year ending in March 2021, and translates into expectations of annual revenues of 10.9 billion dinars in the next fiscal year, a 45.6% increase. Kuwait plans to boost spending by 6.9% in the coming fiscal year. (Source: Zawya)

APICORP mandates lenders for 5-year dollar bonds – The Arab Petroleum Investments Corporation (APICORP) has mandated banks to arrange investor calls ahead of a potential international bond issue, Reuters said on Monday citing a document issued by one of the banks. The calls will begin on Monday and a Regulation S five-year US dollar-denominated bond deal will follow as per market conditions. Saudi Arabia-based APICORP named BofA Securities, China Construction Bank, Citi, Emirates NBD Capital, Maybank, Nomura, and Standard Chartered. (Source: Mubasher)

Oman Electricity Transmission Co hires banks for dollar bonds – Oman Electricity Transmission Company has hired banks to arrange a U.S.-dollar denominated issuance of seven-year or 10-year bonds, a document showed on Monday. Bank ABC, First Abu Dhabi Bank, JPMorgan, National Bank of Oman and Standard Chartered will arrange investor calls starting on Monday, the document from one of the banks showed. A fixed-rate Rule 144A/Regulation S senior unsecured bond offering with a tenor of seven or 10 years will follow, subject to market conditions. (Source: Reuters)

Bahrain will likely need further Gulf financial support - Fitch – Bahrain will likely need further financial support from its Gulf neighbours despite reform measures, Fitch Ratings' lead Bahrain analyst Toby Iles said on Monday. Iles said Bahrain, a small oil producer, was likely to likely need the support from 2023 onwards and cited Fitch's oil price assumption. In 2018, Saudi Arabia, the United Arab Emirates and Kuwait came to Bahrain's aid with a five-year zero-interest \$10.25 billion package to help it avoid a credit crunch. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.84	-0.35	KSA	2025	1.18	-0.13
Abu Dhabi	2030	1.70	-1.01	KSA	2030	2.23	-1.64
Abu Dhabi	2050	2.85	-1.88	KSA	2050	3.45	-3.10
Bahrain	2026	3.38	-0.54	Oman	2025	3.73	1.50
Bahrain	2030	5.08	-2.30	Oman	2029	5.44	-0.21
Bahrain	2047	6.37	-3.27	Oman	2048	6.92	-2.20
Dubai	2029	2.43	0.44	Qatar	2025	0.89	-0.24
Kuwait	2022	0.44	-0.47	Qatar	2030	1.76	-1.18
Kuwait	2027	1.22	-0.80	Qatar	2050	2.92	-1.61

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.52	8.08	0.06	-0.47
S&P MENA Bond and Sukuk Index	1.63	NA	0.09	-0.58
Bloomberg Emerging Markets USD Index	3.58	6.80	0.17	-0.77
Bloomberg Global Aggregate Index	0.86	7.42	0.10	-0.61

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	26/1/2021	31/12/2020	26/1/2021	31/12/2020	26/1/2021	31/12/2020
KIBOR	1.4375	1.4375	1.6875	1.6875	1.9375	1.9375
SAIBOR	0.8163	0.8175	0.8663	0.8700	0.9388	0.9413
BHIBOR	2.2333	2.2500	2.5167	2.5333	2.6833	2.6833
QATAR	1.0054	1.1206	1.1102	1.1960	1.2800	1.3636
AEIBOR	0.3454	0.5125	0.4844	0.4908	0.5293	0.6538
EURIBOR	-0.5400	-0.5450	-0.5250	-0.5260	-0.4980	-0.4990
LIBOR	0.2153	0.2384	0.2360	0.2576	0.3123	0.3419

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1896	0.02	-1.5
2-Year	0.1989	0.14	0.6
5-Year	0.5060	0.52	17.7
7-Year	0.7730	0.62	18.1
10-Year	1.0694	0.68	15.6
30-Year	1.5580	0.37	11.1

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3028	0.0000	0.18
SAR	3.7513	-0.0027	0.01
BHD	0.3770	0.0027	0.01
QAR	3.6413	-0.0027	0.00
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.12	0.00
5-Year	0.41	-0.02
10-Year	1.04	-0.05
30-Year	1.79	-0.02

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.15	0.01
5-Year	-0.07	0.12
10-Year	0.26	0.53
30-Year	0.83	1.46

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.68	0.01
5-Year	-0.78	0.09
10-Year	-0.64	0.35
30-Year	-0.14	1.23

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	26-Jan 2021	31-Dec 2020
Kuwait	41.69	40.69
KSA	68.11	63.77
Abu Dhabi	43.61	36.03
Dubai	106.68	104.06
Qatar	43.93	36.70
Bahrain	230.33	233.58
Oman	333.84	353.60
Iraq	552.30	542.74
Egypt	309.98	330.47
Morocco	98.27	102.56
Turkey	327.53	299.47
US	10.00	11.52
UK	15.30	15.13
China	29.72	26.70
Japan	13.89	14.74
Germany	9.00	9.09
France	14.67	14.42