

## News Updates

### Oman back to debt markets with multi-tranche dollar bond offering –

Oman started selling U.S. dollar-denominated multi-tranche bonds on Thursday, a document showed, as the debt-burdened Gulf oil producer seeks fresh funding to cover a large fiscal shortfall. Oman is selling bonds with maturities of 10 and 30 years, and it re-opened \$750 million bonds due in 2025, according to a document issued by one of the banks leading the deal and seen by Reuters. On Thursday, it started marketing the 10-year paper at around 6.625% and the 30-year at 7.625%-7.75%, while the re-opening, or “tap”, of the 2025 bonds was marketed at around 4.875%. The bonds will be of benchmark size, which generally means upwards of \$500 million per tranche. Oman is expected to raise \$2 to \$3 billion with the debt sale, a source familiar with the matter said. Oman’s external debt maturing this and next year amounts to \$10.7 billion, or about 7.5% of gross domestic product, S&P Global Ratings has said. It expects a 2021 budget deficit of 2.24 billion rials (\$5.83 billion) this year and to make up the shortfall the government aims to raise about 1.6 billion through borrowing and draw 600 million from its reserves. (Source: Reuters)

### Saudi inflation to remain high until first half of 2021 –

Inflation in Saudi Arabia dropped back to 5.3 percent y-o-y in December 2020. But the effect of tripling VAT in July last year will continue to keep the headline rate elevated until the middle of this year, London-based Capital Economics said in a research note. Saudi Arabia’s headline inflation rate eased from 5.8 percent year-on-year (y/y) in November to 5.3 percent y/y in December, its weakest reading since the VAT rate was hiked by 10 percent-points in July last year. On a month-on-month basis, which tends to be volatile due to seasonal effects, consumer prices fell for a second consecutive months, by 0.2 percent. (Source: Zawya)

### Biden unveils plan to pump \$1.9 trillion into pandemic-hit economy –

President-elect Joe Biden outlined a \$1.9 trillion stimulus package proposal on Thursday, saying bold investment was needed to jump-start the economy and accelerate the distribution of vaccines to bring the coronavirus under control. The aid package includes \$415 billion to bolster the response to the virus and the rollout of COVID-19 vaccines, some \$1 trillion in direct relief to households, and roughly \$440 billion for small businesses and communities particularly hard hit by the pandemic. Stimulus payment checks would be issued for \$1,400 - on top of the \$600 checks delivered by the last congressional stimulus legislation. Supplemental unemployment insurance would also increase to \$400 a week from \$300 a week now and would be extended to September. (Source: Reuters)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.84	-0.37	KSA	2025	1.18	-0.08
Abu Dhabi	2030	1.67	-0.79	KSA	2030	2.20	-1.46
Abu Dhabi	2050	2.89	-2.60	KSA	2050	3.47	-3.41
Bahrain	2026	3.32	-0.31	Oman	2025	4.01	0.50
Bahrain	2030	5.05	-2.02	Oman	2029	5.59	-1.18
Bahrain	2047	6.31	-2.55	Oman	2048	6.98	-2.92
Dubai	2029	2.41	0.38	Qatar	2025	0.91	-0.31
Kuwait	2022	0.34	-0.33	Qatar	2030	1.74	-0.97
Kuwait	2027	1.24	-0.87	Qatar	2050	2.95	-2.18

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.52	8.08	-0.11	-0.79
S&P MENA Bond and Sukuk Index	2.08	NA	-0.02	-0.87
Bloomberg Emerging Markets USD Index	3.63	6.80	-0.02	-1.19
Bloomberg Global Aggregate Index	0.87	7.42	-0.15	-0.82

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	17/1/2021	31/12/2020	17/1/2021	31/12/2020	17/1/2021	31/12/2020
KIBOR	1.4375	1.4375	1.6875	1.6875	1.9375	1.9375
SAIBOR	0.8175	0.8175	0.8675	0.8700	0.9400	0.9413
BHIBOR	2.2333	2.2500	2.5000	2.5333	2.6667	2.6833
QATAR	1.1462	1.1206	1.2156	1.1960	1.3481	1.3636
AEIBOR	0.3951	0.5125	0.4976	0.4908	0.5525	0.6538
EURIBOR	-0.5520	-0.5450	-0.5320	-0.5260	-0.5080	-0.4990
LIBOR	0.2234	0.2384	0.2481	0.2576	0.3226	0.3419

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)	Currencies		
				USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.1940	-0.39	0.8	KWD	0.3031	-0.0330
2-Year	0.2049	-0.68	3.6	SAR	3.7514	0.0027
5-Year	0.5232	-3.23	21.7	BHD	0.3770	0.0000
7-Year	0.7900	-4.32	20.7	QAR	3.6417	-0.0082
10-Year	1.0855	-4.94	17.3	OMR	0.3850	0.0000
30-Year	1.5742	-5.26	12.3	AED	3.6730	0.0000

## US Treasuries

	Yield %	1D Δ (%)	UK Gilts		German Bunds	
			Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.13	0.02	-0.15	0.01	-0.68	0.00
5-Year	0.45	0.17	-0.05	0.06	-0.77	-0.03
10-Year	1.08	0.43	0.29	0.00	-0.63	-0.06
30-Year	1.83	0.89	0.86	-0.08	-0.14	-0.44

Source: Bloomberg

## Sovereign Ratings

	Moody's S&P Fitch		
	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+
<b>USD 5Yr CDS</b>	<b>17-Jan 2021</b>	<b>31-Dec 2020</b>	
Kuwait	41.68	40.69	
KSA	66.73	63.77	
Abu Dhabi	42.51	36.03	
Dubai	95.08	104.06	
Qatar	42.52	36.70	
Bahrain	229.47	233.58	
Oman	347.42	353.60	
Iraq	568.59	542.74	
Egypt	315.55	330.47	
Morocco	101.44	102.56	
Turkey	329.46	299.47	
US	10.69	11.52	
UK	15.20	15.13	
China	30.27	26.70	
Japan	14.65	14.74	
Germany	9.48	9.09	
France	13.93	14.42	