

News Updates

Abu Dhabi's Top Bank Follows Dubai Rival to Dollar Bond Market –

First Abu Dhabi Bank PJSC followed its Dubai rival to the debt market by starting to market dollar- denominated Islamic bonds on Thursday. Abu Dhabi's biggest lender opened books on a \$500 million five-year sukuk, setting initial price guidance at between 100 and 105 basis points over midswaps, according to a person familiar with the matter, who asked not to be identified because the matter is private. A senior unsecured debt sale is expected to be closed on Thursday. Dubai Islamic Bank PJSC, Emirates NBD Capital, First Abu Dhabi Bank PJSC, Islamic Corporation for the Development of the Private Sector, KFH Capital KSCP, NCB Capital and Standard Chartered Bank are the joint lead managers for the sale. (Source: Bloomberg)

Gulf Arabs Agree to Restore Qatar Ties But No Word on OPEC Role

– Saudi Arabia and three other Arab states agreed to fully restore ties with neighboring Qatar on Tuesday after a sustained U.S. push for the countries to unite against Iran. The breakthrough ending a dispute among some of the world's top oil and gas producers that erupted in 2017 came just two weeks before President-elect Joe Biden takes office after pledging a new start with Tehran. Saudi Arabia, Bahrain, the United Arab Emirates and Egypt signed an accord with Qatar in a mirrored concert hall in the northwestern Saudi town of Al Ula during a summit of Gulf Cooperation Council leaders, bringing the regional split to an end -- at least on paper. The same day, Saudi Arabia asserted its primacy over the global oil industry by surprising the market with a large crude production cut that secured its leadership among global producers and sent crude prices soaring. (Source: Bloomberg)

Gulf Arab Sovereigns' Outlook Negative With Slow Growth: Moody's

– The outlook for Gulf Cooperation Council sovereign creditworthiness in 2021 is negative as the member nations' fiscal strength deteriorates further, constraining spending and slowing their economic recovery, according to Moody's Investors Service. Expects real, inflation-adjusted GDP to return to pre-pandemic levels in 2 to 3 years, analysts including Dubai-based Thaddeus Best and Rafay Ahmad write in a note. Recovery to be protracted in more diversified sovereigns, “where key sectors such as transportation and tourism will be slow to return to health”. “The greater cost of funding for lower-rated sovereigns in the region will amplify these strains”. GCC sovereigns' increase in debt burdens to be among largest globally over 2019-2021. Forecasts that GCC government debt burdens will rise, on average, by about 21 percentage points of GDP over 2019-21 vs 14 percentage points for advanced economies. Kuwait and Bahrain to see largest increases while Qatar and UAE will see the lowest (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.82	-0.23	KSA	2025	1.14	0.12
Abu Dhabi	2030	1.62	-0.33	KSA	2030	2.11	-0.72
Abu Dhabi	2050	2.91	-3.04	KSA	2050	3.47	-3.52
Bahrain	2026	3.28	-0.10	Oman	2025	4.01	0.36
Bahrain	2030	4.83	-0.54	Oman	2029	5.33	0.51
Bahrain	2047	6.13	-0.31	Oman	2048	6.68	0.73
Dubai	2029	2.47	0.27	Qatar	2025	0.89	-0.15
Kuwait	2022	0.24	-0.18	Qatar	2030	1.68	-0.46
Kuwait	2027	1.17	-0.50	Qatar	2050	2.98	-2.68

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.50	8.08	-0.43	-0.63
S&P MENA Bond and Sukuk Index	2.07	NA	-0.43	-0.80
Bloomberg Emerging Markets USD Index	3.55	6.80	-0.40	-0.55
Bloomberg Global Aggregate Index	0.87	7.42	-0.34	-0.23

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	7/1/2021	31/12/2020	7/1/2021	31/12/2020	7/1/2021	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	2.2500	2.2500	2.5333	2.5333	2.6833	2.6833
QATAR	1.0302	1.1206	1.1177	1.1960	1.4227	1.3636
AEIBOR	0.4300	0.5125	0.5731	0.4908	0.5550	0.6538
EURIBOR	-0.5520	-0.5450	-0.5240	-0.5260	-0.5030	-0.4990
LIBOR	0.2369	0.2384	0.2539	0.2576	0.3298	0.3419

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1975	0.16	2.6
2-Year	0.2080	0.24	5.2
5-Year	0.4886	0.45	13.6
7-Year	0.7376	0.32	12.7
10-Year	1.0290	0.38	11.2
30-Year	1.5450	0.38	10.2

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3031	0.0000	0.07
SAR	3.7518	-0.0027	0.00
BHD	0.3770	0.0027	0.01
QAR	3.6414	0.0082	0.00
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	0.43	-0.01
10-Year	1.04	-0.04
30-Year	1.83	-0.24

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.15	-0.02
5-Year	-0.08	-0.06
10-Year	0.24	-0.42
30-Year	0.82	-1.11

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.70	-0.01
5-Year	-0.75	-0.06
10-Year	-0.61	-0.22
30-Year	-0.14	-0.91

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

	7-Jan 2021	31-Dec 2020
Kuwait	40.70	36.700
KSA	64.93	56.915
Abu Dhabi	41.20	36.090
Dubai	101.25	91.005
Qatar	41.25	36.705
Bahrain	219.00	175.995
Oman	335.71	234.400
Iraq	550.67	383.680
Egypt	305.00	277.420
Morocco	99.34	91.435
Turkey	308.29	282.130
US	11.57	10.810
UK	15.19	16.210
China	28.00	31.205
Japan	13.59	21.042
Germany	9.21	7.080
France	14.76	16.130