

News Updates

Saudi inflation will remain high until mid-2021, hampering economy

– Saudi's high inflation will remain elevated until the middle of next year and, combined with the suspension of the Cost of Living Allowance, will act as a major drag on households' real incomes, according to UK-based Capital Economics. Based on these factors, the research firm has also warned of a weak economic recovery. The kingdom's consumer price index jumped 6.2 percent in August compared with the same month last year, the second consecutive rise after a tripling of VAT. The annual inflation rate in July reached 6.1 percent, jumping from only 0.5 percent in June. (Source: Reuters)

Fitch Affirms CIB After Resolving Rating Watch; Outlook Negative –

Fitch Ratings affirms Commercial International Bank's long-term issuer default rating at B+ and Viability Rating at b+, according to statement. Affirmation reflects view of receding near-term risks to Egyptian banks' credit profiles, and in particular to foreign-currency funding and liquidity, as a result of the fallout from the health crisis. (Source: Bloomberg)

Moody's Downgrades Turkish Banks; Outlooks Remain Negative –

Moody's cuts Turkish banks' rating following the downgrade of the sovereign rating last week, citing a balance of payments crisis risk in the country which could lead to “capital controls and restrictions on foreign currency outflows.” Moody's downgraded the foreign currency long-term deposit ratings of 12 banks: Akbank, Alternatifbank, Denizbank, HSBC Bank AS, QNB Finansbank, Ziraat, TEB, Garanti BBVA, Halkbank, Isbank, Vakifbank, Yapi Kredi. Moody's says despite a challenging economic environment and funding market conditions, Turkish banks' reliance on short term wholesale foreign funding has reduced moderately to \$44b by end-June from \$64b at end April 2019. (Source: Bloomberg)

Fed Sees Rates Near Zero Through 2023 to Boost Jobs, Prices –

Federal Reserve officials held interest rates near zero and signaled they would stay there for at least three years, vowing to delay tightening until the U.S. gets back to maximum employment and 2% inflation. The U.S. central bank “expects to maintain an accommodative stance” until those outcomes are achieved, it said in a statement Wednesday following a two-day meeting that beefed up its description of future policy. The fresh guidance is the Fed's first step in an evolving communication strategy, after it unveiled a new long-term policy framework last month to allow inflation to overshoot its 2% target after periods of under-performance. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.02	4.60	KSA	2025	1.47	5.62
Abu Dhabi	2030	1.67	9.04	KSA	2030	2.18	9.67
Abu Dhabi	2050	2.66	21.00	KSA	2050	3.22	10.69
Bahrain	2026	4.02	-3.63	Oman	2025	5.01	-4.33
Bahrain	2030	5.42	11.92	Oman	2029	6.17	-5.92
Bahrain	2047	6.49	-8.22	Oman	2048	7.66	-11.37
Dubai	2029	2.63	2.58	Qatar	2025	1.12	6.24
Kuwait	2022	0.58	1.33	Qatar	2030	1.81	11.20
Kuwait	2027	1.37	4.90	Qatar	2050	2.81	22.92

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	B2	B+u	BB-
Tunisia	B2	NR	B
Morocco	Ba1	BBB-	BBB-
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.63	8.08	0.05	6.30
S&P MENA Bond and Sukuk Index	2.12	NA	0.01	7.73
Bloomberg Emerging Markets USD Index	3.99	6.80	0.00	3.49
Bloomberg Global Aggregate Index	0.90	7.42	0.13	6.27

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	17/09/2020	31/12/2019	17/09/2020	31/12/2019	17/09/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8838	2.2314	0.9275	2.2557	0.9850	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	1.2000	2.2500	1.2500	2.3500	1.3866	2.5333
AEIBOR	0.4179	2.2086	0.5725	2.1914	0.7833	2.2900
EURIBOR	-0.4850	-0.3830	-0.4580	-0.3240	-0.4150	-0.2490
LIBOR	0.2461	1.9084	0.2733	1.9121	0.3858	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2272	-0.17	-87.2
2-Year	0.2159	-0.37	-87.3
5-Year	0.3252	-1.37	-81.2
7-Year	0.4736	-1.79	-73.7
10-Year	0.6816	-2.14	-64.0
30-Year	1.0656	-2.81	-49.0

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3059	-0.0817	-0.92
SAR	3.7509	0.0027	0.02
BHD	0.3771	0.0000	0.00
QAR	3.6417	-0.0082	0.00
OMR	0.3850	0.0000	-0.01
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	0.01
5-Year	0.27	0.07
10-Year	0.68	0.22
30-Year	1.43	0.66

UK Gilts

	Yield %	1D Δ (%)
	-0.07	-0.01
	-0.07	0.00
	0.21	0.07
	0.75	0.41

German Bunds

	Yield %	1D Δ (%)
	-0.68	0.00
	-0.71	0.00
	-0.56	0.00
	-0.05	0.00

Source: Bloomberg

USD 5Yr CDS

	17-Sep 2020	31-Dec 2019
Kuwait	49.51	36.700
KSA	76.67	56.915
Abu Dhabi	40.32	36.090
Dubai	130.00	91.005
Qatar	39.32	36.705
Bahrain	293.71	175.995
Oman	418.19	234.400
Iraq	531.83	383.680
Egypt	406.53	277.420
Morocco	115.36	91.435
Turkey	505.28	282.130
US	15.68	10.810
UK	15.40	16.210
China	35.41	31.205
Japan	15.39	21.042
Germany	8.89	7.080
France	15.57	16.130