

News Updates

**S&P Global Ratings Revises Gulf Insurance Group Outlook to Positive, Affirms 'A-' Ratings** – S&P Global Ratings stated: “On Sept. 7, 2021, Gulf Insurance Group K.S.C.P. (GIG) announced the completion of its acquisition of AXA's operations in the Gulf region for \$475 million, after obtaining the necessary regulatory approvals. GIG partly financed the acquisition via a rights issue of Kuwaiti dinar (KWD) 50 million (US\$166 million) on Sept. 9, making it less likely that the transaction would strain capital adequacy or the group's funding structure. Successful integration of AXA operations will further strengthen GIG's competitive position in the Middle East and North Africa and improve its business and investment portfolio diversification, although the process carries some execution risk. It requires strategic planning to deliver operating performance in line with projections and improve capital adequacy toward the 'A' range in 2023. We are affirming our 'A-' ratings on GIG and revising the outlook to positive from developing. The positive outlook indicates that we consider the AXA Gulf transaction could be transformational for GIG over our outlook horizon. That said, it could take some time to consolidate and reorganize operations to deliver the expected improvements to operating performance and build up capital sufficiently to see ratings upside.” (Source: S&P Global Ratings)

**Oman deficit and debt set to plunge after COVID-19 shock - IMF** – Oman's fiscal deficit and debt are expected to decline sharply after spiking last year, the International Monetary Fund said on Sunday, as the Gulf state implements a medium-term plan to fix finances hit by the COVID-19 pandemic and low oil prices. The fiscal deficit is set to decrease to 2.4% of gross domestic product this year from 19.3% of gross domestic product (GDP) in 2020, and the country is expected to switch to a surplus in 2022, the IMF said. Total government debt is expected to decrease to 70.7% of GDP this year and to decline further until about 47% of GDP in 2026, according to IMF estimates. Since the oil price crash in 2014, Oman has accumulated large amounts of debt, outpacing a drive to diversify revenue away from oil and reduce spending on its bloated public sector. But the Sultanate has embarked on a raft of measures in the past year to fix its finances, including the introduction of a value-added tax and the decision to work with the IMF to develop a debt strategy. The overall economy shrank by 2.8% last year but is expected to rebound to a 2.5% growth this year as a vaccine rollout helps domestic activity and external demand picks up, the IMF said. (Source: Reuters)

**Oil Climbs as U.S. Supplies Slow to Return After Ida's Battering** – Oil climbed toward \$70 a barrel after a run of three weekly gains as investors tracked the slow restoration of supplies in the Gulf of Mexico and the outlook for demand and inventories over the fourth quarter. West Texas Intermediate traded 0.4% higher after rallying 2.3% on Friday, pushing the U.S. benchmark to a slight gain for the week. More than two weeks since Hurricane Ida slammed into the key producing region, almost half of crude output in the U.S. Gulf of Mexico has yet to be restarted, according to the latest tally from the Bureau of Safety and Environmental Enforcement. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.72	-0.93	KSA	2025	1.08	-0.69
Abu Dhabi	2030	1.81	-2.53	KSA	2030	2.15	-1.62
Abu Dhabi	2050	2.99	-4.69	KSA	2050	3.47	-3.77
Bahrain	2026	3.75	-3.63	Oman	2025	3.09	2.88
Bahrain	2030	5.43	-5.18	Oman	2029	4.75	4.06
Bahrain	2047	6.85	-8.79	Oman	2048	6.44	3.87
Dubai	2029	2.45	-0.59	Qatar	2025	0.88	-1.65
Kuwait	2022	0.04	-1.66	Qatar	2030	1.90	-3.09
Kuwait	2027	1.20	-1.92	Qatar	2050	3.10	-5.09

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.55	8.08	0.06	1.02
S&P MENA Bond and Sukuk Index	2.17	NA	0.03	0.43
Bloomberg Emerging Markets USD Index	3.85	6.80	-0.05	0.57
Bloomberg Global Aggregate Index	1.06	7.42	-0.06	-2.30

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	13/09/2021	31/12/2020	13/09/2021	31/12/2020	13/09/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7971	0.8175	0.8457	0.8700	0.9143	0.9413
BHIBOR	1.5583	2.2500	1.6250	2.5333	1.8000	2.6833
QATAR	1.1375	1.1206	1.2000	1.1960	1.3375	1.3636
AEIBOR	0.3642	0.5125	0.4860	0.4908	0.5065	0.6538
EURIBOR	-0.5440	-0.5450	-0.5190	-0.5260	-0.4950	-0.4990
LIBOR	0.1158	0.2384	0.1494	0.2576	0.2225	0.3419

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)	Currencies			Commodities			
				USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)		
1-Year	0.1610	0.06	-16.4	KWD	0.3008	0.0000	0.85	Gold	1,791.90	-6.24
2-Year	0.3195	0.01	61.5	SAR	3.7508	0.0000	0.03	Silver	23.73	-10.99
5-Year	0.9086	-0.55	111.3	BHD	0.3770	0.0000	0.02	Copper	443.00	25.71
7-Year	1.1411	-1.03	74.3	QAR	3.6415	-0.0027	0.00	Nat. Gas	4.93	79.82
10-Year	1.3553	-1.49	46.5	OMR	0.3850	0.0000	0.00	Aluminum	2,916.50	45.84
30-Year	1.6657	-1.51	18.8	AED	3.6731	0.0000	0.00	Crude Oil	73.08	43.58

US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.21	0.00	0.23	-0.02	-0.73	0.00
5-Year	0.81	0.01	0.42	-0.04	-0.74	0.00
10-Year	1.33	0.12	0.76	-0.20	-0.48	0.00
30-Year	1.92	0.32	1.08	-0.36	0.15	0.00

UK Gilts

German Bunds

Sovereign Ratings

	Sovereign Ratings		
	Moody's	S&P	Fitch
Kuwait	A1	A+	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	B3	NR	B-
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+
<b>USD 5Yr CDS</b>	<b>13-Sep 2021</b>	<b>31-Dec 2020</b>	
Kuwait	45.37	40.69	
KSA	47.45	63.77	
Abu Dhabi	38.72	36.03	
Dubai	81.12	104.06	
Qatar	38.54	36.70	
Bahrain	245.97	233.58	
Oman	230.06	353.60	
Iraq	516.25	542.74	
Egypt	341.33	330.47	
Morocco	89.14	102.56	
Turkey	362.27	299.47	
US	7.84	11.52	
UK	7.54	15.13	
China	32.49	26.70	
Japan	16.52	14.74	
Germany	8.23	9.09	
France	17.38	14.42	