

News Updates

**Central Bank of Kuwait sees positive growth in 2021** – Central Bank of Kuwait Governor Dr Mohammad Al-Hashel expects the country to witness “positive growth” during 2021, but conceded it will “take time” to return to pre-pandemic levels. “Encouragingly, early monetary, prudential and fiscal policy interventions since the outbreak of the pandemic have ensured that the country’s productive capacity remains broadly unscathed, offering hopes of a swift recovery once the pandemic is brought under control,” he told The Banker in an interview. The recovery in oil prices, reaching their highest levels in more than a year, also bodes well for Kuwait’s oil and non-oil gross domestic product growth, he mentioned. With regards to monetary policy measures taken to face the crisis, the Central Bank carried out a “range of support measures”, namely slashing its policy rate by a cumulative 1.25 percent in March 2020, from 2.75 percent to 1.5 percent. “That move alone saw our interest rates falling to record lows, which significantly eased funding conditions and the debt servicing burden for borrowers of all types,” Hashel said. The bank also “partially relaxed a range of prudential regulations to ease any potential liquidity constraints and to enable banks to continue playing their role as financial intermediaries”. Domestic credit posted a “healthy” 3.5 percent growth in 2019, with sectors like consumer loans, public services and agriculture and fishing posting double-digit growth, while others, such as crude oil and gas, instalment loans and real estate loans, showing “noticeable growth”. “We expect credit growth to remain healthy in 2021, as the impending rebound in business activity and potentially higher capital spending will boost demand for business credit. Household credit, with lending to citizens in particular, is also expected to stay upbeat, supported by job security and the currently prevailing record low interest rates,” said Hashel. (Source: Kuwait Times)

**Higher Oil Prices Push Turkey’s Consumer Inflation Higher** – The Turkish consumer prices are spiraling higher, leaving the new central bank chief little room to enact the rate cuts that would mollify President Recep Tayyip Erdogan. Data due to be released soon will show prices rose an annual 16.2% through March, up from 15.6% the previous month, according to the median of 21 economist and analyst estimates compiled by Bloomberg. Consumer inflation has been accelerating over the past six months due to higher energy prices and excessively loose monetary policies from last year that destabilized the currency. Turkey’s previous central bank governor raised interest rates to cool inflation, but his shock ouster by Erdogan and replacement by a critic of higher borrowing costs sent the lira tumbling again. (Source: Bloomberg)

**Treasury Curve Steepens on Light Volumes** – Mild steepening in the Treasury curve seen amid light futures trading volumes with key markets out Monday. 10-year cash Treasuries have erased morning gains and are unchanged from Friday’s close of 1.72%. Ultra-long ends lead the steepening, with the 30-year up by as much as 2 bps. 5-year yields were also steady at 0.97% after jumping 8bps on Friday. Futures volumes are light, with trading in 10-year contracts less than 5% of normal 20-day average. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.01	-1.27	KSA	2025	1.41	-1.35
Abu Dhabi	2030	2.18	-4.85	KSA	2030	2.56	-4.43
Abu Dhabi	2050	3.32	-10.17	KSA	2050	3.88	-9.83
Bahrain	2026	3.45	-1.27	Oman	2025	3.49	2.18
Bahrain	2030	5.63	-6.04	Oman	2029	5.26	0.94
Bahrain	2047	7.03	-10.74	Oman	2048	7.00	-3.11
Dubai	2029	2.71	-1.79	Qatar	2025	1.11	-1.47
Kuwait	2022	0.13	-0.67	Qatar	2030	2.25	-5.09
Kuwait	2027	1.56	-3.06	Qatar	2050	3.45	-10.60

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.85	8.08	-0.11	-2.94
S&P MENA Bond and Sukuk Index	2.47	NA	-0.16	-3.58
Bloomberg Emerging Markets USD Index	4.01	6.80	-0.16	-3.33
Bloomberg Global Aggregate Index	1.16	7.42	-0.10	-4.37

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	5/4/2021	31/12/2020	5/4/2021	31/12/2020	5/4/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.7971	0.8175	0.8443	0.8700	0.9171	0.9413
BHIBOR	1.2333	2.2500	1.3917	2.5333	1.6417	2.6833
QATAR	1.0089	1.1206	1.1225	1.1960	1.2663	1.3636
AEIBOR	0.3218	0.5125	0.4789	0.4908	0.4650	0.6538
EURIBOR	-0.5380	-0.5450	-0.5120	-0.5260	-0.4880	-0.4990
LIBOR	0.1998	0.2384	0.2013	0.2576	0.2805	0.3419

USD Swap Rates

	Yield %	Currencies	
		1D Δ (bps)	YTD Δ (%)
1-Year	0.2224	-0.02	15.5
2-Year	0.3177	-0.08	60.6
5-Year	1.0889	-0.39	153.2
7-Year	1.4523	0.28	121.9
10-Year	1.7610	0.25	90.3
30-Year	2.1602	1.48	54.1

Currencies

	USD		
	1D Δ (bps)	YTD Δ (%)	
KWD	0.3022	-0.0827	0.35
SAR	3.7506	0.0000	0.03
BHD	0.3771	0.0000	0.00
QAR	3.6417	-0.0027	-0.01
OMR	0.3850	0.0000	0.00
AED	3.6731	0.0000	0.00

Commodities

	USD	
	1D Δ (%)	YTD Δ (%)
Gold	1,725.30	-9.33
Silver	24.86	-6.09
Copper	405.65	15.11
Nat. Gas	2.60	1.60
Aluminum	2,209.25	11.45
Crude Oil	64.27	24.41

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.18	0.01
5-Year	0.97	0.04
10-Year	1.72	0.04
30-Year	2.38	-0.32

UK Gilts

	Yield %	1D Δ (%)
	0.06	0.05
	0.36	0.14
	0.79	0.51
	1.34	1.17

German Bunds

	Yield %	1D Δ (%)
	-0.69	0.00
	-0.73	0.09
	-0.45	0.30
	0.22	0.86

Sovereign Ratings

	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	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>	5-Apr 2021	31-Dec 2020	
Kuwait	47.27	40.69	
KSA	67.54	63.77	
Abu Dhabi	47.51	36.03	
Dubai	98.82	104.06	
Qatar	47.63	36.70	
Bahrain	192.20	233.58	
Oman	282.85	353.60	
Iraq	559.32	542.74	
Egypt	318.75	330.47	
Morocco	92.09	102.56	
Turkey	452.71	299.47	
US	9.26	11.52	
UK	10.48	15.13	
China	32.46	26.70	
Japan	15.65	14.74	
Germany	8.52	9.09	
France	16.40	14.42	