

News Updates

Kuwait Aims to Finish Mideast's Biggest LNG Terminal by March –

Kuwait aims to open what will be the Middle East's largest import terminal for liquefied natural gas in March, according to two people familiar with the project. The Al-Zour plant will allow Kuwait to receive 22 million tons of LNG (about 31 billion cubic meters) a year, almost doubling the region's capacity. The LNG market is expected to grow quickly in the next few decades as countries shift from oil and coal to cleaner energy. The global trade in LNG will probably increase to more than 1,000 bcm annually by 2035 from roughly 425 bcm today, according to BP Plc. Kuwait is one of the world's biggest oil exporters, shipping almost 2 million barrels a day, but pumps relatively little gas. The OPEC member produced 18.4 bcm of gas in 2019 and consumed 23.5 bcm, BP said in a report. It was the Middle East's biggest importer last year and the 14th globally, according to data compiled by Bloomberg. (Source: Bloomberg)

Saudi August inflation jumps to 6.2% on VAT increase –

Saudi Arabia's consumer price index jumped 6.2% in August compared with the same month last year, the second consecutive rise after a tripling of value-added tax, official data showed on Tuesday. The annual inflation rate in July reached 6.1%, jumping from only 0.5% in June -- before the VAT increase to 15% from 5% came into effect on July 1. Saudi Arabia, the world's biggest oil exporter, said in May it would triple VAT as it sought to shore up finances hit by the twin shock of low oil prices and the coronavirus pandemic. Food and transport were major contributors to the increase, rising by 13.5% and 8.2% respectively. Tobacco prices jumped 13% while prices at restaurants and hotels rose 7.7% from their level a year ago, the General Authority for Statistics said. "Inflation has clearly been distorted by the tripling of VAT," said James Reeve, group chief economist at Samba Financial Group. (Source: Reuters)

Iran Shelves Plans to Sell Oil-Backed Islamic Debt to the Public –

Iran has canceled plans to enable members of the public to invest in the country's oil production via Islamic bonds, a state-run news service reported. The plans were first announced by President Hassan Rouhani in August as part of efforts to control money supply and parry the impact of both U.S. sanctions and the coronavirus on Iran's ailing economy. Iranian media reported at the time the plan would involve the pre-sale of barrels of oil on Iran's energy exchange, or IRENEX, through Islamic "sala" bonds, which are similar to futures. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.02	4.56	KSA	2025	1.52	5.42
Abu Dhabi	2030	1.66	9.10	KSA	2030	2.19	9.50
Abu Dhabi	2050	2.66	20.92	KSA	2050	3.23	10.52
Bahrain	2026	4.02	-3.68	Oman	2025	5.03	-4.44
Bahrain	2030	5.37	12.19	Oman	2029	6.11	-5.54
Bahrain	2047	6.49	-8.19	Oman	2048	7.65	-11.35
Dubai	2029	2.62	2.59	Qatar	2025	1.17	6.01
Kuwait	2022	0.40	1.38	Qatar	2030	1.82	11.11
Kuwait	2027	1.27	5.15	Qatar	2050	2.81	23.06

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	0.06	6.25
S&P MENA Bond and Sukuk Index	2.12	NA	0.03	7.71
Bloomberg Emerging Markets USD Index	3.99	6.80	0.08	3.48
Bloomberg Global Aggregate Index	0.90	7.42	0.00	6.14

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	16/09/2020	31/12/2019	16/09/2020	31/12/2019	16/09/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8850	2.2314	0.9338	2.2557	0.9875	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	1.2000	2.2500	1.2500	2.3500	1.3600	2.5333
AEIBOR	0.4528	2.2086	0.6438	2.1914	0.8278	2.2900
EURIBOR	-0.4840	-0.3830	-0.4600	-0.3240	-0.4030	-0.2490
LIBOR	0.2373	1.9084	0.2745	1.9121	0.4026	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2315	-0.46	-86.9
2-Year	0.2180	-0.44	-87.2
5-Year	0.3267	-0.58	-81.1
7-Year	0.4740	-0.71	-73.6
10-Year	0.6797	-0.85	-64.1
30-Year	1.0647	-0.92	-49.1

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3057	0.0000	-0.83
SAR	3.7512	0.0000	0.01
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	0.14	0.00
5-Year	0.27	0.04
10-Year	0.67	0.09
30-Year	1.42	0.27

UK Gilts

	Yield %	1D Δ (%)
	-0.08	-0.07
	-0.07	-0.15
	0.21	-0.30
	0.77	-0.47

German Bunds

	Yield %	1D Δ (%)
	-0.68	0.00
	-0.71	0.00
	-0.55	0.00
	-0.04	0.00

Source: Bloomberg

USD 5Yr CDS

	16-Sep 2020	31-Dec 2019
Kuwait	49.53	36.700
KSA	77.91	56.915
Abu Dhabi	40.84	36.090
Dubai	130.00	91.005
Qatar	40.33	36.705
Bahrain	298.05	175.995
Oman	417.05	234.400
Iraq	531.83	383.680
Egypt	406.54	277.420
Morocco	117.59	91.435
Turkey	500.23	282.130
US	13.00	10.810
UK	15.52	16.210
China	35.25	31.205
Japan	15.56	21.042
Germany	9.61	7.080
France	15.43	16.130