

## News Updates

### Cash-Strapped Oman Eyes Dollar-Bond Sale as Debt Burden Mounts

– Oman, one of the weakest sovereigns in the Gulf Arab region, is returning to the dollar-debt market for the first time in less than two months to plug a fiscal gap made worse by oil-price swings and the pandemic. The cash-strapped sultanate has picked a mix of international and local banks to arrange global investor calls starting Tuesday for a benchmark bond sale, according to a person familiar with the matter, who asked not to be identified because the matter is private. If the sale goes through, Oman will be the first sovereign from the Middle East to raise debt this year. The sultanate plans to issue 10-year and 30-year bonds and re-open notes due 2025, the person said. The largest oil exporter outside of OPEC may need to borrow about \$4.2 billion to cover a fiscal shortfall this year. Oman is also reducing spending and plans to impose a 5% value-added tax in 2021. (Source: Bloomberg)

**Sukuk Sales May Increase to \$155 Billion in 2021, S&P Says** – Sales of Islamic bonds may increase this year to as much as \$155 billion, as issuance recovers in Malaysia, Indonesia and Gulf Arab countries, with low interest rates and abundant liquidity worldwide, according to S&P Global Ratings. Overall sukuk issuance fell to \$139.8 billion in 2020 from \$167.3 billion a year earlier, even as securities denominated in foreign currencies increased. About \$65 billion of sukuk will mature in 2021, and part of it is likely to be refinanced on the market. The number of defaults or restructuring deals among sukuk issuers with low credit quality may also increase in 2021 as regulatory forbearance measures come to an end; S&P sees pressure on real-estate developers in particular, given the slump in property prices in the GCC and building risks in the commercial sector. “This will test the robustness of the legal documents used for sukuk issuances,” analysts led by Dubai-based Mohamed Damak wrote in a report. (Source: Bloomberg)

### Two Fed Officials Push Back on Talking Bond Taper Any Time Soon

– Don’t discuss reducing the amount of monetary-policy support for the U.S. economy while the pandemic is still raging, said two Federal Reserve officials after some of their colleagues mooted a debate later this year. “We want to get through the pandemic and sort of see where the dust settles, then we will be able to think about where to go with balance-sheet policy,” Federal Reserve Bank of St. Louis President James Bullard said Tuesday during an online interview with the Wall Street Journal. Noting that the outlook will hinge on the successful rollout of Covid-19 vaccines and the path of the virus, Bullard said “we are going to have to see how all of that proceeds here going forward. Then we will be in a position to make a judgment.” Bullard is not a voter this year on the rate-setting Federal Open Market Committee. (Source: Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.87	-0.47	KSA	2025	1.19	-0.16
Abu Dhabi	2030	1.68	-0.82	KSA	2030	2.20	-1.39
Abu Dhabi	2050	2.95	-3.82	KSA	2050	3.56	-4.85
Bahrain	2026	3.36	-0.30	Oman	2025	4.21	-0.40
Bahrain	2030	5.00	-1.70	Oman	2029	5.61	-1.40
Bahrain	2047	6.24	-1.56	Oman	2048	7.05	-3.74
Dubai	2029	2.55	-0.11	Qatar	2025	0.93	-0.33
Kuwait	2022	0.33	-0.30	Qatar	2030	1.72	-0.75
Kuwait	2027	1.22	-0.75	Qatar	2050	3.05	-3.93

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.54	8.08	-0.42	-1.14
S&P MENA Bond and Sukuk Index	1.70	NA	-0.40	-1.26
Bloomberg Emerging Markets USD Index	3.67	6.80	-0.37	-1.38
Bloomberg Global Aggregate Index	0.90	7.42	-0.01	-0.97

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	13/1/2021	31/12/2020	13/1/2021	31/12/2020	13/1/2021	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	2.2333	2.2500	2.5000	2.5333	2.6667	2.6833
QATAR	0.8547	1.1206	0.9874	1.1960	1.1770	1.3636
AEIBOR	0.4365	0.5125	0.5701	0.4908	0.5675	0.6538
EURIBOR	-0.5450	-0.5450	-0.5230	-0.5260	-0.5030	-0.4990
LIBOR	0.2245	0.2384	0.2503	0.2576	0.3269	0.3419

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2038	-0.12	5.9
2-Year	0.2214	-0.25	11.9
5-Year	0.5689	-0.66	32.3
7-Year	0.8420	-0.63	28.6
10-Year	1.1319	-0.68	22.3
30-Year	1.6170	-0.34	15.3

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3030	0.1320	0.10
SAR	3.7519	-0.0027	0.00
BHD	0.3770	0.0000	0.01
QAR	3.6421	0.0055	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	0.49	0.04
10-Year	1.12	0.09
30-Year	1.87	0.12

## UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.09	-0.07
5-Year	0.01	-0.20
10-Year	0.35	-0.53
30-Year	0.93	-0.63

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.66	-0.01
5-Year	-0.72	-0.09
10-Year	-0.56	-0.27
30-Year	-0.07	-0.77

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	13-Jan 2021	31-Dec 2020
Kuwait	41.68	40.69
KSA	66.24	63.77
Abu Dhabi	42.30	36.03
Dubai	98.02	104.06
Qatar	42.23	36.70
Bahrain	221.15	233.58
Oman	341.77	353.60
Iraq	576.68	542.74
Egypt	310.94	330.47
Morocco	100.51	102.56
Turkey	327.70	299.47
US	11.11	11.52
UK	15.58	15.13
China	29.65	26.70
Japan	14.18	14.74
Germany	9.63	9.09
France	14.65	14.42