

## News Updates

**Abu Dhabi to look at more debt sales to protect finances** – Oil-rich Abu Dhabi will consider raising more money via the bond markets to protect its finances from the impact of low oil prices, it said in a statement, after raising \$10 billion in bonds this year. Abu Dhabi's fiscal balance depends almost entirely on revenue from hydrocarbon royalties and taxes and dividends received from ADNOC, its national oil company. With the highest credit rating in the Gulf region, Abu Dhabi attracted strong demand from investors for its fundraising this year, which was split into a \$7 billion bond in April and a \$3 billion re-opening of the same deal last month. "The emirate's net asset position, which exceeds 200% of GDP despite the recent oil price decrease, ensures that Abu Dhabi continues to be in a strong position to leverage market windows," Abu Dhabi's department of finance said in the statement on Wednesday. (Source: Zawya)

**Saudi, Russia reach deal on oil cuts, raise pressure on laggards** – OPEC leader Saudi Arabia and non-OPEC Russia have agreed a preliminary deal to extend existing record oil output cuts by one month while raising pressure on countries with poor compliance to deepen their cuts, OPEC+ sources told Reuters. However, there was no agreement yet on whether to hold an OPEC+ output policy meeting on Thursday with the main obstacle being how to deal with countries that have failed to make the deep supply cuts required under the existing pact, the sources said. OPEC+ agreed to cut output by a record 9.7 million barrels per day, or about 10% of global output, in May and June to lift prices battered by plunging demand linked to lockdown measures aimed at stopping the spread of the coronavirus.. (Source: Zawya)

**Fed's Powell Reiterates Openness to Multiple Libor Alternatives** – Federal Reserve Chairman Jerome Powell reiterated a willingness to having multiple Libor replacements following the benchmark's intended phase out at the end of 2021, according to a written statement dated May 28. The Fed convened and supports the work of the Alternative Reference Rates Committee and “views SOFR as a robust alternative that will help many market participants in the transition away from Libor,” Powell wrote. Powell said that while Ameribor “is a fully appropriate rate for the banks that fund themselves through the American Financial Exchange (AFX) or for other similar institutions for whom Ameribor may reflect their cost of funding, it may not be a natural fit for many market participants” (Source: Bloomberg)

## GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi  | 2027     | 1.89    | 2.88            | KSA        | 2025     | 1.85    | 1.44            |
| Abu Dhabi  | 2047     | 3.10    | 1.42            | KSA        | 2029     | 2.52    | 1.75            |
| Bahrain    | 2024     | 4.64    | -4.99           | KSA        | 2049     | 3.87    | -0.54           |
| Bahrain    | 2029     | 5.93    | -10.09          | Oman       | 2025     | 5.85    | -8.12           |
| Bahrain    | 2047     | 6.82    | -11.93          | Oman       | 2029     | 7.46    | -13.95          |
| Dubai      | 2023     | 1.68    | 1.37            | Oman       | 2048     | 8.38    | -18.66          |
| Dubai      | 2029     | 3.16    | -1.16           | Qatar      | 2024     | 1.59    | 1.46            |
| Kuwait     | 2022     | 0.97    | 1.15            | Qatar      | 2028     | 2.19    | 1.26            |
| Kuwait     | 2027     | 1.78    | 2.60            | Qatar      | 2049     | 3.29    | 3.13            |

## Bonds and Sukuk Indices

| Index Name                           | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index               | 3.45    | 7.32           | 0.25     | -0.21     |
| S&P MENA Bond and Sukuk Index        | 2.75    | NA             | 0.10     | 2.04      |
| Bloomberg Emerging Markets USD Index | 4.96    | 6.26           | 0.38     | -2.30     |
| Bloomberg Global Aggregate Index     | 1.02    | 7.33           | 0.07     | 2.24      |

## Interbank Rates (%)

|         | 3 Months   |            | 6 Months   |            | 12 Months  |            |
|---------|------------|------------|------------|------------|------------|------------|
|         | 04/06/2020 | 31/12/2019 | 04/06/2020 | 31/12/2019 | 04/06/2020 | 31/12/2019 |
| KIBOR   | 1.6875     | 2.7500     | 1.9375     | 2.9375     | 2.1875     | 3.1875     |
| SAIBOR  | 1.0700     | 2.2314     | 1.1286     | 2.2557     | 1.1643     | 2.3071     |
| BHIBOR  | 2.2167     | 2.6667     | 2.2833     | 2.7000     | 2.4917     | 2.8333     |
| QATAR   | 1.2095     | 2.2500     | 1.2525     | 2.3500     | 1.3700     | 2.5333     |
| AEIBOR  | 0.8574     | 2.2086     | 0.9126     | 2.1914     | 1.1487     | 2.2900     |
| EURIBOR | -0.3300    | -0.3830    | -0.1820    | -0.3240    | -0.1070    | -0.2490    |
| LIBOR   | 0.3305     | 1.9084     | 0.4820     | 1.9121     | 0.6255     | 1.9963     |

## USD Swap Rates

|         | Currencies |            |           |     | Currencies |            |           |
|---------|------------|------------|-----------|-----|------------|------------|-----------|
|         | Yield %    | 1D Δ (bps) | YTD Δ (%) |     | USD        | 1D Δ (bps) | YTD Δ (%) |
| 1-Year  | 0.3004     | -0.07      | -83.0     | KWD | 0.3081     | 0.0487     | -1.61     |
| 2-Year  | 0.2700     | 0.32       | -84.1     | SAR | 3.7558     | 0.0053     | -0.07     |
| 5-Year  | 0.4068     | 0.29       | -76.5     | BHD | 0.3773     | 0.0000     | -0.02     |
| 7-Year  | 0.5576     | 0.20       | -69.0     | QAR | 3.6414     | 0.0000     | 0.01      |
| 10-Year | 0.7379     | 0.04       | -61.1     | OMR | 0.3851     | 0.0000     | -0.01     |
| 30-Year | 1.0488     | -0.01      | -49.9     | AED | 3.6732     | 0.0000     | 0.00      |

## US Treasuries

|         | UK Gilts |          | German Bunds |          |
|---------|----------|----------|--------------|----------|
|         | Yield %  | 1D Δ (%) | Yield %      | 1D Δ (%) |
| 2-Year  | 0.19     | -0.05    | -0.02        | -0.05    |
| 5-Year  | 0.37     | -0.23    | 0.04         | -0.13    |
| 10-Year | 0.75     | -0.57    | 0.27         | -0.68    |
| 30-Year | 1.53     | -0.98    | 0.71         | -2.24    |

Source: Bloomberg

## 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   | B2u     | B+   | BB-   |
| Oman      | Ba2     | BB-  | BB    |
| Egypt     | B2      | B    | B+    |
| Lebanon   | Ca      | SD   | RD    |
| Jordan    | B1      | B+   | BB-   |
| Turkey    | B1      | B+u  | BB-   |
| Tunisia   | B2      | NR   | B     |
| Morocco   | Ba1     | BBB- | BBB-  |
| US        | Aaa     | AA+u | AAA   |
| UK        | Aa2     | AAu  | AA-   |
| China     | A1      | A+   | A+    |

## USD 5Yr CDS

|           | 4-Jun 2020 | 31-Dec 2019 |
|-----------|------------|-------------|
| Kuwait    | 84.630     | 36.700      |
| KSA       | 123.700    | 56.915      |
| Abu Dhabi | 83.400     | 36.090      |
| Dubai     | 190.610    | 91.005      |
| Qatar     | 82.850     | 36.705      |
| Bahrain   | 407.220    | 175.995     |
| Oman      | 600.970    | 234.400     |
| Iraq      | 615.060    | 383.680     |
| Egypt     | 546.580    | 277.420     |
| Morocco   | 138.980    | 91.435      |
| Turkey    | 454.690    | 282.130     |
| US        | 13.850     | 10.810      |
| UK        | 28.080     | 16.210      |
| China     | 47.100     | 31.205      |
| Japan     | 19.040     | 21.042      |
| Germany   | 16.880     | 7.080       |
| France    | 27.710     | 16.130      |