

News Updates

Shuaa Capital gets board approval for \$150m bond issue – Shuaa Capital, the investment company, plans to raise \$150 million through issuing bonds that will be listed outside of the UAE. This will be done through a private placement. The Board of Directors has cleared the plans and the issue could hit the markets within weeks, market sources say. UAE government and private sector entities are making full use of the current low interest rates to tap debt funds. By and large, most recent issuances made by UAE entities have received strong response from investors. The company recorded net profits of Dh47 million last year. (Source: Gulf News)

Oman to Impose 50% Tax on Sugary Drinks From Oct., Observer Says – Starting from October 1, Sultanate will levy a 50 percent tax on sweetened beverages. Ready to drink beverages containing added sugar or sweeteners or any form of sugar will attract a 50 percent sugar excise tax beginning this October, according to the Oman Tax Authority. Canned juices, fruit drinks, sports drinks, caffeine drinks, and tea would fall under the new tax. 100 percent natural fruit juices, milk, and its derivatives containing a ratio of not less than 75 percent of milk and laban are excluded from the new sugar tax. Nutritional supplements, drinks for dietary and medical use are also excluded from the tax. Alongside other GCC states, Oman earlier had levied a 100% tax on alcohol, tobacco, and energy drinks last year. (Source: Bloomberg, Oman Observer)

ECB Launches Review of Pandemic Bond-Buying Program – The European Central Bank has launched a review of its pandemic bond-buying program to consider how long it should continue and whether its exceptional flexibility should be extended to older programs, the Financial Times reported, citing two Governing Council members that it didn't identify. The review is expected to be discussed by policy makers next month, according to the FT. The ECB declined to comment to the newspaper. The Pandemic Emergency Purchase Program was created in March -- initially at 750 billion euros (\$888 billion) and since expanded to 1.35 trillion euros -- to calm markets and support the economy as coronavirus lockdowns hit. It was exempted from the ECB's self-imposed rules that constrained the older asset-purchase program, which is still running. That allowed the PEPP (Pandemic Emergency Purchase Program) to skew buying toward especially stressed economies such as Italy. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.00	4.63	KSA	2025	1.50	5.53
Abu Dhabi	2030	1.66	9.04	KSA	2030	2.21	9.32
Abu Dhabi	2050	2.71	19.77	KSA	2050	3.30	9.16
Bahrain	2026	4.13	-4.09	Oman	2025	5.13	-4.83
Bahrain	2030	5.50	11.10	Oman	2029	6.42	-7.49
Bahrain	2047	6.62	-9.56	Oman	2048	7.73	-12.08
Dubai	2029	2.63	2.52	Qatar	2025	1.14	6.14
Kuwait	2022	0.55	1.25	Qatar	2030	1.84	10.87
Kuwait	2027	1.34	4.94	Qatar	2050	2.85	22.14

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.65	8.08	-0.13	6.01
S&P MENA Bond and Sukuk Index	2.13	NA	-0.21	7.50
Bloomberg Emerging Markets USD Index	4.03	6.80	-0.13	3.19
Bloomberg Global Aggregate Index	0.90	7.42	0.15	6.43

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	21/09/2020	31/12/2019	21/09/2020	31/12/2019	21/09/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8750	2.2314	0.9238	2.2557	0.9838	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	1.0417	2.2500	1.1250	2.3500	1.3374	2.5333
AEIBOR	0.4692	2.2086	0.6050	2.1914	0.6933	2.2900
EURIBOR	-0.5040	-0.3830	-0.4680	-0.3240	-0.4290	-0.2490
LIBOR	0.2254	1.9084	0.2753	1.9121	0.3739	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2278	0.37	-87.1
2-Year	0.2214	-0.03	-87.0
5-Year	0.3392	-0.40	-80.4
7-Year	0.4931	0.78	-72.6
10-Year	0.6866	-1.59	-63.8
30-Year	1.0930	1.57	-47.7

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3056	0.1146	-0.80
SAR	3.7510	0.0000	0.02
BHD	0.3771	0.0000	0.00
QAR	3.6417	0.0000	0.00
OMR	0.3850	0.0000	0.00
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.14	0.00
5-Year	0.28	0.00
10-Year	0.69	0.02
30-Year	1.45	0.03

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.12	0.00
5-Year	-0.13	0.02
10-Year	0.18	-0.02
30-Year	0.75	0.07

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.69	0.00
5-Year	-0.72	0.00
10-Year	-0.56	0.00
30-Year	-0.05	0.00

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	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+

USD 5Yr CDS

	21-Sep 2020	31-Dec 2019
Kuwait	49.51	36.700
KSA	79.95	56.915
Abu Dhabi	42.42	36.090
Dubai	132.32	91.005
Qatar	42.72	36.705
Bahrain	289.64	175.995
Oman	417.58	234.400
Iraq	531.83	383.680
Egypt	405.25	277.420
Morocco	113.02	91.435
Turkey	524.70	282.130
US	15.76	10.810
UK	15.47	16.210
China	41.69	31.205
Japan	15.78	21.042
Germany	8.29	7.080
France	14.39	16.130