

## News Updates

**Aramco CEO says to use cash, debt to pay dividends** – Saudi Aramco will use cash and debt to pay its dividend of \$18.75 billion for the first quarter of this year, the company's chief executive said on Thursday, after the top oil firm sealed a major acquisition deal. "It will be a combination of both," Amin Nasser told reporters on a conference call. "We would like to use our free cash definitely most of time, but other debt instruments from banks or bonds are also available for us as we have a strong balance sheet," he said. Nasser was speaking a day after Aramco completed its purchase of a 70% stake in petrochemicals company SABIC from Saudi Arabia's sovereign wealth fund, the Public Investment Fund (PIF), for \$69.1 billion and extended the payment period by three years to 2028. The ratio between Aramco's debt and its market value, or gearing, would rise after the SABIC purchase, Nasser said. In the first quarter of this year Aramco's gearing dropped to minus 5%, compared to a range of 11% to 36% for Western rivals. He said Aramco's gearing target was between 5% and 15%. (Source: Zawya)

**Sharjah Islamic Bank successfully prices \$500m sukuk** – Sharjah Islamic Bank (SIB) priced a \$500 million (AED1.83 billion) long 5-year sukuk, with a profit rate of 2.85 percent per annum, fetching it an A- rating by S&P. SIB was able to generate significant momentum from international and regional investors with the order books reaching a high of \$3.6 billion, 7.2x times greater than the issuance for the deal closed on June 16, and the liquidity obtained from this issuance process will be used to enhance SIB's liquidity and business growth. (Source: Zawya)

**Moody's revises outlook to negative on eight UAE banks** – Rating agency Moody's changed its outlook to negative from stable for eight banks in the United Arab Emirates amid the coronavirus outbreak, it said on Friday. The eight banks are Emirates NBD, Abu Dhabi Commercial Bank, Dubai Islamic Bank, Mashreq Bank, HSBC Bank Middle East, Abu Dhabi Islamic Bank, The National Bank of Ras al-Khaimah and National Bank of Fujairah. Moody's affirmed the banks' ratings but said the change of outlook reflected "the potential material weakening in their standalone credit profiles, amid a challenging operating environment in the UAE due to the coronavirus outbreak, low oil prices and pre-existing economic challenges". (Source: Reuters)

**Oil boosted by OPEC+ cuts even as virus weighs on market** – Oil prices rose on Friday but pulled back sharply from early highs on concerns that continued spread of the novel coronavirus could stall the United States' economic rebound. Crude benchmarks followed other assets lower, pulling back from session highs after Boston Federal Reserve President Eric Rosengren said more fiscal and monetary support for the U.S. economy will likely be needed. Brent crude settled up 68 cents a barrel at \$42.19. U.S. crude settled at \$39.75, up 91 cents. U.S. crude rose 8.7% this week, while Brent is up 9%. In a further sign of market recovery, Brent on Thursday moved into backwardation, where oil for immediate delivery costs more than supply later, for the first time since March. (Source: Reuters)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.72	3.85	KSA	2025	1.50	2.91
Abu Dhabi	2047	2.95	4.16	KSA	2029	2.26	3.61
Bahrain	2024	4.03	-3.26	KSA	2049	3.62	3.62
Bahrain	2029	5.36	-6.49	Oman	2025	5.10	-4.96
Bahrain	2047	6.44	-7.67	Oman	2029	6.62	-8.90
Dubai	2023	1.60	1.30	Oman	2048	7.68	-11.80
Dubai	2029	3.01	-0.41	Qatar	2024	1.33	2.24
Kuwait	2022	0.82	1.34	Qatar	2028	1.93	2.91
Kuwait	2027	1.69	3.12	Qatar	2049	3.08	6.85

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.07	7.32	0.47	2.25
S&P MENA Bond and Sukuk Index	2.53	NA	0.53	3.89
Bloomberg Emerging Markets USD Index	4.66	6.26	0.22	-0.50
Bloomberg Global Aggregate Index	0.98	7.33	-0.13	2.81

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	21/06/2020	31/12/2019	21/06/2020	31/12/2019	21/06/2020	31/12/2019
KIBOR	1.6875	2.7500	1.8750	2.9375	2.1250	3.1875
SAIBOR	1.0143	2.2314	1.0700	2.2557	1.1200	2.3071
BHIBOR	2.2500	2.6667	2.3500	2.7000	2.5000	2.8333
QATAR	1.2384	2.2500	1.3061	2.3500	1.3884	2.5333
AEIBOR	0.6450	2.2086	0.7640	2.1914	1.0280	2.2900
EURIBOR	-0.4070	-0.3830	-0.2340	-0.3240	-0.1690	-0.2490
LIBOR	0.3051	1.9084	0.4145	1.9121	0.5758	1.9963

## USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2918	-0.24	-83.5	KWD	0.3076	0.0000	-1.48
2-Year	0.2555	-0.28	-84.9	SAR	3.7519	-0.0053	-0.01
5-Year	0.3651	-0.38	-78.9	BHD	0.3771	0.0080	-0.01
7-Year	0.5033	-0.73	-72.0	QAR	3.6413	-0.0027	0.01
10-Year	0.6755	-0.91	-64.4	OMR	0.3850	0.0000	-0.01
30-Year	0.9624	-2.05	-54.0	AED	3.6730	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.19	0.02	-0.06	0.00	-0.69	0.03
5-Year	0.33	0.04	0.00	-0.03	-0.67	0.05
10-Year	0.69	0.15	0.23	-0.17	-0.49	0.07
30-Year	1.46	0.57	0.71	-1.07	0.01	0.03

Source: Bloomberg

## German Bunds

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	21-Jun 2020	31-Dec 2019	
Kuwait	71.550	36.700	
KSA	90.930	56.915	
Abu Dhabi	70.070	36.090	
Dubai	170.160	91.005	
Qatar	70.130	36.705	
Bahrain	331.910	175.995	
Oman	494.790	234.400	
Iraq	615.050	383.680	
Egypt	489.850	277.420	
Morocco	135.890	91.435	
Turkey	464.200	282.130	
US	11.930	10.810	
UK	27.060	16.210	
China	47.730	31.205	
Japan	15.860	21.042	
Germany	15.190	7.080	
France	22.330	16.130	