

News Updates

Saudi Arabia Triples VAT, Cuts State Allowances Amid Crisis – Saudi Arabia announced a slew of austerity measures to cope with the impact of the coronavirus pandemic and an oil-price rout, tripling its value-added tax and cutting a cost-of-living allowance for government workers. The steps taken to shore up revenue and rationalize spending are valued at about 100 billion riyals (\$26.6 billion) in total, according to the official Saudi Press Agency. Overall spending for 2020 will remain close to what was planned as money saved gets re-allocated to health care and aid for businesses, Finance Minister Mohammed Al-Jadaan said in a telephone interview on Monday. Saudi shares fell the most in the Gulf while sovereign bonds rose following the announcement, with the security due 2060 leading the advance.

Abu Dhabi's Mubadala hires banks for bond issues - sources – Abu Dhabi's state fund Mubadala has hired banks for a potential three-tranche bond issue consisting of six-year and 10-year conventional bonds and 30-year dual-listed Formosa bonds, sources said on Monday. Mubadala has hired Banca IMI, BNP Paribas, BofA Securities, First Abu Dhabi Bank, HSBC, Natixis and Societe Generale to arrange investor calls on Monday, to be followed by the issuance, subject to market conditions, the sources said. One source said Mubadala was looking to raise \$3 billion to \$4 billion and that it made sense for the state fund to raise extra liquidity now ahead of a potential worsening of conditions in international markets later this year.

S&P Expects Gulf Support for Oman in Case of Liquidity Pressures – S&P Global Ratings said members of the Gulf Cooperation Council would likely come to Oman's rescue if the sultanate experiences “significant external liquidity pressures,” especially in a situation that threatens its currency peg to the dollar. “In the event Oman's external reserves deteriorate significantly, we expect that financial support from neighboring GCC countries would be forthcoming,” S&P analysts including Zahabia Gupta said in a report Monday. “If one country's peg were to fail, the contagion effects could be severe for the rest of the GCC.” S&P's baseline scenario is that the government will meet its funding needs -- totaling almost \$50 billion over 2020-2023 -- through debt issuance abroad and at home, drawdowns of domestic and external liquid assets, and other financial transactions.

IMF Approves \$2.8 Billion Emergency Financing to Support Egypt – The International Monetary Fund approved \$2.8 billion in emergency funding for Egypt as the Arab world's most populous nation grapples with the economic fallout of the coronavirus pandemic. The borrowing under the lender's Rapid Financing Instrument comes after Egypt last month requested it and a stand-by agreement to help cover any current-account gaps. “The pandemic and global shock pose an immediate and severe economic disruption that could negatively impact Egypt's hard-won macroeconomic stability if not addressed,” the Washington-based fund said Monday in a statement.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.02	2.05	KSA	2025	2.41	-0.96
Abu Dhabi	2047	3.36	-3.09	KSA	2029	2.71	0.30
Bahrain	2024	5.55	-7.82	KSA	2049	4.20	-6.34
Bahrain	2029	6.87	-15.72	Oman	2025	6.16	-9.46
Bahrain	2047	7.67	-20.36	Oman	2029	8.92	-22.22
Dubai	2023	2.33	-0.55	Oman	2048	9.09	-24.68
Dubai	2029	3.56	-4.20	Qatar	2024	1.60	1.40
Kuwait	2022	1.23	0.80	Qatar	2028	2.37	0.06
Kuwait	2027	1.89	2.21	Qatar	2049	3.47	-0.32

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.80	7.32	0.05	-3.12
S&P MENA Bond and Sukuk Index	3.00	NA	0.00	-0.26
Bloomberg Emerging Markets USD Index	5.68	6.26	0.14	-6.25
Bloomberg Global Aggregate Index	1.05	7.33	-0.05	0.78

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	12/05/2020	31/12/2019	12/05/2020	31/12/2019	12/05/2020	31/12/2019
KIBOR	1.7500	2.7500	1.9375	2.9375	2.1875	3.1875
SAIBOR	1.1400	2.2314	1.1914	2.2557	1.2086	2.3071
BHIBOR	2.2833	2.6667	2.3833	2.7000	2.5833	2.8333
QATAR	1.2655	2.2500	1.3200	2.3500	1.4114	2.5333
AEIBOR	0.8360	2.2086	1.4859	2.1914	1.5650	2.2900
EURIBOR	-0.2460	-0.3830	-0.1450	-0.3240	-0.0750	-0.2490
LIBOR	0.4346	1.9084	0.6880	1.9121	0.7829	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.3209	0.51	-81.9	KWD	0.3089	0.0324	-1.86
2-Year	0.2612	0.50	-84.6	SAR	3.7580	0.0000	-0.13
5-Year	0.3598	0.54	-79.2	BHD	0.3785	0.0000	-0.24
7-Year	0.4985	0.97	-72.3	QAR	3.6420	0.0192	0.02
10-Year	0.6606	1.67	-65.1	OMR	0.3851	0.0000	-0.01
30-Year	0.9132	2.61	-56.3	AED	3.6732	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.18	-0.03	-0.01	-0.03	-0.75	-0.04
5-Year	0.35	-0.08	0.09	-0.11	-0.76	-0.12
10-Year	0.71	-0.28	0.27	-0.48	-0.54	-0.25
30-Year	1.42	-1.05	0.59	-1.21	-0.06	-0.69

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.18	-0.03	-0.01	-0.03	-0.75	-0.04
5-Year	0.35	-0.08	0.09	-0.11	-0.76	-0.12
10-Year	0.71	-0.28	0.27	-0.48	-0.54	-0.25
30-Year	1.42	-1.05	0.59	-1.21	-0.06	-0.69

German Bunds

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.18	-0.03	-0.01	-0.03	-0.75	-0.04
5-Year	0.35	-0.08	0.09	-0.11	-0.76	-0.12
10-Year	0.71	-0.28	0.27	-0.48	-0.54	-0.25
30-Year	1.42	-1.05	0.59	-1.21	-0.06	-0.69

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	12-May 2020	31-Dec 2019	
Kuwait	99.770	36.700	
KSA	152.950	56.915	
Abu Dhabi	102.240	36.090	
Dubai	241.570	91.005	
Qatar	102.560	36.705	
Bahrain	459.380	175.995	
Oman	705.830	234.400	
Iraq	1122.120	383.680	
Egypt	623.050	277.420	
Morocco	168.840	91.435	
Turkey	616.870	282.130	
US	17.500	10.810	
UK	29.950	16.210	
China	47.390	31.205	
Japan	29.590	21.042	
Germany	21.510	7.080	
France	37.260	16.130	