

News Updates

Kuwaiti banks provide KWD 2.7bn finances in 3 months – Local banks in Kuwait have provided KWD 2.7 billion (\$8.9 billion) worth of credit facilities to businesses under the economic stimulus package, launched by the government early April, Kuwait News Agency (KUNA) reported. Around 80% of the finances, KWD 2.16 billion were granted to businesses impacted by the coronavirus (COVID-19) outbreak, according to data by the Central Bank of Kuwait (CBK). The CBK has lowered the credit risk weight from 75% to 25% in calculating the capital adequacy ratio, in order to encourage more banks to support small and medium-sized enterprises (SMEs). A recent report showed that more than 50% of companies in Kuwait were severely affected by the economic consequences of the COVID-19 crisis. (Source: Mubasher)

Dubai Islamic Bank sells \$300 mln in 2026 sukuk reopening, document shows – Dubai Islamic Bank (DIB), the largest Islamic lender in the United Arab Emirates, sold \$300 million in a reopening of its existing sukuk issuance maturing in 2026, a document showed on Tuesday. The bank set the spread at 240 basis points (bps) over midswaps for the so-called “tap” of the Islamic bonds, tightening from an initial price guidance of about 250 bps over midswaps, the document from a bank arranging the deal showed. Under a bond tap, an existing transaction is reopened for subscription, using the same documentation as before. (Source: Reuters)

Moody's downgrades Oman's rating to Ba3, changes outlook to negative – Moody's Investors Service, ("Moody's") has today downgraded the Government of Oman issuer and senior unsecured ratings to Ba3 from Ba2, and changed the outlook on the issuer rating to negative. The downgrade reflects the conclusion that in a lower oil price environment, which Moody's now assumes will persist into the medium term, the government will unlikely be able to significantly offset the oil revenue loss and avoid a large and durable deterioration in its debt and debt affordability metrics or erosion of its fiscal and foreign currency buffers. The Ba3 rating is supported by the government's access to a still relatively robust stock of liquid fiscal and foreign currency reserves, and scope to slow the pace of balance sheet deterioration through spending and revenue measures. The Ba3 rating also reflects Moody's expectation that some of the higher-rated Gulf Cooperation Council (GCC) sovereigns would be willing and able to extend financial support to Oman should the sovereign's ability to access external financing remain constrained for an extended period. The negative outlook captures material government liquidity and external vulnerability risks related to the government's large financing requirements and diminishing external buffers, which Moody's expects in the next few years. (Source: Moody's)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.74	3.84	KSA	2025	1.59	2.56
Abu Dhabi	2047	2.91	4.77	KSA	2029	2.28	3.41
Bahrain	2024	4.11	-3.37	KSA	2049	3.62	3.55
Bahrain	2029	5.33	-6.34	Oman	2025	5.12	-5.02
Bahrain	2047	6.47	-7.88	Oman	2029	6.59	-8.71
Dubai	2023	1.53	0.80	Oman	2048	7.65	-11.61
Dubai	2029	3.09	-0.37	Qatar	2024	1.30	2.45
Kuwait	2022	0.73	1.52	Qatar	2028	1.93	2.90
Kuwait	2027	1.70	3.13	Qatar	2049	3.10	6.65

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.06	7.32	0.10	2.35
S&P MENA Bond and Sukuk Index	2.51	NA	0.14	4.04
Bloomberg Emerging Markets USD Index	4.65	6.26	0.03	-0.47
Bloomberg Global Aggregate Index	0.97	7.33	0.25	3.07

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	24/06/2020	31/12/2019	24/06/2020	31/12/2019	24/06/2020	31/12/2019
KIBOR	1.6875	2.7500	1.8750	2.9375	2.1250	3.1875
SAIBOR	1.0014	2.2314	1.0557	2.2557	1.1057	2.3071
BHIBOR	2.2500	2.6667	2.4333	2.7000	2.5667	2.8333
QATAR	1.2358	2.2500	1.2904	2.3500	1.3858	2.5333
AEIBOR	0.6249	2.2086	0.8902	2.1914	1.2626	2.2900
EURIBOR	-0.4000	-0.3830	-0.2590	-0.3240	-0.1790	-0.2490
LIBOR	0.2966	1.9084	0.3945	1.9121	0.5738	1.9963

USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2881	-0.20	-83.7	KWD	0.3077	0.0813	-1.50
2-Year	0.2516	-0.22	-85.2	SAR	3.7533	0.0000	-0.01
5-Year	0.3660	-1.04	-78.8	BHD	0.3772	0.0000	-0.01
7-Year	0.5128	-0.62	-71.5	QAR	3.6420	0.0082	0.01
10-Year	0.6933	-0.07	-63.4	OMR	0.3851	0.0000	-0.01
30-Year	0.9973	1.67	-52.3	AED	3.6731	0.0000	0.00

US Treasuries

	UK Gilts			German Bunds	
	Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.19	0.01	-0.07	-0.01	-0.67
5-Year	0.33	0.07	-0.01	-0.05	-0.67
10-Year	0.71	0.02	0.21	-0.24	-0.48
30-Year	1.49	-0.47	0.69	-0.07	0.07

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	24-Jun 2020	31-Dec 2019
Kuwait	70.540	36.700
KSA	91.310	56.915
Abu Dhabi	69.130	36.090
Dubai	170.510	91.005
Qatar	68.810	36.705
Bahrain	331.590	175.995
Oman	496.810	234.400
Iraq	615.040	383.680
Egypt	482.840	277.420
Morocco	136.230	91.435
Turkey	466.130	282.130
US	11.690	10.810
UK	26.650	16.210
China	47.080	31.205
Japan	16.650	21.042
Germany	14.430	7.080
France	20.610	16.130