

News Updates

Dana Gas Hires Houlihan for Help Ahead of October Bond Maturity – Dana Gas PJSC hired Houlihan Lokey Inc. for financial advice on nearly \$400 million of Islamic bonds due in October, indicating that the UAE energy producer may be facing difficulties repaying debt. Houlihan Lokey, a U.S.-based investment bank, will advise Dana Gas on its Nile Delta sukuk, according to a statement. It had been trying to sell some of its Egyptian assets to raise money to repay the sukuk, which has about \$380 million outstanding. The company, whose shares have fallen 25% in Dubai this year, said in April that the sale process had been interrupted by the coronavirus pandemic and couldn't be completed by the end of March as planned. (Source: Bloomberg)

Saudi Arabia's SABB offers \$1.33bln local sukuk – Saudi British Bank (SABB) has completed the first offering of Tier II SAR-denominated Sukuk for private placement in Saudi Arabia under its local Sukuk programme at a total value of SAR 5 billion. The total number of Sukuk amounts to 5,000 and the par value of each one is SAR 1 million, according to a stock exchange statement on Thursday. Moreover, the Sukuk return will be based on the current lending price, SAIBOR, for six months besides a profit margin of 195 basis points (bps). The Sukuk will mature on 22 July 2030, callable on 22 July 2025. (Source: Zawya)

Preservation, not growth, focus for GCC firms: S&P – The key focus for rated GCC corporates will be on preservation rather than growth as key priorities for businesses include cost optimization, managing liquidity, and cash flow preservation, said S&P Global Ratings in a new report. Meanwhile, new investments expected to take a back seat for most sectors, according to the report “Twin Shocks of Low Oil and COVID-19 Mean Double Trouble for GCC Corporates”. The agency expects a mid-to-high single digit real GDP contraction for most rated GCC sovereigns in 2020 and operating conditions to remain weak over the next few quarters. (Source: Zawya)

Fed to Debate Dimming Outlook as Virus Surges, Fiscal Help Hangs – Setbacks in the fight against the coronavirus will push Fed Chair Jerome Powell to reinforce his dovish message this week that interest rates will stay near zero for a long while. That said, policy makers probably won't adopt a shift in strategy at their July 28-29 meeting, even as they review how the outlook has changed. Even so, the outlook for the economy Powell and his colleagues presented to the public was grim. Now, with the U.S. in the grips of a resurgent outbreak, even the strong third-quarter rebound is in doubt. High-frequency economic indicators are pointing to a slowdown, which will only serve to reinforce the Federal Open Market Committee's dovish guidance when it meets again this week. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.36	6.28	KSA	2025	1.32	3.51
Abu Dhabi	2047	2.64	9.85	KSA	2029	2.00	5.42
Bahrain	2024	4.02	-3.37	KSA	2049	3.22	10.75
Bahrain	2029	5.21	-5.61	Oman	2025	4.82	-3.96
Bahrain	2047	6.54	-8.80	Oman	2029	6.79	-10.00
Dubai	2023	1.32	1.84	Oman	2048	7.67	-11.96
Dubai	2029	2.82	1.17	Qatar	2024	0.99	3.43
Kuwait	2022	0.29	1.83	Qatar	2028	1.62	4.80
Kuwait	2027	1.39	4.93	Qatar	2049	2.79	12.50

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.75	7.32	-0.23	5.42
S&P MENA Bond and Sukuk Index	2.18	NA	-0.21	7.35
Bloomberg Emerging Markets USD Index	4.32	6.26	-0.16	2.01
Bloomberg Global Aggregate Index	0.87	7.33	0.14	5.29

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	27/07/2020	31/12/2019	27/07/2020	31/12/2019	27/07/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.9314	2.2314	0.9814	2.2557	1.0329	2.3071
BHIBOR	2.3000	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	0.9754	2.2500	1.0764	2.3500	1.3282	2.5333
AEIBOR	0.6103	2.2086	0.6325	2.1914	1.0725	2.2900
EURIBOR	-0.4480	-0.3830	-0.3730	-0.3240	-0.2920	-0.2490
LIBOR	0.2468	1.9084	0.3185	1.9121	0.4595	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2361	0.06	-86.7	KWD	0.3066	0.0326	-1.14
2-Year	0.2123	0.18	-87.5	SAR	3.7506	0.0000	0.02
5-Year	0.3088	0.34	-82.1	BHD	0.3770	0.0027	0.01
7-Year	0.4305	0.89	-76.1	QAR	3.6417	-0.0137	0.00
10-Year	0.5822	1.33	-69.3	OMR	0.3850	0.0000	0.00
30-Year	0.8177	1.56	-60.9	AED	3.6729	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	0.01		-0.10	-0.02		-0.67	-0.02
5-Year	0.28	-0.02		-0.10	-0.07		-0.67	-0.13
10-Year	0.59	-0.09		0.14	-0.30		-0.51	-0.31
30-Year	1.23	0.07		0.65	-0.53		-0.03	-0.88

Source: Bloomberg

Currencies

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	Ba3	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

	27-Jul 2020	31-Dec 2019
Kuwait	58.510	36.700
KSA	86.480	56.915
Abu Dhabi	51.780	36.090
Dubai	166.720	91.005
Qatar	49.900	36.705
Bahrain	325.870	175.995
Oman	467.570	234.400
Iraq	691.340	383.680
Egypt	432.890	277.420
Morocco	121.790	91.435
Turkey	491.180	282.130
US	13.200	10.810
UK	20.220	16.210
China	43.360	31.205
Japan	17.400	21.042
Germany	10.690	7.080
France	16.390	16.130