

## News Updates

**First Abu Dhabi Bank faces pressure to redeem AT1 bonds** – First Abu Dhabi Bank (FAB), the UAE’s largest lender, is likely to come under pressure to redeem \$750 million in perpetual bonds in June, even though not calling them would be cheaper for the lender, five banking sources said. Additional Tier 1 (AT1) bonds, the riskiest debt instruments banks can issue, are designed to be perpetual in nature, but lenders can call them after a specified period. Banks have almost always exercised these “calls” at the first opportunity, but Deutsche Bank, Germany’s largest lender, decided not to in March as market conditions worsened. In a first for the region, smaller Gulf lenders Bank Dhofar in Oman and Bahrain’s Ahli United Bank have also not exercised recent call options amid concerns about tighter liquidity due to lower oil prices and the coronavirus pandemic, the sources said. Now it is FAB’s turn to decide. If it redeems the bonds, it would still have sufficient Tier 1 capital, one of the sources said, although some said it may still look to issue new bonds despite having to pay a higher interest rate. If it does not call the notes, investors would “sort of feel betrayed,” another of the sources said, as many view such bonds as essentially maturing at the first call date.

**Oman Sells 200M Rials 2025 Bonds at Yield 5.36%; Bid-Cover 1.33** – Oman sold 200 million rials (\$520 million) of bonds due May 19, 2025. Investors offered to buy 1.33 times the amount of securities sold. The bonds were sold at a price of 98.44, have a yield of 5.36 percent and will settle on May 19.

**Oil at Two-Month High on Chinese Demand Rebound, Vaccine Hope** – Oil jumped to levels not seen since Covid-19 lockdowns paralyzed the world’s largest economy as Chinese demand returned and signs of a viable vaccine sparked optimism. Futures in New York climbed as much as 13.2% Monday. Chinese oil use is at 13 million barrels a day, just shy of the levels of a year earlier, traders and executives said. Moderna Inc. reported promising early results from an experimental vaccine, tempering fears of a virus resurgence and offering hope that economies can safely reopen. American shale drillers reduced rigs to the least in more than a decade and Russia pledged strict compliance with the record OPEC+ cuts. Saudi Arabia didn’t give extra volumes of oil to three Asian customers who asked for it, according to refiners.

**IMF chief warns full global economic recovery unlikely in 2021** – The global economy will take much longer to recover fully from the shock caused by the new coronavirus than initially expected, the head of the International Monetary Fund said, and she stressed the danger of protectionism. Managing Director Kristalina Georgieva said the Fund was likely to revise downward its forecast for a 3% contraction in GDP in 2020, with only a partial recovery expected next year instead of the 5.8% rebound initially expected. In an interview with Reuters, she said data from around the world was worse than expected. “Obviously that means it will take us much longer to have a full recovery from this crisis,” she said in an interview. She gave no specific target date for the rebound.

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.91	2.59	KSA	2025	2.10	0.22
Abu Dhabi	2047	3.19	-0.40	KSA	2029	2.63	0.94
Bahrain	2024	5.17	-6.80	KSA	2049	4.03	-3.28
Bahrain	2029	6.56	-13.95	Oman	2025	6.05	-9.05
Bahrain	2047	7.47	-18.63	Oman	2029	8.03	-17.38
Dubai	2023	1.92	0.65	Oman	2048	8.77	-21.87
Dubai	2029	3.55	-3.73	Qatar	2024	1.53	1.67
Kuwait	2022	1.10	1.02	Qatar	2028	2.27	0.69
Kuwait	2027	1.80	2.55	Qatar	2049	3.44	0.47

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.71	7.32	0.47	-2.26
S&P MENA Bond and Sukuk Index	2.94	NA	0.30	0.25
Bloomberg Emerging Markets USD Index	5.49	6.26	0.41	-5.59
Bloomberg Global Aggregate Index	1.07	7.33	-0.08	0.73

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	19/05/2020	31/12/2019	19/05/2020	31/12/2019	19/05/2020	31/12/2019
KIBOR	1.7500	2.7500	1.9375	2.9375	2.2500	3.1875
SAIBOR	1.0986	2.2314	1.1686	2.2557	1.2000	2.3071
BHIBOR	2.3000	2.6667	2.3833	2.7000	2.5917	2.8333
QATAR	1.2749	2.2500	1.3356	2.3500	1.4193	2.5333
AEIBOR	0.9820	2.2086	1.2222	2.1914	1.2473	2.2900
EURIBOR	-0.2660	-0.3830	-0.1310	-0.3240	-0.0780	-0.2490
LIBOR	0.3805	1.9084	0.6590	1.9121	0.7554	1.9963

## USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.3165	1.65	-82.1	KWD	0.3091	0.0000	-1.94
2-Year	0.2733	2.53	-83.9	SAR	3.7588	0.0160	-0.16
5-Year	0.4076	6.10	-76.4	BHD	0.3778	0.0000	-0.13
7-Year	0.5473	7.45	-69.6	QAR	3.6419	0.0000	0.00
10-Year	0.7120	8.57	-62.4	OMR	0.3850	0.0000	0.01
30-Year	0.9674	10.86	-53.7	AED	3.6731	0.0000	0.00

## US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.18	-0.06	-0.01	-0.01
5-Year	0.37	-0.32	0.08	-0.03
10-Year	0.73	-0.83	0.25	-0.35
30-Year	1.44	-2.67	0.65	-0.95

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

	19-May 2020	31-Dec 2019
Kuwait	93.710	36.700
KSA	136.610	56.915
Abu Dhabi	92.740	36.090
Dubai	241.830	91.005
Qatar	95.180	36.705
Bahrain	446.760	175.995
Oman	682.390	234.400
Iraq	1122.050	383.680
Egypt	600.540	277.420
Morocco	155.710	91.435
Turkey	578.720	282.130
US	14.310	10.810
UK	30.280	16.210
China	50.330	31.205
Japan	26.210	21.042
Germany	20.070	7.080
France	38.230	16.130