

News Updates

Saudi could double issuances to \$40bln in 2020 to plug fiscal deficits – Global ratings agency Moody's estimates that the deficit will reach nearly 11 percent of GDP in 2020, up from 4.5 percent of GDP in 2019, and will drive a commensurate increase in the government's gross financing need, at least half of which can be salvaged by issuing sukuks. Moody's also stated that the financing requirement will rise to around SAR 318 billion (\$85 billion) in 2020 from SAR 153 billion (\$41 billion) in 2019, and nearly half of the total financing will come from sukuk issuances. Moody's expects gross government sukuk issuance to nearly double this year to around \$40 billion, up from \$21 billion in 2019. (Source: Zawya)

Dubai economy to contract by 11% this year: S&P – Dubai's economy will contract by around 11% in 2020, owing mainly to the Covid-19 impact on its travel and tourism industry, the sector most affected by the pandemic, according to an S&P Global Ratings report. As per S&P estimate, Dubai's gross general government debt will reach about 77% of GDP in 2020. Low oil prices have had broad effects on GCC economies, of which Dubai is one, but hydrocarbons directly contribute only about 1% to Dubai's total GDP. The indirect effect of weaker demand from Dubai's neighbours will dampen Dubai's trade, tourism, and real estate markets, it stated. (Source: Zawya)

Shareholders vote to dissolve Dubai's Arabtec – Arabtec Holding, the Dubai-based company that helped construct the Burj Khalifa tower, has confirmed that its shareholders had voted to dissolve the company. The board now has two months for discussions with stakeholders before a liquid application may be submitted to courts. News first broke on Wednesday that the shareholders of the construction giant had voted to file for liquidation, following a \$216 million net loss in the first half of 2020. Waleed Al Mokarrab Al Muhairi, chairman of Arabtec said that the pandemic has “exacerbated” the liquidity issues faced by the company. (Source: Zawya)

US economy shrinks at record rate of 31.4% in Q2-20 – The US economy shrank the most in at least 73 years in the second quarter (Q2) of 2020 due to the economic disruption caused by the coronavirus pandemic, Reuters reported on Wednesday, citing official data. The country's gross domestic product (GDP) fell by a record rate of 31.4% during the April-June period, registering the steepest decline in output since the government began keeping records in 1947, according to the Commerce Department. A previous estimate showed that the US economy have plunged by 31.7% in Q2-20. (Source: Mubasher)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.99	4.60	KSA	2025	1.31	6.38
Abu Dhabi	2030	1.70	8.67	KSA	2030	2.13	10.17
Abu Dhabi	2050	2.74	19.04	KSA	2050	3.35	8.18
Bahrain	2026	4.40	-5.33	Oman	2025	5.56	-6.41
Bahrain	2030	5.85	8.35	Oman	2029	6.99	-10.98
Bahrain	2047	6.87	-12.31	Oman	2048	8.10	-15.76
Dubai	2029	2.72	1.67	Qatar	2025	1.07	6.28
Kuwait	2022	0.46	1.33	Qatar	2030	1.82	11.17
Kuwait	2027	1.36	4.83	Qatar	2050	2.90	20.89

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.76	8.08	-0.20	5.45
S&P MENA Bond and Sukuk Index	2.20	NA	-0.26	7.07
Bloomberg Emerging Markets USD Index	4.08	6.80	-0.11	1.92
Bloomberg Global Aggregate Index	0.91	7.42	-0.01	5.74

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	10/4/2020	31/12/2019	10/4/2020	31/12/2019	10/4/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8675	2.2314	0.9188	2.2557	0.9800	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	0.9283	2.2500	1.0283	2.3500	1.2220	2.5333
AEIBOR	0.4700	2.2086	0.6450	2.1914	0.7908	2.2900
EURIBOR	-0.5050	-0.3830	-0.4730	-0.3240	-0.4490	-0.2490
LIBOR	0.2335	1.9084	0.2448	1.9121	0.3575	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2175	-0.13	-87.7
2-Year	0.2212	-0.18	-87.0
5-Year	0.3575	0.99	-79.3
7-Year	0.5116	1.42	-71.5
10-Year	0.7243	1.89	-61.8
30-Year	1.1281	1.94	-46.1

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3062	0.0000	-1.03
SAR	3.7508	0.0027	0.02
BHD	0.3771	0.0053	-0.02
QAR	3.6415	0.0027	0.01
OMR	0.3850	0.0000	0.00
AED	3.6729	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	0.00
5-Year	0.29	-0.07
10-Year	0.70	-0.20
30-Year	1.49	-0.73

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.05	-0.03
5-Year	-0.06	-0.03
10-Year	0.24	-0.18
30-Year	0.81	-0.45

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.69	0.00
5-Year	-0.75	0.03
10-Year	-0.60	0.02
30-Year	-0.11	-0.08

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	A1	AA-	AA
KSA	A1	A-u	A
UAE	Aa2	NR	NR
Abu Dhabi	Aa2	AA	AA
Qatar	Aa3	AA-	AA-
Bahrain	B2	B+	B+
Oman	Ba3	BB-	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B2	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	04-Oct 2020	31-Dec 2019	
Kuwait	57.17	36.700	
KSA	86.69	56.915	
Abu Dhabi	49.52	36.090	
Dubai	143.44	91.005	
Qatar	48.12	36.705	
Bahrain	334.31	175.995	
Oman	458.35	234.400	
Iraq	612.95	383.680	
Egypt	438.19	277.420	
Morocco	119.63	91.435	
Turkey	517.20	282.130	
US	15.65	10.810	
UK	17.82	16.210	
China	46.49	31.205	
Japan	16.27	21.042	
Germany	10.39	7.080	
France	16.34	16.130	