

News Updates

Kuwaiti reserves up 14.4% in May – Kuwait’s foreign reserves increased by 14.41% during May, according to recent data by the Central Bank of Kuwait (CBK). Reserve assets amounted to KWD 13.67 billion (\$44.52 billion) by the end of May 2020, compared with KWD 11.95 billion (\$39.98 billion) in May 2019. On a monthly basis, the Kuwaiti reserve grew by 7.39%, compared with its level in April at KWD 12.73 billion. In addition, the Kuwaiti reserve position at the International Monetary Fund (IMF) hiked by 43.37% to KWD 202.6 million. The book value for gold reserves stood at KWD 31.7 million. (Source: Mubasher)

UAE banks can withstand shocks of any size: central bank – The United Arab Emirates Central Bank said on Tuesday the country’s banking sector can withstand any scale of shock as banks are well capitalised, despite forecasting a deterioration of credit metrics in the country. Ratings agency Moody’s said on Monday the twin challenges of the coronavirus crisis and the drop in oil prices will hit bank profits hard in the oil-producing Gulf region. In a statement, the UAE central bank said that while the coronavirus pandemic poses challenges to banks, “our stress tests demonstrate that the UAE banking sector is able to withstand macro-financial shocks of any size”. The capital adequacy rate among UAE banks stood at 16.9% as of the end of March and the eligible liquid asset rate was 16.6% as of the end of May - “well in excess of the minimum regulatory requirements”, it said. (Source: Reuters)

Egypt’s Net Foreign Reserves Grow for First Time Since February – Egypt’s net international reserves climbed for the first time since February as a resumption of capital inflows eased the strain of the coronavirus pandemic. The stockpile increased to \$38.2 billion at the end of last month from \$36 billion in May, the central bank said Tuesday in a statement. Since peaking at an all-time high in February, foreign reserves declined by about a fifth during March-May. Egypt saw its biggest-ever capital outflows in March and April, while its main sources of hard currency -- tourism, remittances and Suez Canal receipts -- all face disruptions caused by the virus. (Source: Bloomberg)

Three-Month Dollar Libor Hits Five-Year Low – The rapid improvement in interbank lending took a key dollar rate down to its lowest level since 2015 Friday, while its sterling equivalent fell to a record. The milestones came as global funding markets continued to improve after central bank action earlier this year to ease the strain suffered at the height of the coronavirus sell-off. Both benchmarks slid by the most in almost two months. Three-month dollar Libor dropped 2.8 basis points to 0.27588%, the lowest since May 2015, while its sterling peer declined 2.6 basis points to 0.112%, a record low. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.47	5.62	KSA	2025	1.38	3.38
Abu Dhabi	2047	2.79	7.11	KSA	2029	2.07	5.03
Bahrain	2024	4.15	-3.49	KSA	2049	3.47	6.18
Bahrain	2029	5.32	-6.23	Oman	2025	4.95	-4.32
Bahrain	2047	6.55	-8.88	Oman	2029	6.90	-10.61
Dubai	2023	1.73	1.05	Oman	2048	7.75	-12.40
Dubai	2029	3.00	0.01	Qatar	2024	0.99	3.37
Kuwait	2022	0.42	1.98	Qatar	2028	1.70	4.45
Kuwait	2027	1.42	4.74	Qatar	2049	3.00	8.32

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.88	7.32	0.44	3.92
S&P MENA Bond and Sukuk Index	2.32	NA	0.30	5.69
Bloomberg Emerging Markets USD Index	4.54	6.26	0.40	0.50
Bloomberg Global Aggregate Index	0.95	7.33	0.26	3.42

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	08/07/2020	31/12/2019	08/07/2020	31/12/2019	08/07/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.9729	2.2314	1.0300	2.2557	1.0757	2.3071
BHIBOR	2.3000	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.0603	2.2500	1.1587	2.3500	1.2897	2.5333
AEIBOR	0.7109	2.2086	0.9819	2.1914	1.3106	2.2900
EURIBOR	-0.4410	-0.3830	-0.3080	-0.3240	-0.2430	-0.2490
LIBOR	0.2765	1.9084	0.3643	1.9121	0.5156	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2513	-0.47	-85.8	KWD	0.3075	0.0488	-1.43
2-Year	0.2180	-0.48	-87.2	SAR	3.7515	0.0000	0.01
5-Year	0.3170	-1.48	-81.7	BHD	0.3771	0.0000	0.00
7-Year	0.4511	-2.42	-74.9	QAR	3.6420	0.0000	0.02
10-Year	0.6156	-3.46	-67.5	OMR	0.3850	0.0000	0.00
30-Year	0.8871	-5.83	-57.6	AED	3.6731	0.0000	0.00

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.16	0.00	-0.09	0.01
5-Year	0.29	0.07	-0.04	0.05
10-Year	0.64	0.34	0.18	0.26
30-Year	1.38	1.46	0.63	0.51

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	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

	8-Jul 2020	31-Dec 2019
Kuwait	62.520	36.700
KSA	93.380	56.915
Abu Dhabi	60.890	36.090
Dubai	173.510	91.005
Qatar	56.990	36.705
Bahrain	323.660	175.995
Oman	468.840	234.400
Iraq	701.340	383.680
Egypt	438.570	277.420
Morocco	130.220	91.435
Turkey	485.310	282.130
US	12.180	10.810
UK	26.040	16.210
China	44.100	31.205
Japan	15.570	21.042
Germany	12.400	7.080
France	19.540	16.130