

## News Updates

### Rating agencies warn oil slump could trigger blizzard of downgrades

– The world's top rating agencies said on Tuesday that the sharp drop in oil prices, if sustained, could cause a wave of sovereign downgrades as well as heavy multi-notch rating cuts to junk-rated oil and gas firms. Fitch's top Middle East and Africa sovereign analyst, Jan Friederich, told Reuters that with oil prices dropping as low as \$31 a barrel this and likely to stay low, countries from Saudi Arabia, Iraq and Oman to Nigeria and Angola were all in focus. “Countries that are in a somewhat vulnerable external position and have a fixed exchange rate are of course particularly vulnerable,” Friederich said. On individual countries, he said Saudi Arabia's financial reserves and its sovereign wealth fund provided a buffer but that there was not “infinite leeway” in the country's A (stable) rating for the buffers to disappear.

**Oman in talks with banks for around \$2 bln in loans** – Oman is in talks with banks to raise around \$2 billion in loans, sources familiar with the matter said, as part of plans to manage an estimated \$6.5 billion fiscal deficit that may widen due to plunging oil prices. Oman, one of the weakest economies in the oil-rich Gulf region, has piled up debt in recent years to offset the impact of falling crude revenues. Its debt to GDP rate soared to nearly 60% last year from around 15% in 2015, and according to S&P Global Ratings it could reach 70% by 2022. The rapid pace of debt accumulation has raised concerns over its sustainability in view of the slow pace of fiscal and economic reform. This has triggered downgrades by all major credit agencies, which now rate Oman below investment grade. An Omani official confirmed that the Sultanate was talking with banks but declined to give details, citing confidentiality. The finance ministry did not immediately respond to a request for comment.

**KGL's unit seals KWD 16m credit facility deal** – KGL Car Rental Co, a subsidiary of Kuwait and Gulf Link Transport Company (KGL) has inked a credit facility agreement worth KWD 16 million (\$52.6 million) with a local bank. The deal aims to finance the subsidiary's business activities, according to a stock exchange filing on Tuesday. The transaction's material impact will reflect on the unit's financials on 31 December 2020. It is worth highlighting that in the first nine months of 2019, the parent company generated KWD 1.291 million in net profit, a 66.32% slump from KWD 3.832 million in the same period of the preceding year.

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.90	3.22	KSA	2025	2.20	0.22
Abu Dhabi	2047	2.97	4.37	KSA	2029	2.69	0.70
Bahrain	2024	4.25	-3.23	KSA	2049	3.91	-0.69
Bahrain	2029	5.54	-7.35	Oman	2025	5.09	-4.72
Bahrain	2047	6.80	-11.46	Oman	2029	7.15	-12.47
Dubai	2023	3.24	-2.48	Oman	2048	8.37	-18.73
Dubai	2029	3.57	-3.60	Qatar	2024	1.74	1.21
Kuwait	2022	1.44	0.79	Qatar	2028	2.11	2.34
Kuwait	2027	1.89	2.54	Qatar	2049	3.11	6.51

Source: Bloomberg

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.18	7.50	-0.36	0.60
S&P MENA Bond and Sukuk Index	2.70	NA	-1.20	2.18
Bloomberg Emerging Markets USD Index	5.18	6.58	-0.68	-0.82
Bloomberg Global Aggregate Index	1.01	7.47	-1.38	3.88

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	11/03/2020	31/12/2019	11/03/2020	31/12/2019	11/03/2020	31/12/2019
KIBOR	2.5000	2.7500	2.7500	2.9375	3.0000	3.1875
SAIBOR	1.3671	2.2314	1.3700	2.2557	1.3714	2.3071
BHIBOR	1.6500	2.2500	2.2567	2.7000	2.3933	2.8333
QATAR	1.7833	2.2500	1.8667	2.3500	2.0333	2.5333
AEIBOR	1.3969	2.2086	1.3589	2.1914	1.3313	2.2900
EURIBOR	-0.4680	-0.3830	-0.4210	-0.3240	-0.3520	-0.2490
LIBOR	0.7681	1.9084	0.7354	1.9121	0.7435	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.5317	-5.44	-70.0
2-Year	0.5015	-7.17	-70.5
5-Year	0.6061	-10.60	-64.9
7-Year	0.6472	-12.52	-64.0
10-Year	0.6882	-14.51	-63.7
30-Year	0.7200	-13.18	-65.6

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3065	-0.1175	-1.06
SAR	3.7558	0.0986	-0.07
BHD	0.3773	0.0106	-0.03
QAR	3.6775	-0.0463	-0.38
OMR	0.3851	0.0338	-0.01
AED	3.6734	0.0000	-0.01

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.43	0.21
5-Year	0.54	0.64
10-Year	0.66	1.49
30-Year	1.15	3.66

## UK Gilt

	Yield %	1D Δ (%)
2-Year	0.12	-0.16
5-Year	0.15	-0.38
10-Year	0.23	-1.11
30-Year	0.56	-1.91

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.96	-0.08
5-Year	-0.96	-0.22
10-Year	-0.82	-0.66
30-Year	-0.48	-0.78

	Sovereign Ratings		
	Moody's	S&P	Fitch
Abu Dhabi	Aa2	AA	AA
Bahrain	B2	B+	BB-
Kuwait	Aa2	AA	AA
Oman	Ba1	BB	BB+
Qatar	Aa3	AA-	AA-
KSA	A1	A-	A
UAE	Aa2	NR	NR
Egypt	B2	B	B+
Lebanon	Ca	CC	C
Turkey	B1	B+	BB-
Tunisia	B2	NR	B+
Morocco	Ba1	BBB-	BBB-
Jordan	B1	B+	BB-
China	A1	A+	A+
UK	Aa2	AA	AA
USA	Aaa	AA+	AAA
USD 5-Year CDS			YTD Δ (%)
Abu Dhabi	78.560		131.53
Kuwait	45.930		32.72
Dubai	166.510		89.69
Bahrain	308.160		77.97
Qatar	88.580		154.95
KSA	146.470		166.13
Egypt	332.070		23.18
Lebanon	13097.67		660.71
Turkey	297.601		6.19
Iraq	419.190		22.47
Morocco	92.000		11.58
China	61.197		103.20
France	28.620		80.68
Germany	14.302		58.86
Japan	29.233		48.66
UK	22.740		28.63
US	15.420		36.48