

News Updates

UAE May Sell Federal Bond by the End of 2020, Alroeya Says – The United Arab Emirates will likely issue its first federal bonds by the end of the year or in the first quarter of 2021, UAE newspaper Al Roeya said, citing a finance ministry official. The UAE permitted the federal government to begin issuing sovereign debt in 2018, which is usually sold by individual emirates. “There is a need to create a yield curve in the UAE dirham and fill the needs of the local bond market,” Younis Haji al Khoori, undersecretary at the ministry of finance, told Al Roeya. He said surveys are being conducted via the World Bank to gauge demand and evaluate the market. (Source: Al Roeya)

Commercial Bank of Dubai mandated banks for USD Benchmark PNC6 AT1 – Commercial Bank of Dubai P.S.C. (“CBD”), rated Baa1(negative)/A-(stable) by Moody’s/Fitch, has mandated Citigroup and Standard Chartered Bank as Joint Structuring Agents and Global Coordinators, and Barclays, Citigroup, First Abu Dhabi Bank, Emirates NBD Capital, Nomura and Standard Chartered Bank as Joint Lead Managers and Bookrunners to arrange a global investor conference call on Monday 12 October 2020. A benchmark fixed rate resettable USD Regulation S unrated Additional Tier 1 perpetual non-call six year bond will follow subject to market conditions. (Source: Bloomberg)

Dubai’s GEMS Downgraded Deeper Into Junk by Moody’s Over Economy – GEMS Education had its ratings cut by Moody’s Investors Service, a decision it said reflected the impact on the company’s credit ratios of the coronavirus pandemic and a weakening domestic economy. Moody’s downgraded the corporate family rating of GEMS MENASA Cayman Ltd., the entity that owns and operates schools in the United Arab Emirates and abroad, to B3 from B2, according to a statement on Monday. The company’s probability of default rating was lowered to B3-PD from B2-PD and several of its debt facilities to B3 from B2. Corporate families ranked B-PD are “considered speculative and are subject to high default risk,” according to Moody’s. The ratings company cited “the negative effects of the coronavirus pandemic on the economic environment in the UAE, and in Dubai in particular.” (Source: Bloomberg)

Fitch Says Abu Dhabi’s Tabreed May Use Debt Sale for Acquisition – National Central Cooling Co, also known as Tabreed, may use its debt offering for acquiring cooling assets in Abu Dhabi, Fitch Ratings said. Tabreed mandated HSBC Holdings Plc and JPMorgan Chase & Co. to arrange a series of fixed-income investor calls starting Monday, according to people familiar with the matter. “Proceeds from notes issuance are intended to be used to acquire certain district cooling assets in Abu Dhabi and for general corporate purposes,” Fitch said. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.91	4.96	KSA	2025	1.21	6.83
Abu Dhabi	2030	1.61	9.41	KSA	2030	2.02	11.09
Abu Dhabi	2050	2.68	20.57	KSA	2050	3.23	10.42
Bahrain	2026	4.06	-3.89	Oman	2025	5.02	-4.42
Bahrain	2030	5.48	11.22	Oman	2029	6.36	-7.15
Bahrain	2047	6.49	-8.12	Oman	2048	7.57	-10.45
Dubai	2029	2.53	3.25	Qatar	2025	0.95	6.85
Kuwait	2022	0.35	1.52	Qatar	2030	1.69	12.27
Kuwait	2027	1.25	5.48	Qatar	2050	2.80	23.41

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.62	8.08	0.00	6.65
S&P MENA Bond and Sukuk Index	2.09	NA	0.16	8.23
Bloomberg Emerging Markets USD Index	3.94	6.80	0.28	2.93
Bloomberg Global Aggregate Index	0.91	7.42	0.08	6.19

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	13/10/2020	31/12/2019	13/10/2020	31/12/2019	13/10/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8600	2.2314	0.9100	2.2557	0.9750	2.3071
BHIBOR	2.2500	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.1410	2.2500	1.2098	2.3500	1.3600	2.5333
AEIBOR	0.4300	2.2086	0.6617	2.1914	0.7876	2.2900
EURIBOR	-0.5090	-0.3830	-0.4860	-0.3240	-0.4630	-0.2490
LIBOR	0.2241	1.9084	0.2458	1.9121	0.3476	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2173	-0.31	-87.7
2-Year	0.2353	-0.31	-86.1
5-Year	0.4038	-0.87	-76.6
7-Year	0.5719	-1.01	-68.2
10-Year	0.7978	0.19	-57.9
30-Year	1.2173	-1.16	-41.8

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3058	0.0000	-0.87
SAR	3.7513	-0.0027	0.01
BHD	0.3771	-0.0053	-0.02
QAR	3.6420	0.0055	0.01
OMR	0.3850	0.0000	0.00
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.15	0.01
5-Year	0.33	0.05
10-Year	0.76	0.12
30-Year	1.56	0.37

Source: Bloomberg

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.04	0.02
5-Year	-0.04	0.03
10-Year	0.27	0.09
30-Year	0.85	0.05

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.73	0.00
5-Year	-0.77	0.00
10-Year	-0.61	0.00
30-Year	-0.12	0.00

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

	13-Oct 2020	31-Dec 2019
Kuwait	51.16	36.700
KSA	67.91	56.915
Abu Dhabi	38.23	36.090
Dubai	131.31	91.005
Qatar	37.46	36.705
Bahrain	327.04	175.995
Oman	447.08	234.400
Iraq	612.95	383.680
Egypt	418.04	277.420
Morocco	115.60	91.435
Turkey	499.56	282.130
US	14.31	10.810
UK	18.27	16.210
China	36.93	31.205
Japan	15.73	21.042
Germany	9.49	7.080
France	17.09	16.130