

News Updates

UAE banks face write-downs of between 25%-50% on NMC debt: sources

– Banks in the United Arab Emirates (UAE) with exposure to troubled hospital operator NMC Health risk having to make provisions for between 25% to 50% on more than \$2 billion of outstanding debt to the company, three banking sources said. NMC, the largest private healthcare provider in the UAE, was placed into administration earlier in April after months of turmoil which followed questions about its financial reporting from short-seller Muddy Waters. Some UAE banks have classified their debt exposure to the company as "doubtful", a UAE central bank document showed and one of the three sources familiar with the matter said. NMC, which has borrowed from a total of 80 local and international banks, disclosed \$6.6 billion in debt last month, above \$2.1 billion disclosed in June last year.

Dubai Power, Water Utility Rating Nears Junk at Moody's on Virus

– Dubai's power and water monopoly had its credit rating cut closer to junk status at Moody's Investors Service, citing the potential impact of the coronavirus on the emirate's economy. Dubai Electricity & Water Authority's rating was lowered to Baa2, two levels above non-investment grade, from Baa1 with negative outlook, according to a statement. The downgrade "reflects the risk of sustained large dividend transfers from DEWA to the government of Dubai as a result of the deteriorating economic and fiscal health of the emirate," Moody's said. The utility's "operating performance will likely deteriorate as a result of the likely decline in the expatriate population," it said.

Fitch Ratings: GCC Bank Credit Profiles to Weaken Despite Vast Stimulus

– The standalone credit profiles of Gulf Cooperation Council (GCC) banks are set to weaken due to the coronavirus pandemic and lower oil prices despite unprecedented economic stimulus packages worth hundreds of billions of US dollars, Fitch Ratings says in a new report. Most central banks in the region have relaxed capital and liquidity requirements, and scaled back other lending restrictions, to help banks to keep lending amid the pandemic. However, this is credit-negative and could lead to looser underwriting standards, higher risk appetite and, over time, weaker asset quality.

Powell Says More Action Needed to Shield U.S. Economy From Virus

– Federal Reserve Chairman Jerome Powell urged lawmakers to deliver more fiscal stimulus to shield the U.S. economy from the coronavirus as he warned of a weak recovery even once the pandemic passes. The Federal Open Market Committee held interest rates near zero and said in a unanimous statement that it "will use its tools and act as appropriate to support the economy." Officials also cautioned the pandemic would weigh on the economy over the medium term. Data earlier on Wednesday showed the economy had already shrunk in the first quarter at the fastest pace since 2008.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.20	0.92	KSA	2025	2.53	-1.49
Abu Dhabi	2047	3.45	-4.57	KSA	2029	2.94	-1.31
Bahrain	2024	6.15	-9.85	KSA	2049	4.43	-9.36
Bahrain	2029	7.19	-18.31	Oman	2025	6.95	-12.98
Bahrain	2047	7.85	-22.24	Oman	2029	10.06	-27.99
Dubai	2023	2.58	-1.11	Oman	2048	10.00	-31.89
Dubai	2029	3.97	-6.60	Qatar	2024	1.86	0.52
Kuwait	2022	1.51	0.40	Qatar	2028	2.57	-1.35
Kuwait	2027	2.00	1.40	Qatar	2049	3.73	-4.33

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.22	7.32	-0.03	-5.48
S&P MENA Bond and Sukuk Index	3.32	NA	0.11	-2.31
Bloomberg Emerging Markets USD Index	6.88	6.26	0.14	-8.17
Bloomberg Global Aggregate Index	1.05	7.33	0.23	0.96

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	30/04/2020	31/12/2019	30/04/2020	31/12/2019	30/04/2020	31/12/2019
KIBOR	1.7500	2.7500	2.0000	2.9375	2.1875	3.1875
SAIBOR	1.2371	2.2314	1.2443	2.2557	1.2429	2.3071
BHIBOR	1.9667	2.6667	2.0667	2.7000	2.3000	2.8333
QATAR	1.2775	2.2500	1.3389	2.3500	1.4597	2.5333
AEIBOR	1.4875	2.2086	1.5692	2.1914	1.6266	2.2900
EURIBOR	-0.2610	-0.3830	-0.1690	-0.3240	-0.1310	-0.2490
LIBOR	0.7601	1.9084	0.8619	1.9121	0.9098	1.9963

USD Swap Rates

	Currencies			Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.4020	-0.03	-77.3	KWD	0.3089	0.0648
2-Year	0.3357	-0.07	-80.2	SAR	3.7607	-0.0053
5-Year	0.4200	-0.12	-75.7	BHD	0.3786	0.0000
7-Year	0.5210	-0.19	-71.0	QAR	3.6417	0.0000
10-Year	0.6370	-0.10	-66.4	OMR	0.3851	0.0000
30-Year	0.8160	-0.15	-61.0	AED	3.6731	0.0000

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.20	0.02	0.03	0.01
5-Year	0.37	0.04	0.14	0.03
10-Year	0.63	-0.13	0.28	0.01
30-Year	1.25	-1.23	0.62	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	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

	30-Apr 2020	31-Dec 2019
Kuwait	101.800	36.700
KSA	154.420	56.915
Abu Dhabi	117.620	36.090
Dubai	270.420	91.005
Qatar	115.320	36.705
Bahrain	477.620	175.995
Oman	756.530	234.400
Iraq	1230.620	383.680
Egypt	644.500	277.420
Morocco	179.510	91.435
Turkey	587.510	282.130
US	16.780	10.810
UK	31.850	16.210
China	44.120	31.205
Japan	31.200	21.042
Germany	20.910	7.080
France	38.050	16.130