

News Updates

Saudis Begin Curbing Oil Output Ahead of OPEC+ Start Date – Saudi Aramco began reducing oil production earlier this week ahead of the May 1 start date for OPEC+ output cuts, according to a Saudi industry official familiar with the matter. Aramco has begun to curtail production from about 12 million barrels a day to achieve the agreed level of 8.5 million barrels a day. The country joins fellow OPEC members Kuwait, Algeria and Nigeria in kicking off cuts early. The Organization of Petroleum Exporting Countries and its allies -- 23 nations in all -- agreed this month to slash global supply by 10% in an effort to balance a market roiled by the coronavirus crisis. Although the cutbacks will amount to an unprecedented 9.7 million barrels a day, crude prices have continued to slide as worldwide lockdowns wipe out demand. Aramco is likely to be pumping at its targeted level slightly ahead of May 1. Kuwait said two days ago it had started cutting oil output early as it “felt responsibility to respond to market conditions.”

Saudi Arabia raises \$1.48bn in local sukuk – Saudi Arabia has raised 5.55 billion riyals in sukuk, or Islamic bonds, the Finance Ministry said in a statement on Thursday. The first tranche of the sukuk issue has a size of 1.3 billion riyals, and a total tranche size of 2.523 billion riyals, maturing in 2027, the ministry said. The second tranche has a size of 4.25 billion riyals, and a total tranche size of 8.238 billion riyals, maturing in 2035.

UAE property slump to linger well into 2021: S&P – The UAE’s real estate market might take some time to recover from the slowdown induced by the coronavirus this year. Ratings agency S&P said on Thursday that prices will likely decline more steeply in 2020 and the real estate slump will linger well into 2021. The widespread lockdowns and bans on cross-border travels due to coronavirus have kept investors away from the property market. In March alone, off-plan residential sales transactions volume in Dubai plunged 42 percent compared to February, according to ValuStrat. “The real estate sector is an important part of the UAE’s activity. The current supply-demand imbalance in the sector, particularly in Dubai, had been exacerbated by the pandemic’s effects,” said S&P. Considering the bleak economic backdrop, S&P has taken negative rating actions on major property developers in the UAE, based on the pandemic’s effects. The rating for Emaar, the master developer of the world’s tallest tower Burj Khalifa, has been downgraded from BBB-/Stable to BBB-/Neg.

Saudi Binladin Hires Houlihan Lokey for \$15 Billion Debt Revamp – Saudi Binladin Group hired Houlihan Lokey Inc. as an adviser to help the kingdom’s biggest construction firm to restructure an estimated \$15 billion of debt. The investment bank will assist in “a comprehensive review and financial restructuring of SBG’s capital structure,” according to a statement from Binladin International Holding Group. The restructuring is aimed at reorganizing privately-held Saudi Binladin’s assets into sector-led businesses, streamlining operations, and ramping activities across key projects and businesses, it said.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.39	-0.39	KSA	2025	2.73	-2.35
Abu Dhabi	2047	3.56	-6.29	KSA	2029	3.09	-2.53
Bahrain	2024	6.58	-10.86	KSA	2049	4.44	-9.52
Bahrain	2029	7.57	-19.70	Oman	2025	7.27	-14.00
Bahrain	2047	8.21	-24.96	Oman	2029	10.37	-29.62
Dubai	2023	3.16	-2.78	Oman	2048	10.41	-34.10
Dubai	2029	4.13	-8.09	Qatar	2024	2.12	-0.33
Kuwait	2022	1.40	0.42	Qatar	2028	2.74	-2.32
Kuwait	2027	2.07	0.86	Qatar	2049	3.79	-5.29

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.26	7.32	0.21	-5.63
S&P MENA Bond and Sukuk Index	3.37	NA	0.24	-2.56
Bloomberg Emerging Markets USD Index	6.99	6.26	-0.09	-8.15
Bloomberg Global Aggregate Index	1.08	7.33	0.09	0.68

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	26/04/2020	31/12/2019	26/04/2020	31/12/2019	26/04/2020	31/12/2019
KIBOR	1.7500	2.7500	2.0000	2.9375	2.2500	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	1.2400	2.2500	1.2833	2.3500	1.3833	2.5333
AEIBOR	1.6933	2.2086	1.5950	2.1914	1.8610	2.2900
EURIBOR	-0.1920	-0.3830	-0.1360	-0.3240	-0.0830	-0.2490
LIBOR	0.9914	1.9084	0.9653	1.9121	0.9603	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.4791	-3.71	-72.9	KWD	0.3091	-0.0324	-1.94
2-Year	0.3840	-1.45	-77.4	SAR	3.7622	0.0053	-0.26
5-Year	0.4514	0.09	-73.9	BHD	0.3788	0.0000	-0.32
7-Year	0.5344	-0.23	-70.3	QAR	3.6414	-0.0027	0.01
10-Year	0.6323	-0.66	-66.6	OMR	0.3851	0.0000	-0.01
30-Year	0.7540	-2.83	-63.9	AED	3.6731	0.0000	0.00

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.22	-0.01	0.05	-0.02
5-Year	0.37	-0.02	0.16	-0.05
10-Year	0.60	0.02	0.29	-0.04
30-Year	1.17	0.35	0.62	-0.27

Source: Bloomberg

Sovereign Ratings

	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

	26-Apr 2020	31-Dec 2019
Kuwait	103.820	36.700
KSA	164.160	56.915
Abu Dhabi	122.700	36.090
Dubai	281.310	91.005
Qatar	124.100	36.705
Bahrain	475.320	175.995
Oman	729.570	234.400
Iraq	1230.650	383.680
Egypt	647.560	277.420
Morocco	177.130	91.435
Turkey	606.207	282.130
US	17.810	10.810
UK	34.444	16.210
China	48.980	31.205
Japan	33.370	21.042
Germany	23.133	7.080
France	41.290	16.130