

## News Updates

**Saudi Arabia's SABIC issues \$1bn in two-part bonds** – Saudi Basic Industries Corp (SABIC), the world's fourth-biggest petrochemicals firm, sold \$1bn in dual-tranche bonds on Thursday. SABIC sold \$500m of 10-year bonds and \$500m of 30-year Formosa bonds. SABIC offered investors 155 basis points over midswaps for the 10-year paper and 3% for the 30-year notes. It received over \$8bn of order for the debt offering, Reuters reported. SABIC's bond issuance is one of the largest corporate debt deals in the Middle East this year, following bonds sold by DP World and Equate Petroleum, which raised \$1.5bn and \$1.6bn, respectively. (Source: Reuters)

**Dubai Raises \$2 Billion After Six-Year Bond Market Hiatus** –The sheikhdom, one of seven that make up the United Arab Emirates, raised \$2 billion from the two-part bond sale, according to a person familiar with the matter. The 10-year sukuk priced at 210 basis points over U.S. Treasuries, with a yield of 4% for the 30-year notes. Dubai isn't rated by any of the major credit assessors. It's offering higher yields than Sharjah, a lesser-known emirate that's rated Baa2, two levels above non-investment grade, by Moody's Investors Service. Dubai's rating would probably be higher than that, according to Bank of Singapore Ltd. “The incremental premium is more for the lack of rating or transparency than the implication that investors view the stand-alone rating of Dubai to be weaker than Sharjah,” said Todd Schubert, Singapore-based head of fixed-income research at Bank of Singapore. (Source: Bloomberg)

**Fed policymakers signal comfort with higher inflation** – In the week since the Federal Reserve made a landmark shift in its approach to monetary policy, details are emerging on what it could look like in practice, with two Fed policymakers on Thursday saying they'd be comfortable with leaving interest rates near zero even if inflation rises to levels not seen on a sustained basis in some 30 years. Remarks from a number of Fed policymakers in recent days suggest that a shift to a more accommodative stance in pursuit of higher inflation isn't imminent and that most feel the next move to support the economy needs to come from Congress. Chicago Fed President Charles Evans said that the accommodative policies could take the form of promising to keep interest rates pinned near zero until inflation reaches 2.5%, well above current low levels and modestly above the U.S. central bank's inflation target of 2%. “I'd be comfortable with inflation going up to 2.5% as long as we were trying to average off very low inflation rates,” Evans stated. (Source: Reuters)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.02	4.64	KSA	2025	1.47	5.65
Abu Dhabi	2030	1.65	9.22	KSA	2030	2.19	9.47
Abu Dhabi	2050	2.65	21.45	KSA	2050	3.20	11.14
Bahrain	2026	3.89	-3.03	Oman	2025	4.94	-4.07
Bahrain	2030	5.02	15.09	Oman	2029	5.99	-4.78
Bahrain	2047	6.30	-6.04	Oman	2048	7.47	-9.46
Dubai	2029	2.61	2.82	Qatar	2025	1.10	6.41
Kuwait	2022	0.48	1.53	Qatar	2030	1.74	11.95
Kuwait	2027	1.19	5.95	Qatar	2050	2.78	23.66

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.60	8.08	-0.35	6.49
S&P MENA Bond and Sukuk Index	2.09	NA	-0.20	8.06
Bloomberg Emerging Markets USD Index	4.04	6.80	-0.39	3.54
Bloomberg Global Aggregate Index	0.91	7.42	-0.45	5.72

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	06/09/2020	31/12/2019	06/09/2020	31/12/2019	06/09/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.8900	2.2314	0.9400	2.2557	0.9943	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	1.0313	2.2500	1.1250	2.3500	1.2625	2.5333
AEIBOR	0.5308	2.2086	0.6745	2.1914	0.8287	2.2900
EURIBOR	-0.4830	-0.3830	-0.4510	-0.3240	-0.4010	-0.2490
LIBOR	0.2480	1.9084	0.2921	1.9121	0.4210	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2387	0.38	-86.5
2-Year	0.2312	1.03	-86.4
5-Year	0.3651	4.39	-78.9
7-Year	0.5182	5.83	-71.2
10-Year	0.7245	7.05	-61.8
30-Year	1.0952	8.96	-47.6

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3057	-0.0981	-0.87
SAR	3.7506	0.0000	0.02
BHD	0.3770	0.0000	0.01
QAR	3.6417	-0.0082	0.00
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.14	-0.03
5-Year	0.30	-0.25
10-Year	0.72	-0.79
30-Year	1.47	-2.62

Source: Bloomberg

## UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.09	-0.06
5-Year	-0.04	-0.10
10-Year	0.26	-0.36
30-Year	0.83	-0.62

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.72	-0.01
5-Year	-0.72	-0.06
10-Year	-0.54	-0.17
30-Year	-0.03	-0.70

## 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	B2	B+	B+
Oman	Ba3	BB-	BB-
Egypt	B2	B	B+
Lebanon	C	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

	06-Sep 2020	31-Dec 2019
Kuwait	47.49	36.700
KSA	80.97	56.915
Abu Dhabi	43.12	36.090
Dubai	130.21	91.005
Qatar	42.68	36.705
Bahrain	282.81	175.995
Oman	417.89	234.400
Iraq	573.06	383.680
Egypt	418.00	277.420
Morocco	121.20	91.435
Turkey	511.32	282.130
US	13.03	10.810
UK	15.80	16.210
China	33.81	31.205
Japan	15.84	21.042
Germany	9.30	7.080
France	14.72	16.130