

## News Updates

**Bahrain Sells Riskiest Eurobond Since Market Reopened** – The Gulf kingdom of Bahrain became the lowest-rated country selling dollar bonds since the market hiatus triggered by the Covid-19 pandemic subsided in late March. Only the strongest borrowers from the Middle East have tapped international markets since then. Bahrain, which has a B+ rating from S&P Global Ratings, sold \$2 billion in 10-year notes and 4.5-year Islamic securities. The 10-year bonds yield 7.375%, a substantial yield premium that has attracted more than \$7.5 billion in demand for the deal so far. The Sukuk bonds yield 6.25%. The island nation's \$1.25 billion of notes due in 2029 traded at 7.16% on Thursday, down 7 basis points from a day earlier. Bahrain has the added protection of a \$10 billion bailout package provided by its regional allies.

**S&P affirms Qatar's rating at 'AA-', outlook at 'stable'** – S&P Global Ratings on Friday affirmed Qatar's rating at "AA-", saying it believes the Arab country's government and external balance sheets will be able to provide sufficient buffers to withstand shocks. The agency said it expects a timely policy response from Qatar's government to shore up its liquidity, given continued challenges in the international capital markets. Qatar sold \$10 billion in bonds in April, the first Gulf state to raise cash in the debt markets against a backdrop of low oil prices and market uncertainty caused by the coronavirus pandemic. "Despite a sharp economic contraction and low hydrocarbon prices, we don't expect the government's fiscal and external stock positions will materially deteriorate beyond our expectations," the ratings agency said in a statement.

**UAE banks used 75% of \$13.6 bln COVID-19 liquidity facility - Central Bank** – UAE banks have used 75 percent of the liquidity facility allocated for Targeted Economic Support Scheme (TESS), the Central Bank of the UAE (CBUAE) said. In March, the Central Bank developed detailed regulations and guidelines for TESS and had urged banks to process more applications from individuals, corporates and SMEs whose business operations are affected by coronavirus pandemic. This included the 50 billion dirhams (\$13.6 billion) of zero-cost collateralised loans, which is now being utilised and a loosening of banks' capital buffers, in order to encourage them to adopt more lending.

**Fed Slows Treasury Buying Again to \$7 Billion a Day Next Week** – The Federal Reserve further slowed the pace at which it plans to buy Treasuries under the unlimited program that began in March. The U.S. central bank, which has bought more than \$1.5 trillion of Treasuries in daily operations over eight weeks in an effort to restore smooth market functioning during the coronavirus pandemic, on Friday said it would buy securities at a pace of about \$7 billion a day May 11-15. It bought at a pace of around \$8 billion a day this week. The Treasury purchase operations began March 13 and peaked in size at \$75 billion per day from March 19 to April 1. The pace was subsequently reduced in stages. There will be one or two operations each day, targeting either nominal Treasuries or inflation-protected securities, according to the schedule.

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.05	1.90	KSA	2025	2.42	-1.04
Abu Dhabi	2047	3.37	-3.35	KSA	2029	2.80	-0.37
Bahrain	2024	5.89	-8.81	KSA	2049	4.30	-7.59
Bahrain	2029	7.04	-16.74	Oman	2025	6.23	-10.10
Bahrain	2047	7.73	-21.19	Oman	2029	9.14	-23.45
Dubai	2023	2.41	-0.70	Oman	2048	9.18	-25.95
Dubai	2029	3.76	-5.08	Qatar	2024	1.63	1.37
Kuwait	2022	1.24	0.78	Qatar	2028	2.40	-0.26
Kuwait	2027	1.89	2.16	Qatar	2049	3.56	-1.46

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.80	7.32	0.05	-3.12
S&P MENA Bond and Sukuk Index	3.00	NA	0.00	-0.26
Bloomberg Emerging Markets USD Index	5.68	6.26	0.14	-6.25
Bloomberg Global Aggregate Index	1.05	7.33	-0.05	0.78

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	10/05/2020	31/12/2019	10/05/2020	31/12/2019	10/05/2020	31/12/2019
KIBOR	1.7500	2.7500	2.0000	2.9375	2.2500	3.1875
SAIBOR	1.1686	2.2314	1.2029	2.2557	1.2200	2.3071
BHIBOR	2.2333	2.6667	2.3833	2.7000	2.5833	2.8333
QATAR	1.2101	2.2500	1.2495	2.3500	1.3782	2.5333
AEIBOR	0.8625	2.2086	1.6356	2.1914	1.7799	2.2900
EURIBOR	-0.2460	-0.3830	-0.1450	-0.3240	-0.0750	-0.2490
LIBOR	0.4346	1.9084	0.6880	1.9121	0.7829	1.9963

## USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.3158	1.44	-82.2	KWD	0.3089	-0.0324	-1.89
2-Year	0.2562	1.37	-84.9	SAR	3.7565	0.0000	-0.13
5-Year	0.3544	2.09	-79.5	BHD	0.3779	0.0000	-0.24
7-Year	0.4888	2.78	-72.8	QAR	3.6417	-0.0082	0.00
10-Year	0.6439	3.59	-66.0	OMR	0.3850	0.0000	-0.01
30-Year	0.8871	4.66	-57.6	AED	3.6730	0.0000	0.00

## US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.16	-0.03	-0.02	0.03
5-Year	0.33	-0.14	0.06	0.05
10-Year	0.68	-0.41	0.23	-0.09
30-Year	1.38	-1.39	0.55	0.17

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

	10-May 2020	31-Dec 2019
Kuwait	99.770	36.700
KSA	156.780	56.915
Abu Dhabi	107.520	36.090
Dubai	262.990	91.005
Qatar	107.390	36.705
Bahrain	457.550	175.995
Oman	709.650	234.400
Iraq	1122.150	383.680
Egypt	625.240	277.420
Morocco	168.840	91.435
Turkey	644.340	282.130
US	17.380	10.810
UK	29.420	16.210
China	47.260	31.205
Japan	29.650	21.042
Germany	21.440	7.080
France	38.750	16.130