

News Updates

Government of Sharjah hires banks for 30-yr Formosa bonds – Sharjah, the third-largest emirate of the United Arab Emirates, has hired banks to arrange the issuance of U.S. dollar-denominated 30-year Formosa bonds, a document showed on Monday. It would be Sharjah's first Formosa, first long-dated and first conventional benchmark bond, said a source close to the deal. Benchmark generally means at least \$500 million. The emirate's longest maturity in the public market so far is 10 years. “The 30 years duration and the Formosa market would allow Sharjah to tap a new investor base,” the source said. Sharjah sold \$500 million in five-year sukuk, or Islamic bonds, last month. Formosa bonds are sold in Taiwan by foreign borrowers and are denominated in currencies other than the Taiwanese dollar. (Source: Reuters)

IMF slashes Middle East and Central Asia growth forecasts – The International Monetary Fund (IMF) has revised downwards its growth projections for the Middle East and Central Asia as economies were hurt worse than expected by the double blow of lower oil prices and the coronavirus crisis. The region, which includes around 30 countries spanning from Mauritania to Kazakhstan, will see real, or inflation-adjusted, gross domestic product (GDP) fall by 4.7% this year, 2 percentage points lower than IMF forecasts in April, the fund said in a report on Monday. After portfolio outflows estimated at between \$6 billion and \$8 billion in March alone, uncertainty around the length of the pandemic could expose the region to further market volatility and curb governments' ability to refinance some \$21 billion in debt due in the second half of this year, said the fund. (Source: Reuters)

Central bankers say now is the time to get ready for end of Libor – Top central bankers in the United States and Britain said the end-2021 deadline for dropping the Libor benchmark interest rate would not be extended because of the COVID crisis and lenders and borrowers had to have their transition plans in place now. Bank of England Governor Andrew Bailey acknowledged there had been calls since the coronavirus pandemic escalated to step back from the shift away from Libor which is used to price trillions of dollars of financial contracts. “But in my view, what we saw in financial markets in March in response to the shock of Covid only reinforces the importance of removing the financial system's dependence on Libor in a timely way,” he said on Monday. Last week, the Financial Stability Board, a global body for regulators, warned of a “significant negative impact” if authorities do not prepare for the end of Libor because many existing contracts are due to mature after 2021. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.50	5.52	KSA	2025	1.41	3.31
Abu Dhabi	2047	2.77	7.43	KSA	2029	2.12	4.66
Bahrain	2024	4.14	-3.40	KSA	2049	3.42	7.24
Bahrain	2029	5.56	-7.71	Oman	2025	5.02	-4.59
Bahrain	2047	6.75	-10.99	Oman	2029	7.22	-12.51
Dubai	2023	1.65	1.20	Oman	2048	8.02	-15.14
Dubai	2029	3.01	0.02	Qatar	2024	1.05	3.22
Kuwait	2022	0.53	1.79	Qatar	2028	1.72	4.42
Kuwait	2027	1.41	4.91	Qatar	2049	2.97	8.97

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.93	7.32	-0.08	3.56
S&P MENA Bond and Sukuk Index	2.34	NA	-0.13	5.48
Bloomberg Emerging Markets USD Index	4.56	6.26	-0.14	0.35
Bloomberg Global Aggregate Index	0.92	7.33	0.08	3.85

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	14/07/2020	31/12/2019	14/07/2020	31/12/2019	14/07/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8750	2.9375	2.1250	3.1875
SAIBOR	0.9629	2.2314	1.0086	2.2557	1.0557	2.3071
BHIBOR	2.3000	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.0091	2.2500	1.1155	2.3500	1.2802	2.5333
AEIBOR	0.5000	2.2086	1.1971	2.1914	1.0658	2.2900
EURIBOR	-0.4400	-0.3830	-0.3300	-0.3240	-0.2840	-0.2490
LIBOR	0.2681	1.9084	0.3454	1.9121	0.4801	1.9963

USD Swap Rates

	Currencies			Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2557	0.60	-85.6	KWD	0.3073	-0.0163
2-Year	0.2241	0.56	-86.8	SAR	3.7513	-0.0027
5-Year	0.3343	-0.65	-80.7	BHD	0.3771	0.0000
7-Year	0.4659	-0.75	-74.1	QAR	3.6421	0.0000
10-Year	0.6245	-0.77	-67.0	OMR	0.3850	0.0000
30-Year	0.8751	-0.14	-58.2	AED	3.6731	0.0000

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.16	0.00	-0.11	-0.01
5-Year	0.30	0.04	-0.06	-0.09
10-Year	0.64	0.05	0.18	-0.42
30-Year	1.34	0.02	0.65	-0.97

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	Ba3	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

	14-Jul 2020	31-Dec 2019
Kuwait	61.150	36.700
KSA	96.620	56.915
Abu Dhabi	60.470	36.090
Dubai	182.220	91.005
Qatar	56.240	36.705
Bahrain	333.490	175.995
Oman	467.440	234.400
Iraq	691.370	383.680
Egypt	444.160	277.420
Morocco	134.300	91.435
Turkey	514.120	282.130
US	12.170	10.810
UK	25.710	16.210
China	43.880	31.205
Japan	15.880	21.042
Germany	12.950	7.080
France	19.600	16.130