

## News Updates

**Fitch Rates DP World's Hybrids 'BB'/Stable** – Fitch Ratings has assigned DP World Salaam Limited's (DPWS) USD1.5 billion hybrid Sukuk instruments final ratings of 'BB' with a Stable Outlook. The perpetual hybrid issue is deeply subordinated, senior only to DP World PLC's (DWP; BBB-/Stable) share capital, while profit payments can be deferred at the discretion of the issuer. As a result, the 'BB'/Stable rating is two notches below DPW's Issuer Default Rating (IDR) reflecting the notes' higher risk of non-performance relative to senior obligations. DPW is being taken private. Its parent company, Port and Freezone World FZE (PFZW, together with DPW, the group) is in the process of buying back the 19.55% minority shareholding in DPW, taking the company private and re-leveraging the group. DPW has surpassed the threshold needed to squeeze out minorities, allowing for more visibility on its medium-term capital structure. In line with its deleveraging plans, the issuer has issued a subordinated perpetual Sukuk instrument in US dollars. (Source: Fitch)

**UAE's Dana Gas asks sukuk investors to disclose holdings** – United Arab Emirates' Dana Gas has asked owners of its bonds to provide information on their holdings, three sources said and a document reviewed by Reuters showed, a move that some investors fear may be a step towards another debt restructuring. Dana Gas shook the global Islamic finance industry in 2017, when it said it would not redeem its \$700 million sukuk, or Islamic bonds, arguing they were no longer valid under UAE law because of changes in Islamic financial practice. Dana, which now has nearly \$380 million in outstanding sukuk due on Oct. 31, this week has asked investors to disclose their holdings, according to an information request seen by Reuters. (Source: Reuters)

**Lagarde puts green policy top of agenda in ECB bond buying** – Christine Lagarde, president of the European Central Bank, has opened the door to using its €2.8tn asset purchase scheme to pursue green objectives, promising to examine changes to all of its operations in the fight against climate change. It is the first time that the ECB president has committed to examine “greener” changes to all of the central bank's operations, including asset purchases. “I want to explore every avenue available in order to combat climate change,” she told the Financial Times in a video interview. “This is something that I hold very strongly.” The move would make the ECB the first main central bank to use a flagship bond-buying programme to pursue green objectives. The ECB “has to look at all the business lines and the operations in which we are engaged in order to tackle climate change, because at the end of the day, money talks”, Ms Lagarde said. (Source: Financial Times)

## GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi  | 2027     | 1.52    | 5.23            | KSA        | 2025     | 1.40    | 3.30            |
| Abu Dhabi  | 2047     | 2.81    | 6.52            | KSA        | 2029     | 2.12    | 4.61            |
| Bahrain    | 2024     | 4.16    | -3.59           | KSA        | 2049     | 3.49    | 5.62            |
| Bahrain    | 2029     | 5.44    | -6.98           | Oman       | 2025     | 4.94    | -4.26           |
| Bahrain    | 2047     | 6.61    | -9.56           | Oman       | 2029     | 6.95    | -10.98          |
| Dubai      | 2023     | 1.69    | 1.06            | Oman       | 2048     | 7.77    | -12.72          |
| Dubai      | 2029     | 2.97    | 0.14            | Qatar      | 2024     | 1.12    | 2.95            |
| Kuwait     | 2022     | 0.51    | 1.84            | Qatar      | 2028     | 1.72    | 4.21            |
| Kuwait     | 2027     | 1.42    | 4.75            | Qatar      | 2049     | 3.03    | 7.92            |

## Bonds and Sukuk Indices

| Index Name                           | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index               | 2.89    | 7.32           | -0.16    | 3.76      |
| S&P MENA Bond and Sukuk Index        | 2.32    | NA             | 0.00     | 5.69      |
| Bloomberg Emerging Markets USD Index | 4.54    | 6.26           | 0.03     | 0.53      |
| Bloomberg Global Aggregate Index     | 0.94    | 7.33           | 0.03     | 3.44      |

## Interbank Rates (%)

|         | 3 Months   |            | 6 Months   |            | 12 Months  |            |
|---------|------------|------------|------------|------------|------------|------------|
|         | 09/07/2020 | 31/12/2019 | 09/07/2020 | 31/12/2019 | 09/07/2020 | 31/12/2019 |
| KIBOR   | 1.6250     | 2.7500     | 1.8125     | 2.9375     | 2.1250     | 3.1875     |
| SAIBOR  | 0.9671     | 2.2314     | 1.0243     | 2.2557     | 1.0686     | 2.3071     |
| BHIBOR  | 2.3000     | 2.6667     | 2.5333     | 2.7000     | 2.6833     | 2.8333     |
| QATAR   | 1.1701     | 2.2500     | 1.2362     | 2.3500     | 1.3465     | 2.5333     |
| AEIBOR  | 0.7824     | 2.2086     | 1.0400     | 2.1914     | 1.3869     | 2.2900     |
| EURIBOR | -0.4360    | -0.3830    | -0.3130    | -0.3240    | -0.2580    | -0.2490    |
| LIBOR   | 0.2684     | 1.9084     | 0.3603     | 1.9121     | 0.4923     | 1.9963     |

## USD Swap Rates

|         | Currencies |            |           |     | Currencies |            |           |
|---------|------------|------------|-----------|-----|------------|------------|-----------|
|         | Yield %    | 1D Δ (bps) | YTD Δ (%) |     | USD        | 1D Δ (bps) | YTD Δ (%) |
| 1-Year  | 0.2528     | 0.08       | -85.7     | KWD | 0.3075     | 0.0000     | -1.43     |
| 2-Year  | 0.2169     | -0.08      | -87.2     | SAR | 3.7514     | 0.0000     | 0.02      |
| 5-Year  | 0.3191     | 0.40       | -81.5     | BHD | 0.3771     | 0.0000     | 0.00      |
| 7-Year  | 0.4552     | 0.75       | -74.7     | QAR | 3.6421     | -0.0082    | 0.01      |
| 10-Year | 0.6209     | 1.03       | -67.2     | OMR | 0.3850     | 0.0000     | 0.00      |
| 30-Year | 0.8955     | 1.38       | -57.2     | AED | 3.6731     | 0.0000     | 0.00      |

## US Treasuries

|         | Yield % | 1D Δ (%) | Yield % | 1D Δ (%) | Yield % | 1D Δ (%) |
|---------|---------|----------|---------|----------|---------|----------|
| 2-Year  | 0.15    | 0.01     | -0.09   | 0.00     | -0.68   | 0.00     |
| 5-Year  | 0.29    | -0.02    | -0.05   | 0.02     | -0.68   | 0.02     |
| 10-Year | 0.65    | -0.09    | 0.18    | -0.04    | -0.51   | 0.10     |
| 30-Year | 1.39    | -0.23    | 0.64    | -0.35    | -0.01   | 0.78     |

Source: Bloomberg

## German Bunds

|                    | 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+    |
| <b>USD 5Yr CDS</b> | <b>9-Jul 2020</b> | <b>31-Dec 2019</b> |       |
| Kuwait             | 61.150            | 36.700             |       |
| KSA                | 94.320            | 56.915             |       |
| Abu Dhabi          | 60.530            | 36.090             |       |
| Dubai              | 170.710           | 91.005             |       |
| Qatar              | 58.370            | 36.705             |       |
| Bahrain            | 329.960           | 175.995            |       |
| Oman               | 466.140           | 234.400            |       |
| Iraq               | 701.330           | 383.680            |       |
| Egypt              | 436.600           | 277.420            |       |
| Morocco            | 129.830           | 91.435             |       |
| Turkey             | 500.290           | 282.130            |       |
| US                 | 12.200            | 10.810             |       |
| UK                 | 26.490            | 16.210             |       |
| China              | 44.430            | 31.205             |       |
| Japan              | 16.000            | 21.042             |       |
| Germany            | 12.550            | 7.080              |       |
| France             | 19.470            | 16.130             |       |