

News Updates

DP World returns to full state ownership, takes on \$8.1 bln debt – Dubai is to take full control of port operator DP World in a deal with a \$13.9 billion valuation that will help the company at the centre of the emirate's 2009 debt crisis to repay some of its borrowings. DP World, which operates ports around the world from Hong Kong to Buenos Aires, will take on \$8.1 billion in debt to finance the deal in which Port and Free Zone World, part of state investment vehicle Dubai World, will acquire the 19.55% of Nasdaq Dubai listed shares for \$2.7 billion. Port and Free Zone World already owns 80.55% of DP World ordinary share capital. It will also pay Dubai World \$5.15 billion, helping it to meet outstanding obligations to lenders so that DP World can implement its strategy without restrictions. Ratings agencies Fitch and Moody's placed DP World under review for a potential downgrade on Monday. "The transaction will weaken the overall credit profile of DP World," Dion Bate, a Moody's vice president, said.

Saudi Arabia' fiscal deficit could be 7.4% in 2020, 8.1% in 2021 – Saudi Arabia could have a fiscal deficit of 7.4% this year and a deficit of 8.1% in 2021, S&P Global analysts said on Monday. The fiscal deficits of Gulf Arab states, which includes Saudi Arabia, will rise next year because of expected higher spending and lower oil prices, S&P analyst Zahabia Gupta said in Dubai. This year, the assumption for oil prices is \$60 a barrel and next year is \$55 a barrel, the analyst said.

GCC sovereigns could borrow more if oil prices stay low – If oil remains in its current price range of \$55-\$85, the Gulf Cooperation Council (GCC) governments will have to spend more to boost their economies, ultimately forcing GCC sovereigns to borrow more, an investment outlook by First Abu Dhabi Bank noted. Five years after oil prices plunged from \$100 per barrel, fiscal consolidation and diversification among GCC countries is moving slower than anticipated. While sovereign borrowers have introduced new revenue sources, such as value added taxes, the region is still highly dependent on the oil sector. Bond issuances will also be supported by the generally high ratings of issuers in the region and the appetite for positive-yielding debt. Also, GCC credits offer higher returns than other debt in the same category, the report said.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Yield Δ (YTD %)	Sovereigns	Maturity	Yield %	Yield Δ (YTD %)
Abu Dhabi	2027	2.08	-12.13	KSA	2025	2.12	-9.22
Abu Dhabi	2047	3.03	-5.03	KSA	2029	2.59	-7.88
Bahrain	2024	3.36	-0.94	KSA	2049	3.62	-6.02
Bahrain	2029	4.43	-1.90	Oman	2025	3.98	-4.72
Bahrain	2047	5.71	-2.18	Oman	2029	5.12	-3.99
Dubai	2023	2.35	-2.73	Oman	2048	6.54	-1.97
Dubai	2029	2.99	-4.02	Qatar	2024	1.84	-14.22
Kuwait	2022	1.62	-15.48	Qatar	2028	2.29	-7.58
Kuwait	2027	2.03	-11.60	Qatar	2049	3.29	-5.43

Source: Bloomberg

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.94	7.33	-0.01	1.85
S&P MENA Bond and Sukuk Index	2.72	NA	0.09	2.20
Bloomberg Emerging Markets USD Index	4.69	6.28	0.20	2.14
Bloomberg Global Aggregate Index	1.28	7.27	-0.05	0.37

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	18/02/2020	31/12/2019	18/02/2020	31/12/2019	18/02/2020	31/12/2019
KIBOR	2.5000	2.7500	2.7500	2.9375	3.0000	3.1875
SAIBOR	2.1414	2.2314	2.1586	2.2557	2.2114	2.3071
BHIBOR	2.1500	2.2500	2.6333	2.7000	2.7667	2.8333
QATAR	2.2855	2.2500	2.3855	2.3500	2.6423	2.5333
AEIBOR	1.8910	2.2086	1.9610	2.1914	2.2976	2.2900
EURIBOR	-0.4130	-0.3830	-0.3590	-0.3240	-0.2930	-0.2490
LIBOR	1.6918	1.9084	1.7100	1.9121	1.7984	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	1.5640	-2.02	-11.7	KWD	0.3052	-0.0328	-0.69
2-Year	1.4305	-3.42	-15.7	SAR	3.7509	0.0000	0.02
5-Year	1.3759	-3.81	-20.4	BHD	0.3770	-0.0027	0.01
7-Year	1.4159	-3.79	-21.2	QAR	3.6673	0.0000	-0.20
10-Year	1.4935	-4.04	-21.2	OMR	0.3850	-0.0649	-0.01
30-Year	1.6670	-4.70	-20.3	AED	3.6731	0.0000	0.00

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	1.40	0.06	0.53	-0.02
5-Year	1.38	0.17	0.50	-0.04
10-Year	1.55	0.36	0.64	-0.13
30-Year	2.00	0.98	1.12	-0.42

	Sovereign Ratings		
	Moody's	S&P	Fitch
Abu Dhabi	Aa2	AA	AA
Bahrain	B2	B+	BB-
Kuwait	Aa2	AA	AA
Oman	Ba1	BB	BB+
Qatar	Aa3	AA-	AA-
KSA	A1	A-	A
UAE	Aa2	NR	NR
Egypt	B2	B	B+
Lebanon	Caa2	CCC	CC
Turkey	B1	B+	BB-
Tunisia	B2	NR	B+
Morocco	Ba1	BBB-	BBB-
Jordan	B1	B+	BB-
China	A1	A+	A+
UK	Aa2	AA	AA
USA	Aaa	AA+	AAA
USD 5-Year CDS			YTD Δ (%)
Abu Dhabi	36.440		6.33
Kuwait	35.960		5.55
Dubai	90.510		3.37
Bahrain	160.780		-2.86
Qatar	37.700		7.97
KSA	57.940		4.44
Egypt	252.680		-3.83
Lebanon	4657.210		109.27
Turkey	262.099		-6.45
Iraq	394.130		15.92
Morocco	76.390		-5.51
China	33.678		9.98
France	13.780		-16.88
Germany	6.910		-4.27
Japan	17.770		-9.82
UK	16.790		-5.89
US	12.400		12.72