

## News Updates

### Saudi Arabia to widen scope of privatisations, finance minister says

– Saudi Arabia will look to sell assets in sectors that were not previously considered for privatisation, such as healthcare and education, the country's finance minister said on Wednesday. Speaking at a Bloomberg event, Mohammed al-Jadaan said privatisations will likely generate north of 50 billion riyals in the next four to five years. Saudi Arabia is facing a sharp recession this year due to the impact of the coronavirus pandemic on the economy and low oil prices on state revenues. July data were promising for the prospects of economic recovery in the kingdom, he said, but the outlook remains uncertain due to the pandemic. Saudi Arabia tripled its value-added tax to 15% this month as it seeks to bolster state coffers. Jadaan said there was no imminent plan to introduce an income tax, which would require more preparation, but he said nothing could be ruled out. He added that Saudi Arabia will likely tap international debt investors once again this year, but no decision had been taken yet on the currency of the planned issuance. (Source: Zawya)

### GCC utilities sector less exposed to deteriorating conditions - S&P

– GCC utilities are relatively protected from deteriorating conditions caused by a sharp drop in oil price and a negative impact from COVID-19 measures, a recent report by S&P Global Ratings showed. “We expect 5 percent to 10 percent power and water demand rationalization, since some commercial activities haven't returned to normal post lockdown easing and consumers have lower purchasing power and are more cautious around spending, even on necessities,” S&P said. According to the report, the forecast comes despite many countries in the GCC announcing discounts or payment exemptions on power bills as support measures. According to S&P, the most exposed sectors to weaker operating conditions are aviation, tourism, real estate, hospitality, nonstaples retail, and oil and gas. (Source: Zawya)

### UK borrows record 128 billion pounds in three months to June

– British government borrowing surged to a record 128 billion pounds (\$162 billion) in the first three months of the 2020/21 financial year, when COVID-19 lockdown measures were tightest, more than double the entire previous year's borrowing. Most economists think British government borrowing this year will be its largest since World War Two relative to the size of the economy. Borrowing in June, excluding state-owned banks, was 35.5 billion pounds, the government statistics office said. That was five times more than a year earlier though below economists' average forecast of 41.5 billion pounds in a Reuters poll, following a big downward revision for May. Public sector debt, excluding state-owned banks, stayed a fraction below the milestone of 100% of gross domestic product it appeared to pass in May, after an upward revision to GDP, and now stands at 1.984 trillion pounds or 99.6% of GDP. (Source: Reuters)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.35	6.49	KSA	2025	1.34	3.58
Abu Dhabi	2047	2.62	10.39	KSA	2029	1.96	5.78
Bahrain	2024	3.96	-2.93	KSA	2049	3.15	12.10
Bahrain	2029	5.25	-5.80	Oman	2025	4.85	-3.92
Bahrain	2047	6.58	-9.13	Oman	2029	6.83	-10.21
Dubai	2023	1.50	1.48	Oman	2048	7.72	-12.17
Dubai	2029	2.86	1.09	Qatar	2024	0.94	3.55
Kuwait	2022	0.39	1.97	Qatar	2028	1.59	5.27
Kuwait	2027	1.32	5.41	Qatar	2049	2.73	13.71

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.77	7.32	0.49	5.21
S&P MENA Bond and Sukuk Index	2.21	NA	0.39	6.99
Bloomberg Emerging Markets USD Index	4.38	6.26	0.51	1.77
Bloomberg Global Aggregate Index	0.88	7.33	0.35	4.70

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	23/07/2020	31/12/2019	23/07/2020	31/12/2019	23/07/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.9443	2.2314	0.9943	2.2557	1.0400	2.3071
BHIBOR	2.3000	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.1590	2.2500	1.2323	2.3500	1.3763	2.5333
AEIBOR	0.6246	2.2086	0.7750	2.1914	1.0212	2.2900
EURIBOR	-0.4520	-0.3830	-0.3530	-0.3240	-0.2800	-0.2490
LIBOR	0.2555	1.9084	0.3399	1.9121	0.4644	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2438	0.33	-86.2
2-Year	0.2113	-0.03	-87.6
5-Year	0.3009	-0.33	-82.6
7-Year	0.4219	-0.80	-76.5
10-Year	0.5741	-1.33	-69.7
30-Year	0.8252	-2.22	-60.5

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.15	-0.01
5-Year	0.26	0.01
10-Year	0.59	0.14
30-Year	1.28	0.69

Source: Bloomberg

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3067	0.1304	-1.17
SAR	3.7506	0.0000	0.03
BHD	0.3771	0.0000	0.00
QAR	3.6421	0.0055	0.01
OMR	0.3850	0.0000	0.00
AED	3.6731	0.0000	0.00

## UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.12	0.00
5-Year	-0.12	0.07
10-Year	0.12	0.18
30-Year	0.62	0.77

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.69	0.01
5-Year	-0.72	0.12
10-Year	-0.56	0.30
30-Year	-0.07	1.16

## 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

	23-Jul 2020	31-Dec 2019
Kuwait	59.510	36.700
KSA	90.180	56.915
Abu Dhabi	52.680	36.090
Dubai	172.070	91.005
Qatar	50.770	36.705
Bahrain	332.480	175.995
Oman	478.640	234.400
Iraq	691.340	383.680
Egypt	436.270	277.420
Morocco	124.480	91.435
Turkey	485.110	282.130
US	13.200	10.810
UK	24.460	16.210
China	41.290	31.205
Japan	16.060	21.042
Germany	11.100	7.080
France	17.980	16.130