

News Updates

MF predicts negative GDP growth for GCC over collapsing oil prices -

GCC nations, are expected to post an aggregate negative growth of 3.9% in 2020, IMF's said in its latest World Economic Outlook report noting that low oil prices will have a huge impact on exporters. Due to the economic fall out of the coronavirus pandemic, the global economy is expected to shrink by 3% during this year, marking the steepest downturn since the Great Depression of the 1930's. However, a partial rebound is expected in 2021, with the world economy growing at 5.08% rate but it is marked by "extreme uncertainty" and outcomes could be far worsen depending on the course of the coronavirus pandemic.

IMF Urges Post-Pandemic Stimulus to Avoid Depression-Era Mistake -

The International Monetary Fund wants policy makers to ramp up fiscal stimulus when the coronavirus contagion starts to abate. “Once the recovery has happened and we are past the pandemic phase, for advanced economies it would be essential to undertake a broad-based stimulus,” IMF chief economist Gita Gopinath said. “This would be even more effective if it were coordinated across all the advanced economies.”

GCC Banks Earnings Seen Shrinking by 21% in 2020: EFG-Hermes -

Aggregate 2020 earnings for Gulf banks are set to decline by a median of 21%, with the largest contraction happening in the United Arab Emirates at 61%, EFG-Hermes says in a note cutting the rating for ADCB and ADIB to neutral, among other actions. Contraction for U.A.E. banks reflects mainly Dubai's higher macro risks, plus exposure to NMC Health.

Lebanese Central Bank Says It Can Amortize \$40b ‘Loss’ Over Time -

Lebanon's central bank, also known as Banque du Liban, responded in a statement to the government's draft rescue plan that estimated losses at BdL at \$40b, incurred mainly due to the so-called financial engineering operations it began conducting in 2016 and which boosted its reserves. BdL doesn't consider this amount as a loss.

KR Spent \$2.5 Billion in Credit With Eye on ‘Furious’ Snapback - KKR

& Co. invested \$2.5 billion across its credit strategies in the past six weeks, capitalizing on unusually wide bid-ask spreads and deeply discounted prices as the coronavirus pandemic roiled debt markets. The firm was active in both bonds and loans, in part by deploying cash it raised selling some positions at higher prices early in the year, according to a person familiar with its investing decisions who asked not to be identified because the information is private. KKR provided additional details in a quarterly letter to credit clients, saying now is the time to “position for the most upside possible” rather than resist out of “fear” markets will remain volatile.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.51	-1.02	KSA	2025	2.84	-2.82
Abu Dhabi	2047	3.59	-6.36	KSA	2029	3.18	-3.04
Bahrain	2024	6.59	-10.99	KSA	2049	4.55	-10.75
Bahrain	2029	7.31	-18.29	Oman	2025	7.09	-13.45
Bahrain	2047	7.82	-22.04	Oman	2029	9.43	-25.22
Dubai	2023	3.66	-4.21	Oman	2048	9.49	-28.13
Dubai	2029	4.64	-11.17	Qatar	2024	2.27	-0.98
Kuwait	2022	1.59	0.26	Qatar	2028	2.85	-2.92
Kuwait	2027	2.24	0.05	Qatar	2049	3.82	-5.84

Source: Bloomberg

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.39	7.50	0.90	-6.06
S&P MENA Bond and Sukuk Index		NA	0.88	-3.38
Bloomberg Emerging Markets USD Index	6.74	6.58	0.76	-7.48
Bloomberg Global Aggregate Index	1.15	7.47	0.30	0.68

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	15/04/2020	31/12/2019	15/04/2020	31/12/2019	15/04/2020	31/12/2019
KIBOR	1.9375	2.7500	2.1875	2.9375	2.4375	3.1875
SAIBOR	1.2286	2.2314	1.2329	2.2557	1.2314	2.3071
BHIBOR	1.7500	2.2500	2.1000	2.7000	2.3167	2.8333
QATAR	1.2643	2.2500	1.3202	2.3500	1.4311	2.5333
AEIBOR	1.6975	2.2086	1.5805	2.1914	1.3969	2.2900
EURIBOR	-0.2200	-0.3830	-0.1790	-0.3240	-0.0870	-0.2490
LIBOR	1.2189	1.9084	1.2259	1.9121	1.0509	1.9963

USD Swap Rates

	Currencies					
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.5502	-2.08	-68.9	KWD	0.3121	0.1190
2-Year	0.4217	-1.71	-75.2	SAR	3.7624	0.0027
5-Year	0.5228	-2.91	-69.8	BHD	0.3780	0.0318
7-Year	0.6437	-3.82	-64.2	QAR	3.6875	-0.4109
10-Year	0.7755	-4.81	-59.1	OMR	0.3853	0.0000
30-Year	0.9807	-6.70	-53.1	AED	3.6732	0.0000

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.21	0.03	0.03	0.05
5-Year	0.39	0.16	0.13	0.13
10-Year	0.70	0.48	0.31	0.34
30-Year	1.34	1.66	0.68	0.81

Sovereign Ratings

	Sovereign Ratings		
	Moody's	S&P	Fitch
Abu Dhabi	Aa2	AA	AA
Bahrain	B2u	B+	BB-
Kuwait	Aa2	AA-	AA
Oman	Ba2	BB-	BB
Qatar	Aa3	AA-	AA-
KSA	A1	A-u	A
UAE	Aa2	NR	NR
Egypt	B2	B	B+
Lebanon	Ca	SD	RD
Turkey	B1	B+u	BB-
Tunisia	B2	NR	B+
Morocco	Ba1	BBB-	BBB-
Jordan	B1	B+	BB-
China	A1	A+	A+
UK	Aa2	AA	AA
USA	Aaa	AA+u	AAA

USD 5-Year CDS

	YTD Δ (%)
Abu Dhabi	119
Kuwait	110
Dubai	278
Bahrain	447
Qatar	124
KSA	145
Egypt	605
Oman	666
Turkey	549
Iraq	932
Morocco	179
China	38
France	37
Germany	21
Japan	33
UK	35
US	18