

News

Dubai's Biggest Bank Books \$696 Million in Provisions on Virus - Emirates NBD PJSC set aside about \$700 million in the first quarter to cover bad loans, giving investors a glimpse at the damage the coronavirus and lower oil prices are wreaking on bank earnings in the Gulf. Dubai's biggest bank increased impairments more than four times, resulting a 24% drop in its first-quarter profit, according a statement. The lender boosted provisions for a potential deterioration in credit quality in the coming quarters due to the coronavirus pandemic, it said.

UAE banks use 30% of Covid-19 central bank support fund - Banks in the UAE have availed 30 percent of the AED50 billion (\$13bn) Targeted Economic Support Scheme (TESS), according to the Central Bank of the UAE (CBUAE). The scheme was launched on March 15 to help individuals, SMEs and other private businesses impacted by the current coronavirus crisis.

Bahrain Used Loan to Repay \$1.25 Billion Bond in March: Reuters - Bahrain took on a loan of about \$1 billion to help repay a \$1.25 billion Eurobond that matured at the end of March. The Gulf island nation obtained the loan from a group of banks after suspending plans to tap the bond market for a new deal. Many emerging-market borrowers were shut out of international debt markets last month as the coronavirus pandemic and plunging energy prices caused investors to sell riskier assets.

Oman cuts 2020 budget by \$1.3 billion - Oman has reduced its 2020 state budget by 500 million Omani riyals (\$1.3 billion), after directing all ministries to reduce development and operating budgets by 10%, according to state-run news agency ONA. The decision to make deeper cuts than the 5% reduction announced last month follows tumbling crude demand and prices due to the coronavirus pandemic.

Asian Borrowers Face Hurdles Despite Rebound in Credit Markets - Many Asian companies face a string of challenges securing funds to get them through the coronavirus pandemic, despite a recent rebound in credit markets. In Japan, sales of yen corporate notes have plunged 52% in the fiscal year started this month, and in a stark contrast to before, the vast majority of borrowers are in so-called defensive sectors less vulnerable to an economic downturn. In India, companies risk getting crowded out of debt markets as states offer more bonds. And across Asia, bankers are increasingly reluctant to give commodity traders the credit they need to survive.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.46	-1.03	KSA	2025	2.58	-1.87
Abu Dhabi	2047	3.63	-7.40	KSA	2029	3.14	-3.09
Bahrain	2024	6.49	-10.59	KSA	2049	4.46	-9.60
Bahrain	2029	7.28	-18.01	Oman	2025	7.13	-13.52
Bahrain	2047	7.95	-22.63	Oman	2029	9.72	-26.61
Dubai	2023	3.63	-4.12	Oman	2048	9.86	-30.65
Dubai	2029	4.55	-10.78	Qatar	2024	2.17	-0.57
Kuwait	2022	1.41	0.48	Qatar	2028	2.81	-2.68
Kuwait	2027	2.17	0.46	Qatar	2049	3.85	-6.37

Source: Bloomberg

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.30	7.50	0.35	-5.75
S&P MENA Bond and Sukuk Index		NA	0.22	-3.10
Bloomberg Emerging Markets USD Index	6.63	6.58	0.25	-7.39
Bloomberg Global Aggregate Index	1.11	7.47	0.06	0.71

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	20/04/2020	31/12/2019	20/04/2020	31/12/2019	20/04/2020	31/12/2019
KIBOR	1.8750	2.7500	2.1250	2.9375	2.3750	3.1875
SAIBOR	1.2286	2.2314	1.2314	2.2557	1.2314	2.3071
BHIBOR	1.8000	2.2500	2.0833	2.7000	2.2667	2.8333
QATAR	1.2400	2.2500	1.2833	2.3500	1.3833	2.5333
AEIBOR	1.5771	2.2086	1.5897	2.1914	1.6383	2.2900
EURIBOR	-0.2430	-0.3830	-0.1950	-0.3240	-0.1050	-0.2490
LIBOR	1.1090	1.9084	1.1025	1.9121	0.9819	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.5366	-0.99	-69.7	KWD	0.3125	0.0867	-2.72
2-Year	0.4112	-0.49	-75.8	SAR	3.7595	-0.0106	-0.16
5-Year	0.4691	-0.91	-72.9	BHD	0.3783	0.0000	-0.20
7-Year	0.5768	-1.00	-67.9	QAR	3.6680	-0.1119	-0.19
10-Year	0.7018	-1.10	-63.0	OMR	0.3852	0.0078	-0.02
30-Year	0.8819	-1.33	-57.8	AED	3.6733	0.0000	0.00

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.20	0.01	0.07	0.00
5-Year	0.35	0.05	0.17	0.00
10-Year	0.63	0.14	0.30	0.00
30-Year	1.25	0.43	0.68	0.00

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	127
Kuwait	107
Dubai	260
Bahrain	446
Qatar	119
KSA	157
Egypt	607
Oman	685
Turkey	627
Iraq	932
Morocco	177
China	42
France	39
Germany	22
Japan	34
UK	35
US	18