

News Updates

DP World hires banks for perpetual Islamic bonds – Dubai's port operator DP World has hired a group of banks for a potential issuance of U.S. dollar-denominated sukuk, according to a document seen by Reuters on Monday. It is looking to issue perpetual U.S. dollar-denominated sukuk, or Islamic bonds, non-callable for 5-1/2 years and will consider issuing, in due course, euro-denominated bonds non-callable for six years. Perpetual bonds are similar to an equity instrument in that they have no maturity date. (Source: Reuters)

Moody's assigns Ba2 rating to DP World's proposed hybrid instruments – Moody's Investors Service, has today assigned a Ba2 rating to the proposed benchmark sized reset subordinated perpetual notes and sukuk certificates (hybrid instruments) to be issued by DP World and DP World Salaam, respectively. The rating outlook remains stable for DP World and assigned stable for DP World Salaam. The Ba2 rating assigned to the proposed benchmark sized hybrid instruments is two notches below DP World's Baa3 senior unsecured and issuer rating, because they will be deeply subordinated to the senior unsecured obligations of DP World and its subsidiaries and rank senior only to ordinary shares, Moody's said. In addition, the hybrid instruments will be perpetual and DP World has the option to defer coupon payments on a cumulative and compounding basis. (Source: Zawya)

Qatar National Bank to raise 1.2 bln Chinese yuan in 5-year bonds – Qatar National Bank, the Gulf's biggest lender by assets, is set to raise 1.2 billion Chinese yuan (\$170 million) through five-year bonds it sold on Monday with a 3.85% annual rate, according to a document detailing terms of the issue seen by Reuters. Qatar National Bank, which will use the money for general corporate purposes, hired Credit Agricole as sole lead manager for the deal, the document said. (Source: Reuters)

Egypt seen keeping rates on hold even as inflation dips – The Central Bank of Egypt (CBE) is expected to leave its main interest rates steady this week despite a decline in inflation in May and continuing economic pain caused by the coronavirus, a Reuters poll showed. All but one of the 17 analysts polled predicted the central bank would keep rates steady at its regular monetary policy committee meeting on Thursday. The one dissenting analyst forecast a 100 bps cut. The overnight lending rate is currently 10.25% and the overnight deposit rate 9.25%, the lowest rates since early 2016, before Egypt embarked on a three-year, International Monetary Fund-backed economic reform programme. "The trend in inflation is favourable, at least in the short term, and a further cut will not do much for supporting economic activity at the present time," said Pascal Devaux, an economist with BNP Paribas. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.75	3.72	KSA	2025	1.51	2.80
Abu Dhabi	2047	2.90	4.62	KSA	2029	2.24	3.64
Bahrain	2024	4.02	-3.26	KSA	2049	3.59	3.80
Bahrain	2029	5.34	-6.45	Oman	2025	5.14	-5.10
Bahrain	2047	6.49	-8.18	Oman	2029	6.64	-9.06
Dubai	2023	1.62	1.15	Oman	2048	7.68	-11.79
Dubai	2029	3.03	-0.28	Qatar	2024	1.30	2.41
Kuwait	2022	0.73	1.55	Qatar	2028	1.93	2.87
Kuwait	2027	1.75	2.71	Qatar	2049	3.07	7.04

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.07	7.32	0.47	2.25
S&P MENA Bond and Sukuk Index	2.53	NA	0.53	3.89
Bloomberg Emerging Markets USD Index	4.66	6.26	0.22	-0.50
Bloomberg Global Aggregate Index	0.98	7.33	-0.13	2.81

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	23/06/2020	31/12/2019	23/06/2020	31/12/2019	23/06/2020	31/12/2019
KIBOR	1.6875	2.7500	1.8750	2.9375	2.1250	3.1875
SAIBOR	1.0043	2.2314	1.0600	2.2557	1.1086	2.3071
BHIBOR	2.2667	2.6667	2.4500	2.7000	2.6000	2.8333
QATAR	1.2574	2.2500	1.3214	2.3500	1.4074	2.5333
AEIBOR	0.5750	2.2086	0.8252	2.1914	1.1880	2.2900
EURIBOR	-0.4070	-0.3830	-0.2340	-0.3240	-0.1690	-0.2490
LIBOR	0.3051	1.9084	0.4145	1.9121	0.5758	1.9963

USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2888	-0.30	-83.7	KWD	0.3080	-0.0974	-1.58
2-Year	0.2530	-0.25	-85.1	SAR	3.7524	-0.0027	-0.01
5-Year	0.3691	0.40	-78.7	BHD	0.3772	0.0027	-0.01
7-Year	0.5121	0.88	-71.5	QAR	3.6421	-0.0110	0.00
10-Year	0.6871	1.16	-63.7	OMR	0.3851	0.0000	-0.01
30-Year	0.9690	0.66	-53.7	AED	3.6732	0.0000	0.00

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.19	0.00	-0.08	0.05
5-Year	0.33	-0.02	-0.02	0.14
10-Year	0.70	-0.06	0.19	0.55
30-Year	1.46	-0.02	0.68	0.78

Source: Bloomberg

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	Ba2	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-Jun 2020	31-Dec 2019
Kuwait	71.550	36.700
KSA	93.840	56.915
Abu Dhabi	71.270	36.090
Dubai	167.040	91.005
Qatar	71.310	36.705
Bahrain	329.620	175.995
Oman	485.190	234.400
Iraq	615.040	383.680
Egypt	485.810	277.420
Morocco	135.220	91.435
Turkey	473.590	282.130
US	11.860	10.810
UK	27.230	16.210
China	47.670	31.205
Japan	16.230	21.042
Germany	15.000	7.080
France	21.500	16.130