

News Updates

Oil plunges 25 percent, markets sink as Russia-Saudi Arabia feud threatens coronavirus-weakened economy – Oil prices were plunging by nearly 25 percent late Sunday, triggering broader global market losses, as a dispute among producers could lead an economy already weakened by coronavirus facing a major oversupply of crude. Brent crude, the international standard, lost \$11.17, or 24.7 percent, to \$34.10 per barrel, as of 10:15 p.m. Eastern time Sunday after earlier touching its lowest price since 2016. Treasury yields have plummeted to record lows as investors pile into anything that looks safe, almost regardless of how little it pays. The 10-year Treasury yield pierced below 1 percent for the first time on Tuesday, only to breach 0.70 percent Friday.

Yen Surges With Treasuries as Oil Price Crashes – The yen advanced to the highest level in more than three years while Treasuries surged on demand for haven assets as the plunge in oil prices sent another shockwave through the world economy. Treasury yields tumbled to record lows, with the entire curve below 1% for the first time in history as the turmoil in oil came on top of the deepening coronavirus crisis. About half of the world's countries now have cases of Covid-19. Investors also piled into the Swiss franc, pushing it to a four-year high versus the dollar while the currencies of oil exporters like Norway, Mexico and Canada were hammered. The Australian dollar was pummeled by its biggest intraday drop since 2008. The krone hit the lowest level against the greenback since 1985 after Saudi Arabia's decision to slash official crude selling prices and increase output sparked the worst sell-off in oil since the U.S. war in Iraq in 1991.

Moody's cuts Oman's rating by a notch to 'Ba2' – Moody's downgraded Oman's credit rating deeper into junk territory on Thursday citing the Arab country's lower fiscal strength, evident in its higher government debt and weaker debt affordability metrics than the ratings agency expected. Moody's cut Oman's rating to 'Ba2' from 'Ba1' and changed the outlook to stable. On Feb. 23, Oman's Sultan Haitham bin Tariq al-Said said the government would work to reduce public debt and restructure public institutions and companies to bolster the economy. The small oil producing country has relied heavily on debt to offset a widening deficit caused by lower crude prices. Moody's said that last March it expected Oman's government debt to peak under 60% of GDP by 2021, but the level was nearly reached already in 2019.

GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi | 2027 | 1.67 | 4.62 | KSA | 2025 | 1.76 | 2.24 |
| Abu Dhabi | 2047 | 2.74 | 8.12 | KSA | 2029 | 2.24 | 4.06 |
| Bahrain | 2024 | 3.36 | -0.34 | KSA | 2049 | 3.35 | 8.77 |
| Bahrain | 2029 | 4.65 | -1.13 | Oman | 2025 | 4.21 | -0.44 |
| Bahrain | 2047 | 6.00 | -1.88 | Oman | 2029 | 5.72 | -2.99 |
| Dubai | 2023 | 2.30 | 0.11 | Oman | 2048 | 6.96 | -3.74 |
| Dubai | 2029 | 2.99 | 0.76 | Qatar | 2024 | 1.48 | 2.25 |
| Kuwait | 2022 | 1.15 | 1.35 | Qatar | 2028 | 1.90 | 3.91 |
| Kuwait | 2027 | 1.67 | 11.02 | Qatar | 2049 | 2.95 | 9.51 |

Source: Bloomberg

Bonds and Sukuk Indices

| Index Name | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index | 2.79 | 7.50 | 0.01 | 3.47 |
| S&P MENA Bond and Sukuk Index | 2.42 | NA | 0.36 | 4.50 |
| Bloomberg Emerging Markets USD Index | 4.59 | 6.58 | -0.02 | 2.66 |
| Bloomberg Global Aggregate Index | 0.90 | 7.47 | 1.14 | 4.48 |

Interbank Rates (%)

| | 3 Months | | 6 Months | | 12 Months | |
|---------|------------|------------|------------|------------|------------|------------|
| | 09/03/2020 | 31/12/2019 | 09/03/2020 | 31/12/2019 | 09/03/2020 | 31/12/2019 |
| KIBOR | 2.5625 | 2.7500 | 2.8125 | 2.9375 | 3.0625 | 3.1875 |
| SAIBOR | 1.4429 | 2.2314 | 1.4457 | 2.2557 | 1.4471 | 2.3071 |
| BHIBOR | 1.9000 | 2.2500 | 2.3233 | 2.7000 | 2.4500 | 2.8333 |
| QATAR | 1.8667 | 2.2500 | 1.9333 | 2.3500 | 2.1000 | 2.5333 |
| AEIBOR | 1.4342 | 2.2086 | 1.2748 | 2.1914 | 1.3628 | 2.2900 |
| EURIBOR | -0.4730 | -0.3830 | -0.4270 | -0.3240 | -0.3480 | -0.2490 |
| LIBOR | 0.8960 | 1.9084 | 0.8799 | 1.9121 | 0.8456 | 1.9963 |

USD Swap Rates

| | Yield % | 1D Δ (bps) | YTD Δ (%) |
|---------|---------|------------|-----------|
| 1-Year | 0.5757 | -11.35 | -67.5 |
| 2-Year | 0.5203 | -12.39 | -69.3 |
| 5-Year | 0.5617 | -17.46 | -67.5 |
| 7-Year | 0.5877 | -19.13 | -67.3 |
| 10-Year | 0.6325 | -20.83 | -66.6 |
| 30-Year | 0.6708 | -28.61 | -67.9 |

Currencies

| | USD | 1D Δ (bps) | YTD Δ (%) |
|-----|--------|------------|-----------|
| KWD | 0.3061 | -0.1112 | -0.90 |
| SAR | 3.7536 | -0.0107 | -0.05 |
| BHD | 0.3771 | 0.0000 | 0.01 |
| QAR | 3.6725 | -0.0872 | -0.33 |
| OMR | 0.3853 | -0.0701 | -0.05 |
| AED | 3.6732 | 0.0027 | 0.00 |

US Treasuries

| | Yield % | 1D Δ (%) |
|---------|---------|----------|
| 2-Year | 0.32 | 0.37 |
| 5-Year | 0.41 | 0.97 |
| 10-Year | 0.51 | 2.53 |
| 30-Year | 0.97 | 9.20 |

UK Gilts

| | Yield % | 1D Δ (%) |
|---------|---------|----------|
| 2-Year | 0.07 | 0.14 |
| 5-Year | 0.11 | 0.42 |
| 10-Year | 0.23 | 1.25 |
| 30-Year | 0.67 | 5.32 |

German Bunds

| | Yield % | 1D Δ (%) |
|---------|---------|----------|
| 2-Year | -0.87 | -0.01 |
| 5-Year | -0.88 | 0.00 |
| 10-Year | -0.74 | 0.25 |
| 30-Year | -0.29 | 2.46 |

| | 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 | Ca | CC | 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 | 50.370 | | 47.94 |
| Kuwait | 42.940 | | 24.56 |
| Dubai | 122.590 | | 41.43 |
| Bahrain | 190.200 | | 10.91 |
| Qatar | 56.860 | | 63.22 |
| KSA | 92.760 | | 68.35 |
| Egypt | 306.230 | | 13.87 |
| Lebanon | 13097.67 | | 660.71 |
| Turkey | 297.601 | | 6.19 |
| Iraq | 419.200 | | 22.47 |
| Morocco | 90.490 | | 9.92 |
| China | 50.566 | | 67.72 |
| France | 21.020 | | 22.81 |
| Germany | 11.730 | | 55.44 |
| Japan | 21.820 | | 11.31 |
| UK | 19.920 | | 9.06 |
| US | 14.340 | | 28.26 |