

## News Updates

**S&P downgrades emirate of Sharjah rating to BBB** – S&P downgraded its credit rating for Sharjah, one of the seven emirates that make up the UAE, on Friday citing an increasing debt and interest expenses burden. The ratings agency lowered its long-term rating to BBB from BBB+, but kept its outlook at stable. It said weak economic conditions in the third largest emirate since 2019 have led to "decreased government revenue from government-related entities and land sales". The agency also said "increased government grants and land compensation payments, as well as accelerated payments to contractors, has resulted in a wider-than-anticipated deficit." In November, ratings agency Moody's said Sharjah, along with Dubai, was among the most vulnerable to the impact of the non-oil sector slowdown in the UAE. The emirate in April last year acquired a majority stake of 50.07% in struggling Invest Bank for 1.12 billion dirham (\$305 million). The government of Sharjah, where Invest Bank is based, stepped in in late 2018 after the central bank ordered the lender to take losses that wiped out its capital base.

**VAT generates \$663mln revenue in Bahrain in 2019** – Bahrain generated BD250 million last year from Value Added Tax (VAT) – up by BD100m compared with budget estimates of BD150m. Finance and National Economy Minister Shaikh Salman bin Khalifa Al Khalifa revealed the VAT revenues during a meeting with Parliament's financial and economic affairs committee. "The increase, which averaged 70 per cent, reflected the strength of the national economy," said committee chairman Ahmed Salloum.

**Saudi Arabia's Dar Al Arkan mulls dollar-dominated Sukuk issuance** – Saudi-based Dar Al Arkan Real Estate Development has appointed a group of local and international banks for a potential Sukuk issuance, months after the real estate firm raised funds from the debt capital market to meet its corporate requirements. In a bourse filing, Dar Al Arkan mandated Alkhair Capital, Citi, Deutsche Bank, Dubai Islamic Bank, Emirates NBD Capital, Mashreq Bank, Nomura, Standard Chartered Bank and Warba Bank as joint lead managers and bookrunners for the new transaction. The seven-year Regulation S dollar-denominated fixed rate benchmark senior unsecured Sukuk issuance is subject to market conditions.

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Yield Δ (YTD %)	Sovereigns	Maturity	Yield %	Yield Δ (YTD %)
Abu Dhabi	2027	2.06	-12.76	KSA	2025	2.14	-7.37
Abu Dhabi	2047	3.02	-5.37	KSA	2029	2.61	-6.60
Bahrain	2024	3.36	-0.94	KSA	2049	3.62	-5.79
Bahrain	2029	4.44	-1.78	Oman	2025	3.98	-4.31
Bahrain	2047	5.73	-2.20	Oman	2029	5.14	-3.41
Dubai	2023	2.33	-4.28	Oman	2048	6.56	-1.55
Dubai	2029	3.00	-3.89	Qatar	2024	1.87	-12.63
Kuwait	2022	1.64	-13.97	Qatar	2028	2.31	-7.53
Kuwait	2027	2.06	-11.01	Qatar	2049	3.29	-5.53

Source: Bloomberg

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.94	7.33	0.12	1.85
S&P MENA Bond and Sukuk Index	2.72	NA	0.07	2.10
Bloomberg Emerging Markets USD Index	4.69	6.28	0.20	2.14
Bloomberg Global Aggregate Index	1.28	7.27	0.06	0.42

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	17/02/2020	31/12/2019	17/02/2020	31/12/2019	17/02/2020	31/12/2019
KIBOR	2.5000	2.7500	2.7500	2.9375	3.0625	3.1875
SAIBOR	2.1443	2.2314	2.1600	2.2557	2.2114	2.3071
BHIBOR	2.1500	2.2500	2.6333	2.7000	2.7667	2.8333
QATAR	2.3420	2.2500	2.4420	2.3500	2.7193	2.5333
AEIBOR	1.8806	2.2086	1.9775	2.1914	2.2658	2.2900
EURIBOR	-0.4130	-0.3830	-0.3590	-0.3240	-0.2930	-0.2490
LIBOR	1.6918	1.9084	1.7100	1.9121	1.7984	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.5842	-0.86	-10.5
2-Year	1.4641	0.54	-13.7
5-Year	1.4130	0.10	-18.3
7-Year	1.4538	0.07	-19.1
10-Year	1.5339	0.21	-19.1
30-Year	1.7140	0.20	-18.0

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3051	0.0131	-0.64
SAR	3.7510	0.0000	0.02
BHD	0.3770	0.0000	0.02
QAR	3.6660	0.0082	-0.18
OMR	0.3850	0.0026	-0.01
AED	3.6731	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	1.43	0.00
5-Year	1.42	0.00
10-Year	1.58	0.02
30-Year	2.04	0.01

## UK Gilts

	Yield %	1D Δ (%)
2-Year	0.52	0.01
5-Year	0.49	0.08
10-Year	0.62	0.23
30-Year	1.11	0.49

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.67	0.02
5-Year	-0.64	0.07
10-Year	-0.44	0.14
30-Year	0.11	0.43

## 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	Caa2	CCC	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	36.950
Kuwait	35.960
Dubai	91.580
Bahrain	161.470
Qatar	38.220
KSA	58.810
Egypt	252.740
Lebanon	4656.440
Turkey	266.148
Iraq	394.120
Morocco	76.890
China	32.830
France	13.970
Germany	6.960
Japan	17.770
UK	16.890
US	12.800