

News Updates

Credit rating actions on banks slowed in May, S&P says – S&P Global Ratings said it has taken fewer ratings actions on banks globally in May due to measures taken by lenders to protect their balance sheets from the impact of the Covid-19 pandemic. The agency has taken 212 credit ratings actions on banks since the start of the pandemic until June 10, Alexandre Birry, S&P Global Ratings' credit analyst, said in a June 11 statement. About three quarters of those actions were outlook revisions, with 30 per cent of banks globally now carrying a negative outlook. "We expect that second-quarter results will shed more light on the relative impact of the pandemic on banks across the globe, but the full effect on asset quality will likely only become clear much later in the year," Mr Birry said. "We continue to expect that bank rating downgrades this year due to the Covid-19 pandemic will be limited by banks' strengthened balance sheets over the past 10 years, the support from public authorities to household and corporate markets, and our base case of a sustained economic recovery next year," S&P Global Ratings said in its report. *(Source: The National AE)*

Najran Cement redeems SAR 355m Sukuk – Najran Cement Company on Sunday announced that it has fully paid off the existing Sukuk worth SAR 355 million. The payment process was financed via a SAR 355 million Sharia-compliant loan from Bank AlJazira that was received on 4 June 2020, according to a bourse statement. On 14 June 2015, the company issued the local Sukuk, which matured on 11 June 2020, at a value of SAR 400 million. *(Source: Mubasher)*

Saudi Aramco buys 70% of SABIC for \$69.1bln – Saudi Arabia's oil giant Aramco bought 2.1 billion shares, or 70 percent, of Saudi Basic Industries Corp (SABIC) for 259 billion riyals (\$69.1 billion) in four special transactions executed on Sunday, according to data on Tadawul. The transaction was priced at 123.39 riyal (\$32.86) per SABIC share. Aramco signed a deal last year with Saudi Arabia's sovereign wealth fund, the Public Investment Fund (PIF), for a majority shareholding in the petrochemicals company. The payment for SABIC, the world's fourth-largest petrochemicals firm, will be funded in part by four bonds issued by Aramco to the PIF, reports indicated late last year. *(Source: Zawya)*

Agility to develop investment project in Sabah Al Ahmed city – Agility Public Warehousing, dually listed on Boursa Kuwait and the Dubai Financial Market (DFM), has signed an agreement with the Kuwaiti Public Authority for Housing Welfare (PAHW) to develop an investment project. Under the agreement, Agility will develop industrial and storage zones spanning over 1.2 million square metres in Sabah Al Ahmed residential city, according to the company's disclosure to Boursa Kuwait on Sunday. The project agreement involves a 30-year investment period starting from the date of launching commercial operations. In 2019, the company's net profits grew by 7% year-on-year (YoY) to KWD 86.8 million, compared to KWD 81.1 million in 2018. *(Source: Mubasher)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.91	2.75	KSA	2025	1.78	1.70
Abu Dhabi	2047	3.12	1.11	KSA	2029	2.47	2.02
Bahrain	2024	4.21	-3.58	KSA	2049	3.82	0.20
Bahrain	2029	5.47	-7.16	Oman	2025	5.29	-5.76
Bahrain	2047	6.56	-8.95	Oman	2029	6.76	-9.82
Dubai	2023	1.65	1.37	Oman	2048	7.94	-14.37
Dubai	2029	3.03	-0.63	Qatar	2024	1.50	1.69
Kuwait	2022	0.95	1.21	Qatar	2028	2.14	1.56
Kuwait	2027	1.81	2.45	Qatar	2049	3.27	3.43

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.21	7.32	-0.12	1.01
S&P MENA Bond and Sukuk Index	2.65	NA	0.02	2.80
Bloomberg Emerging Markets USD Index	4.77	6.26	-0.17	-1.25
Bloomberg Global Aggregate Index	0.99	7.33	-0.54	2.84

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	15/06/2020	31/12/2019	15/06/2020	31/12/2019	15/06/2020	31/12/2019
KIBOR	1.6875	2.7500	1.9375	2.9375	2.1250	3.1875
SAIBOR	1.0300	2.2314	1.0871	2.2557	1.1343	2.3071
BHIBOR	2.1833	2.6667	2.2667	2.7000	2.5000	2.8333
QATAR	1.2207	2.2500	1.2760	2.3500	1.3717	2.5333
AEIBOR	0.7414	2.2086	0.8971	2.1914	0.9989	2.2900
EURIBOR	-0.3660	-0.3830	-0.1990	-0.3240	-0.1240	-0.2490
LIBOR	0.3209	1.9084	0.4320	1.9121	0.5934	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.3035	-1.32	-82.9	KWD	0.3074	0.0325	-1.40
2-Year	0.2656	-1.11	-84.4	SAR	3.7535	-0.0160	-0.05
5-Year	0.3780	0.69	-78.1	BHD	0.3771	0.0000	-0.02
7-Year	0.5241	1.96	-70.8	QAR	3.6414	-0.0027	0.01
10-Year	0.6965	3.29	-63.2	OMR	0.3851	-0.0130	-0.02
30-Year	0.9765	4.97	-53.3	AED	3.6730	0.0000	0.00

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.19	0.01	-0.05	-0.03
5-Year	0.33	-0.02	0.00	-0.07
10-Year	0.70	-0.31	0.21	-0.16
30-Year	1.46	-1.27	0.61	-0.37

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	15-Jun 2020	31-Dec 2019
Kuwait	68.530	36.700
KSA	97.610	56.915
Abu Dhabi	75.030	36.090
Dubai	176.430	91.005
Qatar	76.530	36.705
Bahrain	350.270	175.995
Oman	518.870	234.400
Iraq	615.050	383.680
Egypt	487.650	277.420
Morocco	132.230	91.435
Turkey	473.070	282.130
US	12.420	10.810
UK	27.340	16.210
China	50.090	31.205
Japan	16.580	21.042
Germany	14.990	7.080
France	22.820	16.130