

News Updates

UAE central bank temporarily relaxes rules on liquidity, funding for banks

The United Arab Emirates' central bank said on Saturday it was temporarily relaxing two key requirements to improve liquidity and funding needs of banks to encourage them to lend more to businesses under the COVID-19 economic stimulus plan. Banks will be allowed to go below the 100% 'net stable funding ratio' (NSFR) but not below 90%, and above the 100% requirement for 'advances to stable resources ratio' (ASRR) but no higher than 110%, until December 31 2021. "This step comes as an additional measure encouraging banks to strengthen the implementation of the Targeted Economic Support Scheme and support their impacted customers in overcoming the repercussions of COVID-19 pandemic," the central bank said in a statement. The central bank has announced about \$70 billion worth of economic stimulus to help businesses cope with the outbreak of the coronavirus outbreak. The economy is likely to contract by 3.6% this year, the central bank said in June. (Source: Zawya)

Fitch Affirms SABIC at 'A'; Outlook Stable

Fitch Ratings has affirmed Saudi Basic Industries Corporation (SABIC)'s Long-Term Issuer Default Rating (IDR) at 'A' with Stable Outlook. Fitch has also affirmed SABIC's Short-Term IDR at 'F1+'. SABIC's rating is aligned with that of its parent Saudi Arabian Oil Company (Saudi Aramco, A/Stable), reflecting overall moderate ties between the two companies. This is in accordance with Fitch's Parent and Subsidiary Rating Linkage criteria, which we apply following SABIC's acquisition by Saudi Aramco. SABIC's leverage should remain strong, although we forecast its 2020 revenue will drop almost by 25% and the 2020 EBITDA margin will decline to around 20%, driven by COVID-19 disruption complicating the lasting oversupply in petrochemical markets. (Source: Fitch Ratings)

Fitch Ratings: Over 60% of Global Bank Rating Outlooks Are Negative

Fitch Ratings' new interactive country-by-country map of bank rating trends shows that the balance of Outlooks globally has turned sharply negative since the onset of the coronavirus pandemic. The proportion of bank ratings on Negative Outlook or Rating Watch Negative (RWN) shot up to over 60% at end-1H20 from 13% at end-2019. The Outlook balance was most Negative in emerging markets in the Americas, with 87% of ratings on Negative Outlook or RWN, reflecting the already high proportion of Negative Outlooks at end-2019 (31%), and rating actions in 1H20 to reflect deteriorating operating environments and sovereign rating actions. Outside Latin America, the proportion of Negative Outlooks/Watches was lower in emerging markets (54%) than in developed markets (73%), as a higher proportion of ratings in emerging markets are driven by sovereign or institutional support. (Source: Fitch Ratings)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.18	7.47	KSA	2025	1.13	4.26
Abu Dhabi	2047	2.37	15.17	KSA	2029	1.85	6.68
Bahrain	2024	3.45	-1.53	KSA	2049	2.92	16.77
Bahrain	2029	5.07	-4.61	Oman	2025	4.60	-2.86
Bahrain	2047	6.41	-7.20	Oman	2029	6.38	-7.40
Dubai	2023	1.24	1.96	Oman	2048	7.62	-11.03
Dubai	2029	2.77	1.76	Qatar	2024	0.80	4.04
Kuwait	2022	0.35	1.93	Qatar	2028	1.34	6.78
Kuwait	2027	1.13	6.49	Qatar	2049	2.47	18.95

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.56	8.18	0.13	7.57
S&P MENA Bond and Sukuk Index	2.01	NA	0.13	9.35
Bloomberg Emerging Markets USD Index	4.13	6.90	0.05	3.70
Bloomberg Global Aggregate Index	0.82	7.48	-0.32	6.21

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	09/08/2020	31/12/2019	09/08/2020	31/12/2019	09/08/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.9200	2.2314	0.9700	2.2557	1.0200	2.3071
BHIBOR	2.3000	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.1833	2.2500	1.2500	2.3500	1.3833	2.5333
AEIBOR	0.6079	2.2086	0.7084	2.1914	0.9433	2.2900
EURIBOR	-0.4780	-0.3830	-0.4180	-0.3240	-0.3500	-0.2490
LIBOR	0.2525	1.9084	0.3091	1.9121	0.4490	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2305	1.10	-87.0
2-Year	0.2117	1.46	-87.5
5-Year	0.2945	2.45	-83.0
7-Year	0.4170	3.15	-76.8
10-Year	0.5770	3.94	-69.6
30-Year	0.8506	5.37	-59.3

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3055	0.0655	-0.79
SAR	3.7504	0.0027	0.03
BHD	0.3770	0.0000	0.02
QAR	3.6415	-0.0027	0.01
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	-0.02
5-Year	0.23	-0.08
10-Year	0.56	-0.26
30-Year	1.23	-0.86

UK Gilts

	Yield %	1D Δ (%)
	-0.03	-0.03
	-0.07	-0.08
	0.14	-0.43
	0.67	-1.42

German Bunds

	Yield %	1D Δ (%)
	-0.71	-0.02
	-0.73	-0.08
	-0.58	-0.21
	-0.10	-0.71

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	Ba3	BB-	BB
Egypt	B2	B	B+
Lebanon	C	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

	9-Aug 2020	31-Dec 2019
Kuwait	55.510	36.700
KSA	85.490	56.915
Abu Dhabi	48.970	36.090
Dubai	160.190	91.005
Qatar	48.570	36.705
Bahrain	301.760	175.995
Oman	465.680	234.400
Iraq	663.250	383.680
Egypt	440.200	277.420
Morocco	128.560	91.435
Turkey	577.600	282.130
US	13.180	10.810
UK	19.390	16.210
China	39.780	31.205
Japan	15.360	21.042
Germany	9.880	7.080
France	15.780	16.130