

## News Updates

**Saudi Outlook Cut to Negative at Moody's as Reserves Tumble** – Saudi Arabia's outlook was cut to negative from stable by Moody's Investors Service as the crash in oil prices and the pandemic sent the kingdom's reserves plunging to their lowest in almost a decade. The rating company kept the sovereign at A1, its fifth-highest grade, according to a statement on Friday. Moody's last downgraded Saudi Arabia in 2016, and has its assessment above those of Fitch Ratings and S&P Global Ratings. “The negative outlook reflects increased downside risks to Saudi Arabia's fiscal strength stemming from the severe shock to global oil demand and prices triggered by the coronavirus pandemic,” Moody's analysts led by Lucie Villawrote. “A sharp slowdown in GDP growth will also depress revenue from the non-oil sector.” Moody's projects that Saudi's fiscal deficit will widen to more than 12% of GDP in 2020 and more than 8% in GDP in 2021 from 4.5% of GDP in 2019. This will cause government debt to increase to around 38% of GDP by the end of 2021 from less than 23% of GDP in 2019, according to the statement.

**Moody's maintains CBK's credit ratings; outlook stable** – The rating agency maintained the ratings of the lender's long-term and short-term deposits at “A3” and “P-2”, respectively, while it maintained its main credit rating at “ba1”, according to a bourse statement on Thursday. Moody's report reflects the CBK's strengths and weakness points as well as the agency's expectations in this regard. It also highlights the political pressures and any other aggravating consequences due to the coronavirus (COVID-19) outbreak, not to mention the continued oil price plunge. These factors collectively form the main risks to the agency's expectations. Moreover, the stable outlook reflects the balance between the bank's strong capability to generate revenues, maintain strong capitalisation, while setting aside precautionary provisions when compared to high credit concentrations. It also reflects the higher level of provisions and loans written-off over the recent years.

**Moody's Cut DP World to Baa3 on Increase in Debt; Outlook Stable** – Port operator DP World's long-term issuer rating downgraded to Baa3 from Baa1 at Moody's, citing a material increase in debt and negative interference from the Dubai government. The downgrade follows Moody's expectation that the coronavirus outbreak will aggravate the structural slowdown in real GDP growth for Dubai, contributing to the further deterioration of fiscal strength of the government via increasing debt levels.

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.10	1.59	KSA	2025	2.42	-0.98
Abu Dhabi	2047	3.38	-3.37	KSA	2029	2.87	-0.78
Bahrain	2024	6.00	-9.21	KSA	2049	4.32	-7.71
Bahrain	2029	7.05	-16.82	Oman	2025	6.95	-12.82
Bahrain	2047	7.82	-21.68	Oman	2029	9.72	-26.68
Dubai	2023	2.56	-0.91	Oman	2048	9.76	-29.74
Dubai	2029	3.74	-5.49	Qatar	2024	1.77	0.98
Kuwait	2022	1.08	0.97	Qatar	2028	2.46	-0.42
Kuwait	2027	1.85	2.14	Qatar	2049	3.62	-2.59

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.91	7.32	0.11	-3.78
S&P MENA Bond and Sukuk Index	3.07	NA	0.00	-0.95
Bloomberg Emerging Markets USD Index	6.82	6.26	0.04	-7.10
Bloomberg Global Aggregate Index	1.02	7.33	-0.05	1.58

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	03/05/2020	31/12/2019	03/05/2020	31/12/2019	03/05/2020	31/12/2019
KIBOR	1.7500	2.7500	2.0000	2.9375	2.2500	3.1875
SAIBOR	1.2343	2.2314	1.2400	2.2557	1.2429	2.3071
BHIBOR	1.9667	2.6667	2.0833	2.7000	2.3000	2.8333
QATAR	1.2825	2.2500	1.3463	2.3500	1.4699	2.5333
AEIBOR	1.5492	2.2086	1.6135	2.1914	1.7048	2.2900
EURIBOR	-0.2730	-0.3830	-0.1700	-0.3240	-0.1180	-0.2490
LIBOR	0.5409	1.9084	0.7130	1.9121	0.8355	1.9963

## USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.3743	0.38	-78.9	KWD	0.3087	0.0324	-1.83
2-Year	0.3240	0.37	-80.9	SAR	3.7568	0.0133	-0.14
5-Year	0.3974	-1.56	-77.0	BHD	0.3780	0.0344	-0.25
7-Year	0.5000	-2.10	-72.2	QAR	3.6412	0.0137	0.01
10-Year	0.6195	-2.57	-67.3	OMR	0.3850	0.0000	-0.01
30-Year	0.7994	-3.51	-61.8	AED	3.6730	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.19	0.01	0.02	-0.05	-0.76	0.08
5-Year	0.35	0.07	0.10	-0.07	-0.79	0.40
10-Year	0.61	0.27	0.24	-0.27	-0.62	0.90
30-Year	1.25	1.05	0.59	-0.84	-0.19	2.90

Source: Bloomberg

## UK Gilts

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.19	0.01	0.02	-0.05	-0.76	0.08
5-Year	0.35	0.07	0.10	-0.07	-0.79	0.40
10-Year	0.61	0.27	0.24	-0.27	-0.62	0.90
30-Year	1.25	1.05	0.59	-0.84	-0.19	2.90

## German Bunds

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.19	0.01	0.02	-0.05	-0.76	0.08
5-Year	0.35	0.07	0.10	-0.07	-0.79	0.40
10-Year	0.61	0.27	0.24	-0.27	-0.62	0.90
30-Year	1.25	1.05	0.59	-0.84	-0.19	2.90

## 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

	3-May 2020	31-Dec 2019
Kuwait	100.790	36.700
KSA	170.020	56.915
Abu Dhabi	123.800	36.090
Dubai	265.75	91.005
Qatar	119.470	36.705
Bahrain	470.450	175.995
Oman	753.520	234.400
Iraq	1166.490	383.680
Egypt	633.730	277.420
Morocco	178.260	91.435
Turkey	604.700	282.130
US	17.160	10.810
UK	30.250	16.210
China	45.990	31.205
Japan	30.730	21.042
Germany	21.340	7.080
France	38.790	16.130