

News Updates

Abu Dhabi Returns to Dollar Bond Market With Multi-Tranche Deal –

Abu Dhabi is back in the dollar bond market, extending a debt binge by countries raising cash buffers to weather the pandemic. The Gulf emirate plans a three-part offering, according to a person familiar with the matter. The indicative pricing on the longest tranche of 50 years is in the 3% area, the person said, who isn't authorized to speak publicly and asked not to be identified. With the global economy on a slow path to recovery, corporate treasurers around the world are looking to stockpile cash, even if it means paying more. Abu Dhabi is among the list of countries selling bonds to bolster their finances in the face of lower oil and gas prices. Abu Dhabi raised \$7 billion in April also through a three-tranche bond offering and added another \$3 billion to it a month later. (Source: Bloomberg)

Bahrain raising debt ceiling to finance public spending –

Bahrain's government has raised its debt ceiling to 15 billion dinars (\$39.79 billion) from 13 billion dinars to help finance public spending, the cabinet said on Monday, as low oil prices and the coronavirus crisis have dented state revenues. The debt ceiling was also increased to pay for other expenditure and to cover debt instalments for the financial years 2020 through 2022, the cabinet said in a statement. Bahrain last raised its debt ceiling in 2017. The International Monetary Fund has forecast Bahrain's fiscal deficit will jump to 15.7% of gross domestic product this year from 10.6% in 2019. (Source: Zawya)

Saudi VAT hike sparks 9-year high inflation in July –

Saudi Arabia's headline annual inflation rose from 0.5% year-on-year (y/y) in June to 6.1% y/y in July, the highest level since 2011, due to the tripling of value-added tax (VAT) from 5% to 15% starting July 1, a report said. Consumer prices increased from -0.3% month-on-month (m/m) in June to 5.9% m/m in July, said the Mitsubishi UFJ Financial Group (MUGF), a Japanese bank holding and financial services company, in its latest Mena Economic Weekly report. The tripling in VAT to 15% from 1 July primarily was a response to the precipitous decline in oil prices which in tandem with the coronacrisis induced consumption evisceration, is resulting in a sharp increase in the fiscal deficit and thus raising financing requirements, the report said. (Source: Zawya)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.07	4.48	KSA	2025	1.53	5.47
Abu Dhabi	2030	1.68	9.05	KSA	2030	2.19	9.66
Abu Dhabi	2050	2.63	21.88	KSA	2050	3.15	12.05
Bahrain	2026	3.86	-2.90	Oman	2025	5.19	-5.13
Bahrain	2030	5.05	14.80	Oman	2029	6.24	-6.44
Bahrain	2047	6.29	-5.89	Oman	2048	7.59	-10.67
Dubai	2029	2.72	1.99	Qatar	2025	1.16	6.22
Kuwait	2022	0.66	1.36	Qatar	2030	1.75	11.97
Kuwait	2027	1.25	5.62	Qatar	2050	2.70	25.59

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.62	8.08	0.12	6.63
S&P MENA Bond and Sukuk Index	2.10	NA	0.09	8.20
Bloomberg Emerging Markets USD Index	4.16	6.80	0.15	3.45
Bloomberg Global Aggregate Index	0.87	7.42	0.10	5.94

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	25/08/2020	31/12/2019	25/08/2020	31/12/2019	25/08/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.9000	2.2314	0.9500	2.2557	1.0000	2.3071
BHIBOR	2.2833	2.6667	2.5000	2.7000	2.6833	2.8333
QATAR	0.9872	2.2500	1.0827	2.3500	1.3352	2.5333
AEIBOR	0.4362	2.2086	0.6600	2.1914	0.6321	2.2900
EURIBOR	-0.4870	-0.3830	-0.4410	-0.3240	-0.3760	-0.2490
LIBOR	0.2500	1.9084	0.3144	1.9121	0.4410	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2275	-0.13	-87.1
2-Year	0.2203	0.00	-87.0
5-Year	0.3287	0.33	-81.0
7-Year	0.4655	0.55	-74.1
10-Year	0.6525	0.70	-65.6
30-Year	0.9841	0.46	-52.9

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.16	0.00
5-Year	0.29	-0.01
10-Year	0.66	-0.04
30-Year	1.36	-0.10

Source: Bloomberg

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3058	0.0000	-0.88
SAR	3.7507	-0.0027	0.02
BHD	0.3770	0.0027	0.02
QAR	3.6421	0.0000	0.00
OMR	0.3850	0.0000	-0.01
AED	3.6730	0.0000	0.00

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.05	-0.01
5-Year	-0.04	-0.03
10-Year	0.21	-0.10
30-Year	0.78	-0.18

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.71	0.00
5-Year	-0.72	0.00
10-Year	-0.56	0.00
30-Year	-0.06	0.00

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+	B+
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

	25-Aug 2020	31-Dec 2019
Kuwait	52.530	36.700
KSA	82.300	56.915
Abu Dhabi	45.530	36.090
Dubai	152.990	91.005
Qatar	44.820	36.705
Bahrain	293.380	175.995
Oman	452.680	234.400
Iraq	594.190	383.680
Egypt	425.290	277.420
Morocco	123.190	91.435
Turkey	534.470	282.130
US	13.000	10.810
UK	20.720	16.210
China	35.860	31.205
Japan	15.720	21.042
Germany	9.700	7.080
France	16.610	16.130