

News Updates

Moody's cuts Oman's rating by a notch to 'Ba2' – Moody's downgraded Oman's credit rating deeper into junk territory on Thursday citing the Arab country's lower fiscal strength, evident in its higher government debt and weaker debt affordability metrics than the ratings agency expected. Moody's cut Oman's rating to 'Ba2' from 'Ba1' and changed the outlook to stable. On Feb. 23, Oman's Sultan Haitham bin Tariq al-Said said the government would work to reduce public debt and restructure public institutions and companies to bolster the economy. The small oil producing country has relied heavily on debt to offset a widening deficit caused by lower crude prices. Moody's said that last March it expected Oman's government debt to peak under 60% of GDP by 2021, but the level was nearly reached already in 2019.

Lebanon to Default on Dollar-Denominated Debt – Lebanon said it would default on its dollar-denominated debt, intensifying the Middle Eastern state's financial turmoil and setting up a possibly messy negotiation with foreign investors. Beirut's failure to honor its massive debt load was long expected and not related to the economic turmoil caused by the coronavirus outbreak. But it comes at a time when the global financial system is on edge. Lebanon said Saturday it would fail to pay back U.S. dollar denominated bonds with a face value of \$1.2 billion due Monday, the first time the country has ever failed to pay its debt. It has another \$700 million due in April and \$600 million in June.

Bond yields slide to record lows, stocks succumb to virus fears – Yields on U.S. Treasuries plunged to historic lows on Friday as fear the coronavirus outbreak will slam the global economy drove investors to snap up risk-adverse assets and dump equities, overshadowing data highlighting a strong U.S. labor market. The 10-year Treasury yield fell to a record low of 0.69% as new milestones were set across the U.S. bond market, which this week has seen some of its biggest moves in years as the pandemic spreads outside China. Gold prices rose more than 1% at one point and posted the biggest weekly gain since October 2011, while declining U.S. government bond yields weakened the dollar as it posted its worst week since 2016, down more than 2%. The number of people infected with the new coronavirus across the world surpassed 100,000 on Friday as its economic toll intensified, with business districts beginning to empty and companies bracing for slower sales.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Yield Δ (YTD %)	Sovereigns	Maturity	Yield %	Yield Δ (YTD %)
Abu Dhabi	2027	1.72	-28.23	KSA	2025	1.76	-24.90
Abu Dhabi	2047	2.76	-14.36	KSA	2029	2.25	-20.18
Bahrain	2024	3.38	-0.80	KSA	2049	3.37	-12.83
Bahrain	2029	4.65	2.69	Oman	2025	4.21	1.02
Bahrain	2047	6.00	2.40	Oman	2029	5.72	7.53
Dubai	2023	2.30	-5.36	Oman	2048	6.96	4.53
Dubai	2029	2.99	-4.23	Qatar	2024	1.48	-30.71
Kuwait	2022	1.15	-39.44	Qatar	2028	1.90	-23.98
Kuwait	2027	1.67	-27.53	Qatar	2049	2.95	-15.18

Source: Bloomberg

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.79	7.33	0.01	3.47
S&P MENA Bond and Sukuk Index	2.42	NA	0.36	4.50
Bloomberg Emerging Markets USD Index	4.59	6.28	-0.02	2.66
Bloomberg Global Aggregate Index	0.90	7.27	1.14	4.48

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	08/03/2020	31/12/2019	08/03/2020	31/12/2019	08/03/2020	31/12/2019
KIBOR	2.5000	2.7500	2.7500	2.9375	3.0625	3.1875
SAIBOR	1.5414	2.2314	1.5629	2.2557	1.5829	2.3071
BHIBOR	1.9000	2.2500	2.3233	2.7000	2.4500	2.8333
QATAR	1.8667	2.2500	1.9500	2.3500	2.2000	2.5333
AEIBOR	1.6367	2.2086	1.3919	2.1914	1.6040	2.2900
EURIBOR	-0.4730	-0.3830	-0.4270	-0.3240	-0.3480	-0.2490
LIBOR	0.8960	1.9084	0.8799	1.9121	0.8456	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.6892	-7.08	-61.1
2-Year	0.6442	-4.12	-62.1
5-Year	0.7363	-0.92	-57.4
7-Year	0.7790	-3.63	-56.7
10-Year	0.8408	-7.72	-55.6
30-Year	0.9569	-18.31	-54.2

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3056	0.1310	-0.79
SAR	3.7536	-0.0107	-0.05
BHD	0.3771	0.0000	0.01
QAR	3.6700	-0.0082	-0.24
OMR	0.3854	0.0234	0.02
AED	3.6732	-0.0027	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.51	0.18
5-Year	0.61	0.34
10-Year	0.76	1.48
30-Year	1.29	6.70

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.07	0.14
5-Year	0.11	0.42
10-Year	0.23	1.25
30-Year	0.67	5.32

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.87	-0.01
5-Year	-0.88	0.00
10-Year	-0.74	0.25
30-Year	-0.29	2.46

	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	Ca	CC	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	50.370		47.94
Kuwait	42.940		24.56
Dubai	122.590		41.43
Bahrain	190.200		10.91
Qatar	56.860		63.22
KSA	92.760		68.35
Egypt	306.230		13.87
Lebanon	13097.67		660.71
Turkey	297.601		6.19
Iraq	419.200		22.47
Morocco	90.490		9.92
China	50.566		67.72
France	21.020		22.81
Germany	11.730		55.44
Japan	21.820		11.31
UK	19.920		9.06
US	14.340		28.26