

## News Updates

**Kuwait's Equate tightens price guidance, gets over \$4.25bln in demand** – Kuwait's Equate Petrochemical Company tightened its price guidance on a planned dual-tranche dollar bonds issue and has received more than \$4.25 billion in orders for the deal, a document showed on Tuesday. Equate tightened the guidance to around 5.25% from around 5.5% for the five-year tranche and to around 6.125% from around 6.375% for the 10-year notes, a document from one of the banks leading the deal showed.

**Kuwait joins Saudi move to reduce oil supply in June with 80,000bpd cut** – Kuwait joined Saudi Arabia on Monday in announcing fresh oil production cuts to be implemented in June, state news agency KUNA reported, citing Oil Minister Khaled al-Fadhel. Kuwait will slash production by 80,000 barrels per day in June, on top of the cuts already agreed under a pact by the OPEC+ group of major oil producing countries, the agency reported al-Fadhel as saying.

**Mubadala sells \$4 bln in three-tranche bonds** – Abu Dhabi's state fund Mubadala sold \$4 billion in three-tranche bonds on Tuesday, attracting orders worth nearly six times that amount, a document from one of the banks leading the issuance showed. Mubadala sold \$1 billion in six-year bonds at 210 basis points over midswaps, \$1 billion in 10-year bonds at 235 bps over midswaps and \$2 billion in 30-year dual-listed Formosa bonds at 3.95%, the document showed. Mubadala tightened the pricing by 40 bps for the six- and 10-year tranches and by 42.5 bps for the 30-year Formosa tranche from its initial price guidance earlier on Tuesday. The sale received more than \$23.5 billion in orders, the bank's document showed. "The pricing provides a 25-30 bps cushion to investors," a Dubai-based fixed income strategist said. "Investors continue to demonstrate robust appetite for high-quality GCC names. Mubadala has received more bids at the longer end of the curve at a time when other regional entities are able to attract interest only in the front end of the curve, showcasing investor confidence in long-term risks for Abu Dhabi sovereign-owned entities," he said.

**Investors Are Dumping Stocks for Bonds as Fed Buying Begins** – The Federal Reserve's dive into corporate debt on Tuesday aligns the U.S. central bank with money managers around the world pivoting toward America Inc.'s bonds and away from its shares. Exchange-traded funds investing in credit saw \$2.4 billions of inflows in the past week, compared to outflows for equities, data compiled by Bloomberg show. Funds targeting American stocks posted \$9.3 billion of outflows in the period ending May 6, the most in six weeks, according to a Bank of America note citing EPFR Global data. The six-week inflow for high-yield bonds hit a record \$32 billion. The Fed facility beginning today is designed to purchase eligible credit ETFs -- likely including an unprecedented bid for high-yield securities -- as part of its emergency stimulus program to combat the coronavirus fallout.

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.02	2.05	KSA	2025	2.31	-0.52
Abu Dhabi	2047	3.36	-3.07	KSA	2029	2.67	0.58
Bahrain	2024	5.48	-7.59	KSA	2049	4.18	-5.59
Bahrain	2029	6.71	-15.16	Oman	2025	6.18	-9.49
Bahrain	2047	7.61	-19.82	Oman	2029	8.81	-21.62
Dubai	2023	2.25	-0.23	Oman	2048	8.91	-23.62
Dubai	2029	3.65	-4.58	Qatar	2024	1.61	1.34
Kuwait	2022	1.27	0.81	Qatar	2028	2.39	-0.05
Kuwait	2027	1.90	2.08	Qatar	2049	3.54	-1.12

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.75	7.32	0.43	-2.71
S&P MENA Bond and Sukuk Index	2.98	NA	0.23	-0.03
Bloomberg Emerging Markets USD Index	5.63	6.26	0.37	-5.91
Bloomberg Global Aggregate Index	1.07	7.33	-0.24	0.53

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	13/05/2020	31/12/2019	13/05/2020	31/12/2019	13/05/2020	31/12/2019
KIBOR	1.7500	2.7500	1.9375	2.9375	2.1875	3.1875
SAIBOR	1.1286	2.2314	1.1814	2.2557	1.2057	2.3071
BHIBOR	2.3000	2.6667	2.3833	2.7000	2.5917	2.8333
QATAR	1.2164	2.2500	1.2550	2.3500	1.3779	2.5333
AEIBOR	0.9122	2.2086	1.2694	2.1914	1.6199	2.2900
EURIBOR	-0.2580	-0.3830	-0.1470	-0.3240	-0.0850	-0.2490
LIBOR	0.4335	1.9084	0.6589	1.9121	0.7656	1.9963

## USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.3340	1.65	-81.1	KWD	0.3088	0.0324	-1.86
2-Year	0.2661	0.66	-84.3	SAR	3.7585	-0.0027	-0.14
5-Year	0.3540	-0.50	-79.5	BHD	0.3780	0.0000	-0.17
7-Year	0.4823	-1.52	-73.2	QAR	3.6420	-0.0110	0.01
10-Year	0.6370	-2.15	-66.4	OMR	0.3850	0.0000	0.00
30-Year	0.8839	-2.17	-57.7	AED	3.6731	0.0000	0.00

## US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.17	0.01	-0.03	0.04
5-Year	0.33	0.10	0.07	0.08
10-Year	0.67	0.35	0.25	0.26
30-Year	1.38	1.09	0.59	0.05

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

	13-May 2020	31-Dec 2019
Kuwait	97.750	36.700
KSA	148.650	56.915
Abu Dhabi	100.460	36.090
Dubai	247.220	91.005
Qatar	101.230	36.705
Bahrain	456.640	175.995
Oman	705.350	234.400
Iraq	1122.130	383.680
Egypt	618.020	277.420
Morocco	166.130	91.435
Turkey	587.050	282.130
US	14.910	10.810
UK	30.830	16.210
China	47.720	31.205
Japan	29.000	21.042
Germany	21.290	7.080
France	36.920	16.130