

News Updates

UAE banks slash bond, stock investments in March – Banks operating in the UAE have cut their monthly investments in debt securities to around AED 228.2 billion (\$62.14 billion) in March 2020, according to data issued by the Central Bank of the UAE (CBUAE). In February 2020, the UAE's banks' investments in debt securities reached AED 252.6 billion (\$68.78 billion). Meanwhile, the banks' investments in stocks declined by 13.3% or AED 1.4 billion to AED 9.1 billion in March 2020, compared to AED 10.5 billion in February 2020.

Fitch places two Egyptian banks on rating watch negative – Fitch has placed Egypt's Commercial International Bank (CIB) long-term issuer default rating, viability rating, national ratings and National Bank of Egypt's (NBE) viability rating on rating watch negative (RWN). The ratings agency believes that the RWN on both banks' ratings reflects expectations that Egyptian banks will face material pressure from a weaker operating environment and tightening of foreign currency (FC) liquidity as a result of the COVID-19 pandemic. Fitch expects FC liquidity to be further constrained by lower tourism receipts, the impact on Suez Canal revenues from the global trade slowdown and weaker FDI inflows. The trade and services sectors (including tourism, transportation and Suez Canal) account for about 27 percent of the total banking sector lending and 23 percent of GDP.

Egypt sees growth slowing to 2% in 2020-21 if coronavirus continues to December – minister – Egypt was expecting growth of 3.5% in the fiscal year 2020-21 which starts in July, but growth could slow to 2% if the coronavirus crisis continues to December, Planning Minister Hala al-Saeed said in a statement on Sunday. The government had been targeting annual growth of 5.6% in the current fiscal year 2019-20, but was now looking at 4.2% due to the crisis, she added.

Treasury's \$4 Trillion Funding Task Signals Record Auction Slate – Treasury Secretary Steven Mnuchin is likely to boost the government's quarterly round of debt auctions to unprecedented levels this week to finance a deficit that's set to surpass estimates of \$4 trillion for this year as lawmakers discuss additional economic stimulus. Treasury's announcement Wednesday on its issuance plans for the coming months will signal how Mnuchin plans to manage a debt burden that's poised to eclipse the record seen in the wake of World War II as a share of the economy. Analysts see the department needing to raise massive amounts of cash every quarter possibly into 2021. Mnuchin has already lifted auctions of most bill maturities and some coupon-bearing debt to records as he finances the government's efforts to cushion the economy against the pandemic. On Wednesday, the department will likely hoist its quarterly refunding auctions -- encompassing 3-, 10- and 30-year securities -- to a historic amount. It is also set to expand that round to include 20-year bonds, which it's reintroducing for the first time since 1986.

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	
	04/05/2020	31/12/2019	04/05/2020	31/12/2019	04/05/2020	31/12/2019
KIBOR	1.7500	2.7500	2.0000	2.9375	2.2500	3.1875
SAIBOR	1.2200	2.2314	1.2329	2.2557	1.2371	2.3071
BHIBOR	1.9667	2.6667	2.0833	2.7000	2.3000	2.8333
QATAR	1.2000	2.2500	1.2333	2.3500	1.3667	2.5333
AEIBOR	1.3756	2.2086	1.4804	2.1914	1.8144	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

	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

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.19	0.01	0.02	-0.05
5-Year	0.35	0.07	0.10	-0.07
10-Year	0.61	0.27	0.24	-0.27
30-Year	1.25	1.05	0.59	-0.84

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	4-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