

News Updates

Saudi Arabia to Inject \$13.3 Billion Into Banking System – Saudi Arabia's central bank will pump 50 billion riyals (\$13.3 billion) into the kingdom's banking system to help manage the fallout of the coronavirus pandemic and drop in oil prices. The move by the Saudi Arabian Monetary Authority will support financial stability and boost credit facilities to the private sector, it said in a statement on Monday. It's aimed at helping banks amend and restructure loans without additional fees and support private sector employment. In March, the regulator urged banks to put in place a lending program for at least six months to “assist in maintaining employment levels,” according to a document sent by the regulator to lenders and seen by Bloomberg. It had previously unveiled a 50-billion riyal program to help private businesses in the country. (Source: Bloomberg)

Saudi Reserves Fall Again After Transfer to Sovereign Fund – Saudi Arabia's reserves fell for a second month after the kingdom said it had transferred 150 billion riyals (\$40 billion) to finance an investment spree by its sovereign wealth fund. Net foreign assets in the Arab world's biggest economy declined by \$20.9 billion in April, a decrease of 4.5% from the previous month, according to data released Sunday by the Saudi Arabian Monetary Authority. The fall follows a \$27 billion plunge in March, when the stockpile shrank at the fastest pace in at least two decades. “We're still in a comfortable situation,” the central bank's governor, Ahmed Alkholifey, said in an interview with Al-Arabiya television on Monday. The change in the level of reserves between the end of May and the end of April is “not significant” and the stockpile is still enough to cover more than 40 months of imports, he said. (Source: Bloomberg)

Sharjah Raises 2 Billion Dirhams Via Sukuk Trust Certificates – Sharjah, a sheikhdom in the United Arab Emirates, raised 2 billion dirhams from one-year sukuk trust certificates, sole lead manager and arranger Bank of Sharjah says in a statement. The certificates, issued on May 19, pay a profit rate of 1.5%, and mature on May 19, 2021. Proceeds to be used to support the Sharjah economy, corporates, SMEs, individuals and banking sector during the coronavirus crisis. (Source: Bloomberg)

Gulf currency pegs to remain despite oil price slump, S&P says – The six nations of the Gulf Cooperation Council will maintain their pegged currencies despite a fall in oil prices, S&P Global Ratings said on Monday. Kuwait, Qatar, the United Arab Emirates and Saudi Arabia have strong levels of reserves to weather shocks, while Bahrain and Oman have a lower level of external liquid assets, S&P said. But the ratings agency believes Bahrain and Oman's wealthier neighbours would provide financial support in times of stress if needed, similar to a \$10 billion aid package pledged to Bahrain by Kuwait, Saudi Arabia and the UAE in 2018. “We note, however, that a currency devaluation would increase the local currency value of U.S. dollar-priced oil- and gas-related revenues. This would improve government fiscal balances as long as governments are able to contain their spending, which may not be so easy given the inflationary aspects of such a devaluation,” it said. (Source: Zawya)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.95	2.59	KSA	2025	1.95	1.13
Abu Dhabi	2047	3.12	1.21	KSA	2029	2.55	1.45
Bahrain	2024	4.89	-5.72	KSA	2049	3.89	-0.84
Bahrain	2029	6.23	-11.88	Oman	2025	6.04	-8.99
Bahrain	2047	7.19	-15.61	Oman	2029	8.23	-18.48
Dubai	2023	1.68	1.27	Oman	2048	8.88	-22.94
Dubai	2029	3.27	-1.84	Qatar	2024	1.60	1.44
Kuwait	2022	1.05	1.11	Qatar	2028	2.26	0.88
Kuwait	2027	1.81	2.56	Qatar	2049	3.36	1.86

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.50	7.32	-0.15	-0.58
S&P MENA Bond and Sukuk Index	2.76	NA	-0.08	1.99
Bloomberg Emerging Markets USD Index	5.06	6.26	0.03	-2.85
Bloomberg Global Aggregate Index	1.01	7.33	0.33	2.08

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	02/06/2020	31/12/2019	02/06/2020	31/12/2019	02/06/2020	31/12/2019
KIBOR	1.6875	2.7500	1.9375	2.9375	2.1875	3.1875
SAIBOR	1.0800	2.2314	1.1457	2.2557	1.1800	2.3071
BHIBOR	2.2167	2.6667	2.2833	2.7000	2.4917	2.8333
QATAR	1.1150	2.2500	1.1750	2.3500	1.3500	2.5333
AEIBOR	0.7956	2.2086	1.1247	2.1914	1.2140	2.2900
EURIBOR	-0.3070	-0.3830	-0.1580	-0.3240	-0.0850	-0.2490
LIBOR	0.3440	1.9084	0.5098	1.9121	0.6735	1.9963

USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2906	-0.21	-83.6	KWD	0.3082	0.1623	-1.66
2-Year	0.2490	-0.23	-85.3	SAR	3.7548	0.0080	-0.06
5-Year	0.3592	-0.03	-79.2	BHD	0.3776	0.0000	-0.06
7-Year	0.4943	0.45	-72.5	QAR	3.6414	0.0000	0.01
10-Year	0.6628	1.22	-65.0	OMR	0.3850	0.0000	0.01
30-Year	0.9798	4.24	-53.2	AED	3.6731	0.0000	0.00

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.16	0.01	-0.02	-0.09
5-Year	0.31	0.00	0.03	-0.23
10-Year	0.67	-0.15	0.23	-0.64
30-Year	1.46	-1.27	0.62	-1.18

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

	2-Jun 2020	31-Dec 2019
Kuwait	84.630	36.700
KSA	135.690	56.915
Abu Dhabi	91.110	36.090
Dubai	208.290	91.005
Qatar	91.160	36.705
Bahrain	401.700	175.995
Oman	606.750	234.400
Iraq	772.960	383.680
Egypt	545.690	277.420
Morocco	142.360	91.435
Turkey	531.300	282.130
US	14.470	10.810
UK	28.080	16.210
China	52.470	31.205
Japan	20.330	21.042
Germany	17.350	7.080
France	28.910	16.130