

News Updates

Abu Dhabi's Mubadala Weighs Selling Property Assets to Aldar – Mubadala Investment Co. is weighing the sale of a mall and other real estate assets to Abu Dhabi's largest property developer Aldar Properties PJSC, according to people with knowledge of the matter. The sovereign wealth fund is considering selling the Galleria Mall on Al Maryah Island, as well as the city's financial district, Abu Dhabi Global Market, to Aldar, the people said, asking not to be identified because the discussions are private. Mubadala may also dispose of some residential buildings in the United Arab Emirates' capital, they said. Talks are at an early stage and may not result in a deal, the people said. To offset the downturn, Aldar is seeking to grow its asset management business to secure a steady stream of income. Mubadala, one of the world's biggest sovereign wealth funds, last week said it's ready to use its growing cash pile for deals across the globe. (Source: Bloomberg)

Divergence of financial markets from real economy may lead to corrections: IMF – The International Monetary Fund (IMF) is likely to forecast negative growth rates in the global economy than previously estimated for 2020 and sees "profound uncertainty" about the path of recovery, IMF chief economist Gita Gopinath said in a new blog. She also highlighted that a striking divergence of financial markets from real economy may lead to potentially sharp corrections. The IMF is due to update its World Economic Outlook on June 24. Managing Director Kristalina Georgieva last month said the IMF was "very likely" to revise downward its already pessimistic forecast for a 3 percent contraction in global gross domestic output in 2020, but gave no details. Global cases of the virus reached over 8 million on Monday, with infections surging in Latin America, while the United States and China are grappling with fresh outbreaks. Gopinath noted a striking divergence of financial markets from the real economy, which could portend greater volatility in financial markets and potentially sharp corrections. (Source: Zawya)

As the ECB ponders purchases, bond angels aren't falling – An expected wave of credit rating cuts for companies as a result of the coronavirus crisis has yet to materialise, data shows, meaning speculation that the European Central Bank will buy bonds of “fallen angels” downgraded to junk may be premature. The ECB has warned there is “considerable risk of imminent downgrades” for euro zone corporate bonds, many of which could be pushed into the speculative grade or “junk” category. That would force large investors such as insurance and pension funds, which are largely restricted to investment-grade assets, to sell any bonds they hold, hitting prices and hampering companies' ability to refinance debt. Sources have told Reuters ECB staff are considering whether to add recently downgraded bonds to its 1.35 trillion euro (\$1.52 trillion) emergency stimulus programme, as the Federal Reserve has done to help support the U.S. economy. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.86	3.06	KSA	2025	1.70	2.08
Abu Dhabi	2047	3.05	2.33	KSA	2029	2.37	2.71
Bahrain	2024	4.22	-3.68	KSA	2049	3.69	2.40
Bahrain	2029	5.42	-6.81	Oman	2025	5.22	-5.40
Bahrain	2047	6.52	-8.51	Oman	2029	6.57	-8.76
Dubai	2023	1.70	1.19	Oman	2048	7.69	-11.84
Dubai	2029	3.14	-0.78	Qatar	2024	1.42	2.03
Kuwait	2022	0.94	1.21	Qatar	2028	2.07	1.98
Kuwait	2027	1.80	2.53	Qatar	2049	3.19	5.02

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.15	7.32	0.91	1.58
S&P MENA Bond and Sukuk Index	2.60	NA	0.87	3.21
Bloomberg Emerging Markets USD Index	4.72	6.26	0.69	-0.81
Bloomberg Global Aggregate Index	0.99	7.33	-0.04	2.87

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	18/06/2020	31/12/2019	18/06/2020	31/12/2019	18/06/2020	31/12/2019
KIBOR	1.6875	2.7500	1.8750	2.9375	2.1250	3.1875
SAIBOR	1.0186	2.2314	1.0771	2.2557	1.1257	2.3071
BHIBOR	2.1833	2.6667	2.2667	2.7000	2.4667	2.8333
QATAR	1.1653	2.2500	1.2185	2.3500	1.3153	2.5333
AEIBOR	0.6648	2.2086	0.8813	2.1914	1.1880	2.2900
EURIBOR	-0.3720	-0.3830	-0.2060	-0.3240	-0.1350	-0.2490
LIBOR	0.3079	1.9084	0.4298	1.9121	0.5855	1.9963

USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.3015	-0.23	-83.0	KWD	0.3077	-0.0488	-1.48
2-Year	0.2620	-0.40	-84.6	SAR	3.7527	-0.0080	0.00
5-Year	0.3765	-1.57	-78.2	BHD	0.3773	0.0000	-0.02
7-Year	0.5253	-2.40	-70.8	QAR	3.6421	-0.0027	0.01
10-Year	0.7070	-2.92	-62.7	OMR	0.3851	0.0000	-0.01
30-Year	1.0194	-3.00	-51.3	AED	3.6731	0.0000	0.00

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.20	0.01	-0.07	0.03
5-Year	0.34	0.03	-0.02	0.07
10-Year	0.73	0.20	0.19	0.21
30-Year	1.52	0.46	0.58	0.97

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

	18-Jun 2020	31-Dec 2019
Kuwait	75.570	36.700
KSA	92.760	56.915
Abu Dhabi	70.760	36.090
Dubai	168.510	91.005
Qatar	71.180	36.705
Bahrain	342.330	175.995
Oman	504.740	234.400
Iraq	615.050	383.680
Egypt	504.610	277.420
Morocco	137.290	91.435
Turkey	468.440	282.130
US	11.600	10.810
UK	27.130	16.210
China	47.160	31.205
Japan	16.660	21.042
Germany	15.250	7.080
France	22.340	16.130