

News Updates

Abu Dhabi retains its top credit ratings with stable outlook – Credit rating agency Standard & Poor's on Saturday retained Abu Dhabi's credit rating at AA/Stable/A-1+ with stable outlook, after considering the impact of COVID-19 and the recent sharp decline in oil prices on the economy. “The stable outlook reflects our expectation that Abu Dhabi's fiscal and external net asset positions will remain strong over the next two years, although structural economic and institutional weaknesses will likely persist,” Zahabia S Gupta, an analyst at S&P said in a report. Abu Dhabi's economy and public finances depend heavily on the hydrocarbon sector. Abu Dhabi currently derives 50 per cent of its real GDP and about 90 per cent of central government revenue from the hydrocarbon sector. This includes oil taxes and royalties, plus dividends from state-owned oil producer, refiner, and distributor Abu Dhabi National Oil Co. (ADNOC). (Source: Gulf News)

BofA Warns on Dubai Inc. Debt ‘Distress’ If Downturn Sustained – Bank of America Corp. warned that “more corporate distress” is possible for some of the debt owed by Dubai government-related companies in case of a prolonged economic downturn. Excluding the government and banks, Dubai Inc. has about \$6.8 billion of loans and \$3.1 billion in bonds is coming due in 2021 and 2022, according to BofA Global Research. “These could be most at risk because we see Abu Dhabi and central bank support to the sovereign and banks, if required,” BofA economist Jean-Michel Saliba said in a report to clients. Unlike Gulf neighbors that have opted to tap public markets this year, Dubai has looked to raise capital by means of private placements and bilateral loans. (Source: Bloomberg)

UAE Emirate of Sharjah Hires Banks for \$1 Billion Sukuk Sale – The tiny emirate of Sharjah hired banks to raise as much as \$1 billion from international debt markets, joining wealthier Gulf states to shore up its finances against the fallout of the coronavirus pandemic. A sale could happen as soon as this week and proceeds will be used for general budgetary needs, the people said, asking not to be identified because the information is private. A representative for the government of Sharjah declined to comment. S&P Global Ratings lowered Sharjah's outlook to negative last month and affirmed its long-term rating at BBB, the second-lowest investment grade. (Source: Bloomberg)

Powell Says Federal Reserve Crossed Red Lines to Help Economy – Jerome H. Powell, the chair of the Federal Reserve, said central bankers had seen the need to use their tools “to their fullest extent” as coronavirus lockdowns shuttered economies around the globe and caused United States unemployment to soar. “We crossed a lot of red lines, that had not been crossed before,” he said. He added that he was comfortable with what the Fed had done given “this is that situation in which you do that, and you figure it out afterward.” The Fed has taken a variety of actions to support the economy: cutting interest rates to near-zero, rolling out unlimited bond purchases to soothe markets and initiating emergency lending programs to keep credit flowing to businesses and state governments. (Source: New York Times)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.90	2.77	KSA	2025	1.83	1.31
Abu Dhabi	2047	3.10	1.45	KSA	2029	2.61	1.05
Bahrain	2024	4.93	-5.92	KSA	2049	3.89	-1.05
Bahrain	2029	6.27	-12.24	Oman	2025	6.09	-9.13
Bahrain	2047	7.25	-16.30	Oman	2029	8.48	-19.77
Dubai	2023	1.83	0.99	Oman	2048	9.05	-24.29
Dubai	2029	3.26	-1.82	Qatar	2024	1.62	1.31
Kuwait	2022	1.01	1.10	Qatar	2028	2.23	0.94
Kuwait	2027	1.78	2.64	Qatar	2049	3.38	1.52

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	
	01/06/2020	31/12/2019	01/06/2020	31/12/2019	01/06/2020	31/12/2019
KIBOR	1.7500	2.7500	1.9375	2.9375	2.1875	3.1875
SAIBOR	1.0829	2.2314	1.1500	2.2557	1.1843	2.3071
BHIBOR	2.2167	2.6667	2.2833	2.7000	2.4917	2.8333
QATAR	1.2767	2.2500	1.3387	2.3500	1.4239	2.5333
AEIBOR	0.6042	2.2086	1.0697	2.1914	1.1541	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

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.2927	-0.90	-83.5	KWD	0.3087	0.0486	-1.81
2-Year	0.2513	-1.55	-85.2	SAR	3.7557	0.0213	-0.11
5-Year	0.3595	-2.90	-79.2	BHD	0.3773	0.0000	-0.06
7-Year	0.4898	-3.12	-72.8	QAR	3.6414	0.0000	0.01
10-Year	0.6506	-3.49	-65.7	OMR	0.3850	0.0000	0.01
30-Year	0.9374	-4.46	-55.2	AED	3.6729	0.0027	0.00

US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.16	0.03	-0.06	0.04	-0.65	0.03
5-Year	0.30	0.18	-0.01	0.09	-0.65	0.12
10-Year	0.65	0.38	0.18	0.30	-0.48	0.28
30-Year	1.41	1.10	0.58	1.16	0.00	0.81

Source: Bloomberg

Currencies

	Yield %	1D Δ (bps)	YTD Δ (%)		Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2927	-0.90	-83.5	KWD	0.3087	0.0486	-1.81
2-Year	0.2513	-1.55	-85.2	SAR	3.7557	0.0213	-0.11
5-Year	0.3595	-2.90	-79.2	BHD	0.3773	0.0000	-0.06
7-Year	0.4898	-3.12	-72.8	QAR	3.6414	0.0000	0.01
10-Year	0.6506	-3.49	-65.7	OMR	0.3850	0.0000	0.01
30-Year	0.9374	-4.46	-55.2	AED	3.6729	0.0027	0.00

UK Gilts

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.16	0.03	-0.06	0.04	-0.65	0.03
5-Year	0.30	0.18	-0.01	0.09	-0.65	0.12
10-Year	0.65	0.38	0.18	0.30	-0.48	0.28
30-Year	1.41	1.10	0.58	1.16	0.00	0.81

German Bunds

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.16	0.03	-0.06	0.04	-0.65	0.03
5-Year	0.30	0.18	-0.01	0.09	-0.65	0.12
10-Year	0.65	0.38	0.18	0.30	-0.48	0.28
30-Year	1.41	1.10	0.58	1.16	0.00	0.81

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

	1-Jun 2020	31-Dec 2019
Kuwait	84.630	36.700
KSA	135.940	56.915
Abu Dhabi	91.680	36.090
Dubai	195.960	91.005
Qatar	91.730	36.705
Bahrain	413.920	175.995
Oman	605.030	234.400
Iraq	772.990	383.680
Egypt	550.260	277.420
Morocco	141.010	91.435
Turkey	551.000	282.130
US	14.680	10.810
UK	27.530	16.210
China	55.280	31.205
Japan	20.310	21.042
Germany	18.570	7.080
France	30.340	16.130