

News

Saudi Arabia Says It Could Borrow Almost \$60 Billion in 2020 - Saudi Arabia could borrow 220 billion riyals (\$58 billion) this year as it copes with the fiscal damage from the global coronavirus pandemic and plunging oil prices - more than any year since its debut in international debt markets in 2016. The kingdom may issue as much as an additional 100 billion riyals of debt on top of 120 billion riyals already announced, Finance Minister Mohammed Al-Jadaan said in a press conference on Wednesday. “We don’t expect to withdraw from the reserves more than 110 to 120 billion riyals and that’s what was planned in the budget,” he added.

X-S&PGR Says Gulf Banks Have Room For Maneuver - The strong earning capacity of banks in the Gulf Cooperation Council (GCC) countries will help them navigate the shock related to COVID-19 and the oil price dive, and protect their hybrid capital instruments, S&P Global Ratings said in two reports published yesterday. “Most rated GCC banks have relatively strong profitability and a conservative approach to calculating and setting aside loan-loss provisions,” said S&P Global Ratings credit analyst. “Overall, we estimate that rated GCC banks could absorb up to a \$36 billion shock before starting to deplete their capital base. This corresponds to about 3x our calculated normalized losses, which implies a substantial level of stress in our view,” Mr. Damak added.

Ashmore, Fidelity Forming Lebanon Creditor Group Amid IMF Talks - Some of Lebanon’s largest creditors are forming a bondholder group as the nation awaits a potential rescue package from the International Monetary Fund to revive its economy and rebound from its first-ever default. Money managers including Ashmore Group Plc and Fidelity Investments are creating a committee focused on the nation’s sovereign debt, according to people familiar with the matter. A team at White & Case LLP including Ian Clark will act as the legal adviser, the people said, speaking on condition of anonymity to discuss a private matter. A spokesman at Fidelity declined to comment, while Clark as well as officials at Ashmore and White & Case didn’t respond to requests seeking comment.

Turkey cuts rates aggressively to keep credit flowing in crisis - Turkey’s central bank cut interest rates to 8.75% on Wednesday, risking further lira weakness, in a bigger-than-expected move aimed at limiting the economic damage of the coronavirus crisis. While the central bank acknowledged the depreciating currency, which has tumbled 15% this year, it stressed the need to keep credit flowing and to respond to sliding oil prices as it once again cut interest rates by 100 basis points. Marking its eighth straight rate cut, Turkey’s central bank lowered its benchmark one-week repo rate from 9.75%, extending an aggressive easing cycle that has seen it fall 1,525 basis points in less than a year, beyond most analyst forecasts.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.50	-1.00	KSA	2025	2.80	-2.56
Abu Dhabi	2047	3.67	-7.74	KSA	2029	3.21	-3.27
Bahrain	2024	6.56	-10.82	KSA	2049	4.58	-11.14
Bahrain	2029	7.61	-19.89	Oman	2025	7.43	-14.67
Bahrain	2047	8.26	-25.28	Oman	2029	10.59	-30.61
Dubai	2023	3.70	-4.13	Oman	2048	10.64	-35.94
Dubai	2029	4.58	-10.99	Qatar	2024	2.23	-0.82
Kuwait	2022	1.72	0.05	Qatar	2028	2.89	-3.28
Kuwait	2027	2.19	0.28	Qatar	2049	3.91	-7.30

Source: Bloomberg

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.40	7.50	-0.01	-6.53
S&P MENA Bond and Sukuk Index		NA	-0.04	-3.53
Bloomberg Emerging Markets USD Index	6.87	6.58	-0.25	-8.17
Bloomberg Global Aggregate Index	1.12	7.47	-0.15	0.30

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	23/04/2020	31/12/2019	23/04/2020	31/12/2019	23/04/2020	31/12/2019
KIBOR	1.7500	2.7500	2.0000	2.9375	2.1875	3.1875
SAIBOR	1.2329	2.2314	1.2414	2.2557	1.2414	2.3071
BHIBOR	1.8500	2.2500	2.0667	2.7000	2.3000	2.8333
QATAR	1.2400	2.2500	1.2833	2.3500	1.3833	2.5333
AEIBOR	1.6045	2.2086	1.6225	2.1914	1.5608	2.2900
EURIBOR	-0.2330	-0.3830	-0.1780	-0.3240	-0.0780	-0.2490
LIBOR	1.0430	1.9084	1.0243	1.9121	0.9865	1.9963

USD Swap Rates

USD Swap Rates				Currencies			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.5148	-1.19	-70.9	KWD	0.3129	-0.0353	-2.65
2-Year	0.3972	-0.68	-76.6	SAR	3.7680	-0.1195	-0.38
5-Year	0.4524	-0.61	-73.8	BHD	0.3788	-0.1163	-0.32
7-Year	0.5450	-0.72	-69.7	QAR	3.6640	-0.0382	-0.08
10-Year	0.6540	-0.90	-65.5	OMR	0.3851	-0.0701	-0.01
30-Year	0.8062	-1.48	-61.5	AED	3.6732	0.0027	0.00

US Treasuries

	UK Gilt		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.21	0.01	0.06	-0.04
5-Year	0.36	0.04	0.18	-0.12
10-Year	0.61	0.12	0.32	-0.41
30-Year	1.20	0.55	0.67	-1.00

	Sovereign Ratings		
	Moody's	S&P	Fitch
Abu Dhabi	Aa2	AA	AA
Bahrain	B2u	B+	BB-
Kuwait	Aa2	AA-	AA
Oman	Ba2	BB-	BB
Qatar	Aa3	AA-	AA-
KSA	A1	A-u	A
UAE	Aa2	NR	NR
Egypt	B2	B	B+
Lebanon	Ca	SD	RD
Turkey	B1	B+u	BB-
Tunisia	B2	NR	B+
Morocco	Ba1	BBB-	BBB-
Jordan	B1	B+	BB-
China	A1	A+	A+
UK	Aa2	AA	AA
USA	Aaa	AA+u	AAA
USD 5-Year CDS	22/04/20	30/12/19	
Abu Dhabi	128	36	
Kuwait	104	36.7	
Dubai	282	91	
Bahrain	465	176	
Qatar	131	36.75	
KSA	171	57	
Egypt	625	277	
Oman	709	234	
Turkey	616	281	
Iraq	1267	384	
Morocco	173	92	
China	46	31	
France	46	18	
Germany	24	9	
Japan	33	19	
UK	36	18	
US	18	15	