

News Update – 16 January 2020

Fitch Affirms Emirates NBD at 'A+'; Outlook Stable – Fitch Ratings has affirmed UAE-based Emirates NBD's (ENBD) Long-Term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook. Fitch's view of support factors in the sovereign's strong capacity to support the banking system, sustained by sovereign wealth funds and recurring revenue mostly from hydrocarbon production. Fitch also expects high willingness from the authorities to support the banking sector. This has been demonstrated by the UAE authorities' long track record of supporting domestic banks, as well as by the authorities' close ties with and part-government ownership links to a number of banks.

Fitch Affirms Abu Dhabi Commercial Bank at 'A+'; Outlook Stable – Fitch Ratings has affirmed UAE-based Abu Dhabi Commercial Bank's (ADCB) Long-Term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook and Viability Rating (VR) at 'bb+'. ADCB's IDRs, SR and SRF reflect an extremely high probability of support available to the bank from the UAE authorities. Fitch's view of support factors in the sovereign's strong capacity to support the banking system, sustained by sovereign wealth funds and recurring revenue mostly from hydrocarbon production. Fitch also expects high willingness from the authorities to support the banking sector. This has been demonstrated by the UAE authorities' long track record of supporting domestic banks, as well as close ties with and part government ownership links to a number of banks.

U.S., China Sign Deal Easing Trade Tensions – The U.S. and China signed a trade deal that officials say will lead to a sharp increase in sales of U.S. goods and services to China, further open Chinese markets to foreign firms—especially in financial services—and provide strong new protections for trade secrets and intellectual property. The eight-part agreement acts as a cease-fire in a two-year trade war that has roiled markets world-wide and cut into global growth. But it leaves in place U.S. tariffs on about \$370 billion in Chinese goods, or about three-quarters of Chinese imports to the U.S. Possible tariff reductions will be left to later negotiations, which will cover a host of difficult issues at the heart of the trade battle, including Chinese subsidies to domestic companies and Beijing's oversight of Chinese state-owned firms. Those talks are expected to begin fairly soon but not conclude until after the U.S. presidential election in November.

GCC Sovereign Yields (16 January 2020)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.38	0.10	KSA	2025	2.39	-0.30
Abu Dhabi	2047	3.22	-0.02	KSA	2029	2.81	0.15
Bahrain	2024	3.48	-0.32	KSA	2049	3.85	0.35
Bahrain	2029	4.58	-0.47	Oman	2025	4.11	0.20
Bahrain	2047	5.86	-0.05	Oman	2029	5.30	0.13
Dubai	2023	2.48	-0.19	Oman	2048	6.70	-0.56
Dubai	2029	3.13	-0.16	Qatar	2024	2.13	-0.01
Kuwait	2022	1.87	0.04	Qatar	2028	2.50	-0.12
Kuwait	2027	2.30	0.09	Qatar	2049	3.50	-0.25

Source: Bloomberg

Bonds and Sukuk Indices (16 January 2020)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.14	7.33	0.28	0.18
S&P MENA Bond and Sukuk Index	2.92	NA	0.23	0.20
Bloomberg Emerging Markets USD Index	4.73	6.28	0.18	0.81
Bloomberg Global Aggregate Index	1.41	7.27	0.23	0.04

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	16/01/2020	31/12/2019	16/01/2020	31/12/2019	16/01/2020	31/12/2019
KIBOR	2.7500	2.7500	2.9375	2.9375	3.1875	3.1875
SAIBOR	2.2214	2.2314	2.2443	2.2557	2.3000	2.3071
BHIBOR	2.2500	2.2500	2.7000	2.7000	2.8333	2.8333
QATAR	2.3000	2.2500	2.4033	2.3500	2.6860	2.5333
AEIBOR	2.0213	2.2086	2.1088	2.1914	2.2598	2.2900
EURIBOR	-0.3910	-0.3830	-0.3290	-0.3240	-0.2430	-0.2490
LIBOR	1.8426	1.9084	1.8645	1.9121	1.9631	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7268	-0.02	-2.5
2-Year	1.6329	0.39	-3.8
5-Year	1.6146	0.30	-6.6
7-Year	1.6630	0.34	-7.5
10-Year	1.7502	0.38	-7.6
30-Year	1.9414	0.77	-7.2

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3035	-0.0165	-0.12
SAR	3.7516	0.0453	0.01
BHD	0.3770	0.0027	0.02
QAR	3.6643	0.0164	-0.13
OMR	0.3850	0.0000	-0.01
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.56	-0.01
5-Year	1.60	-0.02
10-Year	1.79	-0.05
30-Year	2.25	-0.27

UK Gilt

	Yield %	1D Δ (%)
2-Year	0.44	0.04
5-Year	0.43	0.28
10-Year	0.65	0.63
30-Year	1.17	1.38

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.61	0.01
5-Year	-0.51	0.10
10-Year	-0.24	0.28
30-Year	0.30	1.00

	Sovereign Ratings		
	Moody's	S&P	Fitch
Abu Dhabi	Aa2	AA	AA
Bahrain	B2	B+	BB-
Kuwait	Aa2	AA	AA
Oman	Ba1	BB	BB+
Qatar	Aa3	AA-	AA-
KSA	A1	A-	A
UAE	Aa2	NR	NR
Egypt	B2	B	B+
Lebanon	Caa2	CCC	CC
Turkey	B1	B+	BB-
Tunisia	B2	NR	B+
Morocco	Ba1	BBB-	BBB-
Jordan	B1	B+	BB-
China	A1	A+	A+
UK	Aa2	AA	AA
USA	Aaa	AA+	AAA
USD 5-Year CDS			YTD Δ (%)
Abu Dhabi	36.500		6.30
Kuwait	35.930		5.46
Dubai	89.590		3.94
Bahrain	161.080		-2.69
Qatar	39.120		11.66
KSA	61.630		10.95
Egypt	256.090		-2.61
Lebanon	2573.260		10.93
Turkey	248.063		-11.25
Iraq	398.040		17.09
Morocco	79.420		-2.20
China	30.047		-1.98
France	16.420		-1.35
Germany	7.050		-4.61
Japan	19.781		-0.31
UK	16.440		-6.81
US	12.440		13.33