

News Updates

US Fed cuts rates to soothe virus economy worries – The Federal Reserve slashed interest rates by half a percentage point on Tuesday, a bold attempt to give the US economy a jolt in the face of concerns about the coronavirus outbreak. It was the first unscheduled, emergency rate cut since 2008, and it also marks the biggest one-time cut since then. The new benchmark interest rate is a range of between 1% and 1.25%.

Gulf central banks follow Fed move with half-point rate cuts – Policy makers in the Gulf followed the US Federal Reserve's emergency move on Tuesday, lowering interest rates in response to the coronavirus outbreak. Central banks in Saudi Arabia, the United Arab Emirates and Bahrain matched the Fed's half-percentage point cut, hours after Chairman Jerome Powell said the fallout from the virus had increased risks to the US economic outlook. Gulf central banks largely move in lockstep with the US to protect their currencies' pegs to the dollar. The UAE's central bank said it's reducing the repo rate and its certificates of deposit rate by 50 basis points. The Saudi Arabian Monetary Authority cut the repo rate to 1.75% from 2.25% and the reverse repo rate to 1.25% from 1.75%. Bahrain's central bank lowered its key rate to 1.75% from 2.25%.

Saudi banks raise investments in government bonds – Banks operating in Saudi Arabia has raised its investments in government bonds by 20.67% in January 2020, as shown by the data of the Saudi Arabian Monetary Authority (SAMA). Bank investments in governmental and semi-governmental bonds amounted to SAR 386.69 billion by the end of last January, compared with SAR 320.46 billion in January 2019. On a monthly basis, Saudi bank investments in government bonds increased by 0.8% or SAR 3.02 billion, compared to its level in December 2019 at SAR 383.67 billion. The Saudi Ministry of Finance (MoF) closed the January 2020 issuance under the Saudi Arabian Government SAR-denominated Sukuk Program, with a total size of SAR 6.72 billion, through two tranches.

Lebanon may ask banks to buy back bonds sold to foreign funds – Lebanese officials are considering asking local banks to buy back Eurobonds they sold to foreign funds, after the transactions gave outside creditors more leverage in a potential restructuring discussion if the government decides to default, former Finance Minister Ali Hasan Khalil said.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Yield Δ (YTD %)	Sovereigns	Maturity	Yield %	Yield Δ (YTD %)
Abu Dhabi	2027	1.89	-21.09	KSA	2025	1.98	-15.48
Abu Dhabi	2047	2.93	-9.09	KSA	2029	2.42	-14.41
Bahrain	2024	3.41	-0.02	KSA	2049	3.53	-8.62
Bahrain	2029	4.68	3.35	Oman	2025	4.14	-0.67
Bahrain	2047	5.96	1.71	Oman	2029	5.48	3.15
Dubai	2023	2.54	4.41	Oman	2048	6.78	1.87
Dubai	2029	3.06	-2.17	Qatar	2024	1.71	-19.86
Kuwait	2022	1.44	-24.36	Qatar	2028	2.10	-16.01
Kuwait	2027	1.87	-19.01	Qatar	2049	3.14	-9.66

Source: Bloomberg

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.88	7.33	0.53	2.63
S&P MENA Bond and Sukuk Index	2.65	NA	0.45	3.19
Bloomberg Emerging Markets USD Index	4.65	6.28	0.62	2.29
Bloomberg Global Aggregate Index	1.01	7.27	0.41	2.83

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	04/03/2020	31/12/2019	04/03/2020	31/12/2019	04/03/2020	31/12/2019
KIBOR	2.5000	2.7500	2.7500	2.9375	3.0000	3.1875
SAIBOR	1.9057	2.2314	1.8971	2.2557	1.9029	2.3071
BHIBOR	2.1500	2.2500	2.6000	2.7000	2.7333	2.8333
QATAR	2.3250	2.2500	2.4250	2.3500	2.7250	2.5333
AEIBOR	1.7725	2.2086	1.6025	2.1914	1.8835	2.2900
EURIBOR	-0.4340	-0.3830	-0.4000	-0.3240	-0.3270	-0.2490
LIBOR	1.2538	1.9084	1.1984	1.9121	1.1539	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.7869	-8.81	-55.6	KWD	0.3061	-0.0163	-0.98
2-Year	0.7166	-5.07	-57.8	SAR	3.7521	0.0053	-0.01
5-Year	0.7754	-3.43	-55.2	BHD	0.3771	0.0000	0.00
7-Year	0.8505	-2.96	-52.7	QAR	3.6698	-0.0136	-0.25
10-Year	0.9600	-2.43	-49.3	OMR	0.3850	0.0052	0.01
30-Year	1.2090	-1.67	-42.2	AED	3.6731	0.0000	0.00

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.66	0.08	0.22	0.08
5-Year	0.71	0.15	0.26	0.13
10-Year	0.98	0.24	0.39	0.19
30-Year	1.61	0.25	0.91	0.09

	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	Ca	CC	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	45.910		34.00
Kuwait	40.960		19.17
Dubai	111.860		29.64
Bahrain	206.020		19.91
Qatar	50.640		44.64
KSA	80.600		44.74
Egypt	329.330		22.20
Lebanon	13513.40		737.90
Turkey	297.601		6.19
Iraq	419.220		22.48
Morocco	100.070		20.42
China	44.186		45.81
France	16.470		-2.50
Germany	8.140		10.02
Japan	21.983		12.14
UK	18.450		4.19
US	14.000		25.67