

News Updates

Saudi Aramco plans further spending cuts to pay for dividend – Saudi Aramco plans to cut its capital spending to a range of \$20 billion to \$25 billion this year to pay a \$75 billion dividend it pledged to investors during its initial public offering last year, the Financial Times reported on Wednesday, citing people familiar with the matter. The report says the new level of capital spending is largely dedicated to the state-owned group's exploration and production business and will hold for the next three years. Spending has been cut across the board to shore up cash as the oil industry contends with a realization that lower crude prices could be the norm for a long period of time after the coronavirus pandemic sapped fuel demand. Aramco had said on Sunday it expected capital expenditure for 2020 to be at the lower end of the original \$25 billion to \$30 billion range and the company posted a 73% plunge in second quarter profits. (Source: Reuters)

Emirates NBD to Redeem \$500m Perpetual Tier 1 Notes on Sept. 17 – Emirates NBD Bank exercises call option on \$500m perpetual Tier 1 notes issued on Sept. 17, 2014, according to filing to Luxembourg exchange. (Source: Bloomberg)

World's Highest Real Rate Is Right Where Egypt Wants It for Now – A single emergency interest-rate cut by Egypt at the height of the coronavirus pandemic delivered all the monetary stimulus the economy is likely to get any time soon. The central bank is treading carefully even after a slowdown in inflation to an eight-month low made Egypt's key rate the highest among more than 50 major economies tracked by Bloomberg when adjusted for prices. The volatility of capital flows during the health crisis may mean a longer wait before easing restarts. All but one of the 11 economists surveyed by Bloomberg predict the Monetary Policy Committee will keep its benchmark deposit rate at 9.25% on Thursday. “While the persistent disinflationary trend observed over the first half of the year opens up room for another cut by end-2020, we expect Egypt's central bank to remain in wait-and-see mode,” Farouk Soussa, an economist in London at Goldman Sachs Group Inc., said in a report to clients. (Source: Bloomberg)

U.K. Economy Has Worst Slump in Europe With 20.4% Contraction – The U.K. suffered more than any major European economy during the coronavirus lockdowns, raising questions over the government's handling of the pandemic and putting it under fresh pressure to deliver a recovery. The 20.4% slump in the second quarter, the biggest since records began in 1955, also outstripped the U.S. downturn and officially pushed Britain into its first recession since 2009. It follows a report Tuesday that showed hundreds of thousands of people have lost their jobs. The figures add to evidence Britain is paying a heavy price for being slower than most of its peers to enter a lockdown in March. The country also has Europe's highest death toll from the coronavirus. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.30	6.69	KSA	2025	1.29	3.53
Abu Dhabi	2047	2.53	12.02	KSA	2029	1.97	5.59
Bahrain	2024	3.52	-1.86	KSA	2049	3.09	13.17
Bahrain	2029	4.85	-3.34	Oman	2025	4.46	-2.46
Bahrain	2047	6.24	-5.55	Oman	2029	6.23	-6.37
Dubai	2023	1.41	1.51	Oman	2048	7.49	-9.67
Dubai	2029	2.78	1.28	Qatar	2024	0.87	3.59
Kuwait	2022	0.60	1.53	Qatar	2028	1.53	5.52
Kuwait	2027	1.23	5.82	Qatar	2049	2.62	15.88

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.62	8.18	-0.37	6.83
S&P MENA Bond and Sukuk Index	2.08	NA	-0.48	8.50
Bloomberg Emerging Markets USD Index	4.12	6.90	-0.15	3.70
Bloomberg Global Aggregate Index	0.88	7.48	-0.09	5.71

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	13/08/2020	31/12/2019	13/08/2020	31/12/2019	13/08/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.9200	2.2314	0.9700	2.2557	1.0200	2.3071
BHIBOR	2.2833	2.6667	2.5167	2.7000	2.6833	2.8333
QATAR	1.1500	2.2500	1.2250	2.3500	1.3750	2.5333
AEIBOR	0.4775	2.2086	0.6522	2.1914	0.9386	2.2900
EURIBOR	-0.4820	-0.3830	-0.4260	-0.3240	-0.3560	-0.2490
LIBOR	0.2535	1.9084	0.3369	1.9121	0.4581	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2406	-0.60	-86.4
2-Year	0.2273	-0.93	-86.6
5-Year	0.3290	-2.36	-81.0
7-Year	0.4672	-2.36	-74.0
10-Year	0.6464	-2.39	-65.9
30-Year	0.9440	-2.95	-54.9

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3062	0.0000	-1.00
SAR	3.7503	0.0000	0.03
BHD	0.3770	0.0053	0.02
QAR	3.6419	-0.0027	0.00
OMR	0.3850	0.0000	0.00
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.15	0.02
5-Year	0.28	0.11
10-Year	0.66	0.25
30-Year	1.35	0.70

UK Gilts

	Yield %	1D Δ (%)
	0.00	-0.02
	-0.01	-0.09
	0.23	-0.49
	0.77	-1.17

German Bunds

	Yield %	1D Δ (%)
	-0.70	0.00
	-0.69	0.00
	-0.52	0.00
	-0.01	0.00

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	Ba3	BB-	BB
Egypt	B2	B	B+
Lebanon	C	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

	13-Aug 2020	31-Dec 2019
Kuwait	53.550	36.700
KSA	78.670	56.915
Abu Dhabi	43.780	36.090
Dubai	150.790	91.005
Qatar	42.540	36.705
Bahrain	297.200	175.995
Oman	454.620	234.400
Iraq	639.380	383.680
Egypt	431.170	277.420
Morocco	127.540	91.435
Turkey	532.960	282.130
US	13.020	10.810
UK	21.000	16.210
China	39.140	31.205
Japan	15.330	21.042
Germany	9.870	7.080
France	16.410	16.130