

News Updates

New York court subpoenas Etihad, Fitch in \$1.2 billion debt battle – A New York court has sent subpoenas to Etihad and ratings agency Fitch this week seeking a document at the centre of a battle over \$1.2 billion in debt issued by the Abu Dhabi carrier and airlines it partly owned, according to legal documents reviewed by Reuters. Investors, including fixed-income specialist BlueBay Asset Management, are seeking access to a “debt assumption agreement” signed by Etihad and Alitalia, the Italian carrier, in 2016, before Alitalia went bankrupt. Etihad issued bonds in 2015 and 2016 through an Amsterdam-based special purpose vehicle, EA Partners (EAP), which then distributed the money to Etihad and other airlines, including Alitalia. According to EAP filings with the London stock exchange and a Fitch report in May 2017, Etihad agreed to cover the debt owed by Alitalia under the debt assumption agreement. The investors believe the document will help them recover part of the money they invested in the bonds and sought access to it in a lawsuit filed on June 16 with the U.S. District Court for the Southern District of New York. *(Source: Reuters)*

Saudi Net Foreign Assets Rise for First Time Since January – Saudi Arabia’s net foreign assets rose in May, reversing three months of declines. The stockpile climbed by about 3 billion riyals (\$800 million) to reach \$445 billion, according to a monthly report from the Saudi Arabian Monetary Authority on Sunday. Officials have said a cumulative decline of more than \$47 billion in March and April was mainly due to a \$40 billion transfer from the central bank to the sovereign wealth fund, intended to support investments abroad to take advantage of market turmoil during the coronavirus pandemic. With reserves at the lowest in almost a decade, the world’s largest oil exporter has tried to rein in spending at home as it faces a double crisis from the outbreak and a major decline in energy revenue. The recent increase in oil prices has given officials slightly more breathing space, though the output cuts will result in less of a boost to public finances. Global benchmark Brent crude rose nearly 40% in May from April, and has traded at over \$40 a barrel this month -- still far short of the \$76.10 the IMF estimates Saudi Arabia needs to balance its budget. *(Source: Bloomberg)*

Fed adds bonds of major firms to portfolio – The U.S. Federal Reserve added \$428 million in bonds of individual companies through mid-June, making investments in familiar household names like Walmart and AT&T as well as a utility subsidiary of billionaire Warren Buffett’s Berkshire Hathaway holding company. The bond purchases are the first direct moves by the Fed to buy the bonds of individual companies under new programs set up to nurse the economy through the coronavirus pandemic. The Fed also added \$5.3 billion corporate bond exchange traded funds. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.66	4.31	KSA	2025	1.49	2.95
Abu Dhabi	2047	2.89	5.16	KSA	2029	2.24	3.60
Bahrain	2024	4.14	-3.42	KSA	2049	3.60	3.97
Bahrain	2029	5.32	-6.26	Oman	2025	5.13	-5.05
Bahrain	2047	6.49	-8.20	Oman	2029	6.80	-10.04
Dubai	2023	1.71	0.92	Oman	2048	7.80	-13.08
Dubai	2029	3.09	-0.40	Qatar	2024	1.29	2.43
Kuwait	2022	0.68	1.64	Qatar	2028	1.93	2.92
Kuwait	2027	1.61	3.77	Qatar	2049	3.07	7.02

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+

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.01	7.32	0.34	2.62
S&P MENA Bond and Sukuk Index	2.47	NA	0.26	4.36
Bloomberg Emerging Markets USD Index	4.64	6.26	0.10	-0.36
Bloomberg Global Aggregate Index	0.95	7.33	-0.01	2.97

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	29/06/2020	31/12/2019	29/06/2020	31/12/2019	29/06/2020	31/12/2019
KIBOR	1.6250	2.7500	1.8750	2.9375	2.1250	3.1875
SAIBOR	0.9900	2.2314	1.0471	2.2557	1.0971	2.3071
BHIBOR	2.2500	2.6667	2.4333	2.7000	2.5667	2.8333
QATAR	1.1705	2.2500	1.2363	2.3500	1.3466	2.5333
AEIBOR	0.6075	2.2086	0.8113	2.1914	1.1792	2.2900
EURIBOR	-0.4030	-0.3830	-0.2830	-0.3240	-0.1990	-0.2490
LIBOR	0.3079	1.9084	0.3614	1.9121	0.5663	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2801	-1.11	-84.2
2-Year	0.2397	-1.49	-85.9
5-Year	0.3410	-2.77	-80.3
7-Year	0.4689	-3.74	-73.9
10-Year	0.6272	-4.88	-66.9
30-Year	0.8812	-6.91	-57.9

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3077	-0.0975	-1.51
SAR	3.7513	0.0053	0.01
BHD	0.3771	0.0000	-0.01
QAR	3.6414	0.0000	0.01
OMR	0.3850	0.0000	0.00
AED	3.6729	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.17	0.04
5-Year	0.30	0.15
10-Year	0.64	0.43
30-Year	1.37	1.56

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.08	-0.02
5-Year	-0.04	-0.06
10-Year	0.17	-0.27
30-Year	0.62	-1.17

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.73	0.03
5-Year	-0.73	0.04
10-Year	-0.55	0.13
30-Year	-0.05	0.28

Source: Bloomberg

USD 5Yr CDS	29-Jun 2020	31-Dec 2019
Kuwait	69.540	36.700
KSA	99.880	56.915
Abu Dhabi	72.930	36.090
Dubai	174.420	91.005
Qatar	72.540	36.705
Bahrain	338.140	175.995
Oman	480.310	234.400
Iraq	775.580	383.680
Egypt	478.410	277.420
Morocco	133.810	91.435
Turkey	489.520	282.130
US	12.050	10.810
UK	26.450	16.210
China	49.550	31.205
Japan	16.010	21.042
Germany	14.430	7.080
France	20.830	16.130