

News Updates

Oman picks FAB and Bank Muscat to arrange \$2bn loan – The government of Oman has picked First Abu Dhabi Bank and Bank Muscat to coordinate a \$2 billion bridge loan it is seeking to borrow from international and regional banks, according to two sources familiar with the matter. Oman is taking out the one-year loan - which would subsequently be repaid with money raised from an international bond - to bolster state coffers hit by low oil prices and the economic downturn caused by the coronavirus crisis. Oman, a relatively small crude oil producer burdened by high levels of debt, is more vulnerable to oil price swings than most of its wealthier Gulf neighbours. Ratings agency Moody's downgraded it last month further into junk territory to Ba3 from Ba2, citing risks related to its financing needs and diminishing buffers. Oman's fiscal deficit could widen to 16.9% of gross domestic product this year from a 7% deficit last year, the International Monetary Fund has estimated. (Source: Zawya)

Fitch Affirms Egypt at 'B+'; Outlook Stable – Fitch Ratings has affirmed Egypt's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'B+' with a Stable Outlook. Egypt's ratings and Outlook are supported by a recent track record of fiscal and economic reforms, policy commitment to furthering the reform programme and ready availability of fiscal and external financing in the face of the COVID-19 pandemic. The ratings are constrained by still large fiscal deficits, high general government debt/GDP and weak governance scores (as measured by the World Bank governance indicators), which underline political risks. We forecast real GDP growth to be 2.5% in the fiscal year ending June 2021 (FY21), well below average growth of 5.5% in FY18 and FY19. (Source: Fitch)

Egypt's Carry Trade Bounces Back as Foreigners Buy Up Debt Again – Egypt is starting to claw back capital lost earlier during the global pandemic when foreign investors pulled more than half of their money from the local debt market. International buyers are returning for a second month after a pickup in June pushed their holdings of local-currency government bonds to \$10.6 billion, a reversal from Egypt's largest-ever capital outflows in the previous three months. Foreigners pumped \$3 billion into local debt in the first two weeks of July, according to an Egyptian official who asked not to be identified because the information isn't public. Egyptian bonds have returned 6.8% in dollar terms this year, the fourth-best performance among the roughly 25 emerging markets tracked by Bloomberg. Adjusted for inflation, the average rate on local-currency bonds is one of the world's highest at around 8.4%, according to Bloomberg Barclays indexes. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.32	6.57	KSA	2025	1.36	3.37
Abu Dhabi	2047	2.62	10.23	KSA	2029	1.98	5.61
Bahrain	2024	3.95	-3.03	KSA	2049	3.18	11.38
Bahrain	2029	5.17	-5.29	Oman	2025	4.72	-3.46
Bahrain	2047	6.50	-8.33	Oman	2029	6.70	-9.28
Dubai	2023	1.60	1.16	Oman	2048	7.66	-11.44
Dubai	2029	2.88	1.08	Qatar	2024	0.93	3.51
Kuwait	2022	0.52	1.78	Qatar	2028	1.56	5.24
Kuwait	2027	1.33	5.31	Qatar	2049	2.76	13.05

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.75	7.32	-0.23	5.42
S&P MENA Bond and Sukuk Index	2.18	NA	-0.21	7.35
Bloomberg Emerging Markets USD Index	4.32	6.26	-0.16	2.01
Bloomberg Global Aggregate Index	0.87	7.33	0.14	5.29

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	28/07/2020	31/12/2019	28/07/2020	31/12/2019	28/07/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.9314	2.2314	0.9814	2.2557	1.0329	2.3071
BHIBOR	2.3000	2.6667	2.5333	2.7000	2.6833	2.8333
QATAR	1.0877	2.2500	1.1632	2.3500	1.3391	2.5333
AEIBOR	0.5688	2.2086	0.7513	2.1914	1.1664	2.2900
EURIBOR	-0.4480	-0.3830	-0.3730	-0.3240	-0.2920	-0.2490
LIBOR	0.2468	1.9084	0.3185	1.9121	0.4595	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2433	0.72	-86.3
2-Year	0.2200	0.77	-87.0
5-Year	0.3204	1.16	-81.5
7-Year	0.4484	1.79	-75.1
10-Year	0.6064	2.42	-68.0
30-Year	0.8507	3.30	-59.3

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3061	0.1797	-0.96
SAR	3.7509	-0.0027	0.02
BHD	0.3771	0.0000	0.01
QAR	3.6420	0.0055	0.01
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.15	-0.01
5-Year	0.29	-0.04
10-Year	0.62	-0.24
30-Year	1.26	-0.77

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.11	0.03
5-Year	-0.13	0.14
10-Year	0.11	0.44
30-Year	0.62	0.91

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.68	0.01
5-Year	-0.70	0.14
10-Year	-0.56	0.41
30-Year	-0.08	1.51

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	28-Jul 2020	31-Dec 2019	
Kuwait	57.550	36.700	
KSA	85.160	56.915	
Abu Dhabi	51.000	36.090	
Dubai	164.830	91.005	
Qatar	49.530	36.705	
Bahrain	297.240	175.995	
Oman	437.500	234.400	
Iraq	691.330	383.680	
Egypt	426.420	277.420	
Morocco	131.430	91.435	
Turkey	486.390	282.130	
US	13.170	10.810	
UK	22.290	16.210	
China	43.000	31.205	
Japan	15.970	21.042	
Germany	10.520	7.080	
France	18.000	16.130	