

News Updates

**Moody’s affirms ABK long-term credit rating** – Moody’s Investors Service has affirmed the long-term deposits rating of Ahli Bank of Kuwait (ABK) at ‘A2’, with a ‘Stable Outlook’. The ‘baa3’ standalone Baseline Credit Assessment (BCA) reflects the lender’s strong capitalization, stable financing base, and large buffers required to offset losses from loans, according to a statement by the bank to Bursa Kuwait on Thursday. Moody’s said that ABK’s quality of assets improved during 2019, adding that the income before provisions stabilized whereas higher provision costs led to a modest profitability. The credit outlook highlights the advantages that resulted from the bank’s regional diversification. Moody’s further expected the bank’s capitalization to remain higher than its peers for the coming 12 to 18 months. Moody’s noted that ABK has low volumes of non-performing loans (NPLs) and holds sufficient provisions. The capital adequacy ratio (CAR) of ABK was 18.6% by 2019 year-end.

**Egypt Sells \$5 Billion Eurobond in Its Largest-Ever Issuance** – Egypt raised \$5 billion in its largest-ever issuance in international bond markets, marking the extent of investors’ risk appetite in a recovery from the coronavirus crisis. The issuance was more than four times subscribed, with total bids of \$22 billion, “reflecting the confidence of the international markets in the Egyptian economy,” the Finance Ministry said Friday in a statement. Asian, African, American, European and Middle East investors were among those showing demand, helping the country cut final yields on each of the notes by 50 basis points, the ministry said. The sale included \$2 billion of notes due 2050 at a yield of 8.875% as well as \$1.25 billion in four-year notes at a yield of 5.75%, and \$1.75 billion in bonds due 2032 at 7.625%. The latest bonds will cover funding needs for 2020-2021 fiscal year as well as the financing needed to combat the Coronavirus, the ministry said.

**World GDP Is Now Forecast to Fall by 4.6% in 2020, Fitch Says** – Fitch Ratings says World GDP is now forecast to fall by 4.6% in 2020 compared to a decline of 3.9% predicted in its late-April Global Economic Outlook; reflects downward revisions to the eurozone and the UK and, most significantly, to emerging markets (EM) excluding China, Fitch says. Fitch expects output in EM excluding China to fall by 4.5% this year compared to a predicted fall of 1.9% before.

**Oil prices climb as faith in supply cuts grows** – Oil prices rose on Tuesday, supported by growing confidence that producers are following through on commitments to cut supplies and as fuel demand picks up as coronavirus lockdowns ease. Brent crude futures were up 0.8%, or 30 cents, at \$35.83 a barrel by 1411 GMT. “The current recovery in oil prices has primarily been driven by supply considerations. The world’s swing producers, the OPEC+ group, is more than living up to expectations to adhere to the 9.7 million barrels per day (bpd), or perhaps even bigger, self-imposed and co-ordinated output restraint,” said oil broker PVM’s Tamas Varga.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.86	3.09	KSA	2025	1.94	1.13
Abu Dhabi	2047	3.09	1.50	KSA	2029	2.45	2.14
Bahrain	2024	4.85	-5.77	KSA	2049	3.79	0.54
Bahrain	2029	6.31	-12.42	Oman	2025	6.03	-8.92
Bahrain	2047	7.26	-16.50	Oman	2029	7.94	-16.82
Dubai	2023	1.28	1.85	Oman	2048	8.56	-20.30
Dubai	2029	3.21	-1.72	Qatar	2024	1.54	1.67
Kuwait	2022	0.78	1.34	Qatar	2028	2.20	1.26
Kuwait	2027	1.66	3.06	Qatar	2049	3.37	1.66

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	3.50	7.32	0.00	-0.56
S&P MENA Bond and Sukuk Index	2.78	NA	-0.01	1.87
Bloomberg Emerging Markets USD Index	5.11	6.26	-0.15	-3.40
Bloomberg Global Aggregate Index	1.04	7.33	-0.06	1.21

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	27/05/2020	31/12/2019	27/05/2020	31/12/2019	27/05/2020	31/12/2019
KIBOR	1.6875	2.7500	1.9375	2.9375	2.1875	3.1875
SAIBOR	1.0900	2.2314	1.1529	2.2557	1.1843	2.3071
BHIBOR	2.3000	2.6667	2.3833	2.7000	2.5917	2.8333
QATAR	1.2298	2.2500	1.2661	2.3500	1.3716	2.5333
AEIBOR	0.8951	2.2086	1.0972	2.1914	1.2105	2.2900
EURIBOR	-0.2750	-0.3830	-0.1450	-0.3240	-0.0830	-0.2490
LIBOR	0.3693	1.9084	0.5700	1.9121	0.6818	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.3130	0.14	-82.3
2-Year	0.2670	-0.07	-84.3
5-Year	0.3840	0.05	-77.8
7-Year	0.5195	-0.22	-71.1
10-Year	0.6890	-0.14	-63.6
30-Year	0.9879	-0.08	-52.8

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3088	0.0000	-1.86
SAR	3.7590	0.0000	-0.16
BHD	0.3777	0.0000	-0.10
QAR	3.6414	0.0000	0.01
OMR	0.3850	0.0000	0.01
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.17	0.00
5-Year	0.35	-0.06
10-Year	0.70	-0.35
30-Year	1.44	-1.73

UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.03	-0.07
5-Year	0.01	-0.19
10-Year	0.21	-0.55
30-Year	0.64	-1.71

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.64	-0.05
5-Year	-0.64	-0.25
10-Year	-0.47	-0.64
30-Year	0.00	-1.95

USD 5Yr CDS

	27-May 2020	31-Dec 2019
Kuwait	90.680	36.700
KSA	134.190	56.915
Abu Dhabi	90.860	36.090
Dubai	229.590	91.005
Qatar	91.070	36.705
Bahrain	436.540	175.995
Oman	662.230	234.400
Iraq	1122.070	383.680
Egypt	581.630	277.420
Morocco	148.010	91.435
Turkey	539.020	282.130
US	14.490	10.810
UK	29.970	16.210
China	45.100	31.205
Japan	24.700	21.042
Germany	19.500	7.080
France	35.050	16.130

Source: Bloomberg