

News Update – 10 December 2019

**Fitch Ratings: Kuwait Political Disputes to Delay Debt Issuance, Reform** – The Kuwaiti government's resignation and subsequent cabinet reshuffle point to political frictions that could delay new debt issuance and weigh on broader fiscal and economic reforms, Fitch Ratings says. Kuwait has been the slowest reformer in the Gulf Cooperation Council in recent years, partly due to these frictions and partly due to its exceptionally large sovereign assets, which could finance decades' worth of fiscal deficits. Parliamentary authorisation to issue or refinance debt expired in 2017 and governments have been unable to secure approval for renewed borrowing. The government's financing needs are currently being met entirely from the General Reserve Fund (less than USD60 billion in estimated assets at end-FY18/19).

**Saudi 2020 budget forecasts slight drop in spending as deficit widens** – Saudi Arabia announced a 1.02 trillion riyal (\$272.00 billion) budget for 2020 on Monday, a slight fall in spending that reversed three years of expenditure increases intended to spur growth. Revenues in 2020 are forecast at 833 billion riyals, widening the budget deficit to 187 billion riyals, or 6.4% of gross domestic product (GDP), compared with a projected deficit of 131 billion riyals, or 4.7% of GDP, in 2019, according to the budget document. Finance Minister Mohammed al-Jadaan told reporters the 2020 budget was conservative on revenues because of the global economic outlook, but the government would continue to pay a cost of living allowance to citizens.

**Egypt considering three bond offerings during 2019-2020 FY - finance minister** – Egypt is considering issuing three bond offerings during the current 2019-2020 fiscal year, its Finance Minister Mohamed Maait said on Monday. The possible offerings could include issuing green, Islamic and variable-yield bonds, he added during a local financial newspaper conference.

**Talaat Moustafa's unit gears up to issue EGP 2bn sukuk** – Talaat Moustafa Group Holding (TMG Holding) announced that its subsidiary, Arab Company for Projects and Urban Development, is finalising the required procedures to issue sukuk worth EGP 2 billion in the coming period. This move is part of the real estate developer's efforts to diversify its financing sources, Talaat Moustafa Group said in a statement to the Egyptian Exchange (EGX) on Sunday.

## GCC Sovereign Yields (10 December 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.40	9.42	KSA	2025	2.40	8.40
Abu Dhabi	2047	3.21	21.03	KSA	2029	2.89	11.98
Bahrain	2024	3.55	8.18	KSA	2049	3.87	23.37
Bahrain	2029	4.79	16.72	Oman	2025	4.37	12.66
Bahrain	2047	6.02	23.19	Oman	2029	5.80	1.14
Dubai	2023	2.46	4.10	Oman	2048	7.02	16.25
Dubai	2029	3.12	9.78	Qatar	2024	2.15	4.67
Kuwait	2022	1.92	3.28	Qatar	2028	2.50	9.84
Kuwait	2027	2.34	7.70	Qatar	2049	3.49	23.59

Source: Bloomberg

## Bonds and Sukuk Indices (10 December 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.23	7.33	0.19	13.86
S&P MENA Bond and Sukuk Index	2.98	NA	0.16	13.15
Bloomberg Emerging Markets USD Index	5.02	6.28	0.21	11.63
Bloomberg Global Aggregate Index	1.45	7.27	0.16	6.31

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	10/12/2019	31/12/2018	10/12/2019	31/12/2018	10/12/2019	31/12/2018
KIBOR	2.7500	2.3125	2.9375	2.5625	3.1250	2.8125
SAIBOR	2.2357	2.9750	2.2529	3.1150	2.2986	3.3413
BHIBOR	2.3500	3.5500	2.7500	4.0833	2.8500	4.7000
QATAR	2.2847	2.9056	2.3847	3.0889	2.6444	3.3028
AEIBOR	2.1931	2.8375	2.1893	3.1849	2.4188	3.5737
EURIBOR	-0.3930	-0.3090	-0.3330	-0.2370	-0.2690	-0.1170
LIBOR	1.8905	2.8076	1.8868	2.8756	1.9231	3.0054

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7266	-0.07	-37.4
2-Year	1.6318	0.23	-38.6
5-Year	1.6290	-0.05	-36.6
7-Year	1.6693	-0.04	-36.4
10-Year	1.7515	-0.09	-35.3
30-Year	1.9250	-0.25	-32.2

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3038	-0.0165	-0.07
SAR	3.7503	-0.0080	0.03
BHD	0.3771	0.0000	-0.03
QAR	3.6660	0.0027	-0.29
OMR	0.3850	-0.0623	0.00
AED	3.6731	0.0000	-0.01

## US Treasuries

	Yield %	1D Δ (%)
2-Year	1.62	0.00
5-Year	1.66	0.00
10-Year	1.82	0.02
30-Year	2.25	0.07

## UK Gilt

	Yield %	1D Δ (%)
2-Year	0.56	0.03
5-Year	0.57	0.04
10-Year	0.76	0.09
30-Year	1.26	0.44

## German Bunds

	Yield %	1D Δ (%)
2-Year	-8.76	0.00
5-Year	-0.67	0.05
10-Year	-0.45	0.16
30-Year	0.19	0.48

	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	Caa2	CCC	CCC
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	38.920		-39.47
Kuwait	38.910		-36.66
Dubai	105.080		-12.88
Bahrain	186.040		-32.69
Qatar	39.140		-50.41
KSA	66.270		-35.25
Egypt	294.640		-20.98
Lebanon	2260.720		205.84
Turkey	308.381		-14.23
Iraq	394.930		-12.95
Morocco	85.960		-13.27
China	37.896		-42.61
France	16.090		-53.70
Germany	7.610		-36.47
Japan	21.019		-10.02
UK	16.720		-52.12
US	13.160		-28.42