

News Update – 8 January 2020

## Saudi Arabia and Kuwait hire consultant to assess Dorra gas field –

Saudi Arabia and Kuwait have asked an international consultant to study the development plan for the Dorra offshore gas field and assess the share of the gas for each country from the joint project, Kuwaiti al-Rai newspaper reported on Tuesday. Such a development would indicate that the two Gulf OPEC producers are moving forward with the project, which they shelved in 2013 after disagreeing over how to share the gas back on land. Both countries need the field to satisfy their growing gas consumption for power generation and boost exports. The independent consultant, which Kuwaiti al-Rai did not name, will study the production volumes, storage options and cost of development for the field, the newspaper said, citing unnamed sources.

## Bahrain's sovereign wealth fund Mumtalakat hires banks for dollar sukuk –

Bahrain's sovereign wealth fund Mumtalakat has hired banks to arrange fixed income investor meetings ahead of a potential issue of U.S. dollar-denominated sukuk, or Islamic bonds, a document by one of the banks leading the deal showed. The fund has picked Citi, Gulf International Bank, HSBC, National Bank of Bahrain and Standard Chartered for meetings in London, Asia and the Middle East, starting on Thursday. A seven-year issuance might follow, subject to market conditions, the document said. The deal could be the first international debt sale by a Gulf borrower this year. But a sukuk issuance might not be seen as a real test for regional issuers' ability to access international debt buyers despite market volatility, as sukuk generally benefit from large pent-up demand from regional Islamic investors. Mumtalakat, rated BB-(minus) by Fitch, raised \$600 million in sukuk last year, having obtained orders of around \$4 billion for the debt sale.

## Treasury Yield Seen Falling to 1.50% as Rockets Spur Haven Rush –

Treasury 10-year yields may drop as low as 1.50% as Iran's rocket attacks against U.S. bases threaten to ignite a wider Middle-East conflict, money managers say. Treasury 10-year yields slid as much as 11 basis points to 1.70% after Iran fired a series of rockets at military facilities in Iraq hosting American troops. Gold jumped to the highest level in more than six years and the yen strengthened against all its major peers as demand for haven assets surged.

## GCC Sovereign Yields (8 January 2020)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.41	-0.07	KSA	2025	2.39	-0.28
Abu Dhabi	2047	3.23	-0.22	KSA	2029	2.95	-0.94
Bahrain	2024	3.51	-0.38	KSA	2049	3.95	-1.47
Bahrain	2029	4.63	-0.76	Oman	2025	4.18	-0.12
Bahrain	2047	5.94	-1.05	Oman	2029	5.41	-0.67
Dubai	2023	2.49	-0.21	Oman	2048	6.77	-1.40
Dubai	2029	3.18	-0.46	Qatar	2024	2.18	-0.17
Kuwait	2022	1.93	-0.07	Qatar	2028	2.52	-0.24
Kuwait	2027	2.32	-0.08	Qatar	2049	3.52	-0.64

Source: Bloomberg

## Bonds and Sukuk Indices (8 January 2020)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.20	7.33	0.17	-0.29
S&P MENA Bond and Sukuk Index	2.97	NA	0.11	-0.23
Bloomberg Emerging Markets USD Index	4.81	6.28	0.10	0.28
Bloomberg Global Aggregate Index	1.42	7.27	-0.27	0.06

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	08/01/2020	31/12/2019	08/01/2020	31/12/2019	08/01/2020	31/12/2019
KIBOR	2.7500	2.7500	2.9375	2.9375	3.1875	3.1875
SAIBOR	2.2314	2.2314	2.2557	2.2557	2.3114	2.3071
BHIBOR	2.2500	2.2500	2.7000	2.7000	2.8333	2.8333
QATAR	2.2919	2.2500	2.3919	2.3500	2.6456	2.5333
AEIBOR	2.1124	2.2086	2.1570	2.1914	2.3183	2.2900
EURIBOR	-0.3850	-0.3830	-0.3250	-0.3240	-0.2480	-0.2490
LIBOR	1.8723	1.9084	1.8943	1.9121	1.9549	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7000	-1.70	-4.0
2-Year	1.5856	-2.69	-6.6
5-Year	1.5704	-4.24	-9.2
7-Year	1.6250	-4.45	-9.6
10-Year	1.7187	-4.63	-9.3
30-Year	1.9180	-4.54	-8.3

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3033	-0.0231	-0.05
SAR	3.7517	0.0133	0.00
BHD	0.3771	0.0053	0.01
QAR	3.6648	0.0109	-0.14
OMR	0.3851	-0.0026	-0.01
AED	3.6731	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	1.51	0.06
5-Year	1.57	0.18
10-Year	1.78	0.37
30-Year	2.26	0.91

## UK Gilt

	Yield %	1D Δ (%)
2-Year	0.59	-0.02
5-Year	0.61	-0.11
10-Year	0.79	-0.23
30-Year	1.24	-0.13

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.64	0.00
5-Year	-0.56	0.00
10-Year	-0.29	-0.03
30-Year	0.25	-0.22

	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	CC
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	36.220		5.22
Kuwait	33.940		0.03
Dubai	86.530		0.58
Bahrain	167.200		0.79
Qatar	38.520		9.73
KSA	64.230		15.49
Egypt	278.640		5.52
Lebanon	2477.510		6.93
Turkey	284.607		1.37
Iraq	448.690		30.35
Morocco	86.960		6.06
China	32.953		7.24
France	16.770		0.44
Germany	7.440		0.17
Japan	20.484		2.60
UK	16.060		-9.49
US	12.690		15.42