

News Update – 5 November 2019

Boubyan Bank Gets Initial Approval Of CMA For Sukuk-Issuance Program – Boubyan Bank has obtained initial approval of Kuwait's CMA for a sukuk-issuance program not in excess of \$1 billion or the equivalent thereof in other currencies, and for offering first issuance thereof which shall not exceed \$500 million or equivalent of same in other currencies.

UAE planning to sell debut federal bonds in 2020 – The United Arab Emirates (UAE) is planning to sell federal bonds for the first time in 2020, a government official told news channel Al Arabiya on Monday. The country last year issued a law permitting the federal government to begin issuing sovereign debt, which is usually sold by individual emirates. The bonds would be "for the achievement of certain goals for the UAE, and the proceeds are not used to fund the budget, except in certain capital projects," said Younis Haji al Khoori, undersecretary at the ministry of finance. "Right now, we are preparing for a credit evaluation for the country, and after the evaluation we will meet with banks to choose some, either local or international, to help the ministry with the first issuance, and we expect the federal issuances to start in 2020." Earlier this year Emirates Development Bank, owned by the UAE federal government, sold \$750 million in bonds, becoming the first federal entity to tap the international capital markets under the new debt law.

Dubai's Awerda Starts Marketing \$325 Million Bonds In Mid-9% Area – Awerda International is preparing to issue a five year deal in the bond market this month, having extended a term loan facility in August. Banca IMI, Barclays, Citi, and HSBC are global coordinators, sharing the ticket with joint lead managers Bank ABC, Emirates NBD Capital, Deutsche Bank and First Abu Dhabi Bank and co-manager Tellimer. The banks have offered initial price thoughts of mid 9% area.

Lebanon Banks Asked to Boost Capital to Ease Growing Pressure Industry – Lebanon's central bank asked local lenders to raise their capital by 20 percent in the next year, the state-run National News Agency reported, to boost their liquidity and prepare for possible downgrades in credit ratings. The Banque du Liban said raising their capital by \$4 billion would help banks "confront the current situation and any future developments particularly in the face of a possible credit downgrade," the news agency said. The central bank's request comes nearly a week after Fitch Ratings downgraded two top Lebanese lenders, Bank Audi and Byblos Bank, to CCC-, the fourth-lowest rank and one level below the sovereign.

Treasury yields tick higher amid hopes of US-China trade deal – U.S. government debt yields rose Monday amid growing optimism in U.S.-China trade talks. The U.S. and China both said on Friday that they had made progress in talks, stirring hopes of a trade agreement later this month. The language used to describe the progress, however, was less clear. The benchmark 10-year Treasury note, was higher at around 1.786%, while the yield on the 30-year Treasury bond was also higher at around 2.275%.

GCC Bonds & Sukuk: Best and worst Performers (5 November 2019)

Sovereigns	Yield (%)	Price Change (YTD %)	Sovereigns	Yield (%)	Price Change (YTD %)
Kuwait 22	1.98	3.23	Bahrain 24	3.67	7.84
Kuwait 27	2.26	8.29	Bahrain 29	4.81	16.68
Abu Dhabi 27	2.44	9.20	Bahrain 47	6.10	21.86
Abu Dhabi 47	3.28	19.52	Qatar 24	2.18	4.65
Dubai 23	2.50	4.07	Qatar 28	2.55	9.62
Dubai 29	3.15	9.68	Qatar 49	3.55	22.54
Oman 25	4.40	12.57	KSA 25	2.47	8.21
Oman 29	5.86	0.70	KSA 29	2.92	11.84
Oman 48	7.14	14.50	KSA 49	3.93	22.19

Source: Bloomberg

Bonds & Sukuk Indices (5 November 2019)

Index Name	Yield %	Duration	1D Chng (%)	YTD Chng (%)
Bloomberg GCC FI Index	3.29	7.31	-0.10	13.02
S&P MENA Bond and Sukuk Index	3.02	NA	0.01	12.55
Bloomberg Emerging Markets USD Index	4.97	6.25	-0.05	11.43
Bloomberg Global Aggregate Index	1.38	7.30	-0.27	6.70

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	5/11/2019	31/12/2018	5/11/2019	31/12/2018	5/11/2019	31/12/2018
SAIBOR	2.2243	1.8988	2.2443	2.0875	2.2814	2.2863
KIBOR	2.7500	1.8750	2.9375	2.0625	3.1875	2.3750
BHIBOR	2.4000	2.4500	2.8367	2.9000	2.9500	3.2750
QATAR	2.3300	2.7342	2.4300	2.8868	2.7600	3.0468
AEIBOR	2.1680	1.8310	2.3016	2.0513	2.2364	2.5648
EURIBOR	-0.3990	-0.3290	-0.3480	-0.2710	-0.2810	-0.1860
LIBOR	1.8905	1.6858	1.9024	1.8336	1.9253	2.1022

US Treasuries

	Yield	1-Day Δ (Bps)	Currencies	USD	1-Day Δ (Bps)	YTD (%)
1-Year	1.53	-0.02	KWD	0.3038	0.0001	-0.03%
2-Year	1.59	-0.01	SAR	3.7503	0.0000	0.03%
5-Year	1.61	-0.07	BHD	0.3770	0.0000	-0.02%
7-Year	1.71	-0.14	QAR	3.6646	0.0000	-0.23%
10-Year	1.80	-0.21	OMR	0.3850	0.0000	0.00%
30-Year	2.29	-0.60	AED	3.6730	-0.0001	-0.01%

USD Swap Rates

	Yield	1-Day Δ	UK Guilt	Yield	1-Day Δ	German Bunds	Yield	1-Day Δ
2-Y	1.643	0.01%		0.54	0.76%		-0.44	-2.78%
5-Y	1.590	0.02%		0.50	0.04%		-0.68	-0.04%
10-Y	1.723	0.03%		0.72	0.05%		-0.49	-0.17%
30-Y	1.912	0.03%		1.23	-0.02%		0.16	0.26%

	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	Caa1	B-	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 (%)
Abu Dhabi	44.270		-32.48
Kuwait	42.370		-31.39
Dubai	119.900		-2.08
Bahrain	211.540		-23.93
Qatar	44.270		-44.99
KSA	67.190		-34.37
Egypt	304.340		-18.50
Lebanon	1439.070		95.58
Turkey	327.517		-8.87
Iraq	332.100		-25.25
Morocco	103.960		3.01
China	37.291		-43.54
France	17.710		-50.28
Germany	8.280		-34.09
Japan	21.404		-10.02
UK	28.06		-23.32
US	12.42		-31.31