

News Update – 25 December 2019

Kuwait and Saudi Arabia strike deal on shared oilfields – Kuwait and Saudi Arabia agreed on Tuesday to end a five-year dispute over their shared Neutral Zone in a deal which will allow production to resume at two oilfields that can pump up to 0.5% of the world's oil supply. The Gulf neighbours halted production at the Khafji and Wafra fields, which together produce some 500,000 barrels of oil a day (bpd), in 2014 and 2015, respectively. U.S. oil company Chevron, which jointly operates the Wafra field with the Kuwait Gulf Oil Company (KGOC) on behalf of Saudi Arabia, said it expected it to return to full production within 12 months. Kuwaiti Foreign Minister Sheikh Ahmad Nasser al-Mohammad al-Sabah and Saudi Minister of Energy Prince Abdulaziz bin Salman signed the agreements in Kuwait, state news agency KUNA said.

Egypt's central bank seen holding rates after inflation uptick – Egypt's central bank will likely keep its key interest rates steady on Thursday, a Reuters poll showed, as inflation ticked up in November after hitting a near-14-year low. Nine out of 14 economists surveyed by Reuters expected the Central Bank of Egypt (CBE) to hold rates. Four saw a 50 basis point (bps) cut and one predicted a 100 bps cut. "Annual headline inflation is expected to accelerate further in December to end the year at circa 7%, still well below the CBE's target of 9% (±3%). Thus, the CBE will likely opt to hold its policy rate constant in the upcoming MPC meeting," said Mona Bedir, senior economist at Egyptian investment bank Prime Holding.

Saudi Arabia sets size of December domestic Sukuk issue at 5.099 bln Saudi riyals (\$1.36 billion) – Saudi Arabia's Ministry of Finance announced on Tuesday closure of the December 2019 issuance under the Saudi Arabian Government SAR-denominated Sukuk Program. The issuance size was set at 5.099 billion Saudi riyals. It raised 159 million riyals in bonds due in 2025, 1.183 billion riyals due in 2030, 663 million riyals in bonds due in 2034 and 3.093 billion riyals with a 2049 maturity.

TAQA successfully completes refinancing – Abu Dhabi National Energy Company PJSC (TAQA), a leading global energy company headquartered in Abu Dhabi with operations in 11 countries, announced today that it has secured a US\$ 3.5 billion revolving credit facility. The new 5-year multicurrency facility with a syndicate of 13 banks will be used for general corporate purposes and will replace its existing US\$ 3.1 billion revolving credit facility, signed in August 2015. The Bookrunners, Initial Mandated Lead Arrangers and Global Coordinators of the facility were First Abu Dhabi Bank (FAB), Sumitomo Mitsui Banking Corporation (SMBC) and Mizuho Bank. The remaining banks in the syndication were: Mashreqbank, BNP Paribas, Citi, HSBC, Intesa Sanpaolo, MUFG Bank, Bank of China, National Bank of Kuwait (NBK), Industrial and Commercial Bank of China (ICBC) and Scotiabank.

GCC Sovereign Yields (25 December 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.38	9.51	KSA	2025	2.32	8.74
Abu Dhabi	2047	3.19	21.35	KSA	2029	2.80	12.63
Bahrain	2024	3.43	8.57	KSA	2049	3.83	24.00
Bahrain	2029	4.54	18.80	Oman	2025	4.17	13.72
Bahrain	2047	5.87	25.46	Oman	2029	5.31	4.78
Dubai	2023	2.39	4.23	Oman	2048	6.66	21.65
Dubai	2029	3.10	9.87	Qatar	2024	2.14	4.66
Kuwait	2022	1.89	3.31	Qatar	2028	2.49	9.83
Kuwait	2027	2.28	8.00	Qatar	2049	3.48	23.92

Source: Bloomberg

Bonds and Sukuk Indices (25 December 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.17	7.33	0.10	14.50
S&P MENA Bond and Sukuk Index	2.94	NA	0.14	13.60
Bloomberg Emerging Markets USD Index	4.86	6.28	0.13	12.94
Bloomberg Global Aggregate Index	1.47	7.27	0.10	6.22

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	25/12/2019	31/12/2018	25/12/2019	31/12/2018	25/12/2019	31/12/2018
KIBOR	2.7500	2.3125	2.9375	2.5625	3.1875	2.8125
SAIBOR	2.2357	2.9750	2.2571	3.1150	2.3071	3.3413
BHIBOR	2.2500	3.5500	2.7000	4.0833	2.8333	4.7000
QATAR	2.2750	2.9056	2.3750	3.0889	2.5750	3.3028
AEIBOR	2.1402	2.8375	2.2318	3.1849	2.2485	3.5737
EURIBOR	-0.3990	-0.3090	-0.3390	-0.2370	-0.2500	-0.1170
LIBOR	1.9466	2.8076	1.9244	2.8756	2.0015	3.0054

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.8040	0.00	-34.6
2-Year	1.7140	3.00	-35.5
5-Year	1.7148	-0.07	-33.3
7-Year	1.7724	0.01	-32.4
10-Year	1.8610	-0.03	-31.3
30-Year	2.0420	-0.03	-28.1

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3037	0.0132	0.01
SAR	3.7535	-0.0266	-0.04
BHD	0.3771	-0.0027	-0.02
QAR	3.6685	0.0136	-0.31
OMR	0.3850	0.0052	0.01
AED	3.6731	-0.0027	-0.01

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.62	0.00
5-Year	1.72	0.02
10-Year	1.90	0.01
30-Year	2.33	0.04

UK Gilt

	Yield %	1D Δ (%)
2-Year	0.53	-0.02
5-Year	0.57	0.02
10-Year	0.76	0.05
30-Year	1.27	0.10

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.67	0.00
5-Year	-0.53	0.00
10-Year	-0.25	0.00
30-Year	0.28	0.00

	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	33.720	-47.4	
Kuwait	33.920	-44.24	
Dubai	83.680	-30.80	
Bahrain	165.760	-39.65	
Qatar	34.640	-55.98	
KSA	-54.280	-46.71	
Egypt	273.510	-26.39	
Lebanon	2327.810	213.12	
Turkey	281.962	-21.48	
Iraq	356.190	-20.53	
Morocco	82.430	-16.46	
China	30.662	-52.86	
France	15.810	-54.17	
Germany	7.230	-36.04	
Japan	19.620	-10.02	
UK	15.960	-54.05	
US	12.510	-31.61	