

News Update – 20 January 2020

**Kuwait's holdings of US Treasury bonds down 2.05% YoY in November** – Kuwait's holdings of the US Treasury bonds declined by 2.05% year-on-year (YoY) to \$43 billion in November 2019 from \$43.9 billion in the same month in 2018. Month-on-month, Kuwait's holdings decreased by 1.83% in November, compared to \$43.8 billion in October, according to data by the US Department of the Treasury. Since the beginning of 2019, Kuwait has raised its holdings of the US debt instrument by \$1.7 billion, compared to its level in December 2018. The data referred that Kuwait's investments were distributed as \$36.446 billion worth of long-term Treasury bonds and \$6.590 billion as short-term bonds. At the level of Arab states, Kuwait was ranked the second among the holders of the US Treasury bonds after Saudi Arabia whose holdings amounted to \$179.7 billion, while being followed by the UAE with \$39.9 billion.

**Foreign direct investment to Saudi up at \$3.50 bln in Jan-Sept 2019** – Foreign direct investment to Saudi Arabia rose to \$3.50 billion in the first nine months of 2019 from \$3.18 billion a year ago, Invest Saudi said on Sunday, citing figures from the Saudi Arabian Monetary Authority. A total of 1,130 of foreign companies were created in 2019, a 54% increase from a year ago, said Invest Saudi, a state body in charge of promoting foreign investments, adding that this was the biggest rise in 10 years. The government has made attracting greater foreign investment a cornerstone of its Vision 2030 plan to diversify the economy of the world's top oil exporter away from a reliance on crude revenues.

**S&P affirms Kuwait's credit rating at 'AA'; Outlook stable** – Standard and Poor's (S&P) has affirmed Kuwait's credit rating at (AA) with a stable outlook, the Kuwait News Agency reported on Saturday. The rating agency said that the Kuwaiti economy is still dependent on oil returns, which accounts for 90% of exports. Therefore, the extension of OPEC+ output cut agreement will weigh on the GCC country's economic growth. "The stable outlook reflects our expectation that Kuwait's public and external balance sheets will remain strong over the next two years, primarily underpinned by sizable foreign assets accumulated in the country's sovereign wealth fund," S&P noted. S&P added that Kuwait has substantial savings of over 400% of GDP accumulated within its sovereign wealth fund.

## GCC Sovereign Yields (20 January 2020)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.37	0.01	KSA	2025	2.37	-0.25
Abu Dhabi	2047	3.24	-0.80	KSA	2029	2.75	0.28
Bahrain	2024	3.49	-0.46	KSA	2049	3.84	0.15
Bahrain	2029	4.55	-0.22	Oman	2025	4.02	0.65
Bahrain	2047	5.82	0.52	Oman	2029	5.24	0.56
Dubai	2023	2.47	-0.18	Oman	2048	6.63	0.44
Dubai	2029	3.12	-0.10	Qatar	2024	2.12	0.02
Kuwait	2022	1.91	-0.02	Qatar	2028	2.51	-0.15
Kuwait	2027	2.29	0.10	Qatar	2049	3.49	-0.24

Source: Bloomberg

## Bonds and Sukuk Indices (20 January 2020)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.12	7.33	0.00	0.32
S&P MENA Bond and Sukuk Index	2.89	NA	0.15	0.47
Bloomberg Emerging Markets USD Index	4.73	6.28	-0.03	0.90
Bloomberg Global Aggregate Index	1.42	7.27	-0.15	-0.15

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	20/01/2020	31/12/2019	20/01/2020	31/12/2019	20/01/2020	31/12/2019
KIBOR	2.7500	2.7500	2.9375	2.9375	3.1875	3.1875
SAIBOR	2.2129	2.2314	2.2371	2.2557	2.2900	2.3071
BHIBOR	2.2500	2.2500	2.7333	2.7000	2.8833	2.8333
QATAR	2.2875	2.2500	2.3901	2.3500	2.6562	2.5333
AEIBOR	2.0329	2.2086	2.0670	2.1914	2.3023	2.2900
EURIBOR	-0.3910	-0.3830	-0.3320	-0.3240	-0.2420	-0.2490
LIBOR	1.8191	1.9084	1.8449	1.9121	1.9230	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7283	0.14	-2.4
2-Year	1.6390	0.00	-3.4
5-Year	1.6320	-0.38	-5.6
7-Year	1.6860	-0.34	-6.2
10-Year	1.7773	-0.31	-6.2
30-Year	1.9680	-0.10	-5.9

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3038	-0.0790	-0.21
SAR	3.7524	-0.0053	-0.01
BHD	0.3770	0.0000	0.01
QAR	3.6640	0.0218	-0.12
OMR	0.3850	0.0000	-0.01
AED	3.6731	-0.0027	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	1.56	0.00
5-Year	1.62	0.00
10-Year	1.82	0.01
30-Year	2.28	0.02

## UK Giltts

	Yield %	1D Δ (%)
2-Year	0.40	0.03
5-Year	0.41	0.07
10-Year	0.63	0.10
30-Year	1.16	-0.09

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.60	0.00
5-Year	-0.52	-0.02
10-Year	-0.25	-0.04
30-Year	0.29	-0.18

	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	36.420		5.69
Kuwait	35.930		5.46
Dubai	92.950		7.63
Bahrain	156.730		-5.16
Qatar	38.560		9.71
KSA	61.210		10.18
Egypt	237.730		-9.22
Lebanon	2853.600		22.12
Turkey	248.495		-11.35
Iraq	398.030		17.09
Morocco	80.420		-1.10
China	29.183		-4.80
France	16.250		-2.42
Germany	6.770		-6.15
Japan	19.825		-0.89
UK	16.250		-8.79
US	12.100		10.74