

News Update – 21 January 2020

Saudi Arabia Kicks Off Three-Part Dollar Bond Offering – Saudi Arabia started the sale of a three-part dollar bond as the kingdom seeks to take advantage of lower borrowing costs, according to people with knowledge of the matter. The world's largest oil exporter has opened books for the issue with an initial price guidance of about 110 basis points over U.S. treasuries for the seven-year offering, roughly 135 basis points for a 12-year security and 180 basis points for a 35-year bond, according to a person familiar with the matter, who asked not to be identified because they're not authorized to speak about it.

DAE signs new US\$300 million 4-year unsecured term loan – Dubai Aerospace Enterprise, DAE, announced today that it has signed a US\$300 million four-year unsecured term loan with China Construction Bank DIFC Branch, and China Construction Bank (Asia) Corporation Limited. The principal amount of the loan can be increased to \$500 million. The loan will support the future financing needs of the business.

Egypt's debt ratio to beat target this year, minister says – Egypt is on track to reduce its total debt to a lower-than-expected 83% of GDP by the end of the fiscal year in June, helped by a widening of its primary budget surplus in the last half of 2019, Finance Minister Mohamed Maait said on Monday. The primary budget surplus widened to 0.5% of GDP, or 30 billion Egyptian pounds (\$1.91 billion), in the final six months of 2019 from 0.4% a year earlier, Maait told a news conference. Egypt has said it aims to reduce its primary deficit to 2% of GDP for the whole of the 2019/20 fiscal year. The overall budget deficit, which includes interest payments, rose to 3.8% of GDP in the last six months of 2019 from 3.6% a year earlier, partly due to an early interest payment on debt that matures in April and a 33 billion pound payment to top up the state pension fund, he said. "We aim to reduce the debt to 83% by the end of the fiscal year, compared to the 89% we had (earlier) projected," Maait said. The improvement in the primary surplus was helped by reductions in fuel subsidies, long a heavy burden on the budget, which were implemented as part of a three-year IMF programme that ended in November.

Bahrain's GFH starts marketing dollar sukuk – Bahrain-based GFH Financial Group started marketing on Tuesday five-year sukuk, or Islamic bonds, denominated in U.S. dollars, a document showed. The debt sale is expected to close later on Tuesday.

GCC Sovereign Yields (21 January 2020)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.37	0.02	KSA	2025	2.35	-0.19
Abu Dhabi	2047	3.23	-0.61	KSA	2029	2.77	0.29
Bahrain	2024	3.49	-0.46	KSA	2049	3.83	0.24
Bahrain	2029	4.55	-0.35	Oman	2025	3.99	0.80
Bahrain	2047	5.80	0.47	Oman	2029	5.24	0.68
Dubai	2023	2.52	-0.31	Oman	2048	6.63	0.57
Dubai	2029	3.15	-0.36	Qatar	2024	2.10	0.08
Kuwait	2022	1.87	0.00	Qatar	2028	2.51	-0.28
Kuwait	2027	2.30	-0.02	Qatar	2049	3.50	-0.25

Source: Bloomberg

Bonds and Sukuk Indices (21 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	2.90	NA	-0.05	0.43
Bloomberg Emerging Markets USD Index	4.73	6.28	-0.03	0.90
Bloomberg Global Aggregate Index	1.42	7.27	-0.04	-0.19

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	21/01/2020	31/12/2019	21/01/2020	31/12/2019	21/01/2020	31/12/2019
KIBOR	2.7500	2.7500	3.0000	2.9375	3.1875	3.1875
SAIBOR	2.2114	2.2314	2.2357	2.2557	2.2900	2.3071
BHIBOR	2.2500	2.2500	2.7333	2.7000	2.8833	2.8333
QATAR	2.3175	2.2500	2.4180	2.3500	2.7212	2.5333
AEIBOR	1.9650	2.2086	2.1331	2.1914	2.3030	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	1.7165	-1.18	-3.0
2-Year	1.6222	-1.28	-4.4
5-Year	1.6104	-2.46	-6.9
7-Year	1.6631	-2.29	-7.5
10-Year	1.7539	-2.61	-7.4
30-Year	1.9400	-2.90	-7.2

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3038	0.0198	-0.20
SAR	3.7527	-0.0027	-0.02
BHD	0.3770	0.0027	0.02
QAR	3.6651	0.0136	-0.13
OMR	0.3855	-0.0026	-0.01
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.54	0.03
5-Year	1.59	0.12
10-Year	1.79	0.26
30-Year	2.25	0.70

UK Giltts

	Yield %	1D Δ (%)
2-Year	0.41	-0.02
5-Year	0.43	-0.08
10-Year	0.65	-0.17
30-Year	1.19	-0.80

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.60	-0.01
5-Year	-0.52	-0.01
10-Year	-0.26	0.03
30-Year	0.29	0.08

	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	35.710	4.38	
Kuwait	35.930	5.46	
Dubai	85.960	-0.05	
Bahrain	156.050	-5.55	
Qatar	38.180	9.22	
KSA	61.490	10.67	
Egypt	236.170	-9.79	
Lebanon	2792.770	21.57	
Turkey	248.495	-11.35	
Iraq	398.030	17.09	
Morocco	78.900	-2.76	
China	30.678	0.13	
France	16.320	-2.01	
Germany	6.800	-6.20	
Japan	19.825	-0.89	
UK	16.490	-7.19	
US	12.230	11.69	