

News Update – 5 January 2020

Kuwait CMA nods to Sultan Center's \$50mln convertible bonds prospectus – Sultan Center Food announced the approval of the Capital Markets Authority (CMA) for the prospectus of the private placement on issuing KWD 15 million worth of convertible bonds to ordinary shares in the company's capital. The company will coordinate with the lead manager to complete the procedures for the bonds issue and disclose any details in a timely manner, according to the bourse statement on Tuesday. In November, the CMA agreed to cut the issued and paid-up capital of the company to offset part of the accumulated losses. During the first nine months of 2019, the company's profits reached KWD 1.07 million, down 78% from KWD 4.86 million in the same period last year.

Egypt to issue 1st green bonds in early 2020 – The Egyptian Financial Regulatory Authority (FRA) is set to finalise all procedures required for the issuance of green bonds. A local company is expected to issue Egypt's first green bond in early 2020, the FRA's chairman Mohamed Omran said in a statement on Thursday. The FRA has invited environmental officials and representatives of regional and international environmental organisations to a meeting aimed at developing a taxonomy for green projects in a bid to create a green bond issuance guide.

Federal Reserve Last Month Saw a Declining Risk of Recession – The Federal Reserve's policymaking committee saw much less risk of recession at its meeting last month, when it kept interest rates steady after three straight cuts and signaled that it expected to keep low rates unchanged through this year. Minutes of the December meeting, released Friday, showed that Fed officials favored keeping rates in a low range of 1.5% to 1.75% to cushion the U.S. economy from slow global growth and the Trump administration's trade conflicts. Officials were also concerned that inflation still hadn't reached the Fed's target level of 2%. Still, many Fed policymakers at the Dec. 10-11 meeting expressed the view that the risks of a U.S.-China trade war had diminished along with the probability of a disruptive Brexit.

GCC Sovereign Yields (5 January 2020)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.38	0.11	KSA	2025	2.36	-0.07
Abu Dhabi	2047	3.19	0.48	KSA	2029	2.88	-0.37
Bahrain	2024	3.43	-0.09	KSA	2049	3.90	-0.46
Bahrain	2029	4.53	-0.03	Oman	2025	4.18	-0.11
Bahrain	2047	5.84	0.19	Oman	2029	5.36	-0.34
Dubai	2023	2.43	-0.01	Oman	2048	6.71	-0.56
Dubai	2029	3.12	0.03	Qatar	2024	2.16	-0.09
Kuwait	2022	1.94	-0.06	Qatar	2028	2.52	-0.19
Kuwait	2027	2.29	0.15	Qatar	2049	3.54	-1.02

Source: Bloomberg

Bonds and Sukuk Indices (5 January 2020)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.19	7.33	-0.12	-0.25
S&P MENA Bond and Sukuk Index	2.95	NA	0.07	-0.07
Bloomberg Emerging Markets USD Index	4.81	6.28	0.12	0.23
Bloomberg Global Aggregate Index	1.40	7.27	0.21	0.34

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	05/01/2020	31/12/2019	05/01/2020	31/12/2019	05/01/2020	31/12/2019
KIBOR	2.7500	2.7500	2.9375	2.9375	3.1875	3.1875
SAIBOR	2.2300	2.2314	2.2557	2.2557	2.3071	2.3071
BHIBOR	2.2500	2.2500	2.7000	2.7000	2.8333	2.8333
QATAR	2.2000	2.2500	2.3000	2.3500	2.4500	2.5333
AEIBOR	2.1574	2.2086	2.2191	2.1914	2.2826	2.2900
EURIBOR	-0.3840	-0.3830	-0.3230	-0.3240	-0.2380	-0.2490
LIBOR	1.8739	1.9084	1.8929	1.9121	1.9641	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7233	-3.71	-2.7
2-Year	1.6142	-5.72	-4.9
5-Year	1.6098	-8.27	-6.9
7-Year	1.6638	-9.00	-7.4
10-Year	1.7521	-9.47	-7.5
30-Year	1.9330	-9.60	-7.6

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3033	-0.0297	-0.05
SAR	3.7525	-0.0240	-0.01
BHD	0.3771	-0.0159	0.00
QAR	3.6623	-0.0082	-0.05
OMR	0.3855	-0.0675	-0.01
AED	3.6731	0.0000	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.52	0.09
5-Year	1.59	0.37
10-Year	1.79	0.80
30-Year	2.24	1.90

UK Giltts

	Yield %	1D Δ (%)
2-Year	0.54	0.00
5-Year	0.54	0.18
10-Year	0.74	0.50
30-Year	1.22	1.45

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.64	0.03
5-Year	-0.56	0.22
10-Year	-0.29	0.57
30-Year	0.24	1.59

	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	36.030		4.35
Kuwait	32.930		-2.71
Dubai	86.580		0.90
Bahrain	165.820		0.01
Qatar	36.990		5.22
KSA	63.500		14.34
Egypt	263.320		0.00
Lebanon	2435.210		5.49
Turkey	283.722		1.14
Iraq	335.210		0.65
Morocco	83.440		2.20
China	32.290		6.17
France	17.180		2.69
Germany	7.600		0.17
Japan	19.598		0.00
UK	17.210		-2.97
US	12.510		13.98