

News Update – 7 November 2019

Kuwait current account posts USD 10 bln surplus – Central Bank –
The Central Bank of Kuwait (CBK) said on Wednesday that the current domestic account posted a surplus at KD 3.2 billion (USD 10.5 billion) in Q2 2019 against KD 2.6 billion (USD 8.5 million) in the year's Q1. The CBK reported in a press release, marking issuance of preliminary data of Kuwait balance of payments for Q2 2019 and the amended data for Q1, a 21.4 percent growth in Q2, reaching KD 528 million (\$1.7 billion). It alluded growth of the balance of payments to a rise of debts' payments in Q2, estimated at KD 568.4 million (\$1.8 billion), 5.9 percent compared to the Q1. The growth increase was also as a result of decline of collected debts dues, estimated at KD 40 million (\$132 million).

Saudi mall operator Arabian Centres plans debut dollar bond sale –
Saudi Arabian mall operator Arabian Centres is planning an inaugural sale of U.S. dollar-denominated sukuk, or Islamic bonds, sources familiar with the matter said, as firms in the Gulf take advantage of low interest rates to raise debt. The company, which went public earlier this year, is looking to raise \$500 million from the issue, said the three sources. Goldman and HSBC are poised to lead the transaction which could take place as soon as this year, the sources said. The firm plans to expand its operations to 27 malls within four years and is building cinemas after a decades-long ban on movie theatres was lifted last year.

World Bank urges Lebanon to form govt, warns of recession –
The World Bank urged protest-hit Lebanon on Wednesday to form a new government quickly, warning that an economic downturn would deepen poverty and worsen unemployment. The World Bank had forecast a contraction of 0.2 percent before the turmoil, but said Wednesday that it now expected Lebanon's recession "to be even more significant".

ECB's Holzmann Says Monetary Policy Has Reached Its Limit –
European Central Bank official Robert Holzmann signaled that monetary policy has reached its limit, and argued it's time for fiscal stimulus to step in. "Monetary policy seems to have reached its end," the Austrian central-bank governor told Bloomberg TV on Wednesday. Cutting interest rates further is unlikely to have a positive impact on output or inflation, he added. "For this reason, fiscal policy has to take over." His comments follow former President Mario Draghi's multiple calls for euro-area governments to step up fiscal spending that his successor Christine Lagarde has since reiterated.

Fed's Williams Says Fed Policy is Now Moderately Accommodative –
Federal Reserve Bank of New York President John Williams says the U.S. labor market is strong but low unemployment isn't creating inflation, with price pressures reasonably contained. "The three rate cuts we did were very effective at managing the risks" slowing global growth and trade uncertainty present to the U.S. economy, the New York Fed President said at a Wall Street Journal event in New York.

GCC Bonds & Sukuk: Best and worst Performers (7 November 2019)

Sovereigns	Yield (%)	Price Change (YTD %)	Sovereigns	Yield (%)	Price Change (YTD %)
Kuwait 22	1.99	3.19	Bahrain 24	3.67	7.85
Kuwait 27	2.31	7.93	Bahrain 29	4.80	16.70
Abu Dhabi 27	2.48	8.89	Bahrain 47	6.12	21.61
Abu Dhabi 47	3.35	18.11	Qatar 24	2.22	4.47
Dubai 23	2.52	3.99	Qatar 28	2.59	9.25
Dubai 29	3.20	9.19	Qatar 49	3.60	21.43
Oman 25	4.41	12.48	KSA 25	2.50	8.00
Oman 29	5.85	0.79	KSA 29	2.97	11.35
Oman 48	7.14	14.59	KSA 49	4.00	20.76

Source: Bloomberg

Bonds & Sukuk Indices (7 November 2019)

Index Name	Yield %	Duration	1D Chng (%)	YTD Chng (%)
Bloomberg GCC FI Index	3.30	7.31	0.07	12.78
S&P MENA Bond and Sukuk Index	3.04	NA	0.06	12.25
Bloomberg Emerging Markets USD Index	4.96	6.25	0.12	11.22
Bloomberg Global Aggregate Index	1.42	7.30	0.09	6.20

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	7/11/2019	31/12/2018	7/11/2019	31/12/2018	7/11/2019	31/12/2018
SAIBOR	2.2300	1.8988	2.2514	2.0875	2.2843	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	2.2000	2.7342	2.3000	2.8868	2.4500	3.0468
AEIBOR	2.1538	1.8310	2.2879	2.0513	2.3517	2.5648
EURIBOR	-0.4030	-0.3290	-0.3440	-0.2710	-0.2780	-0.1860
LIBOR	1.8935	1.6858	1.9263	1.8336	1.9669	2.1022

US Treasuries

	Yield	1-Day Δ (Bps)	Currencies	USD	1-Day Δ (Bps)	YTD (%)
1-Year	1.56	-0.02	KWD	0.3039	0.0000	-0.05%
2-Year	1.60	0.02	SAR	3.7503	0.0001	0.03%
5-Year	1.62	0.06	BHD	0.3770	0.0000	-0.02%
7-Year	1.72	0.09	QAR	3.6631	0.0000	-0.22%
10-Year	1.81	0.17	OMR	0.3855	0.0003	0.00%
30-Year	2.30	0.35	AED	3.6730	0.0000	-0.01%

USD Swap Rates

	Yield	1-Day Δ	UK Guilts	Yield	1-Day Δ	German Bunds	Yield	1-Day Δ
2-Y	1.640	-0.01%		0.53	-0.92%		-0.42	9.29%
5-Y	1.598	-0.01%		0.50	-0.07%		-0.67	0.31%
10-Y	1.724	-0.02%		0.72	-0.07%		-0.48	0.26%
30-Y	1.915	-0.02%		1.23	0.03%		0.17	0.12%

	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	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	41.460		-35.61
Kuwait	40.900		-33.63
Dubai	119.360		-2.49
Bahrain	200.470		-27.73
Qatar	43.570		-45.85
KSA	70.740		-30.98
Egypt	292.510		-21.53
Lebanon	1488.530		102.33
Turkey	326.271		-9.29
Iraq	331.940		-25.28
Morocco	94.520		-5.52
China	37.157		-43.72
France	17.860		-49.94
Germany	8.160		-34.27
Japan	21.425		-10.02
UK	28.06		-23.32
US	12.42		-31.31