

Fitch Downgrades Saudi Aramco to 'A' on Sovereign Downgrade -

Saudi Aramco was downgraded by Fitch given that the rating is capped by that of the sovereign, which was downgraded following the drone and missile attack on domestic infrastructure in September. The attack seen having very limited impact on Saudi Aramco's operational, financial performance in 2019 and the planned IPO seen as unlikely to have any major effect on company's financial position, with Fitch seeing Saudi Aramco having capacity to maintain commitment to increase dividend payments to at least \$75 billion per year in 2020 and beyond.

Bahrain real GDP up 0.8% in Q2 y/y despite oil sector contraction

- Bahrain's real gross domestic product grew 0.8% in Q2 year-on-year, according to preliminary government data, as growth in the non-oil sector offset a decline in oil output. The small Gulf Arab oil producer saw a 0.8% drop in the oil sector in the second quarter, mainly because of a 5.8% decline in the production of oil from the offshore Abu Safah field, which it shares with Saudi Arabia. Annual growth in the non-oil sector was 1.2%, the ministry of finance said in a statement late on Monday. Bahrain's total GDP in Q2 stood at 3.2 billion dinars (\$8.49 billion), it said. The Bahraini government received pledges of \$10 billion last year from Saudi Arabia, Kuwait and the United Arab Emirates after low oil prices pushed its public debt to almost 93% of gross domestic product.

Abu Dhabi's Aldar Properties Picks Banks for Dollar Sukuk Sale -

Aldar Properties PJSC picked banks including Standard Chartered Plc to manage the sale of dollar-denominated Islamic bonds, according to people with knowledge of the matter. Abu Dhabi's largest developer also chose Dubai Islamic Bank PJSC, First Abu Dhabi Bank PJSC and Emirates NBD PJSC to arrange the benchmark sale, said the people, asking not to be identified because the information isn't public. Emerging-market borrowers are returning to debt markets as stimulus from central banks cuts borrowing costs and investors chase yields. Saudi Arabia is considering selling a dollar-Islamic bond, while Abu Dhabi raised \$10 billion.

UAE crown prince affirms his country's support to Lebanon on 'different levels' -

The de facto ruler of the United Arab Emirates, Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed al-Nahyan received Lebanon's Prime Minister Saad Hariri on Monday where he stressed his country's support to Lebanon on "different levels". "The Crown Prince stressed during the meeting that the UAE ... is keen on supporting its relationships with Lebanon on different levels, and stands by it in all that preserves its security and stability, and fulfills the aspirations of its people for development," state news agency WAM reported

GCC Bonds & Sukuk: Best and worst Performers (08 October 2019)

Best daily Performers	Daily change	Worst daily Performers	Daily change
Ezdan Sukuk 22	0.51%	Meeras Sukuk 22	-0.26%
Etihad Airways 20	0.25%	Mubadala 41	-0.26%
Sharjah Govt 25	0.22%	Ooredoo 25	-0.17%
Best YTD Performers	YTD change	Worst YTD Performers	YTD change
KSA Govt 50	26.66%	Etihad Airways 20	-25.91%
KSA Govt 49	26.12%	Etihad Airways 21	-17.51%
Qatar Govt 49	25.37%	Commercial Bank of Qatar 19	-1.99%

Source: Bloomberg

Bonds & Sukuk Indices (08 October 2019)

Index Name	Price	1D Chng	YTD	Yield
S&P MENA Bond and Sukuk Index	136.490	0.05%	13.12%	2.87%
S&P MENA Bond Index	139.090	0.05%	14.18%	2.89%
S&P MENA Sukuk Index	128.890	0.04%	9.60%	2.77%
Bloomberg Global Developed Sovereign Bond Index	121.544	-0.07%	4.78%	0.41%
Bloomberg USD Emerging Market Composite Bond Index	238.940	0.02%	13.94%	
Dow Jones Sukuk Index	106.203	0.02%	7.28%	

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	08/10/2019	31/12/2018	08/10/2019	31/12/2018	08/10/2019	31/12/2018
SAIBOR	2.3229	1.8988	2.3243	2.0875	2.3257	2.2863
KIBOR	2.8750	1.8750	3.0625	2.0625	3.3125	2.3750
BHIBOR	2.3700	2.4500	3.1333	2.9000	3.2500	3.2750
QATAR	2.5600	2.7342	2.7000	2.8868	3.0000	3.0468
AEIBOR	2.3024	1.8310	2.3535	2.0513	2.3254	2.5648
EURIBOR	-0.4230	-0.3290	-0.3890	-0.2710	-0.3360	-0.1860
LIBOR	2.0270	1.6858	1.9506	1.8336	1.8531	2.1022

U.S. Treasuries

	Current Yield (%)	1D Chng
1-Year	1.63	-0.016
2-Year	1.48	-0.039
5-Year	1.41	-0.105
7-Year	1.50	-0.156
10-Year	1.59	-0.234
30-Year	2.08	-0.703

USD Swap rates

	Rates (%)	1D Chng (%)
2-Y	1.516	0.02%
5-Y	1.407	0.03%
10-Y	1.509	0.03%
30-Y	1.696	0.04%

German Bund

	Current Yield (%)	1D Chng (Bps)
2-Y	-0.51	0.782
5-Y	-0.83	0.038
10-Y	-0.70	0.004
30-Y	-0.09	0.056

UK Gilts

	Current Yield (%)	1D Chng (Bps)
2-Y	0.34	0.431
5-Y	0.26	0.087
10-Y	0.45	-0.036
30-Y	0.95	-0.038

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	Caa1	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 (%)

	5-Year CDS	YTD (%)
Abu Dhabi	51.820	-20.13
Kuwait	50.910	-18.41
Dubai	125.180	2.50
Bahrain	224.980	-19.32
Qatar	52.250	-34.38
KSA	74.250	-27.62
Egypt	292.200	-21.60
Lebanon	1211.22	63.76
Turkey	361.280	0.45
Iraq	329.550	-25.75
Morocco	85.900	-13.33
China	47.908	-27.36
France	18.660	-47.55
Germany	9.390	-26.05
Japan	22.483	-10.02
UK	10.025	-33.48
US	3.851	-32.18