

News Update – 12 December 2019

Kuwait's external debt expands 20% in Q2 2019 – Kuwait's external debt swelled by 20.2% in the second quarter of 2019, from a year ago, the Central Bank of Kuwait (CBK) said on Tuesday. Kuwait's total external debt, comprising debt of government and private sector debt, amounted to KWD 19.348 billion (\$63.87 billion) in the period between April and June, compared with KWD 16.103 billion (\$53.16 billion) the year-earlier period. Furthermore, Kuwaiti external debt expanded by 4.7% quarter-on-quarter from KWD 18.481 billion (\$61.01 billion) in the first quarter of this year.

Saudi Arabia ready to issue new international bonds as soon as January – Saudi Arabia might issue new international bonds as soon as January, as part of plans to raise \$32 billion worth of debt next year, a senior finance ministry official told Reuters. Local issues are expected to account for 55% of the total debt issuance plan, and the remainder will be raised internationally, Fahad al-Saif, who heads the kingdom's debt management office (DMO), said in an interview.

Dubai economy to grow at 3.2% in 2020, media office says – Dubai's economy will grow 3.2% in 2020, accelerating from expansion of 2.1% in 2019, the Department of Economic Development (DED) was cited as saying in a Twitter posting by the Dubai Media Office. The economy grew 1.94% in 2018, its slowest pace since a contraction in 2009, when it was hobbled by a debt crisis caused by a property crash. Dubai - with a diversified trade and tourism economy and one of the seven territories of the United Arab Emirates - has faced a slowing real estate market for most of the decade, barring a brief pickup more than five years ago. Housing oversupply has driven prices down at least a quarter since 2014. Dubai is banking on Expo 2020 to boost economic activity as the event could attract 11 million foreign visitors, organisers have said.

Fed Leaves Rates on Hold; Forecasts Show No Change Through 2020 – The Federal Reserve left interest rates unchanged and signaled it would stay on hold through 2020, keeping it on the sidelines in an election year while also opening the possibility it might buy short-term coupon-bearing securities to ease money-market strain. "Our economic outlook remains a favorable one despite global developments and ongoing risks," Chairman Jerome Powell told a press conference Wednesday in Washington following the decision. "As long as incoming information about the economy remains broadly consistent with this outlook, the current stance of monetary policy likely will remain appropriate."

GCC Sovereign Yields (12 December 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.37	9.62	KSA	2025	2.37	8.52
Abu Dhabi	2047	3.20	21.23	KSA	2029	2.85	12.29
Bahrain	2024	3.54	8.23	KSA	2049	3.86	23.51
Bahrain	2029	4.76	16.92	Oman	2025	4.35	12.72
Bahrain	2047	5.99	23.60	Oman	2029	5.75	1.56
Dubai	2023	2.44	4.16	Oman	2048	6.97	16.95
Dubai	2029	3.10	9.94	Qatar	2024	2.15	4.67
Kuwait	2022	1.88	3.38	Qatar	2028	2.49	9.87
Kuwait	2027	2.30	7.97	Qatar	2049	3.47	24.20

Source: Bloomberg

Bonds and Sukuk Indices (12 December 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.21	7.33	0.13	14.03
S&P MENA Bond and Sukuk Index	2.95	NA	0.14	13.40
Bloomberg Emerging Markets USD Index	4.99	6.28	0.21	11.96
Bloomberg Global Aggregate Index	1.43	7.27	0.14	6.51

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	12/12/2019	31/12/2018	12/12/2019	31/12/2018	12/12/2019	31/12/2018
KIBOR	2.7500	2.3125	3.0000	2.5625	3.1875	2.8125
SAIBOR	2.2386	2.9750	2.2529	3.1150	2.3029	3.3413
BHIBOR	2.3500	3.5500	2.7500	4.0833	2.8500	4.7000
QATAR	2.2625	2.9056	2.3625	3.0889	2.6125	3.3028
AEIBOR	2.2302	2.8375	2.1815	3.1849	2.4350	3.5737
EURIBOR	-0.3930	-0.3090	-0.3330	-0.2370	-0.2690	-0.1170
LIBOR	1.8873	2.8076	1.8786	2.8756	1.9329	3.0054

USD Swap Rates

	Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7307	-0.05	-37.3
2-Year	1.6278	0.02	-38.7
5-Year	1.6106	0.21	-37.3
7-Year	1.6480	0.47	-37.2
10-Year	1.7279	0.74	-36.2
30-Year	1.9057	0.40	-32.9

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	1.61	0.01	0.55	0.03
5-Year	1.64	0.00	0.58	0.10
10-Year	1.80	-0.03	0.77	0.24
30-Year	2.23	-0.05	1.27	0.48

	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	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 Δ (%)
Abu Dhabi	37.630		-41.36
Kuwait	37.920		-38.16
Dubai	88.730		-26.55
Bahrain	180.910		-34.45
Qatar	37.700		-52.00
KSA	62.480		-38.65
Egypt	291.510		-27.78
Lebanon	2304.060		212.90
Turkey	305.661		-14.95
Iraq	394.750		-12.98
Morocco	81.940		-16.90
China	37.232		-43.56
France	16.270		-53.32
Germany	7.540		-36.36
Japan	21.019		-10.02
UK	16.880		-52.02
US	12.840		-30.00