

Order book of \$3.6bn for KIPCO's seven-year \$500m bond issue - The Kuwait Projects Company (Holding) – has announced that it has successfully completed the issuance of a seven-year \$500 million (KD 151 million) bond under its \$3 billion Euro Medium Term Note (EMTN) Program. The demand of \$3.6 billion on the order book was KIPCO's largest ever in international debt capital markets, representing a seven-fold oversubscription. The bond was issued at a fixed rate coupon of 4.229 percent, the company's lowest ever coupon rate. KIPCO was met with strong reception by investors during roadshow across Hong Kong, Singapore, the UAE and London. The transaction will extend KIPCO's debt maturity from 4.1 years to 4.7 years. The issue will also reduce the company's annual cost of funding by \$26 million once the July 2020 notes are repaid.

S&P Affirms Emirate of Sharjah At 'BBB+/A-2'; Outlook Stable – S&P expects economic growth to average about 2% over our forecast period through 2022, supported by manufacturing and construction, after weak growth in 2018. S&P could lower our ratings in the next two years if wider budget deficits than anticipated accelerated the increase in the government's debt or interest costs. The ratings could also come under pressure if economic growth were significantly weaker than our base-case projections.

Gulf's Holdout on Rates Is About to Jump on Fed Easing Bandwagon - The only Gulf Arab central bank with an unpredictable monetary policy might finally fall in line this week. In a region where most countries usually track the Federal Reserve to protect their currencies' pegs to the dollar, Kuwait split from the likes of Saudi Arabia and the United Arab Emirates. As pressure builds on funding costs at Kuwaiti banks and with this year's economic growth forecast at just above zero, the probability of its first monetary easing since 2012 is "very high," according to Raghu Mandagolathur, head of research at Kuwait Financial Centre SAK. Unlike its neighbors' pegs to the dollar, Kuwait controls the value of its dinar against an undisclosed basket of currencies, meaning it has more flexibility in setting rates.

IMF stresses urgency of reforms in Lebanon to restore economic stability - The International Monetary Fund (IMF) said it is assessing an emergency reform package announced by Lebanon's government last week and stressed reforms should be implemented urgently given the country's high debt levels and fiscal deficits. Lebanon has one of the world's highest levels of government debt as a share of economic output. The IMF has forecast a fiscal deficit of 9.8% of GDP this year and 11.5% next year.

Federal Reserve Expected to Deliver Third Straight Interest Rate Cut - Financial markets are pricing in a 90% chance of a cut to 1.75pc from the Fed's Open Market Committee on Wednesday as the world's biggest economy crunches into a lower gear.

GCC Bonds & Sukuk: Best and worst Performers (28 October 2019)

Sovereigns	Yield (%)	Price Change (YTD %)	Sovereigns	Yield (%)	Price Change (YTD %)
Kuwait 22	2.03	3.12	Bahrain 24	3.90	7.03
Kuwait 27	2.29	8.13	Bahrain 29	4.98	15.20
Abu Dhabi 27	2.45	9.06	Bahrain 47	6.23	19.93
Abu Dhabi 47	3.27	19.67	Qatar 24	2.17	4.68
Dubai 23	2.45	4.26	Qatar 28	2.53	9.81
Dubai 29	3.15	9.63	Qatar 49	3.55	22.43
Oman 25	4.38	12.72	KSA 25	2.49	8.16
Oman 29	5.90	0.41	KSA 29	2.91	11.99
Oman 48	7.23	13.22	KSA 49	3.93	22.33

Source: Bloomberg

Bonds & Sukuk Indices (28 October 2019)

Index Name	Yield %	Duration	1D Chng (%)	YTD Chng (%)
S&P MENA Bond and Sukuk Index	3.28	7.31	-0.07	12.85
Bloomberg Global Developed Sovereign Bond Index		NA	-0.14	12.37
Bloomberg USD Emerging Market Composite Bond Index	4.97	6.25	-0.03	11.17
Dow Jones Sukuk Index	1.40	7.30	-0.18	6.38

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	28/10/2019	31/12/2018	28/10/2019	31/12/2018	28/10/2019	31/12/2018
SAIBOR	2.2843	1.8988	2.2943	2.0875	2.3071	2.2863
KIBOR	2.8750	1.8750	3.0625	2.0625	3.3125	2.3750
BHIBOR	2.3700	2.4500	3.0000	2.9000	3.1333	3.2750
QATAR	2.6483	2.7342	2.8235	2.8868	3.1268	3.0468
AEIBOR	2.1600	1.8310	2.3879	2.0513	2.2753	2.5648
EURIBOR	-0.4130	-0.3290	-0.3500	-0.2710	-0.2930	-0.1860
LIBOR	1.9281	1.6858	1.9333	1.8336	1.9558	2.1022

US Treasuries

	Yield	1-Day Δ (Bps)	Currencies	USD	1-Day Δ (Bps)	YTD (%)
1-Year	1.57	-0.02	KWD	0.3041	0.0000	-0.08%
2-Year	1.63	-0.02	SAR	3.7505	0.0000	0.03%
5-Year	1.63	-0.05	BHD	0.3770	0.0000	-0.01%
7-Year	1.72	-0.07	QAR	3.6635	0.0004	-0.22%
10-Year	1.81	-0.13	OMR	0.3850	0.0000	0.00%
30-Year	2.31	-0.38	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	1.661	0.01%		0.52	0.83%		-0.45	-2.22%
5-Y	1.606	0.01%		0.48	0.17%		-0.68	-0.08%
10-Y	1.729	0.02%		0.68	0.06%		-0.50	0.02%
30-Y	1.927	0.02%		1.17	-0.04%		0.14	0.25%

	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 (%)
Abu Dhabi	43.80		-32.15
Kuwait	44.91		-27.53
Dubai	114.18		-6.50
Bahrain	206.46		-25.67
Qatar	44.14		-44.34
KSA	67.81		-33.78
Egypt	295.19		-20.84
Lebanon	1304.74		73.18
Turkey	335.34		-6.71
Iraq	317.72		-28.07
Morocco	106.37		5.19
China	38.107		-42.30
France	17.33		-51.12
Germany	8.36		-33.87
Japan	21.14		-10.02
UK	28.06		-23.32
US	12.42		-31.31