

Central Bank of Kuwait unveils liquidity management and forecasting dashboard – The Governor of the Central Bank of Kuwait (CBK) Dr Mohammad Y Al-Hashel announced CBK’s live and consolidated “Liquidity Management and Forecasting Dashboard”, which enhances the ability to forecast liquidity conditions more accurately and at an earlier point in time, in turn leading to more efficient utilization of monetary policy instruments. Being oil-producing states, their currencies are pegged to foreign currencies so not only are their revenues susceptible to fluctuations in oil prices, but also to fluctuations in foreign exchange rates brought about by global economic and geopolitical developments.” The Governor pointed out that “Any change in liquidity levels or volume of demand for the Kuwaiti Dinar could effect the rate of return in the monetary market. Forecasting liquidity conditions can help the CBK decide if intervention is required, through the utilization of monetary policy instruments, and can indicate the volume of liquidity to be injected into or pulled out of the market.

UAE central bank says foreign assets down 0.8% in Q3 – The United Arab Emirates central bank said on Sunday its foreign assets fell by 0.8% to 374.3 billion dirhams (\$101.91 billion) in the third quarter. The reduction was mainly due to an 84.8% decline in foreign securities, equivalent to a decrease of 33.3 billion dirhams, it said in a statement. That decline exceeded increases in current account balances and deposits with banks abroad, which were up by 27.5 billion dirhams at the end of the period, and a 3 billion dirhams increase in other foreign assets.

Rising Yields Quiet Bond Market’s Key Recession Alarm – A closely watched barometer of economic expectations is encouraging investors to take risks again. Yields on longer-term U.S. government debt climbed above those on shorter-term Treasuries in recent weeks—a sign investors expect no immediate pullback in growth and inflation. That stands in contrast to earlier in the year, when longer-term yields fell below their shorter-term counterparts, a phenomenon known as an inverted yield curve. The yield curve, in fact, completely uninverted this week for the first time since November 2018, meaning shorter-dated benchmark Treasuries all yielded less than longer-dated ones. Many investors said that the change in the message sent by the yield curve is the product of recent interest-rate cuts by the Federal Reserve and improvement in U.S.-China trade relations.

Saudi Aramco issues prospectus, IPO to kick off on Nov. 17 – Saudi Aramco, the world’s biggest oil producer, has issued on Nov. 9 prospectus for its initial public offering (IPO) on the Saudi Stock Exchange (Tadawul) after obtaining the approval of the Capital Market Authority (CMA). The IPO and book-building process will begin on Nov. 17 and will run through Dec. 4. The retail offering will run from Nov. 17- Nov. 28, 2019. A maximum of 0.5 percent of the offered shares will be allocated to retail investors, while no maximum limit was set for institutions. The minimum subscription limit for retail investors stands at 10 shares, with no maximum limit.

GCC Bonds & Sukuk: Best and worst Performers (11 November 2019)

Sovereigns	Yield (%)	Price Change (YTD %)	Sovereigns	Yield (%)	Price Change (YTD %)
Kuwait 22	2.04	3.09	Bahrain 24	3.66	7.86
Kuwait 27	2.40	7.32	Bahrain 29	4.81	16.65
Abu Dhabi 27	2.51	8.54	Bahrain 47	6.12	21.57
Abu Dhabi 47	3.41	16.82	Qatar 24	2.25	4.31
Dubai 23	2.59	3.82	Qatar 28	2.64	8.81
Dubai 29	3.25	8.82	Qatar 49	3.66	20.17
Oman 25	4.40	12.55	KSA 25	2.54	7.85
Oman 29	5.85	0.78	KSA 29	2.99	11.21
Oman 48	7.12	14.90	KSA 49	4.04	20.02

Source: Bloomberg

Bonds & Sukuk Indices (11 November 2019)

Index Name	Yield %	Duration	1D Chng (%)	YTD Chng (%)
Bloomberg GCC FI Index	3.33	7.31	-0.02	12.48
S&P MENA Bond and Sukuk Index	3.07	NA	0.16	11.92
Bloomberg Emerging Markets USD Index	5.01	6.25	-0.07	10.90
Bloomberg Global Aggregate Index	1.48	7.30	-0.62	5.53

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	11/11/2019	31/12/2018	11/11/2019	31/12/2018	11/11/2019	31/12/2018
SAIBOR	2.2286	1.8988	2.2514	2.0875	2.2914	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	2.3500	2.7342	2.4500	2.8868	2.7611	3.0468
AEIBOR	2.1899	1.8310	2.3061	2.0513	2.2861	2.5648
EURIBOR	-0.3950	-0.3290	-0.3240	-0.2710	-0.2620	-0.1860
LIBOR	1.9006	1.6858	1.9230	1.8336	1.9998	2.1022

US Treasuries

	Yield	1-Day Δ (Bps)	Currencies	USD	1-Day Δ (Bps)	YTD (%)
1-Year	1.57	0.00	KWD	0.3040	0.0000	-0.12%
2-Year	1.67	0.01	SAR	3.7506	0.0001	0.03%
5-Year	1.75	0.00	BHD	0.3770	0.0000	-0.02%
7-Year	1.86	0.01	QAR	3.6634	0.0004	-0.23%
10-Year	1.94	0.01	OMR	0.3850	0.0000	0.00%
30-Year	2.42	0.02	AED	3.6729	0.0000	-0.01%

USD Swap Rates

	Yield	1-Day Δ	Yield	1-Day Δ	Yield	1-Day Δ
2-Y	1.716	0.01%	0.55	0.01%	-0.40	0.05%
5-Y	1.722	0.01%	0.53	-0.05%	-0.63	0.07%
10-Y	1.849	0.02%	0.79	0.04%	-0.41	0.06%
30-Y	2.030	0.02%	1.31	0.02%	0.24	0.10%

	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	40.780	-36.62
Kuwait	40.390	-34.40
Dubai	117.600	-3.85
Bahrain	201.410	-27.40
Qatar	40.450	-49.64
KSA	65.050	-36.41
Egypt	294.080	-21.12
Lebanon	1541.990	109.46
Turkey	315.056	-12.31
Iraq	340.270	-23.65
Morocco	94.360	-5.66
China	36.158	-45.26
France	17.160	-51.46
Germany	7.940	-34.78
Japan	21.429	-10.02
UK	28.06	-23.32
US	12.42	-31.31