

News Update – 26 November 2019

CBK issues tawarruq bonds worth KD 360 mln – The Central Bank of Kuwait (CBK) issued, Monday, KD 360 million (USD 1.1 billion) worth of tawarruq bonds, said a statement obtained by KUNA. The CBK announced the most recent issues of bonds related to tawarruq would be for six months with rate of return of 2.875 percent. The last issuance of such bonds by the CBK was November 11 with the same rate.

Oman Hires Banks for Rial Islamic Bond Program – Oman mandated Bank Muscat SAOG, Bank Nizwa SAOG and Alizz Islamic Bank SAOG to set up a local currency sukuk program, Times of Oman reported. A five-and seven-year dual-tranche benchmark sukuk is being offered to investors through a book-building process, according to the newspaper. It's open for subscription from Nov. 25 to Dec. 8.

Fitch Affirms Egypt at 'B+'; Outlook Stable – Fitch Ratings has affirmed Egypt's Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) at 'B+' with a Stable Outlook. Egypt's ratings are supported by a recent track record of economic and fiscal reforms, and improvements to macroeconomic stability and external finances, while the ratings are constrained by still large fiscal deficits, high general government debt/GDP and weak governance scores (as measured by the World Bank governance indicators), which underscore political risks.

Fitch Ratings: Sovereign Wealth Funds Key to High GCC Ratings – The sovereign wealth funds (SWFs) of Abu Dhabi, Kuwait and Qatar provide two-to-five notches of uplift to their sovereign ratings, Fitch Ratings says in a new report on SWFs in the Gulf Cooperation Council (GCC). The three SWFs that are the main focus of Fitch's report predominantly invest fiscal reserves in external assets but offer limited public disclosures: the Kuwait Investment Authority (KIA, whose foreign assets under management (AUM) Fitch estimates at over USD560 billion in 2019), the Abu Dhabi Investment Authority (ADIA; estimated foreign AUM of USD500 billion), and the Qatar Investment Authority (QIA; estimated foreign AUM of USD230 billion). These SWFs are among the largest in the world both in absolute terms and relative to the size of their economies, ranging from around 120% of GDP in Qatar to more than 400% in Kuwait.

FlyDubai Secures \$500 Mln Term Financing Facility – FlyDubai raised \$500 million to refinance the discount carrier's Islamic bonds maturing this month. Emirates NBD, Noor Bank and Dubai Islamic Bank helped arrange the five-year term financing facility, according to a statement.

GCC Sovereign Yields (26 November 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.40	9.42	KSA	2025	2.49	8.02
Abu Dhabi	2047	3.23	20.69	KSA	2029	2.90	11.95
Bahrain	2024	3.65	7.84	KSA	2049	3.87	23.32
Bahrain	2029	4.94	15.44	Oman	2025	4.37	12.69
Bahrain	2047	6.14	21.19	Oman	2029	5.86	0.70
Dubai	2023	2.50	4.01	Oman	2048	7.13	14.77
Dubai	2029	3.19	9.23	Qatar	2024	2.20	4.53
Kuwait	2022	1.96	3.25	Qatar	2028	2.55	9.54
Kuwait	2027	2.36	7.55	Qatar	2049	3.51	23.33

Source: Bloomberg

Bonds and Sukuk Indices (26 November 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.27	7.33	0.08	13.42
S&P MENA Bond and Sukuk Index	3.00	NA	0.05	12.89
Bloomberg Emerging Markets USD Index	5.05	6.28	0.11	11.32
Bloomberg Global Aggregate Index	1.41	7.27	-0.01	6.18

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	26/11/2019	31/12/2018	26/11/2019	31/12/2018	26/11/2019	31/12/2018
KIBOR	2.7500	2.3125	2.9375	2.5625	3.1875	2.8125
SAIBOR	2.2343	2.9750	2.2486	3.1150	2.2929	3.3413
BHIBOR	2.4000	3.5500	2.8367	4.0833	2.9167	4.7000
QATAR	2.3375	2.9056	2.4375	3.0889	2.7708	3.3028
AEIBOR	2.1888	2.8375	2.3375	3.1849	2.2420	3.5737
EURIBOR	-0.4030	-0.3090	-0.3350	-0.2370	-0.2770	-0.1170
LIBOR	1.9173	2.8076	1.9073	2.8756	1.9149	3.0054

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7450	0.25	-36.7
2-Year	1.6121	0.36	-39.3
5-Year	1.5588	0.59	-39.4
7-Year	1.5937	0.70	-39.3
10-Year	1.6740	0.80	-38.2
30-Year	1.8491	0.47	-34.8

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3041	-0.0033	-0.15
SAR	3.7502	0.0000	0.03
BHD	0.3771	0.0000	-0.02
QAR	3.6663	-0.0355	-0.29
OMR	0.3850	0.0026	0.01
AED	3.6729	0.0027	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.61	0.01
5-Year	1.62	-0.02
10-Year	1.76	-0.04
30-Year	2.20	-0.02

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.50	0.00
5-Year	0.48	0.04
10-Year	0.69	0.08
30-Year	1.26	0.25

German Bunds

	Yield %	1D Δ (%)
2-Year	-1.14	0.00
5-Year	-0.66	-0.02
10-Year	-0.49	-0.07
30-Year	0.14	-0.63

	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	39.680		-38.50
Kuwait	39.910		-35.14
Dubai	109.610		-8.02
Bahrain	196.250		-29.18
Qatar	40.520		-48.85
KSA	68.810		-32.87
Egypt	300.080		-19.59
Lebanon	2065.660		177.09
Turkey	310.237		-13.74
Iraq	342.140		-23.29
Morocco	84.450		-14.63
China	38.739		-41.40
France	16.600		-41.40
Germany	7.600		-35.93
Japan	21.313		-10.02
UK	18.120		-48.55
US	12.520		-31.45