

News Updates

Kuwait C. bank sells KWD 240m bonds; oversubscribed 12.15 times –

The Central Bank of Kuwait (CBK) has offered bonds and related tawarruq worth KWD 240 million, with a 2.75% rate of return. The three-month bonds were oversubscribed by 12.15 times, with total purchase orders registering KWD 2.92 billion, CBK disclosed on Tuesday. The bonds' issue will be matured on 5 May 2020. It is worth noting that bonds and related tawarruq are local bonds offered by the CBK to banks working in the Kuwaiti banking sector to regulate the market's liquidity.

UAE banks to maintain 'stable' credit profiles in 2020, S&P says –

Banks in the UAE are expected to remain resilient despite tougher operating conditions this year, as Abu Dhabi's fiscal stimulus helps propel the emirate's economy and Expo 2020 boosts tourism activity in Dubai, according to S&P Global Ratings. Despite pressure on margins, the rating agency expects a “mid-single-digit net lending expansion in 2020”, S&P said in its latest report on banks it rates in the country. Lending growth in the country slowed slightly to 4.5% on annualised basis in the first nine months of 2019, but the ratings agency expects a pick-up to 5 or 6% in this year. “In 2020, we expect the UAE economy will expand at a slightly higher pace compared with 2019, thanks to Abu Dhabi's \$13.6bn (AED 50bn) stimulus package,” S&P said in the report released on Monday. “The Dubai government's planned investments for the 2020 World Expo should prop-up investments in the non-oil economy and increase tourism-related activities.”

U.S. Government-Bond Yields Stabilize as Sentiment Improves – A

weekslong rally in U.S. government bonds paused after China's central bank took stimulus measures to mitigate the economic impact of the coronavirus and data showed a rebound in U.S. manufacturing activity. The yield on the benchmark 10-year U.S. Treasury note settled at 1.520%, according to Tradeweb, compared with 1.521% Friday. Yields, which rise when bond prices fall, initially climbed after China's central bank said Sunday it would inject 1.2 trillion yuan (\$173 billion) into the financial system in response to the continued spread of the coronavirus, which has threatened to disrupt the global economy.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Yield Δ (YTD %)	Sovereigns	Maturity	Yield %	Yield Δ (YTD %)
Abu Dhabi	2027	2.19	-8.43	KSA	2025	2.14	-8.64
Abu Dhabi	2047	3.11	-3.29	KSA	2029	2.63	-6.84
Bahrain	2024	3.43	0.42	KSA	2049	3.72	-3.74
Bahrain	2029	4.52	-0.04	Oman	2025	4.02	-3.53
Bahrain	2047	5.79	-1.17	Oman	2029	5.30	-0.33
Dubai	2023	2.39	-1.92	Oman	2048	6.70	0.66
Dubai	2029	3.06	-2.01	Qatar	2024	1.95	-9.02
Kuwait	2022	1.71	-10.14	Qatar	2028	2.36	-5.57
Kuwait	2027	2.11	-8.61	Qatar	2049	3.35	-3.62

Source: Bloomberg

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.02	7.33	-0.18	1.20
S&P MENA Bond and Sukuk Index	2.80	NA	-0.37	1.42
Bloomberg Emerging Markets USD Index	4.73	6.28	-0.08	1.49
Bloomberg Global Aggregate Index	1.29	7.27	-0.33	0.74

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	05/02/2020	31/12/2019	05/02/2020	31/12/2019	05/02/2020	31/12/2019
KIBOR	2.7500	2.7500	3.0000	2.9375	3.1875	3.1875
SAIBOR	2.1600	2.2314	2.1729	2.2557	2.2257	2.3071
BHIBOR	2.2500	2.2500	2.7000	2.7000	2.8000	2.8333
QATAR	2.2940	2.2500	2.3940	2.3500	2.6652	2.5333
AEIBOR	2.0649	2.2086	2.0388	2.1914	2.3443	2.2900
EURIBOR	-0.3930	-0.3830	-0.3380	-0.3240	-0.2900	-0.2490
LIBOR	1.7410	1.9084	1.7170	1.9121	1.7690	1.9963

USD Swap Rates

	Currencies				Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	1.6058	-1.02	-9.3	KWD	0.3043	0.0625	-0.36
2-Year	1.4650	-1.29	-13.7	SAR	3.7521	0.0053	-0.01
5-Year	1.4142	-1.01	-18.2	BHD	0.3770	-0.0027	0.02
7-Year	1.4592	-0.88	-18.8	QAR	3.6683	-0.0355	-0.21
10-Year	1.5470	-0.78	-18.4	OMR	0.3855	-0.0675	-0.01
30-Year	1.7440	-0.81	-16.6	AED	3.6731	0.0000	0.00

US Treasuries

	UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	1.40	0.03	0.48	-0.05
5-Year	1.41	0.05	0.43	-0.18
10-Year	1.59	0.09	0.56	-0.51
30-Year	2.07	0.20	1.08	-1.59

Sovereign Ratings

	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	CC
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	38.000		9.86
Kuwait	36.960		8.27
Dubai	93.640		6.51
Bahrain	156.420		-5.35
Qatar	41.250		16.88
KSA	62.950		13.24
Egypt	251.590		-4.23
Lebanon	3202.670		38.95
Turkey	238.544		-14.88
Iraq	394.120		15.92
Morocco	74.390		-7.70
China	35.432		15.78
France	16.450		-3.02
Germany	7.280		-2.16
Japan	17.991		-8.58
UK	16.570		-5.97
US	12.530		14.20