

News Update – 18 December 2019

Kuwait C. bank sells KWD 290m bonds; oversubscribed 10 times – The Central Bank of Kuwait (CBK) on Tuesday has sold bonds and related tawarruq worth KWD 290 million (\$958.14 million), cutting the rate of return to 2.75%. The three-month issue was oversubscribed 10.14 times, while the overall subscription demand hitting KWD 2.94 billion, the CBK said in a statement. The bond issue is due to mature on 17 March 2020. The Kuwaiti central bank last week issued KWD 280 million bonds which carried a maturity period of six months, with a return of 2.875%. It is worth pointing out that bonds and related Tawarruq are issued by the CBK to operating banks in Kuwait in an attempt to regulate liquidity in domestic market. They are also issued to pump additional cash, by redeeming from banks, while they also act as a tool to execute the central bank's monetary policy.

Kuwait's holdings of US Treasuries edge down in October – Kuwait reduced its holdings of US Treasury bonds by 0.68% in October, from the last year, the US Treasury Department's figures showed. Kuwait's holdings of the US debt instruments inched down to \$43.8 billion in October, compared with \$44.1 billion in the same month last year. Kuwaiti-held Treasury bonds were not changed from September, the Treasury Department said. Nevertheless, the Gulf country remained the second biggest Arab country holding the US debt instruments, following Saudi Arabia which owned \$178.9 billion during the month, and exceeding the UAE-held \$38.4 billion bonds.

Qatar announces biggest budget in five years, expects smaller surplus – Qatar said on Monday it plans to spend 1.9% more in 2020 than this year, outlining a 210.5 billion Qatari riyal (\$58 billion) budget to complete infrastructure projects including facilities for the 2022 soccer World Cup. It was the gas-rich Gulf state's biggest budget in five fiscal years, and follows years of heavy spending on infrastructure projects. Qatar was hit hard in mid-2017 by a boycott imposed on it by neighbouring countries amid a row over security issues. But it has used some of its vast financial reserves to protect its banks and boost economic growth. "The 2020 budget is designed to achieve efficiency in the current expenditure while maintaining the allocations required for the completion of major approved projects," the finance ministry said in a statement on Monday.

Oman's 300-mln sukuk bonds approved in capital market – Oman's Capital Market Authority on Monday announced its approval of sukuk (Islamic bonds) program worth 300 million Omani rials (about 779 million U.S. dollars) through private subscription. The first issue offered one million sukuk at a total value of 100 million Omani rials (about 259 million U.S. dollars) over five years with a maturity date by Dec. 10, 2024. The second issue will cover two million sukuk at a total value of 200 million.

GCC Sovereign Yields (18 December 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.39	9.53	KSA	2025	2.34	8.66
Abu Dhabi	2047	3.20	21.23	KSA	2029	2.82	12.55
Bahrain	2024	3.45	8.50	KSA	2049	3.84	23.98
Bahrain	2029	4.57	18.56	Oman	2025	4.26	13.18
Bahrain	2047	5.88	25.36	Oman	2029	5.39	4.17
Dubai	2023	2.45	4.08	Oman	2048	6.67	21.43
Dubai	2029	3.12	9.78	Qatar	2024	2.14	4.68
Kuwait	2022	1.90	3.33	Qatar	2028	2.49	9.87
Kuwait	2027	2.32	7.79	Qatar	2049	3.46	24.24

Source: Bloomberg

Bonds and Sukuk Indices (18 December 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.18	7.33	0.24	14.42
S&P MENA Bond and Sukuk Index	2.95	NA	0.17	13.51
Bloomberg Emerging Markets USD Index	4.91	6.28	0.24	12.60
Bloomberg Global Aggregate Index	1.44	7.27	0.04	6.52

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	18/12/2019	31/12/2018	18/12/2019	31/12/2018	18/12/2019	31/12/2018
KIBOR	2.7500	2.3125	2.9375	2.5625	3.1875	2.8125
SAIBOR	2.2414	2.9750	2.2600	3.1150	2.3071	3.3413
BHIBOR	2.2500	3.5500	2.7500	4.0833	2.8500	4.7000
QATAR	2.2000	2.9056	2.3000	3.0889	2.4500	3.3028
AEIBOR	2.2307	2.8375	2.2875	3.1849	2.4462	3.5737
EURIBOR	-0.3960	-0.3090	-0.3400	-0.2370	-0.2620	-0.1170
LIBOR	1.8985	2.8076	1.8934	2.8756	1.9596	3.0054

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7706	-0.04	-35.8
2-Year	1.6858	-0.06	-36.6
5-Year	1.6955	-0.40	-34.0
7-Year	1.7459	-0.33	-33.5
10-Year	1.8313	-0.26	-32.4
30-Year	2.0097	-0.48	-29.2

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3035	0.0165	0.04
SAR	3.7509	0.0000	0.02
BHD	0.3771	0.0027	-0.02
QAR	3.6679	0.0000	-0.31
OMR	0.3850	-0.0649	0.00
AED	3.6732	0.0000	-0.01

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.62	0.00
5-Year	1.70	0.03
10-Year	1.88	0.02
30-Year	2.30	0.07

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.51	0.10
5-Year	0.57	0.27
10-Year	0.76	0.57
30-Year	1.28	0.97

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.65	0.02
5-Year	-0.56	0.06
10-Year	-0.30	0.18
30-Year	0.21	0.73

	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	34.170		
Kuwait	34.910		
Dubai	84.910		
Bahrain	170.750		
Qatar	34.680		
KSA	56.050		
Egypt	278.040		
Lebanon	2185.740		
Turkey	283.324		
Iraq	374.560		
Morocco	84.450		
China	32.520		
France	15.730		
Germany	7.020		
Japan	21.019		
UK	15.420		
US	12.520		