

News Update – 21 November 2019

**Arkan Al Kuwait Real Estate Signs 55 Mln Dinars Credit Facility Agreements** – Arkan Al Kuwait Real Estate has signed a KD 55 mln long-term credit facility agreement with three local Islamic banks, disclosures made on Bursa Kuwait show. The credit facilities will be used for company activities and to develop projects and pursue real estate expansion.

**Kuwait ranks 2nd among Arab holders of US T-bonds in September** – Kuwait's holdings of US Treasury bonds stabilised during September. However, the country ranked second among Arab owners of US T-bonds. Kuwaiti holdings of US Treasuries inched up to \$44.1 billion in September 2019, compared to KWD 43.8 billion in the previous month, according to data released by the US Department of Treasury. The GCC country's ownership of US T-bonds included \$36.87 billion long-term bonds and \$7.19 billion short-term bonds. Kuwait ranked second among Arab holders of US T-bonds after Saudi Arabia which held \$181.5 billion US Treasuries. The UAE declined its holdings of US T-bonds to \$37.3 billion. Globally, Japan topped holders of US Treasuries with \$1.15 trillion holdings in September, followed by China which owned \$1.1 trillion US T-bonds in the same month.

**Yields of 100% Push Lebanon's Bonds Into Venezuela Territory** – The political crisis in Lebanon has sent yields on some of its dollar bonds into triple digits. Rates on the government's \$1.2 billion of notes maturing in March next year have climbed 28 percentage points this week to 105%. They were at 13% five weeks ago, just before the start of protests that led to the resignation of Prime Minister Saad Hariri and exacerbated the nation's economic woes. With Lebanon viewed by many bond traders as a default waiting to happen, cash prices have become more important than yields as they factor in potential recovery rates. That's inverted the government's curve and distorted yields at the shorter end. The price of Lebanon's 2020 debt is 77 cents on the dollar, while that of its April 2021 securities is 56 cents.

**Fed meeting minutes say current policy stance "likely would remain"** – U.S. Federal Reserve officials generally agree that the central bank's current policy stance "likely would remain" as long as the economy stays on track, according to the minutes of the Fed's latest monetary policy meeting released Wednesday. The current policy "likely would remain so as long as incoming information about the economy did not result in a material reassessment of the economic outlook," the minutes said, noting that policy was not on a preset course. In congressional testimony last week, Fed Chairman Jerome Powell said the committee will be "monitoring the effects of our policy actions, along with other information bearing on the outlook, as we assess the appropriate path of the target range for the federal funds rate."

## GCC Sovereign Yields (21 November 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.41	9.39	KSA	2025	2.51	7.95
Abu Dhabi	2047	3.27	19.74	KSA	2029	2.91	11.80
Bahrain	2024	3.66	7.81	KSA	2049	3.90	22.77
Bahrain	2029	4.91	15.76	Oman	2025	4.38	12.64
Bahrain	2047	6.14	21.31	Oman	2029	5.86	0.73
Dubai	2023	2.52	3.98	Oman	2048	7.13	14.74
Dubai	2029	3.20	9.18	Qatar	2024	2.20	4.53
Kuwait	2022	1.98	3.22	Qatar	2028	2.55	9.50
Kuwait	2027	2.36	7.56	Qatar	2049	3.53	22.97

Source: Bloomberg

## Bonds and Sukuk Indices (21 November 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.27	7.33	0.15	13.28
S&P MENA Bond and Sukuk Index	3.01	NA	0.16	12.77
Bloomberg Emerging Markets USD Index	5.05	6.28	0.13	11.12
Bloomberg Global Aggregate Index	1.39	7.27	0.06	6.41

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	21/11/2019	31/12/2018	21/11/2019	31/12/2018	21/11/2019	31/12/2018
KIBOR	2.7500	2.3125	2.9375	2.5625	3.1875	2.8125
SAIBOR	2.2300	2.9750	2.2486	3.1150	2.2943	3.3413
BHIBOR	2.4000	3.5500	2.8367	4.0833	2.9167	4.7000
QATAR	2.3000	2.9056	2.4000	3.0889	2.6833	3.3028
AEIBOR	2.1750	2.8375	2.2744	3.1849	2.2528	3.5737
EURIBOR	-0.4080	-0.3090	-0.3360	-0.2370	-0.2710	-0.1170
LIBOR	1.8946	2.8076	1.9070	2.8756	1.9416	3.0054

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.6880	-0.90	-38.8
2-Year	1.5558	-1.18	-41.4
5-Year	1.5117	-1.23	-41.2
7-Year	1.5455	-1.60	-41.1
10-Year	1.6277	-1.64	-39.9
30-Year	1.8099	-1.68	-36.2

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3037	0.0099	-0.03
SAR	3.7504	0.0027	0.03
BHD	0.3771	0.0027	-0.02
QAR	3.6656	-0.0109	-0.25
OMR	0.3850	-0.0623	0.01
AED	3.6731	0.0000	-0.01

## US Treasuries

	Yield %	1D Δ (%)
2-Year	1.57	0.02
5-Year	1.58	0.07
10-Year	1.73	0.17
30-Year	2.19	0.42

## UK Gilt

	Yield %	1D Δ (%)
2-Year	0.57	-0.03
5-Year	0.53	-0.01
10-Year	0.73	0.03
30-Year	1.28	-0.06

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.43	0.00
5-Year	-0.67	0.01
10-Year	-0.49	0.05
30-Year	0.14	0.36

	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	40.320		-36.97
Kuwait	39.910		-35.13
Dubai	113.280		-7.26
Bahrain	201.360		-27.42
Qatar	40.500		-48.44
KSA	67.140		-34.05
Egypt	298.050		-20.11
Lebanon	2242.640		196.96
Turkey	307.478		-14.44
Iraq	326.470		-26.36
Morocco	83.950		-15.09
China	39.689		-39.87
France	17.450		-50.97
Germany	7.670		-35.82
Japan	21.549		-10.02
UK	28.06		-23.32
US	12.42		-31.31