

## News Updates

**Kuwait sees sluggish growth in Q3-19 on oil output cuts** – Kuwait's GDP growth slowed to 0.4% year-on-year in the third quarter of 2019, compared to 1.8% in Q2-19, according to a report released on Saturday by the National Bank of Kuwait (NBK). This is the slowest rate since Q1-18 due to a decline in oil sector output resulted from Kuwait's OPEC+ production cut obligations, the report said. Oil sector activity fell 5.3% YoY last year, while oil production over the same time period dropped to 2.64 million barrels per day (MBPD) in Q3-19, from 2.78 MBPD in Q3-18. Moreover, Kuwait's non-oil economy grew by 7.8% YoY in the three-month period ended 30 September 2019.

**ADNOC considers exchangeable bonds linked to shares of listed unit-sources** – Abu Dhabi National Oil Company (ADNOC) is considering offering exchangeable bonds that could be converted into shares of ADNOC Distribution, as one option for increasing the free float of the listed unit. ADNOC is working with several advisers on the transaction, four sources familiar with the matter, who declined to be named as the matter is not public, told Reuters. ADNOC declined to comment on Thursday. An exchangeable bond gives investors the option to exchange the bond for the stock of a company other than the issuer at some future date and under prescribed conditions. Two of the sources said a deal could take place in the coming three to four months, while a third said that ADNOC plans to list the bonds on the Abu Dhabi Securities Exchange. ADNOC listed 10% of ADNOC Distribution, the largest operator of petrol stations and convenience stores in the United Arab Emirates, on the Abu Dhabi Securities Exchange in 2017.

**Kuwait CBK mulls funds transfer to Gulf countries without a broker bank** – The Central Bank of Kuwait is considering stopping the use of correspondent banks for Gulf financial transfers made by local banks, reports Al-Rai daily. According to an official source, the Central Bank is currently testing the ability of local banks to implement Gulf financial transfers without relying on a correspondent bank, provided that the transfer to any Gulf state directly through the Central Bank will be in accordance with this mechanism “if approved.” It is the only party that determines the exchange rate of the requested currency and at the same time the transfer implementer without any fee, in order to enhance efforts of the Gulf unit financially, and to facilitate transfers between countries of the region and raise their rate of relative safety.

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Yield Δ (YTD %)	Sovereigns	Maturity	Yield %	Yield Δ (YTD %)
Abu Dhabi	2027	2.17	-9.54	KSA	2025	2.12	-9.52
Abu Dhabi	2047	3.07	-4.66	KSA	2029	2.61	-7.43
Bahrain	2024	3.41	-0.20	KSA	2049	3.67	-5.09
Bahrain	2029	4.51	-0.32	Oman	2025	4.02	-3.58
Bahrain	2047	5.79	-1.15	Oman	2029	5.29	-0.47
Dubai	2023	2.35	-3.47	Oman	2048	6.70	0.56
Dubai	2029	3.04	-2.55	Qatar	2024	1.92	-10.42
Kuwait	2022	1.67	-12.12	Qatar	2028	2.34	-6.18
Kuwait	2027	2.09	-9.74	Qatar	2049	3.30	-5.06

Source: Bloomberg

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.99	7.33	0.32	1.50
S&P MENA Bond and Sukuk Index	2.76	NA	0.25	1.77
Bloomberg Emerging Markets USD Index	4.69	6.28	0.12	1.81
Bloomberg Global Aggregate Index	1.28	7.27	0.23	0.57

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	09/02/2020	31/12/2019	09/02/2020	31/12/2019	09/02/2020	31/12/2019
KIBOR	2.7500	2.7500	3.0000	2.9375	3.1875	3.1875
SAIBOR	2.1586	2.2314	2.1743	2.2557	2.2257	2.3071
BHIBOR	2.1500	2.2500	2.6333	2.7000	2.7667	2.8333
QATAR	2.2979	2.2500	2.3979	2.3500	2.6792	2.5333
AEIBOR	1.9635	2.2086	2.0450	2.1914	2.3054	2.2900
EURIBOR	-0.4000	-0.3830	-0.3390	-0.3240	-0.2690	-0.2490
LIBOR	1.7309	1.9084	1.7404	1.9121	1.8349	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.5897	-3.83	-10.2
2-Year	1.4552	-4.94	-14.3
5-Year	1.4129	-5.75	-18.3
7-Year	1.4561	-6.07	-19.0
10-Year	1.5400	-6.31	-18.7
30-Year	1.7311	-6.06	-17.2

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3044	-0.0329	-0.42
SAR	3.7516	0.0000	0.01
BHD	0.3770	0.0000	0.02
QAR	3.6666	0.0000	-0.18
OMR	0.3855	-0.0026	-0.01
AED	3.6730	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	1.40	0.09
5-Year	1.40	0.28
10-Year	1.58	0.55
30-Year	2.05	1.41

## UK Gilt

	Yield %	1D Δ (%)
2-Year	0.48	-0.04
5-Year	0.42	0.01
10-Year	0.57	0.11
30-Year	1.08	0.29

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.65	0.01
5-Year	-0.63	0.04
10-Year	-0.42	0.15
30-Year	0.13	0.61

## 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	38.330		10.64
Kuwait	35.960		5.53
Dubai	91.000		4.43
Bahrain	157.770		-4.57
Qatar	40.780		15.49
KSA	62.500		12.45
Egypt	250.280		-4.70
Lebanon	3753.280		64.12
Turkey	255.454		-8.63
Iraq	394.110		15.92
Morocco	77.900		-3.86
China	34.456		13.72
France	16.060		-5.25
Germany	7.120		-3.47
Japan	17.240		-12.59
UK	16.340		-7.49
US	12.440		13.06