

News Update – 19 January 2020

S&P affirms Kuwait's credit rating at 'AA'; Outlook stable – Standard and Poor's (S&P) has affirmed Kuwait's credit rating at (AA) with a stable outlook, the Kuwait News Agency reported on Saturday. The rating agency said that the Kuwaiti economy is still dependent on oil returns, which accounts for 90% of exports. Therefore, the extension of OPEC+ output cut agreement will weigh on the GCC country's economic growth. "The stable outlook reflects our expectation that Kuwait's public and external balance sheets will remain strong over the next two years, primarily underpinned by sizable foreign assets accumulated in the country's sovereign wealth fund," S&P noted. S&P added that Kuwait has substantial savings of over 400% of GDP accumulated within its sovereign wealth fund.

Moody's affirms KIPCO's ratings at Baa3, revises outlook to negative – Moody's Investors Service ("Moody's") has today affirmed Kuwait Projects Company (Holding) K.S.C.P. (KIPCO) Baa3 long-term issuer rating and P-3 short-term issuer rating. Concurrently, Moody's affirmed the provisional (P)Baa3/(P)P-3 ratings assigned to the \$3 billion Euro medium-term note (EMTN) programme issued by Kuwait Projects Co SPC Limited and the Baa3 ratings on the backed senior unsecured bonds due in 2020, 2023, 2026 and 2027. At the same time, Moody's has revised the rating outlook to negative from stable. The negative outlook reflects Moody's expectation that market based leverage (MVL) will remain above Moody's downward rating guidance of less than 25%.

Egypt's external debt registers \$109.36bln in September 2019 – Egypt's external debt increased by 17.47% year-on-year to \$109.363 billion at the end of September 2019, according to data released by the World Bank. The North African country's external debt included \$58.86 billion owed by the government, \$9.2 billion owed by banks, and \$13.6 billion owed by other sectors. External debt owed by the Egyptian government went up by 2.7% during the three-month period ended 30 September 2019, compared to \$57.3 billion in the year-ago period. Long-term debt accounted for 89.9% of Egypt's total external debt by the end of September, whereas short-term debt made up only 10.01%.

GCC Sovereign Yields (19 January 2020)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.37	0.18	KSA	2025	2.36	-0.14
Abu Dhabi	2047	3.23	-0.10	KSA	2029	2.77	0.42
Bahrain	2024	3.46	-0.24	KSA	2049	3.83	0.55
Bahrain	2029	4.55	-0.22	Oman	2025	4.02	0.65
Bahrain	2047	5.82	0.52	Oman	2029	5.24	0.56
Dubai	2023	2.47	-0.18	Oman	2048	6.63	0.44
Dubai	2029	3.12	-0.10	Qatar	2024	2.12	0.02
Kuwait	2022	1.91	-0.02	Qatar	2028	2.51	-0.15
Kuwait	2027	2.29	0.10	Qatar	2049	3.49	-0.24

Source: Bloomberg

Bonds and Sukuk Indices (19 January 2020)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.12	7.33	0.00	0.32
S&P MENA Bond and Sukuk Index	2.89	NA	0.15	0.47
Bloomberg Emerging Markets USD Index	4.73	6.28	-0.03	0.90
Bloomberg Global Aggregate Index	1.42	7.27	-0.15	-0.15

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	19/01/2020	31/12/2019	19/01/2020	31/12/2019	19/01/2020	31/12/2019
KIBOR	2.7500	2.7500	2.9375	2.9375	3.1875	3.1875
SAIBOR	2.2214	2.2314	2.2429	2.2557	2.2986	2.3071
BHIBOR	2.2500	2.2500	2.7000	2.7000	2.8333	2.8333
QATAR	2.3000	2.2500	2.4006	2.3500	2.6810	2.5333
AEIBOR	2.0621	2.2086	2.1586	2.1914	2.2598	2.2900
EURIBOR	-0.3910	-0.3830	-0.3320	-0.3240	-0.2420	-0.2490
LIBOR	1.8191	1.9084	1.8449	1.9121	1.9230	1.9963

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7283	0.14	-2.4
2-Year	1.6390	0.07	-3.4
5-Year	1.6358	0.28	-5.4
7-Year	1.6894	0.89	-6.0
10-Year	1.7804	1.46	-6.0
30-Year	1.9690	1.82	-5.9

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3036	-0.0395	-0.13
SAR	3.7524	-0.0053	-0.01
BHD	0.3770	0.0000	0.01
QAR	3.6647	-0.0164	-0.14
OMR	0.3855	0.0000	-0.01
AED	3.6730	0.0027	0.00

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.56	0.01
5-Year	1.62	0.03
10-Year	1.82	-0.12
30-Year	2.28	-0.49

UK Giltts

	Yield %	1D Δ (%)
2-Year	0.41	0.03
5-Year	0.41	0.07
10-Year	0.63	0.10
30-Year	1.16	-0.09

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.60	0.00
5-Year	-0.52	-0.02
10-Year	-0.25	-0.04
30-Year	0.29	-0.18

	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	36.420		5.69
Kuwait	35.930		5.46
Dubai	92.950		7.63
Bahrain	156.730		-5.16
Qatar	38.560		9.71
KSA	61.210		10.18
Egypt	237.730		-9.22
Lebanon	2853.600		22.12
Turkey	248.495		-11.35
Iraq	398.030		17.09
Morocco	80.420		-1.10
China	28.88		-4.98
France	16.250		-2.42
Germany	6.770		-6.15
Japan	19.825		-0.89
UK	16.250		-8.79
US	12.100		10.74