

News Update – 1 December 2019

S&P revises Bahrain outlook to positive on improving fiscal position

– S&P Global Ratings revised its outlook for Bahrain to positive from stable, citing expectations that the country's fiscal deficit will shrink as the government continues to implement its reform plans. The credit rating agency also affirmed its 'B+/B' long- and short-term foreign and local currency sovereign credit ratings, it said in a report on Friday. "The positive outlook primarily indicates that we expect the government to implement further reforms to keep fiscal deficits on a decreasing trajectory," S&P said. "The positive outlook also demonstrates the more stable external position, with support from other GCC sovereigns bolstering reserve assets."

Oman gas company plans \$800 million loan – State-owned Oman Gas Company plans to raise \$800 million in bank debt, three sources familiar with the matter said. The loan, with a seven-year maturity, would be provided by a group of six or seven banks, said the sources, without naming the lenders. The company could not immediately be reached for comment.

Lebanon pays back \$1.5 billion Eurobond amid economic crisis – Lebanon paid back a Eurobond worth \$1.5 billion that was scheduled to mature Thursday, a Finance Ministry official said, pacifying concerns of a first-ever default on its debt amid the worst financial crisis in three decades. The tiny Mediterranean country's economic emergency has ignited nationwide protests against widespread corruption and mismanagement, bringing the country to a standstill for over a month. The protests were initially sparked by new taxes, but have snowballed into calls for the entire political elite to step aside. The repayment was being widely watched in Lebanon, which has one of the highest debt ratios in the world, standing at \$86 billion or 150% of the GDP. There were concerns that Lebanon, which always paid back its debt on time, might default.

Islamic Development Bank set to raise 1 bln euro in green sukuk – Jeddah-based Islamic Development Bank is set to raise 1 billion euro (\$1.10 billion) through five-year "green" sukuk, or Islamic bonds, a document showed on Wednesday. The triple-A rated financial institution is offering investors 28 basis points over mid-swaps for the debt sale. Green bonds are a growing category of fixed-income securities, and green sukuk could widen the appeal of Islamic bonds beyond traditional markets in Asia and the Middle East to include ethical investors in Western countries.

GCC Sovereign Yields (1 December 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.41	9.39	KSA	2025	2.48	8.05
Abu Dhabi	2047	3.21	21.05	KSA	2029	2.89	12.00
Bahrain	2024	3.65	7.81	KSA	2049	3.86	23.65
Bahrain	2029	4.92	15.67	Oman	2025	4.36	12.70
Bahrain	2047	6.13	21.49	Oman	2029	5.85	0.76
Dubai	2023	2.47	4.12	Oman	2048	7.12	14.83
Dubai	2029	3.13	9.72	Qatar	2024	2.20	4.48
Kuwait	2022	1.95	3.26	Qatar	2028	2.52	9.68
Kuwait	2027	2.36	7.58	Qatar	2049	3.49	23.65

Source: Bloomberg

Bonds and Sukuk Indices (1 December 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.25	7.33	0.05	13.61
S&P MENA Bond and Sukuk Index	2.98	NA	0.10	13.14
Bloomberg Emerging Markets USD Index	5.05	6.28	0.03	11.42
Bloomberg Global Aggregate Index	1.41	7.27	0.05	6.22

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	01/12/2019	31/12/2018	01/12/2019	31/12/2018	01/12/2019	31/12/2018
KIBOR	2.7500	2.3125	2.9375	2.5625	3.1875	2.8125
SAIBOR	2.2371	2.9750	2.2529	3.1150	2.2971	3.3413
BHIBOR	2.4000	3.5500	2.8200	4.0833	2.9167	4.7000
QATAR	2.3000	2.9056	2.4000	3.0889	2.7117	3.3028
AEIBOR	2.0992	2.8375	2.1863	3.1849	2.2379	3.5737
EURIBOR	-0.4010	-0.3090	-0.3430	-0.2370	-0.2730	-0.1170
LIBOR	1.9055	2.8076	1.8969	2.8756	1.9521	3.0054

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7409	-1.56	-36.9
2-Year	1.6185	-1.35	-39.1
5-Year	1.5860	0.28	-38.3
7-Year	1.6258	1.28	-38.0
10-Year	1.7006	1.36	-37.2
30-Year	1.8754	2.00	-33.9

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3042	-0.0164	-0.20
SAR	3.7501	-0.0027	0.04
BHD	0.3771	0.0027	-0.02
QAR	3.6664	0.0246	-0.28
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	-0.01

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.61	0.03
5-Year	1.63	0.02
10-Year	1.78	-0.08
30-Year	2.21	-0.33

UK Gilt

	Yield %	1D Δ (%)
2-Year	0.54	-0.08
5-Year	0.51	-0.11
10-Year	0.69	-0.21
30-Year	1.21	0.21

German Bunds

	Yield %	1D Δ (%)
2-Year	-1.64	0.00
5-Year	-0.67	0.00
10-Year	-0.50	-0.02
30-Year	0.11	0.16

	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	39.210		-38.92
Kuwait	38.910		-36.66
Dubai	100.720		-14.55
Bahrain	191.150		-30.93
Qatar	40.120		-49.29
KSA	68.890		-32.87
Egypt	299.040		-19.86
Lebanon	2343.300		217.50
Turkey	317.834		-11.62
Iraq	372.790		-17.28
Morocco	85.460		-13.72
China	37.884		-42.32
France	16.640		-52.75
Germany	7.610		-36.44
Japan	21.313		-10.02
UK	18.560		-47.37
US	11.140		-38.25