

News Update – 24 November 2019

National Bank of Kuwait sells \$750 mln of perpetual bonds – National Bank of Kuwait (NBK) sold \$750 million of perpetual bonds offering a 4.5% yield, a document by one of the banks leading the deal showed on Thursday. Citi, JPMorgan, NBK Capital and Standard Chartered were hired as global coordinators to arrange the issue. Perpetual bonds are similar to an equity instrument in that they have no maturity date.

Egypt, KFAED ink KD-25-mln loan deal – Egypt and Kuwait Fund for Arab Economic Development (KFAED) on Saturday signed a loan agreement worth KD 25 million (around USD 85 million). The loan will be used in bankrolling a road project that is part of Egypt's Sinai Peninsula development project. It was signed by Egyptian Minister of Investment and International Cooperation Sahar Nasr and KFAED Director-General Abdulwahab Al-Bader, with Prime Minister Mustafa Madbouli attending. The project aims at promoting Egypt's road network, boosting road safety and reducing operation costs. It is the 52nd loan offered by the KFAED to Egypt, hitting a total of KD 1.39 billion (USD USD 3.5 billion).

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.

U.S. Business Activity Shows Signs of Pickup Against Sharper Global Slowdown – Business activity in the U.S. is offering signs of a pickup in late 2019, contrasting with more sluggish economic performances in some of the world's other largest economies. Data company IHS Markit said Friday that its composite Purchasing Managers' Index for the U.S., a measure of activity in businesses, posted a four-month high of 51.9 in November, up from 50.9 in October. A level above 50 points to growth in business activity, while a reading below that mark points to contraction. Still, U.S. business activity is muted compared with levels seen over the course of the economic expansion that began in mid-2009. That, in part, reflects heightened trade uncertainty that has delayed investments, particularly among manufacturers.

ECB President Lagarde Calls For 'new European Policy Mix' – Christine Lagarde, the new European Central Bank president, on Friday called for a "new European policy mix" to drive the eurozone economy forward. She said the ECB will undertake a "strategic review" in the near future, and said monetary policy could achieve its goal faster with fewer side effects if other policies were supporting it. Lagarde called for help from fiscal policy, not just at aggregate level but with a "more productive, more digital and greener" stance. Lagarde also called for completing the digital single market, the capital markets union and the single market in services.

GCC Sovereign Yields (24 November 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.41	9.37	KSA	2025	2.50	7.98
Abu Dhabi	2047	3.25	20.27	KSA	2029	2.91	11.81
Bahrain	2024	3.65	7.85	KSA	2049	3.90	22.82
Bahrain	2029	4.93	15.56	Oman	2025	4.37	12.67
Bahrain	2047	6.14	21.27	Oman	2029	5.86	0.70
Dubai	2023	2.51	3.99	Oman	2048	7.12	14.78
Dubai	2029	3.20	9.15	Qatar	2024	2.20	4.54
Kuwait	2022	1.97	3.22	Qatar	2028	2.55	9.51
Kuwait	2027	2.37	7.49	Qatar	2049	3.51	23.32

Source: Bloomberg

Bonds and Sukuk Indices (24 November 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.27	7.33	0.01	13.32
S&P MENA Bond and Sukuk Index	3.00	NA	0.15	12.84
Bloomberg Emerging Markets USD Index	5.06	6.28	0.07	11.21
Bloomberg Global Aggregate Index	1.41	7.27	-0.13	6.20

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	24/11/2019	31/12/2018	24/11/2019	31/12/2018	24/11/2019	31/12/2018
KIBOR	2.7500	2.3125	3.0000	2.5625	3.1875	2.8125
SAIBOR	2.2300	2.9750	2.2471	3.1150	2.2914	3.3413
BHIBOR	2.4000	3.5500	2.8367	4.0833	2.9167	4.7000
QATAR	2.3250	2.9056	2.4250	3.0889	2.7417	3.3028
AEIBOR	2.1975	2.8375	2.2713	3.1849	2.2945	3.5737
EURIBOR	-0.4030	-0.3090	-0.3350	-0.2370	-0.2770	-0.1170
LIBOR	1.9173	2.8076	1.9073	2.8756	1.9149	3.0054

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7355	2.18	-37.1
2-Year	1.6090	2.41	-39.4
5-Year	1.5555	0.75	-39.5
7-Year	1.5906	0.79	-39.4
10-Year	1.6714	0.83	-38.3
30-Year	1.8496	0.29	-34.8

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3039	-0.0560	-0.09
SAR	3.7502	0.0027	0.03
BHD	0.3771	0.0000	-0.02
QAR	3.6651	0.0082	-0.24
OMR	0.3850	-0.0623	0.01
AED	3.6730	-0.0027	-0.01

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.63	-0.04
5-Year	1.62	-0.02
10-Year	1.77	0.03
30-Year	2.22	0.25

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.51	0.06
5-Year	0.49	0.22
10-Year	0.70	0.46
30-Year	1.27	0.99

German Bunds

	Yield %	1D Δ (%)
2-Year	-1.05	-0.01
5-Year	-0.67	0.04
10-Year	-0.50	0.25
30-Year	0.12	1.25

	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	39.400		-38.65
Kuwait	39.910		-35.14
Dubai	109.650		-7.99
Bahrain	206.470		-25.67
Qatar	40.150		-49.13
KSA	68.600		-33.11
Egypt	302.170		-19.05
Lebanon	2068.240		180.57
Turkey	302.523		-15.87
Iraq	347.180		-22.30
Morocco	86.970		-12.35
China	39.218		-39.96
France	17.200		-51.33
Germany	7.490		-36.51
Japan	21.313		-10.02
UK	17.810		-49.35
US	11.810		-35.00