

News Update – 20 November 2019

Saudi mall operator Arabian Centres sells \$500 mln debut Islamic bonds – Saudi mall operator Arabian Centres is set to raise \$500 million with a debut issuance of international Islamic bonds, or sukuk, a document by one of the banks leading the deal showed. The company received over \$1.45 billion in orders for the five-year issuance, including \$200 million from the banks arranging it, the document said. Arabian Centres started marketing the paper earlier on Tuesday with price guidance of 5.75%, which was later reduced to 5.5-5.625%. Goldman Sachs and HSBC have been appointed to coordinate the deal. Credit Suisse, Emirates NBD Capital, Mashreqbank, Samba Capital and Warba Bank have been appointed as bookrunners.

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.

Kuwait's bank deposits rise in September – Deposits at banks operating in Kuwait grew 0.8% year-on-year to KWD 43.4 billion, or KWD 331.2 million, in September 2019, Kuwait's bank credit rose by 4.2% YoY to reach KWD 38.1 billion in September, according to a report released by Kuwait Finance House (KFH). Public sector deposits levelled up by 7.8% YoY, or KWD 502.2 million, while private sector deposits declined by 0.5% YoY, or KWD 170.9 million. Private sector deposits accounted for 84% of total deposits, while public sector made up 16% of total deposits.

Saudi Arabia records 0.3% deflation in October 2019 – Saudi Arabia's inflation, based on consumer price index (CPI), remained in the negative territory for the tenth month in a row in October 2019, falling to -0.3%, according to recent data by the General Authority for Statistics (GASTAT) showed. The consumer price index for October declined to 106.5 points compared to 106.8 points the year before. Prices of four main groups in the CPI basket declined in October. Housing, water, electricity, gas and other fuels saw the biggest drop, falling 4.2% year-on-year. The group accounts for 25.38% of the overall CPI index.

GCC Sovereign Yields (20 November 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.43	9.20	KSA	2025	2.53	7.85
Abu Dhabi	2047	3.32	18.84	KSA	2029	2.95	11.36
Bahrain	2024	3.66	7.85	KSA	2049	3.92	22.37
Bahrain	2029	4.86	16.20	Oman	2025	4.37	12.67
Bahrain	2047	6.13	21.49	Oman	2029	5.83	1.32
Dubai	2023	2.54	3.92	Oman	2048	7.10	15.12
Dubai	2029	3.21	9.13	Qatar	2024	2.22	4.44
Kuwait	2022	2.00	3.17	Qatar	2028	2.58	9.27
Kuwait	2027	2.38	7.44	Qatar	2049	3.56	21.77

Source: Bloomberg

Bonds and Sukuk Indices (20 November 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.29	7.33	0.03	13.10
S&P MENA Bond and Sukuk Index	3.03	NA	0.18	12.59
Bloomberg Emerging Markets USD Index	5.06	6.28	-0.08	10.98
Bloomberg Global Aggregate Index	1.41	7.27	0.05	6.35

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	20/11/2019	31/12/2018	20/11/2019	31/12/2018	20/11/2019	31/12/2018
KIBOR	2.7500	2.3125	2.9375	2.5625	3.1875	2.8125
SAIBOR	2.2300	2.9750	2.2500	3.1150	2.2957	3.3413
BHIBOR	2.4000	3.5500	2.8367	4.0833	2.9167	4.7000
QATAR	2.2000	2.9056	2.3000	3.0889	2.4500	3.3028
AEIBOR	2.1700	2.8375	2.2921	3.1849	2.2553	3.5737
EURIBOR	-0.4030	-0.3090	-0.3380	-0.2370	-0.2670	-0.1170
LIBOR	1.8985	2.8076	1.9189	2.8756	1.9534	3.0054

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.6979	-1.26	-38.4
2-Year	1.5679	-2.03	-41.0
5-Year	1.5253	-2.84	-40.7
7-Year	1.5622	-3.10	-40.5
10-Year	1.6430	-3.42	-39.3
30-Year	1.8247	-3.19	-35.7

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3039	0.0198	-0.03
SAR	3.7505	-0.0027	0.03
BHD	0.3771	0.0053	-0.02
QAR	3.6651	-0.0027	-0.24
OMR	0.3850	0.6510	0.66
AED	3.6730	0.0000	-0.01

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.58	0.04
5-Year	1.59	0.16
10-Year	1.75	0.31
30-Year	2.22	0.73

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.56	0.02
5-Year	0.52	0.06
10-Year	0.73	0.16
30-Year	1.27	0.15

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.24	0.00
5-Year	-0.66	0.00
10-Year	-0.48	0.02
30-Year	0.16	-0.02

	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	40.230		-37.18
Kuwait	39.900		-35.15
Dubai	113.350		-7.20
Bahrain	201.370		-27.42
Qatar	40.440		-48.57
KSA	65.420		-35.72
Egypt	298.600		-19.97
Lebanon	1996.060		165.83
Turkey	305.559		-14.97
Iraq	323.670		-26.90
Morocco	83.950		-15.09
China	38.357		-41.63
France	17.280		-51.36
Germany	7.720		-36.00
Japan	21.156		-10.02
UK	28.06		-23.32
US	12.42		-31.31