

News Update – 8 December 2019

Saudi Arabia, Kuwait to resume production from joint oilfields “very soon” – Joint oilfields between Saudi Arabia and Kuwait are expected to resume production “very soon”, Saudi energy minister Prince Abdulaziz said, according to Reuters. That will not affect both countries' output cut commitments, he added. Production from Khafji and Wafra oilfields in the Neutral Zone between Saudi Arabia was suspended more than three years ago. Both fields were supplying 500,000 barrels per day (bpd).

Kuwaiti banks' foreign assets grow 6.39% in October: central bank – Kuwaiti banks saw their net foreign assets growing by 6.39% in October on an annualised basis, the Central Bank of Kuwait's (CBK) statistical report showed on Wednesday. Overall Kuwaiti banking sector's net foreign assets totalled KWD 18.712 billion (\$61.743 billion) last October, compared with KWD 17.587 billion (\$58.031 billion) a year ago. However, net assets declined by 0.87% during October, from KWD 18.876 billion (\$62.285 billion) in September.

UAE private sector growth falls to 10-year low in November – Growth in the United Arab Emirates' non-oil private sector slowed to a 10-year low in November and firms experienced the first monthly decline in new orders on record, a survey showed on Thursday. The seasonally adjusted IHS Markit UAE Purchasing Managers' Index (PMI), which covers manufacturing and services, fell to 50.3 from 51.1 in October. Although the non-oil sector remained in growth territory -- a reading above 50 indicates expansion and below, contraction -- it was the UAE's weakest growth rate since August 2009. Employment levels fell marginally in November, after positive but weak growth last month, indicating the fastest reduction in workforce numbers in UAE non-oil businesses for nine months.

U.S. Government Bonds Decline After Surge in Job Growth – U.S. government bond prices fell Friday after data showing the economy added far more jobs than expected. The yield on the benchmark 10-year Treasury note rose for a third consecutive trading session, settling at 1.842% from 1.791% before the report and from 1.795% Thursday. Yields, which climb when bond prices decline, rose after the Labor Department said employers added 266,000 workers to their payrolls last month and unemployment matched a 50-year low of 3.5%. The gains topped the 187,000 increase predicted by economists surveyed by The Wall Street Journal, exceeding forecasts by the most since January.

Boubyan Bank Agrees to Buy BLME Holdings for \$1.05/Share in Cash – Board of Boubyan Bank and BLME independent directors reached agreement on terms of a recommended all cash offer by Boubyan Bank for BLME. Deal values all of BLME at around \$212.1m.

GCC Sovereign Yields (8 December 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.42	9.27	KSA	2025	2.43	8.25
Abu Dhabi	2047	3.22	20.72	KSA	2029	2.91	11.78
Bahrain	2024	3.57	8.11	KSA	2049	3.90	22.70
Bahrain	2029	4.82	16.45	Oman	2025	4.38	12.60
Bahrain	2047	6.05	22.72	Oman	2029	5.83	0.90
Dubai	2023	2.48	4.05	Oman	2048	7.06	15.69
Dubai	2029	3.13	9.70	Qatar	2024	2.17	4.58
Kuwait	2022	1.95	3.24	Qatar	2028	2.52	9.68
Kuwait	2027	2.36	7.57	Qatar	2049	3.51	23.22

Source: Bloomberg

Bonds and Sukuk Indices (8 December 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.25	7.33	-0.04	13.65
S&P MENA Bond and Sukuk Index	2.99	NA	-0.19	12.98
Bloomberg Emerging Markets USD Index	5.04	6.28	0.02	11.40
Bloomberg Global Aggregate Index	1.46	7.27	-0.21	6.15

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	08/12/2019	31/12/2018	08/12/2019	31/12/2018	08/12/2019	31/12/2018
KIBOR	2.7500	2.3125	2.9375	2.5625	3.1875	2.8125
SAIBOR	2.2357	2.9750	2.2529	3.1150	2.2986	3.3413
BHIBOR	2.3500	3.5500	2.7500	4.0833	2.8500	4.7000
QATAR	2.3160	2.9056	2.4160	3.0889	2.7210	3.3028
AEIBOR	2.2066	2.8375	2.2488	3.1849	2.2894	3.5737
EURIBOR	-0.3930	-0.3090	-0.3330	-0.2370	-0.2690	-0.1170
LIBOR	1.8905	2.8076	1.8868	2.8756	1.9231	3.0054

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7323	1.58	-37.2
2-Year	1.6355	2.29	-38.4
5-Year	1.6340	2.89	-36.4
7-Year	1.6800	2.91	-36.0
10-Year	1.7688	2.76	-34.7
30-Year	1.9510	2.35	-31.3

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3037	0.0198	-0.04
SAR	3.7501	0.0027	0.04
BHD	0.3771	-0.0027	-0.03
QAR	3.6665	-0.0027	-0.29
OMR	0.3855	0.0000	0.00
AED	3.6731	0.0000	-0.01

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.61	-0.04
5-Year	1.66	-0.14
10-Year	1.84	-0.23
30-Year	2.28	-0.38

UK Gilt

	Yield %	1D Δ (%)
2-Year	0.58	-0.04
5-Year	0.58	-0.01
10-Year	0.77	0.01
30-Year	1.28	0.22

German Bunds

	Yield %	1D Δ (%)
2-Year	-2.19	0.00
5-Year	-0.65	-0.01
10-Year	-0.43	-0.07
30-Year	0.20	-0.64

	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	38.980		-39.08
Kuwait	38.910		-36.66
Dubai	99.500		-17.20
Bahrain	186.050		-32.68
Qatar	39.170		-50.05
KSA	67.430		-34.08
Egypt	295.670		-20.72
Lebanon	2264.680		207.60
Turkey	307.713		-14.35
Iraq	398.130		-12.32
Morocco	86.470		-12.81
China	37.638		-42.54
France	16.770		-52.70
Germany	7.690		-35.64
Japan	21.019		-10.02
UK	17.510		-49.72
US	11.270		-37.56