

News Update – 27 November 2019

Saudi Arabia raises 1.4 bln riyals in domestic sukuk – Saudi Arabia raised 1.415 billion riyals (\$377.33 million) in domestic sukuk, or Islamic bonds, part of an existing sukuk programme, the finance ministry said on Tuesday. It raised 1.285 billion riyals in bonds due in 2025, 50 million riyals due in 2028 and 80 million riyals with a 2031 maturity.

Oman Hires Banks for Rial Islamic Bond Program – Oman mandated Bank Muscat SAOG, Bank Nizwa SAOG and Alizz Islamic Bank SAOG to set up a local currency sukuk program, Times of Oman reported. A five- and seven-year dual-tranche benchmark sukuk is being offered to investors through a book-building process, according to the newspaper. It's open for subscription from Nov. 25 to Dec. 8.

Moody's: GCC banks outlook 'stable' – The outlook for GCC banks remains stable, underpinned by solid economic growth, and by the banks' strong capital buffers and substantial liquidity, Moody's Investors Service said in a presentation published Monday. "Declining interest rates will start to pressure banks' net interest margins but margins will remain strong compared with global peers." Loan performance will weaken modestly but will remain solid. New problem loans will form primarily in the slowing construction and real-estate sector. Moody's expects non-performing loans to stand at a moderate 3.5% of total loans by the end of 2020, from an estimated 3.3% in 2019. Moody's outlook is stable for all GCC banking systems except Oman. Moody's maintains a negative outlook for the Oman banking system, where asset quality will weaken as lower oil prices have dented government spending, and constrained government finances will limit banks' access to funding and liquidity

Fitch Ratings: Sovereign Wealth Funds Key to High GCC Ratings – The sovereign wealth funds (SWFs) of Abu Dhabi, Kuwait and Qatar provide two-to-five notches of uplift to their sovereign ratings, Fitch Ratings says in a new report on SWFs in the Gulf Cooperation Council (GCC). The three SWFs that are the main focus of Fitch's report predominantly invest fiscal reserves in external assets but offer limited public disclosures: the Kuwait Investment Authority (KIA, whose foreign assets under management (AUM) Fitch estimates at over USD560 billion in 2019), the Abu Dhabi Investment Authority (ADIA; estimated foreign AUM of USD500 billion), and the Qatar Investment Authority (QIA; estimated foreign AUM of USD230 billion). These SWFs are among the largest in the world both in absolute terms and relative to the size of their economies, ranging from around 120% of GDP in Qatar to more than 400% in Kuwait.

GCC Sovereign Yields (27 November 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.40	9.43	KSA	2025	2.48	8.05
Abu Dhabi	2047	3.21	21.03	KSA	2029	2.89	11.97
Bahrain	2024	3.65	7.82	KSA	2049	3.86	23.61
Bahrain	2029	4.93	15.53	Oman	2025	4.37	12.69
Bahrain	2047	6.15	21.16	Oman	2029	5.86	0.69
Dubai	2023	2.49	4.09	Oman	2048	7.12	14.80
Dubai	2029	3.13	9.73	Qatar	2024	2.20	4.50
Kuwait	2022	1.94	3.27	Qatar	2028	2.52	9.71
Kuwait	2027	2.36	7.54	Qatar	2049	3.48	23.93

Source: Bloomberg

Bonds and Sukuk Indices (27 November 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.26	7.33	0.12	13.56
S&P MENA Bond and Sukuk Index	2.99	NA	0.12	13.02
Bloomberg Emerging Markets USD Index	5.03	6.28	0.13	11.47
Bloomberg Global Aggregate Index	1.39	7.27	0.13	6.31

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	27/11/2019	31/12/2018	27/11/2019	31/12/2018	27/11/2019	31/12/2018
KIBOR	2.7500	2.3125	3.0000	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	2.3500	2.9056	2.4500	3.0889	2.7903	3.3028
AEIBOR	2.1800	2.8375	2.2955	3.1849	2.2845	3.5737
EURIBOR	-0.4040	-0.3090	-0.3380	-0.2370	-0.2800	-0.1170
LIBOR	1.9186	2.8076	1.9191	2.8756	1.9418	3.0054

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7361	0.41	-37.1
2-Year	1.6021	0.86	-39.7
5-Year	1.5489	0.96	-39.7
7-Year	1.5825	0.82	-39.7
10-Year	1.6604	0.50	-38.7
30-Year	1.8326	0.29	-35.4

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3041	0.0066	-0.15
SAR	3.7502	0.0000	0.03
BHD	0.3771	0.0000	-0.02
QAR	3.6663	-0.0191	-0.29
OMR	0.3850	0.0000	0.00
AED	3.6730	0.0000	-0.01

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.59	-0.02
5-Year	1.59	-0.03
10-Year	1.74	0.01
30-Year	2.18	0.01

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.48	0.04
5-Year	0.45	0.14
10-Year	0.65	0.43
30-Year	1.21	1.20

German Bunds

	Yield %	1D Δ (%)
2-Year	-1.25	0.00
5-Year	-0.67	0.02
10-Year	-0.51	0.16
30-Year	0.12	0.82

	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	39.740		-38.34
Kuwait	40.090		-34.86
Dubai	112.710		-5.61
Bahrain	196.250		-29.18
Qatar	40.430		-48.88
KSA	68.970		-32.76
Egypt	299.050		-19.85
Lebanon	2093.450		182.23
Turkey	314.127		-12.67
Iraq	339.750		-23.76
Morocco	84.960		-14.18
China	38.504		-41.71
France	16.490		-53.03
Germany	7.570		-36.36
Japan	21.313		-10.02
UK	18.370		-47.95
US	12.240		-32.91