

News Update – 17 December 2019

**Kuwait sees KWD 1.8bn budget deficit in 8M** – Kuwait reported a budget deficit during the first eight months of fiscal year 2019/2020, pressured by declining revenues after transferring the future generations' reserve, according to a statement by the Ministry of Finance on Sunday. The country saw a KWD 1.831 billion (\$ 6.047 billion) budget deficit during the first eight months of the current fiscal year, after deducting the future generations' reserve, against a surplus of KWD 2.303 billion (\$7.606 billion) in the corresponding year of fiscal year 2018/2019. Meanwhile, Kuwait has transferred KWD 1.146 billion, representing 10% of actual revenues, to the future generations' reserve, down by 18.84% from KWD 1.412 billion in the first eight months of fiscal year 2018/2019, the statement referred.

**Saudi banks provide \$453mln credit facility to Sipchem affiliate** – Saudi Arabia's Al-Inma Bank and Al-Bilad bank have provided a 1.7 billion Saudi riyals (\$453.2 million) Shariah-compliant credit facility to InoChem, which is 30 percent owned by Sahara Petrochemicals Company. Saudi International Petrochemical Co. (Sipchem), which fully owns Sahara Petrochemicals Company, said in a bourse filing that the purpose of the credit facility is to finance developing and operating a soda ash and calcium chloride production complex in two grades. The credit facility is for 13 years and includes an 875 million Saudi riyals (\$233 million) long-term loan and an 825 million Saudi riyals (\$220 million) bridge loan.

**Oman's 300-mln sukuk bonds approved in capital market** – Oman's Capital Market Authority on Monday announced its approval of sukuk (Islamic bonds) program worth 300 million Omani rials (about 779 million U.S. dollars) through private subscription. The first issue offered one million sukuk at a total value of 100 million Omani rials (about 259 million U.S. dollars) over five years with a maturity date by Dec. 10, 2024. The second issue will cover two million sukuk at a total value of 200 million Omani rials over seven years with a maturity date by Dec. 10, 2026.

**Lebanon steps up fiscal engineering to buy time in debt crisis** – Lebanon's worst economic crisis in decade is forcing authorities to wade deeper into the kind of fiscal engineering that the International Monetary Fund said risks undermining the central bank's credibility. The central bank bought 3 trillion pounds (\$2 billion) of Treasury bills from the government at 1%, well below market rates, according to a person with knowledge of the matter. It's expected to buy half as much again at the same rate by the end of the year to reduce the government's rising debt costs. The deal helps offset higher interest rates incurred by the Finance Ministry, which last month sold \$3 billion in Eurobonds to the central bank at as much as 12%.

### GCC Sovereign Yields (17 December 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.39	9.51	KSA	2025	2.38	8.49
Abu Dhabi	2047	3.20	21.30	KSA	2029	2.83	12.45
Bahrain	2024	3.48	8.44	KSA	2049	3.85	23.69
Bahrain	2029	4.60	18.32	Oman	2025	4.31	12.93
Bahrain	2047	5.90	25.01	Oman	2029	5.56	2.94
Dubai	2023	2.45	4.08	Oman	2048	6.81	19.25
Dubai	2029	3.11	9.85	Qatar	2024	2.14	4.69
Kuwait	2022	1.89	3.36	Qatar	2028	2.49	9.85
Kuwait	2027	2.32	7.81	Qatar	2049	3.47	24.00

Source: Bloomberg

### Bonds and Sukuk Indices (17 December 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.21	7.33	-0.06	14.15
S&P MENA Bond and Sukuk Index	2.93	NA	-0.28	13.32
Bloomberg Emerging Markets USD Index	4.95	6.28	0.02	12.33
Bloomberg Global Aggregate Index	1.45	7.27	-0.17	6.48

### Interbank Rates (%)

	3 Months		6 Months		12 Months	
	17/12/2019	31/12/2018	17/12/2019	31/12/2018	17/12/2019	31/12/2018
KIBOR	2.7500	2.3125	2.9375	2.5625	3.1875	2.8125
SAIBOR	2.2414	2.9750	2.2600	3.1150	2.3071	3.3413
BHIBOR	2.2500	3.5500	2.7500	4.0833	2.8500	4.7000
QATAR	2.2000	2.9056	2.3000	3.0889	2.4500	3.3028
AEIBOR	2.1623	2.8375	2.2575	3.1849	2.4263	3.5737
EURIBOR	-0.4000	-0.3090	-0.3400	-0.2370	-0.2630	-0.1170
LIBOR	1.8996	2.8076	1.9029	2.8756	1.9639	3.0054

### USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7617	-0.0041	-36.1
2-Year	1.6735	-0.0052	-37.0
5-Year	1.6805	-0.0092	-34.6
7-Year	1.7265	-0.0094	-34.2
10-Year	1.8079	-0.0101	-33.3
30-Year	1.9872	-0.005	-30.0

### Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3036	-0.007	0.01%
SAR	3.7509	-0.008	0.02%
BHD	0.3771	0.000	-0.03%
QAR	3.6670	0.019	-0.29%
OMR	0.3850	-0.062	0.00%
AED	3.6732	0.000	-0.01%

### US Treasuries

	Yield %	1D Δ (%)
2-Year	1.63	0.00
5-Year	1.69	0.05
10-Year	1.86	0.09
30-Year	2.28	0.09

### UK Giltts

	Yield %	1D Δ (%)
2-Year	0.57	-0.10
5-Year	0.63	-0.20
10-Year	0.82	-0.30
30-Year	1.31	-0.91

### German Bunds

	Yield %	1D Δ (%)
2-Year	-0.64	0.02
5-Year	-0.54	0.01
10-Year	-0.28	-0.13
30-Year	0.24	-0.56

	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	CC
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	33.610		-46.73
Kuwait	35.920		-41.21
Dubai	85.190		-29.58
Bahrain	170.740		-37.95
Qatar	34.010		-55.92
KSA	57.080		-43.73
Egypt	278.510		-25.11
Lebanon	2205.360		197.99
Turkey	286.504		-20.36
Iraq	380.060		-15.86
Morocco	83.450		-15.54
China	33.443		-48.96
France	15.940		-53.97
Germany	7.100		-39.14
Japan	21.019		-10.02
UK	14.900		-56.49
US	12.790		-30.26