

News Update – 30 October 2019

Kuwait C.Bank issues 200m bonds - The Central Bank of Kuwait (CBK) has earmarked the latest bonds and related tawarruq issue at a value of KWD 200 million (\$660.11 million), according to the official statement. The issue has a three-month maturity period, with a 3% yield, the CBK said. The CBK's latest issuance has the same maturity date and yield, as the one announced last Tuesday, which was worth KWD 240 million.

Mamoura Diversified Global Holding raises \$3.5bn in 3-tranche bond deal - Mamoura Diversified Global Holding PJSC (formerly known as Mubadala Development Company PJSC), an investment company indirectly wholly owned by the Government of Abu Dhabi via Mubadala Investment Company, sold \$3.5bn of bonds in a 3-tranche deal on Tuesday.

JPMorgan Says Saudi Business Is Fastest-Growing Globally - JPMorgan Chase & Co. said its business in Saudi Arabia is growing faster than any other region in the world, helped by the stock exchange's inclusion in MSCI Inc.'s main emerging markets index. "We at JPMorgan believe that Saudi will become the main hub in the region, as well as one of the main hubs globally," Carlos Hernandez, head of global banking at the New York-based firm, said on the opening day of the Future Investment Initiative summit in Riyadh.

Lebanon suffers record bond sell-off as PM Hariri resigns - Lebanon's sovereign dollar bonds suffered one of their worst days on record on Tuesday after Prime Minister Saad al-Hariri resigned, fanning uncertainty about how the country will emerge from its most dire economic crisis in nearly 30 years. Yields on some bonds have soared with the 2020 bond issue reaching 38%, indicating borrowing costs are prohibitively expensive for the heavily indebted country. Lebanon's 5-year credit default swaps (CDS), a measure of the cost of insuring sovereign debt against default, jumped by 54 basis points (bps) from Tuesday's close to a record of 1,435 bps earlier in the day after Reuters earlier cited sources as saying Hariri was likely to resign, according to IHS Markit data. Credit default swaps implied a probability of Lebanon defaulting on its debt of 26% within the next year and 59% within the next five years, IHS Markit calculated.

Stocks Mixed as Traders Await Fed Decision - Stocks in Asia were mixed on Wednesday, with markets in a holding pattern awaiting the Federal Reserve's policy decision. Treasuries ticked higher and the dollar was flat. The Fed is widely expected to lower rates again Wednesday, having already cut in July and September. For markets, the key will be the tone of Chairman Jerome Powell's press conference later in the day, with investors trying to ascertain the trajectory of policy heading into next year. Complicating matters are the ongoing trade tensions that recently showed signs of easing.

GCC Bonds & Sukuk: Best and worst Performers (30 October 2019)

Sovereigns	Yield (%)	Price Change (YTD %)	Sovereigns	Yield (%)	Price Change (YTD %)
Kuwait 22	2.06	3.07	Bahrain 24	3.75	7.57
Kuwait 27	2.32	7.86	Bahrain 29	4.96	15.39
Abu Dhabi 27	2.50	8.73	Bahrain 47	6.20	20.28
Abu Dhabi 47	3.33	18.54	Qatar 24	2.22	4.49
Dubai 23	2.52	4.05	Qatar 28	2.59	9.32
Dubai 29	3.18	9.36	Qatar 49	3.63	20.90
Oman 25	4.41	12.54	KSA 25	2.53	7.88
Oman 29	5.89	0.53	KSA 29	2.95	11.60
Oman 48	7.22	13.49	KSA 49	3.97	21.29

Source: Bloomberg

Bonds & Sukuk Indices (30 October 2019)

Index Name	Yield %	Duration	1D Chng (%)	YTD Chng (%)
Bloomberg GCC FI Index	3.30	7.31	-0.03	12.66
S&P MENA Bond and Sukuk Index	3.02	NA	-0.04	12.24
Bloomberg Emerging Markets USD Index	4.99	6.25	0.03	11.09
Bloomberg Global Aggregate Index	1.42	7.30	0.13	6.22

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	30/10/2019	31/12/2018	30/10/2019	31/12/2018	30/10/2019	31/12/2018
SAIBOR	2.2800	1.8988	2.2843	2.0875	2.3014	2.2863
KIBOR	2.8750	1.8750	3.0625	2.0625	3.3125	2.3750
BHIBOR	2.3700	2.4500	3.0000	2.9000	3.1333	3.2750
QATAR	2.5733	2.7342	2.7175	2.8868	3.0192	3.0468
AEIBOR	2.2413	1.8310	2.3704	2.0513	2.3026	2.5648
EURIBOR	-0.4090	-0.3290	-0.3460	-0.2710	-0.2810	-0.1860
LIBOR	1.9355	1.6858	1.9399	1.8336	1.9953	2.1022

US Treasuries

	Yield	1-Day Δ (Bps)
1-Year	1.57	-0.02
2-Year	1.64	0.02
5-Year	1.65	0.04
7-Year	1.73	0.09
10-Year	1.83	0.10
30-Year	2.32	0.27

Currencies

	USD	1-Day Δ (Bps)	YTD (%)
KWD	0.3041	0.0000	-0.08%
SAR	3.7505	0.0001	0.03%
BHD	0.3770	0.0000	-0.02%
QAR	3.6648	0.0004	-0.24%
OMR	0.3850	0.0000	0.00%
AED	3.6730	0.0000	-0.01%

USD Swap Rates

	Yield	1-Day Δ
2-Y	1.664	-0.01%
5-Y	1.620	-0.01%
10-Y	1.746	-0.01%
30-Y	1.940	-0.01%

UK Guilts

	Yield	1-Day Δ
0.54	0.90%	
0.50	0.02%	
0.71	-0.04%	
1.24	-0.02%	

German Bunds

	Yield	1-Day Δ
-0.47	-2.41%	
-0.66	-0.03%	
-0.49	-0.12%	
0.15	0.08%	

	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	Caa1	B-	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 (%)
Abu Dhabi	44.000		-32.69
Kuwait	42.890		-30.60
Dubai	117.600		-3.85
Bahrain	201.350		-27.43
Qatar	44.790		-44.18
KSA	68.100		-33.51
Egypt	295.660		-20.72
Lebanon	1267.700		74.18
Turkey	332.710		-7.40
Iraq	317.210		-28.17
Morocco	104.350		3.37
China	38.826		-41.16
France	17.310		-50.98
Germany	8.140		-34.74
Japan	21.14		-10.02
UK	28.06		-23.32
US	12.42		-31.31