

News Update – 7 January 2020

**UAE's non-oil private sector posts slowest growth in 8 years in December** – Conditions in the UAE's non-oil private sector have remained subdued, as businesses struggle to keep sales up and stimulate demand amid stiff competition, according to new data. The latest IHS Markit UAE Purchasing Managers' Index (PMI) released on Monday showed that the non-oil private sector ended 2019 on a downbeat note, with output growth the weakest in over eight years and new work rising only marginally after November's downturn. However, entrepreneurs and analysts are still optimistic about the year ahead, citing that the upcoming World Expo 2020 in Dubai, which is expected to attract tourists and stimulate hiring activity, will prop up the domestic economy.

**Saudi Arabia's global investments exceed \$1.1trln** – Saudi investment assets abroad grew by 8.86% or SAR 346.94 billion (\$92.5 billion) to reach SAR 4.26 trillion (\$1.14 trillion) by the end of the third quarter (Q3) of 2019, as shown by the Saudi Arabian Monetary Authority's (SAMA) most recent data. Saudi assets abroad consist of various investments, such as foreign direct investment (FDI), portfolio investments, as well as reserve assets. The growth in Q3-19 was largely attributed to a 21.3% year-on-year (YoY) increase in FDI by around SAR 75.22 billion to SAR 428.12 billion. Portfolio investments also went up by around 19% YoY or SAR 166.23 billion to SAR 1.041 trillion. Meanwhile, investments in foreign debt instruments grew by 4.3% YoY by the end of September 2019 to SAR 282.38 billion. The Public Investment Fund (PIF) aims at increasing its asset portfolio to more than \$2 trillion by 2030.

**Euro zone December business activity close to stagnation despite services bounce** – Euro zone business activity remained close to stagnation at the end of last year, a survey showed on Monday, as an upturn in services activity only partially offset a continued decline in the bloc's manufacturing industry. IHS Markit's final Euro zone composite Purchasing Managers' Index (PMI), seen as a good indicator of economic health, nudged up to 50.9 in December from November's 50.6. "Another month of subdued business activity in December rounded off the euro zone's worst quarter since 2013. The PMI data suggest the euro area will struggle to have grown by more than 0.1% in the closing three months of 2019," said Chris Williamson, chief business economist at IHS Markit.

## GCC Sovereign Yields (7 January 2020)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.43	-0.22	KSA	2025	2.41	-0.38
Abu Dhabi	2047	3.25	-0.59	KSA	2029	2.99	-1.28
Bahrain	2024	3.49	-0.31	KSA	2049	3.98	-2.12
Bahrain	2029	4.61	-0.60	Oman	2025	4.24	-0.40
Bahrain	2047	5.91	-0.67	Oman	2029	5.48	-1.23
Dubai	2023	2.50	-0.22	Oman	2048	6.81	-1.85
Dubai	2029	3.19	-0.56	Qatar	2024	2.20	-0.25
Kuwait	2022	1.95	-0.11	Qatar	2028	2.52	-0.27
Kuwait	2027	2.34	-0.23	Qatar	2049	3.56	-1.30

Source: Bloomberg

## Bonds and Sukuk Indices (7 January 2020)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.22	7.33	-0.22	-0.47
S&P MENA Bond and Sukuk Index	2.99	NA	-0.29	-0.35
Bloomberg Emerging Markets USD Index	4.82	6.28	-0.05	0.19
Bloomberg Global Aggregate Index	1.41	7.27	-0.01	0.33

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	07/01/2020	31/12/2019	07/01/2020	31/12/2019	07/01/2020	31/12/2019
KIBOR	2.7500	2.7500	2.9375	2.9375	3.1875	3.1875
SAIBOR	2.2314	2.2314	2.2557	2.2557	2.3129	2.3071
BHIBOR	2.2500	2.2500	2.7000	2.7000	2.8333	2.8333
QATAR	2.2675	2.2500	2.3675	2.3500	2.6325	2.5333
AEIBOR	2.1111	2.2086	2.1780	2.1914	2.3208	2.2900
EURIBOR	-0.3840	-0.3830	-0.3230	-0.3240	-0.2380	-0.2490
LIBOR	1.8739	1.9084	1.8929	1.9121	1.9641	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7240	0.29	-2.6
2-Year	1.6184	0.76	-4.7
5-Year	1.6138	1.23	-6.7
7-Year	1.6696	1.36	-7.1
10-Year	1.7630	1.32	-7.0
30-Year	1.9509	0.94	-6.7

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3031	0.0099	0.01
SAR	3.7523	0.0000	-0.01
BHD	0.3771	0.0000	0.00
QAR	3.6646	-0.0137	-0.12
OMR	0.3855	0.0026	-0.01
AED	3.6731	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	1.55	-0.01
5-Year	1.62	-0.05
10-Year	1.82	-0.07
30-Year	2.29	-0.05

## UK Gilt

	Yield %	1D Δ (%)
2-Year	0.58	-0.08
5-Year	0.58	-0.17
10-Year	0.77	-0.28
30-Year	1.24	-0.57

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.64	0.00
5-Year	-0.56	0.00
10-Year	-0.29	0.05
30-Year	0.24	0.00

	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	36.330		5.85
Kuwait	32.940		-2.70
Dubai	88.270		2.49
Bahrain	170.900		2.90
Qatar	38.400		9.71
KSA	65.300		17.41
Egypt	268.410		1.83
Lebanon	2497.080		8.33
Turkey	284.938		1.60
Iraq	398.020		17.08
Morocco	86.460		5.51
China	32.865		7.23
France	17.050		1.98
Germany	7.580		0.91
Japan	19.598		0.00
UK	16.810		-5.17
US	12.320		12.38