

News Update – 19 December 2019

Saudi's InoChem secures \$453m loan deal with Alinma, Albilad – Khair Inorganic Chemical Industries Company (InoChem) has signed a SR1.7 billion Wakala and Forward Ijarah Facility loan agreement with Alinma Bank and Albilad Bank with a tenure of 13 years. The facility's main purpose is to fund the setting up of an industrial complex in Ras Al Khair Industrial City in the Eastern Province to produce soda ash and calcium chloride, which will be the first soda ash plant in the GCC and largest calcium chloride plant in the MENA Region. InoChem has also secured a SAR 900 million loan agreement with the Saudi Industrial Development Fund (SIDF) at an earlier date.

Qatar announces biggest budget in five years, expects smaller surplus – Qatar said on Monday it plans to spend 1.9% more in 2020 than this year, outlining a 210.5 billion Qatari riyal (\$58 billion) budget to complete infrastructure projects including facilities for the 2022 soccer World Cup. It was the major approved projects," the finance ministry said in a statement on Monday.

S&P Downgrades Three Lebanese Banks to 'Selective Default' – S&P Global Ratings said three Lebanese banks were downgraded to "selective default" following emergency measures by the central bank and local lenders that restrict clients' access to their deposits. The rating agency lowered its long-term issuer credit ratings on Bank Audi, Blom Bank, and BankMed to selective default (SD) from CCC. Short-term issuer credit ratings on Bank Audi and Bankmed were lowered to selective default from CC. Lebanon is facing its worst financial crisis in recent times after weeks of protests, threatening to force the country into debt default and break its two-decade-old currency peg to the dollar.

NY Fed's Williams says economy, monetary policy in a good place – New York Fed President John Williams said Wednesday that monetary policy is in a good place to support the economy and he expressed an optimistic outlook for 2020. "I feel very good about how the economy's been this year, how it's progressed and feel very good about how it's going to look next year," Williams said in an interview with CNBC. The policymaker said he expects the U.S. economy will grow by about 2% next year, the unemployment rate will stay close to 3.5% and inflation will approach the Federal Reserve's 2% target.

GCC Sovereign Yields (19 December 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.39	9.53	KSA	2025	2.33	8.69
Abu Dhabi	2047	3.20	21.28	KSA	2029	2.80	12.67
Bahrain	2024	3.45	8.55	KSA	2049	3.83	24.08
Bahrain	2029	4.56	18.66	Oman	2025	4.20	13.52
Bahrain	2047	5.87	25.47	Oman	2029	5.34	4.59
Dubai	2023	2.44	4.12	Oman	2048	6.63	21.97
Dubai	2029	3.11	9.79	Qatar	2024	2.13	4.71
Kuwait	2022	1.89	3.32	Qatar	2028	2.49	9.87
Kuwait	2027	2.32	7.78	Qatar	2049	3.47	24.18

Source: Bloomberg

Bonds and Sukuk Indices (19 December 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.17	7.33	0.03	14.46
S&P MENA Bond and Sukuk Index	2.95	NA	-0.05	13.45
Bloomberg Emerging Markets USD Index	4.89	6.28	0.09	12.71
Bloomberg Global Aggregate Index	1.46	7.27	-0.23	6.28

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	19/12/2019	31/12/2018	19/12/2019	31/12/2018	19/12/2019	31/12/2018
KIBOR	2.7500	2.3125	2.9375	2.5625	3.1875	2.8125
SAIBOR	2.2386	2.9750	2.2586	3.1150	2.3086	3.3413
BHIBOR	2.2500	3.5500	2.7000	4.0833	2.8333	4.7000
QATAR	2.2000	2.9056	2.3000	3.0889	2.4500	3.3028
AEIBOR	2.1000	2.8375	2.2900	3.1849	2.3628	3.5737
EURIBOR	-0.4000	-0.3090	-0.3420	-0.2370	-0.2630	-0.1170
LIBOR	1.9025	2.8076	1.9046	2.8756	1.9684	3.0054

USD Swap Rates

	Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7769	-0.11	-35.6
2-Year	1.6957	-0.38	-36.2
5-Year	1.7163	-0.77	-33.2
7-Year	1.7698	-0.78	-32.5
10-Year	1.8573	-0.84	-31.4
30-Year	2.0325	-1.59	-28.4

US Treasuries

	UK Gilt		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	1.62	0.01	0.51	0.01
5-Year	1.73	0.04	0.57	0.00
10-Year	1.91	0.09	0.77	-0.13
30-Year	2.34	0.25	1.27	0.05

	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	33.970		-46.55
Kuwait	34.920		-42.72
Dubai	84.000		-29.84
Bahrain	169.520		-38.36
Qatar	34.800		-55.45
KSA	55.700		-45.28
Egypt	282.260		-24.15
Lebanon	2250.910		206.10
Turkey	285.200		-20.66
Iraq	368.190		-18.18
Morocco	83.750		-15.27
China	31.529		-51.88
France	15.880		-54.17
Germany	7.130		-39.03
Japan	21.019		-10.02
UK	15.730		-54.60
US	13.010		-29.20