

GCC bond issuance surges to record \$40bn in Q2 2019 - GCC bond issuance surged to a record \$40 billion in the second quarter of 2019, in spite of lower yields, breaking the high of \$32bn in the previous quarter, according to the latest report from the National Bank of Kuwait (NBK). This lifted the total outstanding debt, foreign and domestic, to \$501bn at the end of Q2, from \$478bn in Q1. The report said: "Issuance was dominated by sovereigns and quasi-sovereigns, with funding for strategic investments by sovereign wealth funds and state-owned enterprises a strong driver. In addition, a large volume of maturing debt has likely helped ramp-up new issuance." Some \$43bn in maturing debt is scheduled for 2019, of which \$28bn had matured as of early-August. The bulk of issuance in Q2 came from Saudi Arabia with \$26.8bn. This included a jumbo \$12bn from Saudi Aramco as it looks to foster relationships with international investors ahead of its IPO scheduled for 2021 and in light of its plans to purchase a stake in SABIC.

UAE's National Bank of Fujairah is said to pick banks for bond sale - National Bank of Fujairah PJSC selected banks to manage a potential sale of dollar-denominated bonds, Bloomberg news reported Wednesday citing people with knowledge of the plan. The lender, based in the emirate of Fujairah in the United Arab Emirates, is planning to arrange a sale of benchmark-sized perpetual or Tier I securities and the transaction is likely to take place in September, the people said. National Bank of Fujairah is rated Baa1/Stable by Moody's and BBB+/Stable by S&P.

Rate cut to save Telecom Egypt 20% on financing costs - Telecom Egypt will save 20% on financing costs after the Central Bank of Egypt cut interest rates, a company official has said. "The interest rate cut positively affects Telecom Egypt's profits, as it will reduce financing expenses by 20% on the company's loans, estimated at 11.7 billion pounds (\$708 million)," the official told Reuters on condition of anonymity. The official did not elaborate. The central bank cut key interest rates by 150 basis points on Thursday for the first time since February. It cut the overnight deposit rate to 14.25 percent from 15.75 percent and the overnight lending rate to 15.25 percent from 16.75 percent.

Fitch Ratings downgrades Lebanon, S&P maintains its ratings - Fitch Ratings downgraded Lebanon's long-term foreign currency issuer default rating to CCC from B- Friday, while Standard & Poor's Global Ratings affirmed its long- and short-term foreign and local currency sovereign credit ratings for Beirut at B-/B, saying the country's outlook remains negative. The downgrade for Lebanon is another blow to the struggling economy of the small Arab country that is suffering from one of the world's highest debt ratios, high unemployment and little growth. Fitch's rating report that came minutes before Standard & Poor's release said the downgrade reflects intensifying pressure on Lebanon's financing model, increasing risks to the government's debt-servicing capacity.

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GCC Bonds & Sukuk: Best and worst Performers (26 August 2019)

Best daily Performers	Daily change	Worst daily Performers	Daily change
KSA Govt 50	1.34%	NMC Health 23	-0.78%
KSA Govt 47	1.21%	Sharjah Govt 25	-0.48%
Abu Dhabi Crude Oil 47	1.21%	Dubai Aerospace 24	-0.23%
Best YTD Performers	YTD change	Worst YTD Performers	YTD change
Abu Dhabi Govt. 47	27.27%	Etihad Airways 20	-28.05%
KSA Govt. 50	26.98%	Etihad Airways 21	-16.68%
KSA Govt. 49	26.35%	Ras Gas 19	-2.02%

Source: Bloomberg

Bonds & Sukuk Indices (26 August 2019)

Index Name	Price	1D Chng	YTD	Yield
S&P MENA Bond and Sukuk Index	137.070	0.43%	13.60%	2.81%
S&P MENA Bond Index	139.800	0.48%	14.76%	2.82%
S&P MENA Sukuk Index	129.070	0.28%	9.75%	2.77%
Bloomberg Global Developed Sovereign Bond Index	121.862	0.38%	5.06%	0.44%
Bloomberg USD Emerging Market Composite Bond Index	236.891	0.18%	12.97%	
Dow Jones Sukuk Index	106.506	0.20%	7.58%	

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	26/08/2019	31/12/2018	26/08/2019	31/12/2018	26/08/2019	31/12/2018
SAIBOR	2.4443	1.8988	2.4371	2.0875	2.4371	2.2863
KIBOR	2.8125	1.8750	3.0000	2.0625	3.2500	2.3750
BHIBOR	2.5500	2.4500	3.1667	2.9000	3.2833	3.2750
QATAR	2.7766	2.7342	2.9416	2.8868	3.1980	3.0468
AEIBOR	2.4500	1.8310	2.4975	2.0513	2.4483	2.5648
EURIBOR	-0.4120	-0.3290	-0.4080	-0.2710	-0.3580	-0.1860
LIBOR	2.1444	1.6858	2.0801	1.8336	2.0285	2.1022

U.S. Treasuries

	Current Yield (%)	1D Chng
1-Year	1.70	-0.030
2-Year	1.44	0.170
5-Year	1.33	0.410
7-Year	1.39	0.586
10-Year	1.45	0.836
30-Year	1.94	2.055

USD Swap rates

	Rates (%)	1D Chng (%)
2-Y	1.453	-0.07%
5-Y	1.281	-0.08%
10-Y	1.358	-0.09%
30-Y	1.546	-0.09%

German Bund

	Current Yield (%)	1D Chng (Bps)
2-Y	-0.66	0.610
5-Y	-0.93	0.091
10-Y	-0.80	0.063
30-Y	-0.16	0.035

UK Gilts

	Current Yield (%)	1D Chng (Bps)
2-Y	0.45	-0.016
5-Y	0.37	-0.034
10-Y	0.48	0.025
30-Y	1.08	0.026

Currencies

	USD	1-Day Δ	YTD (%)
KWD	0.3037	(0.0006)	-0.030%
SAR	3.7506	0.0000	0.029%
BHD	0.3771	0.0000	-0.021%
QAR	3.6614	(0.0003)	-0.156%
OMR	0.3850	(0.0000)	0.003%
AED	3.6731	0.0000	-0.008%
EGP	16.606	(0.0478)	8.116%
EUR	1.1142	(0.0003)	-2.843%

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	B3	B-	B
Turkey	Baa3	BB+	BBB-
Tunisia	Ba3	NR	B+
Morocco	Ba1	BBB-	BBB-
Jordan	B1	B+	BB-
China	Aa3	AA-	A+
UK	Aa2	AA	AA
USA	Aaa	AA+	AAA

	USD 5-Year CDS	YTD (%)
Abu Dhabi	47.050	-26.83
Kuwait	47.950	-22.91
Dubai	126.080	1.44
Bahrain	247.020	-11.76
Qatar	47.990	-39.77
KSA	67.870	-33.73
Egypt	284.700	-23.57
Lebanon	1065.130	46.08
Turkey	418.916	16.55
Iraq	340.420	-23.72
Morocco	104.850	2.02
China	45.863	-26.02
France	19.910	-44.56
Germany	9.500	-24.24
Japan	21.831	-10.02
UK	32.420	-13.09
US	11.970	-32.94