

News Update – 27 January 2020

## Oil Tumbles on Virus Fear While Saudis See 'Very Limited' Impact –

Oil tumbled on fears China's deadly coronavirus will crimp demand, prompting Saudi Arabia to say it was closely monitoring the situation. Futures in London and New York plunged more than 3% as the death toll and the number of infections rose, while officials extended the Lunar New Year holiday to help stem the spread of the outbreak. Goldman Sachs Group Inc. predicted that global oil demand may take a hit, but Saudi Arabia said it believes the crisis so far will have a "very limited impact" on consumption. Saudi Energy Minister Prince Abdulaziz bin Salman said the world's largest oil exporter was closely monitoring the situation both for its impact on the Chinese economy and the oil market fundamentals. Yet, he said that the same "extreme pessimism" that's afflicting the market also occurred in 2003 during SARS, "though it did not cause a significant reduction in oil demand".

## United Real Estate pens KWD 10m loan deal with AUB Kuwait –

United Real Estate has renewed a credit facilities agreement with Ahli United Bank – Kuwait (AUB Kuwait) at a value of KWD 9.966 million. The loan will be due on 2 June 2022 and will be used in financing the Kuwaiti firm's investments and activities, according to a bourse statement on Thursday. The financial impact of this transaction will be extending the debt's maturity and, therefore, reclassify the credit facilities to long-term liabilities instead of being short-term, starting the first quarter (Q1) of 2020. It is worthy to note that during the first nine months of 2019, the real estate firm turned to a profit of KWD 3.09 million, against a loss worth KWD 3.29 million in the same period in 2018.

## Lebanon needs \$8.5bn IMF bailout package, IIF says –

Lebanon will need an \$8.5 billion bailout package from the International Monetary Fund to break its economic impasse, meet future financing needs and restore growth, the Institute of International Finance said. Even with the \$11bn in pledges Lebanon received at the Cedar donor conference in 2018, which are tied to reforms that need to be undertaken by the country, the new government should seek an IMF programme, enforce uniform capital controls to avoid money going abroad and maintain its exchange rate peg to the dollar in the short term, wrote Garbis Iradian, IIF's chief economist for the Mena region. "While the scale of the IMF financing will depend on the financing needs, we estimate that the IMF would need to provide exceptional access to Lebanon ... in line with other recent IMF programmes, such as Argentina and Iceland and spread over three years," Mr Iradian said.

## GCC Sovereign Yields (27 January 2020)

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi  | 2027     | 2.34    | 0.19            | KSA        | 2025     | 2.30    | 0.02            |
| Abu Dhabi  | 2047     | 3.20    | -0.23           | KSA        | 2029     | 2.74    | 0.44            |
| Bahrain    | 2024     | 3.48    | -0.46           | KSA        | 2049     | 3.82    | 0.42            |
| Bahrain    | 2029     | 4.56    | -0.35           | Oman       | 2025     | 4.02    | 0.58            |
| Bahrain    | 2047     | 5.82    | 0.48            | Oman       | 2029     | 5.33    | -0.14           |
| Dubai      | 2023     | 2.48    | -0.22           | Oman       | 2048     | 6.74    | -1.07           |
| Dubai      | 2029     | 3.10    | 0.12            | Qatar      | 2024     | 2.09    | 0.15            |
| Kuwait     | 2022     | 1.88    | 0.03            | Qatar      | 2028     | 2.49    | -0.04           |
| Kuwait     | 2027     | 2.27    | 0.24            | Qatar      | 2049     | 3.47    | 0.20            |

Source: Bloomberg

## Bonds and Sukuk Indices (27 January 2020)

| Index Name                           | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index               | 3.10    | 7.33           | 0.05     | 0.48      |
| S&P MENA Bond and Sukuk Index        | 2.87    | NA             | 0.05     | 0.66      |
| Bloomberg Emerging Markets USD Index | 4.73    | 6.28           | 0.06     | 1.12      |
| Bloomberg Global Aggregate Index     | 1.34    | 7.27           | 0.09     | 0.44      |

## Interbank Rates (%)

|         | 3 Months   |            | 6 Months   |            | 12 Months  |            |
|---------|------------|------------|------------|------------|------------|------------|
|         | 27/01/2020 | 31/12/2019 | 27/01/2020 | 31/12/2019 | 27/01/2020 | 31/12/2019 |
| KIBOR   | 2.7500     | 2.7500     | 3.0000     | 2.9375     | 3.1875     | 3.1875     |
| SAIBOR  | 2.1971     | 2.2314     | 2.2229     | 2.2557     | 2.2800     | 2.3071     |
| BHIBOR  | 2.2500     | 2.2500     | 2.7333     | 2.7000     | 2.8833     | 2.8333     |
| QATAR   | 2.3385     | 2.2500     | 2.4385     | 2.3500     | 2.7224     | 2.5333     |
| AEIBOR  | 2.0093     | 2.2086     | 2.0896     | 2.1914     | 2.3030     | 2.2900     |
| EURIBOR | -0.3860    | -0.3830    | -0.3230    | -0.3240    | -0.2580    | -0.2490    |
| LIBOR   | 1.7954     | 1.9084     | 1.8053     | 1.9121     | 1.8799     | 1.9963     |

## USD Swap Rates

|         | Yield % | 1D Δ (bps) | YTD Δ (%) |
|---------|---------|------------|-----------|
| 1-Year  | 1.6508  | -2.73      | -6.8      |
| 2-Year  | 1.5103  | -4.46      | -11.0     |
| 5-Year  | 1.4550  | -5.55      | -15.8     |
| 7-Year  | 1.4995  | -5.30      | -16.6     |
| 10-Year | 1.5835  | -5.08      | -16.4     |
| 30-Year | 1.7760  | -4.45      | -15.1     |

## Currencies

|     | USD    | 1D Δ (bps) | YTD Δ (%) |
|-----|--------|------------|-----------|
| KWD | 0.3037 | 0.0659     | -0.20     |
| SAR | 3.7518 | -0.0027    | 0.00      |
| BHD | 0.3770 | 0.0027     | 0.02      |
| QAR | 3.6640 | 0.0137     | -0.12     |
| OMR | 0.3850 | 0.0026     | -0.01     |
| AED | 3.6730 | 0.0000     | 0.00      |

## US Treasuries

|         | Yield % | 1D Δ (%) |
|---------|---------|----------|
| 2-Year  | 1.45    | 0.09     |
| 5-Year  | 1.45    | 0.24     |
| 10-Year | 1.64    | 0.41     |
| 30-Year | 2.10    | 0.82     |

## UK Gilt

|         | Yield % | 1D Δ (%) |
|---------|---------|----------|
| 2-Year  | 0.41    | -0.03    |
| 5-Year  | 0.39    | 0.05     |
| 10-Year | 0.56    | 0.27     |
| 30-Year | 1.06    | 0.33     |

## German Bunds

|         | Yield % | 1D Δ (%) |
|---------|---------|----------|
| 2-Year  | -0.62   | 0.02     |
| 5-Year  | -0.59   | 0.09     |
| 10-Year | -0.37   | 0.25     |
| 30-Year | 0.18    | 0.64     |

## 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      | 36.940   |      | 6.97      |
| Kuwait         | 35.930   |      | 5.46      |
| Dubai          | 87.290   |      | 0.17      |
| Bahrain        | 159.140  |      | -3.79     |
| Qatar          | 40.380   |      | 14.94     |
| KSA            | 62.160   |      | 11.85     |
| Egypt          | 241.180  |      | -7.98     |
| Lebanon        | 3017.660 |      | 31.27     |
| Turkey         | 236.046  |      | -15.76    |
| Iraq           | 398.040  |      | 17.09     |
| Morocco        | 75.390   |      | -6.61     |
| China          | 35.598   |      | 16.63     |
| France         | 16.120   |      | -3.08     |
| Germany        | 6.830    |      | -5.86     |
| Japan          | 19.357   |      | -3.31     |
| UK             | 16.310   |      | -8.01     |
| US             | 12.370   |      | 12.76     |