

Five GCC central banks cut interest rates - On October 30th the Federal Reserve (Fed, the US central bank) reduced its policy interest rate by 25 basis points. Following this, the central banks of five of the six Gulf Co-operation Council (GCC) economies immediately followed suit by also cutting their benchmark interest rates. The central banks of Qatar, Kuwait, Saudi Arabia, the UAE and Bahrain were quick to announce that they had reduced their key policy interest rates by 25 basis points shortly after the Fed rate cut was announced. Lower interest rates will help to boost credit growth in the GCC economies. This will be beneficial for businesses across the Gulf as the cost of borrowing will come down. This in turn will help to boost private investment in these countries. However, banks' profits will come under increasing pressure as interest income declines.

Fitch Rates Boubyan Sukuk Limited's Trust Certificate Issuance Programme 'A+(EXP)'/F1(EXP)' - Fitch Ratings has assigned Boubyan Bank K.S.C.P.'s (BBY) up to USD1 billion trust certificate issuance programme, housed under Boubyan Sukuk Limited (BSL), 'A+(EXP)'/F1(EXP)' ratings. The expected ratings are in line with BBY's Long- and Short-Term Issuer Default Ratings (IDRs) of 'A+' and 'F1', respectively, which in turn are driven by an extremely high probability of support being provided by the Kuwaiti authorities. The expected ratings apply only to senior unsecured certificates issued under the programme. The assignment of final ratings is contingent upon receipt of final documents conforming to information already received by Fitch.

Mubadala Development Company Raises USD1 Billion in Offering of 2.875% International Bonds Due 2029 - Mubadala Investment Company PJSC, a UAE-based private equity company, has raised USD1000 million in offering of international bonds due 2029. The bonds will carry a coupon rate of 2.875%. The bonds will mature on November 7, 2029. Citigroup, Deutsche Bank, HSBC, JP Morgan, SMBC Nikko Capital, First Abu Dhabi Bank are acting as book runners on the offering.

Lagarde Era Begins With Chance to Map Out Plans - The Christine Lagarde-era at the European Central Bank is underway and the new president gets her first chance to frame her outlook for the economy and monetary policy publicly on Monday. Lagarde, who took the reins on Nov. 1 from Mario Draghi, will speak in Berlin at a time when policy makers at the ECB are split over dwindling stimulus tools and the economy is flirting with recession. She may use the opportunity to tell governments, including Germany's, to do more to boost demand. "Lagarde takes over against a backdrop of flagging growth and stubbornly low inflation," said Jamie Rush, chief European economist at Bloomberg Economics. "Stimulus options are limited and the Governing Council is divided. She'll have a fight on her hands to turn the euro area around."

GCC Bonds & Sukuk: Best and worst Performers (3 November 2019)

Sovereigns	Yield (%)	Price Change (YTD %)	Sovereigns	Yield (%)	Price Change (YTD %)
Kuwait 22	1.97	3.26	Bahrain 24	3.69	7.81
Kuwait 27	2.25	8.36	Bahrain 29	4.84	16.42
Abu Dhabi 27	2.42	9.33	Bahrain 47	6.12	21.61
Abu Dhabi 47	3.25	20.17	Qatar 24	2.17	4.70
Dubai 23	2.46	4.18	Qatar 28	2.53	9.77
Dubai 29	3.12	9.92	Qatar 49	3.51	23.20
Oman 25	4.41	12.54	KSA 25	2.45	8.29
Oman 29	5.90	0.41	KSA 29	2.88	12.14
Oman 48	7.18	13.99	KSA 49	3.88	23.19

Source: Bloomberg

Bonds & Sukuk Indices (3 November 2019)

Index Name	Yield %	Duration	1D Chng (%)	YTD Chng (%)
Bloomberg GCC FI Index	3.28	7.31	0.09	13.13
S&P MENA Bond and Sukuk Index	3.04	NA	-0.08	12.53
Bloomberg Emerging Markets USD Index	4.96	6.25	0.09	11.48
Bloomberg Global Aggregate Index	1.36	7.30	-0.04	6.99

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	3/11/2019	31/12/2018	3/11/2019	31/12/2018	3/11/2019	31/12/2018
SAIBOR	2.2357	1.8988	2.2543	2.0875	2.2843	2.2863
KIBOR	2.8125	1.8750	3.0000	2.0625	3.1875	2.3750
BHIBOR	2.3700	2.4500	2.8867	2.9000	2.9833	3.2750
QATAR	2.5906	2.7342	2.7257	2.8868	3.0133	3.0468
AEIBOR	2.0775	1.8310	2.3038	2.0513	2.2564	2.5648
EURIBOR	-0.3990	-0.3290	-0.3480	-0.2710	-0.2810	-0.1860
LIBOR	1.8905	1.6858	1.9024	1.8336	1.9253	2.1022

US Treasuries

	Yield	1-Day Δ (Bps)	Currencies	USD	1-Day Δ (Bps)	YTD (%)
1-Year	1.52	0.01	KWD	0.3035	-0.0001	0.05%
2-Year	1.55	-0.05	SAR	3.7505	-0.0002	0.03%
5-Year	1.54	-0.11	BHD	0.3770	0.0000	-0.01%
7-Year	1.63	-0.14	QAR	3.6646	-0.0003	-0.23%
10-Year	1.71	-0.16	OMR	0.3850	0.0003	0.00%
30-Year	2.19	-0.21	AED	3.6730	0.0000	-0.01%

USD Swap Rates

	Yield	1-Day Δ	UK Guilts	Yield	1-Day Δ	German Bunds	Yield	1-Day Δ
2-Y	1.592	0.04%		0.52	-0.09%		-0.42	-0.11%
5-Y	1.517	0.03%		0.46	0.00%		-0.69	0.00%
10-Y	1.628	0.03%		0.66	-0.04%		-0.52	0.03%
30-Y	1.808	0.02%		1.17	-0.01%		0.12	-0.33%

	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	44.470	-32.18
Kuwait	42.570	-31.09
Dubai	117.530	-3.91
Bahrain	201.340	-27.43
Qatar	44.470	-44.75
KSA	68.000	-33.60
Egypt	299.220	-19.81
Lebanon	1444.700	96.36
Turkey	334.017	-7.06
Iraq	332.160	-25.24
Morocco	103.960	3.01
China	38.173	-41.65
France	17.780	-49.82
Germany	7.860	-35.39
Japan	21.404	-10.02
UK	28.06	-23.32
US	12.42	-31.31