

News Update – 5 December 2019

**Kuwaiti banks' foreign assets grow 6.39% in October: central bank** – Kuwaiti banks saw their net foreign assets growing by 6.39% in October on an annualised basis, the Central Bank of Kuwait's (CBK) statistical report showed on Wednesday. Overall Kuwaiti banking sector's net foreign assets totalled KWD 18.712 billion (\$61.743 billion) last October, compared with KWD 17.587 billion (\$58.031 billion) a year ago. However, net assets declined by 0.87% during October, from KWD 18.876 billion (\$62.285 billion) in September.

**UAE private sector growth falls to 10-year low in November** – Growth in the United Arab Emirates' non-oil private sector slowed to a 10-year low in November and firms experienced the first monthly decline in new orders on record, a survey showed on Thursday. The seasonally adjusted IHS Markit UAE Purchasing Managers' Index (PMI), which covers manufacturing and services, fell to 50.3 from 51.1 in October. Although the non-oil sector remained in growth territory -- a reading above 50 indicates expansion and below, contraction -- it was the UAE's weakest growth rate since August 2009. Employment levels fell marginally in November, after positive but weak growth last month, indicating the fastest reduction in workforce numbers in UAE non-oil businesses for nine months.

**Egypt to issue first corporate sukuk within weeks** – Egypt will issue its first corporate sukuk, or Islamic bonds, within weeks, a Financial Regulatory Authority (FRA) official said on Tuesday. CIAF Leasing, an aircraft leasing company, will issue sukuk worth \$50 million, the first in Egypt to do so, Sayed Abdel Fadil, an FRA departmental head, told Reuters. A second company, a contractor, will also issue sukuk worth more than one billion Egyptian pounds (\$62.27 million) within weeks, he added, without giving the name of the company.

**Lebanon slashes interest rates to ease crisis engulfing economy** – Lebanon's central bank took emergency measures yesterday in an attempt to ease the worst financial crisis hitting the country in decades. Banque du Liban, as the central bank is known, imposed a temporary interest-rate cap of 5% on dollar-denominated bank deposits and 8.5% on local-currency deposits received or renewed after December 4, according to a circular posted on its website. The central bank also said it would temporarily pay 50% of the interest it owed banks for dollar deposits and dollar-denominated certificates of deposits in Lebanese pounds. The measures will be in place for six months.

## GCC Sovereign Yields (5 December 2019)

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi  | 2027     | 2.40    | 9.44            | KSA        | 2025     | 2.44    | 8.27            |
| Abu Dhabi  | 2047     | 3.21    | 21.03           | KSA        | 2029     | 2.91    | 11.82           |
| Bahrain    | 2024     | 3.62    | 7.90            | KSA        | 2049     | 3.89    | 23.06           |
| Bahrain    | 2029     | 4.91    | 15.72           | Oman       | 2025     | 4.36    | 12.68           |
| Bahrain    | 2047     | 6.11    | 21.73           | Oman       | 2029     | 5.86    | 0.70            |
| Dubai      | 2023     | 2.46    | 4.12            | Oman       | 2048     | 7.09    | 15.25           |
| Dubai      | 2029     | 3.13    | 9.76            | Qatar      | 2024     | 2.18    | 4.55            |
| Kuwait     | 2022     | 1.94    | 3.28            | Qatar      | 2028     | 2.51    | 9.80            |
| Kuwait     | 2027     | 2.34    | 7.66            | Qatar      | 2049     | 3.49    | 23.61           |

Source: Bloomberg

## Bonds and Sukuk Indices (5 December 2019)

| Index Name                           | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index               | 3.25    | 7.33           | 0.00     | 13.67     |
| S&P MENA Bond and Sukuk Index        | 2.98    | NA             | 0.06     | 13.15     |
| Bloomberg Emerging Markets USD Index | 5.04    | 6.28           | 0.00     | 11.30     |
| Bloomberg Global Aggregate Index     | 1.42    | 7.27           | -0.16    | 6.41      |

## Interbank Rates (%)

|         | 3 Months   |            | 6 Months   |            | 12 Months  |            |
|---------|------------|------------|------------|------------|------------|------------|
|         | 05/12/2019 | 31/12/2018 | 05/12/2019 | 31/12/2018 | 05/12/2019 | 31/12/2018 |
| KIBOR   | 2.7500     | 2.3125     | 2.9375     | 2.5625     | 3.1875     | 2.8125     |
| SAIBOR  | 2.2371     | 2.9750     | 2.2543     | 3.1150     | 2.3000     | 3.3413     |
| BHIBOR  | 2.3500     | 3.5500     | 2.8000     | 4.0833     | 2.9000     | 4.7000     |
| QATAR   | 2.3160     | 2.9056     | 2.4160     | 3.0889     | 2.7210     | 3.3028     |
| AEIBOR  | 2.0083     | 2.8375     | 2.2176     | 3.1849     | 2.2939     | 3.5737     |
| EURIBOR | -0.3970    | -0.3090    | -0.3330    | -0.2370    | -0.2630    | -0.1170    |
| LIBOR   | 1.8915     | 2.8076     | 1.8954     | 2.8756     | 1.9366     | 3.0054     |

## USD Swap Rates

|         | Yield % | 1D Δ (bps) | YTD Δ (%) |
|---------|---------|------------|-----------|
| 1-Year  | 1.7032  | -0.42      | -38.2     |
| 2-Year  | 1.5824  | -0.62      | -40.4     |
| 5-Year  | 1.5567  | -1.33      | -39.4     |
| 7-Year  | 1.5995  | -1.32      | -39.0     |
| 10-Year | 1.6879  | -1.24      | -37.7     |
| 30-Year | 1.8753  | -1.49      | -33.9     |

## Currencies

|     | USD    | 1D Δ (bps) | YTD Δ (%) |
|-----|--------|------------|-----------|
| KWD | 0.3038 | 0.0099     | -0.07     |
| SAR | 3.7501 | 0.0027     | 0.04      |
| BHD | 0.3771 | -0.0027    | -0.03     |
| QAR | 3.6661 | 0.0327     | -0.28     |
| OMR | 0.3850 | -0.0623    | 0.00      |
| AED | 3.6731 | 0.0000     | -0.01     |

## US Treasuries

|         | Yield % | 1D Δ (%) |
|---------|---------|----------|
| 2-Year  | 1.57    | 0.01     |
| 5-Year  | 1.59    | 0.06     |
| 10-Year | 1.76    | 0.12     |
| 30-Year | 2.21    | 0.34     |

## UK Gilt

|         | Yield % | 1D Δ (%) |
|---------|---------|----------|
| 2-Year  | 0.56    | -0.14    |
| 5-Year  | 0.56    | -0.33    |
| 10-Year | 0.74    | -0.68    |
| 30-Year | 1.27    | -2.20    |

## German Bunds

|         | Yield % | 1D Δ (%) |
|---------|---------|----------|
| 2-Year  | -2.37   | -0.01    |
| 5-Year  | -0.66   | -0.05    |
| 10-Year | -0.46   | -0.26    |
| 30-Year | 0.17    | -1.35    |

|                | 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  | 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 Δ (%) |
| Abu Dhabi      | 40.600            |      | -37.15    |
| Kuwait         | 38.920            |      | -36.64    |
| Dubai          | 108.300           |      | -10.39    |
| Bahrain        | 191.120           |      | -30.94    |
| Qatar          | 41.170            |      | -48.10    |
| KSA            | 68.730            |      | -32.89    |
| Egypt          | 298.460           |      | -20.01    |
| Lebanon        | 2426.930          |      | 230.95    |
| Turkey         | 314.619           |      | -12.48    |
| Iraq           | 376.790           |      | -16.50    |
| Morocco        | 89.490            |      | -10.08    |
| China          | 38.972            |      | -40.92    |
| France         | 16.590            |      | -52.96    |
| Germany        | 7.620             |      | -36.26    |
| Japan          | 20.887            |      | -10.02    |
| UK             | 17.340            |      | -50.37    |
| US             | 12.750            |      | -30.49    |