

News Update – 4 November 2019

### Boubyan Bank Gets Initial Approval Of CMA For Sukuk-Issuance Program

Boubyan Bank has obtained initial approval of Kuwait's CMA for a sukuk-issuance program not in excess of \$1 billion or the equivalent thereof in other currencies, and for offering first issuance thereof which shall not exceed \$500 million or equivalent of same in other currencies.

### U.A.E. Plans to Loosen Cap on Bank Lending to Property Industry

The United Arab Emirates' central bank is working on new rules that will loosen the cap on bank lending to the struggling real-estate industry. U.A.E. banks can currently lend as much as 20% of customer deposits to the property industry. That will be raised to a still-undecided figure but lenders that exceed 20% would incur a capital charge, central bank Governor Mubarak Rashed Al Mansoori said in Abu Dhabi on Sunday. "We need to be flexible," Al Mansoori said at a conference. But banks would "need to assess the risk-return profile of this investment. Banks in the second-biggest Arab economy have called on policy makers to loosen the limit amid a property slump that has affected lending.

### The Capital Market Authority Announces the Approval on the Initial Public Offering of ARAMCO's Shares

The Saudi Arabian Capital Market Authority ("CMA") Board has issued its resolution approving the Saudi Arabian Oil Company (Saudi Aramco) application for the registration and offering of part of its shares. The prospectus for Saudi Aramco's initial public offering (IPO) will be issued on Saturday, 9 November, Reuters reported, citing Amin Nasser, CEO of Aramco. As for cash dividends, Aramco's board intends to distribute ordinary cash dividends worth \$75 billion to shareholders for 2020, in addition to any potential special dividends, according to the company's statement on Sunday.

### The UAE Central Bank is examining possible financial support for Lebanon

The United Arab Emirates is considering the possibility of financial aid to Lebanon and will make a recommendation to the country's leadership, Emirati Central Bank Gov. Mubarak Rashed al-Mansoori said Sunday. "We decided to study and recommend to the leadership, in light of developments recently," Mansoori said, according to Reuters.

### 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.

### GCC Bonds & Sukuk: Best and worst Performers (4 November 2019)

Sovereigns	Yield (%)	Price Change (YTD %)	Sovereigns	Yield (%)	Price Change (YTD %)
Kuwait 22	1.97	3.26	Bahrain 24	3.71	7.78
Kuwait 27	2.25	8.36	Bahrain 29	4.84	16.42
Abu Dhabi 27	2.45	9.08	Bahrain 47	6.12	21.61
Abu Dhabi 47	3.27	19.84	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	2.46	8.23
Oman 29	5.90	0.41	KSA 29	2.87	12.31
Oman 48	7.18	13.99	KSA 49	3.89	23.06

Source: Bloomberg

### Bonds & Sukuk Indices (4 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	3.02	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	
	4/11/2019	31/12/2018	4/11/2019	31/12/2018	4/11/2019	31/12/2018
SAIBOR	2.2243	1.8988	2.2471	2.0875	2.2814	2.2863
KIBOR	2.7500	1.8750	2.9375	2.0625	3.1875	2.3750
BHIBOR	2.3700	2.4500	2.8367	2.9000	3.0000	3.2750
QATAR	2.4500	2.7342	2.5625	2.8868	2.9000	3.0468
AEIBOR	2.1400	1.8310	2.3295	2.0513	2.2364	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	0.3038	0.0001	0.01%
2-Year	1.55	0.00	SAR	3.7505	-0.0002	0.03%
5-Year	1.54	0.00	BHD	0.3770	0.0000	-0.01%
7-Year	1.63	0.02	QAR	3.6648	0.0000	-0.23%
10-Year	1.71	0.01	OMR	0.3850	0.0000	0.00%
30-Year	2.19	0.02	AED	3.6731	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	3.75%		-0.43	4.85%
5-Y	1.517	0.03%		0.46	9.45%		-0.69	-0.24%
10-Y	1.628	0.03%		0.66	6.45%		-0.52	-0.23%
30-Y	1.808	0.02%		1.17	2.42%		0.12	3.85%

### 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	38.276 -42.04
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