

News Update – 14 November 2019

DAMAC's third quarter profit plunges 78% – DAMAC Properties, owner of the only Trump-branded golf club in the Middle East, reported on Wednesday a 78% drop in third quarter profit amid an extended slowdown in Dubai's property sector. A supply glut has slowed the market for most of the decade, apart from a brief pickup more than five years ago, sending residential property prices down by at least a quarter since 2014. DAMAC made 50.9 million dirhams (\$13.9 million) in the three months to Sept 30, compared to 230.8 million dirhams a year earlier. DAMAC Chairman Hussain Sajwani told Reuters last month that developers should refrain from launching new projects for up to two years to spur a market recovery.

Dar Al-Arkan of Saudi Arabia lists \$600mIn Sukuk on Nasdaq Dubai – Yousef bin Abdullah Al-Shalash, Chairman of Dar Al-Arkan Real Estate Development Company of Saudi Arabia, on Wednesday rang the market opening bell at Nasdaq Dubai to celebrate the listing of a US\$600 million Sukuk. The listing supports the accelerating development activities of Dar Al-Arkan, one of the Middle East's leading real estate developers, said a press release issued by Nasdaq Dubai on Wednesday. The five-year Sukuk was more than 2.5 times oversubscribed and received significant interest from Middle Eastern, European and Asian investors. It brings Dar Al-Arkan's total Sukuk value listed on Nasdaq Dubai to US\$1.6 billion, following the listings of two Sukuk's of US\$500 million each in 2017 and 2018.

Egypt Lures Yield Hunters With Longest Dollar Bond on Record – Egypt is selling its longest dollar bond on record, seizing on investor appetite for riskier assets as it spreads out the burden of servicing debt. As well as a 40-year note, the Arab world's most populous nation is offering bonds maturing in four and 12 years, according to a person familiar with the matter, who is not authorized to speak publicly and asked not to be identified. Yield guidance is about 8.6% for the bonds due in 2059, 4.9% to 5% for the four-year debt, and about 7.5% for the 12-year notes, the person said.

Powell Satisfied With Current Fed Interest Rates But Flags Risks – Federal Reserve Chairman Jerome Powell stuck to his view that interest rates are probably on hold after three straight reductions, while signaling that the U.S. central bank could resume cutting if the growth outlook falters. "We see the current stance of monetary policy as likely to remain appropriate as long as incoming information about the economy remains broadly consistent with our outlook," Powell told the congressional Joint Economic Committee Wednesday in Washington. "However, noteworthy risks to this outlook remain." He added that persistently low inflation could lead to an "unwelcome" slide in the public's longer-run expectations of inflation.

GCC Sovereign Yields (14 November 2019)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.50	8.69	KSA	2025	2.54	7.80
Abu Dhabi	2047	3.40	17.12	KSA	2029	3.00	11.06
Bahrain	2024	3.64	7.93	KSA	2049	4.01	20.54
Bahrain	2029	4.82	16.51	Oman	2025	4.36	12.76
Bahrain	2047	6.12	21.55	Oman	2029	5.81	1.09
Dubai	2023	2.56	3.89	Oman	2048	7.09	15.28
Dubai	2029	3.22	9.07	Qatar	2024	2.24	4.37
Kuwait	2022	2.03	3.10	Qatar	2028	2.62	8.98
Kuwait	2027	2.41	7.25	Qatar	2049	3.65	20.41

Source: Bloomberg

Bonds and Sukuk Indices (14 November 2019)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.32	7.31	0.15	12.64
S&P MENA Bond and Sukuk Index	3.08	NA	-0.02	11.93
Bloomberg Emerging Markets USD Index	5.03	6.25	-0.01	10.92
Bloomberg Global Aggregate Index	1.45	7.30	0.22	5.75

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	14/11/2019	31/12/2018	14/11/2019	31/12/2018	14/11/2019	31/12/2018
KIBOR	2.7500	1.8750	2.9375	2.0625	3.1875	2.3750
SAIBOR	2.2286	1.8988	2.2514	2.0875	2.2971	2.2863
BHIBOR	2.4000	2.4500	2.8367	2.9000	2.9167	3.2750
QATAR	2.2750	2.7342	2.3750	2.8868	2.6250	3.0468
AEIBOR	2.0379	1.8310	2.2508	2.0513	2.2597	2.5648
EURIBOR	-0.3980	-0.3290	-0.3280	-0.2710	-0.2550	-0.1860
LIBOR	1.9093	1.6858	1.9261	1.8336	2.0056	2.1022

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.758	0.0000	-36.3%
2-Year	1.663	-0.0001	-37.5%
5-Year	1.645	-0.0001	-36.2%
7-Year	1.689	-0.0001	-35.6%
10-Year	1.776	-0.0001	-34.5%
30-Year	1.960	-0.0001	-31.0%

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3039	0.0001	-0.11%
SAR	3.7502	0.0000	0.03%
BHD	0.3770	0.0000	-0.02%
QAR	3.6650	0.0001	-0.26%
OMR	0.3850	0.0000	-0.01%
AED	3.6730	0.0000	-0.01%

US Treasuries

	Yield %	1D Δ (%)
2-Year	1.63	0.01%
5-Year	1.68	0.05%
10-Year	1.87	0.13%
30-Year	2.35	0.34%

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.55	-0.87%
5-Year	0.53	-0.12%
10-Year	0.76	0.05%
30-Year	1.27	-0.01%

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.45	11.99%
5-Year	-0.66	0.36%
10-Year	-0.45	0.32%
30-Year	0.19	-0.19%

	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	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 Δ (%)
Abu Dhabi	40.210		-37.14
Kuwait	38.910		-36.66
Dubai	121.300		-1.06
Bahrain	201.380		-27.42
Qatar	40.400		-48.56
KSA	64.280		-37.15
Egypt	292.980		-21.41
Lebanon	1627.310		121.11
Turkey	313.649		-12.65
Iraq	339.180		-23.86
Morocco	85.960		-13.27
China	38.408		-41.81
France	17.610		-50.49
Germany	7.740		-35.21
Japan	21.022		-10.02
UK	28.06		-23.32
US	12.42		-31.31