

Kuwait, Gulf central banks cut key rates following Fed - Kuwait's central bank cut its benchmark interest rate on Wednesday, joining the Federal Reserve-led monetary easing cycle with its Gulf peers for the first time since July. Saudi Arabia, United Arab Emirates and Bahrain, whose currencies are pegged to the U.S. dollar, also cut rates. Kuwait cut its discount rate by 25 basis points to 2.75% from 3% after staying pat in July and September when other major Gulf central banks followed the Federal Reserve. Kuwait's currency is pegged against a basket of currencies of its trading partners unlike its Gulf peers. The decision aims to "reduce the cost of borrowing in the Kuwaiti dinar, maintain a comfortable margin for the Kuwaiti dinar, and prove a supportive environment for investment," the central bank said in a tweet.

Saudi's PIF signs \$10bn syndicated bridge loan - The Public Investment Fund (PIF) Wednesday announced it has signed a \$10 billion syndicated bridge loan. The proceeds of this syndicated bridge loan will be used for general corporate purposes and will enable PIF to accelerate the implementation of its investment program. The syndicated bridge loan will be repaid following completion of the agreed sale of PIF's stake in Saudi Basic Industries Corporation (SABIC) to Saudi Aramco. The syndicated bridge loan has been agreed with a group of 10 international banks, including: Bank of America Corporation, BNP Paribas, Citigroup, Credit Agricole CIB, HSBC, J.P. Morgan, Mizuho Bank, MUFG Bank, Standard Chartered Bank and Sumitomo Mitsui Banking Corporation.

Egypt selects five lenders for dollar-denominated bond - Egypt has selected five international lenders for a new dollar-denominated bond offering, the finance ministry said in a statement on Wednesday. The ministry said it chose Citi Bank, J.P. Morgan, BNP Paribas, Natixis and Standard Chartered and that the offering would be made in the 2019-2020 financial year, without specifying the date. Egypt is looking to take advantage of lower funding costs, pursuing a more diversified approach as it tries to reduce the burden for one of the Middle East's most indebted countries.

Fed Cuts Rates a Quarter Point, Powell Says Policy in Good Place - Federal Reserve officials reduced interest rates by a quarter-percentage point for the third time this year and signaled a pause in further cuts unless the economic outlook changes materially. The Federal Open Market Committee altered language in its statement following the two-day meeting Wednesday, dropping its pledge to "act as appropriate to sustain the expansion," while adding a promise to monitor data as it "assesses the appropriate path of the target range for the federal funds rate." "We believe monetary policy is in a good place," Fed Chairman Jerome Powell said at a news conference following the decision. "We see the current stance of policy as likely to remain appropriate as long as incoming information about the economy remains broadly consistent with our outlook."

GCC Bonds & Sukuk: Best and worst Performers (31 October 2019)

Sovereigns	Yield (%)	Price Change (YTD %)	Sovereigns	Yield (%)	Price Change (YTD %)
Kuwait 22	2.02	3.13	Bahrain 24	3.74	7.59
Kuwait 27	2.30	8.04	Bahrain 29	4.95	15.44
Abu Dhabi 27	2.49	8.80	Bahrain 47	6.19	20.42
Abu Dhabi 47	3.31	19.03	Qatar 24	2.22	4.49
Dubai 23	2.47	4.19	Qatar 28	2.59	9.32
Dubai 29	3.16	9.56	Qatar 49	3.62	21.06
Oman 25	4.42	12.45	KSA 25	2.50	8.06
Oman 29	5.93	0.19	KSA 29	2.92	11.82
Oman 48	7.23	13.26	KSA 49	3.96	21.67

Source: Bloomberg

Bonds & Sukuk Indices (31 October 2019)

Index Name	Yield %	Duration	1D Chng (%)	YTD Chng (%)
Bloomberg GCC FI Index	3.31	7.31	-0.03	12.62
S&P MENA Bond and Sukuk Index	3.04	NA	-0.09	12.14
Bloomberg Emerging Markets USD Index	5.00	6.25	-0.03	11.06
Bloomberg Global Aggregate Index	1.40	7.30	0.12	6.35

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	31/10/2019	31/12/2018	31/10/2019	31/12/2018	31/10/2019	31/12/2018
SAIBOR	2.2743	1.8988	2.2800	2.0875	2.2971	2.2863
KIBOR	2.8750	1.8750	3.0625	2.0625	3.3125	2.3750
BHIBOR	2.3700	2.4500	3.0000	2.9000	3.1333	3.2750
QATAR	2.5622	2.7342	2.7029	2.8868	3.0032	3.0468
AEIBOR	2.1699	1.8310	2.3979	2.0513	2.3764	2.5648
EURIBOR	-0.4050	-0.3290	-0.3430	-0.2710	-0.2800	-0.1860
LIBOR	1.9271	1.6858	1.9299	1.8336	1.9888	2.1022

US Treasuries

	Yield	1-Day Δ (Bps)	Currencies	USD	1-Day Δ (Bps)	YTD (%)
1-Year	1.55	-0.01	KWD	0.3036	-0.0002	0.00%
2-Year	1.63	-0.05	SAR	3.7507	0.0000	0.03%
5-Year	1.63	-0.11	BHD	0.3770	0.0000	-0.02%
7-Year	1.70	-0.12	QAR	3.6642	0.0002	-0.24%
10-Year	1.78	-0.10	OMR	0.3855	0.0000	0.00%
30-Year	2.26	-0.13	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	1.653	0.03%		0.51	0.80%		-0.48	-7.69%
5-Y	1.594	0.02%		0.48	0.13%		-0.66	-0.32%
10-Y	1.700	0.01%		0.69	0.08%		-0.49	-0.24%
30-Y	1.879	0.01%		1.21	0.03%		0.14	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	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	44.260		-32.50
Kuwait	42.940		-30.53
Dubai	118.220		-3.38
Bahrain	201.340		-27.43
Qatar	44.380		-44.85
KSA	67.940		-33.66
Egypt	291.670		-21.74
Lebanon	1520.770		106.09
Turkey	333.736		-7.10
Iraq	315.910		-28.43
Morocco	103.960		3.01
China	39.112		-40.67
France	17.300		-50.90
Germany	8.220		-33.62
Japan	21.14		-10.02
UK	28.06		-23.32
US	12.42		-31.31