

News Update – 14 January 2020

## KPC board approves to take KD 2 billion loan from local banks –

During its meeting yesterday, the Kuwait Petroleum Corporation's board of directors has taken vital decisions, including approval for the corporation to borrow two billion dinars from Kuwaiti banks to finance the corporation's strategic projects, as part of the borrowing program in accordance with the Cabinet's decision in this regard, reports Al-Rai daily. The same sources revealed the Board of Directors have approved the budget of the Kuwait Gulf Oil Company's operating costs for 2020 of up to KD 400 million for Al Khafji and Al Wafra. As for the company's capital budget, an additional budget was approved with the carryover from the previous budget. The Board of Directors also approved the operational budget of Kuwait Foreign Petroleum Exploration Company (KUFPEC) worth \$170 million, and take into consideration the observations made by the Audit Bureau, recommending that the issue be followed up.

## Bahrain's GFH hires banks to market five-year dollar sukuk –

Bahrain-based GFH Financial Group has hired Societe Generale and Standard Chartered to act as global coordinators and joint lead managers for the issuance of five-year dollar sukuk, or Islamic bonds. The banks will market the bonds through a series of meetings starting on Jan. 15 in Asia, the United Arab Emirates and London, a term sheet seen by Reuters said. Emirates NBD Capital, KAMCO Investment, Mashreqbank, SHUAA Capital and Warba Bank will also serve as joint lead managers.

## Fed's Bostic Says Economy Doing Fine, Central Bank Should Stand Pat On Rates –

Atlanta Fed leader Raphael Bostic offered an upbeat view of the U.S. economy in a speech Monday, in remarks that showed no appetite for a change in interest rates. "The economy is doing fine," Mr. Bostic said in an appearance in Atlanta. In this environment, "there is not a lot we have to do to really to stimulate or slow down" the overall course of economic momentum, he said. When it comes to interest-rate policy, "we should just sit back and let the economy do what it's doing and be ready for that next move in either direction," Mr. Bostic said. He added that there is a "high bar" for the central bank to consider putting its interest-rate target range into restrictive territory.

## GCC Sovereign Yields (14 January 2020)

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.42	-0.15	KSA	2025	2.45	-0.51
Abu Dhabi	2047	3.25	-0.42	KSA	2029	2.92	-0.76
Bahrain	2024	3.52	-0.43	KSA	2049	3.93	-0.98
Bahrain	2029	4.61	-0.64	Oman	2025	4.14	0.08
Bahrain	2047	5.91	-0.65	Oman	2029	5.36	-0.30
Dubai	2023	2.49	-0.22	Oman	2048	6.71	-0.67
Dubai	2029	3.17	-0.38	Qatar	2024	2.17	-0.15
Kuwait	2022	1.92	-0.06	Qatar	2028	2.52	-0.23
Kuwait	2027	2.33	-0.14	Qatar	2049	3.53	-0.91

Source: Bloomberg

## Bonds and Sukuk Indices (14 January 2020)

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.18	7.33	0.04	-0.18
S&P MENA Bond and Sukuk Index	2.95	NA	-0.03	0.01
Bloomberg Emerging Markets USD Index	4.73	6.28	0.03	0.55
Bloomberg Global Aggregate Index	1.44	7.27	-0.09	-0.24

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	14/01/2020	31/12/2019	14/01/2020	31/12/2019	14/01/2020	31/12/2019
KIBOR	2.7500	2.7500	2.9375	2.9375	3.1875	3.1875
SAIBOR	2.2243	2.2314	2.2514	2.2557	2.3029	2.3071
BHIBOR	2.2500	2.2500	2.7000	2.7000	2.8333	2.8333
QATAR	2.3001	2.2500	2.4001	2.3500	2.6800	2.5333
AEIBOR	2.0548	2.2086	2.1468	2.1914	2.2966	2.2900
EURIBOR	-0.3950	-0.3830	-0.3340	-0.3240	-0.2530	-0.2490
LIBOR	1.8378	1.9084	1.8721	1.9121	1.9666	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	1.7347	0.39	-2.0
2-Year	1.6502	0.66	-2.8
5-Year	1.6548	0.98	-4.3
7-Year	1.7105	0.95	-4.8
10-Year	1.8037	0.92	-4.8
30-Year	1.9894	0.72	-4.9

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3036	0.0198	-0.14
SAR	3.7524	-0.0053	-0.02
BHD	0.3770	0.0000	0.01
QAR	3.6647	0.0055	-0.14
OMR	0.3850	0.0000	-0.01
AED	3.6730	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	1.59	-0.01
5-Year	1.66	-0.04
10-Year	1.85	-0.07
30-Year	2.31	-0.20

## UK Gilt

	Yield %	1D Δ (%)
2-Year	0.47	0.06
5-Year	0.52	0.15
10-Year	0.75	0.19
30-Year	1.25	0.12

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.60	-0.03
5-Year	-0.49	-0.12
10-Year	-0.20	-0.39
30-Year	0.36	-1.56

## 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	CC
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	37.190		7.86
Kuwait	34.930		2.74
Dubai	89.610		3.96
Bahrain	160.050		-3.28
Qatar	39.360		12.04
KSA	61.660		11.00
Egypt	258.160		-1.86
Lebanon	2534.220		8.77
Turkey	262.991		-6.20
Iraq	398.030		17.09
Morocco	81.430		-
China	30.059		-1.71
France	16.630		-0.30
Germany	6.810		-5.98
Japan	19.968		0.99
UK	16.320		-8.11
US	12.360		12.68