

News Update

**Moody's affirms Bank Dhofar's deposit ratings, downgrades BCA to ba3** - Moody's Investors Service said on Thursday it has affirmed the Ba1/Not Prime long-term and short-term local currency deposit ratings of Bank Dhofar SAOG (Bank Dhofar), an Omani bank with around 13% market share of deposits. Furthermore, Moody's affirmed the bank's long- and short-term foreign currency deposit ratings at Ba2/Not Prime. The affirmation of Bank Dhofar's deposit ratings reflects Moody's assessment of a very high probability of support from the Government of Oman, which translates for the local currency deposit rating into two notches of uplift from the bank's BCA.

**S&PGR affirms ratings on Bahrain Telecommunications with Stable outlook** - S&P Global Ratings said on Thursday it has affirmed Bahrain Telecommunications Co.'s rating at B+ with stable outlook. S&PGR said Batelco's May 2020 bond maturity reduces its liquidity cushion over the 12-month period through June 2020. S&P said it has revised Batelco's liquidity assessment down to adequate from strong owing to the May 2020 bond maturity, which reduces our ratio of liquidity sources to uses to well below 1.5x. Upon successful refinancing, S&P expects a return to the more robust liquidity cushion the company has maintained in the past.

**Kuwait Finance plans to buy Bahrain's AUB in \$8.8bn deal** - Kuwait Finance House KSCP offered to buy Bahrain's Ahli United Bank BSC in an all-share deal that's valued at about \$8.8bn. The Kuwaiti lender plans to issue 1 share for every 2.325581 shares of Ahli United, according to a statement. In January, the banks' advisers had recommended the same swap ratio. The combined entity will potentially become the Gulf's sixth-biggest lender with \$100bn in assets and the deal value was based on the lenders' closing price on Thursday.

**ECB cuts rates further below zero, revives QE to lift growth** - The European Central Bank cut interest rates further below zero and will start open-ended bond purchases after President Mario Draghi overcame critics of his stimulus policies to make a final run at reflatting the euro-area economy. The ECB reduced the deposit rate to minus 0.5% from minus 0.4%, and will buy debt at €20bn (\$22bn) a month starting November 1. The ECB also cut the cost of its long-term loans to banks, and lenders will get an exemption from negative rates for some of their deposits after an outcry from the industry about the squeeze on profitability.

**Turkish Central Bank Cuts Benchmark Rate to 16.5%** - Turkey's new central bank governor delivered another interest-rate cut that exceeded forecasts as he balances calls for drastic easing from President Recep Tayyip Erdogan with the market's fragile sentiment. The Monetary Policy Committee reduced its key rate by 325 basis points to 16.5% from 19.75% on Thursday. Expectations for a cut in a Bloomberg poll of 31 analysts ranged between 125 and 400ps, with a median of 275 bps.

**GCC Bonds & Sukuk: Best and worst Performers (15 September 2019)**

Best daily Performers	Daily change	Worst daily Performers	Daily change
Ethiad Airways 20	5.81%	Qatar Govt 46	-1.98%
Emirates NBD 39	0.95%	Aramco 49	-1.96%
NMC Health 25	0.85%	KSA Govt 50	-1.95%

  

Best YTD Performers	YTD change	Worst YTD Performers	YTD change
DP World 48	25.44%	Ethiad Airways 20	-23.82%
Abu Dhabi Govt 47	24.90%	Ethiad Airways 21	-18.95%
KSA Govt 50	23.84%	Ras Gas 19	-2.25%

Source: Bloomberg

**Bonds & Sukuk Indices (15 September 2019)**

Index Name	Price	1D Chng	YTD	Yield
S&P MENA Bond and Sukuk Index	135.980	-0.61%	12.70%	2.81%
S&P MENA Bond Index	138.420	-0.74%	13.63%	2.82%
S&P MENA Sukuk Index	128.920	-0.15%	9.63%	2.77%
Bloomberg Global Developed Sovereign Bond Index	120.089	-0.27%	3.53%	0.62%
Bloomberg USD Emerging Market Composite Bond Index	236.710	-0.54%	12.88%	
Dow Jones Sukuk Index	106.192	-0.23%	7.27%	

**Interbank Rates (%)**

	3 Months		6 Months		12 Months	
	15/09/2019	31/12/2018	15/09/2019	31/12/2018	15/09/2019	31/12/2018
SAIBOR	2.3857	1.8988	2.3543	2.0875	2.3543	2.2863
KIBOR	2.8125	1.8750	3.0000	2.0625	3.2500	2.3750
BHIBOR	2.4500	2.4500	3.0833	2.9000	3.1833	3.2750
QATAR	2.7311	2.7342	2.8115	2.8868	2.9818	3.0468
AEIBOR	2.3147	1.8310	2.3940	2.0513	2.4421	2.5648
EURIBOR	-0.4000	-0.3290	-0.3770	-0.2710	-0.3250	-0.1860
<b>LIBOR</b>	<b>2.1394</b>	<b>1.6858</b>	<b>2.0703</b>	<b>1.8336</b>	<b>2.0491</b>	<b>2.1022</b>

**U.S. Treasuries**

	Current Yield (%)	1D Chng
1-Year	1.87	0.044
2-Year	1.80	-0.150
5-Year	1.75	-0.535
7-Year	1.83	-0.797
10-Year	1.90	-1.102
30-Year	2.37	-2.438

**USD Swap rates**

	Rates (%)	1D Chng (%)
2-Y	1.789	0.09%
5-Y	1.686	0.12%
10-Y	1.785	0.13%
30-Y	1.960	0.13%

**German Bund**

	Current Yield (%)	1D Chng (Bps)
2-Y	-0.56	0.025
5-Y	-0.76	0.016
10-Y	-0.59	0.012
30-Y	0.10	-0.011

**UK Gilts**

	Current Yield (%)	1D Chng (Bps)
2-Y	0.57	0.044
5-Y	0.55	0.011
10-Y	0.76	-0.034
30-Y	1.23	-0.044

**Currencies**

	USD	1-Day Δ	YTD (%)
<b>KWD</b>	0.3040	(0.0003)	-0.122%
<b>SAR</b>	3.7518	(0.0001)	-0.003%
<b>BHD</b>	0.3771	0.0000	-0.027%
<b>QAR</b>	3.6626	(0.0006)	-0.194%
<b>OMR</b>	0.3850	0.0000	0.000%
<b>AED</b>	3.6730	(0.0001)	-0.008%
<b>EGP</b>	16.445	(0.0050)	9.174%
<b>EUR</b>	1.1013	0.0003	1.1079

**Sovereign Ratings**

	Moody's	S&P	Fitch
<b>Abu Dhabi</b>	Aa2	AA	AA
<b>Bahrain</b>	B2	B+	BB-
<b>Kuwait</b>	Aa2	AA	AA
<b>Oman</b>	Ba1	BB	BB+
<b>Qatar</b>	Aa3	AA-	AA-
<b>KSA</b>	A1	A-	A+
<b>UAE</b>	Aa2	NR	NR
<b>Egypt</b>	B2	B-	B+
<b>Lebanon</b>	B3	B-	B
<b>Turkey</b>	Baa3	BB+	BBB-
<b>Tunisia</b>	Ba3	NR	B+
<b>Morocco</b>	Ba1	BBB-	BBB-
<b>Jordan</b>	B1	B+	BB-
<b>China</b>	Aa3	AA-	A+
<b>UK</b>	Aa2	AA	AA
<b>USA</b>	Aaa	AA+	AAA

**USD 5-Year CDS YTD (%)**

<b>Abu Dhabi</b>	38.330	-39.22
<b>Kuwait</b>	40.960	-33.54
<b>Dubai</b>	110.840	-10.35
<b>Bahrain</b>	233.050	-16.55
<b>Qatar</b>	39.800	-49.30
<b>KSA</b>	57.930	-43.15
<b>Egypt</b>	259.170	-30.08
<b>Lebanon</b>	1361.110	80.62
<b>Turkey</b>	394.628	9.73
<b>Iraq</b>	302.950	-31.07
<b>Morocco</b>	88.480	-10.99
<b>China</b>	38.384	-41.82
<b>France</b>	19.190	-46.30
<b>Germany</b>	9.410	-24.24
<b>Japan</b>	20.910	-10.02
<b>UK</b>	29.340	-20.81
<b>US</b>	12.700	-29.98