



## BANKING ON KNOWLEDGE

# Gulf bond, sukuk issuances at a slow pace in 2020 after surging beyond \$100bn in 2019

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In 2020, global bond issuances are at \$0.8tn as against \$1.3tn in the first quarter of 2019. The Federal Republic of Germany, European Investment Bank and Republic of Italy were the key issuers in the first quarter of 2020. Global bond issuances exceeded \$4tn in 2019.

In the first quarter 2020, global sukuk issuances were at \$4bn. The major sukuk issuers include Qatar Islamic Bank, National Bank of Kuwait and Federation of Malaysia. Global sukuk issuances in the first quarter of 2019 exceeded \$18bn and in the full year 2019 it exceeded \$58bn.

The US yield had fallen on account of concerns from coronavirus. A 15,000 person spike in coronavirus infections in Hubei province was more than



sufficient to drive a modest global flight-to-quality, pushing 10-year

yields back below 1.60. The US 10 year yield closed at 1.5848% and 30 year yield at 2.0391% by end of last week. Yields remained lower on last week after economic data showed tame inflation and a steady labour market. Initial claims for state unemployment benefits rose 2,000 to a seasonally adjusted 205,000 for the week ended February 8, the Labour Department said on last week. Claims fell in the prior week to 203,000, which was the lowest reading since November. Earlier last week, Federal Reserve Chairman Jerome Powell said the US central bank was "closely monitoring" the coronavirus, its impact on China and the effect it could have on global economic growth.

The Fed had held rates steady in its first policy-setting meeting of January 2020, changing little in its economic



outlook as the US economy continues to extend its longest expansion on record. The Federal Open Market Committee announced that it decided to keep rates in the current target range of 1.50% to 1.75%, continuing to describe the economy as "rising at a moderate rate."

The Gulf conventional bond issuances were close to \$14bn in the first quarter of 2020. Major conventional bond issuers include the Qatar Investment Authority. The gulf conventional bond issuances exceeded \$26.6bn in first quarter of 2019. The gulf conventional

bond issuances exceeded \$80bn in 2019.

The gulf sukuk issuances exceeded \$2.8bn in first Quarter of 2020. The major sukuk issuers include Qatar Islamic Bank, National Bank of Kuwait in the first quarter of 2019. The gulf sukuk issuances exceeded \$5.2bn in the first quarter 2019. The gulf sukuk issuances exceeded \$20.2bn in 2019. The gulf bond and sukuk issuances exceeded \$100bn in 2019. The issuers seized on low borrowing costs as central banks globally cut rates to counter the economic threat of the

US-China trade war, while international investors were lured to the Gulf's comparatively high yields.

The gulf bond and sukuk issuances exceeded \$16.7bn in the first quarter of 2020 and gulf bond and sukuk issuances exceeded \$ 31.8bn in first quarter of 2019. Gulf bond issuances begin with a slow pickup in 2020 after surging beyond \$100bn in 2019. The gulf syndication loans exceeded \$75bn in 2019. It exceeded \$22.7bn in the first quarter 2019 as against \$650mn in the first quarter 2020. The syndication loans witnessed a drop in the Gulf region in 2019 on account of delayed projects.

Qatar 5 year sovereign CDS rate are 40.4 basis points.

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