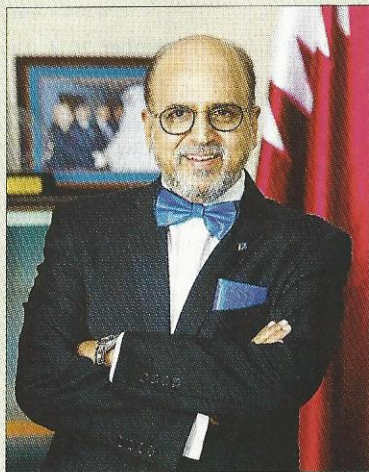


BANKING ON KNOWLEDGE

Global and regional bond market is a growing opportunity



By Dr R Seetharaman

International bond issuances have exceeded \$2.83tn this year. Some of the major issues came from European Investment Bank, Federal Republic of Germany and French Republic.

In 2016 it was close to \$4tn. The US 10-year-yield was at 2.19% by end of last week and had fallen as investors grew concerned over fallout from the political discord in Washington.

Bond players will be alert to the developments coming from Jackson's hole this week. Federal Reserve chair Janet Yellen will join European Central Bank president Mario Draghi in Jackson Hole, Wyoming this week, setting the stage for a poten-

tially revealing debate over the common challenges facing the world's two most powerful central banks.

Their get-together comes as the US central bank prepares to start unwinding its \$4.5tn balance sheet and the ECB weighs when to slow down its own large-scale asset purchases.

In the case of Yellen, the big question investors have is how optimistic she is about the US economic recovery, which will in turn provide clues on the speed and extent to which monetary policy will continue to tighten.

The unexpected strength of the eurozone has strengthened euro and has led to speculate that the ECB may wind down its asset purchase programme.

In 2017 global sukuk issuances are



more than \$35.7bn. The major issues are from Republic of Indonesia – \$3.19bn, and Hong Kong – \$1bn.

In 2016 global sukuk issuances were more than \$44.1bn.

The GCC bond issuances exceeded \$47bn in 2017. The GCC sukuk issuances exceeded \$17bn in 2017 and GCC conventional bonds exceed \$30bn in 2017.

The major GCC sovereign bonds in 2017 are from Saudi Arabia – \$9bn, Kuwait – \$8bn, and Oman – \$7bn.

A sharp decline in oil prices, fiscal consolidation efforts and refinancing needs have driven sovereign debt issuance in GCC. The major sukuk/bond issuances from Qatar in 2017 are from Qatar Investment Authority – \$1.16bn, Qatar Islamic Bank – \$0.783bn, Ahili Bank Qatar – \$0.5bn & Ezdan Holding group – \$0.5bn.

In 2016, the GCC bonds and sovereign sukuk exceed \$72bn. The GCC sovereign bond issues were active during 2016 and

include Saudi Arabia – \$17.5bn, Qatar – \$9bn, the emirate of Abu Dhabi – \$5bn and Oman – \$3bn.

The Qatar 5-year CDS is at 93.83 basis points, Saudi 5-year CDS is at 91.917 basis points, Dubai 5-year CDS is at 119.910 basis points, Abu Dhabi 5-year CDS is at 57.480 basis points and Bahrain 5-year CDS is at 230.225 basis points respectively by end of last week.

GCC debt issuance was healthy so far in 2017, as sovereigns and corporates continue to seek financing. As the Jackson's Hole meeting looms, we can still expect to see growing opportunities both in global and regional bond market.

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