

News Updates

Emirates REIT proposes amending terms of \$400 million sukuk – Dubai-listed Emirates REIT, a sharia-compliant real estate investment trust, has offered holders of its \$400 million sukuk, or Islamic bonds, to exchange their notes for a new instrument, its chief executive said on Tuesday. Under the proposal, unsecured sukuk would be exchanged for secured ones. The company is also looking to extend its credit maturity to improve its balance sheet after the impact of the COVID-19 pandemic on its operations. The existing sukuk mature in 2022 and the new instrument would mature in 2024. (Source: Reuters)

Crude Drops on Inflation Fears, Iran Deal – Oil fell for a second day amid a spate of weakness in wider markets and as traders tracked talks between world powers on a revival of the Iran nuclear deal. WTI for June delivery tumbled 2.1%, while global benchmark Brent -- which topped \$70/bbl briefly in early Tuesday trade -- also declined. Stock markets fell on inflation fears, while the dollar climbed, hampering prices. There was also an increase in U.S. crude stockpiles last week, the API reported. Iran said it will soon export oil from a new port that allows it to bypass the Strait of Hormuz, as nuclear talks between Tehran and other world powers show signs of progress. State-controlled National Iranian Oil will start shipping crude from the Jask terminal on the Gulf of Oman coast next month, according to a statement. NIOC is already pumping oil into a 1,000 km (620-mile) pipeline connecting Jask with the southwestern energy hub of Goreh, Managing Director Masoud Karbasian said. (Source: Bloomberg)

U.S. yields slip as crypto sell-off sparks caution – Yields on U.S. Treasury debt and breakevens, an inflation bellwether, fell on Wednesday as investors took a cautious stance after the biggest single-day plunge since March 2020 in digital currencies bitcoin BTC=BTSP and ethereum ETH=BTSP. The losses in the market capitalization for the digital currency sector approached \$1 trillion after China banned financial and payment institutions from providing cryptocurrency services. The yield on 10-year Treasury notes US10YT=RR fell 2.0 basis points to 1.6216% and the breakeven rate on five-year U.S. Treasury Inflation-Protected Securities (TIPS) US5YTIP=RR was last at 2.675%. (Source: Nasdaq)

Fed officials discussed adjusting money market support in April, minutes show – The U.S. Federal Reserve in coming months may need to adjust the tools used to keep its benchmark policy rate well within its intended range if open market overnight borrowing costs keep drifting lower, a readout of the central bank's latest meeting signaled on Wednesday. Policymakers also received a detailed briefing last month on the pros and cons of making the support they provide to money markets permanent, according to the minutes. The central bank began intervening in overnight lending markets in September 2019, when a shortage of reserves led to a spike in short-term borrowing rates. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.89	-1.03	KSA	2025	1.29	-0.97
Abu Dhabi	2030	2.02	-3.79	KSA	2030	2.43	-3.49
Abu Dhabi	2050	3.23	-8.67	KSA	2050	3.73	-7.55
Bahrain	2026	3.42	-1.49	Oman	2025	3.31	2.64
Bahrain	2030	5.58	-5.82	Oman	2029	4.95	2.84
Bahrain	2047	7.01	-10.58	Oman	2048	6.82	-0.98
Dubai	2029	2.60	-1.10	Qatar	2025	0.97	-1.22
Kuwait	2022	0.16	-0.92	Qatar	2030	2.13	-4.36
Kuwait	2027	1.49	-2.83	Qatar	2050	3.39	-9.63

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.69	8.08	-0.13	-1.29
S&P MENA Bond and Sukuk Index	2.31	NA	-0.08	-2.08
Bloomberg Emerging Markets USD Index	3.89	6.80	-0.21	-1.95
Bloomberg Global Aggregate Index	1.17	7.42	-0.10	-2.93

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	20/5/2021	31/12/2020	20/5/2021	31/12/2020	20/5/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.7914	0.8175	0.8414	0.8700	0.9143	0.9413
BHIBOR	1.4500	2.2500	1.5367	2.5333	1.6833	2.6833
QATAR	1.1500	1.1206	1.2167	1.1960	1.3667	1.3636
AEIBOR	0.3178	0.5125	0.4775	0.4908	0.5158	0.6538
EURIBOR	-0.5530	-0.5450	-0.5150	-0.5260	-0.4760	-0.4990
LIBOR	0.1553	0.2384	0.1838	0.2576	0.2628	0.3419

USD Swap Rates

			Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	
1-Year	0.1740	-0.03	-9.6	KWD	0.3010	0.1495	0.76	Gold
2-Year	0.2568	-0.13	29.8	SAR	3.7506	0.0000	0.04	Silver
5-Year	0.9269	-1.07	115.6	BHD	0.3771	-0.0106	-0.01	Copper
7-Year	1.2919	-1.04	97.4	QAR	3.6413	-0.0082	0.00	Nat. Gas
10-Year	1.6251	-0.86	75.6	OMR	0.3850	0.0000	0.00	Aluminum
30-Year	2.0566	-0.21	46.7	AED	3.6731	0.0000	0.00	Crude Oil

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.16	0.01		0.07	0.02		-0.68	0.00
5-Year	0.85	0.06		0.37	0.05		-0.62	0.00
10-Year	1.66	0.10		0.84	0.21		-0.25	0.06
30-Year	2.37	0.07		1.40	0.41		0.44	0.41

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.16	0.01		0.07	0.02
5-Year	0.85	0.06		0.37	0.05
10-Year	1.66	0.10		0.84	0.21
30-Year	2.37	0.07		1.40	0.41

German Bunds

	Yield %	1D Δ (%)
2-Year	0.16	0.01
5-Year	0.85	0.06
10-Year	1.66	0.10
30-Year	2.37	0.07

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	A1	AA-	AA
KSA	A1	A-u	A
UAE	Aa2	NR	AA-
Abu Dhabi	Aa2	AA	AA
Qatar	Aa3	AA-	AA-
Bahrain	B2	B+	B+
Oman	Ba3	B+	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B2	B+u	BB-
Tunisia	B3	NR	B
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+
USD 5Yr CDS	20-May 2021	31-Dec 2020	
Kuwait	46.26	40.69	
KSA	64.30	63.77	
Abu Dhabi	43.89	36.03	
Dubai	89.04	104.06	
Qatar	43.61	36.70	
Bahrain	188.64	233.58	
Oman	249.03	353.60	
Iraq	534.44	542.74	
Egypt	325.82	330.47	
Morocco	89.29	102.56	
Turkey	406.07	299.47	
US	7.34	11.52	
UK	9.39	15.13	
China	38.58	26.70	
Japan	15.81	14.74	
Germany	9.52	9.09	
France	22.82	14.42	