

## News Updates

**Etisalat mandates banks for EUR Benchmark; 7Y, 12Y Bonds –** Emirates Telecommunications Group Company PJSC (“Etisalat”), the leading and incumbent telecommunications provider in the UAE, has mandated BNP Paribas, First Abu Dhabi Bank, HSBC & Societe Generale as Joint Lead Managers and Bookrunners to arrange a global investor call at 11:00 am UKT / 12:00pm CET / 14.00pm UAE on Tuesday May 4, 2021 along with a series of fixed income investor calls commencing on Tuesday May 4, 2021. A Regulation S Senior Unsecured Euro-denominated dual tranche offering comprising of a 7-year tranche and a 12-year tranche under Etisalat’s USD 10bn Euro Medium Term Note Programme (rated Aa3 by Moody’s and AA- by S&P, both stable outlook) (the “Offering”) will follow, subject to market conditions. Citi and Emirates NBD Capital are also mandated as Passive Bookrunners on the Offering. (Source: Bloomberg)

**Saudi Arabia’s Budget Deficit Lowest in Two Years as Taxes Rise –** Saudi Arabia’s budget deficit narrowed to the lowest level in two years in the first quarter of 2021 as higher tax revenue made up for a drop in oil income. The budget gap was 7.44 billion riyals (\$1.98 billion), compared to 34 billion riyals a year earlier, according to the Finance Ministry. It was financed entirely by domestic and external borrowing, without withdrawing from reserves, the ministry said. The world’s largest crude exporter trimmed spending and raised taxes and fees to cope with the twin shock of the coronavirus pandemic and lower oil prices. The austerity measures -- which included a tripling of value-added tax -- sparked complaints from citizens who say it’s increasingly difficult to pay the bills, and officials recently pledged to ease some of them once the economy improves. (Source: Bloomberg)

**Yellen Clarifies Inflation Remark, Sees No Need for Fed to Hike –** Treasury Secretary Janet Yellen said Tuesday afternoon she wasn’t forecasting interest-rate increases to rein in any inflation spurred by President Joe Biden’s proposed spending, clarifying comments that ruffled financial markets a few hours earlier. “It’s not something I’m predicting or recommending,” Yellen, a former Federal Reserve chair, said during an online event hosted by the Wall Street Journal. “If anyone appreciates the independence of the Federal Reserve, I think that person is me.” Yellen said she didn’t anticipate a bout of persistently higher inflation, but that if one occurred the central bank has the tools to deal with it. The Biden administration has proposed additional long-term spending packages totaling about \$4 trillion on top of the \$1.9 trillion it pumped into the economy beginning in March to combat the impact of the Covid-19 pandemic. Earlier in the day, Yellen caused a set of hiccups in financial markets when she said that “it may be that interest rates will have to rise somewhat to make sure our economy doesn’t overheat.” (Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.93	-1.07	KSA	2025	1.39	-1.31
Abu Dhabi	2030	2.08	-4.24	KSA	2030	2.50	-4.10
Abu Dhabi	2050	3.25	-8.91	KSA	2050	3.78	-8.36
Bahrain	2026	3.38	-1.15	Oman	2025	3.30	2.76
Bahrain	2030	5.45	-5.01	Oman	2029	4.96	2.85
Bahrain	2047	6.97	-9.97	Oman	2048	6.71	0.39
Dubai	2029	2.67	-1.39	Qatar	2025	1.00	-1.25
Kuwait	2022	0.19	-0.84	Qatar	2030	2.19	-4.79
Kuwait	2027	1.51	-2.81	Qatar	2050	3.46	-10.72

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.74	8.08	0.06	-1.82
S&P MENA Bond and Sukuk Index	2.36	NA	0.05	-2.62
Bloomberg Emerging Markets USD Index	3.89	6.80	0.09	-2.14
Bloomberg Global Aggregate Index	1.12	7.42	-0.06	-3.11

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	5/5/2021	31/12/2020	5/5/2021	31/12/2020	5/5/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.7943	0.8175	0.8414	0.8700	0.9157	0.9413
BHIBOR	1.3250	2.2500	1.4833	2.5333	1.6667	2.6833
QATAR	1.2500	1.1206	1.3000	1.1960	1.3521	1.3636
AEIBOR	0.4125	0.5125	0.4900	0.4908	0.6690	0.6538
EURIBOR	-0.5350	-0.5450	-0.5180	-0.5260	-0.4860	-0.4990
LIBOR	0.1764	0.2384	0.2049	0.2576	0.2811	0.3419

## USD Swap Rates

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.2070	-0.14	7.5	KWD	0.3015	-0.0995	0.61	Gold	1,776.10	-6.66
2-Year	0.2744	-0.14	38.7	SAR	3.7503	-0.0027	0.04	Silver	26.45	-0.31
5-Year	0.9162	-0.03	113.1	BHD	0.3770	-0.0027	0.00	Copper	454.50	28.88
7-Year	1.2709	-0.01	94.1	QAR	3.6420	0.0055	0.00	Nat. Gas	2.97	13.63
10-Year	1.5878	0.09	71.6	OMR	0.3850	0.0000	0.00	Aluminum	2,416.75	21.67
30-Year	2.0058	0.40	43.1	AED	3.6731	0.0000	0.00	Crude Oil	69.40	34.78

## US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.16	0.00	0.05	-0.03	-0.67	0.00
5-Year	0.82	0.00	0.36	-0.07	-0.69	-0.01
10-Year	1.59	0.01	0.81	-0.19	-0.36	-0.08
30-Year	2.27	-0.05	1.30	-0.36	0.32	-0.28

## UK Gilts

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.16	0.00	0.05	-0.03	-0.67	0.00
5-Year	0.82	0.00	0.36	-0.07	-0.69	-0.01
10-Year	1.59	0.01	0.81	-0.19	-0.36	-0.08
30-Year	2.27	-0.05	1.30	-0.36	0.32	-0.28

## German Bunds

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.16	0.00	0.05	-0.03	-0.67	0.00
5-Year	0.82	0.00	0.36	-0.07	-0.69	-0.01
10-Year	1.59	0.01	0.81	-0.19	-0.36	-0.08
30-Year	2.27	-0.05	1.30	-0.36	0.32	-0.28

## 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+
<b>USD 5Yr CDS</b>	<b>5-May 2021</b>	<b>31-Dec 2020</b>	
Kuwait	46.77	40.69	
KSA	66.74	63.77	
Abu Dhabi	45.04	36.03	
Dubai	92.87	104.06	
Qatar	45.16	36.70	
Bahrain	186.93	233.58	
Oman	253.42	353.60	
Iraq	504.07	542.74	
Egypt	322.74	330.47	
Morocco	92.98	102.56	
Turkey	417.81	299.47	
US	8.10	11.52	
UK	10.19	15.13	
China	36.44	26.70	
Japan	15.53	14.74	
Germany	9.86	9.09	
France	20.38	14.42	