

News Updates

S&P affirms Egypt's credit ratings at B; stable outlook – S&P Global affirmed Egypt's “B/B” sovereign credit rating with a stable outlook, maintaining its rating since April 2020, The National cited S&P's report. The rating agency confirmed the rating despite the disruptive impact of covid-19 on the country's tourism and exports, in addition to the elevated external debt. S&P expects Egypt to meet upcoming payments thanks to its foreign reserves stockpile and access to international debt markets despite high external debt on the back of lower foreign inflows. “We expect that Egypt's foreign exchange reserves and access to domestic and external debt markets will allow it to cover higher external financing needs and coming maturities,” S&P said. The agency noted that debt pressure will begin to dissipate in 2022 when the economic recovery begins to pick up steam. S&P expects external and government debt metrics to deteriorate during the current fiscal year, resulted from pressures on the country's key sources of hard currency, “followed by gradual improvement.”. (Source: Arab Finance)

Inflation Debate Hits Emerging Markets With Pimco Standing Firm – Investors are about to get a snapshot of potential price pressures building across the developing world. The fallout of the unprecedented stimulus that's been unleashed to revive the global economy. Heavyweights including Brazil, China and India will report inflation data this week against a backdrop of quickening growth that's being fueled by months of easy money and fiscal largess. Citigroup Inc.'s inflation-surprise index for emerging markets spiked last month to the highest since 2008, a sign investors may be underestimating the scale of the resurgence. Long the scourge of debt holders and a threat to currency stability, accelerating inflation has already spurred policy makers in Brazil and Russia to raise borrowing costs. The Czech central bank last week signaled it may follow suit in mid-year, while Turkey's monetary authority has pledged to keep interest rates elevated until there is a significant slowdown in price gains. (Source: Bloomberg)

Bond Bears Bitten as Real Yields Fall Most in Over a Year – Bond bears took a hit from the worse-than-expected U.S. economic data last week with 10-year real Treasury yields falling 15 basis points, the most since April 2020, back when markets were still reeling from the initial shock of the pandemic. The real-yield benchmark looks to be moving back toward minus 1%, from where it began the year. Without some cooperation from inflation-adjusted yields, it will take an accumulation of positive surprises for economic data to push nominal ones higher, according to Goldman Sachs Group Inc. rates strategist Praveen Korapaty. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.90	-0.98	KSA	2025	1.33	-1.08
Abu Dhabi	2030	2.03	-3.87	KSA	2030	2.44	-3.61
Abu Dhabi	2050	3.19	-8.05	KSA	2050	3.72	-7.43
Bahrain	2026	3.35	-1.10	Oman	2025	3.28	2.81
Bahrain	2030	5.42	-4.83	Oman	2029	4.88	3.35
Bahrain	2047	6.95	-9.82	Oman	2048	6.71	0.34
Dubai	2029	2.63	-1.21	Qatar	2025	0.95	-1.13
Kuwait	2022	0.15	-0.84	Qatar	2030	2.14	-4.39
Kuwait	2027	1.48	-2.73	Qatar	2050	3.36	-9.19

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.67	8.08	0.34	-1.19
S&P MENA Bond and Sukuk Index	2.32	NA	0.07	-2.24
Bloomberg Emerging Markets USD Index	3.82	6.80	0.22	-1.65
Bloomberg Global Aggregate Index	1.11	7.42	0.32	-2.64

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	10/5/2021	31/12/2020	10/5/2021	31/12/2020	10/5/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7914	0.8175	0.8414	0.8700	0.9143	0.9413
BHIBOR	1.4000	2.2500	1.5367	2.5333	1.6833	2.6833
QATAR	1.1875	1.1206	1.2500	1.1960	1.3667	1.3636
AEIBOR	0.4110	0.5125	0.4193	0.4908	0.5440	0.6538
EURIBOR	-0.5290	-0.5450	-0.5140	-0.5260	-0.4830	-0.4990
LIBOR	0.1599	0.2384	0.1928	0.2576	0.2710	0.3419

USD Swap Rates

			Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	
1-Year	0.1899	-0.06	-1.4	KWD	0.3014	-0.0995	0.61	Gold
2-Year	0.2500	0.11	26.4	SAR	3.7505	0.0000	0.04	Silver
5-Year	0.8756	0.67	103.6	BHD	0.3770	0.0000	0.00	Copper
7-Year	1.2420	1.34	89.7	QAR	3.6410	0.0000	0.01	Nat. Gas
10-Year	1.5782	1.90	70.6	OMR	0.3850	0.0026	0.01	Aluminum
30-Year	2.0170	2.01	43.9	AED	3.6730	0.0054	0.01	Crude Oil

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.14	0.00		0.05	-0.04		-0.66	0.00
5-Year	0.78	-0.03		0.33	-0.10		-0.67	-0.03
10-Year	1.60	-0.16		0.81	-0.37		-0.33	-0.14
30-Year	2.30	-0.39		1.34	-0.74		0.36	-0.34

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.14	0.00		0.05	-0.04		-0.66	0.00
5-Year	0.78	-0.03		0.33	-0.10		-0.67	-0.03
10-Year	1.60	-0.16		0.81	-0.37		-0.33	-0.14
30-Year	2.30	-0.39		1.34	-0.74		0.36	-0.34

German Bunds

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.14	0.00		0.05	-0.04		-0.66	0.00
5-Year	0.78	-0.03		0.33	-0.10		-0.67	-0.03
10-Year	1.60	-0.16		0.81	-0.37		-0.33	-0.14
30-Year	2.30	-0.39		1.34	-0.74		0.36	-0.34

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	10-May 2021	31-Dec 2020	
Kuwait	46.78	40.69	
KSA	63.23	63.77	
Abu Dhabi	43.46	36.03	
Dubai	93.35	104.06	
Qatar	43.62	36.70	
Bahrain	181.98	233.58	
Oman	247.42	353.60	
Iraq	502.48	542.74	
Egypt	319.84	330.47	
Morocco	89.65	102.56	
Turkey	390.03	299.47	
US	8.10	11.52	
UK	10.00	15.13	
China	35.91	26.70	
Japan	15.74	14.74	
Germany	9.84	9.09	
France	21.78	14.42	