

News Updates

UAE starts selling first federal government dollar bonds – The United Arab Emirates started marketing a triple-tranche U.S. dollar-denominated bond today, the first issued by the federal government rather than individual emirates, in a sale to be concluded the same day, a document showed. The bonds have tranches of 10, 20, and 40 years. The 10-year notes were offered with an initial price guidance of about 105 basis points (bps) over U.S. Treasuries, the 20-year at about 135 bps over the same benchmark, and the 40-year at about 3.6%. The 40-year portion will be Formosa bonds, which are debt securities sold in Taiwan by foreign borrowers and denominated in currencies other than the Taiwanese dollar. The UAE finance ministry is expected to raise between \$3 billion and \$3.5 billion, two sources familiar with the matter have told Reuters. The federal government has never issued bonds before but several of the seven emirates that it comprises have, most notably the capital Abu Dhabi and commerce hub Dubai. Moody's has assigned the UAE bonds an Aa2 rating in line with Abu Dhabi's, "supported by the assumed full backing of the government of Abu Dhabi and its strong balance sheet". Fitch Ratings rated the UAE AA- (minus), which reflects "the likelihood of support from Abu Dhabi (AA/Stable) in the event of need." (Source: Reuters)

OPEC+ sticks to plan for gradual oil output hike, price roars higher – OPEC+ said on Monday it would stick to an existing pact for a gradual increase in oil output, sending crude prices to three-year highs and adding to inflationary pressures that consuming nations fear will derail an economic recovery from the pandemic. The Organization of the Petroleum Exporting Countries, Russia and their allies, known as OPEC+, have faced calls from big consumers, such as the United States and India, for extra supplies after oil prices surged more than 50% this year. OPEC+ "reconfirmed the production adjustment plan", the group said in a statement issued after online ministerial talks, referring to a previously agreed deal under which 400,000 barrels per day (bpd) would be added in November. Brent crude roared above \$81 a barrel on news that the group would stay with its plan for gradual additional production, rather than offering more supply to the market. (Source: Reuters)

IMF warns Algeria of high deficit risks – The International Monetary Fund (IMF) on Monday said Algeria risks unprecedented financing needs in the medium term if it continues to run high fiscal deficits, and urged big policy changes. "The mission recommends a comprehensive and coherent package of fiscal, monetary and exchange rate policies to reduce Algeria's vulnerability," it said after conducting the first Article IV consultations with Algeria since 2018. A major oil and gas producer, Algeria has suffered years of shrinking energy revenue with both prices and output sliding since 2014, and it has made little progress diversifying its state-centered economy. (Source: Reuters)

GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi | 2025 | 0.94 | -1.67 | KSA | 2025 | 1.16 | -1.12 |
| Abu Dhabi | 2030 | 2.03 | -4.11 | KSA | 2030 | 2.36 | -3.21 |
| Abu Dhabi | 2050 | 3.14 | -7.23 | KSA | 2050 | 3.64 | -6.41 |
| Bahrain | 2026 | 4.17 | -5.29 | Oman | 2025 | 3.42 | 1.77 |
| Bahrain | 2030 | 5.79 | -7.41 | Oman | 2029 | 5.03 | 2.14 |
| Bahrain | 2047 | 7.31 | -13.51 | Oman | 2048 | 6.76 | -0.30 |
| Dubai | 2029 | 2.52 | -1.13 | Qatar | 2025 | 1.08 | -2.36 |
| Kuwait | 2022 | -0.13 | -1.80 | Qatar | 2030 | 2.13 | -4.70 |
| Kuwait | 2027 | 1.49 | -3.29 | Qatar | 2050 | 3.26 | -7.52 |

Bonds and Sukuk Indices

| Index Name | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index | 2.71 | 8.08 | -0.18 | -0.12 |
| S&P MENA Bond and Sukuk Index | 2.30 | NA | -0.12 | -0.56 |
| Bloomberg Emerging Markets USD Index | 4.20 | 6.80 | -0.29 | -1.51 |
| Bloomberg Global Aggregate Index | 1.18 | 7.42 | -0.35 | -4.04 |

Interbank Rates (%)

| | 3 Months | | 6 Months | | 12 Months | |
|---------|------------|------------|------------|------------|------------|------------|
| | 06/10/2021 | 31/12/2020 | 06/10/2021 | 31/12/2020 | 06/10/2021 | 31/12/2020 |
| KIBOR | 1.5000 | 1.4375 | 1.7500 | 1.6875 | 2.0000 | 1.9375 |
| SAIBOR | 0.8100 | 0.8175 | 0.8571 | 0.8700 | 0.9300 | 0.9413 |
| BHIBOR | 1.5500 | 2.2500 | 1.6250 | 2.5333 | 1.8000 | 2.6833 |
| QATAR | 1.1500 | 1.1206 | 1.2000 | 1.1960 | 1.3449 | 1.3636 |
| AEIBOR | 0.2575 | 0.5125 | 0.4236 | 0.4908 | 0.5075 | 0.6538 |
| EURIBOR | -0.5480 | -0.5450 | -0.5270 | -0.5260 | -0.4880 | -0.4990 |
| LIBOR | 0.1266 | 0.2384 | 0.1555 | 0.2576 | 0.2320 | 0.3419 |

| USD Swap Rates | | | | Currencies | | | | Commodities | | |
|----------------|---------|------------|-----------|------------|--------|------------|-----------|-------------|----------|-----------|
| | Yield % | 1D Δ (bps) | YTD Δ (%) | | USD | 1D Δ (bps) | YTD Δ (%) | | USD | YTD Δ (%) |
| 1-Year | 0.1708 | 0.06 | -11.3 | KWD | 0.3016 | 0.0000 | 0.58 | Gold | 1,753.30 | -8.26 |
| 2-Year | 0.3925 | 0.61 | 98.4 | SAR | 3.7506 | -0.0053 | 0.03 | Silver | 22.43 | -15.85 |
| 5-Year | 1.0804 | 2.94 | 151.3 | BHD | 0.3770 | 0.0000 | 0.00 | Copper | 413.70 | 17.40 |
| 7-Year | 1.3463 | 3.53 | 105.7 | QAR | 3.6420 | 0.0055 | 0.00 | Nat. Gas | 6.22 | 122.60 |
| 10-Year | 1.5750 | 4.01 | 70.2 | OMR | 0.3850 | 0.0000 | 0.00 | Aluminum | 2,911.75 | 45.32 |
| 30-Year | 1.8772 | 4.37 | 33.9 | AED | 3.6731 | 0.0000 | 0.00 | Crude Oil | 82.53 | 62.62 |

| US Treasuries | | | UK Gilt | | German Bunds | |
|---------------|----------|-------|---------|----------|--------------|----------|
| Yield % | 1D Δ (%) | | Yield % | 1D Δ (%) | Yield % | 1D Δ (%) |
| 2-Year | 0.29 | -0.01 | 0.44 | -0.11 | -0.74 | 0.00 |
| 5-Year | 1.00 | -0.12 | 0.68 | -0.26 | -0.71 | -0.05 |
| 10-Year | 1.57 | -0.34 | 1.08 | -0.65 | -0.35 | -0.20 |
| 30-Year | 2.14 | -0.95 | 1.45 | -1.47 | 0.29 | -0.64 |

| Sovereign Ratings | | | |
|-------------------|---------|------|-------|
| | Moody's | S&P | Fitch |
| Kuwait | A1 | A+ | 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 | 06-Oct 2021 | 31-Dec 2020 |
|-------------|-------------|-------------|
| Kuwait | 46.48 | 40.69 |
| KSA | 52.81 | 63.77 |
| Abu Dhabi | 43.20 | 36.03 |
| Dubai | 92.00 | 104.06 |
| Qatar | 43.34 | 36.70 |
| Bahrain | 278.68 | 233.58 |
| Oman | 260.19 | 353.60 |
| Iraq | 522.94 | 542.74 |
| Egypt | 459.57 | 330.47 |
| Morocco | 96.54 | 102.56 |
| Turkey | 434.46 | 299.47 |
| US | 15.71 | 11.52 |
| UK | 7.70 | 15.13 |
| China | 50.91 | 26.70 |
| Japan | 17.36 | 14.74 |
| Germany | 7.91 | 9.09 |
| France | 19.43 | 14.42 |