

News Updates

Fitch Ratings: Egypt's Draft Budget Supportive for Debt Reduction –

Egypt's new draft budget continues the government's fiscal and economic reform agenda, which is critical to reducing its high debt burden over the medium term, says Fitch Ratings. The budget envisages the central government overall deficit falling to 6.7% of GDP in the fiscal year ending June 2022 (FY22), from an estimated 7.9% in FY21. The deficit of the broader general government (GG), which tends to be narrower, is likely to end up below our previous projections of 8.5% of GDP in FY22 and 6.9% of GDP in FY21. The estimated FY21 deficit already represents significant overperformance against projections in Egypt's IMF programme. (Source: Arab Finance)

X-S&PGR Downgrades Three Tunisian Banks; Outlooks Stable –

S&P Global Ratings lowered its long and short-term issuer credit ratings on Arab Tunisian Bank (ATB), BH Bank (BH), and Banque de Tunisie et des Emirats (BTE) to 'CCC+/C' from 'B-/B'. The outlook is stable on all three banks. The COVID-19 pandemic is exacerbating Tunisia's socio-economic fragilities after a decade of political instability and low growth. Following a sharp GDP contraction in 2020 amid the pandemic, the International Monetary Fund (IMF) expects a modest recovery of 3.8% in 2021 due to the disruption of internal and external demand and the Tunisian economy's high reliance on tourism and export-oriented manufacturing. Against this difficult macroeconomic background, S&P believe Tunisian banks' asset quality and profitability will likely continue to deteriorate, further pressuring their already weak capitalization. (Source: Bloomberg)

Market at odds with Fed as inflation expectations hit 10-year highs –

U.S. inflation expectations have surged to the highest in a decade as the economy reopens from COVID-19-related shutdowns, putting investors at odds with the Federal Reserve which sees price pressures still far from its target. Inflation expectations as measured by breakevens on Treasury Inflation-Protected Securities (TIPS) over the coming five years jumped to a 10-year high of 2.73% on Monday. The jump comes at the same time that Fed policymakers talk down inflation expectations, saying near-term inflation will be transitory and that there are challenges in reaching their average target of 2% on an ongoing basis. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.89	-0.97	KSA	2025	1.32	-1.07
Abu Dhabi	2030	2.03	-3.87	KSA	2030	2.44	-3.64
Abu Dhabi	2050	3.22	-8.43	KSA	2050	3.74	-7.71
Bahrain	2026	3.36	-1.16	Oman	2025	3.28	2.80
Bahrain	2030	5.45	-4.98	Oman	2029	4.88	3.39
Bahrain	2047	6.97	-9.96	Oman	2048	6.70	0.46
Dubai	2029	2.64	-1.28	Qatar	2025	0.96	-1.16
Kuwait	2022	0.14	-0.84	Qatar	2030	2.12	-4.29
Kuwait	2027	1.49	-2.77	Qatar	2050	3.37	-9.33

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.68	8.08	-0.08	-1.27
S&P MENA Bond and Sukuk Index	3.55	NA	0.15	-2.09
Bloomberg Emerging Markets USD Index	3.82	6.80	0.01	-1.64
Bloomberg Global Aggregate Index	1.12	7.42	0.06	-2.59

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	11/5/2021	31/12/2020	11/5/2021	31/12/2020	11/5/2021	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	1.1500	1.1206	1.2000	1.1960	1.4000	1.3636
AEIBOR	0.3860	0.5125	0.4813	0.4908	0.5714	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	0.1937	0.09	0.6	KWD	0.3014	-0.0995	0.61	Gold
2-Year	0.2520	0.08	27.4	SAR	3.7504	0.0000	0.04	Silver
5-Year	0.8727	0.45	103.0	BHD	0.3770	0.0000	0.00	Copper
7-Year	1.2420	0.53	89.7	QAR	3.6410	0.0000	0.01	Nat. Gas
10-Year	1.5810	0.56	70.9	OMR	0.3850	0.0000	0.00	Aluminum
30-Year	2.0397	0.72	45.5	AED	3.6731	0.0000	0.00	Crude Oil

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	0.00		0.04	-0.02		-0.66	0.00
5-Year	0.79	-0.02		0.33	-0.06		-0.67	-0.04
10-Year	1.61	-0.04		0.81	-0.29		-0.32	-0.18
30-Year	2.33	-0.07		1.35	-0.59		0.38	-0.57

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	0.00		0.04	-0.02		-0.66	0.00
5-Year	0.79	-0.02		0.33	-0.06		-0.67	-0.04
10-Year	1.61	-0.04		0.81	-0.29		-0.32	-0.18
30-Year	2.33	-0.07		1.35	-0.59		0.38	-0.57

German Bunds

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	0.00		0.04	-0.02		-0.66	0.00
5-Year	0.79	-0.02		0.33	-0.06		-0.67	-0.04
10-Year	1.61	-0.04		0.81	-0.29		-0.32	-0.18
30-Year	2.33	-0.07		1.35	-0.59		0.38	-0.57

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	11-May 2021	31-Dec 2020	
Kuwait	46.77	40.69	
KSA	63.03	63.77	
Abu Dhabi	43.38	36.03	
Dubai	88.32	104.06	
Qatar	43.17	36.70	
Bahrain	182.38	233.58	
Oman	241.59	353.60	
Iraq	502.42	542.74	
Egypt	319.72	330.47	
Morocco	90.52	102.56	
Turkey	387.78	299.47	
US	8.10	11.52	
UK	9.89	15.13	
China	36.20	26.70	
Japan	15.65	14.74	
Germany	9.73	9.09	
France	21.81	14.42	