Global & GCC Capital Markets Review

October 2021

GCC Asset Class Monthly Performance

Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	YTD Returns
Abu Dhabi Equity (ADI) 10.9%	KSA Equity (TASI) 5.1%	KSA Equity (TASI) 8.3%	Kuwait Equity (All Share PR) 5.8%	Abu Dhabi Equity (ADI) 8.5%	Abu Dhabi Equity (ADI) 4.2%	Abu Dhabi Equity (ADI) 7.1%	Abu Dhabi Equity (ADI) 5.0%	Qatar Equity (QE Index) 3.5%	Abu Dhabi Equity (ADI) 52.6%
Dubai Equity (DFMGI) 3.0%	GCC Equity (S&P GCC) 3.0%	GCC Equity (S&P GCC) 6.6%	KSA Equity (TASI) 5.2%	Dubai Equity (DFMGI) 7.4%	KSA Equity (TASI) 4.1%	Kuwait Equity (All Share PR) 3.0%	Dubai Equity (DFMGI) 5.0%	KSA Equity (TASI) 1.6%	KSA Equity (TASI) 32.3%
Kuwait Equity (All Share PR) 1.3%	Abu Dhabi Equity (ADI) 1.3%	Abu Dhabi Equity (ADI) 4.4%	Qatar Equity (QE Index) 4.9%	Kuwait Equity (All Share PR) 1.6%	GCC Equity (S&P GCC) 3.1%	GCC Equity (S&P GCC) 1.2%	GCC Equity (S&P GCC) 3.6%	GCC Equity (S&P GCC) 1.5%	GCC Equity (S&P GCC) 30.1%
GCC Equity (S&P GCC) -2.3%	Kuwait Equity (All Share PR) -2.3%	Qatar Equity (QE Index) 2.5%	GCC Equity (S&P GCC) 4.4%	GCC Equity (S&P GCC) 1.6%	Kuwait Equity (All Share PR) 2.8%	GCC Bonds (S&P Index) 0.7%	Qatar Equity (QE Index) 3.2%	Kuwait Equity (All Share PR) 1.1%	Kuwait Equity (All Share PR) 23.8%
Qatar Equity (QE Index) -2.9%	GCC Bonds (S&P Index) -2.9%	Kuwait Equity (All Share PR) 2.2%	Abu Dhabi Equity (ADI) 2.3%	KSA Equity (TASI) 1.3%	GCC Bonds (S&P Index) 1.3%	KSA Equity (TASI) 0.3%	Kuwait Equity (All Share PR) 3.1%	GCC Bonds (S&P Index) 0.3%	Dubai Equity (DFMGI) 14.2%
KSA Equity (TASI) -3.1%	Qatar Equity (QE Index) -3.1%	Dubai Equity (DFMGI) -0.1%	Dubai Equity (DFMGI) 2.2%	GCC Bonds (S&P Index) 1.3%	Dubai Equity (DFMGI) 0.5%	Qatar Equity (QE Index) 0.2%	KSA Equity (TASI) 2.8%	Abu Dhabi Equity (ADI) 0.2%	Qatar Equity (QE Index) 10.1%
GCC Bonds (S&P Index) -3.9%	Dubai Equity (DFMGI) -3.9%	GCC Bonds (S&P Index) -0.7%	GCC Bonds (S&P Index) 0.9%	Qatar Equity (QE Index) -1.5%	Qatar Equity (QE Index) -0.2%	Dubai Equity (DFMGI) -1.6%	GCC Bonds (S&P Index) 0.2%	Dubai Equity (DFMGI) -2.0%	GCC Bonds (S&P Index) 0.3%

Global Asset Class Monthly Performance

Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	YTD Returns
Crypto (Bitcoin) 11.5%	Crypto (Bitcoin) 33.6%	Crypto (Bitcoin) 36.5%	Oil (Brent) 5.8%	Oil (Brent) 3.1%	Oil (Brent) 8.4%	Crypto (Bitcoin) 20.1%	Crypto (Bitcoin) 13.2%	Oil (Brent) 7.6%	Oil (Brent) 51.6%
Oil (Brent) 7.9%	Oil (Brent) 18.3%	US Equity (S&P 500) 4.2%	US Equity (S&P 500) 5.2%	EM Equity (MSCI EM) 2.1%	US Equity (S&P 500) 2.2%	US Equity (S&P 500) 2.3%	US Equity (S&P 500) 2.9%	US Bonds (US Agg. Index) -1.1%	Crypto (Bitcoin) 49.9%
EM Equity (MSCI EM) 3.0%	US Equity (S&P 500) 2.6%	DM Equity (MSCI World) 3.1%	DM Equity (MSCI World) 4.5%	DM Equity (MSCI World) 1.3%	DM Equity (MSCI World) 1.4%	DM Equity (MSCI World) 1.7%	EM Equity (MSCI EM) 2.4%	EM Bonds (JPMC EMBI) -2.9%	US Equity (S&P 500) 14.7%
US Bonds (US Agg. Index) -0.7%	DM Equity (MSCI World) 2.5%	EM Bonds (JPMC EMBI) -1.0%	EM Equity (MSCI EM) 2.4%	EM Bonds (JPMC EMBI) 0.6%	US Bonds (US Agg. Index) 0.7%	Oil (Brent) 1.6%	DM Equity (MSCI World) 2.3%	EM Equity (MSCI EM) -4.2%	DM Equity (MSCI World) 11.8%
DM Equity (MSCI World) -1.1%	EM Equity (MSCI EM) 0.7%	US Bonds (US Agg. Index) -1.3%	EM Bonds (JPMC EMBI) 2.1%	US Equity (S&P 500) 0.5%	EM Bonds (JPMC EMBI) 0.5%	US Bonds (US Agg. Index) 1.0%	EM Bonds (JPMC EMBI) 0.6%	DM Equity (MSCI World) -4.3%	US Bonds (US Agg. Index) -2.8%
US Equity (S&P 500) -1.1%	US Bonds (US Agg. Index) -1.7%	EM Equity (MSCI EM) -1.7%	US Bonds (US Agg. Index) 0.6%	US Bonds (US Agg. Index) 0.1%	EM Equity (MSCI EM) -0.1%	EM Bonds (JPMC EMBI) 0.2%	US Bonds (US Agg. Index) -0.3%	US Equity (S&P 500) -4.8%	EM Equity (MSCI EM) -3.0%
EM Bonds (JPMC EMBI) -1.8%	EM Bonds (JPMC EMBI) -3.4%	Oil (Brent) -3.9%	Crypto (Bitcoin) -3.6%	Crypto (Bitcoin) -35.4%	Crypto (Bitcoin) -5.7%	EM Equity (MSCI EM) -7.0%	Oil (Brent) -4.4%	Crypto (Bitcoin) -7.6%	EM Bonds (JPMC EMBI) -5.0%

What moved the markets?

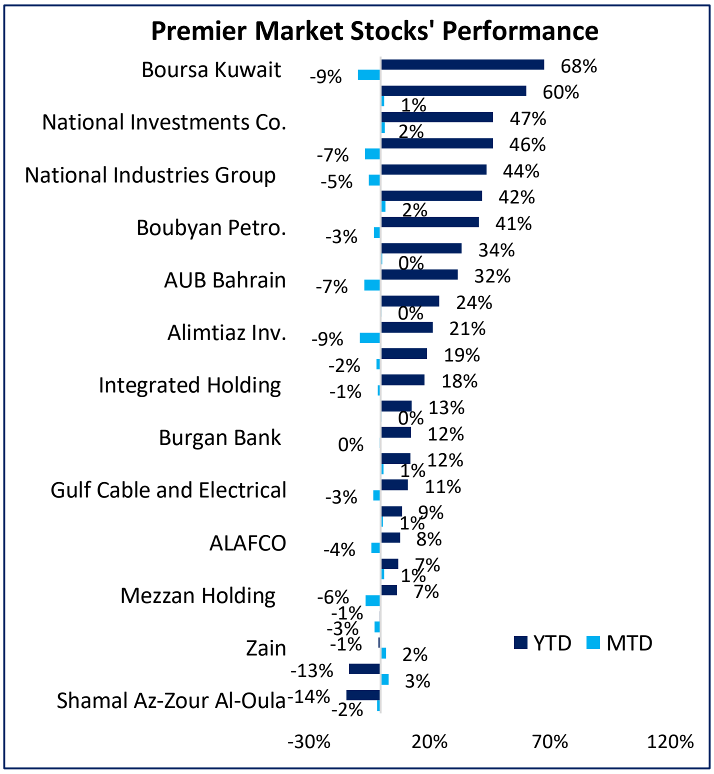
- GCC Markets ended the month on a positive note, with Kuwait, Abu Dhabi, Saudi Arabia and Qatar equity indices extending their yearly gains in September. The key positive trigger for GCC markets has been the rise in oil prices, led by supply constraints combined with rise in global demand. Increasing revenues from oil is expected to ease the pressure on GCC economies and aid in the broader economic recovery from the COVID-19 pandemic.
- Developed Market Equities were largely in the red for September, as the U.S. Fed's indication to begin tapering its monthly bond purchases as soon as November and hike interest rates in 2022 led to the negative sentiment among investors.
- Emerging markets stocks had to endure their worst quarter since the start of the pandemic in Q3 2021, with their yearly gains erased during the month of September. The Fed's tapering indication led to a sell-off in risky emerging market equities, as the earlier taper tantrum in 2013 had a pronounced impact in emerging markets, leading to a sharp reversals of capital inflows and sizeable currency depreciation.
- China's Evergrande, one of the biggest real estate companies in the world, found itself in the middle of a severe debt crisis. Many analysts fear that it could even turn into China's Lehman Brothers moment, as nearly 30% of China's GDP contribution is from Real Estate and related industries.
- Abu Dhabi returned to the international debt markets for the second time in 2021 to take advantage of low borrowing costs, raising USD 3 billion in September. Saudi Arabia indicated that the country is roughly USD 6 billion short of its borrowing plan for 2021 and has been evaluating issuing green bonds in a view to address the ESG concerns of foreign investors.
- The yield on the benchmark 10-year U.S. Treasury note climbed at the end of September following the Central Bank's tapering decision.
- The U.S. government narrowly prevented partial government shutdown due to expiry of funding on September 30th by passing a bill to extend current spending deadline until 03rd Dec 2021.
- Many parts of Europe and Asia are heading into an energy crunch with Coal, Oil and Natural Gas prices touching record highs in September. Oil and Gas supply have been constrained by natural disasters in addition to underinvestment or maintenance delays from the pandemic.
- Cryptocurrencies continued to remain volatile throughout the month of September, ending the month in negative territory as China decided to ban all cryptocurrency transactions and shut down bitcoin mining in its Sichuan province.

Equities – Kuwait

- Kuwait's equity market registered gains for the sixth consecutive month in September, supported by the rise in Oil prices. The Boursa Kuwait All Share index rose 1.1% for the month, extending its yearly gains to 23.8%.
- Among sectors, the Consumer Staples sector was the top gainer, rising 5.9% followed by Financial Services at 4.7%. Technology index registered the biggest decline, falling 2.0% for the month. Banking sector index, which is Kuwait's largest sector index by Market Capitalization, was up 1.0% in September.
- Kuwait markets continue to trade at elevated valuations, with the current trailing 12-month P/E trading at a 33% premium to its 3-year historical average. Markets have priced in a sharp recovery in the upcoming quarters.
- Corporate earnings of Kuwait companies in H1 2021 indicated that there was a gradual recovery in profitability of Kuwaiti companies, but not on par with pre-pandemic levels yet. Aggregate net income rebounded in H1 2021 compared to H2 2020, but was still down 15% compared to H1 2019.
- During the month, Boursa Kuwait launched its new Environmental, Social and Governance (ESG) guide to raise awareness and help embrace Corporate Sustainability in Kuwaiti capital market.
- The International Institute of Finance (IIF) stated that Kuwait's efficient vaccination roll-out, coupled with high oil prices and fiscal expansionary policies are set to drive Kuwait's non-oil GDP growth rate to 3.4% in 2021.
- Kuwait's population decreased 0.9% in H1 of 2021 after decreasing 2.2% in 2020, due to decline in the number of expatriates who left the country due to company layoffs.
- Kuwait Oil Company plans to invest more than USD 6.1 bn. in exploration in the next five years, and increase production to 4 million barrels per day by 2040.
- Among Premier Market stocks, Humansoft Holding and Zain were the top gainers during the month, rising 3.1% and 2.0% respectively. Boursa Kuwait Securities Company remains the top gainer for the year, despite a 9% share price decline in September.

Market Performance & Key Metrics						
Kuwait Index	Mkt. Cap. (USD Bn.)	Returns			P/E TTM (x)	ADVT (USD Mn.)
		Sep 2021	YTD	5 Yr. CAGR		
All Share	134	1.1%	23.8%	10.4%	21.0	156
Premier Market	102	0.9%	23.9%	12.3%	23.3	91
Main Market	33	2.0%	23.4%	5.1%	15.2	66
Main Market 50	21	1.5%	27.0%	-	15.9	50

Sectoral Performance & Key Metrics					
Sector	Mkt. Cap. (USD Bn.)	Returns		P/E TTM (x)	ADVT (USD Mn.)
		Sep 2021	YTD		
Banks	77.3	1.0%	24.9%	29.8	54.7
Basic Materials	3.2	0.5%	21.2%	25.9	1.3
Consumer Staples	0.8	5.9%	5.0%	19.5	0.9
Consumer Disc.	-	2.5%	36.5%	-	3.3
Energy	1.0	1.1%	7.8%	15.1	1.0
Financial Services	11.8	4.7%	41.9%	8.0	47.6
Healthcare	1.3	0.5%	-3.7%	24.8	0.1
Industrials	13.7	0.1%	31.0%	17.6	16.6
Insurance	1.9	-0.6%	25.4%	9.8	1.2
Real Estate	9.2	2.9%	34.3%	26.8	22.9
Technology	0.0	-2.0%	42.1%	-	0.0
Telecom	11.2	-1.6%	-0.6%	14.6	6.0
Utilities	-	1.7%	-14.4%	-	1.0



Source: Refinitiv, Boursa Kuwait

Equities – GCC Markets

- S&P GCC composite index rose by 1.5%, with Qatar and Saudi Arabia leading the gainers. Qatar's main index rose 3.5% for the month, while Abu Dhabi ended the month mildly positive. Dubai markets gave up some of the sharp gains witnessed in the month of August, closing 2.0% down for the current month.
- Abu Dhabi continues to be the top performer for the year, supported by the rise in oil prices, strong earnings and favourable valuations. Despite the run-up in Abu Dhabi markets, the Price to Earnings multiples remain lower than Saudi markets.
- Corporate Earnings in the GCC during H1 2021 have surpassed H1 2019 levels, with commodity related stocks rebounding strongly due to the rise in oil prices in the first half of 2021. Profitability of banking stocks remain under pressure due to higher precautionary provisioning.
- The Central Bank of UAE (CBUAE) decided to gradually unwind stimulus measures introduced to mitigate the economic slowdown caused by COVID-19 after its positive assessment of the UAE's financial system. CBUAE will begin the withdrawal of its Targeted Economic Support Scheme (TESS) to avoid restricting credit supply and economic growth.
- UAE is looking at potential replacements for EIBOR - the Emirates Interbank Offered Rate, as it tries to catch up with global regulators who have called time on such benchmarks after banks' attempts to rig them.
- Saudi Arabia has revised its forecast for FY 2021 budget deficit to 2.7% of GDP from 4.9% and is aiming for a further cut next year.
- Unemployment rate among Saudi nationals fell to 11.3%, the lowest in a decade, in Q2 2021 from 11.7% in Q1 2021.
- Among the GCC blue chip companies, the best performer was Industries Qatar, which gained 20.2% during the month, followed by UAE's First Abu Dhabi Bank, which gained 4.6%.

Market Performance & Key Metrics

Market	FF Adj. Mkt. Cap. (USD Bn.)	Returns			P/E TTM (x)	ADVT (USD Mn.)
		Sep 2021	YTD	5 Yr. CAGR		
GCC (S&P GCC Price Return)	619	1.5%	30.1%	11.4%	13.3	-
Saudi (TASI)	396	1.6%	32.3%	15.4%	23.9	1,911
Abu Dhabi (ADI)	96	0.2%	52.6%	11.5%	21.3	390
Qatar (QE Index)	73	3.5%	10.1%	1.9%	16.5	79
Dubai (DFMGI)	27	-2.0%	14.2%	-3.9%	14.3	42

Performance of S&P GCC Total Return Index

Month	2016	2017	2018	2019	2020	2021
Jan	-10.7%	1.6%	5.2%	6.9%	-0.8%	2.0%
Feb	4.0%	-0.7%	-2.3%	-0.7%	-7.1%	3.2%
Mar	3.6%	0.0%	4.8%	4.1%	-16.7%	7.6%
Apr	6.6%	0.5%	3.9%	5.5%	9.7%	5.0%
May	-4.9%	-1.1%	-0.1%	-5.4%	1.4%	1.8%
Jun	1.3%	3.3%	1.2%	2.5%	1.7%	3.1%
Jul	0.1%	0.0%	2.7%	1.5%	1.8%	1.4%
Aug	-0.8%	1.1%	-2.3%	-5.7%	6.2%	3.8%
Sep	-3.9%	-0.6%	0.3%	-0.6%	2.6%	1.6%
Oct	2.3%	-2.7%	0.1%	-2.5%	-2.7%	-
Nov	7.9%	-1.5%	-2.0%	1.3%	8.3%	-
Dec	4.2%	3.5%	0.7%	5.9%	0.7%	-
Yearly Returns	**8.5%**	**3.4%**	**12.7%**	**12.5%**	**2.1%**	**33.6%**
USD 1 invested in 2016	**1.08**	**1.12**	**1.26**	**1.42**	**1.45**	**1.94**

Key Economic Forecasts - 2022f (IMF Apr 2021)

Country	Real GDP growth	Fiscal Balance (% of GDP)	Current Acc. Balance (% of GDP)	Fiscal Breakeven Oil Price (USD/bbl.)
KSA	4.0	-2.5	1.9	65.7
UAE	2.6	-1.1	6.3	60.4
Kuwait	3.2	-4.5	8.2	64.5
Qatar	3.6	7.3	7.9	40.4

Source: Refinitiv, IMF; ADVT – Average Daily Value Traded, TTM – Trailing 12 months, FF Adj. Mkt. Cap. – Free Float Adjusted Market Capitalization

Equities – Developed Markets

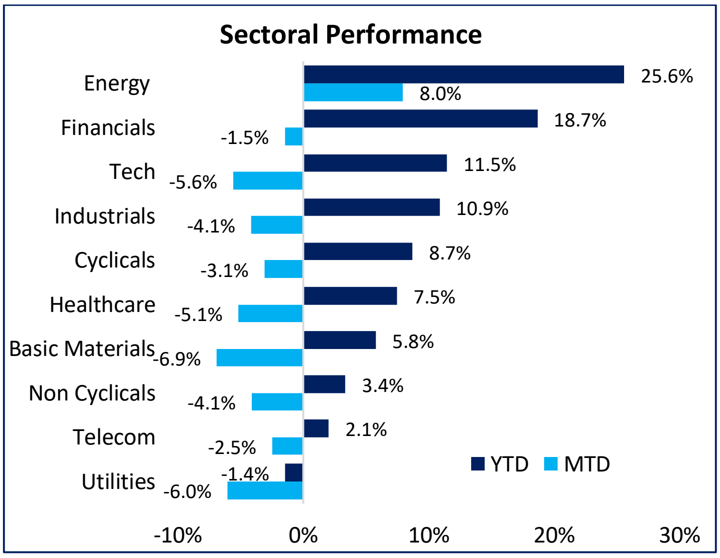
- Global equity markets ended the month in negative territory following mixed economic signals and concerns over U.S. Fed tapering. Markets were largely driven by the U.S. Federal Reserve's indication that it is likely to begin reducing its monthly bond purchases as soon as November and that the interest rate increases may follow more quickly than expected.
- Energy sector stocks outperformed other sectors, supported by increasing oil prices. Utilities shares continued to stay weak, going into negative territory for the year.
- U.S. equities were dragged down by tech stocks, which were affected by rising U.S. Treasury yields. FAANG Stocks were in the red for September with the exception of Netflix.
- The S&P 500 suffered its worst monthly decline since March 2020 as investors feared that higher wages, higher energy prices, and higher transportation costs will weigh on earnings for the remainder of this year.
- Japanese stocks climbed to a 30-year highs after Prime Minister Yoshihide Suga's plan to resign spurred hope that his successor will increase stimulus spending. However, some of the gains in Japanese stocks during the month was erased owing to weak global cues.
- European indices were weak due to rising concerns over the COVID-19 delta variant impact. Eurozone's consumer prices rose by 3.4% y/y in September, reaching its highest level in 13 years driven by increase in energy prices.
- Germany's Ifo economic institute has cut its growth forecast for this year to 2.5% as supply chain disruptions, and a scarcity of semiconductor chips and other intermediate goods are slowing down the recovery from the COVID-19 pandemic.
- U.K. markets fared better than other developed markets during the month. Inflation in the U.K. jumped to 3.2% in August, a record high in the past 9 years, despite the contraction in retail sales for the fourth month in August by 0.9%.
- Global M&A reached a record USD 3.9 trillion so far at the end of August, more than double the amount from the same period last year and up from USD 2.6 trillion in 2019.

Market Performance & Key Metrics

Market	Market Cap. (USD Bn.)	Returns			P/E TTM
		Sep 2021	YTD	5 Yr. CAGR	
MSCI World Index	60,265	-4.3%	11.8%	12.2%	23.9
U.S.A.	39,111	-4.8%	14.7%	15.2%	25.9
Japan	6,620	3.5%	12.5%	7.8%	13.7
U.K	2,758	-0.5%	9.7%	0.4%	14.3
France	2,577	-2.5%	15.1%	6.3%	15.5
Canada	2,476	-2.4%	17.4%	7.7%	19.6
Germany	1,894	-3.6%	11.2%	7.4%	15.6

FAANG Stocks Performance & Key Metrics

Company	Market Cap. (USD Bn.)	Returns			P/E TTM
		Sep 2021	YTD	5 Yr. CAGR	
Facebook	967	-10.5%	24.2%	21.0%	25.4
Amazon	1,663	-5.4%	0.9%	33.0%	57.2
Apple	2,358	-6.8%	6.6%	37.9%	27.9
Netflix	271	7.2%	12.9%	37.3%	64.9
Alphabet (Google)	1,820	-7.6%	52.5%	27.0%	29.6



Equity Views - as of H1 or Aug 2021

Market	Blackrock	JP Morgan	Franklin
U.S.A	Neutral	Overweight	Mildly Bullish
U.K.	Neutral	Neutral	Neutral
Europe	Overweight	Overweight	Neutral
Japan	Neutral	Overweight	Mildly Bullish
Canada	NA	NA	Mildly Bullish
APAC ex- Japan	Neutral	NA	Mildly Bearish

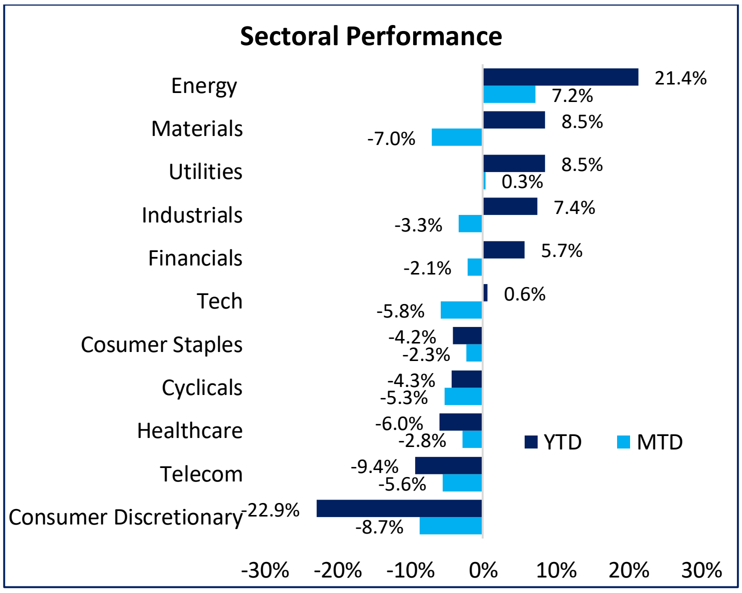
Source: Refinitiv, Blackrock, JP Morgan, Franklin; Note: Sector Indices are provided by Refinitiv

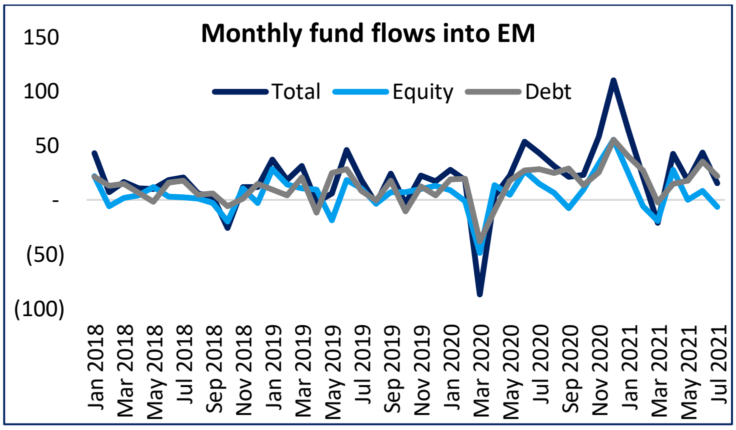
Equities – Emerging Markets

- Emerging market stocks continued their poor run, falling 4.2% in September. Q3 2021 was the worst quarter for emerging markets since the start of the pandemic.
- Investor sentiment in emerging markets has been negative following the U.S. Fed's indications of tapering asset purchases this year and a possible rate hike next year. The earlier taper tantrum in 2013 had a pronounced impact in emerging markets, which experienced sharp reversals of capital inflows, resulting in sizeable currency depreciation.
- All the major sector indices barring emerging markets were in the red for the month. Consumer Discretionary has been the worst performing sectoral index, both in September and for the year so far.
- Chinese stock prices and trading volumes have increased as the country's investors go for the local stock market after the once attractive options like real estate and cryptocurrencies come under tighter government scrutiny.
- Chinese property markets came under the spotlight as Evergrande, one of the biggest real estate companies in the world, found itself in the middle of a severe debt crisis. Many analysts fear that it could even turn into China's Lehman Brothers moment, as nearly 30% of China's GDP contribution is from Real Estate and related industries.
- Indian markets continued to outperform, supported by strong domestic and retail interest. India's trailing 12-month P/E is at a 65% premium to MSCI Emerging index and 10% premium to MSCI World index.
- Brazilian markets were under pressure as the country seeks to hike interest rate by 100 basis point over inflation concerns.

Market Performance & Key Metrics

Market	Market Cap. (USD Bn.)	Returns Sep 2021	Returns YTD	Returns 5 Yr. CAGR	P/E TTM
MSCI Emerging Market Index	8,166	-4.2%	-3.0%	7.8%	16.0
China	6,475	0.7%	2.7%	2.8%	13.8
India	1,677	2.8%	26.0%	16.6%	26.3
Taiwan	1,826	-3.2%	14.9%	12.8%	14.6
Brazil	721	-6.6%	-6.8%	13.0%	9.1





Equity Views - as of H1 or Aug 2021

Market	Blackrock	JP Morgan	Franklin
Emerging Markets	Neutral	Neutral	NA
Emerging Markets ex-China	NA	NA	Bearish
China	Neutral	NA	Bearish

Source: Refinitiv, IMF, JP Morgan, Franklin; Note: Sector Indices are provided by Refinitiv

Fixed Income – GCC Markets

- Global Sukuk issuances are expected to be flat or reduce slightly in 2021 compared to 2020 due to reduced funding needs of GCC governments on account of rising oil prices, as per Moody's.
- Abu Dhabi returned to international debt markets for the second time this year to take advantage of low borrowing costs, raising USD 3 billion through issuances with 10-year and 30-year maturities.
- As per Saudi Arabia's borrowing plan for 2021, the country is USD 6 billion short and is evaluating issuing more green bonds. Saudi Arabia looks to address the region's ESG concerns in order to expand the country's investor base and fund its transition to a greener economy.
- S&P has affirmed Saudi Arabia's credit rating at A- with a stable outlook based on stronger growth expectation owing to higher oil prices, easing productions cuts and vaccine rollouts.
- FTSE Russell plans to include Saudi Arabia's sukuk to its local currency Emerging Markets Government Bond Index with a weightage of 2.75% on a market-value weighted basis.
- Standard & Poor Global Ratings upgraded Oman's outlook from stable to positive on account of higher oil prices and fiscal reform plans.
- Kuwaiti banks were active during September in terms of issuances. Warba Bank received approval from Central Bank of Kuwait to issue USD 250 million sukuk to boost its capital base. National Bank of Kuwait hired banks to arrange the sale of U.S. dollar-denominated 6-Yr bonds worth more than USD 500 million. Likewise, Burgan Bank hired banks to lead a planned sale of U.S. dollar-denominated 6-Yr bonds issue up to USD 500 million.
- Bahrain's Ahli United Bank sold USD 600 million in five-year sukuk at 175 basis points over mid-swaps at the start of September.
- APICORP's (KSA) USD 750 mn. debut 5-yr green bond issuance during the month was met with high demand from investors.
- Moody's upgraded Saudi telecom Company's baseline credit assessment to a1 from a2.

Performance of Key 10-Year Bonds

Issuer, Maturity Year	YTM (%)	Sep Price Returns (in %)	YTD Price Returns (in %)
Kuwait Sov, 2027	1.4	-0.8%	-2.6%
KSA Sov, 2029	2.1	-0.2%	-2.5%
Qatar Sov, 2029	2.0	-1.2%	-3.9%
Abu Dhabi Sov, 2029	2.0	-0.7%	-3.6%
Aramco, 2031	2.5	-1.4%	-4.0%

10Y Sovereign Yields

Market	YTM (%)	Spread over 10Y UST		
		Current	1M ago	1Y ago
Saudi Arabia	2.46	93	105	114
Abu-Dhabi	1.99	46	60	109
Kuwait	1.43	-10	0	75
Qatar	2.28	75	82	80

5Y CDS Spreads

Market	Current	2020	52 - Week	
			High	Low
Saudi Arabia	57.1	67.4	102.0	50.5
Abu-Dhabi	44.7	39.6	61.0	37.4
Dubai	96.6	113.8	162.7	91.1
Kuwait	55.2	38.9	55.6	38.9
Qatar	45.2	38.6	64.9	37.3

Policy Rates

Policy Rates	Rate Used	Rate (in %)	Last Hike/Cut
U.S.	Fed Fund Rate	0.13	Mar 2020 (Cut)
Saudi Arabia	Reverse Repo Rate	0.50	Mar 2020 (Cut)
UAE	Repo Rate	0.65	Mar 2020 (Cut)
Kuwait	Discount Rate	1.50	Fed 2020 (Cut)
Qatar	Lending Rate	2.50	Apr 2020 (Cut)

Sovereign Ratings

Market	Moody's		Fitch		S&P	
	Rating	Out - look	Rating	Out - look	Rating	Out - look
KSA	A1	Neg.	A	Neg.	A-	Stable
UAE	Aa2	Stable	AA-	Stable	AA	Stable
Kuwait	A1	Stable	AA	Neg.	A+	Neg.
Qatar	Aa3	Stable	AA-	Stable	AA-	Stable

Source: Refinitiv, GCC Central Banks, Moody's, Fitch, S&P

Fixed Income – Developed Markets

- The yield on the benchmark 10-year U.S. Treasury note climbed to 1.5% at the end of September from 1.3% at the end of August. The spike in Treasury yields was driven by the Fed's indication that it may soon taper its asset purchasing program. In addition, more number of Fed officials expect a rate hike in 2022, according to projections released after the U.S. Fed's September meeting.
- U.S. narrowly prevented partial government shutdown due to expiry of funding on September 30th by passing a bill to extend current spending deadline until 03rd Dec 2021. However, it has to increase or suspend its debt ceiling as its borrowing authority is set to run out on 18th October.
- U.S. inflation persisted at elevated levels in August with core personal consumption price index increasing by 3.6% y/y. The U.S Fed Chair has commented that supply chain woes could keep inflation elevated longer than expected.
- Eurozone bond yields rose amid a sell-off in global developed market bonds triggered by rising expectations of imminent U.S. monetary policy tightening.
- European Central Bank (ECB) acknowledged that inflation in the Eurozone could exceed the central bank's forecasts, which have already been raised twice this year. She added that it the rise in inflation could be due to transitionary supply shocks and it would be important not to overreact to it.
- Bank of England's Governor has acknowledged that the case for increasing interest rates is strengthening and has also cautioned that too much tightening could affect economic recovery.

10Y Sovereign Yields

Market	YTM (%)	Spread over 10Y UST		
		Current	1M ago	1Y ago
U.S.A	1.53	-	-	-
UK	1.02	-50	-68	-47
Germany	-0.19	-172	-168	-115
Japan	0.07	-146	-128	-65
Canada	0.00	-153	-8	-11
France	0.16	-137	-133	-86

Sovereign Ratings

Market	Moody's	Fitch	S&P
U.S.A	Aaa	AAA	AAA+
U.K.	Aa3	AA-	AA
Germany	Aaa	AAA	AAA
Japan	A1	A	A+
Canada	Aaa	AAA	AA+
France	Aa2	AA	AA

Fixed Income Views - as of H1 or Aug 2021

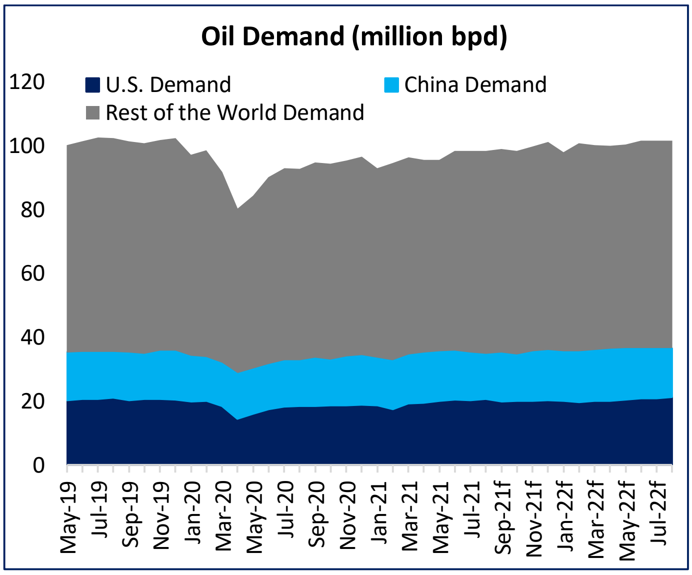
Market	Blackrock	JP Morgan	Invesco	Franklin
U.S. Treasuries	Highly Under -weight	Under - weight	Over - weight	Mildly Bearish
U.K.	NA	NA	NA	Neutral
Germany/ Europe	Neutral	NA	Over - weight	Neutral
Japan	NA	NA	NA	Neutral
Canada	NA	NA	NA	Mildly Bearish
TIPS	Overweight	NA	Neutral	Mildly Bullish
Global Inv Grade	Under - weight	Neutral	Neutral	Mildly Bearish
Global High Yield	Neutral	Over- weight	Neutral	Mildly Bullish

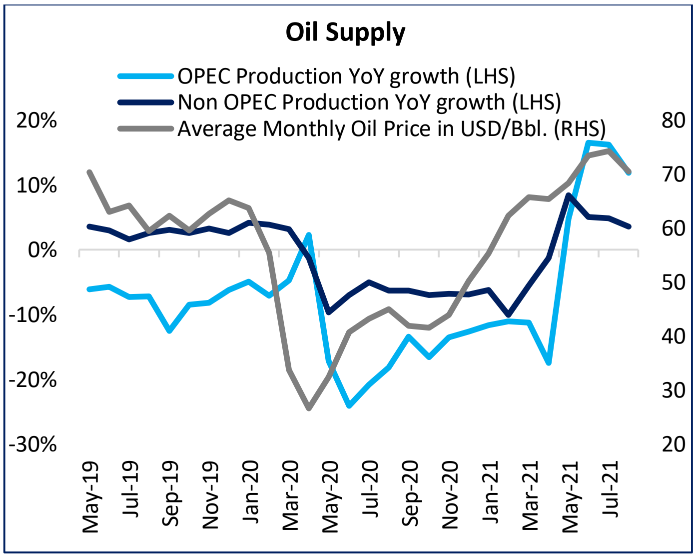
Source: Refinitiv, IMF, JP Morgan, Franklin, Moody's, Fitch and S&P

Oil & Gas

- Many parts of Europe and Asia are heading into an energy crunch with Coal, Oil and Natural Gas prices touching record highs. Oil and Gas supply has been constrained by natural disasters in addition to underinvestment or maintenance delays from the pandemic, causing prices to rise. Phasing out of Coal, lower energy output from renewables have exacerbated the issue.
- Oil prices closed at USD 78.5 per barrel at the end of the month as OPEC and its allies struggled to meet rising global oil demand. Price of Natural Gas surged by 34% during the month due to high demand from Europe and East Asia, which head into long winters.
- The U.K., China and Europe were the worst affected, with both industries and households feeling the pinch. The energy shortage has led to forced blackouts and shutdowns of factories.
- OPEC's meeting in September concluded with members agreeing to raise output again in October. OPEC+ stuck to their initial plans of gradually increasing supply, despite cutting their demand forecast in the next quarter over concerns on Delta variant. The decision comes at a time when there were calls from the global community to increase the supply at a much quicker pace due to rising demand and increasing supply constraints.
- Production from the U.S. Gulf of Mexico Offshore Oil units in September was hampered by the fallout from Hurricane Ida, triggering the rise in prices.
- Saudi Arabia slashed prices of all crude grades to Asian customers in October versus September, but left prices to north-western Europe and the United States steady. The USD 1.3 price cut per barrel for October was the largest monthly reduction by Saudi Arabia in a year, and it took the market by surprise. The deep price cuts are likely to boost demand for Saudi crude in Asian markets.
- During the month, China announced its plans to sell oil from its state petroleum reserves to domestic refining and chemicals companies to contain the inflationary pressures from rising commodity prices. The move would help in bringing down input costs of domestic industries. This was the first instance where China publicly announced its intention draw on its state oil reserves.

Performance					
Oil & Natural Gas Futures	Returns		Price Close	52 Wk. High	52 Wk. Low
	Sep-21	YTD			
Brent Crude	7.6%	51.6%	79.2	79.5	37.5
Natural Gas (NYMEX)	34.0%	131.1%	5.87	5.87	2.31





Price Forecast (USD/bbl.)		
Provider	2021	2022
EIA - US (Sep 2021)	68.61	62.37
Morgan Stanley (Jul 2021)	75-80	75-80
Goldman Sachs (July 2021)	80	75
JP Morgan (July 2021)	80	62
BofA (July 2021)	68	75
Fitch (June 2021)	63	55

Source: Refinitiv, EIA and Press Releases; bpd – barrels per day

Cryptocurrencies

- Cryptocurrencies continued to remain volatile throughout the month of September, seeing sharp falls and rises. At the end of the month, cryptocurrency prices were sent tumbling down after China made all crypto currency transactions illegal.
- China ordered Bitcoin mining in its Sichuan province to shut down completely and told banks to stop supporting crypto transactions, in a latest wave of restrictions on cryptocurrencies. Later, the country's central bank, People's Bank of China, effectively banned digital coins after announcing all transactions of cryptocurrencies will be illegal.
- There was a mild uptick in Bitcoin's market share among cryptocurrencies in September on a month-on-month basis following weakness in altcoins. Bitcoin's market share had earlier slumped from 72% in January 2021 to 42% in September 2021 due to the rise of many altcoins that found popularity among crypto-investors.
- Ether, the cryptocurrency tied to the Ethereum blockchain, witnessed its second-biggest monthly decline in the past year as it suffered a series of setbacks, including an unexpected split because of a bug.
- Meanwhile, El Salvador became the first country to use bitcoin as legal tender, alongside the US dollar. The move was received by many in the financial world with scepticism due to concerns that it could bring instability and unnecessary risk to the country's economy.

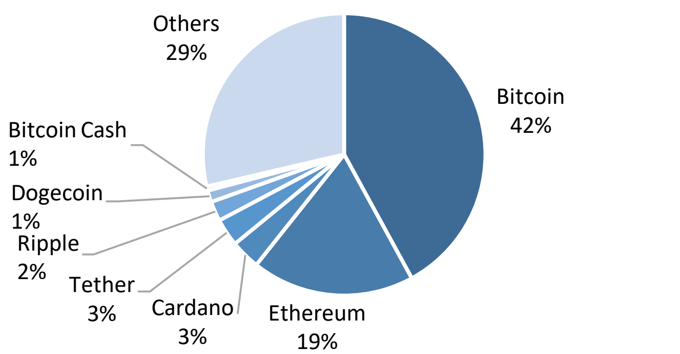
Performance and Key Metrics

Cryptocurrency	Current Price (in USD)	Market Cap (USD Bn.)	Returns Sep 2021	Returns YTD
Bitcoin	43,438.5	893	-7.6%	49.9%
Ether	2,971.8	398	-12.4%	302.2%
Cardano	2.1	72	-23.2%	76.6%
Tether	1.0	68	0.0%	-
Ripple	0.9	48	-20.4%	319.0%
Dogecoin	0.2	29	-26.6%	-
Bitcoin Cash	502.8	10	-21.1%	46.9%

Block chain ETF Performance

ETF Name	AuM (USD Mn.)	Returns Sep 2021	Returns YTD
Amplify Transformational Data Sharing ETF	1,196	-10.8%	14.6%
Invesco Elwood Global Blockchain UCITS ETF Acc	1,020	-4.4%	12.9%
Siren Nasdaq NexGen Economy ETF	272	-6.8%	9.4%
First Trust Indxx Innovative Transactn & Proc ETF	134	-3.3%	12.1%
Bitwise Crypto Industry Innovators ETF	74	-15.9%	-

Total Market Capitalization Distribution



Source: Refinitiv, ETFdb

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