

## News Updates

**Morgan Stanley Says Oman Bonds Could Rally on Upbeat IMF Outlook** – The International Monetary Fund’s “upbeat assessment” of Oman will probably drive further gains in the government’s bonds as investor positioning doesn’t look extended, according to Morgan Stanley. The IMF was more optimistic on the nation’s medium-term outlook, projecting a near-balanced budget in 2024. As the government executes on its budget and a fiscal adjustment plan, “Oman credit spreads will ultimately trade through Bahrain,” London-based strategist Jaiparan Khurana wrote in a note. *(Source: Bloomberg)*

**Turkey Posts Budget Gap in Absence of Central Bank Money** – The Turkish government posted a budget deficit in January, after the central bank didn’t make an advance payment to the Treasury this year. The government posted a monthly fiscal gap of 24.2 billion liras (\$3.5 billion) in January. That compares with a surplus of 21.5 billion liras a year earlier and an annual gap of 172.7 billion liras in the whole of last year. *(Source: Bloomberg)*

**Turkey to Keep High Rates for Extended Period, Hawkish Bias** – The Central Bank of the Republic of Turkey has raised interest rates to 17% from about 7.5% in July. Two consecutive rate hikes under a new governor in November and December have kept monetary conditions tight despite accelerating inflation, helping the lira to rally and reserves to accumulate. The CBRT has pledged to keep rates high for an extended period, and to deliver additional tightening if needed. Bloomberg don’t expect any rate cuts before 3Q. *(Source: Bloomberg)*

**Treasury Yields Jump in Catch-Up to European Bond Selloff** – U.S. Treasuries are breaching key levels as this week’s global debt selloff sends yields to their highest in about a year. While U.S. markets were closed on Monday for President’s Day, German bunds and U.K. gilts both saw benchmark yields gain five basis points as a significant slow-down in virus cases, progress on vaccine roll-outs and higher oil prices bolstered stock markets and proponents of the reflation trade. After they reopened on Tuesday, Treasury 10-year yields rose four basis points to touch 1.25% -- the highest since last March -- while the 30-year equivalent pushed above 2%. *(Source: Bloomberg)*

**Brent Oil Rises Toward \$64 With Power Crisis Hitting U.S. Supply** – Brent oil edged higher in Asia after closing at the highest in almost 13 months as a deepening energy crisis in the U.S. disrupted crude production and forced the shutdown of some of the nation’s biggest refineries. Futures in London climbed toward \$64 a barrel after rising 1.4% Monday. Freezing weather has crippled Texas’s power system and the blackouts are spreading to other states in the central U.S. More than a million barrels a day of oil output has been halted and pipelines have declared force majeure. Energy Aspects Ltd. estimates around 3 million barrels a day of processing capacity could be offline. *(Source: Bloomberg)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.82	-0.40	KSA	2025	1.11	0.03
Abu Dhabi	2030	1.77	-1.67	KSA	2030	2.19	-1.47
Abu Dhabi	2050	3.05	-5.67	KSA	2050	3.56	-5.03
Bahrain	2026	3.24	-0.06	Oman	2025	3.45	2.50
Bahrain	2030	4.96	-1.49	Oman	2029	4.96	3.01
Bahrain	2047	6.34	-2.73	Oman	2048	6.70	0.59
Dubai	2029	2.38	0.76	Qatar	2025	0.87	-0.30
Kuwait	2022	0.50	-0.67	Qatar	2030	1.87	-2.14
Kuwait	2027	1.30	-1.31	Qatar	2050	3.13	-5.33

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.49	8.08	0.00	-0.43
S&P MENA Bond and Sukuk Index	2.09	NA	-0.19	-1.08
Bloomberg Emerging Markets USD Index	3.55	6.80	-0.14	-0.61
Bloomberg Global Aggregate Index	0.94	7.42	-0.10	-1.42

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	16/2/2021	31/12/2020	16/2/2021	31/12/2020	16/2/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8075	0.8175	0.8550	0.8700	0.9288	0.9413
BHIBOR	2.1667	2.2500	2.4667	2.5333	2.6833	2.6833
QATAR	1.0569	1.1206	1.1469	1.1960	1.3216	1.3636
AEIBOR	0.2942	0.5125	0.4299	0.4908	0.5647	0.6538
EURIBOR	-0.5470	-0.5450	-0.5220	-0.5260	-0.5020	-0.4990
LIBOR	0.1938	0.2384	0.2008	0.2576	0.2998	0.3419

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.1820	0.02	-5.5	KWD	0.3024	0.0000	0.31
2-Year	0.2088	0.11	5.6	SAR	3.7509	0.0000	0.02
5-Year	0.6417	0.50	49.2	BHD	0.3771	0.0000	0.00
7-Year	0.9663	3.15	47.6	QAR	3.6420	-0.0055	0.00
10-Year	1.3159	-0.69	42.2	OMR	0.3850	0.0000	0.01
30-Year	1.8387	3.07	31.1	AED	3.6730	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.11	0.00		-0.05	-0.01		-0.65	-0.01
5-Year	0.51	-0.09		0.10	-0.10		-0.71	-0.10
10-Year	1.23	-0.23		0.57	-0.63		-0.48	-0.39
30-Year	2.03	-0.44		1.17	-1.56		0.12	-1.21

Source: Bloomberg

## Currencies

## 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	B2	NR	B
Morocco	Ba1	BBB-	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

## USD 5Yr CDS

	16-Feb 2021	31-Dec 2020
Kuwait	40.69	40.69
KSA	60.05	63.77
Abu Dhabi	39.01	36.03
Dubai	95.05	104.06
Qatar	39.29	36.70
Bahrain	225.95	233.58
Oman	330.06	353.60
Iraq	484.62	542.74
Egypt	309.04	330.47
Morocco	98.79	102.56
Turkey	281.31	299.47
US	9.65	11.52
UK	13.81	15.13
China	28.25	26.70
Japan	14.01	14.74
Germany	9.32	9.09
France	14.53	14.42