

News Updates

Oil Extends Losses as Saudi Price Cuts Raise Competition Stakes –

Oil extended losses after Saudi Arabia slashed crude prices for Asian buyers, raising the prospect of fierce competition among sellers as the resurgence of Covid-19 continues to cloud the demand outlook. Futures in New York dropped below \$69 a barrel after falling 1% on Friday. The kingdom cut the price of its flagship crude for October by more than double the expected amount just days after OPEC+ agreed to continue boosting production. Traders were caught off guard by the Saudi move, attributing it to factors including increased competition and a desire to retain market share. *(Source: Bloomberg)*

Bahrain's Ahli United Bank launches \$600mln senior sukuk –

Bahrain-headquartered Ahli United Bank sold \$600 million in five-year sukuk, or Islamic bonds, at 175 basis points over mid-swaps, a document showed on Thursday. The spread was tightened from initial price guidance of around 200 basis points over mid-swaps after the sukuk drew more than \$1.3 billion in orders, the document from one of the banks on the deal reviewed by Reuters showed. Bank ABC, HSBC, Dubai Islamic Bank, JPMorgan, Kamco Invest, KFH Capital, Kuwait International Bank and Mashreq are arranging the deal. *(Source: Reuters)*

Egypt's Soaring Rates Attract Inflows but Carry Risks, S&P Warns –

Egypt must find a way to pay less on its debt if it's to weather a potential increase in global interest rates, S&P Global Ratings warned in a report on Sunday. Egypt has the highest differential between its key policy rates and inflation among more than 50 economies tracked by Bloomberg, making its bonds and bills a favorite among international investors hungry for yield. Foreign holdings in the North African nation's notes stand at more than \$28 billion, an important buffer as tourism awaits a full recovery from the coronavirus pandemic. But the world's highest real interest rates also come with an elevated fiscal cost and leave Egypt vulnerable to significant outflows if rates in the developed world rise, particularly if the U.S. Federal Reserve tapers its quantitative easing policies faster than expected, S&PGR credit analyst Zahabia Gupta wrote in the report. *(Source: Bloomberg)*

Turkey Raises Inflation Target, Dashing Hope for Early Easing –

Turkey raised its year-end inflation estimate in the newly unveiled three-year economic program, leaving its central bank with less room for a possible monetary easing this year. Consumer-price inflation will finish 2021 at 16.2%, according to the Treasury and Finance Ministry, compared with a July forecast of 14.1% by the central bank. The move comes as a surprise jump in inflation in the past week pushed the nation's benchmark interest rate adjusted for price growth into negative territory for the first time since October, dealing a blow to President Recep Tayyip Erdogan's hopes for an early cut in borrowing costs. Prices rose for a third month to an annual 19.25% in August. The central bank had pledged to keep the benchmark above inflation but has faced calls from Erdogan to deliver a rate cut as early as this month. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.65	-0.66	KSA	2025	1.08	-0.66
Abu Dhabi	2030	1.79	-2.32	KSA	2030	2.12	-1.38
Abu Dhabi	2050	2.97	-4.40	KSA	2050	3.46	-3.58
Bahrain	2026	3.77	-3.63	Oman	2025	3.18	2.68
Bahrain	2030	5.45	-5.34	Oman	2029	4.77	3.93
Bahrain	2047	6.81	-8.54	Oman	2048	6.43	3.99
Dubai	2029	2.44	-0.55	Qatar	2025	0.88	-1.60
Kuwait	2022	0.03	-1.60	Qatar	2030	1.91	-3.16
Kuwait	2027	1.19	-1.83	Qatar	2050	3.12	-5.18

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.55	8.08	-0.02	1.02
S&P MENA Bond and Sukuk Index	2.16	NA	0.00	0.44
Bloomberg Emerging Markets USD Index	3.85	6.80	-0.11	0.52
Bloomberg Global Aggregate Index	1.04	7.42	-0.02	-2.09

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	06/09/2021	31/12/2020	06/09/2021	31/12/2020	06/09/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7957	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.5667	2.2500	1.6333	2.5333	1.8250	2.6833
QATAR	1.0500	1.1206	1.1282	1.1960	1.3344	1.3636
AEIBOR	0.3667	0.5125	0.4735	0.4908	0.4054	0.6538
EURIBOR	-0.5480	-0.5450	-0.5190	-0.5260	-0.5000	-0.4990
LIBOR	0.1155	0.2384	0.1484	0.2576	0.2228	0.3419

USD Swap Rates

			Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	
1-Year	0.1539	-0.24	-20.1	KWD	0.3008	0.0000	0.83	Gold
2-Year	0.2966	0.02	49.9	SAR	3.7508	0.0000	0.04	Silver
5-Year	0.8756	0.11	103.6	BHD	0.3770	-0.0080	0.02	Copper
7-Year	1.1158	0.04	70.5	QAR	3.6406	0.0165	0.02	Nat. Gas
10-Year	1.3460	0.57	45.5	OMR	0.3850	0.0000	0.00	Aluminum
30-Year	1.6727	4.62	19.3	AED	3.6730	0.0054	0.01	Crude Oil

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.21	0.00		0.19	-0.01		-0.71	0.00
5-Year	0.78	0.00		0.37	-0.09		-0.75	0.00
10-Year	1.32	0.02		0.71	-0.33		-0.52	0.00
30-Year	1.94	0.05		1.06	-1.06		0.14	0.00

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.21	0.00		0.19	-0.01
5-Year	0.78	0.00		0.37	-0.09
10-Year	1.32	0.02		0.71	-0.33
30-Year	1.94	0.05		1.06	-1.06

German Bunds

	Yield %	1D Δ (%)
2-Year	0.21	0.00
5-Year	0.78	0.00
10-Year	1.32	0.02
30-Year	1.94	0.05

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	6-Sep 2021	31-Dec 2020	
Kuwait	46.10	40.69	
KSA	49.02	63.77	
Abu Dhabi	39.14	36.03	
Dubai	82.36	104.06	
Qatar	38.96	36.70	
Bahrain	239.76	233.58	
Oman	229.69	353.60	
Iraq	515.21	542.74	
Egypt	339.39	330.47	
Morocco	90.00	102.56	
Turkey	364.09	299.47	
US	7.84	11.52	
UK	7.79	15.13	
China	32.70	26.70	
Japan	16.78	14.74	
Germany	8.90	9.09	
France	17.55	14.42	