

News Updates

Fitch revises Saudi Aramco's outlook to stable as oil prices rise – Fitch Ratings has revised its Saudi Aramco outlook to stable from negative as oil prices improved this year and demand for the crude oil expected to continue increasing through 2022 with more vaccine roll out globally. Fitch also affirmed the company's long-term issuer default rating (IDR) at A. The revision of the outlook on Saudi Aramco's IDR is driven by a similar action on the sovereign, the rating agency said. "We assess Saudi Aramco's Standalone Credit Profile (SCP) at 'AA+,'" Fitch said. This review follows Fitch Ratings decision to raise Saudi Arabia's sovereign outlook to stable from negative last week due to significantly higher oil prices and continued government commitment to improve its public finances. (Source: Arab News)

Egypt's SODIC concludes \$22mln securitized bond issuance – Egypt-based SODIC for Securitization S.A.E., a wholly-owned subsidiary of Egypt's Sixth of October for Development and Investment Company (SODIC), has concluded its 343 million Egyptian pounds (\$22 million) securitized bond issuance. EFG Hermes acted as sole arranger on the issuance which is the first in an EGP1 billion securitization program for SODIC. The bond comprises of two tranches: Tranche A is valued at EGP235 million, with a tenor of 13 months and a fixed coupon rate of 9.55 percent. Tranche B is valued at EGP108 million, with a tenor of 36 months, and a fixed coupon rate of 9.9 percent. The bond is backed by a receivables portfolio of approximately EGP384 million, representing future instalments for 753 delivered units in SODIC's East Cairo project Eastown Residences and North Coast project Caesar. (Source: Zawya)

Yields fall as Fed talks about tapering but sets no timeline – U.S. Treasury yields fell on Wednesday after the Federal Reserve flagged ongoing discussions around the eventual withdrawal of monetary policy support but gave no details on when it is likely to reduce bond purchases. The U.S. economic recovery remains on track despite a rise in coronavirus infections, the U.S. central bank said in a new policy statement that remained upbeat. Fed policymakers, in a unanimous statement, also said they were moving ahead with discussions about when to reduce the central bank's bond-buying program, a precursor to eventually raising interest rates. Fed Chair Jerome Powell said that when the Federal Reserve does begin to reduce its bond purchases it will likely cut purchases of mortgage-backed securities at the same pace as Treasuries. Benchmark 10-year yields fell to 1.228%, after briefly rising to a session high of 1.278% immediately after the statement. The yield curve between two-year and 10-year notes flattened to 102 basis points. The Fed also said that higher inflation remained the result of "transitory factors," meaning it was not an imminent risk. Some Fed officials have warned that rising price pressures may be persistent. Breakeven rates on five-year Treasury Inflation-Protected Securities, a measure of expected annual inflation for the next five years, rose to 2.63%. The Fed also announced that it will establish two standing repo facilities, one domestic and one for foreign and international monetary authorities, to backstop money markets during times of stress. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.66	-0.45	KSA	2025	1.07	-0.51
Abu Dhabi	2030	1.88	-2.98	KSA	2030	2.18	-1.83
Abu Dhabi	2050	2.97	-4.26	KSA	2050	3.48	-3.81
Bahrain	2026	3.85	-3.54	Oman	2025	3.35	2.21
Bahrain	2030	5.59	-6.04	Oman	2029	4.96	2.71
Bahrain	2047	6.89	-9.34	Oman	2048	6.63	1.36
Dubai	2029	2.44	-0.35	Qatar	2025	0.88	-1.37
Kuwait	2022	0.06	-1.38	Qatar	2030	1.99	-3.58
Kuwait	2027	1.24	-1.99	Qatar	2050	3.12	-5.29

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.60	8.08	-0.04	0.39
S&P MENA Bond and Sukuk Index	2.17	NA	-0.04	0.01
Bloomberg Emerging Markets USD Index	3.91	6.80	-0.03	-0.41
Bloomberg Global Aggregate Index	0.99	7.42	-0.08	-2.23

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	29/7/2021	31/12/2020	29/7/2021	31/12/2020	29/7/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7943	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.5917	2.2500	1.7167	2.5333	1.8667	2.6833
QATAR	1.0033	1.1206	1.1033	1.1960	1.2867	1.3636
AEIBOR	0.4190	0.5125	0.4475	0.4908	0.6508	0.6538
EURIBOR	-0.5430	-0.5450	-0.5230	-0.5260	-0.4940	-0.4990
LIBOR	0.1296	0.2384	0.1585	0.2576	0.2390	0.3419

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1596	0.11	-17.1
2-Year	0.2797	0.24	41.4
5-Year	0.8047	1.20	87.1
7-Year	1.0342	1.12	58.0
10-Year	1.2640	1.07	36.6
30-Year	1.6394	1.21	16.9

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3007	0.0333	0.88
SAR	3.7507	0.0000	0.03
BHD	0.3771	0.0000	0.00
QAR	3.6417	0.0000	-0.01
OMR	0.3850	0.0026	0.00
AED	3.6731	0.0000	0.00

Commodities

	USD	YTD Δ (%)
Gold	1,819.90	-4.78
Silver	25.27	-4.96
Copper	449.35	27.40
Nat. Gas	3.96	46.13
Aluminum	2,553.50	27.88
Crude Oil	75.01	46.50

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.20	0.00
5-Year	0.72	-0.02
10-Year	1.24	-0.05
30-Year	1.89	-0.18

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.07	-0.02
5-Year	0.28	-0.05
10-Year	0.57	-0.19
30-Year	0.99	-0.54

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.76	0.00
5-Year	-0.82	0.04
10-Year	-0.60	0.08
30-Year	0.03	-0.03

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	29-Jul 2021	31-Dec 2020	
Kuwait	46.08	40.69	
KSA	56.79	63.77	
Abu Dhabi	42.90	36.03	
Dubai	88.46	104.06	
Qatar	42.93	36.70	
Bahrain	241.89	233.58	
Oman	241.89	353.60	
Iraq	548.07	542.74	
Egypt	363.01	330.47	
Morocco	94.70	102.56	
Turkey	386.62	299.47	
US	7.22	11.52	
UK	7.72	15.13	
China	38.46	26.70	
Japan	16.21	14.74	
Germany	8.71	9.09	
France	18.89	14.42	