

## News Updates

**Fitch Affirms Ahli United Bank (UK) at 'BBB+'; Negative Outlook –** Fitch Ratings has affirmed Ahli United Bank (UK) PLC's (AUBUK) Long-Term Issuer Default Rating (IDR) at 'BBB+' with a Negative Outlook. Fitch has also affirmed the bank's Viability Rating (VR) at 'bbb-'. AUBUK's SR and SRF reflect Fitch's view of a high probability of support for the bank, if required, from the Kuwaiti authorities. This is based on the role AUBUK plays for its Kuwaiti sister bank AUB Kuwait (A+/Negative) and the potential for Kuwaiti sovereign support to flow to AUBUK via its Kuwaiti sister bank. As a result, Fitch believes that AUBUK's Long-Term IDR should not be more than three notches below that of AUB Kuwait. Fitch's expectation of support from the authorities is underpinned by Kuwait's strong ability to provide support to domestic banks, as reflected by the sovereign rating (AA/Negative) and a strong willingness to do so irrespective of the bank's size, franchise, funding structure and level of government ownership. This view is reinforced by the authorities' record of support for the domestic banking system in case of need. AUBUK's ratings also consider the bank's lower systemic importance than domestic Kuwaiti banks'. (Source: Fitch Ratings)

**Tunisia pays \$506mIn instalment on foreign debt –** Tunisia on Friday paid a \$506 million instalment on its foreign debt, its biggest payment this year, the North African nation's finance ministry said, dispelling doubts about the possibility of a default. Tunisia, which has seen its debt burden rise and economy shrink by 8.8% in 2020, with its fiscal deficit at 11.4% last year, has started talks with the International Monetary Fund on a financial aid package. Tunisia estimates its debt repayments due this year at \$5.8 billion, including \$500 million payments in both July and August. Officials told Reuters that Tunisia will continue to pay its foreign debt. But economists warn that Tunisia's foreign currency reserves will decline significantly with the debt repayments, hurting the value of the local dinar currency. Tunisia is facing an economic and social crisis that has worsened due to the effects of the COVID-19 crisis, with the virus spreading rapidly in the country. A sovereign default in Tunisia - though highly unlikely in the next 12 months - could cost the country's banks up to \$7.9 billion, S&P Global Ratings said in May. (Source: Reuters)

**U.S. Treasury Secretary Yellen warns Congress on debt limit –** U.S. Treasury Secretary Janet Yellen urged lawmakers on Friday to increase or suspend the nation's debt limit as soon as possible and warned that if Congress does not act by Aug. 2 the Treasury Department would need to take "extraordinary measures" to prevent a U.S. default. In a letter to House of Representatives Speaker Nancy Pelosi, Yellen said that Oct. 1, the first day of the next fiscal year, could be a critical date for the U.S. ability to pay its obligations without debt limit legislation due to large federal outlays scheduled for then. In the letter, also sent to other congressional leaders from both parties, Yellen said U.S. debt would be at the statutory limit on Aug 1, when a two-year suspension is set to expire. (Source: Reuters)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.65	-0.45	KSA	2025	1.09	-0.53
Abu Dhabi	2030	1.86	-2.89	KSA	2030	2.21	-2.03
Abu Dhabi	2050	2.98	-4.55	KSA	2050	3.47	-3.82
Bahrain	2026	3.86	-3.52	Oman	2025	3.36	2.22
Bahrain	2030	5.52	-5.62	Oman	2029	4.97	2.67
Bahrain	2047	6.84	-8.78	Oman	2048	6.64	1.33
Dubai	2029	2.44	-0.30	Qatar	2025	0.84	-1.27
Kuwait	2022	0.02	-1.33	Qatar	2030	1.95	-3.41
Kuwait	2027	1.25	-1.98	Qatar	2050	3.10	-5.06

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.60	8.08	-0.02	0.38
S&P MENA Bond and Sukuk Index	2.17	NA	0.05	-0.03
Bloomberg Emerging Markets USD Index	3.85	6.80	-0.05	-0.22
Bloomberg Global Aggregate Index	1.01	7.42	-0.18	-2.52

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	26/7/2021	31/12/2020	26/7/2021	31/12/2020	26/7/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7929	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.5917	2.2500	1.7167	2.5333	1.8667	2.6833
QATAR	1.1000	1.1206	1.2000	1.1960	1.3500	1.3636
AEIBOR	0.3450	0.5125	0.4446	0.4908	0.6433	0.6538
EURIBOR	-0.5440	-0.5450	-0.5190	-0.5260	-0.4930	-0.4990
LIBOR	0.1289	0.2384	0.1585	0.2576	0.2414	0.3419

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1617	-0.12	-16.0
2-Year	0.2771	-0.41	40.1
5-Year	0.7909	-1.00	83.9
7-Year	1.0287	-1.25	57.1
10-Year	1.2633	-1.44	36.5
30-Year	1.6344	-1.36	16.6

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3006	0.0665	0.90
SAR	3.7515	0.0000	0.02
BHD	0.3770	0.0000	0.00
QAR	3.6417	0.0000	-0.01
OMR	0.3850	0.0000	0.00
AED	3.6731	0.0000	0.00

## Commodities

	USD	YTD Δ (%)
Gold	1,810.40	-5.27
Silver	25.33	-4.75
Copper	445.15	26.21
Nat. Gas	4.03	48.58
Aluminum	2,502.60	25.33
Crude Oil	73.70	43.95

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.20	0.01
5-Year	0.70	0.05
10-Year	1.26	0.16
30-Year	1.90	0.35

## UK Gilts

	Yield %	1D Δ (%)
2-Year	0.07	-0.02
5-Year	0.27	-0.05
10-Year	0.58	-0.23
30-Year	1.00	-0.04

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.74	0.00
5-Year	-0.79	0.02
10-Year	-0.57	-0.04
30-Year	0.06	-0.21

## 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+
<b>USD 5Yr CDS</b>	<b>26-Jul 2021</b>	<b>31-Dec 2020</b>	
Kuwait	46.09	40.69	
KSA	54.78	63.77	
Abu Dhabi	40.10	36.03	
Dubai	81.45	104.06	
Qatar	41.38	36.70	
Bahrain	236.74	233.58	
Oman	239.85	353.60	
Iraq	536.80	542.74	
Egypt	344.67	330.47	
Morocco	88.95	102.56	
Turkey	382.04	299.47	
US	7.21	11.52	
UK	10.11	15.13	
China	37.26	26.70	
Japan	16.30	14.74	
Germany	8.85	9.09	
France	19.34	14.42	