

## News Updates

**Kuwait's non-oil sector to drive post-pandemic growth** – Kuwait's economic future looks brighter, but the small oil-dependent country must boost its non-oil economy as oil production cuts by OPEC+ and the continued pandemic slow recovery, a new report from Oxford Economics found. While non-oil GDP is gradually recovering, it is unlikely to return to pre-pandemic levels until 2022, but the sector is expected to account for the bulk of Kuwait's anticipated 2.5 percent GDP growth this year, according to the group's Economic Insight report commissioned by ICAEW. In 2021, non-oil growth is expected to reach 3.1 percent, and by 2022 it should hit 4.7 percent. In 2020 as Covid-19 wrecked global oil markets – with prices briefly turning negative – and the Gulf country's GDP fell 8 percent, the steepest decline since the 1991 war. The country is dependent on oil for around 50 percent of their overall GDP, and the report suggests that Kuwait's economic recovery will be hampered until the OPEC+ agreement that sets production cuts expires in April 2022. (Source: Arabian Business)

**Egypt, Morocco in FTSE Russell's new frontier market bond index** – Egypt and Morocco are among 13 countries included in the new FTSE Russell Frontier Emerging Markets Government Bond Index Series, which tracks local currency bond markets. The other countries included in the index at launch are Bangladesh, Costa Rica, Dominican Republic, Ghana, Kenya, Nigeria, Pakistan, Serbia, Sri Lanka, Ukraine and Vietnam, FTSE Russell said in a statement on Tuesday. The market value of bonds in the index at the beginning of June was \$414.8 billion and with a weighted average coupon of 9.98 percent, it said. Market inclusion will be reviewed semi-annually in March and September. Egypt's inclusion in the index will attract about \$4 billion in new investments into its government securities market, Minister of Finance Mohamed Maait said in a statement. The nation has 80 bonds represented in the index, for a maximum 10 percent weighting allowed for each country, said Deputy Finance Minister Ahmed Kujok. In April, Egyptian government bonds were added to a watch list to join JPMorgan Emerging Market Bond Indexes within the coming six months. Egypt may issue the first sovereign sukuk in its history at the beginning of the new fiscal year, with a value of up to \$2 billion, Maait told Al Arabiya on Wednesday. (Source: Zawya)

**Erdogan Says Turkey Signed New \$3.6 Billion Swap Deal With China** – Turkey signed a new \$3.6 billion swap agreement with China, increasing the limit on their existing currency arrangement to \$6 billion, Turkish President Recep Tayyip Erdogan said Sunday. The arrangement with one of Turkey's biggest trading partners will allow the country to boost trade in local currency and avoid using dollars, supporting the central bank's reserves. Erdogan, who spoke in Istanbul before traveling to Brussels for a NATO summit, didn't say when the latest accord was signed. Turkey first signed a swap agreement with China in 2012 and subsequent deals have allowed Turkish companies to pay for imports from China using yuan. (Source: Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.68	-0.32	KSA	2025	1.12	-0.41
Abu Dhabi	2030	1.95	-3.31	KSA	2030	2.24	-2.11
Abu Dhabi	2050	3.08	-6.10	KSA	2050	3.54	-4.82
Bahrain	2026	3.35	-1.45	Oman	2025	3.27	2.69
Bahrain	2030	5.33	-4.33	Oman	2029	4.76	4.12
Bahrain	2047	6.82	-8.47	Oman	2048	6.59	1.89
Dubai	2029	2.48	-0.52	Qatar	2025	0.70	-0.53
Kuwait	2022	-0.04	-0.93	Qatar	2030	1.99	-3.49
Kuwait	2027	1.37	-2.22	Qatar	2050	3.24	-7.39

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.58	8.08	0.23	-0.10
S&P MENA Bond and Sukuk Index	2.21	NA	0.18	-0.89
Bloomberg Emerging Markets USD Index	3.74	6.80	0.10	-0.38
Bloomberg Global Aggregate Index	1.08	7.42	-0.10	-2.19

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	14/6/2021	31/12/2020	14/6/2021	31/12/2020	14/6/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.7914	0.8175	0.8414	0.8700	0.9143	0.9413
BHIBOR	1.6417	2.2500	1.7233	2.5333	1.8667	2.6833
QATAR	1.1750	1.1206	1.2250	1.1960	1.3500	1.3636
AEIBOR	0.3685	0.5125	0.4375	0.4908	0.5652	0.6538
EURIBOR	-0.5480	-0.5450	-0.5210	-0.5260	-0.4890	-0.4990
LIBOR	0.1189	0.2384	0.1525	0.2576	0.2394	0.3419

## USD Swap Rates

	Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.1454	0.04	-24.5	KWD	0.3008	0.0000
2-Year	0.2259	0.18	14.2	SAR	3.7508	0.0000
5-Year	0.8270	1.12	92.3	BHD	0.3771	-0.0159
7-Year	1.1464	1.08	75.1	QAR	3.6412	0.0082
10-Year	1.4414	0.99	55.8	OMR	0.3850	-0.0026
30-Year	1.8510	1.29	32.0	AED	3.6730	0.0000

## US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	-0.01		0.04	0.02		-0.72	0.00
5-Year	0.75	-0.05		0.29	0.14		-0.70	0.00
10-Year	1.46	-0.09		0.70	0.40		-0.40	0.14
30-Year	2.15	-0.23		1.24	0.77		0.28	0.69

## Currencies

## Commodities

## 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	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>14-Jun 2021</b>	<b>31-Dec 2020</b>							
Kuwait	45.77	40.69							
KSA	55.15	63.77							
Abu Dhabi	37.35	36.03							
Dubai	80.29	104.06							
Qatar	38.31	36.70							
Bahrain	193.45	233.58							
Oman	233.57	353.60							
Iraq	474.39	542.74							
Egypt	314.22	330.47							
Morocco	82.98	102.56							
Turkey	368.76	299.47							
US	7.34	11.52							
UK	8.59	15.13							
China	34.74	26.70							
Japan	15.68	14.74							
Germany	9.37	9.09							
France	20.34	14.42							