

News Updates

Saudi Aramco Hires Banks for Debut Dollar Islamic Bond Sale – Saudi Aramco, the world's biggest energy company, has hired banks for its first ever dollar-denominated Islamic bonds. The state-controlled company may offer three tranches of notes due in three years, five years and 10 years, according to a person familiar with the matter. Islamic bonds, or sukuk, comply with the religion's teachings, including its ban on interest. The firm is raising cash to help fund its commitment to pay out \$75 billion in dividends, a pledge Aramco made to drum up support for its initial public offering. But with the spread of the coronavirus and widespread lockdowns curbing demand for oil last year, the price of Brent crude plunged to just below \$16 a barrel at one point in 2020, the lowest since 1999. That prompted Aramco to reduce spending, cut jobs and sell non-core assets. The price of oil, Saudi Arabia's main source of revenue, has since climbed more than four-fold to over \$70 a barrel. And while the company's first-quarter profits soared -- thanks to the recovery in both crude and gas -- its free cash flow fell short of the \$18.75 billion needed to pay the dividend for the period. Aramco hired more than 10 banks from around the world to organize bond investor calls from Monday, according to the person familiar with the matter. *(Source: Bloomberg)*

UAE federal bank planning second-ever sale of dollar debt – A lender wholly owned by the federal government of the United Arab Emirates is planning to sell its second-ever international bonds as soon as this month, according to people with knowledge of the matter. Emirates Development Bank, which started operations in 2015 and provides financing to citizens and small- and medium-sized enterprises, could raise \$750 million or more, the people said, asking not to be identified because the information is private. The money would go toward supporting companies in sectors considered a priority for the economy, the people said. The bank's debt is assigned the fourth-highest investment grade from Fitch Ratings, the same as the sovereign. *(Source: Bloomberg)*

Oman Is Said to Plan Second Debt Sale in 2021 With Dollar Sukuk – Oman has started talks with banks for a potential Islamic bond sale this year, according to people familiar with the matter. The Gulf nation's discussions are still preliminary, the people said, asking not to be identified because the plans are private. Oman last tapped the international debt market in January, when it raised \$3.25 billion. The country's debt is rated junk by all three major credit assessors. *(Source: Bloomberg)*

Yellen Says Higher Interest Rates Would Be ‘Plus’ for U.S., Fed – Treasury Secretary Janet Yellen said President Joe Biden should push forward with his \$4 trillion spending plans even if they trigger inflation that persists into next year and higher interest rates. “If we ended up with a slightly higher interest rate environment it would actually be a plus for society's point of view and the Fed's point of view,” Yellen said Sunday in an interview with Bloomberg News during her return from the Group of Seven finance ministers' meeting in London. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.79	-0.75	KSA	2025	1.24	-0.83
Abu Dhabi	2030	2.03	-3.84	KSA	2030	2.34	-2.89
Abu Dhabi	2050	3.18	-7.72	KSA	2050	3.68	-6.87
Bahrain	2026	3.47	-1.81	Oman	2025	3.33	2.49
Bahrain	2030	5.52	-5.55	Oman	2029	4.97	2.70
Bahrain	2047	6.95	-9.99	Oman	2048	6.78	-0.51
Dubai	2029	2.54	-0.94	Qatar	2025	0.89	-1.04
Kuwait	2022	0.08	-0.98	Qatar	2030	2.07	-4.02
Kuwait	2027	1.44	-2.60	Qatar	2050	3.39	-9.67

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.65	8.08	0.14	-0.89
S&P MENA Bond and Sukuk Index	2.27	NA	0.07	-1.71
Bloomberg Emerging Markets USD Index	3.81	6.80	0.26	-1.12
Bloomberg Global Aggregate Index	1.12	7.42	0.37	-2.48

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	7/6/2021	31/12/2020	7/6/2021	31/12/2020	7/6/2021	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	1.6050	2.2500	1.6733	2.5333	1.7800	2.6833
QATAR	1.1936	1.1206	1.2467	1.1960	1.3657	1.3636
AEIBOR	0.3964	0.5125	0.5047	0.4908	0.5158	0.6538
EURIBOR	-0.5460	-0.5450	-0.5130	-0.5260	-0.4860	-0.4990
LIBOR	0.1283	0.2384	0.1649	0.2576	0.2460	0.3419

USD Swap Rates

			Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	
1-Year	0.1449	-0.04	-24.7	KWD	0.3008	0.0000	0.83	Gold
2-Year	0.2250	0.14	13.8	SAR	3.7504	0.0000	0.04	Silver
5-Year	0.8670	1.20	101.6	BHD	0.3771	-0.0133	-0.01	Copper
7-Year	1.2220	1.30	86.7	QAR	3.6413	0.0055	0.00	Nat. Gas
10-Year	1.5422	1.44	66.7	OMR	0.3850	0.0000	0.00	Aluminum
30-Year	1.9614	1.57	39.9	AED	3.6730	0.0000	0.00	Crude Oil

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	-0.01		0.06	0.03		-0.70	0.00
5-Year	0.79	-0.05		0.33	0.16		-0.69	0.05
10-Year	1.57	-0.13		0.79	0.52		-0.34	0.23
30-Year	2.25	-0.28		1.32	0.97		0.35	0.74

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	-0.01		0.06	0.03
5-Year	0.79	-0.05		0.33	0.16
10-Year	1.57	-0.13		0.79	0.52
30-Year	2.25	-0.28		1.32	0.97

German Bunds

	Yield %	1D Δ (%)
2-Year	0.15	-0.01
5-Year	0.79	-0.05
10-Year	1.57	-0.13
30-Year	2.25	-0.28

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+
USD 5Yr CDS	07-Jun 2021	31-Dec 2020	
Kuwait	46.23	40.69	
KSA	58.04	63.77	
Abu Dhabi	39.95	36.03	
Dubai	83.66	104.06	
Qatar	40.19	36.70	
Bahrain	194.35	233.58	
Oman	243.89	353.60	
Iraq	474.39	542.74	
Egypt	319.93	330.47	
Morocco	88.33	102.56	
Turkey	401.77	299.47	
US	7.34	11.52	
UK	9.11	15.13	
China	36.23	26.70	
Japan	15.76	14.74	
Germany	9.25	9.09	
France	20.05	14.42	