

News Updates

Bank of Sharjah's OGM approves \$1bn securities issuance – The ordinary general meeting (OGM) of Bank of Sharjah has approved to issue non-convertible Tier 1 capital perpetual securities at a total value not exceeding \$1 billion. The OGM will authorise the board to set the date of issuance, which should be completed within one year from the date of the OGM's approval, according to the bank's disclosure to the Abu Dhabi Securities Exchange (ADX) on Thursday. During the meeting, the shareholders also agreed on raising the foreign ownership limit in the bank's share capital to 40% from 30%. Meanwhile, the OGM approved to renew the bank's \$2.5 billion Euro Medium Term Note Programme. It is noteworthy to mention that as of the first quarter (Q1) of 2021, the bank has incurred accumulated losses of AED 444.909 million, accounting for 21.19% of the capital. *(Source: Mubasher)*

Turkish Inflation Slows Unexpectedly, Raising Rate Cut Pressure – Turkey's consumer inflation rate snapped seven months of increases in May, making it harder for the central bank governor to keep resisting President Recep Tayyip Erdogan's pressure to begin cutting interest rates. Consumer prices increased an annual 16.6% in May, down from 17.1% the previous month. The central bank projects inflation will drop significantly from the end of the third quarter and end the year at 12.2%. Economists said the unexpected decline was likely a result of the strict coronavirus lockdown imposed in Turkey throughout last month after a surge in cases, while continued lira weakness and rising commodity prices mean it's too early to start a new cycle of monetary easing. *(Source: Bloomberg)*

Yellen Says Inflation Could Reach 3 Percent This Year as Recovery Continues – Treasury Secretary Janet Yellen on Saturday said inflation could climb as high as 3 percent this year as the economy recovers from the depths of the coronavirus recession. For months, the White House and Federal Reserve have expected prices to rise as consumer demand rebounds, supply chains struggle to catch up and Biden's \$1.9 trillion stimulus package infuses through the economy. Yellen, Fed Chair Jerome H. Powell and other top policymakers insist the price pops are temporary and that the current uptick doesn't reflect a dangerously persistent new trend. The Fed, which is charged with keeping prices stable and employment low, strives for a 2 percent annual inflation target. But the central bank has sent a clear message that it will not rush to combat inflation and raise interest rates until there has been substantial progress in the labor market. The economy is still down 7.5 million jobs since the pandemic took hold. *(Source: Washington Post)*

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	2.55	-0.94	Qatar	2025	0.89	-1.04
Kuwait	2022	0.09	-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	
	6/6/2021	31/12/2020	6/6/2021	31/12/2020	6/6/2021	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	1.1742	1.1206	1.2368	1.1960	1.3626	1.3636
AEIBOR	0.4675	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	0.1453	-0.41	-24.5	KWD	0.3008	0.0000
2-Year	0.2236	-1.45	13.0	SAR	3.7503	0.0000
5-Year	0.8550	-6.33	98.8	BHD	0.3770	0.0000
7-Year	1.2090	-7.04	84.7	QAR	3.6413	0.0055
10-Year	1.5278	-7.10	65.1	OMR	0.3850	0.0000
30-Year	1.9457	-6.54	38.8	AED	3.6730	0.0000

US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.14	0.03	0.06	0.03	-0.69	0.00
5-Year	0.78	0.30	0.33	0.16	-0.69	0.05
10-Year	1.55	0.67	0.79	0.52	-0.34	0.23
30-Year	2.23	1.47	1.32	0.97	0.35	0.74

Currencies

	USD	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
Gold	1,892.00	-0.72		Silver	27.90	5.14	
Copper	452.90	28.43		Nat. Gas	3.10	15.34	
Aluminum	2,448.75	23.10		Crude Oil	71.89	40.00	

UK Gilts

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.14	0.03	0.06	0.03	-0.69	0.00
5-Year	0.78	0.30	0.33	0.16	-0.69	0.05
10-Year	1.55	0.67	0.79	0.52	-0.34	0.23
30-Year	2.23	1.47	1.32	0.97	0.35	0.74

Commodities

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Silver	27.90	5.14	
Copper	452.90	28.43	
Nat. Gas	3.10	15.34	
Aluminum	2,448.75	23.10	
Crude Oil	71.89	40.00	

German Bunds

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.14	0.03	0.06	0.03	-0.69	0.00
5-Year	0.78	0.30	0.33	0.16	-0.69	0.05
10-Year	1.55	0.67	0.79	0.52	-0.34	0.23
30-Year	2.23	1.47	1.32	0.97	0.35	0.74

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

	06-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	35.75	26.70
Japan	15.51	14.74
Germany	9.25	9.09
France	20.05	14.42