

## News Updates

**Moody's affirms UAE's Aa2 rating; outlook stable** – Moody's Investors Service (Moody's) has affirmed the Aa2 long-term issuer rating of the UAE government, with a stable outlook. The affirmed rating reflects the low impact of the coronavirus (COVID-19) pandemic on the federal government's fiscal strength due to the government policy response, according to a recent press release. The UAE's rating is also attributed to Moody's assumption of unconditional support from Abu Dhabi for the federal government. Meanwhile, the stable outlook proves the balanced risks, consistent with the stable outlook on the Abu Dhabi sovereign rating and the vaccination progress which would back the economic recovery and limit the pandemic's impact on the UAE's credit metrics. However, the recovery pace will vary among key sectors, with trade and tourism likely to recover before air passenger transportation. It is noteworthy to mention that the UAE has extended key components of the Targeted Economic Support Scheme (TESS) until mid-2022, enabling financial institutions to have access to the collateralised AED 50 billion zero-cost liquidity facility up to 30 June 2022. (Source: Mubasher)

**U.S Treasury's Yellen downplays inflation, rate hike concerns** – U.S. Treasury Secretary Janet Yellen said on Tuesday that she does not anticipate that inflation will be a problem for the U.S. economy, as price increases during the recovery should be transitory. Yellen, speaking to a Wall Street Journal event, clarified earlier remarks that interest rates may need to rise modestly to prevent the economy from overheating. “It's not something I'm predicting or recommending,” she said. (Source: Reuters)

**Fed's Kaplan says jury is out about inflation outlook** – Dallas Federal Reserve Bank President Robert on Tuesday said he expects inflation to rise in coming months and then “settle down” near 2.25% by year's end, adding that he's still trying to understand how much of the rise in inflation will persist into coming years. “We're watching it very very carefully,” Kaplan told a meeting of the North Texas Commercial Association of Realtors and Real Estate Professionals, noting that his business contacts have begun to tell him they feel the supply chain disruptions and other factors pushing up prices may take longer than they thought to get resolved. As for where inflation will go in the next five years, he said, “The jury is out, and I don't know.” (Source: Reuters)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.92	-1.06	KSA	2025	1.37	-1.23
Abu Dhabi	2030	2.07	-4.15	KSA	2030	2.49	-3.98
Abu Dhabi	2050	3.23	-8.62	KSA	2050	3.77	-8.18
Bahrain	2026	3.37	-1.15	Oman	2025	3.27	2.80
Bahrain	2030	5.46	-5.08	Oman	2029	4.93	3.03
Bahrain	2047	6.98	-10.06	Oman	2048	6.69	0.57
Dubai	2029	2.66	-1.35	Qatar	2025	0.98	-1.22
Kuwait	2022	0.17	-0.85	Qatar	2030	2.17	-4.65
Kuwait	2027	1.50	-2.81	Qatar	2050	3.43	-10.29

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.73	8.08	0.09	-1.74
S&P MENA Bond and Sukuk Index	2.35	NA	0.14	-2.48
Bloomberg Emerging Markets USD Index	3.87	6.80	0.13	-2.02
Bloomberg Global Aggregate Index	1.12	7.42	-0.02	-3.13

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	6/5/2021	31/12/2020	6/5/2021	31/12/2020	6/5/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.7943	0.8175	0.8414	0.8700	0.9157	0.9413
BHIBOR	1.3250	2.2500	1.4833	2.5333	1.6667	2.6833
QATAR	1.1875	1.1206	1.2500	1.1960	1.3667	1.3636
AEIBOR	0.4185	0.5125	0.4650	0.4908	0.6125	0.6538
EURIBOR	-0.5350	-0.5450	-0.5160	-0.5260	-0.4830	-0.4990
LIBOR	0.1754	0.2384	0.2066	0.2576	0.2829	0.3419

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1994	-0.18	3.6
2-Year	0.2702	0.18	36.6
5-Year	0.9023	0.72	109.8
7-Year	1.2543	0.85	91.6
10-Year	1.5707	0.97	69.8
30-Year	1.9920	1.14	42.1

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3015	-0.0995	0.61
SAR	3.7504	-0.0027	0.04
BHD	0.3770	0.0000	0.00
QAR	3.6420	0.0000	0.01
OMR	0.3850	0.0000	0.00
AED	3.6731	0.0000	0.00

## Commodities

	USD	YTD Δ (%)
Gold	1,792.40	-5.80
Silver	26.83	1.10
Copper	455.00	29.02
Nat. Gas	2.94	12.75
Aluminum	2,431.50	22.42
Crude Oil	69.32	34.63

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.16	-0.01
5-Year	0.80	-0.02
10-Year	1.58	-0.08
30-Year	2.26	-0.26

## UK Gilts

	Yield %	1D Δ (%)
2-Year	0.04	0.02
5-Year	0.34	0.04
10-Year	0.80	0.14
30-Year	1.31	0.31

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.66	0.00
5-Year	-0.69	0.00
10-Year	-0.36	0.03
30-Year	0.32	0.11

## 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>6-May 2021</b>	<b>31-Dec 2020</b>	
Kuwait	46.77	40.69	
KSA	65.75	63.77	
Abu Dhabi	44.93	36.03	
Dubai	93.28	104.06	
Qatar	44.91	36.70	
Bahrain	184.51	233.58	
Oman	251.54	353.60	
Iraq	507.27	542.74	
Egypt	317.66	330.47	
Morocco	92.13	102.56	
Turkey	410.27	299.47	
US	8.10	11.52	
UK	10.50	15.13	
China	36.94	26.70	
Japan	15.60	14.74	
Germany	9.25	9.09	
France	20.98	14.42	