

News Updates

Egypt Keeps The World's Highest Real Interest Rate – Egypt extended its monetary easing pause for another month, seeking to keep local debt attractive to foreign investors as the pandemic cuts tourism, a key source of revenue. The central bank held the benchmark deposit rate at 8.25% and the lending rate at 9.25% for a fourth meeting, the Monetary Policy Committee said Wednesday in a statement. Nine of 10 economists surveyed by Bloomberg predicted the decision. Authorities will be keen to keep strong overseas portfolio investments “until tourists start to come back and foreign direct investment gains,” Simon Williams, chief economist for Central & Eastern Europe, the Middle East and Africa at HSBC Holdings Plc., said before the decision. *(Source: Bloomberg)*

Turkey's Central Banker to Weigh Up Inflation After Lira Slump – Turkey's new central bank Governor Sahap Kavcioglu is expected to raise inflation forecasts on Thursday after his appointment unleashed a slide in the lira, exposing his limited room to deliver interest-rate cuts sought by the president. In his first public policy presentation, Kavcioglu will update the bank's base-case scenario for prices through the rest of 2021 and the following two years, and answer questions from economists and the media. Enver Erkan, chief economist at Istanbul-based Tera Yatirim, said “a serious upward revision is needed” as the current inflation estimate of 9.4% at year-end had “lost touch with reality.” The governor's comments could reveal the extent of future monetary easing, Erkan said, and a forecast below 14% for this year “may be seen as dovish.” Inflation was 16.2% in March. *(Source: Bloomberg)*

Treasury yields drop as Fed's Powell says it's too early to talk about tapering – U.S. Treasury yields fell on Wednesday after Federal Reserve Chairman Jerome Powell said now is not the time to discuss tapering bond purchases as the economy is still far from meeting the U.S. central bank's employment and inflation goals. Analysts say the Fed as likely to begin hinting toward a taper announcement in the coming months in order to prepare the market for a reduction in bond purchases that could begin later this year. But Powell “made it pretty clear that they are a fairly long way away from tapering,” said Tom di Galoma, a managing director at Seaport Global Holdings in New York. “I think the Fed is still quite unsure of how the economy is going to be six months from here.” Benchmark 10-year yields dropped to 1.613%, from a two-week high of 1.661%, after Powell's comments. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.93	-1.07	KSA	2025	1.40	-1.34
Abu Dhabi	2030	2.07	-4.17	KSA	2030	2.52	-4.19
Abu Dhabi	2050	3.24	-8.81	KSA	2050	3.80	-8.61
Bahrain	2026	3.36	-1.04	Oman	2025	3.27	2.83
Bahrain	2030	5.41	-4.74	Oman	2029	4.95	2.91
Bahrain	2047	6.93	-9.56	Oman	2048	6.65	1.09
Dubai	2029	2.68	-1.45	Qatar	2025	1.01	-1.27
Kuwait	2022	0.16	-0.80	Qatar	2030	2.21	-4.87
Kuwait	2027	1.53	-2.88	Qatar	2050	3.45	-10.58

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.73	8.08	-0.30	-1.87
S&P MENA Bond and Sukuk Index	2.37	NA	-0.30	-2.65
Bloomberg Emerging Markets USD Index	3.92	6.80	-0.02	-2.36
Bloomberg Global Aggregate Index	1.13	7.42	-0.06	-3.03

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	29/4/2021	31/12/2020	29/4/2021	31/12/2020	29/4/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.7957	0.8175	0.8429	0.8700	0.9157	0.9413
BHIBOR	1.3250	2.2500	1.4000	2.5333	1.6667	2.6833
QATAR	1.0907	1.1206	1.1811	1.1960	1.3128	1.3636
AEIBOR	0.3706	0.5125	0.5000	0.4908	0.6012	0.6538
EURIBOR	-0.5350	-0.5450	-0.5180	-0.5260	-0.4840	-0.4990
LIBOR	0.1771	0.2384	0.2143	0.2576	0.2826	0.3419

USD Swap Rates

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.2133	0.08	10.8	KWD	0.3011	-0.0332	0.71	Gold	1,777.80	-6.57
2-Year	0.2878	0.84	45.5	SAR	3.7503	0.0027	0.04	Silver	26.39	-0.54
5-Year	0.9720	2.96	126.0	BHD	0.3770	0.0000	0.01	Copper	451.75	28.10
7-Year	1.3252	3.11	102.4	QAR	3.6420	0.0082	0.00	Nat. Gas	2.94	12.68
10-Year	1.6421	3.04	77.5	OMR	0.3850	0.0052	0.00	Aluminum	2,386.10	20.13
30-Year	2.0488	2.13	46.1	AED	3.6731	0.0000	0.00	Crude Oil	67.44	30.55

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.17	-0.01		0.05	-0.01		-0.67	0.00
5-Year	0.88	-0.13		0.36	-0.03		-0.68	-0.01
10-Year	1.64	-0.24		0.80	-0.09		-0.35	-0.02
30-Year	2.31	-0.34		1.32	-0.17		0.31	-0.04

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.17	-0.01		0.05	-0.01		-0.67	0.00
5-Year	0.88	-0.13		0.36	-0.03		-0.68	-0.01
10-Year	1.64	-0.24		0.80	-0.09		-0.35	-0.02
30-Year	2.31	-0.34		1.32	-0.17		0.31	-0.04

German Bunds

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.17	-0.01		0.05	-0.01		-0.67	0.00
5-Year	0.88	-0.13		0.36	-0.03		-0.68	-0.01
10-Year	1.64	-0.24		0.80	-0.09		-0.35	-0.02
30-Year	2.31	-0.34		1.32	-0.17		0.31	-0.04

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	29-Apr 2021	31-Dec 2020	
Kuwait	47.23	40.69	
KSA	65.39	63.77	
Abu Dhabi	44.37	36.03	
Dubai	93.84	104.06	
Qatar	44.21	36.70	
Bahrain	193.55	233.58	
Oman	274.38	353.60	
Iraq	501.60	542.74	
Egypt	319.03	330.47	
Morocco	92.78	102.56	
Turkey	420.08	299.47	
US	8.10	11.52	
UK	9.76	15.13	
China	37.06	26.70	
Japan	15.68	14.74	
Germany	9.10	9.09	
France	20.49	14.42	