

News Updates

Emirates NBD expected to sell \$750m in AT1 bonds – Emirates NBD is forecast to issue up to \$750 million Additional Tier 1 bonds, non-callable for six years, according to Reuters citing a document issued by one of the banks arranging the deal. The bank has received more than \$1.6 billion in orders for the Additional Tier 1 bonds. Final price guidance was tightened to between 4.25% and 4.375% from the initial guidance of around 4.5%; hence, the bonds will be priced in that range. It is noteworthy to mention that the bank has hired banks to arrange for the issuance of US dollar-denominated Additional Tier 1 bonds, including Emirates NBD Capital and First Abu Dhabi Bank (FAB). (Source: Mubasher)

Goldman Says Brent Will Hit \$80 Even as Iranian Supply Returns – The case for higher oil prices “remains intact” even with the potential return of Iranian supply, according to Goldman Sachs Group Inc., which cites its outlook for a large vaccine-driven increase in demand. The market is now likely pricing a return of Iranian barrels by late summer, yet underestimating the upcoming demand rebound, which is too pessimistic a view on both accounts, analysts including Damien Courvalin and Jeff Currie said in a May 23 note. On demand, the recovery in developed markets’ mobility and travel is on track to exceed the bank’s expectations, helping offset the recent hit to South Asia and Latin America consumption. Bank is lowering its non-OPEC+ production forecasts by 0.25m b/d in 2H due to still-depressed activity levels and reduced the shale supply response during the same period by 0.2m b/d. For Iran, “even aggressively assuming a restart in July, we estimate that Brent prices would still reach \$80/bbl in 4Q 2021, with our new base case for an October restart still supporting our \$80/bbl forecast for this summer”. (Source: Bloomberg)

Frontier Debt Shines as Unlikely Haven in World of Rising Rates – As the hunt for investments that can withstand rising interest rates gathers pace, frontier assets are gaining popularity over their larger emerging-market peers. The bonds of the world’s least-developed economies have returned 2.6% this year, keeping pace with their 2020 performance, while higher-ranked emerging-market debt has lost almost 2%, reversing some of last year’s 5.3% advance, according to JPMorgan Chase & Co. indexes. With speculation growing that the world’s post-pandemic economic recovery is fueling inflation, the bonds of smaller developing nations are luring buyers as their securities tend to be of shorter duration - meaning they are less sensitive to expectations for interest-rate increases. The average duration of frontier-market sovereign bonds is six years, compared with 7.9 years for traditional emerging markets, JPMorgan indexes show. The burgeoning interest in frontier assets nonetheless represents a threat to the global economy as central banks move back into policy-tightening mode. Less developed nations, such as those in Africa, present a higher chance of default than their larger emerging-market peers. And the more funds they attract, the greater the threat of potential contagion should rising borrowing costs hamper economic growth. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.90	-1.09	KSA	2025	1.27	-0.97
Abu Dhabi	2030	2.02	-3.77	KSA	2030	2.42	-3.44
Abu Dhabi	2050	3.20	-8.22	KSA	2050	3.69	-7.12
Bahrain	2026	3.41	-1.47	Oman	2025	3.29	2.74
Bahrain	2030	5.55	-5.61	Oman	2029	4.90	3.16
Bahrain	2047	6.96	-10.03	Oman	2048	6.75	-0.15
Dubai	2029	2.48	-0.77	Qatar	2025	0.96	-1.19
Kuwait	2022	0.08	-0.94	Qatar	2030	2.11	-4.29
Kuwait	2027	1.47	-2.76	Qatar	2050	3.38	-9.46

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.68	8.08	0.05	-1.17
S&P MENA Bond and Sukuk Index	2.31	NA	0.00	-2.04
Bloomberg Emerging Markets USD Index	3.86	6.80	0.06	-1.74
Bloomberg Global Aggregate Index	1.15	7.42	0.01	-2.80

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	24/5/2021	31/12/2020	24/5/2021	31/12/2020	24/5/2021	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	1.4333	2.2500	1.5367	2.5333	1.6833	2.6833
QATAR	1.0675	1.1206	1.1583	1.1960	1.3033	1.3636
AEIBOR	0.3310	0.5125	0.4339	0.4908	0.5133	0.6538
EURIBOR	-0.5430	-0.5450	-0.5130	-0.5260	-0.4790	-0.4990
LIBOR	0.1470	0.2384	0.1788	0.2576	0.2596	0.3419

USD Swap Rates

			Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	
1-Year	0.1707	0.00	-11.3	KWD	0.3010	0.1495	0.76	Gold
2-Year	0.2503	0.03	26.5	SAR	3.7503	0.0000	0.04	Silver
5-Year	0.9105	-0.09	111.7	BHD	0.3770	0.0000	0.00	Copper
7-Year	1.2670	-0.01	93.6	QAR	3.6413	0.0000	0.00	Nat. Gas
10-Year	1.5938	0.05	72.2	OMR	0.3850	0.0000	0.00	Aluminum
30-Year	2.0277	0.08	44.6	AED	3.6731	0.0000	0.00	Crude Oil

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	0.00		0.03	0.01		-0.67	0.00
5-Year	0.82	0.00		0.35	0.03		-0.64	0.06
10-Year	1.62	0.02		0.83	0.06		-0.26	0.17
30-Year	2.32	-0.01		1.38	0.18		0.42	0.37

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	0.00		0.03	0.01		-0.67	0.00
5-Year	0.82	0.00		0.35	0.03		-0.64	0.06
10-Year	1.62	0.02		0.83	0.06		-0.26	0.17
30-Year	2.32	-0.01		1.38	0.18		0.42	0.37

German Bunds

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	0.00		0.03	0.01		-0.67	0.00
5-Year	0.82	0.00		0.35	0.03		-0.64	0.06
10-Year	1.62	0.02		0.83	0.06		-0.26	0.17
30-Year	2.32	-0.01		1.38	0.18		0.42	0.37

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

	24-May 2021	31-Dec 2020
Kuwait	46.27	40.69
KSA	62.27	63.77
Abu Dhabi	41.98	36.03
Dubai	86.26	104.06
Qatar	41.94	36.70
Bahrain	192.18	233.58
Oman	248.61	353.60
Iraq	511.43	542.74
Egypt	321.67	330.47
Morocco	85.69	102.56
Turkey	397.56	299.47
US	7.34	11.52
UK	9.43	15.13
China	38.25	26.70
Japan	15.89	14.74
Germany	9.41	9.09
France	21.67	14.42