

## News Updates

### Fitch affirms the positive future directions of Saudi financial policies

– The global credit rating agency "Fitch" affirmed the positive future directions of the financial policies that Saudi Arabia seeks to pursue as an extension of the measures and structural reforms it has taken during the past five years in accordance with the objectives of "Vision 2030", revealing that the Kingdom maintains a large financial reserve that supports its classification, and provides Greater flexibility to facilitate public financing needs, in light of the instability of oil revenues. Fitch praised the preliminary statement announced by the Saudi Ministry of Finance for the Kingdom's general budget next year, which addressed the country's targeting of a financial reserve in the Saudi Central Bank of 350 billion riyals (\$93 billion) in 2022 (which constitutes about 11 percent of GDP). gross domestic product, according to Fitch estimates. It is expected to rise in the medium term, after it had previously predicted its stability at a minimum level of 265 billion riyals (\$70 billion) in 2022-2023. Fitch's comment confirms the positive future directions of the Kingdom's financial policies, and has a positive impact on the great global confidence in the strength of the Saudi economy, and support for the positive outlook on the future of financial sustainability in the country. (Source: Alkhaleeji Today)

**Moody's sees oil at \$50-\$70/bbl in medium-term** – Moody's Investors Service has set its medium-term oil price range to \$50-\$70/barrel (bbl) to "reflect its expectation that the full cost of production of a marginal barrel of oil will keep increasing in step with a continued recovery in demand." Global oil prices have risen by around 60 percent this year on higher demand as economies emerging from the COVID-19 coronavirus pandemic-induced lockdowns resumed economic activities. WTI crude was trading \$77 per barrel while Brent crude oil, to which Middle East oil price is pegged, was at \$80.76 on Thursday. In its report, Moody's said it also expects that restricted supply will continue to support strong momentum in oil prices. (Source: Zawya)

**Short-end yields fall on possible U.S. debt limit extension** – Yields on the shortest end of the U.S. Treasury curve tumbled on Wednesday after the Senate's top Republican said his party would support an extension of the federal debt ceiling into December, a move that would avert a historic default later this month. The one-month Treasury yield, which earlier hit a session high of 0.1390%, was last at 0.0507%. Yields on Treasury bills maturing around Oct. 18, the date U.S. Treasury Secretary Janet Yellen has said the government would run out of cash, leading to a default, have been sharply elevated since last week. The benchmark 10-year yield, which earlier hit a session high of 1.573%, was last down 1 basis point at 1.5206% after retreating from June highs along with yields on 20-year and 30-year bonds. The fall in long-end rates flattened the yield curve, with the spread between two-year and 10-year yields narrowing to 122.51 basis points after rising to 127 basis points, its widest since June. (Source: Reuters)

### GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.93	-1.71	KSA	2025	1.25	-1.39
Abu Dhabi	2030	2.03	-4.08	KSA	2030	2.35	-3.22
Abu Dhabi	2050	3.14	-7.09	KSA	2050	3.63	-6.22
Bahrain	2026	4.23	-5.51	Oman	2025	3.43	1.73
Bahrain	2030	5.83	-7.64	Oman	2029	5.00	2.34
Bahrain	2047	7.34	-13.89	Oman	2048	6.75	-0.10
Dubai	2029	2.49	-1.02	Qatar	2025	1.15	-2.59
Kuwait	2022	0.03	-1.84	Qatar	2030	2.17	-5.07
Kuwait	2027	1.44	-3.13	Qatar	2050	3.27	-7.79

### Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.73	8.08	-0.12	-0.24
S&P MENA Bond and Sukuk Index	2.32	NA	-0.21	-0.77
Bloomberg Emerging Markets USD Index	4.23	6.80	-0.13	-1.64
Bloomberg Global Aggregate Index	1.18	7.42	-0.13	-4.17

### Interbank Rates (%)

	3 Months		6 Months		12 Months	
	07/10/2021	31/12/2020	07/10/2021	31/12/2020	07/10/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8100	0.8175	0.8557	0.8700	0.9300	0.9413
BHIBOR	1.5500	2.2500	1.6250	2.5333	1.8000	2.6833
QATAR	1.1500	1.1206	1.2000	1.1960	1.3449	1.3636
AEIBOR	0.3199	0.5125	0.4919	0.4908	0.4594	0.6538
EURIBOR	-0.5510	-0.5450	-0.5250	-0.5260	-0.4910	-0.4990
LIBOR	0.1240	0.2384	0.1551	0.2576	0.2369	0.3419

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.1737	0.38	-9.8	KWD	0.3017	-0.0332	0.55	Gold	1,757.50	-8.04
2-Year	0.4094	1.45	107.0	SAR	3.7505	0.0000	0.03	Silver	22.53	-15.49
5-Year	1.0843	2.24	152.2	BHD	0.3771	0.0000	0.00	Copper	416.40	18.16
7-Year	1.3396	2.41	104.6	QAR	3.6414	0.0055	0.00	Nat. Gas	5.73	105.01
10-Year	1.5596	2.66	68.6	OMR	0.3850	0.0000	0.00	Aluminum	2,890.00	44.23
30-Year	1.8456	2.29	31.6	AED	3.6731	0.0000	0.00	Crude Oil	80.98	59.57

US Treasuries			UK Gilt		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.30	-0.01	0.46	0.00	-0.78	0.00
5-Year	1.00	-0.09	0.68	0.00	-0.70	0.00
10-Year	1.54	-0.20	1.07	0.00	-0.35	0.00
30-Year	2.10	-0.40	1.42	0.00	0.30	0.00

Sovereign Ratings			
	Moody's	S&P	Fitch
Kuwait	A1	A+	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-Oct 2021	31-Dec 2020
Kuwait	44.78	40.69
KSA	53.43	63.77
Abu Dhabi	43.50	36.03
Dubai	91.34	104.06
Qatar	43.90	36.70
Bahrain	284.65	233.58
Oman	261.48	353.60
Iraq	526.94	542.74
Egypt	461.71	330.47
Morocco	94.57	102.56
Turkey	438.00	299.47
US	15.12	11.52
UK	8.16	15.13
China	50.44	26.70
Japan	17.31	14.74
Germany	7.96	9.09
France	19.86	14.42