

## News Updates

**Saudi Inflation Still Fueled by VAT Hike, Central Bank Says** – Saudi inflation is expected to rise during the first quarter compared to the same period the previous year due to the residual effect of an increase in value-added tax but should be little changed on the previous quarter, the kingdom's central bank said on Monday. Consumer prices rose an annual 5.6% in the last three months of 2020. The world's largest crude exporter tripled VAT to 15% in July as it endured twin economic shocks from the spread of the coronavirus pandemic and oil market turmoil. Officials later said the decision might be reviewed once the crisis is over. The VAT rise was among a series of measures taken by Saudi Arabia last year to limit the economic damage caused by the decline in crude oil prices. Inflation is expected to stabilize on an annual basis in the second half of 2021 as the base effects of the VAT increase wear off. (Source: Bloomberg)

**Saudi Wealth Fund's Spending Programs Will Boost Banks, S&P Says** – Saudi Arabia's banks are expected to benefit from the sovereign wealth fund's spending spree this year, although low interest rates and a rollback of central bank support may weigh on profits, S&P Global Ratings said. “Mortgage origination will remain buoyant and corporate lending is likely to pick up as Public Investment Fund programs create business for contractors,” the ratings agency said in a report. The sovereign investor is a key lever for the kingdom's efforts to revive growth after what may be the deepest recession the world's largest crude exporter has experienced since 1987. Handed \$40 billion last year to buy global stocks, the PIF plans to plow the same amount into the domestic economy this year and again in 2022. (Source: Bloomberg)

**Commercial Bank of Qatar Hires Advisers for Debt Sale** – Commercial Bank of Qatar mandated Credit Suisse as sole global coordinator, and Barclays, Credit Suisse, Deutsche Bank, HSBC, JPMorgan and QNB Capital as joint lead managers and bookrunners to organize a global investor call at 10:00AM UKT/1:00PM Qatar/6:00PM HKT on Feb. 22, and a series of fixed-income investor calls commenced on Feb. 22. An unrated US\$ Benchmark fixed rate resettable RegS only Registered Perpetual Additional Tier 1 Non-Call 5 year Capital Securities offering followed, subject to market conditions and FCA/ICMA stabilization applies. Commercial Bank of Qatar is rated A3 (stable) by Moody's, BBB+ (stable) by S&P and A (stable) by Fitch. (Source: Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.87	-0.57	KSA	2025	1.22	-0.41
Abu Dhabi	2030	1.90	-2.61	KSA	2030	2.27	-2.10
Abu Dhabi	2050	3.15	-7.29	KSA	2050	3.65	-6.33
Bahrain	2026	3.38	-0.72	Oman	2025	3.70	1.50
Bahrain	2030	5.19	-3.15	Oman	2029	5.37	0.29
Bahrain	2047	6.61	-6.12	Oman	2048	7.02	-3.38
Dubai	2029	2.52	-0.06	Qatar	2025	0.91	-0.54
Kuwait	2022	0.43	-0.63	Qatar	2030	1.98	-3.00
Kuwait	2027	1.39	-1.88	Qatar	2050	3.26	-7.49

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.59	8.08	-0.40	-1.45
S&P MENA Bond and Sukuk Index	2.17	NA	-0.37	-1.86
Bloomberg Emerging Markets USD Index	3.65	6.80	-0.48	-1.72
Bloomberg Global Aggregate Index	1.02	7.42	0.00	-1.95

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	23/2/2021	31/12/2020	23/2/2021	31/12/2020	23/2/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	1.9375	1.9375
SAIBOR	0.8038	0.8175	0.8500	0.8700	0.9225	0.9413
BHIBOR	2.0333	2.2500	2.2667	2.5333	2.5700	2.6833
QATAR	1.0142	1.1206	1.1130	1.1960	1.2709	1.3636
AEIBOR	0.3893	0.5125	0.5385	0.4908	0.5609	0.6538
EURIBOR	-0.5430	-0.5450	-0.5170	-0.5260	-0.4940	-0.4990
LIBOR	0.1753	0.2384	0.1950	0.2576	0.2865	0.3419

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.1772	0.02	-7.9	KWD	0.3019	0.0994	0.46	Gold	1,809.10	-4.76
2-Year	0.2056	-0.28	3.9	SAR	3.7505	0.0027	0.04	Silver	28.18	6.43
5-Year	0.7242	-0.74	68.4	BHD	0.3771	0.0000	-0.01	Copper	419.35	19.00
7-Year	1.0860	-0.17	65.9	QAR	3.6420	-0.0027	-0.01	Nat. Gas	2.96	17.02
10-Year	1.4490	-0.07	56.6	OMR	0.3850	0.0000	0.01	Aluminum	2,147.75	8.61
30-Year	1.9480	0.41	38.9	AED	3.6731	0.0000	0.00	Crude Oil	66.40	28.14

## US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.11	0.00	0.03	0.03	-0.65	0.00
5-Year	0.60	0.00	0.26	0.08	-0.69	0.05
10-Year	1.37	0.01	0.67	0.22	-0.45	0.30
30-Year	2.18	-0.96	1.26	-1.48	0.21	-1.55

## UK Gilts

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.11	0.00	0.03	0.03	-0.65	0.00
5-Year	0.60	0.00	0.26	0.08	-0.69	0.05
10-Year	1.37	0.01	0.67	0.22	-0.45	0.30
30-Year	2.18	-0.96	1.26	-1.48	0.21	-1.55

## German Bunds

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.11	0.00	0.03	0.03	-0.65	0.00
5-Year	0.60	0.00	0.26	0.08	-0.69	0.05
10-Year	1.37	0.01	0.67	0.22	-0.45	0.30
30-Year	2.18	-0.96	1.26	-1.48	0.21	-1.55

## 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	B2	NR	B
Morocco	Ba1	BBB-	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	23-Feb 2021	31-Dec 2020
Kuwait	41.12	40.69
KSA	61.82	63.77
Abu Dhabi	41.90	36.03
Dubai	93.97	104.06
Qatar	42.32	36.70
Bahrain	226.23	233.58
Oman	324.61	353.60
Iraq	514.06	542.74
Egypt	299.45	330.47
Morocco	98.33	102.56
Turkey	288.11	299.47
US	10.60	11.52
UK	13.70	15.13
China	28.51	26.70
Japan	14.71	14.74
Germany	8.91	9.09
France	14.24	14.42