

News Updates

**IMF expects Saudi economy to grow by 2.8% in 2021** – The International Monetary Fund expects the Saudi economy to grow by 2.8 percent in 2021 and 4.8 percent in 2022, it said today in its annual World Economic Outlook. The new 2021 growth forecast for the Kingdom upgrades on the 2.4 percent growth prediction from the previous report, issued in July. However, the 2022 growth forecast remained unchanged. The 2021 forecast for the MENA region stays at 4.1 percent, but the IMF's 2022 growth prediction rose by 0.4 percent to 4.1 percent. Upward revisions in growth forecasts for emerging markets and developing economies (which includes MENA) were attributed to favorable assessments of some commodity exporters and a "stronger-than-anticipated domestic demand" in regional economies. This outweighed the adverse developments of the pandemic. The IMF also predicts consumer prices to increase by 12.7 percent in 2021 and 8.6 percent in 2022 for the MENA region. The inflation increase is fueled by hikes in food prices due to local shortages and jumps in global food prices. However, the Kingdom's inflation rate for 2021 is expected to be a much-lower 1.6 percent while the price increase in 2022 is projected to be moderately higher, rising by 2.2 percent. For the US, the world's largest economy, the IMF predicts growth of 6 percent for 2021, below its July forecast of 7 percent. The downward revision reflects a slowdown in economic activity resulting from a rise in COVID-19 cases and delayed production caused by supply shortages and a resulting acceleration of inflation. The IMF predicts that for the world's advanced economies as a whole, growth will amount to 5.2 percent this year, compared with a meager predicted gain of 3 percent for low-income developing countries. *(Source: Arab News)*

**UAE inflation turns positive for the first time in 31 months** – The UAE's Consumer Price Index saw a year-on-year increase of 0.6 percent in August after a 0.02 percent decline in the previous month. This is the first positive rate since January 2019, according to Asharq Business, citing data from the Federal Competitiveness and Statistics Centre. The annual increase was largely thanks to a 21.8 percent jump in entertainment and culture services prices, as well as a yearly rise of 1.2 percent in the cost of educational services. Prices for food and beverages fell 1.1 percent, while the index comprising housing, water, electricity and gas prices dropped by 4.2 percent. *(Source: Arab News)*

**U.S. House votes for short-term debt ceiling fix, averting default** – The Democratic-controlled U.S. House of Representatives gave final approval on Tuesday to legislation temporarily raising the government's borrowing limit to \$28.9 trillion, pushing off the deadline for debt default only until December. Democrats, who narrowly control the House, maintained party discipline to pass the hard-fought, \$480 billion debt limit increase by 219-206. The vote was along party lines, with every yes from Democrats and every no from Republicans. President Joe Biden is expected to sign the measure into law before Oct. 18, when the Treasury Department has estimated it would no longer be able to pay the nation's debts without congressional action. House passage warded off concerns that the United States - the world's largest economy - would go into default for the first time, but the temporary extension set the stage for continued fighting between the parties. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.03	-2.04	KSA	2025	1.26	-1.52
Abu Dhabi	2030	2.09	-4.58	KSA	2030	2.42	-3.72
Abu Dhabi	2050	3.18	-7.88	KSA	2050	3.68	-7.07
Bahrain	2026	4.31	-5.80	Oman	2025	3.50	1.60
Bahrain	2030	5.87	-8.03	Oman	2029	5.04	2.14
Bahrain	2047	7.31	-13.73	Oman	2048	6.79	-0.55
Dubai	2029	2.51	-1.12	Qatar	2025	1.24	-2.88
Kuwait	2022	-0.02	-1.88	Qatar	2030	2.22	-5.39
Kuwait	2027	1.57	-3.71	Qatar	2050	3.32	-8.56

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.77	8.08	-0.13	-0.57
S&P MENA Bond and Sukuk Index	2.36	NA	-0.10	-1.12
Bloomberg Emerging Markets USD Index	4.35	6.80	-0.24	-2.15
Bloomberg Global Aggregate Index	1.24	7.42	-0.05	-4.66

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	13/10/2021	31/12/2020	13/10/2021	31/12/2020	13/10/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8157	0.8175	0.8614	0.8700	0.9357	0.9413
BHIBOR	1.5167	2.2500	1.6250	2.5333	1.8000	2.6833
QATAR	1.1500	1.1206	1.2000	1.1960	1.3500	1.3636
AEIBOR	0.3875	0.5125	0.4342	0.4908	0.4740	0.6538
EURIBOR	-0.5510	-0.5450	-0.5210	-0.5260	-0.4800	-0.4990
LIBOR	0.1218	0.2384	0.1565	0.2576	0.2566	0.3419

	USD Swap Rates			Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)		
1-Year	0.1985	0.15	3.1	KWD	0.3019	0.0000	0.48	Gold	1,762.50	-7.78
2-Year	0.4711	0.40	138.2	SAR	3.7510	0.0000	0.02	Silver	22.71	-14.80
5-Year	1.1609	0.74	170.0	BHD	0.3770	-0.0027	0.01	Copper	434.30	23.24
7-Year	1.3989	0.55	113.7	QAR	3.6413	0.0027	0.00	Nat. Gas	5.42	93.92
10-Year	1.6035	0.50	73.3	OMR	0.3850	0.0000	0.00	Aluminum	3,053.25	52.38
30-Year	1.8666	0.43	33.1	AED	3.6731	0.0000	0.00	Crude Oil	83.43	64.39

	US Treasuries		UK Gilt		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.35	-0.02	0.55	0.08	-0.74	0.00
5-Year	1.08	-0.02	0.77	0.16	-0.65	0.00
10-Year	1.58	-0.02	1.15	0.36	-0.25	0.00
30-Year	2.09	0.07	1.44	1.49	0.37	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	13-Oct 2021	31-Dec 2020
Kuwait	47.51	40.69
KSA	53.95	63.77
Abu Dhabi	43.94	36.03
Dubai	88.90	104.06
Qatar	43.96	36.70
Bahrain	303.68	233.58
Oman	260.36	353.60
Iraq	502.46	542.74
Egypt	465.31	330.47
Morocco	95.95	102.56
Turkey	441.08	299.47
US	11.93	11.52
UK	7.17	15.13
China	55.63	26.70
Japan	17.51	14.74
Germany	7.87	9.09
France	19.63	14.42