

News Updates

**IMF raises Saudi economy growth forecast to 2.9% in 2021** – The International Monetary Fund (IMF) changed its economic outlook for Saudi Arabia to 2.9% in 2021 instead of the 2.6% projected earlier this year, according to the World Economic Outlook report. The IMF kept its 2022 economic growth estimates for Saudi Arabia unchanged at 4%. The outlook for both years is compared with 4.1% in 2020, according to the IMF. The projections for the Kingdom “are based on the IMF staff’s understanding of government policies as outlined in the 2021 budget,” the report highlighted. Global growth, meanwhile, is projected at 6% in 2021, moderating to 4.4% in 2022. “The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility,” according to the IMF report. (Source: Mubasher)

**Egyptian Banks Face Further Pressure From Coronavirus** – Egyptian banks face a deterioration of asset quality and pressure on profitability through the end of the year as a result of the impact of the coronavirus pandemic, Fitch Ratings says in a report. Capitalization remains a credit weakness and foreign currency liquidity still vulnerable to external shocks. Fitch says while the central bank has enacted a number of measures to mitigate the impact of the pandemic, including deferral of loan repayments and flexibility with regard to how they are classified by banks, “we believe these measures have delayed, rather than prevented, asset-quality deterioration”. Pressure on profitability expected to continue due to lower interest rates and high loan impairment charges. Bank foreign currency holdings, while rebounding from a sell-off last year amid the height of the pandemic, is still vulnerable to foreign investor confidence in emerging market debt and FX fluctuations (Source: Bloomberg)

**Erdogan Says He’s Resolved to Cut Rates, Build Istanbul Channel** – The Turkish government is determined to bring down interest rates and inflation to single digits, President Recep Tayyip Erdogan said, sounding more eager than his new central banker to lower borrowing costs. The Turkish president also said he intends to expedite his controversial plan to dig a strait bisecting Istanbul to bypass the busy Bosphorus Strait linking the Black and Marmara seas. “We are determined to bring inflation, which has recently accelerated, down to single digits,” Erdogan said. “We are also determined to reduce interest rates to single digits.” The lira’s recent depreciation has no economic basis, the president added. (Source: Bloomberg)

**Fed Officials Back Dovish Powell View Despite Brighter Outlook** – Federal Reserve Chair Jerome Powell’s dovish message on an incomplete economic recovery won the day when officials met last month, with a record of the gathering showing a unanimous near-term policy outlook. “Participants noted that it would likely be some time until substantial further progress toward the committee’s maximum-employment and price-stability goals would be realized,” according to minutes from the March 16-17 Federal Open Market Committee meeting published Wednesday. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.98	-1.19	KSA	2025	1.40	-1.29
Abu Dhabi	2030	2.11	-4.36	KSA	2030	2.54	-4.39
Abu Dhabi	2050	3.28	-9.37	KSA	2050	3.81	-8.78
Bahrain	2026	3.36	-1.01	Oman	2025	3.36	2.57
Bahrain	2030	5.48	-5.15	Oman	2029	5.14	1.72
Bahrain	2047	6.91	-9.43	Oman	2048	6.88	-1.79
Dubai	2029	2.68	-1.61	Qatar	2025	1.08	-1.37
Kuwait	2022	0.25	-0.70	Qatar	2030	2.20	-4.79
Kuwait	2027	1.57	-3.02	Qatar	2050	3.39	-9.62

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.79	8.08	0.27	-2.30
S&P MENA Bond and Sukuk Index	2.41	NA	0.15	-3.01
Bloomberg Emerging Markets USD Index	3.95	6.80	0.00	-2.94
Bloomberg Global Aggregate Index	1.13	7.42	0.11	-3.77

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	8/4/2021	31/12/2020	8/4/2021	31/12/2020	8/4/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.7971	0.8175	0.8443	0.8700	0.9171	0.9413
BHIBOR	1.2500	2.2500	1.3917	2.5333	1.6417	2.6833
QATAR	1.0470	1.1206	1.1340	1.1960	1.2677	1.3636
AEIBOR	0.3150	0.5125	0.4518	0.4908	0.5500	0.6538
EURIBOR	-0.5380	-0.5450	-0.5170	-0.5260	-0.4960	-0.4990
LIBOR	0.1974	0.2384	0.2010	0.2576	0.2863	0.3419

USD Swap Rates

	Yield %	Currencies	
		1D Δ (bps)	YTD Δ (%)
1-Year	0.2156	-0.11	12.0
2-Year	0.2864	-0.30	44.8
5-Year	0.9894	-0.47	130.1
7-Year	1.3667	-0.87	108.8
10-Year	1.6960	-1.14	83.3
30-Year	2.1157	-1.18	50.9

Currencies

	USD	Commodities	
		1D Δ (bps)	YTD Δ (%)
KWD	0.3020	0.0662	0.41
SAR	3.7506	0.0027	0.03
BHD	0.3771	-0.0027	-0.01
QAR	3.6421	-0.0027	-0.01
OMR	0.3850	0.0026	0.00
AED	3.6730	0.0000	0.00

Commodities

	USD	YTD Δ (%)
Silver	25.18	-4.90
Copper	407.95	15.76
Nat. Gas	2.50	-2.27
Aluminum	2,245.00	13.26
Crude Oil	62.90	21.76

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.15	0.01
5-Year	0.86	0.03
10-Year	1.67	0.09
30-Year	2.35	0.17

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.05	0.02
5-Year	0.35	0.07
10-Year	0.77	0.26
30-Year	1.31	0.50

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.68	0.00
5-Year	-0.72	0.00
10-Year	-0.45	0.00
30-Year	0.23	0.00

Sovereign Ratings

	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+
<b>USD 5Yr CDS</b>	8-Apr 2021	31-Dec 2020	
Kuwait	46.97	40.69	
KSA	66.08	63.77	
Abu Dhabi	45.83	36.03	
Dubai	90.20	104.06	
Qatar	45.73	36.70	
Bahrain	184.25	233.58	
Oman	268.44	353.60	
Iraq	546.39	542.74	
Egypt	311.18	330.47	
Morocco	86.18	102.56	
Turkey	437.62	299.47	
US	9.25	11.52	
UK	11.04	15.13	
China	37.61	26.70	
Japan	15.67	14.74	
Germany	9.04	9.09	
France	16.44	14.42	