

News Updates

Kuwait Finance House mandates banks for PNC5.5 Tier 1 USD RegS Sukuk

– Kuwait Finance House K.S.C.P. has mandated KFH Capital and Standard Chartered Bank as joint global coordinators and, together with Boubyan Bank, Dubai Islamic Bank, Dukhan Bank, Emirates NBD Capital, First Abu Dhabi Bank and Mizuho Securities as joint lead managers and joint bookrunners, to arrange a series of fixed income investor calls. An offering of fixed rate USD-denominated Regulation S PNC5.5 Basel III compliant Tier 1 Capital Certificates (the "Capital Certificates") will follow, subject to market conditions. FCA/ICMA stabilization applies. Kuwait Finance House is rated A2 (stable outlook) / A+ (negative outlook) by Moody's/Fitch; it is the second largest bank in Kuwait (by assets) and 47% owned by the Government of Kuwait. (Source: Bloomberg)

Treasury Yields Rebound From Post-Fed Plunge to Multi-Month Lows

– Yields on longer-dated Treasuries rebounded in the U.S. session Monday after collapsing to multi-month lows during a broad risk-off move earlier in Asia trading, as American stocks rebounded and reflationary bets began to return. The yield on the benchmark 30-year bond ended the day up close to 10 basis points at around 2.11% after diving to 1.93%, a level unseen since February. Yields on the 10-year note saw the third largest intraday swing of the year after plummeting to 1.35% in Asia trade only to close around 1.50%. The S&P 500 was up more than 1% on the day. Treasuries held near their New York closing levels during morning trading in Asia on Tuesday. "It was a reflation retrace," Natwest strategists including John Briggs wrote in a note to clients. Reflation trades that were unwound on Thursday and Friday are "reverting to some degree," they said. Other yardsticks for reflation expectations were evident: the U.S. dollar fell, breakeven inflation expectations rose and the yield curve managed to steepen, a paring of recent moves after the largest 5-, 30-year curve flattening move in a decade last week. (Source: Bloomberg)

Fed's Powell sees 'sustained improvement' in economy, notable rise in inflation

– The U.S. economy continues to show "sustained improvement" from the impact of the coronavirus pandemic and ongoing job market gains, but inflation has "increased notably in recent months," Federal Reserve Chair Jerome Powell said in prepared testimony for a congressional hearing on Tuesday. Powell did not go into detail in his prepared remarks on current monetary policy, or on the possibility the U.S. central bank may have to speed up its plans to pull back on some support for the economy because of the faster rise in prices. In his remarks, which were released by the Fed late Monday afternoon, Powell said he regards the current jump in inflation, in fact, as likely to fade. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.74	-0.59	KSA	2025	1.12	-0.59
Abu Dhabi	2030	2.00	-3.72	KSA	2030	2.24	-2.25
Abu Dhabi	2050	3.05	-5.60	KSA	2050	3.52	-4.38
Bahrain	2026	3.48	-2.02	Oman	2025	3.38	2.24
Bahrain	2030	5.52	-5.57	Oman	2029	4.96	2.82
Bahrain	2047	6.92	-9.61	Oman	2048	6.73	0.03
Dubai	2029	2.49	-0.53	Qatar	2025	0.90	-1.18
Kuwait	2022	0.15	-1.13	Qatar	2030	2.02	-3.75
Kuwait	2027	1.36	-2.31	Qatar	2050	3.20	-6.68

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.60	8.08	0.22	-0.08
S&P MENA Bond and Sukuk Index	2.20	NA	0.30	-0.51
Bloomberg Emerging Markets USD Index	3.79	6.80	-0.15	-0.61
Bloomberg Global Aggregate Index	1.14	7.42	0.02	-3.14

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	22/6/2021	31/12/2020	22/6/2021	31/12/2020	22/6/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.7929	0.8175	0.8429	0.8700	0.9143	0.9413
BHIBOR	1.6417	2.2500	1.7233	2.5333	1.8667	2.6833
QATAR	1.1148	1.1206	1.1864	1.1960	1.3240	1.3636
AEIBOR	0.3635	0.5125	0.4971	0.4908	0.5747	0.6538
EURIBOR	-0.5440	-0.5450	-0.5130	-0.5260	-0.4850	-0.4990
LIBOR	0.1349	0.2384	0.1563	0.2576	0.2401	0.3419

USD Swap Rates

Yield %		1D Δ (bps)	YTD Δ (%)	USD		1D Δ (bps)	YTD Δ (%)	USD		YTD Δ (%)
1-Year	0.1777	-0.14	-7.7	KWD	0.3013	-0.0332	0.68	Gold	1,787.80	-6.19
2-Year	0.3135	-0.48	58.5	SAR	3.7502	0.0000	0.04	Silver	26.07	-1.97
5-Year	0.9438	0.17	119.5	BHD	0.3770	-0.0027	0.01	Copper	420.50	19.22
7-Year	1.2135	0.25	85.4	QAR	3.6412	0.0055	0.01	Nat. Gas	3.19	18.88
10-Year	1.4541	0.23	57.1	OMR	0.3850	0.0026	0.00	Aluminum	2,390.75	19.91
30-Year	1.7884	0.67	27.6	AED	3.6730	0.0000	0.00	Crude Oil	75.13	46.31

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.25	0.00		0.11	0.01		-0.71	0.00
5-Year	0.89	-0.01		0.38	-0.02		-0.66	-0.08
10-Year	1.49	-0.02		0.77	-0.19		-0.34	-0.27
30-Year	2.12	-0.10		1.22	-0.49		0.30	-1.38

Currencies

	USD	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
Gold	1,787.80	-6.19					
Silver	26.07	-1.97					
Copper	420.50	19.22					
Nat. Gas	3.19	18.88					
Aluminum	2,390.75	19.91					
Crude Oil	75.13	46.31					

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.25	0.00		0.11	0.01		-0.71	0.00
5-Year	0.89	-0.01		0.38	-0.02		-0.66	-0.08
10-Year	1.49	-0.02		0.77	-0.19		-0.34	-0.27
30-Year	2.12	-0.10		1.22	-0.49		0.30	-1.38

Commodities

	USD	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
Gold	1,787.80	-6.19					
Silver	26.07	-1.97					
Copper	420.50	19.22					
Nat. Gas	3.19	18.88					
Aluminum	2,390.75	19.91					
Crude Oil	75.13	46.31					

German Bunds

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.25	0.00		0.11	0.01		-0.71	0.00
5-Year	0.89	-0.01		0.38	-0.02		-0.66	-0.08
10-Year	1.49	-0.02		0.77	-0.19		-0.34	-0.27
30-Year	2.12	-0.10		1.22	-0.49		0.30	-1.38

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	22-Jun 2021	31-Dec 2020
Kuwait	45.54	40.69
KSA	56.62	63.77
Abu Dhabi	38.99	36.03
Dubai	81.67	104.06
Qatar	40.11	36.70
Bahrain	194.56	233.58
Oman	235.82	353.60
Iraq	484.67	542.74
Egypt	325.69	330.47
Morocco	69.23	102.56
Turkey	387.05	299.47
US	7.20	11.52
UK	7.55	15.13
China	35.91	26.70
Japan	16.00	14.74
Germany	9.82	9.09
France	21.14	14.42