

News Updates

\$128 billion in Saudi investments in the US Treasury – Saudi Arabia's investments in US Treasury bills and bonds rose 0.2% last July, to reach \$128.1 billion, compared to \$127.8 billion at the end of June. It raised its holdings for the second month in a row, and ranked 16th globally among major investors in the US debt instrument. Saudi Arabia's investments in US Treasury bonds were distributed to 102.2 billion dollars in long-term bonds, representing 80% of the total, while about 25.9 billion Dollars in short-term bonds, which constitute 20% of the total. On an annual basis, Saudi Arabia's balance of US Treasury bonds and bills increased by 2.8% at the end of July 2021, compared to its balance at the end of the same month of 2020, which amounted to 124.6 billion dollars. Since the beginning of 2020, Saudi Arabia's possession of US Treasury bonds and bills has increased from \$179.8 billion in December 2019 to \$182.9 billion at the end of January 2020, then to \$184.4 billion at the end of February, while it began to decline to \$159.1 billion at the end of (March) 2020, and 125.3 billion dollars at the end of (April), and 123.5 billion dollars at the end of (May), before returning to buying last (June) with the improvement of US economic indicators with the gradual opening of the country. (Source: Al Khaleeji Today)

CBE keeps interest rate unchanged for seventh time – The Monetary Policy Committee (MPC) of the Central Bank of Egypt (CBE) remained interest rates on hold for a seventh consecutive time, according to a recent statement by the bank. The overnight deposit rate, overnight lending rate, and the rate of the main operation are unchanged at 8.25%, 9.25%, and 8.75%, respectively. The discount rate was also kept unchanged at 8.75%. Annual headline inflation is well within the committee's inflation target of 7% (±2%) on average by the fourth quarter of 2022 and is consistent with price stability over the medium term. International food and commodity prices remain at multi-year highs, the CBE noted. Rising food and energy prices pushed annual urban inflation to its highest level since November in August, rising slightly to 5.7% from 5.4% in July. (Source: Arab Finance)

Yellen Renews Call to Raise Debt Limit to Avoid 'Catastrophe' – Treasury Secretary Janet Yellen renewed her call for Congress to raise or suspend the U.S. debt ceiling, saying the government will otherwise run out of money to pay its bills sometime in October. Writing in a Wall Street Journal op-ed, Yellen said "the overwhelming consensus among economists and Treasury officials of both parties is that failing to raise the debt limit would produce widespread economic catastrophe." The U.S. House will vote next week on raising the nation's \$28 trillion debt ceiling amid a standoff between Democrats and Republicans that still threatens to send the country into a payments default next month. A U.S. default "would likely precipitate a historic financial crisis that would compound the damage of the continuing public health emergency," throw the U.S. into recession and leave it a "permanently weaker nation," she said. "Neither delay nor default is tolerable" and lawmakers must act quickly, Yellen added. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.74	-0.92	KSA	2025	1.05	-0.60
Abu Dhabi	2030	1.80	-2.52	KSA	2030	2.11	-1.40
Abu Dhabi	2050	2.95	-4.08	KSA	2050	3.43	-3.25
Bahrain	2026	3.76	-3.68	Oman	2025	3.14	2.70
Bahrain	2030	5.42	-5.14	Oman	2029	4.73	4.05
Bahrain	2047	6.85	-8.86	Oman	2048	6.41	4.18
Dubai	2029	2.44	-0.58	Qatar	2025	0.92	-1.81
Kuwait	2022	0.01	-1.70	Qatar	2030	1.90	-3.14
Kuwait	2027	1.22	-1.98	Qatar	2050	3.08	-4.82

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.54	8.08	-0.10	1.15
S&P MENA Bond and Sukuk Index	2.15	NA	-0.08	0.63
Bloomberg Emerging Markets USD Index	3.94	6.80	-0.19	0.38
Bloomberg Global Aggregate Index	1.09	7.42	-0.28	-2.81

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	20/9/2021	31/12/2020	20/9/2021	31/12/2020	20/9/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8000	0.8175	0.8486	0.8700	0.9186	0.9413
BHIBOR	1.5583	2.2500	1.6250	2.5333	1.8000	2.6833
QATAR	1.1362	1.1206	1.2000	1.1960	1.3361	1.3636
AEIBOR	0.3625	0.5125	0.4160	0.4908	0.4862	0.6538
EURIBOR	-0.5480	-0.5450	-0.5260	-0.5260	-0.4900	-0.4990
LIBOR	0.1239	0.2384	0.1523	0.2576	0.2244	0.3419

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.1655	0.11	-14.0	KWD	0.3011	-0.0997	0.75	Gold	1,750.60	-8.40
2-Year	0.3337	-0.10	68.7	SAR	3.7501	0.0000	0.05	Silver	22.32	-16.28
5-Year	0.9627	-0.50	123.9	BHD	0.3769	0.0000	0.04	Copper	417.50	18.47
7-Year	1.1971	-0.28	82.9	QAR	3.6410	0.0192	0.01	Nat. Gas	4.99	82.09
10-Year	1.3947	-0.89	50.7	OMR	0.3850	0.0000	0.00	Aluminum	2,884.50	43.96
30-Year	1.6737	2.00	19.4	AED	3.6730	0.0000	0.00	Crude Oil	74.87	47.09

US Treasuries			UK Gilt		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.22	0.00	0.29	-0.01	-0.72	0.00
5-Year	0.86	0.01	0.50	-0.08	-0.73	0.00
10-Year	1.36	0.02	0.84	-0.26	-0.44	0.00
30-Year	1.90	0.05	1.15	-0.77	0.21	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	20-Sep 2021	31-Dec 2020
Kuwait	43.87	40.69
KSA	46.34	63.77
Abu Dhabi	37.72	36.03
Dubai	82.35	104.06
Qatar	37.96	36.70
Bahrain	240.00	233.58
Oman	228.10	353.60
Iraq	468.47	542.74
Egypt	358.31	330.47
Morocco	90.12	102.56
Turkey	385.82	299.47
US	11.62	11.52
UK	7.49	15.13
China	43.81	26.70
Japan	16.22	14.74
Germany	7.69	9.09
France	17.14	14.42