

News Updates

Lebanon to raise fuel prices in bid to ease crippling shortages –

Lebanese fuel prices are expected to double after the state decided on Saturday to change the exchange rate used to price petroleum products in a bid to ease crippling shortages that have brought Lebanon to a standstill. Amounting to a partial reduction in fuel subsidies, the rise will mean more hardship in a country where poverty levels have soared during a two-year-long financial meltdown that has wiped more than 90% off the value of the Lebanese pound. The decision was made at an emergency meeting attended by the president, central bank governor and other officials over a fuel crisis that has left Lebanon in chaos, paralysing basic services and sparking daily melees as people scramble for fuel. Though prices will rise, the decision did not fully lift the exchange rate for pricing fuel to the exchange rate at which the central bank will finance its import - a gap which the state will continue to finance, for now. A statement said the central bank will open an account to for that purpose up to a maximum of \$225 million until the end of September - funds the government will have to pay back in the 2022 budget. *(Source: Reuters)*

Oil posts biggest week of losses in nine months as Delta variant spreads –

Oil prices closed out their biggest week of losses in more than nine months with another down day on Friday, as investors sold futures in anticipation of weakened fuel demand worldwide due to a surge in COVID-19 cases. The crude market has now posted seven consecutive days of losses. Numerous nations worldwide are responding to the rising infection rate due to the coronavirus Delta variant by adding travel restrictions to cut off the spread. Brent crude fell 8% on the week, settling down \$1.27, or 1.9%, to \$65.18 a barrel, its lowest since April and down about 8% for the week. U.S. West Texas Intermediate (WTI) crude for September settled down \$1.37, or 2.2%, to \$62.32 a barrel on Friday, to lose more than 9% for the week. The Organization of the Petroleum Exporting Countries and its allies are slowly boosting supply that had been shut early in the pandemic. *(Source: Reuters)*

U.S. Treasury yields end week lower on COVID-19 concerns –

U.S. Treasury yields edged higher on the day but closed lower on the week on Friday as concerns about the spread of COVID-19 variants and rising volatility in the stock market boosted demand for the safe haven debt. The spread of the coronavirus Delta variant has raised fears that it will slow economic normalization, with many workers likely to continue to work from home. Benchmark 10-year yields rose two basis points on the day to 1.260%, but are down from 1.283% last week. They fell to 1.127% earlier this month, which was the lowest since February. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.69	-0.66	KSA	2025	1.07	-0.57
Abu Dhabi	2030	1.83	-2.49	KSA	2030	2.08	-1.11
Abu Dhabi	2050	3.00	-4.24	KSA	2050	3.42	-3.00
Bahrain	2026	3.93	-4.19	Oman	2025	3.23	2.47
Bahrain	2030	5.67	-7.01	Oman	2029	5.05	2.13
Bahrain	2047	7.11	-11.58	Oman	2048	6.68	0.75
Dubai	2029	2.45	-0.51	Qatar	2025	0.94	-1.66
Kuwait	2022	0.13	-1.50	Qatar	2030	1.92	-3.20
Kuwait	2027	1.23	-1.89	Qatar	2050	3.09	-4.79

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.57	8.08	0.00	0.76
S&P MENA Bond and Sukuk Index	2.15	NA	0.08	0.45
Bloomberg Emerging Markets USD Index	3.90	6.80	0.00	-0.01
Bloomberg Global Aggregate Index	1.00	7.42	-0.06	-2.53

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	22/8/2021	31/12/2020	22/8/2021	31/12/2020	22/8/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.7957	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.5917	2.2500	1.7167	2.5333	1.8667	2.6833
QATAR	0.9901	1.1206	1.0888	1.1960	1.3090	1.3636
AEIBOR	0.3442	0.5125	0.4406	0.4908	0.4440	0.6538
EURIBOR	-0.5480	-0.5450	-0.5280	-0.5260	-0.4940	-0.4990
LIBOR	0.1284	0.2384	0.1526	0.2576	0.2366	0.3419

USD Swap Rates

			Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	
1-Year	0.1637	-0.16	-15.0	KWD	0.3011	-0.0664	0.71	Gold
2-Year	0.3168	0.10	60.2	SAR	3.7502	0.0000	0.04	Silver
5-Year	0.8649	1.01	101.1	BHD	0.3770	0.0000	0.00	Copper
7-Year	1.0698	1.10	63.4	QAR	3.6416	0.0000	-0.01	Nat. Gas
10-Year	1.2678	0.98	37.0	OMR	0.3850	0.0000	0.00	Aluminum
30-Year	1.5940	-0.36	13.7	AED	3.6730	0.0000	0.00	Crude Oil

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.22	-0.01		0.09	0.02		-0.71	0.00
5-Year	0.78	-0.06		0.24	0.09		-0.81	0.01
10-Year	1.26	-0.10		0.52	0.14		-0.64	0.04
30-Year	1.87	0.09		0.94	0.04		-0.06	0.01

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.22	-0.01		0.09	0.02
5-Year	0.78	-0.06		0.24	0.09
10-Year	1.26	-0.10		0.52	0.14
30-Year	1.87	0.09		0.94	0.04

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.71	0.00
5-Year	-0.81	0.01
10-Year	-0.64	0.04
30-Year	-0.06	0.01

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	22-Aug 2021	31-Dec 2020	
Kuwait	46.07	40.69	
KSA	53.95	63.77	
Abu Dhabi	41.88	36.03	
Dubai	84.96	104.06	
Qatar	41.43	36.70	
Bahrain	249.26	233.58	
Oman	242.95	353.60	
Iraq	572.02	542.74	
Egypt	348.19	330.47	
Morocco	93.93	102.56	
Turkey	386.13	299.47	
US	7.71	11.52	
UK	8.87	15.13	
China	34.33	26.70	
Japan	16.66	14.74	
Germany	8.97	9.09	
France	18.48	14.42	