

News Updates

OPEC+ to resume oil policy talks on Monday after UAE roadblock – OPEC+ will resume talks on Monday after failing to reach a deal on oil output policy for a second day running on Friday because the United Arab Emirates blocked some aspects of the pact. The standoff could delay plans to pump more oil through to the end of the year to cool oil prices that have soared to 2-1/2 year highs. Without a deal, the OPEC+ alliance could keep tighter restraints on output with oil prices now trading around \$75 a barrel, more than 40% up this year. Consumers want more crude to aid a global recovery from the COVID-19 pandemic. The rise in oil prices is contributing to global inflation, slowing the economic recovery from the coronavirus crisis. OPEC+ voted on Friday to increase output by around 2 million barrels per day (bpd) from August to December 2021 and to extend remaining cuts to the end of 2022, instead of ending in April 2022, OPEC+ sources said. The UAE agreed to releasing more oil into the market but refused to support the extension of the cuts. Talks resume on Monday, OPEC+ said in a statement. (Source: Reuters)

Treasury Curve Steepens as Short Rates Drop on Mixed Jobs Data – Treasuries gained, led by short- and intermediate-maturity tenors, as mixed employment data supported the Federal Reserve's accommodative stance. Five- and seven-year yields fell more than three basis points after the U.S. jobs report, while the 30-year ended lower by two basis points after paring its decline. The slope of the yield curve from the 5-year to the 30-year steepened to a session high approaching 120 basis points and ended the day around 118.3. The data -- which also spurred the biggest intraday decline in nearly a month for a gauge of the U.S. dollar -- showed an unexpected uptick in the unemployment rate, even as payroll growth topped analyst estimates. (Source: Bloomberg)

Treasury Traders Brace for Volatility With Debt-Limit Chaos Near – Short-term rates traders are girding for a bumpy road ahead, as the U.S. debt ceiling looks poised to return on Aug. 1 while Congress so far has no clear plan to increase it -- meaning federal government borrowing could soon get tricky. Toward the top of the list of worries among traders: the U.S. is likely to reduce issuance of bills -- which are already in short supply as investors scramble for places to park cash -- because the Treasury Department needs to dramatically reduce its cash balance this month. The debt ceiling was suspended for two years in July 2019. If Congress doesn't increase that limit on U.S. borrowing or suspend it again, then Treasury will be forced to deploy extraordinary measures to keep paying its debts. Politicians have in the past decade used threats of not raising the debt ceiling to get concessions on other matters. Bill rates have been hovering near low levels, dipping below zero at times, as Treasury already cut supply by more than \$680 billion during the first half of 2021 to bring its cash balance down. There's also a deluge of liquidity in the system due to the Federal Reserve's asset purchases, inducing the central bank to lift key rates last month to help control its benchmark. (Source: Bloomberg)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.72	-0.59	KSA	2025	1.07	-0.40
Abu Dhabi	2030	2.03	-4.03	KSA	2030	2.32	-2.88
Abu Dhabi	2050	3.04	-5.59	KSA	2050	3.49	-4.00
Bahrain	2026	3.67	-2.73	Oman	2025	3.29	2.51
Bahrain	2030	5.46	-5.21	Oman	2029	5.03	2.36
Bahrain	2047	6.82	-8.51	Oman	2048	6.78	-0.50
Dubai	2029	2.42	-0.30	Qatar	2025	0.91	-1.30
Kuwait	2022	0.04	-1.13	Qatar	2030	2.08	-4.13
Kuwait	2027	1.33	-2.18	Qatar	2050	3.22	-6.89

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.62	8.08	-0.05	-0.13
S&P MENA Bond and Sukuk Index	2.21	NA	0.02	-0.62
Bloomberg Emerging Markets USD Index	3.82	6.80	0.02	-0.58
Bloomberg Global Aggregate Index	1.11	7.42	0.11	-3.18

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	4/7/2021	31/12/2020	4/7/2021	31/12/2020	4/7/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7929	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.6417	2.2500	1.7333	2.5333	1.8667	2.6833
QATAR	0.9660	1.1206	1.0662	1.1960	1.2610	1.3636
AEIBOR	0.3888	0.5125	0.4621	0.4908	0.5545	0.6538
EURIBOR	-0.5460	-0.5450	-0.5120	-0.5260	-0.4850	-0.4990
LIBOR	0.1379	0.2384	0.1630	0.2576	0.2445	0.3419

USD Swap Rates

			Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	
1-Year	0.1759	-1.04	-8.6	KWD	0.3012	-0.0498	0.68	Gold
2-Year	0.3142	-2.26	58.8	SAR	3.7505	0.0000	0.03	Silver
5-Year	0.9749	-0.06	126.7	BHD	0.3770	0.0000	0.00	Copper
7-Year	1.1829	-4.09	80.7	QAR	3.6415	-0.0137	0.00	Nat. Gas
10-Year	1.4045	-3.74	51.8	OMR	0.3850	0.0000	0.00	Aluminum
30-Year	1.7324	-2.36	23.6	AED	3.6730	0.0000	0.00	Crude Oil

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.23	0.04		0.05	0.02		-0.69	0.00
5-Year	0.86	0.18		0.31	0.09		-0.68	0.03
10-Year	1.42	0.33		0.70	0.26		-0.39	0.25
30-Year	2.04	0.51		1.22	0.47		0.27	0.87

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.23	0.04		0.05	0.02
5-Year	0.86	0.18		0.31	0.09
10-Year	1.42	0.33		0.70	0.26
30-Year	2.04	0.51		1.22	0.47

German Bunds

	Yield %	1D Δ (%)
2-Year	0.23	0.04
5-Year	0.86	0.18
10-Year	1.42	0.33
30-Year	2.04	0.51

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	4-Jul 2021	31-Dec 2020	
Kuwait	45.53	40.69	
KSA	52.94	63.77	
Abu Dhabi	37.79	36.03	
Dubai	79.22	104.06	
Qatar	38.35	36.70	
Bahrain	206.95	233.58	
Oman	237.21	353.60	
Iraq	497.46	542.74	
Egypt	323.38	330.47	
Morocco	80.07	102.56	
Turkey	382.98	299.47	
US	7.20	11.52	
UK	6.80	15.13	
China	35.28	26.70	
Japan	16.30	14.74	
Germany	8.80	9.09	
France	19.13	14.42	