

## News Updates

**U.S. annual consumer inflation posts largest increase since 1981** – U.S. annual consumer prices jumped 9.1% in June, the largest increase in more than four decades, leaving Americans to dig deeper to pay for gasoline, food, healthcare and rents, and the Federal Reserve most certain to hike interest rates by another 75 basis points at the end of the month. The bigger-than-expected rise in the year-on-year consumer price index reported by the Labor Department on Wednesday also reflected higher prices for a range of other goods and services, including motor vehicles, apparel and household furniture. The CPI increased by the most in nearly 17 years on a monthly basis. Financial markets overwhelmingly expect the Fed to raise its policy rate by 75 basis points at its July 26-27 meeting. A full-percentage-point increase has not been ruled out and attention now shifts to the University of Michigan's consumer inflation expectations survey on Friday. The Bank of Canada surprised by hiking its policy rate by 100 basis points on Wednesday, a super-sized increase last seen in 1998. The Fed has raised its overnight interest rate by 150 basis points since March. *(Source: Zawya)*

**Treasury Curve Inversion Deepens to Level Not Seen Since 2007** – One of the US bond market's most widely watched indicators of potential recession risk has reached levels last seen in 2007. The yield on the benchmark 10-year Treasury note dropped as much as 12.4 basis points below the 2-year rate, eclipsing the 9.5-basis-point gap reached in early April. The inversion shrank back to around 9 basis points after weak demand for a 10-year note auction cheapened yields in that part of the market. Further inversion is likely with the Federal Reserve focused on tightening monetary policy until inflation slows, said Gregory Faranello, head of US rates trading and strategy at AmeriVet Securities. "I don't think an inversion of -25 to -50 basis points is out of the realm of possibility and historical context," he said. *(Source: Bloomberg)*

**Oil Steadies Near \$96 Amid Surging Inflation and Slowing Demand** – Oil ended the day little changed after a volatile session in which the latest US inflation report and data showing high prices hitting US fuel demand roiled prices. "The oil market might be tight, but high energy costs are clearly leading to crude demand destruction," said Ed Moya, senior market analyst at Oanda Corp. Crude prices pose a high risk to global economic recovery, with signs that fuel costs are starting to "take their toll" on demand growth, the International Energy Agency said in a report. Increases in the energy sector accounted for nearly half of all consumer price spikes in the US June inflation report, according to Labor Department data released Wednesday. *(Source: Bloomberg)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.22	-7.62	KSA	2027	3.39	-7.00
Abu Dhabi	2031	3.60	-11.92	KSA	2032	3.84	-11.73
Abu Dhabi	2050	4.41	-22.26	KSA	2050	5.05	-22.51
Bahrain	2028	6.93	-10.48	Oman	2027	6.30	-8.72
Bahrain	2032	8.40	-18.20	Oman	2032	7.14	-13.26
Bahrain	2051	9.34	-25.10	Oman	2051	8.42	-19.80
Dubai	2029	4.01	-9.23	Qatar	2026	3.31	-6.77
Dubai	2050	6.10	-26.83	Qatar	2030	3.75	-11.14
Kuwait	2027	3.22	-7.46	Qatar	2050	4.59	-22.63

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.78	8.08	-0.28	-11.05
S&P MENA Bond and Sukuk Index	4.22	NA	0.08	-10.69
Bloomberg Emerging Markets USD Index	7.35	6.80	-0.32	-18.07
Bloomberg Global Aggregate Index	2.84	7.42	0.25	-14.15

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	14/07/2022	31/12/2021	14/07/2022	31/12/2021	14/07/2022	31/12/2021
KIBOR	2.1875	1.5000	2.4375	1.7500	2.7500	2.0000
SAIBOR	2.7493	0.9057	3.1530	0.9829	3.5993	1.0600
BHIBOR	3.6117	1.5167	4.0583	1.6233	4.7833	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	2.3888	0.3645	2.9475	0.7000	3.3842	0.7396
EURIBOR	-0.0580	-0.5730	0.3790	-0.5460	0.9260	-0.4980
LIBOR	2.4830	0.2144	3.0644	0.3451	3.6867	0.5888

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	3.6268	10.83	577.9	KWD	0.3073	-0.0488	-1.56	Crude Oil	99.98	33.66
2-Year	3.4665	7.77	268.3	SAR	3.7550	-0.0107	0.02	Gold	1,724.70	-6.06
5-Year	3.0697	4.50	124.1	EUR	1.0022	-0.3678	-11.86	Silver	19.02	-18.91
7-Year	3.0263	3.13	105.1	GBP	1.1856	-0.2860	-12.39	Copper	330.30	-25.45
10-Year	3.0328	2.03	91.8	JPY	138.4100	-0.7298	-16.85	Nat. Gas	6.67	82.31
30-Year	2.8703	-0.52	65.8	CNH	6.7366	-0.1529	-5.63	Aluminum	2,345.00	-16.20

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	3.20	-0.08	1.77	-0.02	NA	NA
5-Year	3.07	-0.16	1.74	0.00	0.40	0.00
10-Year	2.95	-0.13	2.06	0.14	0.90	0.00
30-Year	3.11	0.18	2.52	0.81	1.35	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	BB-	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B2	B+	B
Tunisia	Caa1	NR	CCC
Morocco	Ba1	BB+	BB+
US	Aaa	AA+	AAA
UK	Aa3	AA	AA-
China	A1	A+	A+

USD 5Yr CDS	14-Jul 2022	31-Dec 2021
Kuwait	64.87	40.53
KSA	72.02	50.97
Abu Dhabi	71.18	43.09
Dubai	127.83	89.58
Qatar	69.12	42.55
Bahrain	322.79	286.32
Oman	278.14	254.42
Iraq	575.11	507.35
Egypt	37.18	496.58
Morocco	300.92	85.91
Turkey	879.00	555.46
US	19.49	10.01
UK	15.58	8.91
China	82.23	39.86
Japan	30.09	16.23
Germany	14.33	7.53
France	24.70	17.87