

News Updates

Moody's: Tunisia's constitutional crisis escalates political event risk, dims economic reform prospects – The absence of a constitutional court in Tunisia increases the risk of a prolonged political crisis, Moody's Investors Service deemed in an issuer comment at the end of July. This will further slow reform implementation upon which hinge disbursements under the umbrella of an envisioned new IMF loan agreement, according to the agency. Moody's issuer comment was published after President of the Republic Kais Saied dismissed Prime Minister Hichem Mechichi and suspended Parliament, invoking Article 80 of the constitution. This political crisis would further disrupt negotiations with the IMF on a new multiyear programme, which had already stalled because of disagreements on how to reduce the civil service wage bill, implement subsidy reform and about the role of state-owned enterprises in the economy, Moody's said. The agency deem it unlikely that the IMF will subscribe to a new programme without a credible endorsement of a comprehensive reform package from domestic stakeholders for which a functioning government would be a necessary precursor. As a result, government liquidity risks remain elevated and debt sustainability increasingly challenged, Moody's said in conclusion. *(Source: Tunis Press)*

Oil Holds Decline as Investors Track Delta's Spread Across China – Oil held near \$71 a barrel as investors weighed the risk to consumption posed by the spread of the delta coronavirus variant. West Texas Intermediate was slightly higher after slumping 3.6% Monday, the biggest loss in two weeks. The highly infectious Covid-19 variant is forcing governments to reimpose or extend curbs, and investors are tracking an uptick in cases in China, the world's biggest crude market. Among moves this week, residents in the capital, Beijing, were advised not to leave the city. Crude rallied strongly in the first half as the roll-out of vaccines allowed major economies to reopen, boosting oil demand and draining the glut built up during the initial wave of the pandemic. The pace of gains slowed in July as delta began to pose a greater challenge, while the Organization of Petroleum Exporting Countries pushed ahead with restoring more output. *(Source: Bloomberg)*

Fed's Waller: 'Go early and go fast' on taper – Federal Reserve Governor Christopher Waller on Monday said the U.S. central bank could start to reduce its support for the economy by October if the next two monthly jobs reports each show employment rising by 800,000 to 1 million, as he expects. "We should go early and go fast, in order to make sure we're in position to raise rates in 2022, if we have to," Waller said in an interview on CNBC, adding that he could see the Fed announcing a reducing in its monthly bond purchases in September and a start to that reduction in October. And once the Fed begins the process, Waller said, "There's no reason you'd want to go slow on the taper, to prolong it - you want to get it done and get it over." The Fed is buying \$80 billion in Treasuries and \$40 billion in mortgage-backed securities each month to help push downward on borrowing costs and speed the recovery. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.64	-0.41	KSA	2025	1.05	-0.39
Abu Dhabi	2030	1.88	-3.00	KSA	2030	2.18	-1.79
Abu Dhabi	2050	2.95	-4.07	KSA	2050	3.44	-3.30
Bahrain	2026	3.85	-3.57	Oman	2025	3.30	2.41
Bahrain	2030	5.56	-5.89	Oman	2029	4.91	3.06
Bahrain	2047	6.92	-9.47	Oman	2048	6.57	2.17
Dubai	2029	2.47	-0.45	Qatar	2025	0.87	-1.24
Kuwait	2022	0.19	-1.41	Qatar	2030	1.95	-3.36
Kuwait	2027	1.21	-1.80	Qatar	2050	3.12	-5.25

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.58	8.08	0.09	0.63
S&P MENA Bond and Sukuk Index	2.16	NA	0.10	0.20
Bloomberg Emerging Markets USD Index	3.92	6.80	0.22	-0.22
Bloomberg Global Aggregate Index	0.97	7.42	0.27	-1.65

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	3/8/2021	31/12/2020	3/8/2021	31/12/2020	3/8/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7943	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.6333	2.2500	1.7333	2.5333	1.8667	2.6833
QATAR	0.9000	1.1206	1.0250	1.1960	1.2500	1.3636
AEIBOR	0.3856	0.5125	0.4753	0.4908	0.6683	0.6538
EURIBOR	-0.5440	-0.5450	-0.5230	-0.5260	-0.5020	-0.4990
LIBOR	0.1178	0.2384	0.1531	0.2576	0.2351	0.3419

USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1462	-0.23	-24.1
2-Year	0.2550	0.22	28.9
5-Year	0.7464	0.08	73.6
7-Year	0.9760	0.13	49.1
10-Year	1.2079	0.09	30.5
30-Year	1.6069	0.31	14.6

Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3005	0.0000	0.93
SAR	3.7503	-0.0027	0.04
BHD	0.3770	0.0000	0.00
QAR	3.6417	0.0000	-0.01
OMR	0.3850	0.0000	0.00
AED	3.6731	0.0000	0.00

Commodities

	USD	YTD Δ (%)
Gold	1,813.40	-5.12
Silver	25.37	-4.58
Copper	443.75	25.82
Nat. Gas	3.98	46.64
Aluminum	2,618.75	31.15
Crude Oil	72.90	42.80

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.17	0.00
5-Year	0.65	0.00
10-Year	1.18	-0.02
30-Year	1.85	-0.10

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.02	0.04
5-Year	0.22	0.18
10-Year	0.52	0.47
30-Year	0.96	0.88

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.70	0.00
5-Year	-0.84	0.00
10-Year	-0.63	0.00
30-Year	-0.02	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	3-Aug 2021	31-Dec 2020	
Kuwait	46.07	40.69	
KSA	54.73	63.77	
Abu Dhabi	41.56	36.03	
Dubai	86.34	104.06	
Qatar	41.34	36.70	
Bahrain	244.42	233.58	
Oman	239.42	353.60	
Iraq	545.04	542.74	
Egypt	353.34	330.47	
Morocco	94.57	102.56	
Turkey	378.33	299.47	
US	7.20	11.52	
UK	8.06	15.13	
China	37.93	26.70	
Japan	16.33	14.74	
Germany	8.53	9.09	
France	18.00	14.42	