

News Updates

Kuwait's KFH eyes government projects in Saudi, plans new sukuk in 2022 – Kuwait Finance House (KFH) plans to finance government projects in Saudi Arabia, including in the NEOM business zone, its acting chief executive officer told Reuters. The lender is looking to contribute to the financing of Saudi government and infrastructure projects in sectors including electricity and oil, said Abdulwahab Al-Roshood. Saudi Arabia is working on several so-called mega projects expected to require large financing, including NEOM, a \$500 billion flagship business zone aimed at diversifying the economy of the world's largest oil exporter. KFH, which sold \$750 million in Additional Tier 1 sukuk in June, does not plan to raise more capital through sukuk this year, but intends to issue new Islamic bonds in 2022. “Their dates depend on our financial needs and the need to support the capital through them ...and they may be the same size as the 2021 issue,” Roshood said. *(Source: Reuters)*

Oil falls on U.S. crude stock build, Delta variant spread – Oil prices fell for a third day in a row to a two-week low on Wednesday on a surprise build in U.S. crude stockpiles, negative U.S. economic report and worries the spread of the coronavirus Delta variant will weigh on global energy demand. Traders noted the oil price drop came despite reports of increased Mideast geopolitical tensions. Brent futures fell \$2.03, or 2.8%, to settle at \$70.38 a barrel, while U.S. West Texas Intermediate (WTI) crude fell \$2.41, or 3.4%, to settle at \$68.15. That was the lowest close for both benchmarks since July 20. The U.S. Energy Information Administration (EIA) said crude stockpiles rose by an unexpected 3.6 million barrels last week, while gasoline inventories fell by a bigger-than-forecast 5.3 million barrels. “Crude prices remained heavy after the EIA crude oil inventory showed stockpiles unexpectedly rose last week,” said Edward Moya, senior market analyst at OANDA, noting “the report was mixed as gasoline stockpiles fell more than expected.” With U.S. gasoline futures near their highest since October 2014, the gasoline crack spread - a measure of refining profit margins - closed at its highest since hitting a record in April 2020 when WTI settled in negative territory. *(Source: Reuters)*

Clarida Sees 2021 Taper Announcement, 2023 Fed Rate Liftoff – Federal Reserve Vice Chairman Richard Clarida said the central bank is on course to pull back on the massive support it is providing to the pandemic-damaged economy, starting with an announcement later this year that it is paring bond purchases and moving on to a liftoff in interest rates in 2023. While acknowledging that the rapid spread of the Delta virus posed a downside risk to the economy, Clarida on Wednesday painted an upbeat picture of the outlook in the coming years as growth powers ahead and inflation falls back from its recent elevated levels. The “necessary conditions for raising the target range for the federal funds rate will have been met by year-end 2022,” paving the way for a lift-off from near-zero rates in 2023, he told a webinar held by the Peterson Institute for International Economics. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.68	-0.55	KSA	2025	1.07	-0.40
Abu Dhabi	2030	1.84	-2.61	KSA	2030	2.16	-1.64
Abu Dhabi	2050	2.95	-3.93	KSA	2050	3.42	-2.82
Bahrain	2026	3.88	-3.76	Oman	2025	3.25	2.49
Bahrain	2030	5.57	-6.00	Oman	2029	4.86	3.39
Bahrain	2047	6.93	-9.59	Oman	2048	6.53	2.70
Dubai	2029	2.44	-0.37	Qatar	2025	0.87	-1.32
Kuwait	2022	0.21	-1.46	Qatar	2030	1.91	-3.03
Kuwait	2027	1.23	-1.87	Qatar	2050	3.10	-4.89

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.56	8.08	0.09	0.77
S&P MENA Bond and Sukuk Index	2.16	NA	0.04	0.29
Bloomberg Emerging Markets USD Index	3.89	6.80	0.11	-0.02
Bloomberg Global Aggregate Index	0.97	7.42	-0.08	-1.70

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	5/8/2021	31/12/2020	5/8/2021	31/12/2020	5/8/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.7943	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.5750	2.2500	1.7167	2.5333	1.8667	2.6833
QATAR	0.9833	1.1206	1.0833	1.1960	1.2833	1.3636
AEIBOR	0.3406	0.5125	0.5850	0.4908	0.6233	0.6538
EURIBOR	-0.5450	-0.5450	-0.5250	-0.5260	-0.5050	-0.4990
LIBOR	0.1214	0.2384	0.1551	0.2576	0.2321	0.3419

USD Swap Rates

	Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.1464	0.00	-23.9	KWD	0.3004	0.0500
2-Year	0.2693	0.60	36.1	SAR	3.7503	0.0000
5-Year	0.7793	1.18	81.2	BHD	0.3770	0.0000
7-Year	0.9939	0.93	51.8	QAR	3.6414	0.0082
10-Year	1.2104	0.59	30.8	OMR	0.3850	0.0000
30-Year	1.5823	0.20	12.9	AED	3.6730	0.0082

US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.19	-0.01	0.05	-0.01	-0.74	0.00
5-Year	0.69	-0.06	0.22	0.02	-0.85	0.00
10-Year	1.19	-0.09	0.51	0.08	-0.65	0.00
30-Year	1.85	-0.17	0.93	0.32	-0.04	0.00

Currencies

	USD	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)
Gold	1,813.80	-5.10		Silver	25.45	-4.30	
Copper	434.35	23.15		Nat. Gas	4.17	53.65	
Aluminum	2,568.25	28.62		Crude Oil	70.55	38.20	

UK Gilts

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.19	-0.01	0.05	-0.01	-0.74	0.00
5-Year	0.69	-0.06	0.22	0.02	-0.85	0.00
10-Year	1.19	-0.09	0.51	0.08	-0.65	0.00
30-Year	1.85	-0.17	0.93	0.32	-0.04	0.00

Commodities

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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+

	5-Aug 2021	31-Dec 2020
Kuwait	46.08	40.69
KSA	54.52	63.77
Abu Dhabi	41.33	36.03
Dubai	84.96	104.06
Qatar	41.37	36.70
Bahrain	240.66	233.58
Oman	241.38	353.60
Iraq	552.30	542.74
Egypt	344.84	330.47
Morocco	93.46	102.56
Turkey	381.80	299.47
US	7.22	11.52
UK	7.97	15.13
China	37.79	26.70
Japan	16.02	14.74
Germany	8.67	9.09
France	19.21	14.42