

News Updates

Erdogan Timeline for Rate Cuts Pushes Turkish Lira to Record Low –

The lira fell to record lows against the U.S. dollar after Turkey's President Recep Tayyip Erdogan renewed calls for lower interest rates, making a vague reference to summer months as a target date. "I spoke with our central bank governor today. It's an imperative that we lower interest rates. For that, we will reach July and August thereabouts so that rates can begin to fall," the Turkish leader said in an interview with state broadcaster TRT late Tuesday. The Turkish leader's remarks were part of a longer explanation on his unorthodox belief that lower borrowing costs will help slow inflation, unlike what most central bankers around the world believe. Cutting interest rates will lower producers' costs and eventually result in slower increases in consumer prices, Erdogan said. "If we remove the burden of interest rates from investments and costs, then we will enter a calmer environment because it's the interest rates that cause cost inflation" in the first place, Erdogan said. (Source: Bloomberg)

World Bank sees Lebanon GDP shrinking 9.5% further, one of history's worst depressions –

The economic collapse in Lebanon is already one of the deepest depressions recorded in modern times, and is likely to get even worse, the World Bank said, predicting GDP would shrink this year by a further 9.5%. In a report remarkable for its strong wording, the bank blamed what it called "deliberately inadequate policy responses" from the governing elite for worsening a financial meltdown "likely to rank in the top 10, possibly top three, most severe crisis episodes globally since the mid-nineteenth century". Gross domestic product has already shrunk from \$55 billion in 2018 to an estimated \$33 billion last year. Lebanon has defaulted on its debt and its currency has collapsed. "This illustrates the magnitude of the economic depression that the country is enduring, with sadly no clear turning point on the horizon, given the disastrous deliberate policy inaction," the May 31 report said. Fuelled by decades of state waste and graft, the crisis started before the COVID-19 pandemic and accelerated after a huge stockpile of ammonium nitrate exploded in the capital's port in August last year, killing 200 people. (Source: Reuters)

Fed's Brainard: more 'progress' on recovery ahead, though still far from goals –

The United States is getting closer to the Fed's maximum employment and 2% inflation goals, Fed Governor Lael Brainard said on Tuesday, but the depth of the remaining problem still requires the central bank to stick to its super-easy monetary policy until more progress is seen. "While we are far from our goals today, we are seeing welcome progress, and I expect to see further progress," Brainard told the Economic Club of New York. But "jobs are down by between 8 and 10 million compared with the level we would have seen in the absence of the pandemic. And it will be important to see sustained progress on inflation," not just a temporary jump. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.83	-0.84	KSA	2025	1.24	-0.88
Abu Dhabi	2030	2.00	-3.67	KSA	2030	2.36	-2.98
Abu Dhabi	2050	3.20	-8.03	KSA	2050	3.67	-6.71
Bahrain	2026	3.45	-1.71	Oman	2025	3.42	2.21
Bahrain	2030	5.53	-5.56	Oman	2029	5.01	2.42
Bahrain	2047	6.96	-10.09	Oman	2048	6.84	-1.24
Dubai	2029	2.61	-1.15	Qatar	2025	0.94	-1.19
Kuwait	2022	0.09	-1.01	Qatar	2030	2.06	-3.90
Kuwait	2027	1.43	-2.65	Qatar	2050	3.37	-9.24

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.66	8.08	-0.06	-0.95
S&P MENA Bond and Sukuk Index	2.28	NA	-0.08	-1.68
Bloomberg Emerging Markets USD Index	3.82	6.80	-0.02	-1.32
Bloomberg Global Aggregate Index	1.13	7.42	-0.04	-2.39

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	2/6/2021	31/12/2020	2/6/2021	31/12/2020	2/6/2021	31/12/2020
KIBOR	1.5000	1.4375	1.6875	1.6875	2.0000	1.9375
SAIBOR	0.7914	0.8175	0.8414	0.8700	0.9143	0.9413
BHIBOR	1.6050	2.2500	1.6733	2.5333	1.7800	2.6833
QATAR	1.1546	1.1206	1.2206	1.1960	1.3660	1.3636
AEIBOR	0.4100	0.5125	0.4999	0.4908	0.5221	0.6538
EURIBOR	-0.5440	-0.5450	-0.5130	-0.5260	-0.4830	-0.4990
LIBOR	0.1314	0.2384	0.1710	0.2576	0.2481	0.3419

USD Swap Rates

			Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	
1-Year	0.1450	0.02	-24.7	KWD	0.3008	0.0000	0.83	Gold
2-Year	0.2302	-0.11	16.4	SAR	3.7505	0.0027	0.04	Silver
5-Year	0.8968	0.18	108.6	BHD	0.3770	-0.0027	0.01	Copper
7-Year	1.2588	0.04	92.3	QAR	3.6421	0.0000	0.00	Nat. Gas
10-Year	1.5833	0.02	71.1	OMR	0.3850	-0.0026	0.00	Aluminum
30-Year	2.0171	0.36	43.9	AED	3.6731	0.0000	0.00	Crude Oil

US Treasuries

	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	0.00		0.06	-0.02		-0.67	0.00
5-Year	0.81	0.00		0.36	-0.08		-0.66	0.00
10-Year	1.61	0.01		0.82	-0.35		-0.31	0.00
30-Year	2.29	-0.03		1.34	-0.89		0.38	0.00

UK Gilts

	Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	0.15	0.00		0.06	-0.02
5-Year	0.81	0.00		0.36	-0.08
10-Year	1.61	0.01		0.82	-0.35
30-Year	2.29	-0.03		1.34	-0.89

German Bunds

	Yield %	1D Δ (%)
2-Year	0.15	0.00
5-Year	0.81	0.00
10-Year	1.61	0.01
30-Year	2.29	-0.03

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	02-Jun 2021	31-Dec 2020	
Kuwait	46.25	40.69	
KSA	58.10	63.77	
Abu Dhabi	40.28	36.03	
Dubai	83.40	104.06	
Qatar	40.68	36.70	
Bahrain	195.18	233.58	
Oman	248.32	353.60	
Iraq	510.65	542.74	
Egypt	321.34	330.47	
Morocco	87.81	102.56	
Turkey	400.02	299.47	
US	7.77	11.52	
UK	9.65	15.13	
China	36.67	26.70	
Japan	15.49	14.74	
Germany	9.91	9.09	
France	20.28	14.42	