

News Updates

Turkey Central Bank Sees Volatile Inflation Over Short Term –

“Inflation is expected to follow a volatile course in the short term due to various supply and demand side factors with commodity prices in the lead,” the central bank says in the summary of its June 17 Monetary Policy Committee meeting. “The tight monetary stance will serve as a significant buffer against external and temporary volatilities in the context of inflation expectations, pricing behavior and financial market developments”. High levels of inflation expectations continue to pose risks to the pricing behavior and inflation outlook. Cost pressures on consumer prices have remained strong because of the depreciation in the Turkish lira and cumulative effects. Decelerating impact of the monetary tightening on credit and domestic demand has begun to be observed. The bank says it will continue to follow an approach that also addresses the risks to financial stability when formulating monetary policy. *(Source: Bloomberg)*

Fed's Rosengren says possible conditions for rate increase could be met next year –

It is possible the U.S. economy could reach the conditions on maximum employment and inflation that would merit an interest rate increase next year, but it will be important to watch the data, Boston Federal Reserve Bank President Eric Rosengren said on Friday. Rosengren declined to provide his projection for interest rates, stressing the Fed's policy will depend on economic data. Rosengren said he expects the U.S. economy to grow by about 7% this year, and for inflation to be slightly above 2% next year. While there is currently still slack in the labor market, the U.S. economy could approach full employment by the end of this year or the beginning of next year, he said. *(Source: Reuters)*

U.S. 10-Year Yield Heads for Biggest Weekly Increase Since March –

The benchmark 10-year Treasury yield headed for its biggest weekly increase since March as reflation trades regained appeal after U.S. President Biden sealed a \$579 billion bipartisan infrastructure deal with legislators. The rate rose as much as five basis points above 1.54% in New York trading Friday, and was 10 basis points higher on the week. Other drivers of the move included a deeper, supply-driven selloff in European government bonds and expectations that next week's corporate new-issue calendar will entail selling of Treasuries as a hedge. The yield curve steepened, extending its rebound from the powerful flattening trend unleashed by Federal Reserve forecasts released June 16 that suggested an earlier possible start to monetary tightening. The difference between five- and 30-year Treasury yields increased to nearly 124 basis points. It fell below 108 basis points on June 21, the smallest spread since August. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.74	-0.65	KSA	2025	1.16	-0.58
Abu Dhabi	2030	2.01	-3.74	KSA	2030	2.26	-2.33
Abu Dhabi	2050	3.06	-5.89	KSA	2050	3.52	-4.58
Bahrain	2026	3.48	-2.13	Oman	2025	3.29	2.59
Bahrain	2030	5.44	-5.09	Oman	2029	4.95	2.83
Bahrain	2047	6.82	-8.65	Oman	2048	6.73	0.19
Dubai	2029	2.44	-0.39	Qatar	2025	0.89	-1.18
Kuwait	2022	0.05	-1.09	Qatar	2030	2.06	-3.92
Kuwait	2027	1.37	-2.30	Qatar	2050	3.21	-6.78

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.61	8.08	0.04	-0.09
S&P MENA Bond and Sukuk Index	2.23	NA	-0.12	-0.80
Bloomberg Emerging Markets USD Index	3.81	6.80	-0.04	-0.70
Bloomberg Global Aggregate Index	1.15	7.42	-0.06	-3.20

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	27/6/2021	31/12/2020	27/6/2021	31/12/2020	27/6/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7929	0.8175	0.8429	0.8700	0.9143	0.9413
BHIBOR	1.6417	2.2500	1.7333	2.5333	1.8667	2.6833
QATAR	1.0018	1.1206	1.1014	1.1960	1.2840	1.3636
AEIBOR	0.4088	0.5125	0.4728	0.4908	0.4030	0.6538
EURIBOR	-0.5380	-0.5450	-0.5130	-0.5260	-0.4780	-0.4990
LIBOR	0.1460	0.2384	0.1655	0.2576	0.2493	0.3419

USD Swap Rates

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.1858	-0.23	-3.5	KWD	0.3011	0.0498	0.73	Gold	1,777.80	-6.72
2-Year	0.3365	0.19	70.1	SAR	3.7503	-0.0053	0.04	Silver	26.13	-1.74
5-Year	0.9813	1.02	128.2	BHD	0.3770	0.0000	0.01	Copper	428.95	21.62
7-Year	1.2508	1.76	91.1	QAR	3.6410	0.0082	0.01	Nat. Gas	3.50	30.20
10-Year	1.4860	2.40	60.6	OMR	0.3850	0.0000	0.00	Aluminum	2,478.75	24.33
30-Year	1.8240	3.80	30.1	AED	3.6730	0.0000	0.00	Crude Oil	76.18	48.35

US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.27	0.01	0.07	-0.02	-0.70	0.00
5-Year	0.92	-0.04	0.37	-0.11	-0.65	-0.04
10-Year	1.52	-0.29	0.78	-0.44	-0.32	-0.26
30-Year	2.15	-1.11	1.28	-1.01	0.34	-1.13

UK Gilts

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.27	0.01	0.07	-0.02	-0.70	0.00
5-Year	0.92	-0.04	0.37	-0.11	-0.65	-0.04
10-Year	1.52	-0.29	0.78	-0.44	-0.32	-0.26
30-Year	2.15	-1.11	1.28	-1.01	0.34	-1.13

German Bunds

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.27	0.01	0.07	-0.02	-0.70	0.00
5-Year	0.92	-0.04	0.37	-0.11	-0.65	-0.04
10-Year	1.52	-0.29	0.78	-0.44	-0.32	-0.26
30-Year	2.15	-1.11	1.28	-1.01	0.34	-1.13

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	27-Jun 2021	31-Dec 2020	
Kuwait	45.54	40.69	
KSA	53.06	63.77	
Abu Dhabi	37.52	36.03	
Dubai	80.04	104.06	
Qatar	37.73	36.70	
Bahrain	194.73	233.58	
Oman	231.13	353.60	
Iraq	490.36	542.74	
Egypt	317.90	330.47	
Morocco	82.69	102.56	
Turkey	378.45	299.47	
US	7.20	11.52	
UK	8.12	15.13	
China	35.12	26.70	
Japan	16.31	14.74	
Germany	9.13	9.09	
France	20.00	14.42	