

News Updates

Biden Keeps Pressure on OPEC+ to Boost Output, Citing Inflation – U.S. President Joe Biden kept up the pressure on OPEC+ to combat high oil prices, blaming it for inflationary pressure at home just two days before Saudi Arabia, Russia and the rest of the cartel meet to discuss oil policy. "If you take a look at gas prices, and you take a look at oil prices, that is a consequence of, thus far, the refusal of Russia or the OPEC nations to pump more oil," Biden told reporters at a news conference at the United Nations climate summit in Glasgow. "And we'll see what happens on that score sooner than later." U.S. Secretary of State Antony Blinken spoke with Sheikh Abdullah Bin Zayed, the foreign minister of the United Arab Emirates on Tuesday to press for increased production. Other oil-consuming nations are pushing hard as well, with Japan and India wanting more production as the energy crisis threatens to undermine the economic recovery in Europe and Asia. As gasoline prices pose increasing domestic political risks, the issue came up on the sidelines of the Group of 20 meeting over the weekend in Rome, with Biden administration officials calling for more production when producers meet on Thursday. Members including Kuwait, Iraq, Algeria, Angola and Nigeria have indicated that they want OPEC+ to stick with its current plan to increase output gradually. (Source: Bloomberg)

Fed to Taper Bonds, Show Patience on Rates – The Federal Reserve is widely expected to announce the reduction of asset purchases at the conclusion of its policy meeting Wednesday, which Chair Jerome Powell will likely say is not a step toward raising interest rates any time soon. The Federal Open Market Committee is all but certain to hold rates near zero after a two-day policy meeting and announce a \$15 billion monthly reduction in bond buying from the current \$120 billion pace, judging that the test for tapering has been met as the economy heals from Covid-19. The panel will release a statement at 2 p.m. Washington time. No quarterly forecasts are published at this meeting and Powell will brief reporters 30 minutes later. While acknowledging that elevated inflation has lasted longer than expected, Powell said on Oct. 22 that his baseline outlook remains for price pressures to abate as the economy reopens. "I do think it's time to taper and I don't think it's time to raise rates," he said. (Source: Bloomberg)

U.S. Treasury yields tumble, curve steepens with focus on Fed – U.S. Treasury yields fell and the curve steepened on Tuesday as the market awaited a likely Federal Reserve announcement that it will start tapering its asset purchases, while hoping for clues on seemingly persistent inflation and future interest rate hikes. The benchmark 10-year yield was last down 2.6 basis points at 1.547%. The two-year yield, which hit a 19-month peak last week, had its biggest move downward since February, falling as low as 0.444%. It was last down 5.9 basis points at 0.4559%. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.09	-2.29	KSA	2025	1.32	-1.80
Abu Dhabi	2030	2.04	-4.22	KSA	2030	2.38	-3.44
Abu Dhabi	2050	3.05	-5.81	KSA	2050	3.56	-5.27
Bahrain	2026	4.02	-4.79	Oman	2025	3.28	2.11
Bahrain	2030	5.68	-6.91	Oman	2029	4.73	3.98
Bahrain	2047	7.15	-11.89	Oman	2048	6.57	2.14
Dubai	2029	2.47	-0.94	Qatar	2025	1.23	-3.01
Kuwait	2022	-0.25	-1.97	Qatar	2030	2.18	-5.19
Kuwait	2027	1.60	-4.06	Qatar	2050	3.20	-6.60

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.73	8.08	0.05	0.25
S&P MENA Bond and Sukuk Index	2.35	NA	0.02	-0.37
Bloomberg Emerging Markets USD Index	4.34	6.80	0.00	-1.79
Bloomberg Global Aggregate Index	1.26	7.42	0.19	-4.14

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	3/11/2021	31/12/2020	3/11/2021	31/12/2020	3/11/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8300	0.8175	0.8786	0.8700	0.9486	0.9413
BHIBOR	1.5000	2.2500	1.5583	2.5333	1.7667	2.6833
QATAR	1.1797	1.1206	1.2281	1.1960	1.3500	1.3636
AEIBOR	0.3244	0.5125	0.6175	0.4908	0.6961	0.6538
EURIBOR	-0.5580	-0.5450	-0.5290	-0.5260	-0.4430	-0.4990
LIBOR	0.1409	0.2384	0.2109	0.2576	0.3673	0.3419

USD Swap Rates				Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)	
1-Year	0.2965	0.58	54.0	KWD	0.3017	0.0332	0.53	Gold	1,782.20
2-Year	0.6515	0.48	229.4	SAR	3.7520	-0.0027	0.01	Silver	23.50
5-Year	1.2150	-2.11	182.6	BHD	0.3770	0.0053	0.00	Copper	438.65
7-Year	1.4270	0.16	118.0	QAR	3.6413	0.0027	0.00	Nat. Gas	5.53
10-Year	1.5670	-1.41	69.4	OMR	0.3850	0.0000	0.00	Aluminum	2,684.00
30-Year	1.7540	0.03	25.1	AED	3.6730	0.0082	0.01	Crude Oil	84.15

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.45	0.00	0.65	0.06	-0.88	0.00
5-Year	1.15	0.01	0.80	0.12	-0.64	0.20
10-Year	1.55	0.02	1.03	0.21	-0.31	0.57
30-Year	1.96	0.03	1.17	-0.67	0.14	-0.16

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	Caa1	NR	B-
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	3-Nov 2021	31-Dec 2020
Kuwait	46.45	40.69
KSA	48.73	63.77
Abu Dhabi	41.82	36.03
Dubai	85.05	104.06
Qatar	41.92	36.70
Bahrain	278.10	233.58
Oman	239.20	353.60
Iraq	456.32	542.74
Egypt	457.55	330.47
Morocco	90.04	102.56
Turkey	432.32	299.47
US	13.03	11.52
UK	8.71	15.13
China	46.79	26.70
Japan	17.33	14.74
Germany	7.83	9.09
France	19.75	14.42