

## News Updates

**Saudi inflation rate decelerates as impact of VAT increase fades –** Inflation rate in Saudi Arabia decelerated in July from June on annual basis as the effects of the July 2020 tripling of the VAT rate no longer weigh on spending. The consumer price index, a gauge used to detect the changes in prices, recorded a modest increase in July of 0.4 percent compared to the same month a year ago, but this increase is a sharp drop from the annual rate recorded in June of 6.2 percent, data from General Authority for Statistics (Gastat) showed. The sharp fall in annual inflation reflects the diminishing impact of the increase in VAT from 5 percent to 15 percent that significantly affected the consumer price index levels starting from July 2020, the authority said. July consumer price index, however, rose 0.2 percent month-on-month, Gastat said. Growth in monthly prices in July was driven mainly by the 0.5 percent increase in prices for food and beverages and the 1.4 percent increase in prices for education. (Source: Arab News)

**Fed’s Kashkari Wants ‘Few More’ Strong Job Reports Before Taper –** A few more strong jobs reports over the coming months would mark enough progress in the recovery from the pandemic to allow the U.S. central bank to begin winding down its bond-buying program, Federal Reserve Bank of Minneapolis President Neel Kashkari said. “If we see a few more jobs reports like the one we just got, then I would feel comfortable saying yeah, we are – maybe haven’t completely filled the hole that we’ve been in – but we’ve made a lot of progress, and now, then will be the time to start tapering our asset purchases,” Kashkari said in an interview. The Fed is currently holding its benchmark interest rate near zero and purchasing \$120 billion of U.S. Treasury and mortgage-backed securities as part of a program launched last year, at the onset of the pandemic, to support the economy by anchoring longer-term borrowing costs. (Source: Bloomberg)

**U.S. Treasury yields tumble on plummeting consumer sentiment –** Sinking consumer sentiment accelerated a fall in U.S. Treasury yields on Friday amid low trading volume as the market looked to the Federal Reserve and upcoming data for signs that could push rates higher. The benchmark 10-year yield, which traded as low as 1.293%, was last down 6.7 basis points at 1.3001%. That was about 17 basis points above a six-month low of 1.127% reached on Aug. 4. The University of Michigan said its preliminary consumer sentiment index fell to 70.2 in the first half of August from a final reading of 81.2 in July. That was the lowest level since 2011 and there have been only two larger declines in the index over the past 50 years. Economists polled by Reuters had forecast the index would remain unchanged at 81.2. The big drop, combined with thin liquidity in the market and concerns over the Delta variant of the coronavirus, helped drive Treasury yields lower, according to Ben Jeffery, U.S. rates strategist at BMO Capital Markets. (Source: Reuters)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.68	-0.68	KSA	2025	1.11	-0.67
Abu Dhabi	2030	1.87	-2.95	KSA	2030	2.19	-1.97
Abu Dhabi	2050	3.02	-5.22	KSA	2050	3.48	-3.98
Bahrain	2026	3.93	-4.05	Oman	2025	3.29	2.42
Bahrain	2030	5.65	-6.52	Oman	2029	4.89	3.14
Bahrain	2047	6.95	-10.08	Oman	2048	6.62	1.62
Dubai	2029	2.47	-0.51	Qatar	2025	0.87	-1.42
Kuwait	2022	0.08	-1.47	Qatar	2030	1.94	-3.41
Kuwait	2027	1.24	-1.93	Qatar	2050	3.14	-5.77

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.59	8.08	0.07	0.45
S&P MENA Bond and Sukuk Index	2.18	NA	0.02	0.01
Bloomberg Emerging Markets USD Index	3.91	6.80	0.20	-0.16
Bloomberg Global Aggregate Index	1.02	7.42	0.38	-2.22

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	16/8/2021	31/12/2020	16/8/2021	31/12/2020	16/8/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7957	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.5750	2.2500	1.7167	2.5333	1.8667	2.6833
QATAR	1.1500	1.1206	1.2000	1.1960	1.3000	1.3636
AEIBOR	0.3660	0.5125	0.5478	0.4908	0.5162	0.6538
EURIBOR	-0.5520	-0.5450	-0.5280	-0.5260	-0.4960	-0.4990
LIBOR	0.1243	0.2384	0.1566	0.2576	0.2388	0.3419

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1519	-0.26	-21.1
2-Year	0.2897	-1.17	46.5
5-Year	0.8364	-2.19	94.5
7-Year	1.0535	-2.10	60.9
10-Year	1.2630	-1.94	36.5
30-Year	1.6163	-1.67	15.3

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3009	0.0332	0.80
SAR	3.7506	0.0000	0.03
BHD	0.3771	-0.0027	-0.01
QAR	3.6416	-0.0055	-0.01
OMR	0.3850	-0.0649	0.00
AED	3.6731	0.0000	0.00

## Commodities

	USD	YTD Δ (%)
Gold	1,778.30	-6.95
Silver	23.63	-11.13
Copper	433.80	23.10
Nat. Gas	3.83	41.15
Aluminum	2,608.75	30.65
Crude Oil	69.89	36.90

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.20	0.02
5-Year	0.75	0.11
10-Year	1.26	0.22
30-Year	1.91	0.42

## UK Gilts

	Yield %	1D Δ (%)
2-Year	0.13	0.03
5-Year	0.29	0.08
10-Year	0.57	0.27
30-Year	0.96	0.64

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.69	0.00
5-Year	-0.80	0.00
10-Year	-0.61	0.00
30-Year	-0.03	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+
<b>USD 5Yr CDS</b>	<b>16-Aug 2021</b>	<b>31-Dec 2020</b>	
Kuwait	46.05	40.69	
KSA	53.68	63.77	
Abu Dhabi	41.78	36.03	
Dubai	84.70	104.06	
Qatar	41.50	36.70	
Bahrain	244.40	233.58	
Oman	242.99	353.60	
Iraq	535.93	542.74	
Egypt	346.63	330.47	
Morocco	93.82	102.56	
Turkey	381.68	299.47	
US	7.22	11.52	
UK	7.54	15.13	
China	36.59	26.70	
Japan	16.00	14.74	
Germany	8.45	9.09	
France	17.83	14.42	