

News Updates

Fitch Affirms Lebanon's Long-Term Foreign-Currency IDR at 'RD' – Fitch Ratings has affirmed Lebanon's Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) at 'Restricted Default' (RD) and Long-Term Local-Currency IDR at 'CC'. Lebanon remains in RD on its foreign-currency government debt, following the sovereign's failure to pay the principal on the Eurobond that matured on 9 March 2020. The government has stopped servicing its outstanding stock of Eurobonds pending a debt restructuring. The government is servicing its local-currency government debt to private creditors while it decides on the timing and approach to restructuring it. Lebanon's domestic stakeholders have not moved closer to agreement on debt restructuring or a financial and economic reform package, which would be key to an IMF programme, unlocking other multilateral and international support and negotiations with external bondholders. The government's Financial Recovery Plan (FRP), dating back to April 2020, remains the latest official proposal. The FRP has been contested by the financial sector over the government's proposal to default on local-currency debt and restructure the balance sheets of commercial banks and the central bank (BdL), including through bail-ins of shareholders and large depositors. (Source: Fitch Ratings)

Fed officials expect to start bond-buying taper this year, minutes show – The bulk of the Federal Reserve's policy-setting committee is coalescing around a plan that would see the U.S. central bank start trimming its bond-buying program later this year, and reduce purchases of Treasury securities and mortgage-backed securities (MBS) "proportionally" so they end at the same time. Minutes from the Fed's July 27-28 meeting, which were released on Wednesday, showed policymakers remained somewhat at odds over how fast to taper the asset purchases, with "many" of them keen on making sure bond-buying ends before interest rate hikes may need to begin, and "several" preferring a more gradual approach. (Source: Reuters)

U.S. Treasury yields fall after Fed meeting minutes, strong 20-year auction – U.S. Treasury yields fell on Wednesday after minutes from the Federal Reserve's July meeting showed that Fed officials felt the employment benchmark for decreasing support for the economy "could be reached this year," but had not yet been satisfied. "Most participants anticipated that the economy would continue to make progress toward those goals" and that the standard "could be reached this year," according to the minutes, but there was disagreement over how soon the Fed should wait to reduce bond purchases. Benchmark 10-year notes fell to 1.273%, after rising to a session high of 1.300% before the minutes were released. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.72	-0.73	KSA	2025	1.08	-0.59
Abu Dhabi	2030	1.83	-2.54	KSA	2030	2.16	-1.57
Abu Dhabi	2050	3.00	-4.92	KSA	2050	3.45	-3.41
Bahrain	2026	3.93	-4.03	Oman	2025	3.23	2.54
Bahrain	2030	5.67	-6.69	Oman	2029	4.95	2.77
Bahrain	2047	7.03	-10.83	Oman	2048	6.63	1.33
Dubai	2029	2.45	-0.51	Qatar	2025	0.93	-1.62
Kuwait	2022	0.13	-1.50	Qatar	2030	1.93	-3.22
Kuwait	2027	1.23	-1.89	Qatar	2050	3.13	-5.39

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.58	8.08	-0.02	0.61
S&P MENA Bond and Sukuk Index	2.18	NA	-0.07	0.12
Bloomberg Emerging Markets USD Index	3.89	6.80	0.07	-0.04
Bloomberg Global Aggregate Index	1.01	7.42	-0.01	-2.40

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	19/8/2021	31/12/2020	19/8/2021	31/12/2020	19/8/2021	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	1.5917	2.2500	1.7167	2.5333	1.8667	2.6833
QATAR	1.0104	1.1206	1.1052	1.1960	1.2771	1.3636
AEIBOR	0.3567	0.5125	0.5376	0.4908	0.5400	0.6538
EURIBOR	-0.5500	-0.5450	-0.5270	-0.5260	-0.4910	-0.4990
LIBOR	0.1273	0.2384	0.1563	0.2576	0.2355	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	0.1603	0.00	-16.7	KWD	0.3010	-0.0831	0.78	Gold	1,779.50	-6.89	
2-Year	0.3105	0.08	57.0	SAR	3.7504	0.0027	0.04	Silver	23.25	-12.79	
5-Year	0.8582	0.25	99.6	BHD	0.3770	0.0027	0.00	Copper	409.80	16.29	
7-Year	1.0723	0.34	63.8	QAR	3.6419	0.0000	-0.01	Nat. Gas	3.81	40.52	
10-Year	1.2810	0.55	38.4	OMR	0.3850	0.0026	0.00	Aluminum	2,550.76	27.55	
30-Year	1.6312	0.77	16.3	AED	3.6730	0.0000	0.00	Crude Oil	67.43	32.09	

US Treasuries

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.22	0.00	0.13	0.01	-0.75	0.00
5-Year	0.77	0.00	0.29	0.03	-0.81	0.03
10-Year	1.26	-0.03	0.56	-0.05	-0.63	0.08
30-Year	1.90	-0.13	0.96	-0.43	-0.04	0.38

UK Gilts

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.22	0.00	0.13	0.01	-0.75	0.00
5-Year	0.77	0.00	0.29	0.03	-0.81	0.03
10-Year	1.26	-0.03	0.56	-0.05	-0.63	0.08
30-Year	1.90	-0.13	0.96	-0.43	-0.04	0.38

German Bunds

	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.22	0.00	0.13	0.01	-0.75	0.00
5-Year	0.77	0.00	0.29	0.03	-0.81	0.03
10-Year	1.26	-0.03	0.56	-0.05	-0.63	0.08
30-Year	1.90	-0.13	0.96	-0.43	-0.04	0.38

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+
USD 5Yr CDS	19-Aug 2021	31-Dec 2020	
Kuwait	46.07	40.69	
KSA	53.60	63.77	
Abu Dhabi	41.81	36.03	
Dubai	85.09	104.06	
Qatar	41.35	36.70	
Bahrain	244.78	233.58	
Oman	242.90	353.60	
Iraq	557.34	542.74	
Egypt	343.66	330.47	
Morocco	93.87	102.56	
Turkey	384.20	299.47	
US	7.21	11.52	
UK	7.68	15.13	
China	34.52	26.70	
Japan	16.37	14.74	
Germany	8.73	9.09	
France	18.91	14.42	