

News Updates

New Lebanon cabinet lifts petrol price, signs audit deal – Lebanon's new government raised gasoline prices on Friday, cutting a subsidy that Prime Minister Najib Mikati has said is unaffordable as he advances plans to address a devastating financial crisis. The government also signed a new contract with restructuring consultancy Alvarez & Marsal (A&M) to carry out a forensic audit of the central bank, a step sought by donors who want to see Beirut enact reforms to unlock badly needed aid. The Mikati government, which took office a week ago, has promised action to address the crisis, including talks with the International Monetary Fund (IMF) and a start to reforms. IMF spokesman Gerry Rice said on Thursday there had been courtesy calls with members of the new government and the Fund stood ready to engage in the period ahead. Talks between the previous government and the IMF broke down last year. *(Source: Reuters)*

Egypt Keeps Interest Rate on Hold With an Eye on Fed Tapering – Egypt left interest rates unchanged Thursday as authorities weigh the potential impact of U.S. Federal Reserve tapering on the local debt market. The central bank maintained the benchmark deposit rate at 8.25% and the lending rate at 9.25%, the Monetary Policy Committee said in a statement. The decision leaves the North African nation with the highest inflation-adjusted interest rate of more than 50 economies tracked by Bloomberg. That may help keep its local debt attractive to foreign investors even if Fed tapering leads advanced economies to tighten monetary policy and offer increasingly competitive yields. Overseas investors hold around \$33 billion of Egypt's Treasury bills and bonds, an important buffer for the most populous Arab nation as tourism awaits a full recovery from the coronavirus pandemic. *(Source: Bloomberg)*

U.S. Treasury yields rise; investors await Fed hints on taper timeline – U.S. government bond yields edged up on Friday, with the 10-year yield touching a two-month high, as traders look ahead to a busy week of central bank meetings including a key one at the Federal Reserve. The 10-year yield briefly touched 1.3855%, its highest level since July 14, and was set for a fourth consecutive week of increases, the longest such streak since March. Investors hope to get more clarity from the Fed regarding the schedule for slowing down its asset purchases, which will also give a rough timeline for when the next rate increase could come. The Fed is expected to tie any policy decision to U.S. job growth in September and beyond. Other than the Fed's two-day meeting ending on Wednesday, the central banks of China, Japan, Sweden, Brazil, the United Kingdom and Turkey are among those scheduled to meet next week to discuss monetary policy. The yield on 10-year Treasury notes was up 3.9 basis points at 1.3702%. The yield on the 30-year Treasury bond was up 2.6 basis points at 1.9071%. *(Source: Reuters)*

GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi | 2025 | 0.74 | -0.92 | KSA | 2025 | 1.05 | -0.60 |
| Abu Dhabi | 2030 | 1.80 | -2.52 | KSA | 2030 | 2.11 | -1.40 |
| Abu Dhabi | 2050 | 2.95 | -4.08 | KSA | 2050 | 3.44 | -3.25 |
| Bahrain | 2026 | 3.77 | -3.68 | Oman | 2025 | 3.14 | 2.70 |
| Bahrain | 2030 | 5.42 | -5.14 | Oman | 2029 | 4.73 | 4.05 |
| Bahrain | 2047 | 6.85 | -8.86 | Oman | 2048 | 6.41 | 4.18 |
| Dubai | 2029 | 2.44 | -0.58 | Qatar | 2025 | 0.92 | -1.81 |
| Kuwait | 2022 | 0.03 | -1.70 | Qatar | 2030 | 1.90 | -3.14 |
| Kuwait | 2027 | 1.22 | -1.98 | Qatar | 2050 | 3.08 | -4.82 |

Bonds and Sukuk Indices

| Index Name | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index | 2.54 | 8.08 | -0.10 | 1.15 |
| S&P MENA Bond and Sukuk Index | 2.15 | NA | -0.08 | 0.63 |
| Bloomberg Emerging Markets USD Index | 3.94 | 6.80 | -0.19 | 0.38 |
| Bloomberg Global Aggregate Index | 1.09 | 7.42 | -0.28 | -2.81 |

Interbank Rates (%)

| | 3 Months | | 6 Months | | 12 Months | |
|---------|-----------|------------|-----------|------------|-----------|------------|
| | 19/9/2021 | 31/12/2020 | 19/9/2021 | 31/12/2020 | 19/9/2021 | 31/12/2020 |
| KIBOR | 1.5000 | 1.4375 | 1.7500 | 1.6875 | 2.0000 | 1.9375 |
| SAIBOR | 0.7971 | 0.8175 | 0.8457 | 0.8700 | 0.9143 | 0.9413 |
| BHIBOR | 1.5583 | 2.2500 | 1.6250 | 2.5333 | 1.8000 | 2.6833 |
| QATAR | 1.1447 | 1.1206 | 1.2000 | 1.1960 | 1.3444 | 1.3636 |
| AEIBOR | 0.3674 | 0.5125 | 0.4950 | 0.4908 | 0.6687 | 0.6538 |
| EURIBOR | -0.5480 | -0.5450 | -0.5260 | -0.5260 | -0.4900 | -0.4990 |
| LIBOR | 0.1239 | 0.2384 | 0.1523 | 0.2576 | 0.2244 | 0.3419 |

| USD Swap Rates | | | | Currencies | | | | Commodities | | |
|----------------|---------|------------|-----------|------------|--------|------------|-----------|-------------|----------|-----------|
| | Yield % | 1D Δ (bps) | YTD Δ (%) | | USD | 1D Δ (bps) | YTD Δ (%) | | USD | YTD Δ (%) |
| 1-Year | 0.1655 | 0.11 | -14.0 | KWD | 0.3007 | 0.0000 | 0.85 | Gold | 1,751.40 | -8.36 |
| 2-Year | 0.3347 | 0.56 | 69.2 | SAR | 3.7499 | 0.0053 | 0.05 | Silver | 22.34 | -16.20 |
| 5-Year | 0.9677 | 2.09 | 125.0 | BHD | 0.3769 | 0.0000 | 0.04 | Copper | 424.60 | 20.49 |
| 7-Year | 1.1999 | 2.58 | 83.3 | QAR | 3.6410 | 0.0192 | 0.01 | Nat. Gas | 5.11 | 86.25 |
| 10-Year | 1.4036 | 2.66 | 51.7 | OMR | 0.3850 | 0.0000 | 0.00 | Aluminum | 2,884.50 | 43.96 |
| 30-Year | 1.6737 | 2.00 | 19.4 | AED | 3.6730 | 0.0000 | 0.00 | Crude Oil | 75.34 | 48.02 |

| US Treasuries | | | UK Gilts | | German Bunds | |
|---------------|---------|----------|----------|----------|--------------|----------|
| | Yield % | 1D Δ (%) | Yield % | 1D Δ (%) | Yield % | 1D Δ (%) |
| 2-Year | 0.22 | 0.00 | 0.28 | -0.01 | -0.72 | 0.00 |
| 5-Year | 0.86 | -0.09 | 0.50 | -0.08 | -0.73 | -0.02 |
| 10-Year | 1.36 | -0.20 | 0.84 | -0.26 | -0.44 | -0.18 |
| 30-Year | 1.90 | -0.32 | 1.15 | -0.77 | 0.21 | -0.60 |

| 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-Sep 2021 | 31-Dec 2020 |
|-------------|-------------|-------------|
| Kuwait | 43.87 | 40.69 |
| KSA | 46.34 | 63.77 |
| Abu Dhabi | 37.72 | 36.03 |
| Dubai | 82.35 | 104.06 |
| Qatar | 37.96 | 36.70 |
| Bahrain | 240.00 | 233.58 |
| Oman | 228.10 | 353.60 |
| Iraq | 468.47 | 542.74 |
| Egypt | 358.31 | 330.47 |
| Morocco | 90.12 | 102.56 |
| Turkey | 385.82 | 299.47 |
| US | 11.62 | 11.52 |
| UK | 7.49 | 15.13 |
| China | 35.05 | 26.70 |
| Japan | 16.22 | 14.74 |
| Germany | 7.69 | 9.09 |
| France | 17.14 | 14.42 |