

News Updates

Lebanese central bank effectively ends fuel subsidy – Lebanon's central bank said it would offer credit lines for fuel imports based on the market price for the Lebanese pound from Thursday, effectively ending a fuel subsidy that has drained its reserves since the country descended into financial crisis. The move, announced late on Wednesday, means fuel prices will rise steeply: One Lebanese broadcaster cited figures showing the price of unsubsidised 95 octane gasoline at more than four times the subsidised price. It will spell more hardship for the growing number of people in poverty in a country whose currency has lost more than 90% of its value in less than two years, in what the World Bank has described as one of the sharpest depressions in modern history. But it should also alleviate crippling fuel supply shortages as incentives to smuggle and hoard heavily subsidised fuel disappear, said Nassib Ghobril, chief economist at Byblos Bank. Bank Governor Riad Salameh had said earlier in the day at a meeting of the Supreme Defence Council that the bank could no longer continue to offer lines of credit and subsidize fuel imports, a ministerial source and al-Jadeed TV said. Since the onset of the crisis, the central bank had been effectively subsidizing fuel by using its dollar reserves to finance fuel imports at official exchange rates well below the rates on the parallel market. (Source: Reuters)

Fed's Daly Says May Start Asset Purchase Tapering by Yr End – The Federal Reserve could start dialing back its ultra-accommodative monetary stimulus by the end of the year, given the strength of the economic rebound, San Francisco Fed President Mary Daly said in an interview with the Financial Times (FT). Robust recovery in household and business activity will continue to gather momentum as more people return to the workforce and consumer spending remains buoyant, according to Daly. The Fed said it would continue buying mortgage-backed securities and Treasuries until “substantial further progress” was made on its goals of 2% inflation on average and maximum employment. Daly, who is a voting member on the policy-setting Federal Open Market Committee, said that those thresholds would likely be met by the end of the year or early on in 2022. The principal risk to the outlook, according to Fed officials, is the spread of the more contagious delta variant — although Daly said it was likely to have a limited economic impact. (Source: FT)

U.S. yields slide after strong auction, inflation data – U.S. Treasury yields fell on Wednesday in choppy trading, after a strong 10-year note auction and data showing a slight moderation in consumer prices for the month of July in the world's largest economy. U.S. 10-year yields dropped to session lows after the auction, falling from four-week peaks earlier in the session. The 10-year note picked up a high yield of 1.34%, much lower than the expected or when-issued rate of 1.375% at the bid deadline, suggesting investors were willing to buy the note at a much lower yield. The robust 10-year note followed an equally solid U.S. 3-year note sale that was boosted by the recent decline in bond prices and persistent safe-haven demand amid the surge in global virus cases. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	0.74	-0.76	KSA	2025	1.08	-0.53
Abu Dhabi	2030	1.88	-2.95	KSA	2030	2.20	-1.93
Abu Dhabi	2050	3.05	-5.62	KSA	2050	3.50	-4.14
Bahrain	2026	3.91	-3.95	Oman	2025	3.27	2.43
Bahrain	2030	5.65	-6.50	Oman	2029	4.89	3.04
Bahrain	2047	6.99	-10.37	Oman	2048	6.58	1.98
Dubai	2029	2.48	-0.57	Qatar	2025	0.94	-1.54
Kuwait	2022	0.05	-1.45	Qatar	2030	1.97	-3.45
Kuwait	2027	1.26	-1.93	Qatar	2050	3.15	-5.81

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.60	8.08	-0.15	0.38
S&P MENA Bond and Sukuk Index	2.18	NA	-0.06	-0.06
Bloomberg Emerging Markets USD Index	3.93	6.80	0.03	-0.42
Bloomberg Global Aggregate Index	1.03	7.42	0.05	-2.56

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	12/8/2021	31/12/2020	12/8/2021	31/12/2020	12/8/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.7943	0.8175	0.8443	0.8700	0.9143	0.9413
BHIBOR	1.5750	2.2500	1.7167	2.5333	1.8667	2.6833
QATAR	0.9368	1.1206	1.0551	1.1960	1.2087	1.3636
AEIBOR	0.3721	0.5125	0.5275	0.4908	0.5111	0.6538
EURIBOR	-0.5470	-0.5450	-0.5280	-0.5260	-0.4980	-0.4990
LIBOR	0.1228	0.2384	0.1563	0.2576	0.2396	0.3419

USD Swap Rates

	Currencies		
	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.1561	0.07	-18.9
2-Year	0.3052	0.16	54.3
5-Year	0.8887	-0.56	106.7
7-Year	1.1187	-0.46	70.9
10-Year	1.3403	-0.37	44.9
30-Year	1.7036	-0.47	21.5

Currencies

	USD		
	USD	1D Δ (bps)	YTD Δ (%)
1-Year	0.3010	-0.0332	0.76
2-Year	3.7510	-0.0027	0.03
5-Year	0.3771	0.0000	-0.01
7-Year	3.6416	-0.0055	-0.01
10-Year	0.3850	0.0000	0.00
30-Year	3.6731	0.0000	0.00

Commodities

	USD		
	USD	YTD Δ (%)	
Gold	1,753.70	-8.24	
Silver	23.44	-11.84	
Copper	440.55	24.91	
Nat. Gas	4.06	49.74	
Aluminum	2,582.75	29.35	
Crude Oil	71.45	39.96	

US Treasuries

	Yield %	1D Δ (%)
2-Year	0.22	0.00
5-Year	0.80	0.04
10-Year	1.33	0.05
30-Year	1.99	0.12

UK Gilts

	Yield %	1D Δ (%)
2-Year	0.11	0.04
5-Year	0.27	0.10
10-Year	0.57	0.18
30-Year	0.94	0.20

German Bunds

	Yield %	1D Δ (%)
2-Year	-0.71	0.00
5-Year	-0.81	0.00
10-Year	-0.61	0.00
30-Year	-0.01	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+						
USD 5Yr CDS	12-Aug 2021	31-Dec 2020							
Kuwait	46.06	40.69							
KSA	54.40	63.77							
Abu Dhabi	42.29	36.03							
Dubai	85.46	104.06							
Qatar	42.00	36.70							
Bahrain	242.38	233.58							
Oman	242.74	353.60							
Iraq	537.85	542.74							
Egypt	346.31	330.47							
Morocco	93.72	102.56							
Turkey	395.93	299.47							
US	7.23	11.52							
UK	7.37	15.13							
China	37.23	26.70							
Japan	16.32	14.74							
Germany	8.47	9.09							
France	18.33	14.42							