

## News Updates

### Bahrain's First-Half Budget Deficit Almost Doubles on Oil, Virus –

Bahrain's budget deficit widened by 98% in the first half of the year from the same period in 2019 as lower oil prices and the coronavirus pandemic cut into revenue, according to Bahrain News Agency. The shortfall reached an estimated 798 million dinars (\$2.1 billion), the state-run news service reported, without giving a comparative figure for the previous year. Revenue was down 29%, the agency said, citing a cabinet meeting on Monday. Bahrain, the smallest among economies of the six Gulf Cooperation Council members, is on course to rack up a deficit that the International Monetary Fund projects will be among the world's 10 biggest this year at 15.7% of gross domestic product. (Source: Bloomberg)

### Egypt's Real Rates Are World's Highest After Inflation Slows –

Consumer prices in urban parts of Egypt grew at the slowest annual pace since November as the global pandemic weighed on demand and food costs declined. Defying some analyst expectations for a moderate pickup, inflation eased to 4.2% from a year earlier in July, compared with 5.6% in June, according to data published on Monday by the state-run statistics agency, CAPMAS. The deceleration left the country with the world's highest interest rates when adjusted for inflation. Annual inflation remains below the lower bound of the central bank's target range for the end of the year, set at 9% plus or minus 3 percentage points. Still, most economists surveyed by Bloomberg predict the central bank will leave its key deposit rate at 9.25% when its Monetary Policy Committee meets on Aug. 13. Adjusted for prices, Egypt's policy rate is just over 5%, the highest among more than 50 major economies tracked by Bloomberg. The central bank reduced borrowing costs by a combined 450 basis points last year and another 300 basis points at a March 16 emergency meeting. (Source: Bloomberg)

### Lebanon's Bondholders Left in the Lurch as Government Resigns –

The resignation of Lebanon's government after last week's devastating explosion in Beirut threatens to upend any prospect of a debt restructuring deal in the next few months. Senior officials will continue in a caretaker capacity until a new administration is formed. It's unclear how long that process will take. The Middle Eastern nation defaulted on about \$30 billion of Eurobonds in March. Since then, its talks with the International Monetary Fund for a bailout have stalled. “Bondholders don't really know who they would be negotiating with,” said Richard Segal, a senior analyst at Manulife Investment Management in London. The largest holders of Lebanon's Eurobonds include BlackRock Inc., Ashmore Group Plc and Fidelity Investments, according to data compiled by Bloomberg. (Source: Bloomberg)

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	1.24	7.17	KSA	2025	1.17	4.18
Abu Dhabi	2047	2.41	14.59	KSA	2029	1.86	6.53
Bahrain	2024	3.59	-2.09	KSA	2049	2.93	16.35
Bahrain	2029	5.11	-4.87	Oman	2025	4.59	-2.96
Bahrain	2047	6.40	-7.23	Oman	2029	6.41	-7.48
Dubai	2023	1.25	1.93	Oman	2048	7.62	-11.03
Dubai	2029	2.77	1.76	Qatar	2024	0.77	4.03
Kuwait	2022	0.35	1.83	Qatar	2028	1.38	6.55
Kuwait	2027	1.16	6.26	Qatar	2049	2.49	18.55

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.56	8.18	-0.02	7.55
S&P MENA Bond and Sukuk Index	2.01	NA	0.01	9.36
Bloomberg Emerging Markets USD Index	4.11	6.90	0.13	3.83
Bloomberg Global Aggregate Index	0.82	7.48	0.00	6.21

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	11/08/2020	31/12/2019	11/08/2020	31/12/2019	11/08/2020	31/12/2019
KIBOR	1.5625	2.7500	1.8125	2.9375	2.1250	3.1875
SAIBOR	0.9200	2.2314	0.9700	2.2557	1.0200	2.3071
BHIBOR	2.2833	2.6667	2.5167	2.7000	2.6833	2.8333
QATAR	1.2250	2.2500	1.2750	2.3500	1.4000	2.5333
AEIBOR	0.4608	2.2086	0.6996	2.1914	0.9411	2.2900
EURIBOR	-0.4780	-0.3830	-0.4180	-0.3240	-0.3500	-0.2490
LIBOR	0.2525	1.9084	0.3091	1.9121	0.4490	1.9963

## USD Swap Rates

	Yield %	1D Δ (bps)	YTD Δ (%)
1-Year	0.2373	0.02	-86.6
2-Year	0.2181	0.01	-87.2
5-Year	0.3058	0.24	-82.3
7-Year	0.4337	0.41	-75.9
10-Year	0.5991	0.48	-68.4
30-Year	0.8813	0.49	-57.9

## Currencies

	USD	1D Δ (bps)	YTD Δ (%)
KWD	0.3058	-0.0981	-0.88
SAR	3.7502	0.0000	0.04
BHD	0.3770	0.0053	0.02
QAR	3.6420	0.0000	0.01
OMR	0.3850	0.0000	0.00
AED	3.6731	0.0000	0.00

## US Treasuries

	Yield %	1D Δ (%)
2-Year	0.13	0.00
5-Year	0.24	0.00
10-Year	0.58	-0.03
30-Year	1.25	0.02

Source: Bloomberg

## UK Gilts

	Yield %	1D Δ (%)
2-Year	-0.04	0.01
5-Year	-0.08	0.03
10-Year	0.13	0.09
30-Year	0.68	-0.11

## German Bunds

	Yield %	1D Δ (%)
2-Year	-0.73	0.03
5-Year	-0.75	0.09
10-Year	-0.60	0.17
30-Year	-0.11	0.39

## Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	Aa2	AA-	AA
KSA	A1	A-u	A
UAE	Aa2	NR	NR
Abu Dhabi	Aa2	AA	AA
Qatar	Aa3	AA-	AA-
Bahrain	B2u	B+	BB-
Oman	Ba3	BB-	BB
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B1	B+u	BB-
Tunisia	B2	NR	B
Morocco	Ba1	BBB-	BBB-
US	Aaa	AA+u	AAA
UK	Aa2	AAu	AA-
China	A1	A+	A+

## USD 5Yr CDS

	11-Aug 2020	31-Dec 2019
Kuwait	55.550	36.700
KSA	84.570	56.915
Abu Dhabi	48.060	36.090
Dubai	158.560	91.005
Qatar	47.170	36.705
Bahrain	300.690	175.995
Oman	465.760	234.400
Iraq	639.380	383.680
Egypt	438.520	277.420
Morocco	126.860	91.435
Turkey	566.360	282.130
US	13.150	10.810
UK	22.050	16.210
China	39.910	31.205
Japan	16.110	21.042
Germany	10.490	7.080
France	16.630	16.130