

News Updates

Oman State Oil Firm EDO May Return to Debt Market by Year-End – Energy Development Oman (EDO) may approach the debt market again, while ensuring it maintains a strong capital structure and a standalone investment-grade credit rating, Ibrahim al-Waili, head of corporate planning, said in a response to questions. EDO is planning to raise around \$3 billion of debt each year, he earlier told local radio station Alwisal. (Source: Bloomberg)

Crude Oil Steadies After Three-Day Slump Driven by Delta Threat – Oil steadied after a three-day slide that was driven by the growing threat to demand from the spread of the delta coronavirus variant. West Texas Intermediate traded near \$67 after losing almost 3% over the previous three sessions. U.S. gasoline consumption fell for a third week, according to a survey by Descartes Labs, while data from China revealed a slowdown in economic activity in the world's biggest oil importer in July. Meanwhile demand in India, another key consumer, is largely holding up. After a blistering rally in the first half, crude's advance has been checked in July and August. The delta variant has spurred fresh curbs on mobility in many nations including China, harming energy consumption. Against that backdrop, JPMorgan Chase & Co. has been among bank's reducing oil price forecasts. While demand has been challenged, the Organization of Petroleum Exporting Countries and its allies including Russia have stayed the course in relaxing the output curbs imposed in the early phase of the pandemic. Daily supplies will rise by 400,000 barrels a day this month. The group's next regular meeting is set for Sept. 1, and follows a call from U.S. President Joe Biden earlier this month for the cartel to restore more production to bring gasoline prices down. (Source: Bloomberg)

U.S. Treasury yields lower on weak Chinese data, Afghan and COVID concerns – U.S. Treasury yields fell on Monday as weak Chinese economic data and concerns about the Taliban victory in Afghanistan and new COVID variants increased demand for the safe-haven bonds. China's factory output and retail sales growth slowed sharply and missed expectations in July, while concerns about global risks grew after Taliban insurgents seized the Afghan capital Kabul and declared the war against foreign and local forces over. The developments in Afghanistan mean “chaos for 38 million situated between Pakistan and Iran (and) further destabilizes a world still giving ground to the pandemic,” Jim Vogel, an interest rate strategist at FHN Financial, said in a report. The continued spread of new COVID-19 variants is also adding doubts that the economy will return to normal anytime soon. Benchmark 10-year yields fell four basis points to 1.256%, after earlier getting as low as 1.223%. The yield curve between two-year and 10-year notes flattened two basis points to 105 basis points. (Source: Reuters)

GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi | 2025 | 0.70 | -0.67 | KSA | 2025 | 1.09 | -0.59 |
| Abu Dhabi | 2030 | 1.82 | -2.50 | KSA | 2030 | 2.17 | -1.67 |
| Abu Dhabi | 2050 | 3.02 | -5.11 | KSA | 2050 | 3.46 | -3.53 |
| Bahrain | 2026 | 4.06 | -4.34 | Oman | 2025 | 3.30 | 2.40 |
| Bahrain | 2030 | 5.64 | -6.51 | Oman | 2029 | 4.91 | 2.98 |
| Bahrain | 2047 | 7.04 | -10.88 | Oman | 2048 | 6.61 | 1.61 |
| Dubai | 2029 | 2.46 | -0.47 | Qatar | 2025 | 0.95 | -1.66 |
| Kuwait | 2022 | -0.02 | -1.46 | Qatar | 2030 | 1.94 | -3.25 |
| Kuwait | 2027 | 1.21 | -1.82 | Qatar | 2050 | 3.13 | -5.43 |

Bonds and Sukuk Indices

| Index Name | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index | 2.58 | 8.08 | 0.17 | 0.62 |
| S&P MENA Bond and Sukuk Index | 2.16 | NA | 0.17 | 0.18 |
| Bloomberg Emerging Markets USD Index | 3.90 | 6.80 | 0.06 | -0.10 |
| Bloomberg Global Aggregate Index | 1.01 | 7.42 | 0.14 | -2.08 |

Interbank Rates (%)

| | 3 Months | | 6 Months | | 12 Months | |
|---------|-----------|------------|-----------|------------|-----------|------------|
| | 17/8/2021 | 31/12/2020 | 17/8/2021 | 31/12/2020 | 17/8/2021 | 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 | 1.0250 | 1.1206 | 1.1125 | 1.1960 | 1.2750 | 1.3636 |
| AEIBOR | 0.3735 | 0.5125 | 0.5603 | 0.4908 | 0.5387 | 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

| | | | Currencies | | | Commodities | | |
|---------|---------|------------|------------|-----|--------|-------------|-----------|-----------|
| | Yield % | 1D Δ (bps) | YTD Δ (%) | | USD | 1D Δ (bps) | YTD Δ (%) | |
| 1-Year | 0.1554 | 0.01 | -19.3 | KWD | 0.3007 | 0.0665 | 0.86 | Gold |
| 2-Year | 0.3002 | -0.01 | 51.8 | SAR | 3.7508 | 0.0000 | 0.03 | Silver |
| 5-Year | 0.8345 | -0.93 | 94.1 | BHD | 0.3771 | 0.0000 | -0.01 | Copper |
| 7-Year | 1.0501 | -1.09 | 60.4 | QAR | 3.6419 | 0.0000 | -0.01 | Nat. Gas |
| 10-Year | 1.2589 | -1.22 | 36.1 | OMR | 0.3850 | 0.0026 | 0.00 | Aluminum |
| 30-Year | 1.6129 | -1.09 | 15.0 | AED | 3.6730 | 0.0082 | 0.01 | Crude Oil |

US Treasuries

| | Yield % | 1D Δ (%) | | Yield % | 1D Δ (%) | | Yield % | 1D Δ (%) |
|---------|---------|----------|--|---------|----------|--|---------|----------|
| 2-Year | 0.21 | 0.01 | | 0.13 | -0.01 | | -0.70 | 0.00 |
| 5-Year | 0.75 | 0.06 | | 0.30 | -0.03 | | -0.80 | 0.01 |
| 10-Year | 1.25 | 0.12 | | 0.57 | -0.02 | | -0.61 | 0.01 |
| 30-Year | 1.92 | 0.24 | | 0.96 | -0.01 | | -0.03 | -0.06 |

UK Gilts

| | Yield % | 1D Δ (%) | | Yield % | 1D Δ (%) | | Yield % | 1D Δ (%) |
|---------|---------|----------|--|---------|----------|--|---------|----------|
| 2-Year | 0.21 | 0.01 | | 0.13 | -0.01 | | -0.70 | 0.00 |
| 5-Year | 0.75 | 0.06 | | 0.30 | -0.03 | | -0.80 | 0.01 |
| 10-Year | 1.25 | 0.12 | | 0.57 | -0.02 | | -0.61 | 0.01 |
| 30-Year | 1.92 | 0.24 | | 0.96 | -0.01 | | -0.03 | -0.06 |

German Bunds

| | Yield % | 1D Δ (%) | | Yield % | 1D Δ (%) | | Yield % | 1D Δ (%) |
|---------|---------|----------|--|---------|----------|--|---------|----------|
| 2-Year | 0.21 | 0.01 | | 0.13 | -0.01 | | -0.70 | 0.00 |
| 5-Year | 0.75 | 0.06 | | 0.30 | -0.03 | | -0.80 | 0.01 |
| 10-Year | 1.25 | 0.12 | | 0.57 | -0.02 | | -0.61 | 0.01 |
| 30-Year | 1.92 | 0.24 | | 0.96 | -0.01 | | -0.03 | -0.06 |

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 | 17-Aug 2021 | 31-Dec 2020 | |
| Kuwait | 46.08 | 40.69 | |
| KSA | 53.92 | 63.77 | |
| Abu Dhabi | 41.96 | 36.03 | |
| Dubai | 84.58 | 104.06 | |
| Qatar | 41.67 | 36.70 | |
| Bahrain | 244.69 | 233.58 | |
| Oman | 242.88 | 353.60 | |
| Iraq | 542.85 | 542.74 | |
| Egypt | 346.52 | 330.47 | |
| Morocco | 93.82 | 102.56 | |
| Turkey | 382.19 | 299.47 | |
| US | 7.21 | 11.52 | |
| UK | 8.53 | 15.13 | |
| China | 36.22 | 26.70 | |
| Japan | 16.38 | 14.74 | |
| Germany | 8.71 | 9.09 | |
| France | 18.73 | 14.42 | |