

News Updates

Turkey’s 79% Inflation Drives Company Debt Into Distressed Zone –

Some of Turkey’s biggest companies are seeing their bonds enter distressed territory, as soaring inflation and one of the world’s worst-performing currencies wreak havoc on the economy. Two bonds of the nation’s second-largest telecoms firm, Turk Telekomunikasyon AS, have traded at distressed levels since the start of last week. Investors are demanding a premium of more than 1,000 basis points over US Treasuries for the firm’s June 2024 and February 2025 notes, worth a combined \$1 billion. The company said its liquidity position was “sound” and that it may consider repurchasing any of its two dollar bonds, depending on liquidity conditions. Turkish firms face more than \$16 billion of debt coming due by the end of 2024. With corporate yields on dollar debt on average almost at 12%, refinancing pressures are being compounded by a weak lira. *(Source: Bloomberg)*

OPEC+ sees slightly smaller oil market surplus this year, sources say –

OPEC+ sees this year’s oil market as slightly less supplied than previously thought, a day ahead of a meeting at which the producer group is set to decide on its production policy for next month. New data showed that the OPEC+ Joint Technical Committee (JTC), meeting on Tuesday, trimmed its forecast for a surplus in the oil market this year by 200,000 barrels per day (bpd) to 800,000 bpd, three OPEC+ delegates told Reuters. The JTC is meeting ahead of a ministerial meeting of OPEC+ on Wednesday. One of the sources said that the JTC, which advises the group on market fundamentals, did not discuss any output policy at its meeting. OPEC+ sources told Reuters last week that the group will likely keep output unchanged in September, or raise it slightly. *(Source: Reuters)*

Fed ‘Nowhere Near’ Finished With Inflation Fight, Daly Says –

Federal Reserve officials effectively pushed back against a narrative in financial markets over the past week that policy makers are envisioning a pivot away from tightening amid evidence of a turn in the economy. Four Fed district-bank presidents highlighted in remarks on Tuesday that there was no sign yet of inflation easing. San Francisco Fed President Mary Daly said “we are still resolute and completely united” in the objective of getting inflation down around the 2% inflation target. Remarks from Daly, Cleveland’s Loretta Mester and Chicago’s Charles Evans helped trigger a surge in Treasury yields Tuesday as traders reconsidered how much more the central bank will raise interest rates and whether it could move to cut them in early 2023. Yields had tumbled after Chair Jerome Powell said July 27 “it likely will become appropriate to slow the pace of increases” as the Fed’s stance tightens further. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.95	-6.59	KSA	2027	3.02	-5.62
Abu Dhabi	2031	3.24	-9.40	KSA	2032	3.45	-8.77
Abu Dhabi	2050	4.12	-18.44	KSA	2050	4.73	-18.77
Bahrain	2028	5.81	-5.44	Oman	2027	5.25	-4.74
Bahrain	2032	7.25	-10.81	Oman	2032	6.23	-7.37
Bahrain	2051	8.34	-16.44	Oman	2051	7.52	-10.99
Dubai	2029	3.83	-8.33	Qatar	2026	2.94	-5.54
Dubai	2050	5.71	-22.91	Qatar	2030	3.37	-9.26
Kuwait	2027	3.12	-7.03	Qatar	2050	4.18	-17.40

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.44	8.08	0.10	-8.39
S&P MENA Bond and Sukuk Index	4.02	NA	0.06	-8.69
Bloomberg Emerging Markets USD Index	6.92	6.80	-0.41	-15.27
Bloomberg Global Aggregate Index	2.65	7.42	-0.73	-12.09

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	03/08/2022	31/12/2021	03/08/2022	31/12/2021	03/08/2022	31/12/2021
KIBOR	2.3750	1.5000	2.6250	1.7500	2.9375	2.0000
SAIBOR	3.0632	0.9057	3.4231	0.9829	3.9023	1.0600
BHIBOR	4.1250	1.5167	4.4417	1.6233	5.0750	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	2.6843	0.3645	3.1228	0.7000	3.4207	0.7396
EURIBOR	0.2460	-0.5730	0.6540	-0.5460	0.9420	-0.4980
LIBOR	2.8021	0.2144	3.3761	0.3451	3.7421	0.5888

	USD Swap Rates			Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)		
1-Year	3.4481	-1.46	544.5	KWD	0.3064	0.0979	-1.24	Crude Oil	100.30	34.98
2-Year	3.2874	-3.03	249.2	SAR	3.7586	-0.0053	-0.07	Gold	1,783.80	-3.10
5-Year	2.8489	-4.78	108.0	EUR	1.0183	0.1574	-10.45	Silver	19.97	-14.86
7-Year	2.7855	-4.40	88.8	GBP	1.2177	0.0493	-10.02	Copper	349.90	-21.02
10-Year	2.7863	-3.82	76.2	JPY	133.0000	0.1353	-13.47	Nat. Gas	7.72	111.77
30-Year	2.7162	-1.89	56.9	CNH	6.7589	0.2959	-5.94	Aluminum	2,421.75	-13.34

	US Treasuries		UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	3.02	0.06	1.72	-0.13	NA	NA
5-Year	2.81	0.22	1.62	-0.39	0.23	0.00
10-Year	2.71	0.37	1.86	-0.62	0.58	0.00
30-Year	2.98	0.52	2.28	-0.11	1.01	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	BB-	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B2	B+	B
Tunisia	Caa1	NR	CCC
Morocco	Ba1	BB+	BB+
US	Aaa	AA+	AAA
UK	Aa3	AA	AA-
China	A1	A+	A+

USD 5Yr CDS

	03-Aug 2022	31-Dec 2021
Kuwait	63.02	40.53
KSA	61.99	50.97
Abu Dhabi	60.35	43.09
Dubai	126.39	89.58
Qatar	60.78	42.55
Bahrain	314.30	286.32
Oman	289.76	254.42
Iraq	750.26	507.35
Egypt	NA	496.58
Morocco	287.76	85.91
Turkey	780.88	555.46
US	19.97	10.01
UK	15.84	8.91
China	82.13	39.86
Japan	22.90	16.23
Germany	14.91	7.53
France	25.32	17.87