

## News Updates

**Saudi Central Bank Steps Up Efforts to Ease Liquidity Crunch** – Saudi Arabia’s central bank has stepped up the use of a mechanism to pump money into the financial system as it looks to tackle a liquidity crunch that has helped push borrowing costs for lenders to the highest in decades, according to people familiar with the matter. The latest intervention is relying on open market operations, transactions that allow the central bank to provide or drain short-term liquidity in exchange for securities from lenders. Unusually for a period of high oil prices, Saudi banks are facing a shortage of liquidity. A rapid rise in lending that’s not been matched by deposit growth has left banks clamoring for funding. *(Source: Bloomberg)*

**Bonds Rallying Back From Brutal Year Show Power of Higher Rates** – Wall Street is finding a reason to keep plowing into the bond market, even with a Federal Reserve that’s still far from declaring victory in its war against inflation. The selloff that hit investors with record-setting losses during the first 10 months of the year also brought a stark end to an era of rock-bottom interest payments on Treasuries by driving yields to the highest in over a decade. Those coupon payments, now over 4% on recently issued 2-year and 10-year notes, have become large enough to lure in buyers and are seen as providing a buffer against future price declines. The resilience of the economy is also strengthening the case: If the Fed needs to tighten monetary policy so much that it sets off a recession, Treasuries will likely rally as investors seek somewhere to hide. *(Source: Bloomberg)*

**Fed Has Data to Mull Even Higher Peak Rate Following Wage Surge** – Federal Reserve officials have enough worrisome inflation data to consider raising interest rates to a higher peak than investors expect and potentially follow the half-point hike they’ve signaled this month with the same again in February. Powell and his colleagues, now in their pre-meeting blackout, have strongly suggested they would downshift to a half-point move at their Dec. 13-14 gathering, after four straight 75 basis-point increases. He’s also said they likely will need higher rates than they thought in September, when the median forecast saw them at 4.6% next year from a current target range of 3.75% to 4%. *(Source: Bloomberg)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.79	-9.88	KSA	2027	4.19	-9.57
Abu Dhabi	2031	4.00	-14.05	KSA	2032	4.33	-14.85
Abu Dhabi	2050	4.83	-27.26	KSA	2050	5.26	-24.86
Bahrain	2028	5.73	-4.73	Oman	2027	5.62	-6.08
Bahrain	2032	6.82	-7.83	Oman	2032	5.93	-5.61
Bahrain	2051	7.96	-12.62	Oman	2051	7.11	-6.74
Dubai	2029	4.62	-12.51	Qatar	2026	4.04	-8.98
Dubai	2050	5.94	-25.25	Qatar	2030	4.16	-14.04
Kuwait	2027	4.19	-11.06	Qatar	2050	4.80	-25.08

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.20	8.08	0.08	-10.85
S&P MENA Bond and Sukuk Index	4.90	N/A	0.27	-12.15
Bloomberg Emerging Markets USD Index	7.37	6.80	0.26	-14.89
Bloomberg Global Aggregate Index	3.42	7.42	0.14	-15.13

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	4/12/2022	31/12/2021	4/12/2022	31/12/2021	4/12/2022	31/12/2021
KIBOR	4.0000	1.5000	4.2500	1.7500	4.5000	4.4375
SAIBOR	5.3658	0.9057	5.7465	0.9829	6.0491	6.3719
BHIBOR	5.8138	1.5167	6.1083	1.6233	6.3582	6.3250
QATAR	4.9000	1.1250	5.0000	1.2000	5.3500	5.1000
AEIBOR	4.4780	0.3645	4.8091	0.7000	5.1318	5.1212
EURIBOR	1.9750	-0.5730	2.4060	-0.5460	2.8110	2.8110
LIBOR	4.7326	0.2144	5.1491	0.3451	5.4294	5.4513

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	5.0684	1.53	847.4	KWD	0.3076	-0.0488	-1.64	Crude Oil	85.57	18.11
2-Year	4.5822	1.57	386.8	SAR	3.7587	-0.0053	-0.09	Gold	1,809.60	-1.86
5-Year	3.6787	-2.33	168.6	EUR	1.0545	0.1426	-7.34	Silver	23.25	-1.61
7-Year	3.5265	-1.98	139.0	GBP	1.2299	0.2695	-9.25	Copper	385.05	-12.30
10-Year	3.4495	-1.63	118.2	JPY	134.3800	0.7594	-14.32	Nat. Gas	6.28	53.57
30-Year	3.1518	-2.94	82.1	CNH	7.0462	0.2493	-9.46	Aluminum	2,524.45	-8.77

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.27	-0.08	3.26	-0.09	NA	NA
5-Year	3.65	0.06	3.23	-0.27	2.00	-0.11
10-Year	3.49	0.18	3.14	-0.45	1.79	-0.35
30-Year	3.55	1.02	3.49	-1.20	1.61	0.40

## 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	B3	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	4-Dec 2022	31-Dec 2021
Kuwait	40.06	40.53
KSA	56.37	50.97
Abu Dhabi	44.35	43.09
Dubai	85.33	89.58
Qatar	45.46	42.55
Bahrain	217.26	286.32
Oman	153.18	254.42
Iraq	439.71	507.35
Egypt	NA	496.58
Morocco	216.33	85.91
Turkey	505.20	555.46
US	25.40	10.01
UK	22.85	8.91
China	73.28	39.86
Japan	22.17	16.23
Germany	17.21	7.53
France	25.54	17.87