

## News Updates

**Gulf central banks follow Fed to raise key rates by 25 bps** – Gulf central banks on Wednesday raised their main interest rates by a quarter percentage point in lockstep with the U.S. Federal Reserve as it began a monetary tightening cycle in a newly aggressive stance against rising inflation. The six Arab nations of the Gulf Cooperation Council typically follow the Fed's lead on interest rates as their currencies are pegged to the U.S. dollar, except Kuwait's, which is pegged to a basket of currencies including the dollar. The Saudi Central Bank (SAMA) increased both its repo and reverse repo rates by 25 basis points (bps) each to 1.25% and 0.75%, respectively. The Central Bank of the UAE raised its base rate, which is on its overnight deposit facility, by 25 bps to 0.4%. CBUAE maintained the rate on borrowing short-term liquidity from it through all standing credit facilities at 50 bps above the base rate. The central banks of Kuwait and Bahrain also raised their key interest rates by 25 bps. Qatar and Oman are widely expected to follow. *(Source: Reuters)*

**Petro-Yuan Still Far-Fetched Even Amid Saudi Mulling Oil Deals** – The yuan is getting a boost from reports that Saudi Arabia is in talks with Beijing to price some oil sales in the Chinese currency, a development that analysts believe may be some way off. While a deal between the world's biggest producer and importer of oil could undermine the dominance of the dollar and euro in such trades, market watchers expect that to be a drawn out process. The main hurdle is the yuan's limited convertibility and that it is still tightly managed by China. *(Source: Bloomberg)*

**Fitch Says Egypt Likely to Hike Interest Rate, May Need IMF Aid** – Egypt's central bank is expected to raise its interest rate next week and the North African country may need another IMF-funded program to face challenges brought on by the war in Ukraine, according to Fitch Ratings. "Fitch sees higher interest rates, exchange-rate depreciation and an IMF programme as being among the policy options available to the Egyptian authorities to shore up the country's external position" the rating agency said in a report Wednesday. *(Source: Bloomberg)*

**Fed hikes interest rates, signals aggressive fight to curb inflation** – The Federal Reserve on Wednesday raised interest rates for the first time since 2018 and laid out an aggressive plan to push borrowing costs to restrictive levels next year in a pivot from battling the coronavirus pandemic to countering the economic risks posed by excessive inflation and the war in Ukraine. The U.S. central bank's Federal Open Market Committee kicked off the move to tighten monetary policy with a quarter-percentage-point increase in the target federal funds rate, lifting that key benchmark from the current near-zero level in a step that will ripple through a variety of other rates charged to consumers and businesses. Most policymakers now see the federal funds rate rising to a range between 1.75% and 2% by the end of 2022, the equivalent of a quarter-percentage-point rate increase at each of the Fed's six remaining policy meetings this year. They project it will climb to 2.8% next year - above the 2.4% level that officials now feel would work to slow the economy. *(Source: Reuters)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.22	-2.88	KSA	2027	2.38	-2.90
Abu Dhabi	2031	2.60	-4.93	KSA	2032	2.95	-4.93
Abu Dhabi	2050	3.55	-10.16	KSA	2050	4.22	-12.17
Bahrain	2028	4.97	-1.72	Oman	2027	4.73	-2.44
Bahrain	2032	6.20	-3.58	Oman	2032	5.66	-3.06
Bahrain	2051	7.34	-5.88	Oman	2051	6.84	-3.49
Dubai	2029	2.90	-2.70	Qatar	2026	2.08	-2.07
Kuwait	2022	-45.29	-0.41	Qatar	2030	2.77	-4.40
Kuwait	2027	2.58	-4.55	Qatar	2050	3.74	-11.10

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.59	8.08	-0.30	-4.91
S&P MENA Bond and Sukuk Index	3.21	NA	-0.40	-5.25
Bloomberg Emerging Markets USD Index	5.76	6.80	0.54	-10.52
Bloomberg Global Aggregate Index	2.02	7.42	0.12	-5.93

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	17/03/2022	31/12/2021	17/03/2022	31/12/2021	17/03/2022	31/12/2021
KIBOR	1.5000	1.5000	1.7500	1.7500	2.0625	2.0000
SAIBOR	2.0090	0.9057	2.0135	0.9829	2.2300	1.0600
BHIBOR	1.6167	1.5167	1.9200	1.6233	2.4000	1.7667
QATAR	1.1500	1.1250	1.2000	1.2000	1.3500	1.3250
AEIBOR	0.8592	0.3645	1.2050	0.7000	1.8289	0.7396
EURIBOR	-0.5020	-0.5730	-0.4070	-0.5460	-0.2370	-0.4980
LIBOR	0.9164	0.2144	1.2379	0.3451	1.6851	0.5888

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	1.6424	-0.59	207.0	KWD	0.3041	0.0000	-0.49	Gold	1,937.60	5.82
2-Year	2.1439	-3.66	127.8	SAR	3.7525	0.0000	0.09	Silver	25.47	8.91
5-Year	2.2289	-5.40	62.8	BHD	0.3770	0.0000	0.00	Copper	463.70	4.12
7-Year	2.2245	-5.93	50.7	QAR	3.6414	0.0055	0.01	Nat. Gas	4.74	35.24
10-Year	2.2378	-6.44	41.5	OMR	0.3850	0.0000	-0.06	Aluminum	3,248.75	15.76
30-Year	2.2042	-5.43	27.3	AED	3.6728	0.0054	0.00	Crude Oil	99.80	29.78

US Treasuries			UK Gilt		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	1.90	0.08	1.39	-0.09	NA	NA
5-Year	2.12	0.28	1.40	-0.28	-0.26	-0.22
10-Year	2.13	0.52	1.63	-0.58	0.21	-0.48
30-Year	2.40	1.18	1.80	-1.17	0.53	-1.12

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	B+
Tunisia	Caa1	NR	B-
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	17-Mar 2022	31-Dec 2021
Kuwait	52.41	40.53
KSA	47.49	50.97
Abu Dhabi	47.41	43.09
Dubai	94.79	89.58
Qatar	47.73	42.55
Bahrain	287.31	286.32
Oman	241.96	254.42
Iraq	379.52	507.35
Egypt	706.06	496.58
Morocco	96.49	85.91
Turkey	561.97	555.46
US	13.86	10.01
UK	12.85	8.91
China	55.54	39.86
Japan	16.58	16.23
Germany	13.15	7.53
France	21.70	17.87