

News Updates

Kipco Sees Qurain Deal This Year as S&P Puts It on CreditWatch - Kuwait Projects Co. (Kipco) said it expects to complete a takeover of Qurain Petrochemical Industries Co. this year, after S&P Global Ratings said it would struggle to improve its financial position if the deal fell through. Kipco and Qurain Petrochemical in March signed an agreement to assess a potential combination that would create a firm with a combined market value of about \$2.7 billion. S&P last week placed Kipco's credit ratings on creditwatch with negative implications, saying that "absent a successful merger, we don't believe that Kipco will be able to significantly improve its balance sheet, liquidity, and high leverage while maintaining a financial performance commensurate with its current credit profile." The rating agency said a merger with Qurain Petrochemical "is a highly transformative event and would potentially limit further erosion in Kipco's credit profile in the case of a successful completion." (Source: Bloomberg)

Fitch Revises Ras Al Khaimah's Outlook to Positive; Affirms at 'A' - Fitch Ratings has revised the Outlook on Ras Al Khaimah's (RAK) Long-Term Foreign-Currency Issuer Default Rating (IDR) to Positive from Stable and affirmed the IDR at 'A'. The Positive Outlook reflects Fitch's expectation of a continued budget surplus, combined with RAK's record of prudent fiscal management and public finances' resilience during the pandemic. The rating agency stated that surpluses will be underpinned by significant flexibility in spending due to the large share of profit-oriented SOEs within the general government's consolidation perimeters and the significant share of mandatory spending undertaken by the federal government. (Source: Fitch Ratings)

EU Leaders Back Push to Ban Most Russia Oil Over Putin's War - Oil European Union leaders agreed to pursue a partial ban on Russian oil, paving the way for a sixth package of sanctions to punish Russia and its president, Vladimir Putin, for the invasion of Ukraine. The sanctions would forbid the purchase of crude oil and petroleum products from Russia delivered to member states by sea but include a temporary exemption for pipeline crude, European Council President Charles Michel said late Monday. (Source: Bloomberg)

Fed's Waller backs 50 bps rate hikes until "substantial" reduction in inflation - The U.S. Federal Reserve should be prepared to raise interest rates by a half percentage point at every meeting from now on until inflation is decisively curbed, Fed Governor Christopher Waller said on Monday, underscoring tensions at the central bank about how aggressively to tighten policy as it battles to bring down high inflation. "I am advocating 50 (basis point hikes) on the table every meeting until we see substantial reductions in inflation. Until we get that, I don't see the point of stopping," Waller said (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.95	-6.39	KSA	2027	3.04	-5.63
Abu Dhabi	2031	3.31	-10.05	KSA	2032	3.50	-9.21
Abu Dhabi	2050	4.14	-18.69	KSA	2050	4.67	-17.92
Bahrain	2028	5.57	-4.46	Oman	2027	5.11	-4.15
Bahrain	2032	6.50	-5.70	Oman	2032	5.80	-4.21
Bahrain	2051	7.50	-7.79	Oman	2051	7.21	-7.73
Dubai	2029	4.00	-9.06	Qatar	2026	3.04	-5.74
Dubai	2050	5.43	-19.30	Qatar	2030	3.41	-8.75
Kuwait	2027	2.95	-6.24	Qatar	2050	4.19	-17.48

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.28	8.08	0.02	-8.36
S&P MENA Bond and Sukuk Index	3.92	NA	-0.07	-9.13
Bloomberg Emerging Markets USD Index	6.29	6.80	0.30	-13.03
Bloomberg Global Aggregate Index	2.51	7.42	0.07	-10.45

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	31/05/2022	31/12/2021	31/05/2022	31/12/2021	31/05/2022	31/12/2021
KIBOR	1.9375	1.5000	2.1875	1.7500	2.5000	2.0000
SAIBOR	3.0476	0.9057	3.1117	0.9829	3.3009	1.0600
BHIBOR	2.6739	1.5167	3.0595	1.6233	3.6343	1.7667
QATAR	1.1500	1.1250	1.3000	1.2000	1.8500	1.3250
AEIBOR	1.6409	0.3645	2.1826	0.7000	2.5883	0.7396
EURIBOR	-0.3680	-0.5730	-0.0760	-0.5460	0.3580	-0.4980
LIBOR	1.5979	0.2144	2.0861	0.3451	2.6957	0.5888

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	2.6193	9.43	389.6	KWD	0.3057	0.0327	-1.03	Gold	1,855.40	1.06
2-Year	2.9104	6.74	209.2	SAR	3.7511	0.0027	0.12	Silver	21.82	-6.81
5-Year	2.8830	11.70	110.5	BHD	0.3770	0.0000	0.00	Copper	434.75	-2.14
7-Year	2.8884	10.76	95.7	QAR	3.6414	0.0055	0.01	Nat. Gas	8.72	139.61
10-Year	2.9258	10.76	85.1	OMR	0.3850	0.0000	-0.06	Aluminum	2,867.68	2.33
30-Year	2.8242	7.97	63.1	AED	3.6730	0.0082	0.00	Crude Oil	123.28	62.55

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	2.56	-0.15	1.46	-0.10	NA	NA
5-Year	2.82	-0.48	1.60	-0.24	0.46	-0.25
10-Year	2.84	-0.86	1.99	-0.73	0.89	-0.67
30-Year	3.03	-1.30	2.25	-1.31	1.28	-1.35

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	31-May 2022	31-Dec 2021
Kuwait	65.06	40.53
KSA	59.90	50.97
Abu Dhabi	58.13	43.09
Dubai	111.25	89.58
Qatar	58.67	42.55
Bahrain	300.14	286.32
Oman	249.35	254.42
Iraq	474.21	507.35
Egypt	719.70	496.58
Morocco	194.93	85.91
Turkey	699.42	555.46
US	15.96	10.01
UK	9.25	8.91
China	68.60	39.86
Japan	17.49	16.23
Germany	9.92	7.53
France	19.97	17.87