

News Updates

Saudi Arabia expects 2022 budget surplus after years of deficit – Saudi Arabia said on Sunday it expected to post its first budget surplus in nearly a decade next year, as it plans to restrict public spending despite a surge in oil prices that helped to refill state coffers hammered by the pandemic. After an expected fiscal deficit of 2.7% of gross domestic product this year, Riyadh estimates it will achieve a surplus of 90 billion riyals (\$23.99 billion), or 2.5% of GDP, next year - its first surplus since it went into a deficit after oil prices crashed in 2014. Saudi Arabia plans to spend 955 billion riyals next year, a nearly 6% expenditure cut year on year, according to a budget document. *(Source: Reuters)*

Saudi Real Estate Refinance Company issues SAR 2bn Sukuk – Saudi Real Estate Refinance Company (SRC) successfully completed issuing a SAR 2 billion Sukuk to support lenders in the housing market, with the aim to further expand home ownership by making it more affordable. The Sukuk was guaranteed by the Kingdom of Saudi Arabia through the Ministry of Finance. The 10-year Sukuk was issued at a competitive fixed profit rate of 3.04% marketed to Saudi institutional investors, the deal was oversubscribed 2.5 times. SRC's new series of Sukuk was issued under its SAR 10 billion Sukuk Programme established earlier this year, under which SRC has the ability to issue sovereign-guaranteed instruments targeting local investors. Its first Sukuk offerings under the programme were issued in March 2021 in two tranches of 7 and 10-years totaling SAR 4 billion. *(Source: Press Release)*

Oman sees deficit shrinking with 2022 budget – Oman said on Sunday it expects its budget deficit to reach 5% of gross domestic product (GDP) in 2022, well within the limits of a medium-term fiscal plan launched by the Gulf state last year to fix its heavily-indebted finances. Oman is more sensitive than its Gulf neighbours to oil price swings, meaning it was hit especially hard by the price crash in 2020 amid the COVID-19 pandemic and worldwide economic lockdowns. But higher oil prices this year, along with fiscal reforms, are expected to narrow state deficits and slow a rise in debt levels over the next few years. Oman plans total spending of 12.1 billion rials (\$31.43 billion) next year, state news agency ONA said on Sunday. *(Source: Reuters)*

Egypt Inflation Slowing Gives Central Bank Room to Hold Rates – Inflation in urban parts of Egypt slowed on both an annual and monthly basis, helping to boost odds the central bank will hold its key interest rate next week. The monthly rate was 0.1% in November compared to 1.5% the previous month, state-run statistics agency CAPMAS reported. Annual inflation stood at 5.6% versus 6.3% in October. That placed inflation well within the lower range of the central bank's target of 5%-9%, and maintains the attractiveness of Egypt's real interest rate for foreign investors. Capital Economics said in a research note it believes annual inflation will increase in the coming months, reaching around 6% due to food and energy. Even so, the central bank "will probably keep rates on hold" both next week and over the first half of 2022, it said. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.25	-2.92	KSA	2025	1.50	-2.61
Abu Dhabi	2030	1.94	-3.84	KSA	2030	2.27	-2.71
Abu Dhabi	2050	2.97	-4.41	KSA	2050	3.45	-3.66
Bahrain	2026	4.22	-5.78	Oman	2025	3.36	1.73
Bahrain	2030	5.73	-7.23	Oman	2029	4.78	3.66
Bahrain	2047	7.33	-13.77	Oman	2048	6.56	2.22
Dubai	2029	2.53	-1.61	Qatar	2025	1.32	-3.56
Kuwait	2022	-0.25	-2.29	Qatar	2030	2.16	-5.16
Kuwait	2027	1.61	-4.45	Qatar	2050	3.05	-4.33

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.78	8.08	0.08	0.75
S&P MENA Bond and Sukuk Index	2.35	NA	0.27	0.46
Bloomberg Emerging Markets USD Index	4.47	6.80	0.02	-1.54
Bloomberg Global Aggregate Index	1.27	7.42	0.05	-4.42

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	13/12/2021	31/12/2020	13/12/2021	31/12/2020	13/12/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8557	0.8175	0.9057	0.8700	0.9814	0.9413
BHIBOR	1.5167	2.2500	1.6017	2.5333	1.7667	2.6833
QATAR	1.1250	1.1206	1.2000	1.1960	1.3250	1.3636
AEIBOR	0.3700	0.5125	0.5120	0.4908	0.6993	0.6538
EURIBOR	-0.5880	-0.5450	-0.5430	-0.5260	-0.4980	-0.4990
LIBOR	0.1983	0.2384	0.2883	0.2576	0.5094	0.3419

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.4448	0.89	131.1	KWD	0.3026	0.0000	0.23	Gold	1,787.30	-6.62
2-Year	0.8831	1.46	346.5	SAR	3.7519	0.0000	0.01	Silver	22.30	-16.63
5-Year	1.3718	1.21	219.0	BHD	0.3770	0.0027	0.00	Copper	432.35	22.81
7-Year	1.4810	0.98	126.2	QAR	3.6416	-0.0082	-0.01	Nat. Gas	4.01	33.37
10-Year	1.5810	0.68	70.9	OMR	0.3850	0.0026	0.00	Aluminum	2,616.51	30.34
30-Year	1.7230	0.68	22.9	AED	3.6730	0.0000	0.00	Crude Oil	76.15	50.82

US Treasuries			UK Gilt		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.67	-0.03	0.41	0.01	NA	0.00
5-Year	1.26	-0.06	0.54	0.01	-0.73	-0.02
10-Year	1.49	-0.08	0.74	0.13	-0.48	-0.06
30-Year	1.89	-0.21	0.86	0.01	-0.07	-0.29

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

USD 5Yr CDS	13-Dec 2021	31-Dec 2020
Kuwait	40.51	40.69
KSA	51.24	63.77
Abu Dhabi	42.73	36.03
Dubai	86.85	104.06
Qatar	42.50	36.70
Bahrain	296.20	233.58
Oman	259.33	353.60
Iraq	516.87	542.74
Egypt	491.31	330.47
Morocco	86.08	102.56
Turkey	496.71	299.47
US	12.06	11.52
UK	8.98	15.13
China	43.45	26.70
Japan	16.59	14.74
Germany	7.57	9.09
France	18.42	14.42