

News Updates

Middle East Crude benchmarks extend gains after OPEC+ decision –

Middle East crude benchmarks Oman and Dubai extended gains on Wednesday after OPEC+ decided to continue increasing output by 400,000 barrels per day in February. The move reflects easing concern of a big surplus in the first quarter, as well as a wish to provide consistent guidance to the market, sources and analysts said. Traders are waiting for top exporter Saudi Arabia to set its official selling prices for February supplies. State oil giant Saudi Aramco is expected to cut official selling prices (OSPs) of all grades by more than \$1 in February from the previous month, dropping prices back to their lowest levels in three to four months, a Reuters survey of seven crude buyers showed. *(Source: Reuters)*

Turkish Central Bank Revives Bond-Buying Drive to Rein In Yields –

The Turkish central bank bought government bonds for the first time in more than a year in an attempt to drive down surging borrowing costs. The bank bought a total of 300 million liras (\$22.3 million) worth of bonds maturing in 2027 and 2028 at an auction on Wednesday. The move comes after the yield on 10-year government debt rose to an all-time high of 24.88% on Monday. Yields have surged over the past year as inflation accelerated to the highest to level in two decades, the fallout of an unexpected easing drive. Under pressure from Recep Tayyip Erdogan, the central bank has cut the key repo rate by 500 basis points since September. *(Source: Bloomberg)*

Hawkish Fed signals it may have to raise rates sooner to fight inflation

– A "very tight" job market and unabated inflation might require the Federal Reserve to raise interest rates sooner than expected and begin reducing its overall asset holdings as a second brake on the economy, U.S. central bank policymakers said in their meeting last month. In a document released on Wednesday that markets took as decidedly hawkish, the minutes from the Dec. 14-15 policy meeting showed Fed officials uniformly concerned about the pace of price increases that promised to persist, alongside global supply bottlenecks "well into" 2022. Those concerns, at least as of mid-December, even appeared to outweigh the risks potentially posed by the fast-surging Omicron variant of the coronavirus, seen by some Fed officials as likely adding further to inflation pressures but not "fundamentally altering the path of economic recovery in the United States". "Participants generally noted that, given their individual outlooks for the economy, the labor market, and inflation, it may become warranted to increase the federal funds rate sooner or at a faster pace than participants had earlier anticipated. Some participants also noted that it could be appropriate to begin to reduce the size of the Federal Reserve's balance sheet relatively soon after beginning to raise the federal funds rate," the minutes stated. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.28	-0.29	KSA	2025	1.57	-0.26
Abu Dhabi	2030	2.08	-0.75	KSA	2030	2.35	-0.91
Abu Dhabi	2050	3.08	-2.29	KSA	2050	3.59	-2.55
Bahrain	2026	4.21	-0.19	Oman	2025	3.31	-0.08
Bahrain	2030	5.71	-0.55	Oman	2029	4.76	-0.35
Bahrain	2047	7.39	-0.83	Oman	2048	6.56	-0.19
Dubai	2029	2.46	0.30	Qatar	2025	1.37	-0.08
Kuwait	2022	-0.95	0.02	Qatar	2030	2.19	-0.84
Kuwait	2027	1.59	0.21	Qatar	2050	3.19	-2.16

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.86	8.08	-0.14	-0.67
S&P MENA Bond and Sukuk Index	2.47	NA	-0.24	-0.76
Bloomberg Emerging Markets USD Index	4.40	6.80	-0.30	-0.78
Bloomberg Global Aggregate Index	1.40	7.42	-0.04	-0.80

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	06/01/2022	30/12/2021	06/01/2022	30/12/2021	06/01/2022	30/12/2021
KIBOR	1.5000	1.5000	1.7500	1.7500	2.0000	2.0000
SAIBOR	0.9086	0.9057	0.9886	0.9829	1.0643	1.0600
BHIBOR	1.5167	1.5167	1.6233	1.6233	1.7667	1.7667
QATAR	1.1250	1.1250	1.2000	1.2000	1.3250	1.3250
AEIBOR	0.4132	0.3645	0.6600	0.7000	0.7880	0.7396
EURIBOR	-0.5650	-0.5730	-0.5350	-0.5460	-0.4980	-0.4980
LIBOR	0.2160	0.2144	0.3429	0.3451	0.6030	0.5888

USD Swap Rates					Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)	
1-Year	0.5907	0.68	10.4	KWD	0.3027	0.0000	-0.05	Gold	1,808.10	-1.12	
2-Year	1.0314	0.90	9.6	SAR	3.7574	0.0133	-0.03	Silver	22.72	-2.71	
5-Year	1.5343	1.17	12.0	BHD	0.3771	0.0027	0.00	Copper	439.20	-1.60	
7-Year	1.6599	0.84	12.5	QAR	3.6416	-0.0082	0.00	Nat. Gas	3.86	3.49	
10-Year	1.7690	0.61	11.9	OMR	0.3850	-0.0623	-0.06	Aluminum	2,915.75	4.02	
30-Year	1.9063	0.43	10.1	AED	3.6730	0.0082	0.00	Crude Oil	79.89	2.71	
US Treasuries					UK Gilts			German Bunds			
	Yield %	1D Δ (%)			Yield %	1D Δ (%)			Yield %	1D Δ (%)	
2-Year	0.84	-0.02			0.74	0.00			NA	NA	
5-Year	1.44	-0.05			0.91	-0.02			-0.62	0.02	
10-Year	1.71	-0.03			1.08	-0.02			-0.28	0.04	
30-Year	2.10	-0.07			1.20	0.22			0.23	-0.15	

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	06-Jan 2022	31-Dec 2021
Kuwait	43.01	40.53
KSA	46.70	50.97
Abu Dhabi	42.90	43.09
Dubai	87.86	89.58
Qatar	42.39	42.55
Bahrain	282.29	286.32
Oman	226.39	254.42
Iraq	476.78	507.35
Egypt	487.66	496.58
Morocco	85.01	85.91
Turkey	555.98	555.46
US	10.22	10.01
UK	9.28	8.91
China	39.87	39.86
Japan	15.75	16.23
Germany	7.61	7.53
France	17.77	17.87