

News Updates

Moody's expects Saudi economy to grow an average of 3.9% for next four years – Saudi Arabia's economy is forecast to grow at an average rate of 3.9 percent between 2022 to 2026, according to credit rating agency Moody's Investors Service. In its annual credit analysis, Moody's affirmed Saudi Arabia's rating at 'A1' with a stable outlook, primarily driven by its robust government balance sheet, underpinned by moderate debt levels and substantial fiscal reserve buffers. The report noted the large stock of proven hydrocarbon reserves with low extraction costs combined with a regulated financial system is also supporting the Kingdom's sovereign credit profile. *(Source: Arab News)*

Iraq's government debt to fall steeply as high oil prices boost revenues – Iraq's government debt as a share of GDP is expected to drop significantly to pre-pandemic levels as high oil prices boost revenues, according to Fitch Ratings. The sovereign's debt will be around 47 percent of GDP this year, compared to 66 percent in 2021. The debt/GDP ratio is the largest for any sovereign in the Middle East and North Africa region, bringing the country below the median for 'B' rated states. "We expect debt/GDP to drop as higher oil prices... and production boost government revenue and nominal GDP," the ratings agency noted on Wednesday. Oil prices are estimated to average at \$105 per barrel this year and \$85 per barrel in 2023. However, while the fall in government debt is positive for Iraq's creditworthiness, the decline may not be sustainable. "The decline may not be sustainable, as it partly reflects political tensions that have constrained public spending and reflect the high political risk captured in Iraq's 'B-' rating," Fitch said. Last January, Fitch affirmed Iraq's long-term foreign currency issuer default rating at 'B-' with a stable outlook. *(Source: Zawyia)*

ECB to finally join rate hike club with big move on agenda – The European Central Bank will raise interest rates for the first time in 11 years on Thursday with a bigger-than-flagged move seen as increasingly likely as policymakers fear losing control of runaway consumer price growth. With inflation already approaching double digit territory, it is now at risk of getting entrenched above the ECB's 2% target, requiring rate hikes even if that slows - or crashes - an economy already suffering from the impact of Russia's war in Ukraine. The bank until recently was signalling just a 25 basis point increase to be followed by a bigger move in September but sources close to the discussion said a 50 basis point increase would also be on the table on Thursday as the inflation outlook is deteriorating quickly. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.21	-7.70	KSA	2027	3.43	-7.17
Abu Dhabi	2031	3.61	-11.98	KSA	2032	3.86	-11.85
Abu Dhabi	2050	4.40	-22.21	KSA	2050	5.03	-22.32
Bahrain	2028	6.72	-9.55	Oman	2027	6.04	-7.72
Bahrain	2032	8.06	-16.08	Oman	2032	6.93	-11.95
Bahrain	2051	9.04	-22.64	Oman	2051	8.18	-17.53
Dubai	2029	4.01	-9.29	Qatar	2026	3.32	-6.83
Dubai	2050	5.99	-26.58	Qatar	2030	3.70	-10.95
Kuwait	2027	3.30	-7.78	Qatar	2050	4.55	-22.15

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.79	8.08	0.14	-10.88
S&P MENA Bond and Sukuk Index	4.29	NA	-0.19	-10.92
Bloomberg Emerging Markets USD Index	7.35	6.80	0.42	-17.92
Bloomberg Global Aggregate Index	2.92	7.42	-0.10	-14.32

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	21/07/2022	31/12/2021	21/07/2022	31/12/2021	21/07/2022	31/12/2021
KIBOR	2.1250	1.5000	2.3750	1.7500	2.6875	2.0000
SAIBOR	2.9323	0.9057	3.2639	0.9829	3.6677	1.0600
BHIBOR	3.9717	1.5167	4.3917	1.6233	5.0600	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	2.4503	0.3645	3.1450	0.7000	3.4143	0.7396
EURIBOR	0.0420	-0.5730	0.5340	-0.5460	1.0520	-0.4980
LIBOR	2.7317	0.2144	3.2989	0.3451	3.8696	0.5888

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	3.5658	0.78	566.5	KWD	0.3072	0.1140	-1.51	Crude Oil	106.07	41.80
2-Year	3.4687	-0.61	268.5	SAR	3.7588	-0.0506	-0.08	Gold	1,706.80	-7.28
5-Year	3.1507	-0.36	130.1	EUR	1.0221	0.3929	-10.11	Silver	18.49	-21.19
7-Year	3.1005	-0.54	110.1	GBP	1.1996	0.1921	-11.35	Copper	328.50	-25.85
10-Year	3.0929	-0.54	95.6	JPY	138.2100	0.0000	-16.74	Nat. Gas	7.85	114.55
30-Year	2.9022	-0.27	67.7	CNH	6.7655	0.1301	-6.04	Aluminum	2,431.75	-12.98

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	3.22	0.02	2.04	-0.05	NA	NA
5-Year	3.16	0.03	1.91	-0.04	0.59	0.05
10-Year	3.02	0.07	2.14	0.38	1.04	0.09
30-Year	3.15	0.10	2.66	0.43	1.43	0.28

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	21-Jul 2022	31-Dec 2021
Kuwait	65.84	40.53
KSA	71.29	50.97
Abu Dhabi	70.56	43.09
Dubai	132.04	89.58
Qatar	69.81	42.55
Bahrain	340.93	286.32
Oman	303.37	254.42
Iraq	734.99	507.35
Egypt	365.52	496.58
Morocco	315.39	85.91
Turkey	826.91	555.46
US	20.00	10.01
UK	15.29	8.91
China	82.89	39.86
Japan	25.04	16.23
Germany	15.46	7.53
France	26.58	17.87