

News Updates

GCC growth likely to fall on weaker global demand in 2023 – With a global recession expected for early next year, oil production cuts and rising borrowing costs, the 2023 GDP growth in the Middle East is expected to see a decline, says a report. The latest Economic Insight report for the Middle East, commissioned by ICAEW and compiled by Oxford Economics, says the region is likely to see a growth of 2.7% next year. However, the regional growth is still expected to perform at over twice the pace of the world economy, it said. According to the Q4 report, the downgrade reflects more muted projections for activity in the GCC economies, where growth is set to moderate to 2.5% in 2023, as oil production stagnates. While this represents a significant slowdown, it will remain above the average pace in the five years preceding the pandemic. *(Source: Trade Arabia)*

Oman sees 2023 budget deficit at 3% of GDP – Oman is forecasting a QAR 1.3 billion (\$3.39 billion) deficit in its 2023 budget, or 3% of gross domestic product, following an expected surplus this year after higher oil prices boosted revenues. State media reported the Gulf state expects revenues of QAR 11.7 billion and expenditure at QAR 13 billion next year, based on an average oil price assumption of \$55 per barrel. Budgeted spending next year is 7% above the approved spending for 2022, state media reported, citing the finance ministry. *(Source: Reuters)*

Fitch Affirms Bahrain at 'B+'; Outlook Stable – Fitch Ratings has affirmed Bahrain's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'B+' with a Stable Outlook. Bahrain's ratings are supported by strong financial backing from partners in the GCC and high GDP per capita and human development indicators even relative to 'BBB' medians. Weak public finances, high fiscal dependence on oil revenue, low levels of FX reserves and political constraints to more substantial fiscal reform all weigh on the ratings, although focus on fiscal consolidation sharpened in late 2018 with the Fiscal Balance Programme (FBP), which was refreshed with additional measures in late 2021. *(Source: Fitch Ratings)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.85	-10.10	KSA	2027	4.20	-9.45
Abu Dhabi	2031	4.06	-14.31	KSA	2032	4.34	-14.75
Abu Dhabi	2050	4.82	-27.14	KSA	2050	5.27	-24.90
Bahrain	2028	5.94	-5.58	Oman	2027	5.71	-6.35
Bahrain	2032	6.93	-8.41	Oman	2032	6.08	-6.62
Bahrain	2051	8.00	-12.96	Oman	2051	7.15	-7.12
Dubai	2029	4.55	-12.14	Qatar	2026	4.10	-9.06
Dubai	2050	5.85	-24.13	Qatar	2030	4.22	-14.46
Kuwait	2027	4.10	-10.64	Qatar	2050	4.81	-25.17

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.18	8.08	-0.37	-10.37
S&P MENA Bond and Sukuk Index	4.88	NA	-0.44	-11.83
Bloomberg Emerging Markets USD Index	7.44	6.80	-0.37	-15.08
Bloomberg Global Aggregate Index	3.60	7.42	0.10	-15.59

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	21/12/2022	31/12/2021	21/12/2022	31/12/2021	21/12/2022	31/12/2021
KIBOR	4.0000	1.5000	4.2500	1.7500	4.5625	4.4375
SAIBOR	5.2437	0.9057	5.6375	0.9829	5.8738	6.3719
BHIBOR	6.0642	1.5167	6.2213	1.6233	6.5108	6.3250
QATAR	5.1167	1.1250	5.2500	1.2000	5.4167	5.1000
AEIBOR	4.5221	0.3645	4.8051	0.7000	4.9613	5.1212
EURIBOR	2.0630	-0.5730	2.5850	-0.5460	3.0570	2.8110
LIBOR	4.7383	0.2144	5.1499	0.3451	5.4277	5.4513

USD Swap Rates				Currencies			Commodities				
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)	
1-Year	5.0406	0.02	842.2	KWD	0.3062	0.0327	-1.21	Crude Oil	79.98	10.39	
2-Year	4.5687	0.20	385.4	SAR	3.7617	-0.0266	-0.14	Gold	1,824.10	-1.07	
5-Year	3.8311	0.02	179.7	EUR	1.0610	-0.1318	-6.68	Silver	24.19	2.35	
7-Year	3.7085	0.60	151.3	GBP	1.2168	-0.1313	-10.09	Copper	379.50	-13.56	
10-Year	3.6456	1.13	130.6	JPY	132.2200	-0.3631	-12.96	Nat. Gas	5.48	34.06	
30-Year	3.3095	0.79	91.2	CNH	6.9762	-0.2093	-8.87	Aluminum	2,349.00	-14.46	
US Treasuries				UK Gilts			German Bunds				
	Yield %	1D Δ (%)			Yield %	1D Δ (%)			Yield %	1D Δ (%)	
2-Year	4.26	-0.01			3.62	0.00			2.48	-0.12	
5-Year	3.79	-0.02			3.55	-0.35			2.32	-0.40	
10-Year	3.71	-0.17			3.58	-0.77			2.29	-0.82	
30-Year	3.75	-0.16			3.88	-0.80			2.17	-2.59	

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	B3	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-Dec 2022	31-Dec 2021
Kuwait	39.98	40.53
KSA	62.05	50.97
Abu Dhabi	44.53	43.09
Dubai	80.67	89.58
Qatar	47.77	42.55
Bahrain	234.22	286.32
Oman	187.61	254.42
Iraq	415.65	507.35
Egypt	NA	496.58
Morocco	153.67	85.91
Turkey	536.61	555.46
US	22.53	10.01
UK	26.56	8.91
China	75.52	39.86
Japan	20.95	16.23
Germany	17.80	7.53
France	25.25	17.87