

News Updates

Fitch: UAE Local-Currency Debt Issuance Diversifies Sovereign Funding Options - The UAE federal government's issuance of debt in the local currency will broaden the sovereign's range of funding options, says Fitch Ratings. However, the positive credit effect of this development will be small, as external risks associated with the federal government's foreign-currency denominated debt are already offset by its strong net external asset position and the likelihood of support from Abu Dhabi (AA/Stable) in the event of need. The most significant effects of the federal government's local-currency debt issuance would materialise if the government succeeds in its stated goal of stimulating local financial-market development by creating a reference yield curve in dirham (AED). The funding market for private companies and individual emirates within the UAE is now dominated by bank loans and foreign-currency bonds, according to the rating agency. Fitch stated that if the federal government's issuance does help to develop a local-currency debt capital market, the greater diversity of funding options could make borrowing easier and cheaper for these entities. (Source: Fitch Ratings)

Lebanon Appeals to Creditors But Has Little Progress to Report - Top Lebanese officials conceded they've made little headway in meeting the conditions set as part of a preliminary agreement with the International Monetary Fund, as they made a rare outreach to bondholders more than two years after the government's debt default. The deal reached last month requires Lebanon to agree with its creditors, which include major international hedge funds, on a plan to restructure its external debt and restore credibility. But the IMF board won't consider it for final approval until authorities implement a series of much-delayed reforms, such as overhauling the electricity sector and introducing capital controls. (Source: Bloomberg)

US inflation stays at 40-year high, defying expectations of bigger drop - US consumer prices rose at an annual pace of 8.3 per cent last month, more than economists' expectations and staying at a four-decade high, underscoring the urgency of the Federal Reserve's push to stamp out inflation. Although the consumer price index moderated for the first time in eight months, it was a step down from the 8.5 per cent increase recorded in March, it was slightly higher than economists' expectations of an 8.1 per cent rise. An underlying gauge of inflation also rose more than expected. The data initially jolted the \$22tn market for US government bonds. The two-year Treasury yield, which is most sensitive to the outlook for monetary policy, jumped roughly 0.12 percentage points to 2.73 per cent, before dropping back down to 2.64 per cent. The yield on the benchmark 10-year note was back below 3 per cent. (Source: Financial Times)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.35	-8.33	KSA	2027	3.34	-6.90
Abu Dhabi	2031	3.74	-13.17	KSA	2032	3.89	-12.19
Abu Dhabi	2050	4.45	-22.74	KSA	2050	4.92	-21.06
Bahrain	2028	5.70	-5.22	Oman	2027	5.52	-5.75
Bahrain	2032	7.15	-10.27	Oman	2032	6.31	-7.81
Bahrain	2051	8.02	-13.18	Oman	2051	7.67	-12.67
Dubai	2029	4.08	-9.50	Qatar	2026	3.41	-7.14
Dubai	2050	5.81	-24.11	Qatar	2030	3.71	-10.57
Kuwait	2027	3.19	-7.26	Qatar	2050	4.56	-22.27

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.55	8.08	-0.06	-10.51
S&P MENA Bond and Sukuk Index	4.13	NA	0.25	-10.86
Bloomberg Emerging Markets USD Index	6.53	6.80	0.32	-14.34
Bloomberg Global Aggregate Index	2.60	7.42	0.26	-11.91

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	12/05/2022	31/12/2021	12/05/2022	31/12/2021	12/05/2022	31/12/2021
KIBOR	1.8750	1.5000	2.1250	1.7500	2.4375	2.0000
SAIBOR	2.6157	0.9057	2.7909	0.9829	3.0855	1.0600
BHIBOR	2.5667	1.5167	2.9126	1.6233	3.5417	1.7667
QATAR	1.1500	1.1250	1.2000	1.2000	1.3500	1.3250
AEIBOR	1.4395	0.3645	2.0808	0.7000	2.6175	0.7396
EURIBOR	-0.4170	-0.5730	-0.2020	-0.5460	0.2360	-0.4980
LIBOR	1.3999	0.2144	1.9320	0.3451	2.5883	0.5888

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	2.5123	0.97	369.6	KWD	0.3069	0.0000	-1.40	Gold	1,850.80	0.95
2-Year	2.9239	0.20	210.6	SAR	3.7513	0.0027	0.11	Silver	21.33	-8.90
5-Year	2.9441	-1.19	115.0	BHD	0.3770	0.0000	0.01	Copper	414.10	-6.79
7-Year	2.9583	-1.30	100.5	QAR	3.6414	0.0055	0.01	Nat. Gas	7.55	110.92
10-Year	2.9857	-1.06	88.8	OMR	0.3850	0.0026	-0.06	Aluminum	2,747.75	-2.06
30-Year	2.7890	-0.31	61.1	AED	3.6731	0.0000	-0.01	Crude Oil	105.75	39.44

US Treasuries			UK Gilts		German Bunds			
	Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	2.64	0.00		1.26	0.08		NA	NA
5-Year	2.88	0.08		1.44	0.17		0.27	0.00
10-Year	2.89	0.20		1.82	0.22		0.82	0.00
30-Year	3.04	0.17		2.06	-0.18		1.10	0.00

	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	12-May 2022	31-Dec 2021
Kuwait	57.34	40.53
KSA	63.88	50.97
Abu Dhabi	62.68	43.09
Dubai	112.44	89.58
Qatar	63.13	42.55
Bahrain	296.64	286.32
Oman	233.74	254.42
Iraq	402.54	507.35
Egypt	836.86	496.58
Morocco	106.10	85.91
Turkey	683.09	555.46
US	16.00	10.01
UK	9.93	8.91
China	82.02	39.86
Japan	18.66	16.23
Germany	11.53	7.53
France	21.79	17.87