

## News Updates

**Oman Posts \$545 Million Budget Surplus on Higher Oil Prices, Tax –** Oman posted a budget surplus of \$545 million in the first two months of this year, helped by higher oil prices and tax collection. The surplus compared with a deficit of 457 million rials (\$1.2 billion) a year ago, according to the Gulf nation's finance ministry. Net oil revenue jumped 81% to 1.1 billion rials at the end of February. Oman, which needs oil at about \$61 a barrel to balance its books, has implemented a series of reforms to bridge the budget gap and lower its debt, including the introduction of a 5% value-added tax last year. The finance ministry in January projected a budget deficit of \$3.9 billion for this year, based on oil prices at \$50 a barrel. Oil's surge on the back of Russia's invasion of Ukraine has pushed crude above the break-even level for almost all the Middle East's producers. Oman plans to use the windfall to trim its debt and boost spending on projects, its ruler said last month. *(Source: Bloomberg)*

**Global Bond Selloff Deepens as Fed Steps Up Tightening Rhetoric –** This year's unprecedented global bond rout accelerated after Federal Reserve Governor Lael Brainard said the U.S. central bank will likely step up policy tightening by swiftly reducing its massive debt holdings. The prospect of aggressive Fed action drove the yield on benchmark 10-year Treasuries up five basis points to 2.60%, propelling it back into ranges seen in 2018 and 2019. The yield spiked as much as 17 basis points on Tuesday. Australian bonds slumped, with 10-year yields climbing as much as 13 basis points to 2.98%, the highest since 2015. Bonds worldwide are extending losses this week after completing an eight-month losing streak, the longest on record, according to the Bloomberg Global Aggregate index. Investors are dumping fixed-income securities as policy makers move to raise interest rates in the face of surging global inflation and tightening labor markets. The Reserve Bank of Australia became the latest central bank to take a hawkish tack, dropping a reference to remaining "patient." *(Source: Bloomberg)*

**Oil Fluctuates as EU Avoids Immediate Sanctions on Russia Crude –** Oil fluctuated as traders focused on a European Union decision to avoid curbs on Russian oil that highlighted the challenges the bloc faces in reducing its reliance on its eastern neighbor. West Texas Intermediate edged above \$102 a barrel, after slipping as much as 1.6% earlier. While the EU will press on with additional penalties against Moscow for the war in Ukraine, including a ban on coal, crude won't yet be targeted. Still, European Commission President Ursula von der Leyen said the bloc will push ahead with a debate among members on tackling Russian oil. Oil surged by a third in the first quarter as the Russian invasion and backlash from the EU and U.S. roiled markets. While the U.K. and Washington have moved to bar Russian crude, it's harder for the EU to follow suit given the region's far higher level of dependence. Washington and allies in the International Energy Agency have also tapped strategic petroleum reserves to try to calm prices. *(Source: Bloomberg)*

## GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi  | 2027     | 2.75    | -5.43           | KSA        | 2027     | 2.80    | -4.62           |
| Abu Dhabi  | 2031     | 2.87    | -7.00           | KSA        | 2032     | 3.17    | -6.69           |
| Abu Dhabi  | 2050     | 3.66    | -11.83          | KSA        | 2050     | 4.19    | -11.63          |
| Bahrain    | 2028     | 4.79    | -0.85           | Oman       | 2027     | 4.51    | -1.60           |
| Bahrain    | 2032     | 5.87    | -1.04           | Oman       | 2032     | 5.33    | -0.65           |
| Bahrain    | 2051     | 6.99    | -1.65           | Oman       | 2051     | 6.61    | -0.60           |
| Dubai      | 2029     | 3.26    | -4.81           | Qatar      | 2026     | 2.80    | -4.72           |
| Dubai      | 2050     | 4.72    | -9.71           | Qatar      | 2030     | 3.14    | -6.70           |
| Kuwait     | 2027     | 2.68    | -5.00           | Qatar      | 2050     | 3.74    | -10.98          |

## Bonds and Sukuk Indices

| Index Name                           | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index               | 3.78    | 8.08           | -0.26    | -5.24     |
| S&P MENA Bond and Sukuk Index        | 3.46    | NA             | -0.18    | -5.89     |
| Bloomberg Emerging Markets USD Index | 5.68    | 6.80           | -0.47    | -9.59     |
| Bloomberg Global Aggregate Index     | 2.27    | 7.42           | -0.79    | -7.36     |

## Interbank Rates (%)

|         | 3 Months   |            | 6 Months   |            | 12 Months  |            |
|---------|------------|------------|------------|------------|------------|------------|
|         | 06/04/2022 | 31/12/2021 | 06/04/2022 | 31/12/2021 | 06/04/2022 | 31/12/2021 |
| KIBOR   | 1.6875     | 1.5000     | 1.9375     | 1.7500     | 2.1875     | 2.0000     |
| SAIBOR  | 2.4293     | 0.9057     | 2.4056     | 0.9829     | 2.7339     | 1.0600     |
| BHIBOR  | 1.9133     | 1.5167     | 2.1633     | 1.6233     | 2.8133     | 1.7667     |
| QATAR   | 1.1500     | 1.1250     | 1.2000     | 1.2000     | 1.3500     | 1.3250     |
| AEIBOR  | 1.0654     | 0.3645     | 1.7107     | 0.7000     | 2.2083     | 0.7396     |
| EURIBOR | -0.4470    | -0.5730    | -0.3580    | -0.5460    | -0.0830    | -0.4980    |
| LIBOR   | 0.9690     | 0.2144     | 1.4927     | 0.3451     | 2.2014     | 0.5888     |

| USD Swap Rates |         |            |           | Currencies |        |            | Commodities |           |          |           |
|----------------|---------|------------|-----------|------------|--------|------------|-------------|-----------|----------|-----------|
|                | Yield % | 1D Δ (bps) | YTD Δ (%) |            | USD    | 1D Δ (bps) | YTD Δ (%)   |           | USD      | YTD Δ (%) |
| 1-Year         | 2.0930  | 1.91       | 291.2     | KWD        | 0.3049 | -0.1312    | -0.75       | Gold      | 1,921.70 | 4.82      |
| 2-Year         | 2.7671  | 3.96       | 194.0     | SAR        | 3.7515 | -0.0027    | 0.11        | Silver    | 24.36    | 4.17      |
| 5-Year         | 2.8046  | 6.47       | 104.8     | BHD        | 0.3771 | 0.0080     | -0.01       | Copper    | 476.50   | 6.99      |
| 7-Year         | 2.7241  | 6.70       | 84.6      | QAR        | 3.6414 | 0.0055     | 0.01        | Nat. Gas  | 6.09     | 72.77     |
| 10-Year        | 2.6572  | 6.54       | 68.1      | OMR        | 0.3851 | 0.0000     | -0.07       | Aluminum  | 3,448.50 | 22.88     |
| 30-Year        | 2.4132  | 5.04       | 39.4      | AED        | 3.6731 | -0.0082    | -0.01       | Crude Oil | 106.94   | 39.99     |

| US Treasuries |          |       | UK Gilt |          | German Bunds |          |
|---------------|----------|-------|---------|----------|--------------|----------|
| Yield %       | 1D Δ (%) |       | Yield % | 1D Δ (%) | Yield %      | 1D Δ (%) |
| 2-Year        | 2.56     | -0.08 | 1.45    | -0.03    | NA           | NA       |
| 5-Year        | 2.76     | -0.27 | 1.49    | -0.08    | 0.11         | -0.04    |
| 10-Year       | 2.61     | -0.47 | 1.67    | -0.16    | 0.52         | -0.15    |
| 30-Year       | 2.62     | -0.82 | 1.78    | -0.39    | 0.71         | -0.48    |

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

| USD 5Yr CDS | 06-Apr 2022 | 31-Dec 2021 |
|-------------|-------------|-------------|
| Kuwait      | 49.32       | 40.53       |
| KSA         | 49.77       | 50.97       |
| Abu Dhabi   | 48.52       | 43.09       |
| Dubai       | 91.84       | 89.58       |
| Qatar       | 48.17       | 42.55       |
| Bahrain     | 285.02      | 286.32      |
| Oman        | 222.87      | 254.42      |
| Iraq        | 317.95      | 507.35      |
| Egypt       | 499.58      | 496.58      |
| Morocco     | 98.89       | 85.91       |
| Turkey      | 562.95      | 555.46      |
| US          | 15.90       | 10.01       |
| UK          | 12.27       | 8.91        |
| China       | 60.70       | 39.86       |
| Japan       | 16.28       | 16.23       |
| Germany     | 13.28       | 7.53        |
| France      | 26.82       | 17.87       |