

## News Updates

**Inflation rising in GCC, but not as bad as elsewhere** - Inflation is set to average 3.2% this year in the Gulf Cooperation Council (GCC) countries predicted by Oxford Economics, high, but not as high as elsewhere. The world is facing the danger of stagflation, according to a recent World Bank economic outlook and inflation is soaring everywhere, driven higher by the coronavirus pandemic, disrupted supply chains and the mounting food crisis that has been made worse by the war in Ukraine. Central banks around the world have been forced to tighten monetary policy with aggressive rate hikes that are hurting developing markets in particular. And many countries have fallen behind the curve as inflation spikes into double digits leaving them with deeply negative interest rates. However, the GCC countries will get off relatively lightly, says Maya Senussi, a senior economist with Oxford Economics in a research note, who raised her forecast for this year to 3.2% on June 27, from 2.8% at the start of the year. That stands in stark contrast to the global average of 7.8% expected for this year. "In our view, GCC inflation will follow the global trajectory and begin to ease in H2. Food and energy prices, the main drivers of inflation at present after being pushed to record levels by drawn-out pressures on supply chains, are set to fall sharply in 2023 relative to current levels. This will help bring the inflation rate down. However, strengthening domestic price pressures will keep inflation above pre-pandemic levels, as we forecast GCC inflation will average 2.5% in 2023," Senussi said. *(Source: Bloomberg, Oxford Economics)*

**Dubai's Mashreqbank hires banks for AT1 dollar bonds** - Dubai lender Mashreqbank has hired banks to arrange the sale of U.S. dollar-denominated Additional Tier 1 bonds, a document showed on Monday. It mandated BofA Securities, Citi, Emirates NBD, JPMorgan, Mashreq, Societe Generale and Standard Chartered Bank to arrange a global investor call and a series of fixed income investor calls, the document said. *(Source: Zawya)*

**Fed officials promise rate hikes, push back on recession fears** - Federal Reserve policymakers on Tuesday promised further rapid interest-rate hikes to bring down high inflation, but pushed back against growing fears among investors and economists that sharply higher borrowing costs will trigger a steep downturn. "Many are worried that the Fed might be acting too aggressively and maybe tip the economy into recession," San Francisco Fed President Mary Daly said in an interview. "I am myself worried that left unbridled, inflation would be a major constraint and threat to the U.S. economy and continued expansion." St. Louis Fed President James Bullard pointed to two past examples, in 1983 and 1994, when the Fed raised rates but did not trigger a recession, and said the central bank should aim to follow that example. *(Source: Zawya)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.50	-8.97	KSA	2027	3.68	-8.11
Abu Dhabi	2031	3.89	-14.04	KSA	2032	4.10	-13.60
Abu Dhabi	2050	4.55	-24.07	KSA	2050	5.07	-22.73
Bahrain	2028	6.21	-7.34	Oman	2027	5.76	-6.70
Bahrain	2032	7.31	-11.29	Oman	2032	6.56	-9.51
Bahrain	2051	8.26	-15.64	Oman	2051	7.74	-13.38
Dubai	2029	4.05	-9.45	Qatar	2026	3.51	-7.37
Dubai	2050	5.76	-23.83	Qatar	2030	3.94	-11.78
Kuwait	2027	3.51	-8.57	Qatar	2050	4.64	-23.14

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.76	8.08	-0.17	-11.04
S&P MENA Bond and Sukuk Index	4.33	NA	-0.09	-11.48
Bloomberg Emerging Markets USD Index	7.13	6.80	-0.41	-16.98
Bloomberg Global Aggregate Index	3.04	7.42	-0.47	-14.54

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	29/06/2022	31/12/2021	29/06/2022	31/12/2021	29/06/2022	31/12/2021
KIBOR	2.1250	1.5000	2.4375	1.7500	2.7500	2.0000
SAIBOR	3.0399	0.9057	3.3367	0.9829	3.5625	1.0600
BHIBOR	3.5381	1.5167	3.9804	1.6233	4.7609	1.7667
QATAR	1.1500	1.1250	1.3000	1.2000	1.8500	1.3250
AEIBOR	1.9090	0.3645	2.7035	0.7000	3.3938	0.7396
EURIBOR	-0.2180	-0.5730	0.2230	-0.5460	0.9480	-0.4980
LIBOR	2.2316	0.2144	2.8621	0.3451	3.5720	0.5888

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	3.3036	-4.42	517.5	KWD	0.3065	-0.0489	-1.29	Crude Oil	116.89	55.19
2-Year	3.3810	-5.70	259.2	SAR	3.7528	0.0080	0.07	Gold	1,822.00	-0.76
5-Year	3.2092	-6.05	134.3	EUR	1.0508	-0.1046	-7.58	Silver	20.81	-11.30
7-Year	3.1847	-5.45	115.8	GBP	1.2197	0.0985	-9.87	Copper	371.70	-16.10
10-Year	3.2007	-4.88	102.4	JPY	136.0400	0.0809	-15.40	Nat. Gas	6.70	83.21
30-Year	3.0087	-2.99	73.8	CNH	6.7031	-0.0060	-5.16	Aluminum	2,475.75	-11.53

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	3.05	0.11	2.08	-0.18	NA	NA
5-Year	3.18	0.27	2.13	-0.47	0.99	0.00
10-Year	3.12	0.41	2.46	-0.69	1.47	0.00
30-Year	3.25	0.54	2.71	-1.12	1.79	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	29-Jun 2022	31-Dec 2021
Kuwait	61.48	40.53
KSA	65.47	50.97
Abu Dhabi	64.24	43.09
Dubai	113.85	89.58
Qatar	63.11	42.55
Bahrain	298.51	286.32
Oman	253.43	254.42
Iraq	485.24	507.35
Egypt	946.21	496.58
Morocco	225.24	85.91
Turkey	802.06	555.46
US	17.00	10.01
UK	11.77	8.91
China	80.91	39.86
Japan	22.00	16.23
Germany	12.34	7.53
France	21.05	17.87