

News Updates

World Bank predicts 5.3% growth in Kuwait – The World Bank has projected growth of 5.3 percent in Kuwait's economy this year, followed by a slight drop to 3 percent in 2023 after it had shrank by 8.9 percent in 2020 due to the COVID-19 pandemic. The introduction of economic reforms in Kuwait is appropriate at this time in the wake of a "bumper financial year" the country had witnessed, visiting World Bank regional director for Gulf Arab states Issam Abu Sulaiman told a press conference. Just weeks after ratings agency Fitch downgraded Kuwait's credit rating, he said the event should serve as a "signal" to set in motion reforms that would put its finances and economy on a more sustainable footing, in addition to diversifying sources of economic growth and luring foreign investment into the country. *(Source: Arab Times)*

Iraq Affirmed at B- by S&P – S&P Global Ratings affirmed its 'B-' long-term and 'B' short-term foreign and local currency sovereign credit ratings on Iraq. The outlook is stable. The stable outlook reflects the rating agency's view that Iraq's foreign exchange reserves will continue to comfortably exceed debt-servicing obligations over the next 12 months, offsetting risks from the weak institutional framework and low GDP per capita. *(Source: S&P Global Ratings)*

Emerging markets better equipped to deal with Fed rate hike cycle - S&P – Financing conditions have tightened for emerging markets both domestically and externally but they are better prepared to handle the U.S. Federal Reserve's upcoming monetary tightening policy cycle, ratings agency S&P Global Ratings said. Emerging markets financing conditions are on a tightening streak with countries outside Asia bearing the brunt. Turkey, Brazil and Colombia are the countries that have seen the biggest increases in local bond yields since end-2020. S&P said it now expects the Fed to raise interest rates six times in 2022 compared to a previous forecast last month of three or more rate hikes. Some investment banks like BoFA expect as many as seven rate hikes this year. *(Source: Reuters)*

Morgan Stanley expects Fed to hike rates 6 times in 2022 – Morgan Stanley expects the U.S. Federal Reserve to raise interest rates six times this year for a total of 150 basis points, a faster increase than previously predicted, according to a research report from the bank on Thursday. Major investment banks have been penciling in an increasingly strong run of interest rate hikes for 2022 after hotter-than-expected inflation data ramped up pressure on the Fed to take a firmer stand against soaring prices. The Fed is likely to hike rates by 25 basis points at the end of its March policy meeting, followed by additional 25 basis point hikes in May, June and July, with another two hikes in September and December, according to Morgan Stanley. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.19	-2.63	KSA	2027	2.38	-2.85
Abu Dhabi	2031	2.49	-4.18	KSA	2032	2.81	-3.84
Abu Dhabi	2050	3.43	-8.27	KSA	2050	3.95	-8.20
Bahrain	2028	4.90	-1.47	Oman	2027	4.74	-2.46
Bahrain	2032	6.21	-3.73	Oman	2032	5.76	-3.83
Bahrain	2051	7.29	-5.33	Oman	2051	6.96	-4.87
Dubai	2029	2.82	-2.08	Qatar	2026	2.23	-2.62
Kuwait	2022	-1.32	-0.37	Qatar	2030	2.66	-3.81
Kuwait	2027	2.18	-2.74	Qatar	2050	3.52	-7.58

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.34	8.08	0.05	-3.55
S&P MENA Bond and Sukuk Index	2.94	NA	0.02	-3.82
Bloomberg Emerging Markets USD Index	4.99	6.80	0.02	-4.06
Bloomberg Global Aggregate Index	1.77	7.42	0.07	-3.03

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	20/02/2022	31/12/2021	20/02/2022	31/12/2021	20/02/2022	31/12/2021
KIBOR	1.5000	1.5000	1.7500	1.7500	2.0625	2.0000
SAIBOR	1.2524	0.9057	1.4117	0.9829	1.7129	1.0600
BHIBOR	1.5667	1.5167	1.6500	1.6233	1.7833	1.7667
QATAR	1.1500	1.1250	1.2000	1.2000	1.3500	1.3250
AEIBOR	0.6140	0.3645	0.9470	0.7000	1.3192	0.7396
EURIBOR	-0.5280	-0.5730	-0.4870	-0.5460	-0.3290	-0.4980
LIBOR	0.4796	0.2144	0.7813	0.3451	1.2859	0.5888

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	1.1767	-2.04	119.9	KWD	0.3025	0.0331	0.02	Gold	1,899.80	3.76
2-Year	1.6599	-1.92	76.3	SAR	3.7522	-0.0027	0.09	Silver	24.04	2.81
5-Year	1.9018	-2.43	38.9	BHD	0.3770	0.0027	0.01	Copper	452.60	1.63
7-Year	1.9497	-2.83	32.1	QAR	3.6416	-0.0082	0.00	Nat. Gas	4.43	24.57
10-Year	2.0068	-3.27	26.9	OMR	0.3850	0.0026	-0.05	Aluminum	3,275.00	16.63
30-Year	2.0524	-4.60	18.6	AED	3.6727	0.0082	0.00	Crude Oil	93.54	20.93

US Treasuries			UK Gilts			German Bunds		
Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)	
2-Year	1.47	0.01	1.24	0.15		NA	NA	
5-Year	1.82	0.10	1.27	0.33		-0.38	0.14	
10-Year	1.93	0.31	1.38	0.72		0.03	0.34	
30-Year	2.24	1.20	1.46	1.63		0.44	0.78	

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	B+	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B2	B+u	B+
Tunisia	Caa1	NR	B-
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	20-Feb 2022	31-Dec 2021
Kuwait	52.54	40.53
KSA	52.30	50.97
Abu Dhabi	50.72	43.09
Dubai	95.74	89.58
Qatar	49.84	42.55
Bahrain	290.58	286.32
Oman	234.64	254.42
Iraq	379.91	507.35
Egypt	532.86	496.58
Morocco	90.86	85.91
Turkey	532.56	555.46
US	10.12	10.01
UK	9.34	8.91
China	51.96	39.86
Japan	16.04	16.23
Germany	6.18	7.53
France	18.99	17.87