

News Updates

Goldman Cuts Estimate for Emerging Sovereign Dollar-Debt Sales – Goldman Sachs Group Inc. lowered its estimate for sovereign dollar-bond sales in emerging markets this year by 23%, as volatile financial markets push up borrowing costs. Total debt issuance is forecast at about \$85 billion for 2022, compared with the previous estimate of around \$110 billion, Teresa Alves, a Goldman strategist in London, wrote in a Monday report. That would be the lowest since 2015, and 38% lower than the average the past five years. Interest-rate hikes by major central banks and the war in Ukraine are pushing up borrowing costs for emerging nations, making it tougher to raise funds or to bolster spending just when the global economy is slowing down. Inflation is also complicating conditions for borrowers, with the average yields on EM dollar debt rise more than 300 basis points to 7.45% since the start of the year. "Increased market volatility and rising yields have made it more difficult for sovereigns to access capital markets," Alves wrote. "Market access remains impaired for high-yield issuers, whereas in investment-grade, high oil prices have led to sparse Gulf Cooperation Council issuance." Latin America will likely be the largest regional issuer this year, followed by Asia and the GCC region, "though we see downside risks to our GCC issuance forecast in light of the higher oil prices," the strategist wrote. (Source: Bloomberg)

Moody's downgrades Sharjah's ratings to Ba1, changes outlook to stable – Moody's Investors Service ("Moody's") has today downgraded the long-term foreign and local-currency issuer ratings and the foreign-currency senior unsecured ratings of the Government of Sharjah to Ba1 from Baa3, and changed the outlook on the issuer to stable from negative. The downgrade to Ba1 is driven by Moody's expectation of further significant deterioration in Sharjah's fiscal strength over the next few years, and the absence of a credible fiscal adjustment plan that would arrest and eventually reverse the upward trend in the emirate's debt burden and the weakening of its debt affordability metrics. (Source: Moody's)

Oil price windfall tests Gulf's fiscal discipline – A petrodollar windfall is helping some Gulf Arab states pay down debt and providing cash for others to diversify their oil-reliant economies, but it is also testing commitments to fiscal discipline as governments try to shield citizens from inflation. Gulf oil producers have promised more prudence this time as crude prices have spiked higher, seeking to learn the lessons of previous periods of plenty that rapidly turned into eras of belt tightening and deep deficits. The six Gulf Arab states are on track for budget surpluses, some for the first time in a decade, with the help of buoyant oil prices and years of fiscal reforms. Now, say analysts, they must hold this conservative line. Some signs are encouraging. Saudi Arabia, Kuwait and Bahrain have cut spending in their current budgets, although the UAE, Qatar and Oman are spending more. Most budgets were drawn up before Russia invaded Ukraine, which helped send oil surging from below \$80 a barrel at the end of 2021 to above \$100 now. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.23	-7.87	KSA	2027	3.39	-7.10
Abu Dhabi	2031	3.61	-12.04	KSA	2032	3.88	-12.01
Abu Dhabi	2050	4.44	-22.53	KSA	2050	5.06	-22.61
Bahrain	2028	6.98	-10.64	Oman	2027	6.16	-8.21
Bahrain	2032	8.41	-18.21	Oman	2032	7.08	-12.89
Bahrain	2051	9.38	-25.42	Oman	2051	8.36	-19.31
Dubai	2029	4.06	-9.47	Qatar	2026	3.36	-6.76
Dubai	2050	6.09	-27.22	Qatar	2030	3.72	-10.98
Kuwait	2027	3.29	-7.63	Qatar	2050	4.59	-22.52

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.80	8.08	0.11	-11.00
S&P MENA Bond and Sukuk Index	4.26	NA	0.23	-10.76
Bloomberg Emerging Markets USD Index	7.45	6.80	0.09	-18.27
Bloomberg Global Aggregate Index	2.92	7.42	-0.06	-14.23

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	20/07/2022	31/12/2021	20/07/2022	31/12/2021	20/07/2022	31/12/2021
KIBOR	2.1250	1.5000	2.3750	1.7500	2.6875	2.0000
SAIBOR	2.9366	0.9057	3.2567	0.9829	3.6548	1.0600
BHIBOR	3.7617	1.5167	4.2583	1.6233	4.8903	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	2.4117	0.3645	3.1175	0.7000	3.4101	0.7396
EURIBOR	0.0470	-0.5730	0.5030	-0.5460	1.0150	-0.4980
LIBOR	2.7099	0.2144	3.2674	0.3451	3.8630	0.5888

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	3.5591	0.21	565.3	KWD	0.3076	0.0650	-1.63	Crude Oil	106.92	42.94
2-Year	3.4856	-0.64	270.3	SAR	3.7572	-0.0399	-0.03	Gold	1,727.20	-6.18
5-Year	3.1345	-0.64	128.9	EUR	1.0244	0.1564	-9.91	Silver	18.73	-20.15
7-Year	3.0890	-0.25	109.3	GBP	1.2028	0.2668	-11.12	Copper	335.50	-24.27
10-Year	3.0891	0.06	95.4	JPY	138.0900	0.0797	-16.66	Nat. Gas	7.24	97.89
30-Year	2.9155	0.69	68.4	CNH	6.7495	-0.0578	-5.81	Aluminum	2,381.25	-14.79

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	3.23	0.02	2.00	-0.09	NA	NA
5-Year	3.15	0.03	1.90	-0.18	0.60	-0.25
10-Year	3.02	0.03	2.17	-0.22	1.05	-0.55
30-Year	3.18	-0.04	2.68	-0.85	1.44	-0.57

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	20-Jul 2022	31-Dec 2021
Kuwait	65.86	40.53
KSA	72.38	50.97
Abu Dhabi	71.32	43.09
Dubai	132.83	89.58
Qatar	71.58	42.55
Bahrain	348.40	286.32
Oman	308.82	254.42
Iraq	743.07	507.35
Egypt	365.52	496.58
Morocco	315.18	85.91
Turkey	848.58	555.46
US	20.13	10.01
UK	15.19	8.91
China	84.05	39.86
Japan	29.83	16.23
Germany	15.11	7.53
France	27.14	17.87