

## News Updates

**Kuwait set for first budget surplus since 2014 as oil drives resurgence**

- The latest Economic Insight report for the Middle East, commissioned by ICAEW and compiled by Oxford Economics, reveals a positive economic outlook for Kuwait boosted by rising oil prices and increasing oil. This has led to a much higher GDP growth forecast of 7% for 2022, compared with 2.5% in 2021. For the Middle East, the report reveals a positive regional outlook despite a darkening global landscape as market pressures mount and uncertainty heightens. Middle East GDP growth in 2022 is now projected at 5.2%, an increase of 1 percentage point on Oxford Economics' forecast three months ago. The oil sector, which accounts for over half of Kuwait's GDP, is the main driver of its economic growth, with the sector expected to see year-on-year growth of 11.8%. This is a significant recovery following a 10% decline in 2020 and subdued growth of 0.1% in 2021. *(Source: Arab Times)*

**BHM Capital approves \$40.87m bond issuance** - The ordinary general meeting of BHM Capital Financial Services has approved a non-convertible bond issuance of up to AED 150 million. With an interest rate of 7% - 8% per year, the bonds have a five-year maturity date from the date of bond issuance. *(Source: Zawya)*

**Qatar is committed to issuing green bonds, finance minister says** - Qatar may issue bonds if it sees an opportunity and remains committed to issuing green bonds, its finance minister Ali bin Ahmed al-Kuwari said on Tuesday. Qatar has been very disciplined with its spending, he told the Qatar Economic Forum. *(Source: Reuters)*

**Egypt's green bonds cost it more than conventional bonds would have, minister says** - Egypt's finance minister Mohamed Maiit said on Tuesday that his country's green bond issuance had actually cost it more than a traditional Eurobond would have. He said countries would need incentives to make issuing green debt more appealing going forward. There was "no advantage" to the green bond issue, which required more work to prepare for, Maiit said. *(Source: Reuters)*

**Morocco Defies Global Trend to Hold Rate Despite Inflation Surge** - Morocco held its benchmark interest rate at an all-time low of 1.5% to encourage borrowing and boost the economy even as the kingdom faces its highest inflation since the 1980s. The decision, announced Tuesday in a statement from the central bank, was in line with expectations. It marked the eighth consecutive time the regulator held rates at a quarterly meeting after a 2020 easing cycle that sought to contain the economic impact of the pandemic. While annual inflation hit 5.9% in April, it's expected to moderate next year as the effect from imported items recedes, the Rabat-based Bank al-Maghrib said. *(Source: Bloomberg)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.60	-9.27	KSA	2027	3.69	-8.25
Abu Dhabi	2031	3.95	-14.38	KSA	2032	4.10	-13.64
Abu Dhabi	2050	4.58	-24.40	KSA	2050	5.09	-22.93
Bahrain	2028	6.14	-7.12	Oman	2027	6.06	-7.71
Bahrain	2032	7.20	-10.59	Oman	2032	6.71	-10.43
Bahrain	2051	8.17	-14.75	Oman	2051	7.93	-15.17
Dubai	2029	4.05	-9.39	Qatar	2026	3.64	-7.90
Dubai	2050	5.64	-21.90	Qatar	2030	4.02	-12.16
Kuwait	2027	3.48	-8.40	Qatar	2050	4.68	-23.77

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.79	8.08	-0.05	-11.31
S&P MENA Bond and Sukuk Index	4.38	NA	-0.13	-11.86
Bloomberg Emerging Markets USD Index	7.10	6.80	-0.13	-16.72
Bloomberg Global Aggregate Index	3.13	7.42	-0.27	-14.94

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	22/06/2022	31/12/2021	22/06/2022	31/12/2021	22/06/2022	31/12/2021
KIBOR	2.1250	1.5000	2.3750	1.7500	2.7500	2.0000
SAIBOR	3.2531	0.9057	3.4319	0.9829	3.7877	1.0600
BHIBOR	3.4583	1.5167	3.6778	1.6233	4.2500	1.7667
QATAR	1.1500	1.1250	1.3000	1.2000	1.8500	1.3250
AEIBOR	1.9963	0.3645	2.6863	0.7000	3.2839	0.7396
EURIBOR	-0.1780	-0.5730	0.2730	-0.5460	1.0910	-0.4980
LIBOR	2.1234	0.2144	2.8129	0.3451	3.6206	0.5888

USD Swap Rates					Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	3.4360	-0.10	542.2	KWD	0.3065	0.1469	-1.27	Crude Oil	111.33	47.81
2-Year	3.5903	-0.95	281.4	SAR	3.7527	0.0000	0.08	Gold	1,827.40	-0.46
5-Year	3.3929	-1.41	147.7	EUR	1.0498	-0.3323	-7.67	Silver	21.42	-8.70
7-Year	3.3500	-1.15	127.0	GBP	1.2238	-0.3258	-9.57	Copper	398.00	-10.17
10-Year	3.3392	-0.84	111.2	JPY	136.2000	0.2790	-15.50	Nat. Gas	6.70	84.22
30-Year	3.0735	0.39	77.5	CNH	6.7205	-0.4167	-5.40	Aluminum	2,524.25	-9.79
US Treasuries					UK Gilts			German Bunds		
	Yield %		1D Δ (%)		Yield %		1D Δ (%)		Yield %	1D Δ (%)
2-Year	3.20		0.01		2.28		-0.02		NA	NA
5-Year	3.35		0.07		2.32		-0.13		1.20	0.00
10-Year	3.27		0.10		2.65		-0.48		1.63	0.00
30-Year	3.34		0.03		2.87		-1.18		1.94	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	22-Jun 2022	31-Dec 2021
Kuwait	60.37	40.53
KSA	60.48	50.97
Abu Dhabi	59.50	43.09
Dubai	113.87	89.58
Qatar	59.89	42.55
Bahrain	306.11	286.32
Oman	254.85	254.42
Iraq	456.96	507.35
Egypt	878.79	496.58
Morocco	218.62	85.91
Turkey	797.70	555.46
US	16.93	10.01
UK	10.57	8.91
China	80.06	39.86
Japan	20.57	16.23
Germany	10.49	7.53
France	20.14	17.87