

News Updates

Saudi central bank expects inflation to edge up slightly in 4Q – The Saudi Central Bank (SAMA) predicts that the annual inflation rate in the Kingdom will rise slightly in the fourth quarter of this year, according to its latest inflation report. SAMA cited jumps in global inflation levels and a strengthening of domestic demand as contributors to the rise in consumer prices. On a quarterly basis, however, the country's inflation in this year's last quarter will be relatively stable, SAMA added. As for 3Q 2021, the Kingdom recorded an average yearly inflation rate of 0.4 percent. This was mainly the result of higher prices of transportation, as they increased by 6.7 percent year-on-year. It was followed by a 2.7 percent inflation in costs of communication and a 1.8 percent rise in prices of food and beverages. On the other hand, prices dropped for education and the index of housing, water, electricity, gas and other fuels compared to last year. Clothing and footwear prices also went down. *(Source: Arab News)*

OPEC Sees Oil Market Switching to a Surplus as Early as December – OPEC said the global oil market will switch from being under- to over-supplied as early as next month as the economic rebound from the coronavirus pandemic falters. That outlook means OPEC is justified in only raising production gradually, according to Secretary-General Mohammad Barkindo. The comments are another signal that OPEC and its partners will continue resisting U.S. pressure to pump faster, and will stick to their strategy at their next meeting early next month. "It's a very fragile recovery," Barkindo told reporters in Abu Dhabi on Tuesday. "All this uncertainty further buttresses our commitment that we keep our hands firmly on the steering wheel." *(Source: Bloomberg)*

Yellen extends U.S. default deadline to Dec. 15 after highway payment – U.S. Treasury Secretary Janet Yellen on Tuesday extended a deadline for a potential U.S. government default to Dec. 15 from Dec. 3, giving Congress more time to raise the federal debt ceiling as lawmakers also consider a massive social spending and climate bill. Yellen said in a letter to congressional leaders that the adjustment was "based on our most recent information," a reference to Treasury tax collections and cash flow data. She said the Treasury would be able to make a \$118 billion transfer to the Highway Trust Fund required on Dec. 15, a month after President Joe Biden's signing of a sweeping infrastructure bill on Monday. But the transfer would count against the debt ceiling, as the funds would be invested in non-marketable Treasury securities. *(Source: Reuters)*

Fed's inflation debate heats up as Biden nears Fed chair pick – A public debate among Federal Reserve policymakers over how to respond to high inflation intensified on Tuesday, even as U.S. President Joe Biden neared a decision about who will lead the central bank for the next four years. Biden, who is weighing whether to keep Jerome Powell as Fed chair for another term or elevate Fed Governor Lael Brainard to the post, said Tuesday he would make the final call in about four days. As if to illustrate the challenges that either leader would face in crafting a policy consensus, San Francisco Federal Reserve Bank President Mary Daly on Tuesday called for central bank patience, saying price pressures will likely fade on their own as the pandemic recedes. *(Source: Reuters)*

GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi | 2025 | 1.15 | -2.54 | KSA | 2025 | 1.30 | -1.84 |
| Abu Dhabi | 2030 | 2.06 | -4.43 | KSA | 2030 | 2.37 | -3.37 |
| Abu Dhabi | 2050 | 3.02 | -5.19 | KSA | 2050 | 3.55 | -5.00 |
| Bahrain | 2026 | 3.86 | -4.37 | Oman | 2025 | 3.41 | 1.69 |
| Bahrain | 2030 | 5.48 | -5.60 | Oman | 2029 | 4.90 | 2.93 |
| Bahrain | 2047 | 7.03 | -10.74 | Oman | 2048 | 6.67 | 0.86 |
| Dubai | 2029 | 2.48 | -1.03 | Qatar | 2025 | 1.29 | -3.24 |
| Kuwait | 2022 | 0.06 | -2.15 | Qatar | 2030 | 2.22 | -5.47 |
| Kuwait | 2027 | 1.72 | -4.56 | Qatar | 2050 | 3.15 | -5.85 |

Bonds and Sukuk Indices

| Index Name | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index | 2.74 | 8.08 | -0.06 | 0.42 |
| S&P MENA Bond and Sukuk Index | 2.36 | NA | 0.06 | -0.14 |
| Bloomberg Emerging Markets USD Index | 4.37 | 6.80 | -0.12 | -1.75 |
| Bloomberg Global Aggregate Index | 1.29 | 7.42 | -0.31 | -4.88 |

Interbank Rates (%)

| | 3 Months | | 6 Months | | 12 Months | |
|---------|------------|------------|------------|------------|------------|------------|
| | 17/11/2021 | 31/12/2020 | 17/11/2021 | 31/12/2020 | 17/11/2021 | 31/12/2020 |
| KIBOR | 1.5000 | 1.4375 | 1.7500 | 1.6875 | 2.0000 | 1.9375 |
| SAIBOR | 0.8386 | 0.8175 | 0.8857 | 0.8700 | 0.9571 | 0.9413 |
| BHIBOR | 1.5167 | 2.2500 | 1.5583 | 2.5333 | 1.7667 | 2.6833 |
| QATAR | 1.2000 | 1.1206 | 1.2167 | 1.1960 | 1.3500 | 1.3636 |
| AEIBOR | 0.3406 | 0.5125 | 0.5400 | 0.4908 | 0.6403 | 0.6538 |
| EURIBOR | -0.5610 | -0.5450 | -0.5280 | -0.5260 | -0.4800 | -0.4990 |
| LIBOR | 0.1579 | 0.2384 | 0.2254 | 0.2576 | 0.3943 | 0.3419 |

| USD Swap Rates | | | | Currencies | | | Commodities | | |
|----------------|---------|------------|-----------|------------|------------|-----------|-------------|-----------|----------|
| | Yield % | 1D Δ (bps) | YTD Δ (%) | USD | 1D Δ (bps) | YTD Δ (%) | USD | YTD Δ (%) | |
| 1-Year | 0.3438 | 0.78 | 78.6 | KWD | 0.3027 | -0.0991 | 0.20 | Gold | 1,854.60 |
| 2-Year | 0.7682 | 0.37 | 288.4 | SAR | 3.7513 | -0.0027 | 0.02 | Silver | 25.04 |
| 5-Year | 1.3716 | 0.23 | 219.0 | BHD | 0.3771 | -0.0027 | -0.01 | Copper | 435.80 |
| 7-Year | 1.5474 | 0.36 | 136.4 | QAR | 3.6421 | -0.0027 | -0.01 | Nat. Gas | 5.11 |
| 10-Year | 1.6875 | 0.53 | 82.4 | OMR | 0.3850 | 0.0000 | 0.01 | Aluminum | 2,596.13 |
| 30-Year | 1.8300 | 0.48 | 30.5 | AED | 3.6731 | 0.0000 | 0.00 | Crude Oil | 81.69 |

| US Treasuries | | | UK Gilts | | German Bunds | |
|---------------|---------|----------|----------|----------|--------------|----------|
| | Yield % | 1D Δ (%) | Yield % | 1D Δ (%) | Yield % | 1D Δ (%) |
| 2-Year | 0.52 | -0.01 | 0.59 | -0.09 | -1.35 | -0.01 |
| 5-Year | 1.27 | 0.00 | 0.74 | -0.19 | -0.75 | 0.12 |
| 10-Year | 1.64 | -0.02 | 0.98 | -0.23 | -0.40 | 0.17 |
| 30-Year | 2.03 | -0.01 | 1.13 | -0.37 | 0.06 | -0.22 |

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

| USD 5Yr CDS | 17-Nov 2021 | 31-Dec 2020 |
|-------------|-------------|-------------|
| Kuwait | 44.48 | 40.69 |
| KSA | 45.35 | 63.77 |
| Abu Dhabi | 39.43 | 36.03 |
| Dubai | 84.46 | 104.06 |
| Qatar | 38.81 | 36.70 |
| Bahrain | 255.73 | 233.58 |
| Oman | 237.31 | 353.60 |
| Iraq | 499.14 | 542.74 |
| Egypt | 440.85 | 330.47 |
| Morocco | 87.33 | 102.56 |
| Turkey | 413.97 | 299.47 |
| US | 13.51 | 11.52 |
| UK | 8.75 | 15.13 |
| China | 51.47 | 26.70 |
| Japan | 16.56 | 14.74 |
| Germany | 7.63 | 9.09 |
| France | 19.35 | 14.42 |