

News Updates

Moody's Expects Surge in Oil to Dampen Islamic Bond Sales – Surging crude is expected to lower Gulf nations' need to sell Islamic bonds, according to Moody's Investors Service. "We expect higher oil prices will lead to lower sukuk issuance in 2022, largely driven by lower financing needs" in the six-member Gulf Cooperation Council countries, analyst Ashraf Madani wrote in a report. Higher oil has pushed crude above the break-even level for almost all the Gulf producers, raising the prospect of significant budget surpluses. Oil has rallied more than 30% since Russia's invasion of Ukraine, and many traders and banks are betting prices will keep climbing. (Source: Bloomberg)

Fitch: Russia-Ukraine Raises Risk for Some Emerging Markets – Emerging markets face a variety of additional credit risks stemming from the Russia-Ukraine conflict, with further price pressures and diminished investor risk tolerance being among the most prominent, according to Fitch Ratings. For commodity-exporting EMs, these risks may be offset where higher commodity prices result in increased export earnings and an associated boost to tax revenues. Food prices could be particularly affected where wheat forms a larger share of consumption and imports are significant, as in Egypt (B+/Stable), Jordan (BB-/Stable), Morocco (BB+/Stable), Tunisia (B-/Negative) and Turkey (B+/Negative). The rating agency expects oil exporters such as Angola (B-/Stable), Azerbaijan (BB+/Stable), Republic of Congo (CCC), Gabon (B-/Stable), Iraq (B-/Stable) and member states of the Gulf Cooperation Council to be among the beneficiaries. (Source: Bloomberg)

U.S. Treasury Yields rise on inflation worry, possible EU bond action – The yield on the benchmark U.S. 10-year Treasury climbed on Tuesday after reports that the European Union could reveal a plan for joint bond issuance and as concerns rose that rising oil prices will add to mounting inflation. Yields moved higher after Bloomberg reported that the EU could unveil the bond offering in an attempt to support energy and defense spending. The yield on 10-year Treasury notes was up 11.2 basis points to 1.861% after hitting a two-month low on Monday and was on track for a second straight day of gains. Oil prices have surged this year, with the rise gathering speed as Russia's invasion of Ukraine has escalated. The jump in energy prices, coupled with already-high inflation in other areas, has increased investor worries about stagflation, an environment of rising prices with slowing growth. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.00	-1.80	KSA	2027	2.22	-2.11
Abu Dhabi	2031	2.38	-3.24	KSA	2032	2.73	-3.13
Abu Dhabi	2050	3.34	-6.75	KSA	2050	3.95	-8.31
Bahrain	2028	5.10	-2.46	Oman	2027	4.85	-2.92
Bahrain	2032	6.38	-4.97	Oman	2032	5.81	-4.18
Bahrain	2051	7.52	-7.85	Oman	2051	7.08	-6.13
Dubai	2029	2.80	-2.07	Qatar	2026	2.02	-1.91
Kuwait	2022	-8.48	-0.41	Qatar	2030	2.60	-3.47
Kuwait	2027	2.20	-2.84	Qatar	2050	3.47	-6.81

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.41	8.08	-0.26	-3.54
S&P MENA Bond and Sukuk Index	2.98	NA	-0.19	-3.42
Bloomberg Emerging Markets USD Index	5.62	6.80	-1.21	-10.33
Bloomberg Global Aggregate Index	1.81	7.42	-0.66	-4.61

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	09/03/2022	31/12/2021	09/03/2022	31/12/2021	09/03/2022	31/12/2021
KIBOR	1.5000	1.5000	1.7500	1.7500	2.0625	2.0000
SAIBOR	1.6843	0.9057	1.7163	0.9829	1.9193	1.0600
BHIBOR	1.6000	1.5167	1.9033	1.6233	2.4000	1.7667
QATAR	1.1500	1.1250	1.2000	1.2000	1.3500	1.3250
AEIBOR	0.7126	0.3645	1.0939	0.7000	1.4138	0.7396
EURIBOR	-0.4980	-0.5730	-0.4530	-0.5460	-0.3520	-0.4980
LIBOR	0.6429	0.2144	0.9791	0.3451	1.3823	0.5888

USD Swap Rates					Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)	
1-Year	1.3969	0.87	161.1	KWD	0.3040	-0.0329	-0.46	Gold	2,065.70	12.82	
2-Year	1.8080	1.12	92.1	SAR	3.7519	0.0000	0.11	Silver	27.36	17.00	
5-Year	1.8564	0.08	35.6	BHD	0.3770	0.0000	0.00	Copper	472.60	6.12	
7-Year	1.8818	0.05	27.5	QAR	3.6416	-0.0082	0.00	Nat. Gas	4.59	30.74	
10-Year	1.9315	0.25	22.2	OMR	0.3851	0.0000	-0.07	Aluminum	3,474.25	23.73	
30-Year	1.9293	0.25	11.4	AED	3.6730	0.0054	0.00	Crude Oil	131.10	70.48	
US Treasuries					UK Gilts			German Bunds			
	Yield %	1D Δ (%)			Yield %	1D Δ (%)			Yield %	1D Δ (%)	
2-Year	1.60	0.01			1.31	-0.33			NA	NA	
5-Year	1.77	0.02			1.23	-0.82			-0.54	-0.22	
10-Year	1.85	0.01			1.44	-1.56			-0.08	-0.89	
30-Year	2.23	-0.01			1.61	-2.68			0.28	-3.68	

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	09-Mar 2022	31-Dec 2021
Kuwait	52.98	40.53
KSA	52.64	50.97
Abu Dhabi	52.28	43.09
Dubai	95.64	89.58
Qatar	52.28	42.55
Bahrain	296.31	286.32
Oman	243.01	254.42
Iraq	479.66	507.35
Egypt	1003.52	496.58
Morocco	94.08	85.91
Turkey	680.46	555.46
US	15.03	10.01
UK	14.09	8.91
China	60.71	39.86
Japan	16.72	16.23
Germany	17.04	7.53
France	23.01	17.87