

News Updates

UAE aims to up 2022 federal spending by \$335 million - The United Arab Emirates' federal government aims to increase spending by 1.23 billion dirhams (\$334.9 million) in the 2022 budget, the Federal National Council said on Tuesday. The UAE estimates revenues will be 374.98 million dirhams higher. The increased spending will come from the federal government's general reserves, the council added. The UAE in October approved a 2022 federal budget of 58.9 billion dirhams. *(Source: Reuters)*

OPEC expects oil demand for 2022 to exceed pre-pandemic levels - OPEC has stuck with its forecast that world oil demand will exceed pre-pandemic levels in 2022, although the producer group said Russia's invasion of Ukraine and developments around the coronavirus pandemic pose a considerable risk. In a monthly report released on Tuesday, OPEC maintained its forecast that world oil demand would rise by 3.36 million barrels per day in 2022, extending a recovery from 2020's slump. The report expects world consumption to surpass the 100 million bpd mark in the third quarter, in line with earlier projections, and for the 2022 average to reach 100.29 million bpd, just above the pre-pandemic rate in 2019. *(Source: Reuters)*

Turkish cenbank's new bond rules entrench state's role in market - The Turkish central bank's new requirement for banks to hold bonds against foreign exchange deposits has pushed yields sharply lower and, according to analysts, positioned the state as the dominant player in the debt market. The move was one of several last week designed to utilise banks and bond markets to help cool rampant inflation and stabilise a sliding currency. It also reinforced President Tayyip Erdogan's unorthodox commitment to low interest rates. The 10-year benchmark bond yield has tumbled some 700 basis points since last Thursday night's announcement, which required lenders to hold bonds with at least five-year maturity amounting to up to 10% of their foreign currency deposit accounts. *(Source: Reuters)*

Two-year yields highest since 2007 before Fed decision - Interest rate sensitive two-year U.S. Treasury yields climbed to their highest level since 2007 on Tuesday as investors raised bets that the Federal Reserve will hike rates by 75 basis points when it concludes its two-day meeting on Wednesday. Surging consumer prices in May, which rose at their fastest pace in nearly 40-1/2 years, has rattled markets and increased speculation that the U.S. central bank will hike rates at a faster pace than previously expected to stem rising price pressures. Fed funds futures traders are now pricing in an 87% chance of a 75 basis point increase on Wednesday, and a 13% chance of a 50-basis-point increase. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.62	-9.38	KSA	2027	3.83	-8.85
Abu Dhabi	2031	4.00	-14.79	KSA	2032	4.11	-13.70
Abu Dhabi	2050	4.61	-24.72	KSA	2050	5.10	-23.04
Bahrain	2028	6.26	-7.65	Oman	2027	6.08	-7.94
Bahrain	2032	7.26	-11.02	Oman	2032	6.87	-11.49
Bahrain	2051	8.23	-15.32	Oman	2051	8.02	-16.08
Dubai	2029	4.10	-9.70	Qatar	2026	3.75	-8.16
Dubai	2050	5.60	-21.85	Qatar	2030	4.04	-12.29
Kuwait	2027	3.39	-7.96	Qatar	2050	4.67	-23.64

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.77	8.08	-0.37	-11.32
S&P MENA Bond and Sukuk Index	4.37	NA	-0.61	-11.91
Bloomberg Emerging Markets USD Index	7.11	6.80	-0.57	-16.92
Bloomberg Global Aggregate Index	3.20	7.42	-0.71	-15.57

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	15/06/2022	31/12/2021	15/06/2022	31/12/2021	15/06/2022	31/12/2021
KIBOR	2.0000	1.5000	2.2500	1.7500	2.5625	2.0000
SAIBOR	3.1766	0.9057	3.3331	0.9829	3.5052	1.0600
BHIBOR	2.9417	1.5167	3.3333	1.6233	3.8417	1.7667
QATAR	1.1500	1.1250	1.3000	1.2000	1.8500	1.3250
AEIBOR	1.6665	0.3645	2.4524	0.7000	3.1855	0.7396
EURIBOR	-0.2810	-0.5730	0.1080	-0.5460	0.7920	-0.4980
LIBOR	1.8289	0.2144	2.5101	0.3451	3.3699	0.5888

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	3.4663	-3.37	547.9	KWD	0.3068	-0.0326	-1.37	Crude Oil	121.38	61.15
2-Year	3.7446	-5.35	297.8	SAR	3.7527	0.0000	0.09	Gold	1,816.20	-1.07
5-Year	3.5839	-5.31	161.7	EUR	1.0428	0.1056	-8.29	Silver	21.11	-9.84
7-Year	3.5257	-5.41	138.9	GBP	1.2009	0.1000	-11.25	Copper	420.20	-5.16
10-Year	3.4941	-4.79	121.0	JPY	135.0800	0.2961	-14.80	Nat. Gas	7.32	101.13
30-Year	3.1158	-3.84	80.0	CNH	6.7341	0.3119	-5.60	Aluminum	2,553.75	-8.74

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	3.37	0.12	2.08	0.03	NA	NA
5-Year	3.54	0.23	2.22	-0.01	1.27	-0.20
10-Year	3.43	0.38	2.58	-0.56	1.64	-0.65
30-Year	3.39	0.61	2.72	-1.41	1.82	-2.35

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	15-Jun 2022	31-Dec 2021
Kuwait	63.10	40.53
KSA	63.92	50.97
Abu Dhabi	61.92	43.09
Dubai	115.43	89.58
Qatar	62.38	42.55
Bahrain	312.90	286.32
Oman	248.28	254.42
Iraq	424.72	507.35
Egypt	882.50	496.58
Morocco	221.99	85.91
Turkey	826.21	555.46
US	16.00	10.01
UK	10.65	8.91
China	80.87	39.86
Japan	17.94	16.23
Germany	11.43	7.53
France	21.34	17.87