

News Updates

CI: Al Ahli Bank of Kuwait Ratings Affirmed with a Stable Outlook - Capital Intelligence Ratings (CI Ratings or CI) announced that it has affirmed the Long-Term Foreign Currency Rating (LT FCR) and Short-Term Foreign Currency Rating (ST FCR) of Al Ahli Bank of Kuwait (ABK) at 'A+' and 'A1', respectively. At the same time, CI Ratings has affirmed the Bank's Bank Standalone Rating (BSR) of 'bbb+' and Core Financial Strength (CFS) rating of 'bbb+'. The Outlook for the LT FCR and BSR is Stable. The three-notch uplift of the LT FCR above the BSR is based on an Extraordinary Support Level (ESL) of High. The ESL takes into account the Bank's market position in the Kuwaiti banking sector, the Kuwaiti government's strong track record of providing assistance to banks in the event of need, the existence of a state guarantee on all deposits placed inside Kuwait, and the strong financial capacity of the government to provide support. *(Source: Capital Intelligence)*

Fed Starts Experiment of Letting \$8.9 Trillion Portfolio Shrink - The Federal Reserve is about to start shrinking its \$8.9 trillion balance sheet, deploying a second tool along side higher interest rates to curb inflation, though officials don't know just how effective it will be. After doubling in size through asset purchases in the first two years of the pandemic, the balance sheet will be reduced at a pace that's almost twice as fast as after the last financial crisis. While the process officially commences on Wednesday, the first US Treasury securities won't run off until \$15 billion mature on June 15. The Fed is capping monthly runoff at \$47.5 billion, \$30 billion for Treasuries and \$17.5 billion for mortgage-backed securities, until September. Those thresholds will then double to a combined \$95 billion. That compares to a peak of \$50 billion a month when the Fed performed the exercise starting in 2017. *(Source: Bloomberg)*

Oil prices fall as investors await OPEC+ policy - Oil prices fell on Thursday as investors cashed in on a recent rally ahead of a key producers meeting later in the day, with some speculation that Saudi Arabia may boost oil production in response to urging by the United States. Brent crude was down \$2.08, or 1.8%, at \$114.21 a barrel at 0410 GMT, having risen 0.6% the previous day. U.S. West Texas Intermediate (WTI) crude dropped \$2.25, or 2.0%, to \$113.01 a barrel, after a 0.5% rise on Wednesday. The benchmarks have marched higher for several weeks as Russian exports have been squeezed by EU and U.S. sanctions against Moscow over its invasion of Ukraine, actions that Russia calls a "special operation". While China's gradual emergence from strict COVID-19 lockdowns has added to price support, speculation that Saudi Arabia may step up production weighed on the market, said Tsuyoshi Ueno, senior economist at NLI Research Institute. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.08	-6.96	KSA	2027	3.13	-6.11
Abu Dhabi	2031	3.41	-10.77	KSA	2032	3.54	-9.52
Abu Dhabi	2050	4.19	-19.42	KSA	2050	4.73	-18.66
Bahrain	2028	5.67	-4.96	Oman	2027	5.25	-4.86
Bahrain	2032	6.66	-6.78	Oman	2032	5.97	-5.44
Bahrain	2051	7.63	-9.19	Oman	2051	7.35	-9.18
Dubai	2029	4.03	-9.18	Qatar	2026	3.07	-5.93
Dubai	2050	5.51	-20.52	Qatar	2030	3.42	-8.99
Kuwait	2027	3.04	-6.77	Qatar	2050	4.30	-18.82

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.34	8.08	-0.16	-8.74
S&P MENA Bond and Sukuk Index	3.93	NA	-0.13	-9.22
Bloomberg Emerging Markets USD Index	6.38	6.80	-0.23	-13.37
Bloomberg Global Aggregate Index	2.66	7.42	-0.56	-11.56

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	02/06/2022	31/12/2021	02/06/2022	31/12/2021	02/06/2022	31/12/2021
KIBOR	1.8750	1.5000	2.1250	1.7500	2.4375	2.0000
SAIBOR	2.9901	0.9057	3.2079	0.9829	3.3284	1.0600
BHIBOR	2.7354	1.5167	3.0909	1.6233	3.6755	1.7667
QATAR	1.1500	1.1250	1.3000	1.2000	1.8500	1.3250
AEIBOR	1.7022	0.3645	2.2022	0.7000	2.6275	0.7396
EURIBOR	-0.3380	-0.5730	-0.0450	-0.5460	0.3900	-0.4980
LIBOR	1.6107	0.2144	2.1060	0.3451	2.7400	0.5888

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	2.6830	0.27	401.5	KWD	0.3059	-0.0491	-1.08	Gold	1,847.20	0.62
2-Year	3.0015	0.36	218.9	SAR	3.7511	-0.0027	0.12	Silver	21.82	-6.83
5-Year	2.9618	0.55	116.3	BHD	0.3770	0.0000	0.01	Copper	431.50	-2.87
7-Year	2.9564	0.37	100.3	QAR	3.6414	0.0055	0.01	Nat. Gas	8.68	138.48
10-Year	2.9789	-0.11	88.4	OMR	0.3850	0.0000	-0.07	Aluminum	2,703.00	-3.55
30-Year	2.8372	-0.88	63.9	AED	3.6730	-0.0082	-0.01	Crude Oil	114.09	51.47

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	2.65	0.00	1.65	-0.17	NA	NA
5-Year	2.92	-0.03	1.75	-0.36	0.57	0.00
10-Year	2.91	0.01	2.15	-0.56	1.02	0.00
30-Year	3.05	0.20	2.41	-0.44	1.43	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	02-Jun 2022	31-Dec 2021
Kuwait	65.00	40.53
KSA	61.63	50.97
Abu Dhabi	59.57	43.09
Dubai	113.32	89.58
Qatar	60.56	42.55
Bahrain	311.51	286.32
Oman	236.66	254.42
Iraq	400.48	507.35
Egypt	740.76	496.58
Morocco	193.41	85.91
Turkey	709.84	555.46
US	15.79	10.01
UK	9.59	8.91
China	71.04	39.86
Japan	17.89	16.23
Germany	10.34	7.53
France	20.08	17.87