

News Updates

Kuwait Says Oil Buyers Don't Want to Boost Imports Next Year

– Kuwait's state energy company said customers are reluctant to increase oil imports next year, signaling that the market's being suppressed by global economic weakness. “We're really nervous about where demand is going over the next few months and the next year, especially if there is a recession,” Sheikh Nawaf Al-Sabah, chief executive officer of Kuwait Petroleum Corp. stated. OPEC, including Saudi Arabia, have said that oil consumption is being affected by slowdowns in the US, Europe and China. *(Source: Bloomberg)*

Rate-Hike Fatigue Fuels Risk of Policy Error in Emerging Markets –

Emerging-market central banks face a Catch-22 where plunging economic growth means they can't keep monetary conditions tight, but elevated inflation doesn't allow them to halt rate hikes either. The result is a growing risk of monetary-policy error. Countries from Poland to Colombia, India to South Korea, are walking the tightrope trying to figure out the exact level of borrowing costs that won't cripple their economies but will keep a lid on consumer prices. Hungary's experience is an early warning for many other emerging markets. Within eastern Europe, both the Czech Republic and Poland are half way there, as forecasts show they face an 82.5% and 67.5% probability of a recession, respectively, despite halting rate hikes months ago. With inflation hovering in double digits in both countries, they may have little room to combat the slowdown. *(Source: Bloomberg)*

Oil Climbs as China Loosens Curbs and OPEC+ Keeps Output Steady –

Oil advanced after China made further progress toward reopening, OPEC+ kept output steady, and sanctions on Russian crude kicked in. West Texas Intermediate rose toward \$81 a barrel, building on last week's near 5% gain, as key urban centers including Shanghai announced further easing of Covid restrictions at the weekend. OPEC and allies including Russia agreed to maintain production at current levels on Sunday, pausing to take stock of the global market. To further punish Moscow for the invasion of Ukraine, the European Union, in tandem with the Group of Seven, agreed to impose a cap at \$60 a barrel on Russian crude, while banning most seaborne imports from Monday. *(Source: Bloomberg)*

GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi | 2027 | 3.79 | -9.88 | KSA | 2027 | 4.19 | -9.57 |
| Abu Dhabi | 2031 | 4.00 | -14.05 | KSA | 2032 | 4.33 | -14.85 |
| Abu Dhabi | 2050 | 4.83 | -27.26 | KSA | 2050 | 5.26 | -24.86 |
| Bahrain | 2028 | 5.73 | -4.73 | Oman | 2027 | 5.62 | -6.08 |
| Bahrain | 2032 | 6.82 | -7.83 | Oman | 2032 | 5.93 | -5.61 |
| Bahrain | 2051 | 7.96 | -12.62 | Oman | 2051 | 7.11 | -6.74 |
| Dubai | 2029 | 4.62 | -12.51 | Qatar | 2026 | 4.04 | -8.98 |
| Dubai | 2050 | 5.94 | -25.25 | Qatar | 2030 | 4.16 | -14.04 |
| Kuwait | 2027 | 4.20 | -11.06 | Qatar | 2050 | 4.80 | -25.08 |

Bonds and Sukuk Indices

| Index Name | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index | 5.20 | 8.08 | 0.08 | -10.85 |
| S&P MENA Bond and Sukuk Index | 4.90 | NA | 0.27 | -12.15 |
| Bloomberg Emerging Markets USD Index | 7.37 | 6.80 | 0.26 | -14.89 |
| Bloomberg Global Aggregate Index | 3.42 | 7.42 | 0.14 | -15.13 |

Interbank Rates (%)

| | 3 Months | | 6 Months | | 12 Months | |
|---------|-----------|------------|-----------|------------|-----------|------------|
| | 5/12/2022 | 31/12/2021 | 5/12/2022 | 31/12/2021 | 5/12/2022 | 31/12/2021 |
| KIBOR | 4.0000 | 1.5000 | 4.2500 | 1.7500 | 4.5000 | 4.4375 |
| SAIBOR | 5.4471 | 0.9057 | 5.7039 | 0.9829 | 6.0540 | 6.3719 |
| BHIBOR | 5.8105 | 1.5167 | 6.1081 | 1.6233 | 6.3582 | 6.3250 |
| QATAR | 5.0000 | 1.1250 | 5.1000 | 1.2000 | 5.3500 | 5.1000 |
| AEIBOR | 4.4780 | 0.3645 | 4.8091 | 0.7000 | 5.1318 | 5.1212 |
| EURIBOR | 1.9750 | -0.5730 | 2.4060 | -0.5460 | 2.8110 | 2.8110 |
| LIBOR | 4.7326 | 0.2144 | 5.1491 | 0.3451 | 5.4294 | 5.4513 |

| USD Swap Rates | | | | Currencies | | | Commodities | | | | |
|----------------|---------|------------|-----------|------------|----------|------------|--------------|-----------|----------|-----------|--|
| | Yield % | 1D Δ (bps) | YTD Δ (%) | | USD | 1D Δ (bps) | YTD Δ (%) | | USD | YTD Δ (%) | |
| 1-Year | 5.1022 | 3.38 | 853.7 | KWD | 0.3076 | -0.0488 | -1.64 | Crude Oil | 86.28 | 19.09 | |
| 2-Year | 4.6272 | 4.50 | 391.6 | SAR | 3.7593 | 0.0000 | -0.09 | Gold | 1,821.40 | -1.22 | |
| 5-Year | 3.7325 | 5.38 | 172.5 | EUR | 1.0581 | 0.4271 | -6.95 | Silver | 23.50 | -0.57 | |
| 7-Year | 3.5771 | 5.06 | 142.4 | GBP | 1.2338 | 0.4642 | -8.83 | Copper | 387.50 | -11.74 | |
| 10-Year | 3.4949 | 4.54 | 121.1 | JPY | 134.3800 | -0.0447 | -14.36 | Nat. Gas | 5.84 | 42.69 | |
| 30-Year | 3.1806 | 2.88 | 83.7 | CNH | 6.9551 | 0.9562 | -8.59 | Aluminum | 2,524.45 | -8.77 | |
| US Treasuries | | | | UK Gilts | | | German Bunds | | | | |
| | Yield % | 1D Δ (%) | | | Yield % | 1D Δ (%) | | | Yield % | 1D Δ (%) | |
| 2-Year | 4.31 | -0.08 | | | 3.27 | -0.09 | | | NA | NA | |
| 5-Year | 3.70 | -0.22 | | | 3.23 | -0.27 | | | 2.00 | -0.11 | |
| 10-Year | 3.53 | -0.35 | | | 3.14 | -0.45 | | | 1.79 | -0.35 | |
| 30-Year | 3.57 | -0.48 | | | 3.49 | -1.20 | | | 1.61 | 0.40 | |

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 | B3 | 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 | 5-Dec 2022 | 31-Dec 2021 |
|-------------|------------|-------------|
| Kuwait | 40.06 | 40.53 |
| KSA | 56.37 | 50.97 |
| Abu Dhabi | 44.35 | 43.09 |
| Dubai | 85.33 | 89.58 |
| Qatar | 45.46 | 42.55 |
| Bahrain | 217.26 | 286.32 |
| Oman | 153.18 | 254.42 |
| Iraq | 439.71 | 507.35 |
| Egypt | NA | 496.58 |
| Morocco | 216.33 | 85.91 |
| Turkey | 505.20 | 555.46 |
| US | 25.40 | 10.01 |
| UK | 22.85 | 8.91 |
| China | 73.28 | 39.86 |
| Japan | 22.16 | 16.23 |
| Germany | 17.21 | 7.53 |
| France | 25.54 | 17.87 |