

News Updates

US Fed slows pace of rate hikes as inflation eases – After four straight three-quarter-point interest rate hikes, the US Federal Reserve on Wednesday raised interest rates by half a percentage point (50 bps) at its final gathering of the year. The Fed's move is seen as step down in its efforts to fight inflation. Smaller increases in interest rates are expected to be followed internationally. "The Committee seeks to achieve maximum employment and inflation at the rate of 2% over the longer run. In support of these goals, the Committee decided to raise the target range for the federal funds rate to 4-1/4 to 4-1/2 percent," the FOMC said in a statement. *(Source: Zawya)*

Gulf central banks raise key rates, mirroring Fed move – Most Gulf states raised key interest rates by half a percentage point on Wednesday, following the Federal Reserve's decision to increase rates by the same. Monetary policy in the six-member Gulf Cooperation Council (GCC) is usually guided by Fed policy decisions because most regional currencies are pegged to the U.S. dollar. Saudi Arabia and the United Arab Emirates, the region's two largest economies, both increased rates by 50 basis points. The Saudi Central Bank, known as SAMA, lifted its repo and reverse repo rates to 5% and 4.5%, respectively. The UAE increased its base rate to 4.4%, effective on Thursday. *(Source: Reuters)*

ECB to slow rate hikes and lay out plans to drain cash – The European Central Bank is set to raise interest rates for a fourth straight time on Thursday, albeit probably by a smaller increment, and lay out plans to drain cash from the financial system as it fights runaway inflation. The ECB has been raising rates at an unprecedented pace to rein in prices that are soaring across the 19 countries that use the euro, driven by surging fuel costs since Russia invaded Ukraine, and by the reopening of the economy after the COVID-19 pandemic. The central bank for the euro zone raised the interest it pays on bank deposits from -0.5% to 1.5% in just three months, reversing a decade of ultra-easy money after being caught wrong-footed by the sudden rise in prices. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.70	-9.53	KSA	2027	4.01	-8.85
Abu Dhabi	2031	3.80	-12.69	KSA	2032	4.16	-13.58
Abu Dhabi	2050	4.61	-24.75	KSA	2050	5.09	-22.99
Bahrain	2028	5.64	-4.35	Oman	2027	5.46	-5.46
Bahrain	2032	6.66	-6.69	Oman	2032	5.82	-4.89
Bahrain	2051	7.87	-11.64	Oman	2051	6.96	-4.99
Dubai	2029	4.54	-12.16	Qatar	2026	4.00	-8.68
Dubai	2050	5.76	-23.19	Qatar	2030	4.00	-13.40
Kuwait	2027	4.04	-10.40	Qatar	2050	4.64	-23.25

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.04	8.08	0.08	-9.54
S&P MENA Bond and Sukuk Index	4.75	NA	0.35	-10.98
Bloomberg Emerging Markets USD Index	7.30	6.80	0.14	-14.11
Bloomberg Global Aggregate Index	3.41	7.42	0.21	-14.44

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	15/12/2022	31/12/2021	15/12/2022	31/12/2021	15/12/2022	31/12/2021
KIBOR	4.0000	1.5000	4.2500	1.7500	4.5625	4.4375
SAIBOR	5.1932	0.9057	5.5810	0.9829	5.8400	6.3719
BHIBOR	5.8113	1.5167	6.0984	1.6233	6.3583	6.3250
QATAR	4.9500	1.1250	5.0500	1.2000	5.3000	5.1000
AEIBOR	4.5370	0.3645	4.9268	0.7000	4.9910	5.1212
EURIBOR	2.0460	-0.5730	2.4790	-0.5460	2.8730	2.8110
LIBOR	4.7690	0.2144	5.2057	0.3451	5.5513	5.4513

USD Swap Rates				Currencies			Commodities				
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)	
1-Year	5.0480	1.79	843.6	KWD	0.3064	0.1959	-1.24	Crude Oil	82.02	13.21	
2-Year	4.5333	2.70	381.6	SAR	3.7610	0.0027	-0.12	Gold	1,801.30	-2.31	
5-Year	3.7063	3.38	170.6	EUR	1.0647	-0.3277	-6.36	Silver	23.36	-1.14	
7-Year	3.5589	2.90	141.2	GBP	1.2381	-0.3702	-8.51	Copper	382.00	-12.99	
10-Year	3.4840	2.05	120.4	JPY	135.8000	-0.2283	-15.25	Nat. Gas	6.53	59.71	
30-Year	3.1485	-0.25	81.9	CNH	6.9658	-0.3202	-8.73	Aluminum	2,404.50	-13.10	
US Treasuries				UK Gilts			German Bunds				
	Yield %	1D Δ (%)			Yield %	1D Δ (%)			Yield %	1D Δ (%)	
2-Year	4.25	-0.06			3.39	0.09			2.11	0.02	
5-Year	3.65	-0.16			3.25	0.23			1.92	0.04	
10-Year	3.50	-0.15			3.30	-0.11			1.93	-0.14	
30-Year	3.53	0.05			3.69	0.25			1.83	-2.19	

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	15-Dec 2022	31-Dec 2021
Kuwait	40.08	40.53
KSA	58.70	50.97
Abu Dhabi	43.80	43.09
Dubai	76.19	89.58
Qatar	45.19	42.55
Bahrain	209.34	286.32
Oman	176.42	254.42
Iraq	406.62	507.35
Egypt	NA	496.58
Morocco	185.91	85.91
Turkey	509.69	555.46
US	22.45	10.01
UK	23.12	8.91
China	68.93	39.86
Japan	19.45	16.23
Germany	17.91	7.53
France	24.86	17.87