

News Updates

S&P: Sukuk issuance could reach \$150 billion this year – S&P said yesterday that sukuk issuances during the current year will stabilize and will be close to the levels of last year, with the decline in liquidity regionally and globally, the high cost of financing, the increase in complexities, and the decline in the financing needs of some basic Islamic financing countries. The agency added, in a report seen by Al Arabiya, that the total sukuk issuances over the past year fell to 147.4 billion dollars, compared to 148.4 billion in 2020, but Islamic sukuk issuances denominated in foreign currencies rose by 10 percent last year, expected to range Sukuk issuances during 2022 range between \$145 billion and \$150 billion. On the positive side, the agency saw opportunities for growth in the sukuk market, provided by the energy transition in the core Islamic finance countries, with increased awareness of environmental, social and governance standards by regional issuers, as well as the automation of sukuk issuances through the strong adoption of financial technology solutions. *(Source: Middle East 24)*

Oil hit 7-year highs as tight supply bites – Oil prices on Tuesday climbed to their highest since 2014 as investors worried about global political tensions involving major producers such as the United Arab Emirates and Russia that could exacerbate the already tight supply outlook. The risk added a premium to prices during the session. Brent crude futures rose \$1.03, or 1.2%, to settle at \$87.51 a barrel. U.S. West Texas Intermediate (WTI) crude futures ended \$1.61, or 1.9%, higher at \$85.43 a barrel. Both benchmarks touched their highest since October 2014, and some OPEC sources say \$100-per-barrel oil is not out of reach. Supply concerns mounted this week after Yemen's Houthis group attacked the United Arab Emirates, escalating hostilities between the Iran-aligned group and a Saudi Arabian-led coalition. *(Source: Reuters)*

Treasury 10-Year at 2% Looks a 'Done Deal' on March Fed Bets – Benchmark Treasury yields look poised to surge past 2% as traders lay bets that the Federal Reserve could opt for a super-sized rate hike in March. The 10-year yield has climbed 37 basis points so far in January to 1.88% on Wednesday -- set for its fastest monthly increase since November 2016. Futures traders are piling in to bets on further bond declines by March, amid growing speculation the Fed will respond to rampant inflation by making its first half-percentage point increase since 2000 that month. "It's a done deal that 10-year Treasuries hit 2% but the selloff is likely to slow for a bit then," said Damien McColough, head of fixed-income research at Westpac Banking Corp. in Sydney. "Yields will definitely go higher still once the Fed delivers its first hike." The jump in Treasury yields is spreading to other markets as investors mull the impact of the Fed tightening faster and further than expected to rein in inflation. Global bonds have come under pressure, the dollar has strengthened and equities have sold off led by high-priced technology shares. Thirty-year U.S. yields climbed above 2.20% for the first time since June on Wednesday. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.03	-1.73	KSA	2027	2.21	-1.99
Abu Dhabi	2031	2.35	-3.01	KSA	2032	2.72	-3.08
Abu Dhabi	2050	3.30	-5.89	KSA	2050	3.76	-5.26
Bahrain	2028	5.04	-2.16	Oman	2027	4.80	-2.63
Bahrain	2032	6.20	-3.73	Oman	2032	5.86	-4.45
Bahrain	2051	7.30	-5.33	Oman	2051	7.12	-6.66
Dubai	2029	2.75	-1.47	Qatar	2026	1.92	-1.26
Kuwait	2022	-0.50	-0.15	Qatar	2030	2.54	-2.39
Kuwait	2027	1.98	-1.69	Qatar	2050	3.36	-5.04

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	3.10	8.08	-0.70	-2.39
S&P MENA Bond and Sukuk Index	2.68	NA	-0.49	-2.41
Bloomberg Emerging Markets USD Index	4.79	6.80	-0.82	-3.25
Bloomberg Global Aggregate Index	1.53	7.42	-0.46	-1.47

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	19/01/2022	30/12/2021	19/01/2022	30/12/2021	19/01/2022	30/12/2021
KIBOR	1.5000	1.5000	1.7500	1.7500	2.0625	2.0000
SAIBOR	0.9343	0.9057	1.0357	0.9829	1.1486	1.0600
BHIBOR	1.5333	1.5167	1.6400	1.6233	1.7667	1.7667
QATAR	1.1500	1.1250	1.2000	1.2000	1.3500	1.3250
AEIBOR	0.3097	0.3645	0.7150	0.7000	0.8245	0.7396
EURIBOR	-0.5600	-0.5730	-0.5230	-0.5460	-0.4700	-0.4980
LIBOR	0.2480	0.2144	0.4181	0.3451	0.7667	0.5888

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.7609	1.26	42.2	KWD	0.3023	-0.0662	0.08	Gold	1,810.60	-0.98
2-Year	1.2590	1.54	33.8	SAR	3.7523	0.0080	0.10	Silver	23.46	0.46
5-Year	1.7668	1.73	29.0	BHD	0.3770	0.0080	0.01	Copper	439.60	-1.51
7-Year	1.8664	1.00	26.5	QAR	3.6416	-0.0082	0.00	Nat. Gas	4.32	15.92
10-Year	1.9425	0.41	22.9	OMR	0.3850	-0.0623	-0.06	Aluminum	3,034.50	8.18
30-Year	2.0078	-0.05	16.0	AED	3.6731	0.0000	-0.01	Crude Oil	88.49	13.77

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	1.07	-0.04	0.85	-0.06	NA	NA
5-Year	1.67	-0.07	1.02	-0.13	-0.56	0.01
10-Year	1.88	-0.02	1.21	-0.26	-0.20	-0.01
30-Year	2.19	0.00	1.32	-0.68	0.24	-0.36

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	BB-
Tunisia	Caa1	NR	B-
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	19-Jan 2022	31-Dec 2021
Kuwait	47.52	40.53
KSA	51.44	50.97
Abu Dhabi	47.67	43.09
Dubai	92.65	89.58
Qatar	47.23	42.55
Bahrain	303.98	286.32
Oman	260.43	254.42
Iraq	483.59	507.35
Egypt	581.20	496.58
Morocco	93.28	85.91
Turkey	553.20	555.46
US	10.12	10.01
UK	9.06	8.91
China	49.16	39.86
Japan	16.14	16.23
Germany	7.53	7.53
France	17.50	17.87