

News Updates

Gulf Central Banks Partially Follow US Fed's 75 Basis-Point Hike -

Most Gulf central banks followed the U.S. Federal Reserve on Wednesday, lifting their key interest rates by three-quarters of a percentage point, while Saudi Arabia made a smaller hike after the latest data showed inflation there slowing slightly. The U.S. central bank projected a slowing economy and rising unemployment in the United States in the months to come after raising its interest rate by its biggest hike since 1994. The Gulf Cooperation Council (GCC) countries have their currencies pegged to the U.S. dollar, except Kuwait. The Saudi Central Bank lifted its repo and reverse repo rates by 50 basis points (bps) to 2.25% and 1.75%, respectively. Saudi inflation edged down to 2.2% in May from 2.3% in April. The Central Bank of Kuwait raised its discount rate by 25 bps to 2.25%. Its peg to a basket gives it more room to diverge from Fed policy if domestic economic conditions call for that. The central banks of the United Arab Emirates, Qatar and Bahrain all hiked their key rates by 75 basis points in lockstep with the Fed. Oman, the remaining member of the six-country GCC, is widely expected to follow with a similar hike. *(Source: Reuters)*

Oil prices move higher on tight supplies, firm demand outlook -

Oil prices recovered on Thursday from a steep drop in the previous session, supported by tight oil supply and peak summer consumption, after a U.S. rate hike sparked fears of slower economic growth and less fuel demand. Brent crude futures rose 77 cents, or 0.7%, to \$119.28 a barrel by 0400 GMT while U.S. West Texas Intermediate (WTI) crude futures climbed to \$116.33 a barrel, up \$1.02, or 0.9%. Prices slipped more than 2% overnight after the Federal Reserve raised interest rate by three-quarters of a percentage point. *(Source: Reuters)*

ECB pledges new crisis tool to help indebted southern states -

The European Central Bank promised fresh support for the bloc's indebted southern rim on Wednesday, tempering a market rout that threatened a repeat of the debt crisis that almost brought down the single currency a decade ago. Government borrowing costs have soared on the 19-country currency bloc's periphery since the ECB unveiled plans last Thursday to raise interest rates to tame painfully high inflation. But the bank failed to reassure investors it would contain the rise in borrowing costs, making only a vague pledge and stoking fears it was abandoning more indebted nations, such as Italy, Spain and Greece, which have struggled for years under the weight of massive debt piles. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.59	-9.41	KSA	2027	3.80	-8.63
Abu Dhabi	2031	3.92	-14.28	KSA	2032	4.01	-13.01
Abu Dhabi	2050	4.55	-23.95	KSA	2050	5.00	-22.15
Bahrain	2028	6.08	-6.86	Oman	2027	5.96	-7.56
Bahrain	2032	7.09	-9.86	Oman	2032	6.70	-10.41
Bahrain	2051	8.11	-14.20	Oman	2051	7.90	-14.89
Dubai	2029	4.12	-9.72	Qatar	2026	4.01	-9.22
Dubai	2050	5.55	-21.17	Qatar	2030	3.99	-12.03
Kuwait	2027	3.48	-8.46	Qatar	2050	4.66	-23.78

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.80	8.08	-0.14	-11.45
S&P MENA Bond and Sukuk Index	4.39	NA	-0.02	-11.93
Bloomberg Emerging Markets USD Index	7.00	6.80	0.72	-16.32
Bloomberg Global Aggregate Index	3.09	7.42	0.70	-14.98

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	16/06/2022	31/12/2021	16/06/2022	31/12/2021	16/06/2022	31/12/2021
KIBOR	2.0000	1.5000	2.2500	1.7500	2.5625	2.0000
SAIBOR	3.1709	0.9057	3.3506	0.9829	3.5508	1.0600
BHIBOR	2.9583	1.5167	3.4000	1.6233	3.9417	1.7667
QATAR	1.1500	1.1250	1.3000	1.2000	1.8500	1.3250
AEIBOR	1.7261	0.3645	2.4764	0.7000	3.2525	0.7396
EURIBOR	-0.2430	-0.5730	0.1750	-0.5460	0.9570	-0.4980
LIBOR	2.0033	0.2144	2.6680	0.3451	3.5813	0.5888

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	3.4400	6.11	543.0	KWD	0.3069	-0.0489	-1.42	Crude Oil	119.04	58.05
2-Year	3.6493	6.33	287.7	SAR	3.7529	-0.0133	0.07	Gold	1,832.80	-0.17
5-Year	3.4647	5.41	153.0	EUR	1.0440	-0.0479	-8.19	Silver	21.73	-7.38
7-Year	3.4105	4.81	131.1	GBP	1.2145	-0.2956	-10.26	Copper	420.50	-5.09
10-Year	3.3853	3.94	114.1	JPY	134.3800	-0.4018	-14.36	Nat. Gas	7.59	108.74
30-Year	3.0700	2.25	77.3	CNH	6.7098	-0.6081	-5.25	Aluminum	2,578.50	-7.85

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	3.25	-0.11	1.93	0.27	NA	NA
5-Year	3.42	-0.23	2.05	0.78	1.11	0.00
10-Year	3.32	-0.28	2.46	1.14	1.52	0.00
30-Year	3.35	-0.29	2.64	1.37	1.77	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	16-Jun 2022	31-Dec 2021
Kuwait	58.87	40.53
KSA	61.96	50.97
Abu Dhabi	60.75	43.09
Dubai	111.72	89.58
Qatar	60.67	42.55
Bahrain	301.35	286.32
Oman	243.40	254.42
Iraq	411.62	507.35
Egypt	875.92	496.58
Morocco	199.40	85.91
Turkey	795.56	555.46
US	16.00	10.01
UK	10.58	8.91
China	77.70	39.86
Japan	19.01	16.23
Germany	10.84	7.53
France	21.13	17.87