

## News Updates

**Emerging Market Junk Drought to End After Fed Hike, Goldman Strategist Says** – Emerging-market junk-debt issuance is poised to surge after the first U.S. rate increase, according to Goldman Sachs Group Inc. While sales so far this year stand at just a quarter of the volume for the same period in 2021, an expected Federal Reserve hike in March may lead to a decline in volatility, bringing borrowers back to the market, says Goldman strategist Kamakshya Trivedi. He expects EM sovereign issuance to rise to \$130 billion this year, driven by junk-rated notes. *(Source: Bloomberg)*

**Fitch ratings completes peer review of five major Moroccan banks** – Fitch Ratings recently completed a peer review of the Moroccan banks under its coverage, accounting for approximately 77% of Morocco's banking system assets. The banks are Attijariwafa Bank (AWB), Bank of Africa, Credit Immobilier et Hotelier, Societe Generale Marocaine de Banques and Banque Marocaine pour le Commerce et l'Industrie. The international and national ratings (apart from AWB) were affirmed. The review also led to Fitch revising its outlook on the Moroccan banks' operating environment to stable from negative. This reflects their view that pandemic-induced risks on the operating environment have sufficiently eased with the opening of the economy and Morocco's export markets, and that, despite prevailing risks, the five banks will continue to deliver resilient financial metrics in 2022. *(Source: Fitch Ratings)*

**Oil slips on Ukraine summit plan, prospect of Iran nuclear deal** – Oil prices fell on Monday on a plan for U.S. President Joe Biden and Russia's Vladimir Putin to hold a summit on the Ukraine crisis and on prospects of a nuclear deal between Iran and world powers in the next week or two. The office of French President Emmanuel Macron said in a statement on Monday he had pitched to both leaders a summit over "security and strategic stability in Europe." The White House said Biden had accepted the meeting "in principle" but only "if an invasion hasn't happened." Brent crude futures fell 73 cents or 0.8% to \$92.81 at 0224 GMT after having jumped more \$1 than to \$95.00 in early trade, its highest level since Wednesday. U.S. West Texas Intermediate (WTI) crude futures similarly fell 52 cents or 0.6% to \$90.55 a barrel after having hit a high of \$92.93. *(Source: Reuters)*

**JPMorgan Expects String of Nine Straight Fed Rate Hikes** – JPMorgan Chase & Co. economists said the Federal Reserve is likely to raise interest rates by 25 basis points at nine consecutive meetings in a bid to tamp down inflation. The bank is joining others on Wall Street in ramping up bets for faster policy tightening, after U.S. consumer prices posted the biggest jump since 1982 in January. Goldman Sachs Group Inc. is forecasting seven hikes this year, up from its earlier prediction of five. "We now look for the Fed to hike 25bp at each of the next nine meetings, with the policy rate approaching a neutral stance by early next year," the JPMorgan team, led by chief economist Bruce Kasman, said in a research note. *(Source: Bloomberg)*

## GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi  | 2027     | 2.19    | -2.63           | KSA        | 2027     | 2.38    | -2.85           |
| Abu Dhabi  | 2031     | 2.49    | -4.18           | KSA        | 2032     | 2.81    | -3.84           |
| Abu Dhabi  | 2050     | 3.43    | -8.27           | KSA        | 2050     | 3.95    | -8.20           |
| Bahrain    | 2028     | 4.90    | -1.47           | Oman       | 2027     | 4.74    | -2.46           |
| Bahrain    | 2032     | 6.21    | -3.73           | Oman       | 2032     | 5.76    | -3.83           |
| Bahrain    | 2051     | 7.29    | -5.33           | Oman       | 2051     | 6.96    | -4.87           |
| Dubai      | 2029     | 2.82    | -2.08           | Qatar      | 2026     | 2.23    | -2.62           |
| Kuwait     | 2022     | -1.32   | -0.37           | Qatar      | 2030     | 2.66    | -3.81           |
| Kuwait     | 2027     | 2.18    | -2.74           | Qatar      | 2050     | 3.52    | -7.58           |

## Bonds and Sukuk Indices

| Index Name                           | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index               | 3.34    | 8.08           | 0.05     | -3.55     |
| S&P MENA Bond and Sukuk Index        | 2.94    | NA             | 0.02     | -3.82     |
| Bloomberg Emerging Markets USD Index | 4.99    | 6.80           | 0.02     | -4.06     |
| Bloomberg Global Aggregate Index     | 1.77    | 7.42           | 0.07     | -3.03     |

## Interbank Rates (%)

|         | 3 Months   |            | 6 Months   |            | 12 Months  |            |
|---------|------------|------------|------------|------------|------------|------------|
|         | 21/02/2022 | 31/12/2021 | 21/02/2022 | 31/12/2021 | 21/02/2022 | 31/12/2021 |
| KIBOR   | 1.5000     | 1.5000     | 1.7500     | 1.7500     | 2.0625     | 2.0000     |
| SAIBOR  | 1.3300     | 0.9057     | 1.3777     | 0.9829     | 1.7286     | 1.0600     |
| BHIBOR  | 1.5667     | 1.5167     | 1.6500     | 1.6233     | 1.7833     | 1.7667     |
| QATAR   | 1.1500     | 1.1250     | 1.2000     | 1.2000     | 1.3500     | 1.3250     |
| AEIBOR  | 0.6140     | 0.3645     | 0.9470     | 0.7000     | 1.3192     | 0.7396     |
| EURIBOR | -0.5280    | -0.5730    | -0.4870    | -0.5460    | -0.3290    | -0.4980    |
| LIBOR   | 0.4796     | 0.2144     | 0.7813     | 0.3451     | 1.2859     | 0.5888     |

| USD Swap Rates |         |            |           | Currencies |        |            |           | Commodities |          |           |
|----------------|---------|------------|-----------|------------|--------|------------|-----------|-------------|----------|-----------|
|                | Yield % | 1D Δ (bps) | YTD Δ (%) |            | USD    | 1D Δ (bps) | YTD Δ (%) |             | USD      | YTD Δ (%) |
| 1-Year         | 1.1767  | -2.04      | 119.9     | KWD        | 0.3025 | 0.0331     | 0.02      | Gold        | 1,897.90 | 3.65      |
| 2-Year         | 1.6710  | 1.11       | 77.5      | SAR        | 3.7528 | 0.0000     | 0.09      | Silver      | 23.89    | 2.16      |
| 5-Year         | 1.9005  | -0.13      | 38.8      | BHD        | 0.3770 | 0.0027     | 0.01      | Copper      | 453.40   | 1.81      |
| 7-Year         | 1.9367  | -1.30      | 31.2      | QAR        | 3.6416 | -0.0082    | 0.00      | Nat. Gas    | 4.67     | 31.26     |
| 10-Year        | 2.0068  | -3.27      | 26.9      | OMR        | 0.3850 | -0.0026    | -0.06     | Aluminum    | 3,275.00 | 16.63     |
| 30-Year        | 2.0475  | -0.49      | 18.3      | AED        | 3.6727 | 0.0082     | 0.00      | Crude Oil   | 93.43    | 20.79     |

| US Treasuries |          |      | UK Gilts |          |  | German Bunds |          |  |
|---------------|----------|------|----------|----------|--|--------------|----------|--|
| Yield %       | 1D Δ (%) |      | Yield %  | 1D Δ (%) |  | Yield %      | 1D Δ (%) |  |
| 2-Year        | 1.47     | 0.01 | 1.25     | 0.15     |  | NA           | NA       |  |
| 5-Year        | 1.82     | 0.00 | 1.27     | 0.33     |  | -0.38        | 0.14     |  |
| 10-Year       | 1.93     | 0.02 | 1.38     | 0.72     |  | 0.03         | 0.34     |  |
| 30-Year       | 2.24     | 0.08 | 1.46     | 1.63     |  | 0.44         | 0.78     |  |

## Sovereign Ratings

|           | Moody's | S&P  | Fitch |
|-----------|---------|------|-------|
| Kuwait    | A1      | A+   | AA-   |
| KSA       | A1      | A-u  | A     |
| UAE       | Aa2     | NR   | AA-   |
| Abu Dhabi | Aa2     | NR   | 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  | B+    |
| Tunisia   | Caa1    | NR   | B-    |
| Morocco   | Ba1     | BB+  | BB+   |
| US        | Aaa     | AA+u | AAA   |
| UK        | Aa3     | AAu  | AA-   |
| China     | A1      | A+   | A+    |

| USD 5Yr CDS | 21-Feb 2022 | 31-Dec 2021 |
|-------------|-------------|-------------|
| Kuwait      | 52.54       | 40.53       |
| KSA         | 52.30       | 50.97       |
| Abu Dhabi   | 50.72       | 43.09       |
| Dubai       | 95.74       | 89.58       |
| Qatar       | 49.84       | 42.55       |
| Bahrain     | 290.58      | 286.32      |
| Oman        | 234.64      | 254.42      |
| Iraq        | 379.91      | 507.35      |
| Egypt       | 532.86      | 496.58      |
| Morocco     | 90.86       | 85.91       |
| Turkey      | 532.56      | 555.46      |
| US          | 10.12       | 10.01       |
| UK          | 9.34        | 8.91        |
| China       | 52.13       | 39.86       |
| Japan       | 16.04       | 16.23       |
| Germany     | 6.18        | 7.53        |
| France      | 18.99       | 17.87       |