

## News Updates

**Bond Traders Bet on Recession-Level Inflation Plunge Next Year** – If the bond market is correct, US inflation is about to plummet at the pace that it did during the 2008-2009 global financial crisis. The gap between yields on one-year Treasury Inflation-Protected Securities and similar-dated nominal government notes stands at 2.18%, reflecting market expectations for the average inflation rate over the coming year. That would require price gains to slow by more than 5 percentage points, a pace seen in only three instances in the past six decades. Each of those occasions occurred during or just after a recession, underscoring expectations for a US downturn after the Federal Reserve’s steepest policy tightening in a generation. Ten-year Treasury yields are lagging two-year rates by the most since the early 1980s, with the inversion — often seen as a harbinger of economic pain — hitting a new extreme of 85 basis points last week. *(Source: Bloomberg)*

**IMF says global debt well above pre-pandemic levels despite steep 2021 drop** – Global public and private debt saw its biggest drop in 70 years in 2021 after reaching record highs because of the impacts of COVID-19, but overall remained well above pre-pandemic levels, the International Monetary Fund said on Monday. In a blog released with its inaugural Global Debt Monitor, the IMF said total public and private debt decreased by 10 percentage points to 247% of global gross domestic product (GDP) in 2021 from its peak of 257% in 2020. That compares to around 195% of GDP in 2007, before the global financial crisis. *(Source: Reuters)*

**Oil Extends Gains as China Signals Further Easing of Covid Rules** – Oil rose for a second day on signs of further easing of China’s Covid-19 restrictions and as a key North American pipeline remained shut. West Texas Intermediate climbed above \$74 a barrel after closing 3% higher on Monday, the first gain in seven sessions. China’s ambassador to the US said the nation will continue relaxing its curbs and will welcome more international travelers soon, lifting demand hopes in the world’s top oil importer. China’s rapidly dismantling of its Covid Zero policy has led to a sharp recovery in the world’s biggest domestic air-travel market, although a surge in cases has raised some concerns about energy consumption. Economists are also expecting China to loosen fiscal and monetary policy to bolster growth. *(Source: Bloomberg)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.79	-9.86	KSA	2027	4.19	-9.45
Abu Dhabi	2031	3.88	-13.21	KSA	2032	4.26	-14.33
Abu Dhabi	2050	4.70	-25.77	KSA	2050	5.16	-23.73
Bahrain	2028	5.78	-4.94	Oman	2027	5.65	-6.11
Bahrain	2032	6.83	-7.74	Oman	2032	5.96	-5.82
Bahrain	2051	7.95	-12.64	Oman	2051	7.10	-6.58
Dubai	2029	4.51	-12.22	Qatar	2026	4.10	-9.01
Dubai	2050	5.83	-23.83	Qatar	2030	4.10	-13.83
Kuwait	2027	4.11	-10.68	Qatar	2050	4.70	-23.87

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.13	8.08	0.06	-10.14
S&P MENA Bond and Sukuk Index	4.86	NA	0.02	-11.70
Bloomberg Emerging Markets USD Index	7.42	6.80	0.06	-14.81
Bloomberg Global Aggregate Index	3.50	7.42	-0.24	-15.40

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	13/12/2022	31/12/2021	13/12/2022	31/12/2021	13/12/2022	31/12/2021
KIBOR	4.0000	1.5000	4.2500	1.7500	4.5625	4.4375
SAIBOR	5.2555	0.9057	5.6404	0.9829	5.8790	6.3719
BHIBOR	5.8047	1.5167	6.0951	1.6233	6.3550	6.3250
QATAR	4.9500	1.1250	5.0500	1.2000	5.3000	5.1000
AEIBOR	4.5111	0.3645	4.9431	0.7000	4.9414	5.1212
EURIBOR	2.0050	-0.5730	2.4660	-0.5460	2.8610	2.8110
LIBOR	4.7331	0.2144	5.1397	0.3451	5.4994	5.4513

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	5.1441	0.01	861.5	KWD	0.3069	0.0326	-1.43	Crude Oil	79.21	9.33
2-Year	4.6685	-1.62	396.0	SAR	3.7610	0.0080	-0.13	Gold	1,793.80	-2.72
5-Year	3.8193	-1.62	178.9	EUR	1.0543	0.0569	-7.27	Silver	23.65	0.08
7-Year	3.6637	-1.51	148.3	GBP	1.2273	0.0245	-9.31	Copper	382.15	-12.96
10-Year	3.5792	-1.50	126.4	JPY	137.7200	-0.0363	-16.44	Nat. Gas	6.74	64.67
30-Year	3.2141	-0.65	85.7	CNH	6.9848	0.0773	-8.98	Aluminum	2,379.75	-14.00

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.36	0.03	3.39	-0.05	NA	NA
5-Year	3.77	0.07	3.25	-0.12	2.08	-0.07
10-Year	3.60	0.11	3.19	-0.17	1.89	-0.11
30-Year	3.57	0.10	3.61	-0.54	1.64	0.47

## 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	13-Dec 2022	31-Dec 2021
Kuwait	40.00	40.53
KSA	59.70	50.97
Abu Dhabi	45.51	43.09
Dubai	77.17	89.58
Qatar	46.12	42.55
Bahrain	214.83	286.32
Oman	170.94	254.42
Iraq	406.65	507.35
Egypt	NA	496.58
Morocco	188.75	85.91
Turkey	516.87	555.46
US	22.69	10.01
UK	22.58	8.91
China	71.99	39.86
Japan	20.28	16.23
Germany	17.75	7.53
France	24.96	17.87