

News Updates

Higher oil prices support Oman's debt management exercise – Oman's recent liability management exercise will help reduce the government's debt levels, generate interest cost savings, and smoothen its maturity profile, said S&P Global Ratings in a new report on Monday. On June 30, Oman completed a voluntary debt buyback transaction totaling \$701 million across Eurobonds maturing in 2025, 2026, 2027, 2028, 2029, 2031, and 2032. According to official calculations, this will result in cumulative interest cost savings to maturity of \$232 million. "We expect gross government debt will fall to 48 percent of GDP by year-end 2022, compared with 63 percent in 2021 and a peak of 70 percent in 2020," Zahabia Gupta, an analyst, said. Oman is rated BB-/Stable/B by the agency. (*Source: Zawya*)

Sukuk issuance to fall by \$17.4bln in 2022 amid higher oil prices – Sukuk issuance volumes will fall this year as global liquidity dwindles and higher oil prices lower the need for financing in some Islamic markets. Total issuance for this year is likely to reach \$130 billion, a 12.5 percent drop from \$147.4 billion in 2021, and a revised down from the initial forecast of \$145 billion to \$150 billion, according to the latest analysis by S&P. During the first half of 2022, sukuk issuance amounted to \$74.5 billion, down from \$93.3 billion during the same period in 2021, both in local and foreign currency. Issuance in most core Islamic finance countries posted declines, with a few exceptions. Issuance in the UAE remained flat compared with the prior year, and slightly up in Bahrain and Turkey. Markets experiencing declines include Saudi Arabia, Kuwait, Malaysia and Indonesia. "Sukuk issuance volumes will decline in 2022 as lower, more expensive global and regional liquidity, increased complexity and reducing financing needs for issuers in some core Islamic finance countries, thanks to higher oil prices, deter the market," S&P said in a report released on Monday. (*Source: Zawya*)

Turkey's annual inflation climbs to near 79% – Turkey's annual inflation rate jumped to a 24-year high of 78.62% in June, data showed on Monday, just above forecast, driven by the impact of the Ukraine war, soaring commodity prices and a slide in the lira since a December crisis. Inflation has surged since last autumn, when the lira slumped after the central bank gradually cut its policy rate by 500 basis points to 14%, in an easing cycle sought by President Tayyip Erdogan to boost economic growth. The latest figures showed consumer prices rose 4.95% in June. Annually, consumer price inflation was forecast to be 78.35%. It was the highest annual inflation reading since September 1998, when annual inflation hit 80.4% and Turkey was battling to end a decade of chronically high inflation. (*Source: Reuters*)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.24	-7.85	KSA	2027	3.41	-7.08
Abu Dhabi	2031	3.70	-12.67	KSA	2032	3.93	-12.34
Abu Dhabi	2050	4.42	-22.39	KSA	2050	4.96	-21.60
Bahrain	2028	6.19	-7.22	Oman	2027	5.91	-7.22
Bahrain	2032	7.52	-12.67	Oman	2032	6.76	-10.86
Bahrain	2051	8.46	-17.59	Oman	2051	7.93	-15.37
Dubai	2029	3.99	-9.14	Qatar	2026	3.23	-6.53
Dubai	2050	5.69	-23.33	Qatar	2030	3.68	-10.71
Kuwait	2027	3.25	-7.54	Qatar	2050	4.51	-21.86

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.69	8.08	0.01	-10.63
S&P MENA Bond and Sukuk Index	4.27	NA	0.00	-11.12
Bloomberg Emerging Markets USD Index	7.07	6.80	0.58	-16.66
Bloomberg Global Aggregate Index	2.85	7.42	-0.18	-13.67

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	05/07/2022	31/12/2021	05/07/2022	31/12/2021	05/07/2022	31/12/2021
KIBOR	2.1250	1.5000	2.4375	1.7500	2.7500	2.0000
SAIBOR	2.8899	0.9057	3.1943	0.9829	3.5558	1.0600
BHIBOR	3.5599	1.5167	4.0147	1.6233	4.7483	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	2.0000	0.3645	2.8553	0.7000	3.3337	0.7396
EURIBOR	-0.1760	-0.5730	0.2380	-0.5460	0.9610	-0.4980
LIBOR	2.2929	0.2144	2.8993	0.3451	3.5643	0.5888

	USD Swap Rates				Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)	
1-Year	3.2959	7.46	516.1	KWD	0.3068	0.0000	-1.37	Crude Oil	113.44	51.66
2-Year	3.2174	9.05	241.8	SAR	3.7531	0.0027	0.07	Gold	1,811.60	-1.32
5-Year	2.9881	7.81	118.2	EUR	1.0434	0.1151	-8.23	Silver	20.00	-14.73
7-Year	2.9903	7.58	102.6	GBP	1.2110	-0.0743	-10.52	Copper	357.90	-19.22
10-Year	3.0363	7.29	92.0	JPY	136.1700	-0.3966	-15.48	Nat. Gas	5.83	59.39
30-Year	2.9448	7.32	70.1	CNH	6.6936	0.0120	-5.03	Aluminum	2,458.25	-12.15

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	2.94	-0.20	1.77	-0.22	NA	NA
5-Year	2.94	-0.30	1.84	-0.59	0.66	-0.22
10-Year	2.95	-0.59	2.19	-1.10	1.13	-0.69
30-Year	3.18	-1.33	2.56	-1.97	1.60	-1.27

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	05-Jul 2022	31-Dec 2021
Kuwait	62.92	40.53
KSA	68.10	50.97
Abu Dhabi	67.28	43.09
Dubai	123.54	89.58
Qatar	66.75	42.55
Bahrain	308.04	286.32
Oman	250.78	254.42
Iraq	575.13	507.35
Egypt	356.91	496.58
Morocco	306.58	85.91
Turkey	828.97	555.46
US	17.92	10.01
UK	10.96	8.91
China	84.83	39.86
Japan	25.49	16.23
Germany	11.63	7.53
France	22.65	17.87