

News Updates

Oil-exporting MENA sovereigns to post stronger growth, finances: Fitch – The Middle East and North Africa (MENA) region is the only one to maintain its improving outlook for the sovereign sector, which was assigned at the end of 2021, ratings agency Fitch said. Oil-exporting sovereigns in the region will register significantly stronger public finances and growth in 2022, although the economic picture will be much more challenging outside the GCC region, the agency said in an update on its revised sovereign sector outlook. The sovereign sector in the MENA region is supported at varying degrees by reform momentum, as well as by more constructive regional political dynamics that emerged last year, the update said. Globally, Fitch said there is a deterioration in sovereign credit conditions this year relative to expectations at the end of 2021, leading the global outlook to be revised to neutral from improving. *(Source: Zawya)*

Turkish insurers in talks with Treasury for bond issue amid high inflation – Turkey's insurance association is in talks with the country's Treasury on a potential inflation-indexed bond issue, the group's head told Reuters, as insurers seek a new mechanism to protect their capital from soaring inflation. Turkey's inflation rate hit 73.5% in May and is expected to rise further in the country where real yields are sharply negative and the central bank's policy interest rate has been held at 14% since December. Ozgur Obali, secretary general of the Insurance Association of Turkey, said a bond with returns above inflation would provide relief to insurers. Insurers can buy around 30-32 billion lira (\$1.8-1.9 billion) of the bond, he said in an interview, highlighting the level of potential demand for the bond. *(Source: Reuters)*

JPMorgan warns oil may hit \$380 a barrel if Russia begins retaliatory production cuts – Amid ongoing geopolitical tensions and skyrocketing energy rates, global oil prices may hit \$380 a barrel if the US and European curbs compel Russia to inflict retaliatory crude output cuts, Bloomberg reported citing analysts at JPMorgan Chase & Co. It was after Russia's invasion of Ukraine that the Western allies led by the US imposed several sanctions, and worked out a complicated mechanism to cap the price fetched by Russian oil. According to JPMorgan analysts including Natasha Kaneva, currently Russia enjoys a strong financial position and it can afford to slash daily crude production by 5 million barrels. The analysts noted that Russia's crude production cuts could be disastrous for the world, as a cut of 3 million barrels will elevate London crude prices to \$190. In the worst-case scenario, if the output is cut by 5 million barrels, the price could reach as high as \$380 a barrel. *(Source: Arab News)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.26	-7.89	KSA	2027	3.41	-7.01
Abu Dhabi	2031	3.71	-12.76	KSA	2032	3.95	-12.54
Abu Dhabi	2050	4.41	-22.28	KSA	2050	4.98	-21.91
Bahrain	2028	6.18	-7.16	Oman	2027	5.94	-7.39
Bahrain	2032	7.47	-12.36	Oman	2032	6.79	-11.06
Bahrain	2051	8.48	-17.75	Oman	2051	7.96	-15.51
Dubai	2029	4.03	-9.30	Qatar	2026	4.47	-10.70
Dubai	2050	5.73	-23.46	Qatar	2030	3.70	-10.82
Kuwait	2027	3.22	-7.43	Qatar	2050	4.58	-22.58

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.69	8.08	0.63	-10.64
S&P MENA Bond and Sukuk Index		NA	0.30	-11.12
Bloomberg Emerging Markets USD Index	7.07	6.80	0.58	-16.66
Bloomberg Global Aggregate Index	2.81	7.42	0.46	-13.52

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	04/07/2022	31/12/2021	04/07/2022	31/12/2021	04/07/2022	31/12/2021
KIBOR	2.1875	1.5000	2.4375	1.7500	2.7500	2.0000
SAIBOR	2.9452	0.9057	3.2407	0.9829	3.5602	1.0600
BHIBOR	3.5598	1.5167	4.0084	1.6233	4.7519	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	1.7889	0.3645	2.7075	0.7000	3.3023	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	3.2213	-6.89	502.1	KWD	0.3067	-0.0815	-1.37	Crude Oil	111.57	49.16
2-Year	3.1269	-14.91	232.2	SAR	3.7529	0.0027	0.07	Gold	1,813.90	-1.20
5-Year	2.9200	1.00	113.2	EUR	1.0431	0.1632	-8.26	Silver	19.81	-15.54
7-Year	2.9145	-14.90	97.5	GBP	1.2100	0.0331	-10.59	Copper	359.95	-18.76
10-Year	2.9634	-13.04	87.4	JPY	135.2800	-0.0444	-14.93	Nat. Gas	5.69	55.59
30-Year	2.8716	-7.62	65.9	CNH	6.6909	0.1001	-4.99	Aluminum	2,435.51	-12.96
	US Treasuries				UK Gilts			German Bunds		
	Yield %	1D Δ (%)	Yield %		1D Δ (%)	Yield %		1D Δ (%)		
2.83	0.00	1.64		0.30	NA		NA		2.83	
2.88	0.01	1.71		0.80	0.56		0.00		2.88	
2.88	0.02	2.08		1.40	1.03		0.00		2.88	
3.10	0.03	2.45		1.92	1.53		0.00		3.10	

	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	04-Jul 2022	31-Dec 2021
Kuwait	61.91	40.53
KSA	67.86	50.97
Abu Dhabi	67.22	43.09
Dubai	123.40	89.58
Qatar	66.43	42.55
Bahrain	308.00	286.32
Oman	241.67	254.42
Iraq	575.15	507.35
Egypt	343.48	496.58
Morocco	307.23	85.91
Turkey	824.85	555.46
US	17.88	10.01
UK	10.28	8.91
China	84.82	39.86
Japan	28.22	16.23
Germany	11.16	7.53
France	21.97	17.87