

## News Updates

**Kuwait economy will return to pre-Corona levels in 2023** – Fitch Solutions expected that economic activity in Kuwait will return to the level before the "Corona crisis" by 2023, in conjunction with a strong recovery of oil production in the country in 2022. The agency said in its report that the non-oil sector in Kuwait will remain structurally weak, with its growth declining and its continued weakness. The political stalemate in Kuwait prevented much needed economic and financial reforms to diversify the economy, and the failure to pass a new debt law did not allow the government to benefit from the international capital markets to finance the deficit. *(Source: Kuwait Offerings)*

**Saudi Arabia's November inflation rises 1.1% on higher gasoline prices** – Saudi Arabia's consumer price index rose by 1.1 percent in November compared to a year earlier due to higher transport costs, according to government data released on Wednesday. Prices were up 0.2 percent month-on-month from October 2021, the Saudi General Authority for Statistics said. The rise was mainly the result of higher prices for transport, which rose by 5.7 percent on the back of higher gasoline prices, up by 47.9 percent year-on-year, the data showed. The London-based consultancy Capital Economics said Saudi Arabia's inflation is likely to increase further in the first half of 2022. Saudi Arabia has forecast a 2.9 percent GDP growth this year, followed by a 7.4 percent growth in 2022, according to the budget released earlier this week. *(Source: Zawya)*

**Turkey Budget Swings to Surplus in November as Tax Revenues Rise** – Strong tax revenues helped Turkey swing to a budget surplus in November, after two consecutive months of deficit. The central government reported a monthly surplus of 32 billion liras (\$2.18 billion) on Wednesday. This narrowed the annual deficit to 46.5 billion liras, according to data published by the Treasury and Finance Ministry. That compares with a deficit of 132.1 billion liras in the January-November period of 2020. Revenues rose 53% in November from a year earlier, well above headline inflation of 21.3%. The gain was driven by a 50% jump in tax revenues to 148.9 billion liras. *(Source: Bloomberg)*

**Powell Declares Inflation Big Threat as Fed Signals Rate Hikes** – Federal Reserve Chair Jerome Powell signaled on Wednesday that inflation is now enemy No. 1 to keeping the economic expansion on track and returning the labor market to something approaching ebullient pre-pandemic levels. In an abrupt policy pivot, the Fed sped up the drawdown of its asset-purchase program and laid out a road map for a series of interest-rate increases over coming years, started with three hikes in 2022. Powell also raised the possibility that the U.S. central bank might begin to withdraw liquidity from the financial system before too long by reducing its massive balance sheet. "One of the two big threats to getting back to maximum employment is actually high inflation," Powell said during a press briefing, adding that the pandemic was the other. "What we need is another long expansion, like the ones we have been having over the last 40 years." *(Source: Bloomberg)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2025	1.23	-2.96	KSA	2025	1.54	-2.69
Abu Dhabi	2030	2.01	-4.12	KSA	2030	2.23	-2.39
Abu Dhabi	2050	2.95	-3.92	KSA	2050	3.42	-3.02
Bahrain	2026	4.22	-5.78	Oman	2025	3.31	1.86
Bahrain	2030	5.67	-6.88	Oman	2029	4.73	3.93
Bahrain	2047	7.35	-14.00	Oman	2048	6.59	1.87
Dubai	2029	2.56	-1.66	Qatar	2025	1.41	-3.79
Kuwait	2022	-0.30	-2.27	Qatar	2030	2.09	-4.73
Kuwait	2027	1.60	-4.30	Qatar	2050	3.02	-3.80

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	2.77	8.08	-0.03	0.92
S&P MENA Bond and Sukuk Index	2.37	NA	-0.09	0.57
Bloomberg Emerging Markets USD Index	4.52	6.80	-0.20	-1.69
Bloomberg Global Aggregate Index	1.27	7.42	-0.19	-4.62

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	16/12/2021	31/12/2020	16/12/2021	31/12/2020	16/12/2021	31/12/2020
KIBOR	1.5000	1.4375	1.7500	1.6875	2.0000	1.9375
SAIBOR	0.8757	0.8175	0.9171	0.8700	1.0029	0.9413
BHIBOR	1.5167	2.2500	1.6017	2.5333	1.7667	2.6833
QATAR	1.1000	1.1206	1.2000	1.1960	1.3500	1.3636
AEIBOR	0.3050	0.5125	0.5884	0.4908	0.7239	0.6538
EURIBOR	-0.6050	-0.5450	-0.5450	-0.5260	-0.5080	-0.4990
LIBOR	0.2109	0.2384	0.2911	0.2576	0.4979	0.3419

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	0.4797	0.55	149.2	KWD	0.3028	0.0000	0.18	Gold	1,782.20	-6.89
2-Year	0.8937	0.27	351.8	SAR	3.7527	0.0000	-0.01	Silver	22.13	-17.27
5-Year	1.3408	0.33	211.8	BHD	0.3770	0.0080	0.00	Copper	424.45	20.57
7-Year	1.4385	0.25	119.8	QAR	3.6416	-0.0082	-0.01	Nat. Gas	3.85	28.21
10-Year	1.5335	0.05	65.7	OMR	0.3850	0.0000	0.00	Aluminum	2,584.75	28.53
30-Year	1.6875	-0.15	20.4	AED	3.6730	-0.0082	0.00	Crude Oil	74.52	47.59

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	0.67	0.00	0.46	-0.09	NA	0.00
5-Year	1.24	0.01	0.58	-0.11	-0.72	-0.02
10-Year	1.45	0.04	0.73	-0.10	-0.49	-0.06
30-Year	1.85	0.25	0.90	-0.72	-0.08	-0.52

	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	B+	BB-
Egypt	B2	B	B+
Lebanon	C	SD	RD
Jordan	B1	B+	BB-
Turkey	B2	B+u	BB-
Tunisia	Caa1	NR	B-
Morocco	Ba1	BB+	BB+
US	Aaa	AA+u	AAA
UK	Aa3	AAu	AA-
China	A1	A+	A+

USD 5Yr CDS	16-Dec 2021	31-Dec 2020
Kuwait	40.00	40.69
KSA	51.25	63.77
Abu Dhabi	42.80	36.03
Dubai	86.86	104.06
Qatar	42.53	36.70
Bahrain	293.66	233.58
Oman	249.63	353.60
Iraq	519.69	542.74
Egypt	496.87	330.47
Morocco	85.35	102.56
Turkey	521.97	299.47
US	11.62	11.52
UK	8.93	15.13
China	42.62	26.70
Japan	16.44	14.74
Germany	7.64	9.09
France	18.44	14.42