

News Updates

Cash Is Beating 60/40 Portfolios for First Time Since 2001 – For the first time in more than two decades, some of the world’s most risk-free securities are delivering bigger payouts than a 60/40 portfolio of stocks and bonds. The yield on six-month US Treasury bills rose as high as 5.14% Tuesday, the most since 2007. That pushed it above the 5.07% yield on the classic mix of US equities and fixed-income securities for the first time since 2001, based on the weighted average earnings yield of the S&P 500 Index and the Bloomberg USAgg Index of bonds. The shift underscores how much the Federal Reserve’s most aggressive monetary tightening since the 1980s has upended the investing world by steadily driving up the “risk-free” interest rates that are used as a baseline in world financial markets. The steep jump in those payouts has reduced the incentive for investors to take risks, marking a break from the post-financial crisis era when persistently low interest rates drove investors into increasingly speculative investments to generate bigger returns. *(Source: Bloomberg)*

Fed might raise policy rates to 6% - BofA – The U.S. Federal Reserve may hike interest rates to nearly 6%, BofA Global Research said, as strong U.S. consumer demand and a tight labor market would force the central bank to battle inflation for longer. The number is higher than a peak of 5.4% by September that traders are currently pricing in. "Aggregate demand needs to weaken significantly for inflation to return to the Fed's target. Further supply-chain normalization and a slowdown in the labor market will help, but only to a degree," said BofA in a noted dated Feb. 27. *(Source: Reuters)*

US companies rush to issue corporate debt, busiest February ever – U.S. companies with the highest credit ratings sold a record \$144 billion of debt securities so far in February to get ahead of further potential interest rate hikes, meeting strong demand from investors looking to capitalize on a spike in yields. The average yield on U.S. investment grade bonds rose to 5.55% on Monday from just 4.94% on Feb. 1. February’s bonds were oversubscribed by 3.64 times on average, data from Informa Global Markets said. Investors still had plenty of cash, despite the flurry of issuance, said Blair Shwedo, head of IG corporate bond trading at U.S. Bank. Analysts expect \$160-165 billion of new bond supply in March. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.40	-1.47	KSA	2027	4.69	-0.74
Abu Dhabi	2031	4.37	-1.04	KSA	2032	4.62	-1.30
Abu Dhabi	2050	5.05	-2.97	KSA	2050	5.52	-2.49
Bahrain	2028	5.95	0.91	Oman	2027	5.73	0.37
Bahrain	2032	6.75	3.00	Oman	2032	6.01	0.62
Bahrain	2051	7.82	3.70	Oman	2051	7.04	2.15
Dubai	2029	4.44	0.41	Qatar	2026	4.58	-0.87
Dubai	2050	5.97	-0.50	Qatar	2030	4.54	-1.81
Kuwait	2027	4.34	-3.00	Qatar	2050	5.07	-2.03

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.35	8.08	-0.10	0.23
S&P MENA Bond and Sukuk Index	5.14	NA	-0.12	-0.11
Bloomberg Emerging Markets USD Index	7.54	6.80	0.00	0.90
Bloomberg Global Aggregate Index	3.84	7.42	0.06	-0.15

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	01/03/2023	31/12/2022	01/03/2023	31/12/2022	01/03/2023	31/12/2022
KIBOR	4.2500	4.0000	4.4375	4.2500	4.6875	4.5625
SAIBOR	5.5813	5.3404	5.7650	5.5978	5.8349	5.8697
BHIBOR	6.2983	6.1417	6.4382	6.2675	6.7556	6.5529
QATAR	5.4250	5.2833	5.5500	5.4167	5.7500	5.5833
AEIBOR	4.8974	4.3095	5.1215	4.9399	5.1149	5.0421
EURIBOR	2.7160	2.1320	3.2420	2.6930	3.6800	3.2910
LIBOR	4.9624	4.7673	5.2711	5.1389	5.6914	5.4821

USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	5.5369	-0.38	8.1	KWD	0.3062	-0.0490	0.03	Crude Oil	83.92	-1.58
2-Year	5.1683	0.12	9.8	SAR	3.7531	0.0000	0.15	Gold	1,837.20	-0.27
5-Year	4.2782	0.62	6.3	EUR	1.0594	0.1702	-1.04	Silver	21.17	-12.55
7-Year	4.0755	0.60	4.4	GBP	1.2045	0.1830	-0.32	Copper	411.60	7.90
10-Year	3.9458	1.22	2.8	JPY	136.3600	-0.1393	-3.84	Nat. Gas	2.77	-29.36
30-Year	3.5325	0.99	1.2	CNH	6.9118	0.6236	0.15	Aluminum	2,337.13	-1.47

US Treasuries			UK Gilts			German Bunds		
Yield %	1D Δ (%)		Yield %	1D Δ (%)		Yield %	1D Δ (%)	
2-Year	4.83	-0.01	3.67	-0.03		3.12	-0.10	
5-Year	4.19	-0.03	3.69	-0.05		2.74	-0.34	
10-Year	3.93	-0.07	3.82	-0.17		2.61	-0.57	
30-Year	3.92	-0.13	4.13	-0.12		2.60	-1.23	

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	B3	B	B+
Lebanon	C	SD	RDu
Jordan	B1	B+	BB-
Turkey	B3	Bu	B
Tunisia	Caa2	NR	CCC+
Morocco	Ba1	BB+	BB+u
US	Aaa	AA+u	AAAu
UK	Aa3	AAu	AA-u
China	A1	A+	A+u

USD 5Yr CDS	01-Mar 2023	31-Dec 2022
Kuwait	36.65	39.45
KSA	61.41	60.05
Abu Dhabi	40.69	43.90
Dubai	65.96	74.01
Qatar	43.84	46.55
Bahrain	224.89	224.63
Oman	146.95	185.75
Iraq	382.54	421.67
Egypt	NA	NA
Morocco	149.08	143.12
Turkey	558.60	506.65
US	30.96	22.82
UK	21.08	25.54
China	69.31	71.08
Japan	24.20	23.60
Germany	12.29	17.15
France	19.29	24.94