

News Updates

**Emerging markets hit by record streak of withdrawals by foreign investors**

Foreign investors have pulled funds out of emerging markets for five straight months in the longest streak of withdrawals on record, highlighting how recession fears and rising interest rates are shaking developing economies. Cross-border outflows by international investors in EM stocks and domestic bonds reached \$10.5bn this month according to provisional data compiled by the Institute of International Finance. That took outflows over the past five months to more than \$38bn, the longest period of net outflows since records began in 2005. The outflows risk exacerbating a mounting financial crisis across developing economies. A growing number of issuers across emerging markets are at risk, investors fear. Many low and middle-income developing countries are suffering from depreciating currencies and rising borrowing costs, driven by rate rises by the US Federal Reserve and fears of recession in major advanced economies. The US this week recorded its second consecutive quarterly output contraction. (Source: Financial Times)

**Evergrande unit ordered to pay \$1.1 billion** – A unit of embattled Chinese developer Evergrande has failed to repay its loans and must pay a guarantor \$1.1 billion, the company said. Evergrande has been involved in restructuring negotiations after racking up \$300 billion in liabilities in the wake of Beijing’s crackdown on excessive debt and rampant speculation in the real estate sector. The announcement comes after the company failed to publish a “preliminary restructuring proposal” by the end of July, despite assuring creditors it was on track to meet the deadline. On Sunday, the company said subsidiary Evergrande Group (Nanchang) had failed to fulfill its debt obligations to an unnamed third party. (Source: Kuwait Times)

**OPEC secretary general says Russia's membership in OPEC+ is vital for success of agreement** – OPEC’s new secretary general said that Russia’s membership in OPEC+ is vital for the success of the agreement, Kuwait’s Alrai newspaper reported on Sunday, quoting an exclusive interview with Haitham al-Ghais. He said OPEC is not in competition with Russia, calling it “a big, main and highly influential player in the world energy map”, Alrai reported. Al-Ghais, Kuwait’s former OPEC governor, will head his first OPEC+ meeting on Aug. 3, in which the group will consider keeping oil output unchanged for September, despite calls from the United States for more supply. Al-Ghais told Alrai that “OPEC doesn’t control oil prices, but it practices what is called tuning the markets in terms of supply and demand,” describing the current state of the oil market as “very volatile and turbulent.” (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	2.95	-6.57	KSA	2027	3.03	-5.57
Abu Dhabi	2031	3.28	-9.59	KSA	2032	3.45	-8.77
Abu Dhabi	2050	4.14	-18.69	KSA	2050	4.69	-18.53
Bahrain	2028	6.04	-6.42	Oman	2027	5.37	-5.21
Bahrain	2032	7.17	-10.31	Oman	2032	6.28	-7.67
Bahrain	2051	8.25	-15.54	Oman	2051	7.52	-11.00
Dubai	2029	3.88	-8.61	Qatar	2026	4.04	-9.26
Dubai	2050	5.70	-23.06	Qatar	2030	3.40	-9.42
Kuwait	2027	3.13	-7.09	Qatar	2050	4.19	-17.76

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.46	8.08	0.32	-8.48
S&P MENA Bond and Sukuk Index	4.01	NA	-0.01	-8.75
Bloomberg Emerging Markets USD Index	6.84	6.80	0.55	-14.92
Bloomberg Global Aggregate Index	2.56	7.42	0.72	-11.45

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	02/08/2022	31/12/2021	02/08/2022	31/12/2021	02/08/2022	31/12/2021
KIBOR	2.3125	1.5000	2.5625	1.7500	2.8750	2.0000
SAIBOR	3.0910	0.9057	3.4205	0.9829	3.8884	1.0600
BHIBOR	4.1250	1.5167	4.4583	1.6233	5.0750	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	2.6802	0.3645	3.1714	0.7000	3.2914	0.7396
EURIBOR	0.2320	-0.5730	0.6530	-0.5460	0.9210	-0.4980
LIBOR	2.7883	0.2144	3.3299	0.3451	3.7073	0.5888

USD Swap Rates				Currencies			Commodities			
Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)		
1-Year	3.3320	-1.44	522.8	KWD	0.3067	0.0978	-1.34	Crude Oil	99.28	33.60
2-Year	3.1115	-3.15	230.6	SAR	3.7559	0.0080	0.00	Gold	1,789.80	-2.78
5-Year	2.6395	-3.31	92.7	EUR	1.0275	0.1169	-9.64	Silver	20.21	-13.86
7-Year	2.5898	-3.01	75.5	GBP	1.2253	0.0163	-9.46	Copper	346.75	-21.74
10-Year	2.6124	-2.67	65.2	JPY	130.5300	0.8274	-11.84	Nat. Gas	8.15	123.46
30-Year	2.6172	-1.17	51.2	CNH	6.7838	0.0029	-6.29	Aluminum	2,443.21	-12.57

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	2.84	0.06	1.65	0.06	NA	NA
5-Year	2.60	0.17	1.53	0.20	0.18	0.00
10-Year	2.54	0.29	1.80	0.56	0.54	0.00
30-Year	2.89	0.51	2.28	2.16	1.01	0.00

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	02-Aug 2022	31-Dec 2021
Kuwait	63.03	40.53
KSA	64.05	50.97
Abu Dhabi	60.33	43.09
Dubai	126.17	89.58
Qatar	62.16	42.55
Bahrain	312.31	286.32
Oman	289.99	254.42
Iraq	742.08	507.35
Egypt	NA	496.58
Morocco	285.13	85.91
Turkey	776.37	555.46
US	19.74	10.01
UK	14.82	8.91
China	80.62	39.86
Japan	23.18	16.23
Germany	14.45	7.53
France	25.77	17.87