

News Updates

JPMorgan Favors Government Bonds, Sees Debt Selloff as Overdone

– The selloff in bonds over the past month has been more severe relative to other risk assets, and sovereign debt is looking more attractive than equities or credit, JPMorgan strategists including Marko Kolanovic write in a note. Government bonds are appealing as investor positioning is light and the levels have priced in a significantly higher inflation risk premium. As such, JPMorgan remains underweight equities and corporate bonds relative to government bonds in its model portfolio. With the US expected to post sub-trend growth for the rest of the year and 10-year US yields close to fair value, JPMorgan has a bullish bias on duration, but remains tactically neutral outright.

(Source: Bloomberg)

Hedge funds put record wager on higher 2-year U.S. bond yield –

Hedge funds entered February holding their biggest ever short position in two-year U.S. Treasuries futures. That's what the most up-to-date Commodity Futures Trading Commission (CFTC) data shows, and it fits hand in glove with the rise in the two-year yield to a 16-year high last week and the most inverted 2-year/10-year yield curve in 40 years.

(Source: Reuters)

Oil prices are expected to average around \$90/bbl in 2023 –

As COVID-19 restrictions ease, demand for oil is expected to recover by almost 2 million bpd in 2023, with China's surging oil consumption accounting for half of the growth. While Chinese demand and Russian supply will determine the pace of stock depletion/building in 2023, prices are expected to average around \$90/bbl, according to global data platform Refinitiv. "As far as price forecasts are concerned, oil is expected to average around \$90/bbl. Bullish forecasts see prices increasing to \$115/bbl in the latter part of 2023," Ranjith Raja, Head of EMEA Oil & Shipping Research at Refinitiv, said during a Refinitiv-ICC Qatar seminar held at Doha. (Source: Zawya)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.52	-1.95	KSA	2027	4.70	-0.74
Abu Dhabi	2031	4.39	-1.16	KSA	2032	4.64	-1.46
Abu Dhabi	2050	5.01	-2.40	KSA	2050	5.51	-2.27
Bahrain	2028	5.88	1.23	Oman	2027	5.74	0.42
Bahrain	2032	6.77	2.85	Oman	2032	6.02	0.51
Bahrain	2051	7.89	2.82	Oman	2051	7.08	1.75
Dubai	2029	4.47	0.22	Qatar	2026	4.61	-1.08
Dubai	2050	5.92	0.14	Qatar	2030	4.56	-1.95
Kuwait	2027	3.97	-1.68	Qatar	2050	5.02	-1.35

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.39	8.08	0.32	0.21
S&P MENA Bond and Sukuk Index	5.20	NA	0.28	-0.28
Bloomberg Emerging Markets USD Index	7.56	6.80	0.27	0.88
Bloomberg Global Aggregate Index	3.90	7.42	0.20	-0.15

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	07/03/2023	31/12/2022	07/03/2023	31/12/2022	07/03/2023	31/12/2022
KIBOR	4.2500	4.0000	4.4375	4.2500	4.6875	4.5625
SAIBOR	5.4955	5.3404	5.7078	5.5978	5.8002	5.8697
BHIBOR	6.3083	6.1417	6.4427	6.2675	6.7620	6.5529
QATAR	5.2000	5.2833	5.2500	5.4167	5.3500	5.5833
AEIBOR	4.9575	4.3095	5.1673	4.9399	5.2351	5.0421
EURIBOR	2.8490	2.1320	3.3530	2.6930	3.8260	3.2910
LIBOR	4.9840	4.7673	5.3157	5.1389	5.6944	5.4821

USD Swap Rates				Currencies				Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)	
1-Year	5.5849	-0.13	9.1	KWD	0.3062	-0.0490	0.03	Crude Oil	86.41	1.34	
2-Year	5.2069	0.03	10.6	SAR	3.7533	-0.0027	0.14	Gold	1,852.30	0.55	
5-Year	4.3240	-0.17	7.5	EUR	1.0691	0.0843	-0.14	Silver	21.16	-12.61	
7-Year	4.1131	-0.11	5.4	GBP	1.2045	0.1580	-0.32	Copper	407.35	6.79	
10-Year	3.9668	-0.14	3.4	JPY	136.0100	-0.0515	-3.59	Nat. Gas	2.52	-35.61	
30-Year	3.4955	-0.77	0.1	CNH	6.9390	0.1600	-0.24	Aluminum	2,339.50	-1.37	
US Treasuries				UK Gilts				German Bunds			
	Yield %	1D Δ (%)			Yield %	1D Δ (%)			Yield %	1D Δ (%)	
2-Year	4.88	0.02			3.76	-0.16			3.32	-0.18	
5-Year	4.25	0.01			3.69	-0.24			2.91	-0.27	
10-Year	3.96	0.02			3.86	-0.13			2.71	-0.23	
30-Year	3.88	0.16			4.21	-0.03			2.65	-0.02	

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	07-Mar 2023	31-Dec 2022
Kuwait	38.41	39.45
KSA	54.49	60.05
Abu Dhabi	38.19	43.90
Dubai	60.90	74.01
Qatar	39.77	46.55
Bahrain	202.98	224.63
Oman	129.03	185.75
Iraq	371.55	421.67
Egypt	NA	NA
Morocco	141.42	143.12
Turkey	520.02	506.65
US	36.33	22.82
UK	20.29	25.54
China	63.41	71.08
Japan	23.53	23.60
Germany	12.42	17.15
France	19.65	24.94