

News Updates

Fitch Affirms KFH, AUB on Acquisition, Upgrades UK Subsidiary – Fitch Ratings has affirmed Kuwait Finance House (KFH), Ahli United Bank (AUB) and Ahli United Bank (AUBK) Long-Term Issuer Default Ratings (IDR) at 'A', 'BB+' and 'A', respectively. It has also upgraded the Long-Term IDR of Ahli United Bank (UK) to 'A' from 'BBB' and removed it from Rating Watch Positive. The Outlook is Stable. The rating actions follow the completion on 2 October 2022 of KFH's acquisition of AUB by way of a share swap. The acquisition has made KFH the second-largest Islamic bank globally by assets behind Al Rajhi Bank of Saudi Arabia. KFH's market share in Kuwait has increased to 28% from 22% of domestic assets. *(Source: Fitch Ratings)*

GCC banks face uncertain 2023 as potential risks loom – S&P Global Ratings sees three main sources of risk that will affect the performance of GCC banks in 2023, even as they will finish the current year on a high note, thanks to stronger economic activity, higher interest rates, and elevated oil prices. However, despite the risks, the ratings agency's outlook for banks in the next year is firmly positive. Next year, the expected slowdown of the global economy could affect the region primarily through commodity prices. A few GCC banks have ventured into countries with higher credit risk, particularly Turkey and Egypt. Given the significant challenges these two countries face, there could be some impact on GCC banks. Potential liquidity are likely to emerge as constraints to fund growth as local and global liquidity becomes less abundant. *(Source: Zawya)*

UK bonds sag after soft demand at first BoE sale of medium-dated gilts – The Bank of England received soft demand on Monday at its first auction of 750 million pounds (\$859 million) of medium-dated government bonds from its 837 billion pound quantitative easing stockpile, pushing 10-year borrowing costs to an 11-day high. Investors bid for 1.012 billion pounds of the gilts with a maturity of 7 to 20 years, less than half amount the central bank received at its first QE unwind auction on Nov. 1, when it sold 750 million pounds of short-dated British government bonds. *(Source: Reuters)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.58	-13.11	KSA	2027	4.90	-12.15
Abu Dhabi	2031	4.82	-19.31	KSA	2032	5.17	-20.46
Abu Dhabi	2050	5.50	-34.54	KSA	2050	6.11	-33.33
Bahrain	2028	6.81	-9.44	Oman	2027	6.27	-8.46
Bahrain	2032	8.00	-15.42	Oman	2032	6.86	-11.56
Bahrain	2051	8.91	-21.49	Oman	2051	8.27	-18.50
Dubai	2029	4.86	-13.57	Qatar	2026	4.81	-11.21
Dubai	2050	6.49	-30.99	Qatar	2030	4.99	-17.97
Kuwait	2027	4.59	-12.46	Qatar	2050	5.50	-32.63

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.88	8.08	0.30	-15.60
S&P MENA Bond and Sukuk Index	5.56	NA	0.41	-17.14
Bloomberg Emerging Markets USD Index	8.49	6.80	0.41	-20.90
Bloomberg Global Aggregate Index	3.92	7.42	0.25	-20.49

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	08/11/2022	31/12/2021	08/11/2022	31/12/2021	08/11/2022	31/12/2021
KIBOR	3.9375	1.5000	4.1250	1.7500	4.3750	2.0000
SAIBOR	5.6402	0.9057	5.8626	0.9829	6.2563	1.0600
BHIBOR	5.7167	1.5167	6.0333	1.6233	6.3250	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	4.0750	0.3645	4.6566	0.7000	5.0066	0.7396
EURIBOR	1.7340	-0.5730	2.2780	-0.5460	2.7940	-0.4980
LIBOR	4.5503	0.2144	5.0113	0.3451	5.6664	0.5888

USD Swap Rates				Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)		
1-Year	5.2371	1.41	878.9	KWD	0.3096	0.0323	-2.28	Crude Oil	97.68	34.03
2-Year	5.0869	1.57	440.4	SAR	3.7584	-0.0053	-0.07	Gold	1,672.30	-9.16
5-Year	4.4718	2.19	226.5	EUR	1.0006	-0.1497	-12.01	Silver	20.62	-12.41
7-Year	4.3349	2.32	193.8	GBP	1.1488	-0.2258	-15.10	Copper	357.30	-18.97
10-Year	4.2509	1.99	168.9	JPY	146.7200	-0.0545	-21.56	Nat. Gas	6.68	67.59
30-Year	3.8396	0.94	121.8	CNH	7.2489	-0.2580	-12.30	Aluminum	2,326.09	-16.15

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.73	-0.01	3.12	-0.20	NA	NA
5-Year	4.41	-0.09	3.49	-0.45	2.16	-0.15
10-Year	4.23	-0.13	3.63	-0.85	2.23	-0.33
30-Year	4.33	-0.13	3.85	-1.01	2.26	-0.54

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	B3	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	08-Nov 2022	31-Dec 2021
Kuwait	56.22	40.53
KSA	65.84	50.97
Abu Dhabi	54.81	43.09
Dubai	104.25	89.58
Qatar	54.87	42.55
Bahrain	255.92	286.32
Oman	217.55	254.42
Iraq	547.09	507.35
Egypt	NA	496.58
Morocco	286.83	85.91
Turkey	619.12	555.46
US	26.93	10.01
UK	25.01	8.91
China	91.67	39.86
Japan	29.12	16.23
Germany	22.33	7.53
France	28.14	17.87