

News Updates

Minimal link to Kuwaiti banks meltdown – There has been very little exposure of the Kuwaiti banks vis a vis Silicon Valley Bank’s collapse, the Central Bank of Kuwait (CBK) announced on Sunday. The CBK Governor Bassel Al-Haroun affirmed in a statement to KUNA stability of the banking sector with the banks’ possession of hefty “financial barriers.” In light of the news about the US regulatory authorities’ decision to shut down Silicon Valley Bank, the “CBK affirms as a result of its contacts with the Kuwaiti banks that their exposure will be quite marginal.” The CBK possesses a full-scale supervisory system for immunizing the banking sector and preserving the financial stability, it said, indicating that there have instructions to the banks to bolster all financial safety indices. *(Source: Arab News)*

Dollar Slides With US Yields as SVB Collapse Damps Fed Rate Bets – The dollar tumbled along with two-year Treasury yields as the collapse of three US banks fueled speculation the Federal Reserve will opt against the kind of bigger interest-rate increases it’s been considering. Two-year US yields plunged as much as 23 basis points to 4.36% on Monday morning. Australian and New Zealand yields followed in tandem, while the Bloomberg Dollar Spot Index declined 0.6%. The failure of three lenders including Silicon Valley Bank may reshape the near-term outlook for US interest rates, with Goldman Sachs Group Inc. saying it no longer expects the Fed to raise borrowing costs at the March review. Still, some analysts say the repricing may be temporary if US inflation data due Tuesday beat expectations. *(Source: Bloomberg)*

US Fed says Silicon Valley Bank depositors will have access to all funds – The US government stepped in on Sunday with a series of emergency measures to stem a fall out across its banks following the failure of Silicon Valley Bank, assuring depositors that they would be able to recover all of their money. The announcement by the Treasury Department, the Federal Reserve and the Federal Deposit Insurance Corporation (FDIC) came before the start of trading on Monday, amid fears of a contagion effect from the Santa Clara, California-based bank as another lender, Signature Bank, was closed. “Today we are taking decisive actions to protect the US economy by strengthening public confidence in our banking system,” the three entities said. *(Source: National News)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.32	-1.18	KSA	2027	4.49	0.06
Abu Dhabi	2031	4.28	-0.28	KSA	2032	4.51	-0.42
Abu Dhabi	2050	4.93	-1.19	KSA	2050	5.43	-1.28
Bahrain	2028	5.92	1.10	Oman	2027	5.78	0.25
Bahrain	2032	6.87	2.08	Oman	2032	6.03	0.42
Bahrain	2051	8.04	1.01	Oman	2051	7.09	1.54
Dubai	2029	4.35	0.85	Qatar	2026	3.37	1.15
Dubai	2050	5.82	0.92	Qatar	2030	4.38	-0.96
Kuwait	2027	4.30	-2.88	Qatar	2050	4.96	-0.43

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.37	8.08	0.59	0.54
S&P MENA Bond and Sukuk Index	5.14	NA	0.72	0.35
Bloomberg Emerging Markets USD Index	7.51	6.80	0.47	1.08
Bloomberg Global Aggregate Index	3.73	7.42	1.39	0.96

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	13/03/2023	31/12/2022	13/03/2023	31/12/2022	13/03/2023	31/12/2022
KIBOR	4.2500	4.0000	4.4375	4.2500	4.6875	4.5625
SAIBOR	5.6694	5.3404	5.7422	5.5978	5.8143	5.8697
BHIBOR	6.3083	6.1417	6.4667	6.2675	6.7769	6.5529
QATAR	5.4250	5.2833	5.5500	5.4167	5.7500	5.5833
AEIBOR	4.9950	4.3095	5.2456	4.9399	5.1570	5.0421
EURIBOR	2.9780	2.1320	3.4450	2.6930	3.9530	3.2910
LIBOR	5.1381	4.7673	5.4283	5.1389	5.7381	5.4821

USD Swap Rates				Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)	
1-Year	5.2421	-19.66	2.4	KWD	0.3071	-0.2931	Crude Oil	83.04	-2.62
2-Year	4.7049	-18.06	-0.1	SAR	3.7544	-0.0027	Gold	1,886.50	2.40
5-Year	3.9674	-4.66	-1.4	EUR	1.0720	0.7235	Silver	20.83	-13.95
7-Year	3.8063	-1.27	-2.5	GBP	1.2119	0.7315	Copper	405.70	6.36
10-Year	3.7056	1.78	-3.4	JPY	134.1100	0.6935	Nat. Gas	2.46	-37.32
30-Year	3.3330	5.81	-4.5	CNH	6.8833	0.8267	Aluminum	2,264.00	-4.55
US Treasuries			UK Gilts		German Bunds				
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)	
2-Year	4.42	0.32	3.62	0.38	3.12	0.28			
5-Year	3.89	0.32	3.51	0.80	2.66	0.64			
10-Year	3.70	0.02	3.63	1.26	2.48	1.10			
30-Year	3.76	-0.81	4.01	1.86	2.46	2.30			

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	13-Mar 2023	31-Dec 2022
Kuwait	36.95	39.45
KSA	57.00	60.05
Abu Dhabi	39.23	43.90
Dubai	62.38	74.01
Qatar	40.33	46.55
Bahrain	201.82	224.63
Oman	132.81	185.75
Iraq	397.55	421.67
Egypt	NA	NA
Morocco	139.76	143.12
Turkey	520.64	506.65
US	39.93	22.82
UK	20.30	25.54
China	70.56	71.08
Japan	24.28	23.60
Germany	12.14	17.15
France	19.26	24.94