

**News Updates**

**Saudi bank lending could take a hit in 2023 without liquidity support**

– Saudi banks are likely to require further central bank liquidity injections after interbank spreads rose sharply in October and as lending growth continues to outpace deposit growth, Fitch Ratings said in a new report. Sector loans increased by 12.5% in nine-month 2022, compared with 8% for deposits, loans/deposits ratio (LDR) for Saudi banks collectively to rise to 102.2%, its highest level in at least 15 years, according to Fitch's calculations. Three-month SAIBOR-Libor spreads increased to more than 140 basis points (bp) in October from 36 basis points (bp) in September, close to their levels in May of 150bp before the liquidity injection. This compares with a historical average of about 50bp. *(Source: Zawya)*

**Fed officials embrace 'gradual' rate hikes, still aim high** – The U.S. central bank is poised to slow what's been the fastest round of rate hikes in 40 years to take stock of the impact of higher borrowing costs. Fresh data on Thursday showed inflation slowed more than expected last month, and suggests the Fed's rate hikes so far may be beginning to bite. But even as policymakers speaking Thursday used words like "gradual" and "measured" to describe their new approach to rate hikes, they sought to emphasize that U.S. borrowing costs may still end up higher for longer than most thought just a couple months ago. *(Source: Reuters)*

**ECB to lend out more of its bonds to ease market squeeze** – The European Central Bank has raised the amount of bonds it can lend against cash to 250 billion euros to ease a market squeeze that tends to get worse towards the year of the year, ECB board member Isabel Schnabel said on Thursday. With the ECB sitting on trillions of euros of government debt, market participants often struggle to find high-rated bonds, such as Germany's, that they can borrow and use as collateral in financial trades. This has led the ECB to increase the amount of bonds it makes available for lending to ease that scarcity, which is particularly acute at year-end when commercial banks shut up shop. *(Source: Reuters)*

**GCC Sovereign Yields**

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.22	-11.78	KSA	2027	4.55	-10.81
Abu Dhabi	2031	4.38	-16.61	KSA	2032	4.77	-17.89
Abu Dhabi	2050	5.18	-31.17	KSA	2050	5.76	-30.02
Bahrain	2028	6.22	-7.03	Oman	2027	5.66	-6.37
Bahrain	2032	7.28	-11.16	Oman	2032	6.29	-8.14
Bahrain	2051	8.29	-16.01	Oman	2051	7.83	-14.28
Dubai	2029	4.46	-11.71	Qatar	2026	4.42	-10.08
Dubai	2050	6.12	-27.22	Qatar	2030	4.59	-16.12
Kuwait	2027	4.28	-11.47	Qatar	2050	5.19	-29.45

**Bonds and Sukuk Indices**

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.66	8.08	0.04	-14.28
S&P MENA Bond and Sukuk Index	5.31	NA	1.29	-15.45
Bloomberg Emerging Markets USD Index	8.13	6.80	1.42	-19.32
Bloomberg Global Aggregate Index	3.65	7.42	0.67	-17.63

**Interbank Rates (%)**

	3 Months		6 Months		12 Months	
	13/11/2022	31/12/2021	13/11/2022	31/12/2021	13/11/2022	31/12/2021
KIBOR	3.9375	1.5000	4.1250	1.7500	4.3750	2.0000
SAIBOR	5.8250	0.9057	5.8516	0.9829	6.4418	1.0600
BHIBOR	5.7333	1.5167	6.0333	1.6233	6.3250	1.7667
QATAR	4.7000	1.1250	5.0000	1.2000	5.2000	1.3250
AEIBOR	4.3555	0.3645	4.6960	0.7000	5.1212	0.7396
EURIBOR	1.7620	-0.5730	2.2910	-0.5460	2.8110	-0.4980
LIBOR	4.6061	0.2144	5.0840	0.3451	5.4513	0.5888

USD Swap Rates			Currencies			Commodities				
Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)			
1-Year	5.0660	-0.44	846.9	KWD	0.3092	0.0162	-2.15	Crude Oil	95.99	31.71
2-Year	4.7113	0.53	400.5	SAR	3.7595	0.0133	-0.11	Gold	1,769.40	-3.88
5-Year	4.0020	-0.48	192.2	EUR	1.0362	1.3517	-9.00	Silver	21.67	-7.94
7-Year	3.8758	0.10	162.6	GBP	1.1855	0.9730	-12.58	Copper	391.35	-11.25
10-Year	3.8205	0.03	141.7	JPY	138.9200	1.5633	-17.10	Nat. Gas	5.88	47.60
30-Year	3.5720	0.34	106.3	CNH	7.1048	0.8474	-10.36	Aluminum	2,446.25	-11.82

  

US Treasuries		UK Gilts		German Bunds		
Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)	
2-Year	4.33	0.00	3.07	-0.07	NA	NA
5-Year	3.94	0.00	3.31	-0.19	2.13	-0.27
10-Year	3.81	0.02	3.35	-0.57	2.08	-0.92
30-Year	4.02	0.04	3.48	-1.11	2.11	-1.75

**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	13-Nov 2022	31-Dec 2021
Kuwait	43.50	40.53
KSA	55.06	50.97
Abu Dhabi	46.25	43.09
Dubai	99.94	89.58
Qatar	45.69	42.55
Bahrain	232.95	286.32
Oman	186.24	254.42
Iraq	480.82	507.35
Egypt	NA	496.58
Morocco	269.20	85.91
Turkey	552.41	555.46
US	26.08	10.01
UK	23.90	8.91
China	77.84	39.86
Japan	29.97	16.23
Germany	20.38	7.53
France	27.67	17.87