

News Updates

Fed delivers small rate hike, says 'some additional' tightening possible – The Federal Reserve on Wednesday raised interest rates by a quarter of a percentage point, but indicated it was on the verge of pausing further increases in borrowing costs amid recent turmoil in financial markets spurred by the collapse of two U.S. banks. The move set the U.S. central bank's benchmark overnight interest rate in the 4.75%-5.00% range, with updated projections showing 10 of 18 Fed policymakers still expect rates to rise another quarter of a percentage point by the end of this year, the same endpoint seen in the December projections. *(Source: Reuters)*

GCC central banks track US Fed move; hike key rates by 25bps – Central banks in the GCC raised interest rates on Wednesday night in lockstep with the US Federal Reserve. The Central Bank of UAE raised its base rate on overnight deposits by 25 basis points (bps) to 4.9% effective from Thursday, the state news agency said. The Saudi Central Bank, known as SAMA, raised its repo and reverse repo rates by 25 bps to 5.50% and 5%, respectively. Bahrain's central bank also lifted its key interest rates by 25 bps. Its one-week deposit facility rate was raised to 5.75% and the overnight deposit rate to 5.50%. The four-week deposit rate was raised to 6.50% from 6.25%. The central bank of Qatar, which had maintained its rates in the previous cycle, on Wednesday increased the lending and deposit rates by 25bps to 5.75% and 5.25%. The monetary authority also hiked the repo rate by 25bps to 5.50%. *(Source: Zawya)*

Powell's Own Guide to Recessions Shows Rate Cuts Are Coming – A recession is certain and so are rate cuts this year. That's the message from the bond market metric Federal Reserve Chairman Jerome Powell highlighted a year ago as the best guide to tip-off economic troubles in the US. The expected three-month T-bill rate in 18 months' time dropped to 134 basis points under the current rate. That's below the previous record nadir it hit in January 2001, about two months before the US economy fell into recession. Treasuries extended a rally Thursday after the Fed raised its benchmark rate by a quarter point as traders ramped up bets the central bank will soon reverse course and start cutting interest rates. They are certain the Fed will lower rates in September to at least undo this week's increase. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.06	-0.04	KSA	2027	4.19	1.20
Abu Dhabi	2031	4.06	1.39	KSA	2032	4.39	0.54
Abu Dhabi	2050	4.87	-0.30	KSA	2050	5.39	-0.71
Bahrain	2028	5.90	1.27	Oman	2027	5.65	0.69
Bahrain	2032	6.83	2.48	Oman	2032	6.04	0.28
Bahrain	2051	8.21	-0.92	Oman	2051	7.15	0.67
Dubai	2029	4.35	0.82	Qatar	2026	3.98	0.96
Dubai	2050	5.91	-0.12	Qatar	2030	3.48	4.01
Kuwait	2027	4.08	-1.98	Qatar	2050	4.83	1.69

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.28	8.08	-0.03	1.39
S&P MENA Bond and Sukuk Index	4.99	NA	-0.13	1.35
Bloomberg Emerging Markets USD Index	7.45	6.80	0.39	1.34
Bloomberg Global Aggregate Index	3.52	7.42	0.31	2.70

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	23/03/2023	31/12/2022	23/03/2023	31/12/2022	23/03/2023	31/12/2022
KIBOR	4.2500	4.0000	4.4375	4.2500	4.6875	4.5625
SAIBOR	5.5070	5.3404	5.6176	5.5978	5.6821	5.8697
BHIBOR	6.1552	6.1417	6.1876	6.2675	6.3173	6.5529
QATAR	5.2750	5.2833	5.3750	5.4167	5.5500	5.5833
AEIBOR	4.7556	4.3095	4.9476	4.9399	5.0775	5.0421
EURIBOR	2.9080	2.1320	3.0710	2.6930	3.3220	3.2910
LIBOR	5.0177	4.7673	5.0066	5.1389	4.9967	5.4821

USD Swap Rates				Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD
1-Year	4.9053	-1.41	-4.2	KWD	0.3071	-0.2931	-0.26	Crude Oil	76.10
2-Year	4.2162	-4.96	-10.5	SAR	3.7566	0.0000	0.06	Gold	1,999.50
5-Year	3.6085	-0.65	-10.3	EUR	1.0916	0.5527	1.97	Silver	23.14
7-Year	3.5094	0.31	-10.1	GBP	1.2324	0.4483	1.99	Copper	406.60
10-Year	3.4830	1.57	-9.2	JPY	130.7900	0.4970	0.25	Nat. Gas	2.22
30-Year	3.2440	2.16	-7.1	CNH	6.8191	0.6130	1.51	Aluminum	2,253.60
US Treasuries				UK Gilts			German Bunds		
	Yield %	1D Δ (%)			Yield %	1D Δ (%)		Yield %	1D Δ (%)
2-Year	3.90	0.07			3.46	-0.43		2.69	0.00
5-Year	3.50	0.04			3.36	-0.75		2.38	0.00
10-Year	3.45	-0.10			3.44	-0.69		2.28	0.00
30-Year	3.67	-0.28			3.88	-0.76		2.31	0.00

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	A1	A+	AA-
KSA	A1	Au	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	23-Mar 2023	31-Dec 2022
Kuwait	48.10	39.45
KSA	67.72	60.05
Abu Dhabi	45.57	43.90
Dubai	84.19	74.01
Qatar	46.83	46.55
Bahrain	246.30	224.63
Oman	163.42	185.75
Iraq	427.95	421.67
Egypt	NA	NA
Morocco	169.29	143.12
Turkey	543.16	506.65
US	39.77	22.82
UK	26.22	25.54
China	79.43	71.08
Japan	25.67	23.60
Germany	13.40	17.15
France	24.11	24.94