

News Updates

GCC banks returning to pre-COVID-19 levels amid higher oil prices –

Gulf Cooperation Council banks are returning to form after a strong first half of 2022, with earnings for most of them reaching almost pre-pandemic levels by the end of the year, according to S&P Global Ratings. This optimism is spurred by high oil prices, rising interest rates, supporting the banks' creditworthiness, along with new public-sector-backed projects, the agency said. In the first half, margins slightly improved in most systems. Saudi and Kuwaiti banks showed the strongest performance among the four largest GCC markets. In the second half of the year, higher net interest margins will likely offset an increasing cost of risk, leaving banks with stronger full-year profits than 2021. (Source: Arab News)

Egypt central bank keeps interest rates unchanged –

The Central Bank of Egypt left its overnight interest rates unchanged on Thursday, saying it believed inflation was under control over the medium term. The bank also raised the reserve ratio to 18% from 14%, saying that this would help tighten liquidity. The bank's Monetary Policy Committee (MPC) kept the deposit rate at 11.25% and its lending rate at 12.25%, it said in a statement. The MPC said that although inflation was high, it was lower on a month-to-month basis than it had been in March and April and was being driven mainly by supply-side issues, particularly international commodity prices. (Source: Reuters)

Bond sell-off worst since 1949, Bank of America says –

Global government bond losses are on course for the worst year since 1949 and investor sentiment has plummeted to its lowest since the financial crisis, BofA Global Research said in a note on Friday. This year's dramatic bond tumble threatens credit events and a potential liquidation of the world's most crowded trades, including bets on the dollar that have taken the greenback to multi-year highs against other currencies and bets on U.S. technology stocks, the bank said. Bond funds recorded outflows of \$6.9 billion during the week to Wednesday, while \$7.8 billion was removed from equity funds and investors plowed \$30.3 billion into cash, BofA said in a research note citing EPFR data. Investor sentiment is the worst it has been since the 2008 global financial crash. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.17	-11.56	KSA	2027	4.33	-10.32
Abu Dhabi	2031	4.34	-16.58	KSA	2032	4.47	-16.01
Abu Dhabi	2050	4.87	-27.91	KSA	2050	5.45	-26.82
Bahrain	2028	6.60	-8.67	Oman	2027	6.41	-8.93
Bahrain	2032	7.88	-14.73	Oman	2032	6.87	-11.66
Bahrain	2051	8.74	-20.02	Oman	2051	8.14	-17.45
Dubai	2029	4.24	-10.49	Qatar	2026	4.31	-9.83
Dubai	2050	5.93	-25.74	Qatar	2030	4.48	-15.18
Kuwait	2027	4.16	-10.99	Qatar	2050	4.96	-26.94

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.26	8.08	-0.68	-12.82
S&P MENA Bond and Sukuk Index	4.83	NA	-0.58	-13.31
Bloomberg Emerging Markets USD Index	7.71	6.80	-0.69	-18.51
Bloomberg Global Aggregate Index	3.59	7.42	-0.85	-19.31

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	25/09/2022	31/12/2021	25/09/2022	31/12/2021	25/09/2022	31/12/2021
KIBOR	2.8750	1.5000	3.1875	1.7500	3.5000	2.0000
SAIBOR	3.6005	0.9057	4.0700	0.9829	4.4690	1.0600
BHIBOR	4.8249	1.5167	5.1635	1.6233	5.5750	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	3.1140	0.3645	3.9403	0.7000	4.2375	0.7396
EURIBOR	1.1530	-0.5730	1.8030	-0.5460	2.5000	-0.4980
LIBOR	3.6284	0.2144	4.2013	0.3451	4.8349	0.5888

USD Swap Rates				Currencies			Commodities			
Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)		
1-Year	4.6448	4.36	768.2	KWD	0.3085	0.0324	-1.94	Crude Oil	86.15	16.69
2-Year	4.6078	7.69	389.5	SAR	3.7582	0.0479	-0.07	Gold	1,655.60	-10.07
5-Year	4.0549	3.39	196.1	EUR	0.9711	-1.5148	-14.80	Silver	18.91	-19.65
7-Year	3.8736	-0.02	162.5	GBP	1.0879	-3.5698	-19.75	Copper	334.30	-24.19
10-Year	3.7340	-3.26	136.2	JPY	143.4300	-0.6420	-19.70	Nat. Gas	6.83	85.75
30-Year	3.2482	-7.22	87.6	CNH	7.1460	-0.7818	-10.94	Aluminum	2,160.12	-22.35

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.20	-0.13	3.89	-0.63	NA	NA
5-Year	3.98	-0.18	4.04	-2.05	1.73	-0.14
10-Year	3.68	0.24	3.82	-2.78	1.95	-0.44
30-Year	3.61	0.61	4.03	-3.12	1.84	-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	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

	25-Sep 2022	31-Dec 2021
Kuwait	52.47	40.53
KSA	55.96	50.97
Abu Dhabi	48.30	43.09
Dubai	116.60	89.58
Qatar	53.97	42.55
Bahrain	305.01	286.32
Oman	263.57	254.42
Iraq	759.19	507.35
Egypt	NA	496.58
Morocco	249.43	85.91
Turkey	775.76	555.46
US	22.00	10.01
UK	33.49	8.91
China	100.09	39.86
Japan	22.29	16.23
Germany	16.17	7.53
France	26.00	17.87