

News Updates

Kuwait central bank raises discount rate by 25 bps – The Central Bank of Kuwait raised its discount rate by 25 basis points to 2.75% effective from Thursday, it said in a statement on Wednesday. The decision was in response to inflationary pressures, bank Governor Basel al-Haroon said in the statement. The bank had also increased the rate by 25 bps on July 27, after a 75 bps hike by the U.S. Federal Reserve. All Gulf countries have their currencies pegged to the dollar except Kuwait, which pegs its dinar to a currency basket including the dollar. *(Source: Reuters)*

US Inflation Runs Cooler Than Forecast, Easing Pressure on Fed – US inflation decelerated in July by more than expected, reflecting lower energy prices, which may take some pressure off the Federal Reserve to continue aggressively hiking interest rates. The consumer price index increased 8.5% from a year earlier, cooling from the 9.1% June advance that was the largest in four decades, Labor Department data showed Wednesday. Prices were unchanged from the prior month. A decline in gasoline offset increases in food and shelter costs. The core CPI, which strips out the more volatile food and energy components, rose 0.3% from June and 5.9% from a year ago. The core and overall measures came in below forecast. Treasury yields slid across the curve while the S&P 500 was higher and the dollar plunged. Traders now see a 50-basis-point rate increase next month as more likely, rather than 75. *(Source: Bloomberg)*

Green Bond Sales Drop to 19-Month Low on Tight Issuance Windows – Global sales of green bonds, the largest category of sustainable debt by amount issued, plunged to a 19-month low in July amid a typical summer lull and as opportunistic borrowers preferred traditional bond offerings that are faster to complete. Sales of green bonds fell to about \$24 billion last month from over \$45 billion the previous month. That’s the lowest since December 2020, when companies and governments issued about \$7.7 billion of green debt. July, August and December are historically three of the slowest issuance months for green bonds. And while global bond issuance is picking up after a rough first half, borrowers find it harder to accelerate a sustainable transaction when market conditions are favorable because these transactions require more work leading up to the sale, according to top underwriters of the debt. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.03	-6.73	KSA	2027	3.10	-5.91
Abu Dhabi	2031	3.34	-9.97	KSA	2032	3.44	-8.64
Abu Dhabi	2050	4.15	-18.84	KSA	2050	4.72	-18.63
Bahrain	2028	5.84	-5.58	Oman	2027	5.12	-4.11
Bahrain	2032	6.97	-8.81	Oman	2032	5.74	-3.98
Bahrain	2051	7.97	-12.64	Oman	2051	7.13	-6.73
Dubai	2029	3.83	-8.28	Qatar	2026	3.11	-5.99
Dubai	2050	5.55	-20.63	Qatar	2030	3.51	-9.78
Kuwait	2027	3.18	-7.18	Qatar	2050	4.20	-17.64

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.42	8.08	0.21	-8.09
S&P MENA Bond and Sukuk Index	4.03	NA	0.04	-8.73
Bloomberg Emerging Markets USD Index	6.79	6.80	0.42	-14.44
Bloomberg Global Aggregate Index	2.70	7.42	0.82	-11.86

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	11/08/2022	31/12/2021	11/08/2022	31/12/2021	11/08/2022	31/12/2021
KIBOR	2.3750	1.5000	2.6875	1.7500	3.0000	2.0000
SAIBOR	3.0251	0.9057	3.4248	0.9829	3.8722	1.0600
BHIBOR	4.1417	1.5167	4.4500	1.6233	5.0987	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	2.7764	0.3645	3.3411	0.7000	3.6607	0.7396
EURIBOR	0.3210	-0.5730	0.7370	-0.5460	1.1130	-0.4980
LIBOR	2.9210	0.2144	3.5504	0.3451	3.9909	0.5888

	USD Swap Rates			Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)		
1-Year	3.6355	-0.32	579.5	KWD	0.3068	-0.0489	-1.39	Crude Oil	97.29	30.92
2-Year	3.4915	0.28	270.9	SAR	3.7610	-0.0053	-0.13	Gold	1,801.90	-2.12
5-Year	2.9520	-0.82	115.6	EUR	1.0289	-0.1068	-9.52	Silver	20.46	-12.77
7-Year	2.8580	-0.34	93.7	GBP	1.2196	-0.1882	-9.87	Copper	365.55	-17.49
10-Year	2.8334	0.22	79.2	JPY	133.1700	-0.2028	-13.58	Nat. Gas	8.28	127.11
30-Year	2.7275	-0.01	57.6	CNH	6.7370	-0.2019	-5.64	Aluminum	2,497.26	-10.64

	US Treasuries		UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	3.21	0.00	1.87	-0.03	NA	NA
5-Year	2.92	0.01	1.78	0.09	0.40	0.05
10-Year	2.78	0.02	1.95	0.18	0.67	0.23
30-Year	3.03	0.03	2.33	0.16	1.11	0.55

	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	B2	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	11-Aug 2022	31-Dec 2021
Kuwait	62.52	40.53
KSA	50.32	50.97
Abu Dhabi	48.89	43.09
Dubai	115.87	89.58
Qatar	48.89	42.55
Bahrain	293.72	286.32
Oman	285.17	254.42
Iraq	683.20	507.35
Egypt	NA	496.58
Morocco	270.26	85.91
Turkey	670.08	555.46
US	18.09	10.01
UK	14.94	8.91
China	74.25	39.86
Japan	18.63	16.23
Germany	14.09	7.53
France	24.60	17.87