

News Updates

Saudi Arabia leads the world in domestic sukuk sales with 185% jump to \$14bn

– Saudi Arabia domestic-market sales of sukuk has hit \$14.4 billion, up 185% from last year. That accounts for more than half of global domestic sukuk sales, and the Saudi government alone sold more than 60% of it. Crown Prince Mohammed bin Salman launched his Vision 2030 plan six years ago to overhaul the Saudi economy and end its reliance on oil. Financing the project is helping cushion the sukuk market from a global downturn that saw eurobond sales drop by more than half this year. Also fueling sales is investor demand for local assets as global debt suffered losses, as well as the central bank’s injection of cash into banks to ease a liquidity crunch. Three years after issuing its first local sukuk, the Capital Market Authority allowed foreigners in 2020 to invest directly in listed and non-listed debt instruments to diversify its investor base, but the market remains dominated by local buyers such as funds and insurance companies.

(Source: Bloomberg)

Turkey surprises with interest rate cut as inflation soars

– Turkey has shocked markets with a 100 basis point interest rate cut despite inflation of nearly 80 per cent, as the central bank loosens policy further to spur growth ahead of a general election next year. The bank had been expected to keep the rate at 14 per cent, which has already pushed real Turkish yields into deeply negative territory. Instead, policymakers lowered the rate to 13 per cent, saying they were concerned about the possibility of slowing economic growth. Scorching inflation and deep concern over the central bank’s unorthodox monetary policy have prompted foreign investors to flee the market. The central bank officially targets inflation of 5 per cent by end-2022.

(Source: Financial Times)

Fed's George says pace, endpoint of rate hikes still matter of debate

– The recent easing of U.S. financial conditions may have been based on an overly optimistic sense that inflation was peaking and the pace of interest rate increases was likely to slow, Kansas City Federal Reserve President Esther George said on Thursday. George said the pace and ultimate level of future rate hikes remained a matter of debate. "To know where that stopping point is ... we are going to have to be completely convinced that (inflation) number is coming down" she said. George did not state a preference for whether the Fed should approve a third straight 75 basis point rate increase when policymakers meet next month, or a smaller half point increase, the two core options under consideration. (Source: Reuters)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.18	-7.55	KSA	2027	3.38	-6.89
Abu Dhabi	2031	3.51	-11.16	KSA	2032	3.57	-9.65
Abu Dhabi	2050	4.30	-20.83	KSA	2050	4.85	-20.17
Bahrain	2028	5.90	-5.77	Oman	2027	5.29	-4.88
Bahrain	2032	7.22	-10.55	Oman	2032	6.03	-6.10
Bahrain	2051	8.30	-15.99	Oman	2051	7.43	-10.14
Dubai	2029	3.84	-8.46	Qatar	2026	3.27	-6.54
Dubai	2050	5.51	-20.67	Qatar	2030	3.59	-10.43
Kuwait	2027	3.26	-7.57	Qatar	2050	4.36	-19.70

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.51	8.08	-0.49	-8.78
S&P MENA Bond and Sukuk Index	4.11	NA	-0.46	-9.31
Bloomberg Emerging Markets USD Index	6.88	6.80	-0.56	-15.13
Bloomberg Global Aggregate Index	2.88	7.42	-1.05	-14.17

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	21/08/2022	31/12/2021	21/08/2022	31/12/2021	21/08/2022	31/12/2021
KIBOR	2.5625	1.5000	2.8750	1.7500	3.1875	2.0000
SAIBOR	2.9829	0.9057	3.4380	0.9829	3.9051	1.0600
BHIBOR	4.1250	1.5167	4.4583	1.6233	5.1080	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	2.8815	0.3645	3.3611	0.7000	3.5996	0.7396
EURIBOR	0.4300	-0.5730	0.8620	-0.5460	1.2580	-0.4980
LIBOR	2.9577	0.2144	3.5476	0.3451	4.0159	0.5888

USD Swap Rates			Currencies			Commodities				
Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)			
1-Year	3.6779	0.95	587.5	KWD	0.3068	0.0000	-1.39	Crude Oil	96.72	30.16
2-Year	3.5924	2.85	281.6	SAR	3.7554	0.0053	0.00	Gold	1,762.90	-4.24
5-Year	3.1259	6.56	128.3	EUR	1.0042	-0.4957	-11.72	Silver	19.18	-18.52
7-Year	3.0450	8.38	106.3	GBP	1.1833	-0.8466	-12.59	Copper	367.10	-16.75
10-Year	3.0294	9.90	91.6	JPY	137.0900	-0.7885	-15.98	Nat. Gas	9.34	156.13
30-Year	2.8965	8.05	67.3	CNH	6.8426	-0.4784	-7.00	Aluminum	2,392.25	-14.26

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)	
2-Year	3.23	-0.06	2.46	-0.10	NA	NA
5-Year	3.09	-0.29	2.25	-0.40	0.75	-0.16
10-Year	2.97	-0.76	2.41	-0.96	1.02	-0.81
30-Year	3.21	-1.39	2.71	-1.48	1.39	-2.08

	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	21-Aug 2022	31-Dec 2021
Kuwait	57.99	40.53
KSA	51.02	50.97
Abu Dhabi	48.90	43.09
Dubai	110.81	89.58
Qatar	49.32	42.55
Bahrain	284.24	286.32
Oman	244.24	254.42
Iraq	671.05	507.35
Egypt	NA	496.58
Morocco	253.08	85.91
Turkey	787.73	555.46
US	19.22	10.01
UK	14.42	8.91
China	69.77	39.86
Japan	17.81	16.23
Germany	13.93	7.53
France	22.00	17.87