

**News Updates**

**Kuwait credit growth to reach 9.7% before declining to 4.7% next year**

– Fitch Solutions has raised its forecast for bank credit growth in Kuwait during 2022 from 7.6% to 9.7%, due to the increase in the optimistic outlook for the country’s economic growth trajectory, noting that Kuwait is on the verge of recording the fastest credit growth since 2008. Fitch believes that credit growth will remain strong until the fourth quarter of 2022, but the tightening of monetary policy and the return of consumption patterns to normal will begin to affect loan demand, expecting economic growth to slow in the coming quarters. It expects credit growth to decline to 4.7% in 2023, and real GDP growth to decline from 8% to 4.6%. *(Source: Arab Times)*

**Saudi holdings of US treasuries in July mark highest level in 10 months**

– Saudi Arabia's holdings of US treasury bonds increased in July 2022 for the second consecutive month, recording the highest level in 10 months since reaching \$123.80 billion in September 2021. The Saudi holdings of US treasury bonds rose to \$121.60 billion in July 2022 from \$119.20 billion last June. On an annual basis, the Kingdom’s holdings of US treasury bonds declined by \$6.50 billion (5.10%) at the end of July 2022, compared to \$128.10 billion during the same month in 2021. *(Source: Mubasher)*

**OPEC+ supply shortfall now stands at 3.5% of global oil demand –**

OPEC+ is now producing below its targets by a record 3.58 million barrels per day - about 3.5% of global demand - highlighting underlying tight supply in the oil market, even as recession fears drag oil prices lower. Data from the OPEC+ showed that shortfall in August was a record and 24% higher than July’s 2.89 million bpd in July. *(Source: Reuters)*

**Fed set to raise rates by 0.75 points for third time in a row –**

The Federal Reserve is set to raise its benchmark policy rate by 0.75 percentage points for the third time in a row on Wednesday as it looks to hit the brakes on the overheating US economy. The Federal Open Market Committee is expected to lift the federal funds rate to a new target range of 3 per cent to 3.25 per cent following its two-day policy meeting, advancing its most aggressive monetary tightening campaign since the early 1980s. Some economists have speculated the Fed will opt for a full percentage point rate rise, but the odds overwhelmingly favour a move of 0.75 percentage points. Alongside the rate decision, which is due at 2pm Eastern time, the US central bank will also publish a compilation of Fed officials’ interest rate projections — the so-called “dot plot” — for the period through to the end of 2025. This is expected to show officials committing to a “higher for longer” policy approach, involving additional large rate rises this year that will bring the fed funds rate to roughly 4 per cent, as they look to back up their recent hawkishness on fighting inflation. *(Source: Financial Times)*

**GCC Sovereign Yields**

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.94	-10.68	KSA	2027	3.97	-9.16
Abu Dhabi	2031	4.16	-15.42	KSA	2032	4.25	-14.52
Abu Dhabi	2050	4.78	-26.77	KSA	2050	5.31	-25.36
Bahrain	2028	6.36	-7.70	Oman	2027	6.12	-7.81
Bahrain	2032	7.76	-13.99	Oman	2032	6.58	-9.73
Bahrain	2051	8.67	-19.40	Oman	2051	7.90	-14.94
Dubai	2029	3.97	-9.12	Qatar	2026	3.95	-8.81
Dubai	2050	5.96	-25.44	Qatar	2030	4.22	-13.92
Kuwait	2027	3.86	-9.84	Qatar	2050	4.82	-25.37

**Bonds and Sukuk Indices**

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.04	8.08	-0.42	-11.66
S&P MENA Bond and Sukuk Index	4.63	NA	-0.28	-12.32
Bloomberg Emerging Markets USD Index	7.81	6.80	-0.35	-17.43
Bloomberg Global Aggregate Index	3.45	7.42	-0.56	-17.84

**Interbank Rates (%)**

	3 Months		6 Months		12 Months	
	21/09/2022	31/12/2021	21/09/2022	31/12/2021	21/09/2022	31/12/2021
KIBOR	2.6250	1.5000	2.8750	1.7500	3.1875	2.0000
SAIBOR	3.5796	0.9057	4.0213	0.9829	4.3950	1.0600
BHIBOR	4.3138	1.5167	4.5722	1.6233	5.2250	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	3.3750	0.3645	3.7765	0.7000	4.0925	0.7396
EURIBOR	1.0660	-0.5730	1.7370	-0.5460	2.2950	-0.4980
LIBOR	3.5653	0.2144	4.1233	0.3451	4.6721	0.5888

USD Swap Rates			Currencies			Commodities				
Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)			
1-Year	4.4679	0.61	735.1	KWD	0.3086	0.0324	-1.94	Crude Oil	90.78	22.96
2-Year	4.3490	-0.69	362.0	SAR	3.7610	0.0027	-0.12	Gold	1,670.40	-9.26
5-Year	3.8330	-0.58	179.9	EUR	0.9963	-0.0903	-12.38	Silver	19.29	-18.06
7-Year	3.7035	-0.92	151.0	GBP	1.1372	-0.0791	-15.96	Copper	348.95	-20.86
10-Year	3.6193	-1.25	128.9	JPY	143.9700	-0.1459	-20.06	Nat. Gas	7.77	111.40
30-Year	3.2452	-1.98	87.5	CNH	7.0517	-0.2978	-9.85	Aluminum	2,238.75	-19.53

  

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	3.96	0.02	3.27	-0.27	NA	NA
5-Year	3.74	0.05	3.29	-0.76	1.59	0.00
10-Year	3.55	0.12	3.29	-1.34	1.79	0.00
30-Year	3.55	0.34	3.58	-1.84	1.89	0.00

	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-Sep 2022	31-Dec 2021
Kuwait	51.00	40.53
KSA	49.88	50.97
Abu Dhabi	48.30	43.09
Dubai	116.14	89.58
Qatar	48.24	42.55
Bahrain	285.79	286.32
Oman	251.06	254.42
Iraq	745.25	507.35
Egypt	NA	496.58
Morocco	249.11	85.91
Turkey	747.21	555.46
US	20.32	10.01
UK	27.97	8.91
China	86.12	39.86
Japan	21.06	16.23
Germany	15.53	7.53
France	24.64	17.87