

News Updates

Government support, strong dinar dent impact of inflation – The inflation rate in Kuwait has risen to record levels, the highest in years, and is similar to the rest of the world’s economies where the consumer price index has risen to historical levels, reports Al-Anba daily. But despite this, inflation levels in Kuwait remain at 4.7%, much lower compared to inflation levels in Western economies. This difference is due to subsidies which are reflected in the prices of other goods and services, in addition to the strength of the Kuwaiti dinar against the US dollar, as well as Kuwait’s trade surplus thanks to record increases in oil prices. The difference in inflation rates also explains one of the factors on which the Central Bank of Kuwait relied in its decision to raise interest rates, but at rates lower than the US Federal Reserve. The inflation rate in Kuwait rose by 4.7% on an annual basis during April, after it recorded a rise of 0.16% on a monthly basis. *(Source: Arab Times)*

Bahri’s SAR 3.9bn Sukuk oversubscribed 1.95 times – National Shipping Company of Saudi Arabia (Bahri) has issued a seven-year SAR-denominated senior unsecured Sukuk at a total value of SAR 3.90 billion, with the offering being oversubscribed by 1.95 times. Bahri will use the proceeds from the issue to refinance the existing SAR-denominated Sukuk which will mature this month, the listed firm recently announced. The company offered the Sukuk through a private placement at a floating profit rate of 120 basis points, higher than the six-month Saudi Arabian Interbank Offered Rate. *(Source: Mubasher)*

U.S. crude ends below \$95/bbl as EU tweaks Russian oil sanctions – U.S. crude prices settled below \$95 a barrel for the first time since April in choppy trading on Friday after the European Union said it would allow Russian state-owned companies to ship oil to third countries under an adjustment of sanctions agreed by member states this week. U.S. West Texas Intermediate crude (WTI) settled \$1.65, or 1.7%, lower at \$94.70 a barrel, while Brent crude futures fell 66 cents, or 0.6%, to \$103.20. WTI closed lower for the third straight week, pummeled over the past two sessions after data showed that U.S. gasoline demand had dropped nearly 8% from a year earlier in the midst of the peak summer driving season, hit by record prices at the pump. *(Source: Reuters)*

GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi | 2027 | 3.08 | -7.13 | KSA | 2027 | 3.24 | -6.40 |
| Abu Dhabi | 2031 | 3.47 | -10.95 | KSA | 2032 | 3.71 | -10.69 |
| Abu Dhabi | 2050 | 4.27 | -20.47 | KSA | 2050 | 4.85 | -20.43 |
| Bahrain | 2028 | 6.50 | -8.49 | Oman | 2027 | 5.83 | -6.91 |
| Bahrain | 2032 | 7.82 | -14.50 | Oman | 2032 | 6.75 | -10.82 |
| Bahrain | 2051 | 8.86 | -21.11 | Oman | 2051 | 8.04 | -16.38 |
| Dubai | 2029 | 4.01 | -9.22 | Qatar | 2026 | 4.37 | -10.34 |
| Dubai | 2050 | 5.95 | -25.84 | Qatar | 2030 | 3.74 | -10.82 |
| Kuwait | 2027 | 3.19 | -7.31 | Qatar | 2050 | 4.41 | -20.57 |

Bonds and Sukuk Indices

| Index Name | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index | 4.69 | 8.08 | 0.63 | -10.15 |
| S&P MENA Bond and Sukuk Index | 4.20 | NA | 0.25 | -10.16 |
| Bloomberg Emerging Markets USD Index | 7.16 | 6.80 | 0.68 | -16.96 |
| Bloomberg Global Aggregate Index | 2.74 | 7.42 | 1.01 | -13.08 |

Interbank Rates (%)

| | 3 Months | | 6 Months | | 12 Months | |
|---------|------------|------------|------------|------------|------------|------------|
| | 24/07/2022 | 31/12/2021 | 24/07/2022 | 31/12/2021 | 24/07/2022 | 31/12/2021 |
| KIBOR | 2.1250 | 1.5000 | 2.3750 | 1.7500 | 2.6875 | 2.0000 |
| SAIBOR | 2.9084 | 0.9057 | 3.2691 | 0.9829 | 3.6718 | 1.0600 |
| BHIBOR | 4.0249 | 1.5167 | 4.4204 | 1.6233 | 5.0838 | 1.7667 |
| QATAR | 2.4500 | 1.1250 | 2.5000 | 1.2000 | 2.7500 | 1.3250 |
| AEIBOR | 2.5095 | 0.3645 | 3.1600 | 0.7000 | 3.4235 | 0.7396 |
| EURIBOR | 0.2000 | -0.5730 | 0.7060 | -0.5460 | 1.2000 | -0.4980 |
| LIBOR | 2.7663 | 0.2144 | 3.3229 | 0.3451 | 3.8143 | 0.5888 |

| USD Swap Rates | | | | Currencies | | | Commodities | | | |
|----------------|------------|-----------|-------|------------|------------|-----------|-------------|-----------|----------|--------|
| Yield % | 1D Δ (bps) | YTD Δ (%) | | USD | 1D Δ (bps) | YTD Δ (%) | USD | YTD Δ (%) | | |
| 1-Year | 3.3797 | -10.54 | 531.7 | KWD | 0.3072 | 0.1140 | -1.51 | Crude Oil | 103.20 | 37.97 |
| 2-Year | 3.1940 | -14.10 | 239.3 | SAR | 3.7568 | -0.0027 | -0.04 | Gold | 1,745.30 | -5.19 |
| 5-Year | 2.8365 | -14.00 | 107.1 | EUR | 1.0220 | -0.1662 | -10.18 | Silver | 18.62 | -20.63 |
| 7-Year | 2.8040 | -13.63 | 90.0 | GBP | 1.2013 | 0.0333 | -11.33 | Copper | 334.95 | -24.40 |
| 10-Year | 2.8254 | -12.80 | 78.7 | JPY | 136.3200 | 0.9110 | -15.46 | Nat. Gas | 8.30 | 126.93 |
| 30-Year | 2.7315 | -6.77 | 57.8 | CNH | 6.7899 | 0.0562 | -6.06 | Aluminum | 2,481.75 | -11.19 |

| US Treasuries | | | UK Gilts | | German Bunds | |
|---------------|----------|------|----------|----------|--------------|----------|
| Yield % | 1D Δ (%) | | Yield % | 1D Δ (%) | Yield % | 1D Δ (%) |
| 2-Year | 2.97 | 0.22 | 1.81 | 0.28 | NA | NA |
| 5-Year | 2.84 | 0.65 | 1.69 | 0.68 | 0.37 | 0.51 |
| 10-Year | 2.75 | 1.09 | 1.93 | 1.06 | 0.81 | 1.45 |
| 30-Year | 2.97 | 1.40 | 2.44 | 1.39 | 1.26 | 2.24 |

| | 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 | 24-Jul 2022 | 31-Dec 2021 |
|-------------|-------------|-------------|
| Kuwait | 65.41 | 40.53 |
| KSA | 69.74 | 50.97 |
| Abu Dhabi | 67.84 | 43.09 |
| Dubai | 129.25 | 89.58 |
| Qatar | 68.18 | 42.55 |
| Bahrain | 328.23 | 286.32 |
| Oman | 300.75 | 254.42 |
| Iraq | 802.02 | 507.35 |
| Egypt | 365.52 | 496.58 |
| Morocco | 309.10 | 85.91 |
| Turkey | 843.31 | 555.46 |
| US | 19.93 | 10.01 |
| UK | 15.00 | 8.91 |
| China | 80.00 | 39.86 |
| Japan | 26.11 | 16.23 |
| Germany | 14.95 | 7.53 |
| France | 26.02 | 17.87 |