

News Updates

Energy Development Oman receives ‘BB/Stable’ rating from Fitch – Energy Development Oman SAOC (EDO) has received a ‘BB’ long-term issuer default rating (IDR) with a stable outlook from international ratings agency Fitch. This comes after S&P rated EDO with BB- with stable outlook earlier this month. Fitch also assessed EDO’s Standalone Credit Profile (SCP) at ‘bbb’, supported by large-scale oil and gas operations and low leverage. *(Source: Oman Daily Observer)*

Two Fed bank boards wanted 100-basis-point discount rate rise in July – The boards of directors of the Minneapolis and St. Louis Federal Reserve banks voted in mid-July for a full-percentage-point increase in the rate charged to commercial banks for emergency loans, minutes of their discount rate meetings showed on Tuesday. Directors on the Kansas City Fed’s board voted for a half-percentage-point rate increase, the minutes showed. The recommendations from all three banks were overruled when Fed policymakers at their July 26-27 policy meeting opted for a 75-basis-point increase to the benchmark policy rate. The Fed’s nine other regional bank boards had already backed a 75-basis-point increase in the discount rate. The split among the Fed banks over the proper setting of the discount rate - which is different from but moves in tandem with the rate set by the Fed’s policy-setting Federal Open Market Committee - suggests increasing discord over how aggressively the U.S. central bank should act in the face of decades-high inflation. *(Source: Reuters)*

Oil Steadies as Easing US Stockpiles Adds to Tightening Outlook – Oil was steady following an industry report that signaled another draw in US crude inventories, adding to a tightening supply outlook after Saudi Arabia flagged possible cuts to production. West Texas Intermediate traded near \$93 a barrel after rising almost 4% in the previous session. Economic activity has weakened from the US to Europe and Asia, reinforcing concerns that soaring prices and the war in Ukraine will tip the world into a recession. A stronger dollar also added to headwinds for commodities. The potential revival of a nuclear deal with Iran, which could lead to a surge in exports from the OPEC producer, has also weighed on the market recently. Oil has lost around a quarter of its value since early June on concerns over an economic slowdown. Saudi Arabia’s Oil Minister Prince Abdulaziz bin Salman said this week that the futures market is increasingly disconnected from fundamentals and the OPEC+ alliance may be forced to cut output. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.30	-7.97	KSA	2027	3.39	-7.01
Abu Dhabi	2031	3.58	-11.63	KSA	2032	3.65	-10.25
Abu Dhabi	2050	4.36	-21.61	KSA	2050	4.93	-21.12
Bahrain	2028	5.95	-6.02	Oman	2027	5.43	-5.37
Bahrain	2032	7.29	-11.06	Oman	2032	6.11	-6.60
Bahrain	2051	8.48	-17.65	Oman	2051	7.54	-11.26
Dubai	2029	3.88	-8.56	Qatar	2026	3.36	-6.79
Dubai	2050	5.71	-22.68	Qatar	2030	3.53	-10.30
Kuwait	2027	3.32	-7.74	Qatar	2050	4.42	-20.48

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.55	8.08	-0.06	-9.13
S&P MENA Bond and Sukuk Index	4.12	NA	0.06	-9.55
Bloomberg Emerging Markets USD Index	6.97	6.80	0.14	-15.50
Bloomberg Global Aggregate Index	2.96	7.42	0.02	-14.70

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	24/08/2022	31/12/2021	24/08/2022	31/12/2021	24/08/2022	31/12/2021
KIBOR	2.5000	1.5000	2.8125	1.7500	3.1250	2.0000
SAIBOR	3.0443	0.9057	3.5094	0.9829	3.9398	1.0600
BHIBOR	4.1250	1.5167	4.4583	1.6233	5.1224	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	2.8027	0.3645	3.3882	0.7000	3.5257	0.7396
EURIBOR	0.4530	-0.5730	0.9080	-0.5460	1.3440	-0.4980
LIBOR	2.9797	0.2144	3.5656	0.3451	4.0321	0.5888

USD Swap Rates			Currencies			Commodities				
Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)			
1-Year	3.7420	-2.20	599.4	KWD	0.3068	0.0000	-1.39	Crude Oil	99.78	34.28
2-Year	3.6528	-3.07	288.1	SAR	3.7564	-0.0160	-0.01	Gold	1,760.20	-4.38
5-Year	3.1963	-2.04	133.4	EUR	0.9957	-0.1304	-12.43	Silver	19.09	-18.89
7-Year	3.1185	-2.05	111.3	GBP	1.1819	-0.1521	-12.67	Copper	367.30	-16.70
10-Year	3.1098	-2.10	96.7	JPY	136.5000	0.2051	-15.69	Nat. Gas	9.30	155.03
30-Year	2.9437	-1.68	70.0	CNH	6.8730	-0.2677	-7.50	Aluminum	2,434.50	-12.74

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	3.30	0.07	2.68	-0.14	NA	NA
5-Year	3.15	0.09	2.48	-0.53	0.78	0.00
10-Year	3.03	0.19	2.57	-0.58	1.10	0.00
30-Year	3.24	0.40	2.88	-0.71	1.47	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	24-Aug 2022	31-Dec 2021
Kuwait	54.97	40.53
KSA	51.48	50.97
Abu Dhabi	49.96	43.09
Dubai	112.22	89.58
Qatar	50.00	42.55
Bahrain	290.74	286.32
Oman	275.48	254.42
Iraq	699.48	507.35
Egypt	NA	496.58
Morocco	250.61	85.91
Turkey	778.51	555.46
US	18.94	10.01
UK	15.00	8.91
China	70.35	39.86
Japan	18.46	16.23
Germany	13.95	7.53
France	22.79	17.87