

News Updates

Kuwaiti Central Bank Will Turn More Hawkish In The Short Term – Fitch Solutions (Fitch) forecast that the Central Bank of Kuwait (CBK) will increase its policy rate from 2.75% currently to 3.50% by the end 2022. Stubbornly elevated inflation and rising pressures on the dinar will prompt authorities to hike by the same amount as the US Federal Reserve in coming months after having adopted a more accommodative monetary policy so far this year, according to Fitch. Fitch stated that the CBK will likely dilute its tightening cycle in three policy rate hikes of 25bps each to smooth the impact of higher borrowing costs on the non-oil economy. Their forecast assumes that the CBK will hike by 75bps, the same amount as the US Federal Reserve in coming months. *(Source: Fitch Solutions)*

ADCB Mandates Banks for Green Bond Offering – Abu Dhabi Commercial Bank PJSC, rated A (stable outlook) and A+ (stable outlook) by S&P and Fitch respectively, has mandated Barclays and ING as Joint Sustainability Structuring Advisors and Abu Dhabi Commercial Bank, Barclays, BofA Securities, ING, JP Morgan, Mizuho and SMBC Nikko as Joint Lead Managers and Joint Bookrunners, to arrange a series of fixed income investor meetings commencing on Monday 29 August 2022 to introduce its Green Bond Framework. A benchmark 5 year USD-denominated Reg S only Registered senior unsecured inaugural Green bond offering will follow, subject to market conditions. FCA/ICMA stabilization applies. *(Source: Bloomberg)*

Fitch affirms Jordan at 'BB-'; outlook stable – Fitch Ratings has affirmed Jordan's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB-' with a Stable Outlook. This ranking is a result of the economic and financial reforms conducted by the government over the past period and the Kingdom's ability to access local and foreign finance resources and the international support that it receives in various political and economic fields, in addition to the resilience of the banking sector in the Kingdom. *(Source: Jordan Times)*

Jay Powell says Fed will 'keep at it' in hawkish inflation speech – Jay Powell declared the Federal Reserve “must keep at it until the job is done” as he used a speech at Jackson Hole to deliver his most hawkish message to date on the US central bank's determination to tame surging inflation by raising interest rates. The Fed chair said successfully reducing inflation would probably result in lower economic growth for “a sustained period”. To do that, interest rates would need to stay at a level that restrains growth “for some time”, he warned. Yields on short-dated US government debt climbed. On the policy-sensitive two-year Treasury note, the yield increased 0.01 percentage points to 3.38 per cent. The yield on the 10-year note — which moves with growth and inflation expectations — was flat at 3.03 per cent. Yields rise when a bond's price falls. *(Source: Financial Times)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.27	-7.85	KSA	2027	3.42	-7.07
Abu Dhabi	2031	3.55	-11.48	KSA	2032	3.63	-10.15
Abu Dhabi	2050	4.36	-21.59	KSA	2050	4.91	-20.89
Bahrain	2028	5.97	-6.10	Oman	2027	5.38	-5.18
Bahrain	2032	7.19	-10.34	Oman	2032	6.06	-6.24
Bahrain	2051	8.28	-15.74	Oman	2051	7.47	-10.52
Dubai	2029	3.85	-8.46	Qatar	2026	3.31	-6.68
Dubai	2050	5.67	-22.23	Qatar	2030	3.63	-10.62
Kuwait	2027	3.33	-7.77	Qatar	2050	4.44	-20.73

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.56	8.08	-0.04	-9.12
S&P MENA Bond and Sukuk Index	4.17	NA	-0.05	-9.73
Bloomberg Emerging Markets USD Index	6.89	6.80	-0.03	-15.02
Bloomberg Global Aggregate Index	2.99	7.42	-0.15	-14.80

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	28/08/2022	31/12/2021	28/08/2022	31/12/2021	28/08/2022	31/12/2021
KIBOR	2.6250	1.5000	2.8750	1.7500	3.1875	2.0000
SAIBOR	3.0509	0.9057	3.5004	0.9829	3.9473	1.0600
BHIBOR	4.1250	1.5167	4.4730	1.6233	5.1176	1.7667
QATAR	2.4500	1.1250	2.5000	1.2000	2.7500	1.3250
AEIBOR	2.8113	0.3645	3.4250	0.7000	3.4932	0.7396
EURIBOR	0.5420	-0.5730	0.9830	-0.5460	1.4820	-0.4980
LIBOR	3.0696	0.2144	3.5664	0.3451	4.1233	0.5888

	USD Swap Rates			Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)		
1-Year	3.8024	0.62	610.7	KWD	0.3077	-0.2925	-1.67	Crude Oil	100.99	35.90
2-Year	3.7310	2.34	296.4	SAR	3.7557	0.0186	-0.01	Gold	1,749.80	-4.95
5-Year	3.2833	5.53	139.7	EUR	0.9969	-0.0902	-12.35	Silver	18.83	-20.01
7-Year	3.1680	3.62	114.7	GBP	1.1756	-0.7437	-13.21	Copper	369.70	-16.16
10-Year	3.1258	1.28	97.7	JPY	137.7600	-0.8355	-16.39	Nat. Gas	9.30	155.03
30-Year	2.9049	-5.00	67.8	CNH	6.9021	-0.6266	-7.80	Aluminum	2,499.25	-10.42

	US Treasuries		UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	3.40	-0.05	2.78	-0.02	NA	NA
5-Year	3.21	-0.24	2.55	0.05	0.88	-0.20
10-Year	3.04	-0.11	2.60	0.12	1.18	-0.54
30-Year	3.19	0.93	2.87	0.23	1.50	-0.28

	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	28-Aug 2022	31-Dec 2021
Kuwait	53.98	40.53
KSA	48.60	50.97
Abu Dhabi	47.61	43.09
Dubai	111.45	89.58
Qatar	47.56	42.55
Bahrain	290.77	286.32
Oman	275.21	254.42
Iraq	690.32	507.35
Egypt	NA	496.58
Morocco	240.63	85.91
Turkey	739.38	555.46
US	18.11	10.01
UK	20.05	8.91
China	67.23	39.86
Japan	17.60	16.23
Germany	14.80	7.53
France	22.10	17.87