

News Updates

US 10-Year Yield Is Ending 2023 Almost Exactly Where It Started

– After a year of massive swings and numerous head fakes, the US 10-year yield ended 2023 almost exactly where it began. It's an almost farcical conclusion to 12 months of trading that saw rates on the benchmark — a global anchor for markets and US mortgage rates — tumble to as low as 3.25% in the wake of March's banking crisis, only to surpass 5% for the first time in 16 years just a few months later. “For the long end of the US Treasury curve, you earned the coupon but — stress adjusted — it felt like you lost money on bonds in 2023,” said Jack McIntyre, portfolio manager at Brandywine Global Investment Management. “2024 will be another volatile year.” The 10-year yield was at 3.879% as of 2:00 p.m. in New York on the final trading day of the year, a touch above its 2022 close of 3.875%. *(Source: Bloomberg)*

Oil Prices Shed 10% in 2023 as Supply, Demand Concerns Weigh

– Crude futures lost over 10% in 2023 in a tumultuous year of trading marked by geopolitical turmoil and concerns about the oil output levels of major producers around the world. Brent crude on Friday, the last trading day of the year, settled at \$77.04 a barrel, down 11 cents or 0.14%. U.S. West Texas Intermediate crude settled at \$71.65 a barrel, down 12 cents or 0.17%. Both contracts slipped more than 10% in 2023 to close out the year at their lowest year-end levels since 2020. Brent had climbed 10% and WTI by 7% last year, supported by supply concerns following Russia's invasion of Ukraine. A Reuter's survey of 34 economists and analysts forecast Brent crude will average \$82.56 in 2024, down from November's \$84.43 consensus, as they expect weak global growth to cap demand. Ongoing geopolitical tensions could provide support to prices. *(Source: Zawya)*

Gold Kicks Off 2024 on Higher Note on US Fed Rate-Cut Hopes – Gold prices edged higher on Tuesday, supported by the prospect of interest rate cuts in 2024 from the Federal Reserve, while investors look forward to a slew of economic data this week for more clarity on the U.S. rate outlook. Spot gold was up 0.3% at \$2,068.29 per ounce. Bullion prices gained 13% in 2023 to post their first annual gain since 2020. U.S. gold futures also climbed 0.3% to \$2,077.40 per ounce. Focus this week will be on minutes from the last Fed meeting due on Thursday for more cues on rate cuts this year. Data on U.S. job openings and December non-farm payrolls will also been keenly watched this week. At its December policy meeting, the Fed adopted an unexpectedly dovish tone and forecast 75 basis points in rate reductions for 2024. *(Source: Zawya)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.18	0.00	KSA	2027	4.32	0.00
Abu Dhabi	2031	4.12	0.00	KSA	2032	4.43	0.00
Abu Dhabi	2050	4.94	0.00	KSA	2050	5.36	0.00
Bahrain	2028	5.66	0.00	Oman	2027	4.96	0.00
Bahrain	2032	6.56	0.00	Oman	2032	5.32	0.04
Bahrain	2051	7.62	0.00	Oman	2051	6.32	0.00
Dubai	2029	4.39	0.02	Qatar	2026	3.53	0.00
Dubai	2050	5.65	-0.04	Qatar	2030	4.06	0.00
Kuwait	2027	4.12	0.07	Qatar	2050	4.86	0.00

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.18	8.08	0.05	0.00
S&P MENA Bond and Sukuk Index	4.97	NA	-0.10	0.00
Bloomberg Emerging Markets USD Index	7.04	6.80	0.02	0.00
Bloomberg Global Aggregate Index	3.51	7.42	-0.29	0.00

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	02/01/2024	31/12/2023	02/01/2024	31/12/2023	02/01/2024	31/12/2023
KIBOR	4.31	4.31	4.50	4.25	4.75	4.56
SAIBOR	6.18	6.26	6.06	5.60	5.99	5.87
BHIBOR	6.52	6.51	6.48	6.27	6.49	6.55
QATAR	6.25	6.25	6.25	5.42	6.50	5.58
AEIBOR	5.33	5.42	5.27	4.94	5.14	5.04
EURIBOR	3.91	3.93	3.86	2.69	3.51	3.29
LIBOR	5.59	5.61	5.59	5.14	6.04	5.48

	USD Swap Rates			Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)
1-Year	4.756	-2.14	0.00	KWD	0.3090	0.06	0.00	Crude Oil	78.42	1.79
2-Year	4.07	-3.07	0.00	SAR	3.7503	-0.01	-0.01	Gold	2,080.80	0.43
5-Year	3.53	-0.19	0.00	EUR	1.1029	-0.14	-0.09	Silver	24.20	0.47
7-Year	3.48	1.15	0.00	GBP	1.2728	0.00	-0.03	Copper	390.20	0.30
10-Year	3.47	2.06	0.00	JPY	141.4800	-0.42	-0.31	Nat. Gas	2.65	5.41
30-Year	3.32	2.11	0.00	CNH	7.1288	-0.06	-0.04	Aluminum	2,351.50	-4.64

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.25	0.00	3.93	0.05	3.07	-0.04
5-Year	3.85	0.00	3.44	-0.06	1.93	-0.11
10-Year	3.88	0.01	3.52	-0.30	1.96	-0.61
30-Year	4.03	0.02	4.13	-0.42	2.26	-1.72

Sovereign Ratings

	Moody's	S&P	Fitch
Kuwait	A1	A+	AA-
KSA	A1	Au	A+
UAE	Aa2	NR	AA-
Abu Dhabi	Aa2	AA	AA
Qatar	Aa3	AA	AA-
Bahrain	B2	B+	B+
Oman	Ba1	BB+	BB+
Egypt	Caa1	B-	B-
Lebanon	C	SD	RDu
Jordan	B1	B+	BB-
Turkey	B3	Bu	B
Tunisia	Caa2	NR	CCC-
Morocco	Ba1	BB+	BB+u
US	Aaa	AA+u	AAAu
UK	Aa3	AAu	AA-u
China	A1	A+	A+u

USD 5Yr CDS	02-Jan 2024	28-Dec 2023
Kuwait	36.02	39.45
KSA	51.05	60.05
Abu Dhabi	39.51	43.90
Dubai	58.78	74.01
Qatar	43.61	46.55
Bahrain	197.81	224.63
Oman	111.67	185.75
Iraq	409.49	421.67
Egypt	NA	NA
Morocco	106.57	143.12
Turkey	280.51	506.65
US	44.85	22.82
UK	33.79	25.54
China	58.46	71.08
Japan	22.55	23.60
Germany	15.48	17.15
France	22.52	24.94