

News Updates

Bond Traders Seize on 4% Yields, Confident Fed Rate Cuts Coming

– Traders betting on a 2024 bond rally are unfazed by the recent pullback, seeing it as a chance to seize on elevated yields before the Federal Reserve starts driving down interest rates. The dynamic was on display Friday, when bond prices dipped after the Labor Department reported that job growth unexpectedly accelerated last month. But the selloff was curtailed because buyers swooped in as 10-year Treasury yields neared 4.1%, the highest since mid-December. The rebound — even in the face of data showing continued strength in the economy — highlighted the stark shift in sentiment over the past two months, with investors increasingly confident that the bond market is firmly recovering from its worst downturn in decades. Despite the recent backup, yields are still well below October’s peaks as traders wager that the Fed may start easing monetary policy as soon as March. *(Source: Bloomberg)*

All Eyes Are on Interest Rates and Inflation in 2024 – A number of international think tanks and financial institutions reviewed the performance of the global economy during the past year, and the most important economic and financial forecasts and trends for the year 2024, which revolve between praising the performance of central banks regarding their monetary policies represented in lowering interest rates, in the hope that inflation rates will return to their target levels, and fears of any recession that may shake those hopes. *(Source: Al Qabas)*

Oil Drops as Saudi Pricing Cuts Counter Middle East Supply Risks – Oil dropped after Saudi Arabia cut official selling prices for all regions, underscoring a worsening outlook and outweighing concern over Red Sea tensions and supply disruptions in Libya. Global benchmark Brent fell to below \$78 a barrel after rising by 2.2% last week, with West Texas Intermediate around \$73. State producer Saudi Aramco cut its flagship Arab Light price to Asia by a more-than-expected \$2 a barrel amid persistent weakness in the global crude market. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.33	-0.52	KSA	2027	4.65	-0.78
Abu Dhabi	2031	4.31	-1.23	KSA	2032	4.76	-1.96
Abu Dhabi	2050	5.18	-3.58	KSA	2050	5.67	-4.15
Bahrain	2028	5.96	-1.12	Oman	2027	5.15	-0.56
Bahrain	2032	6.98	-2.83	Oman	2032	5.60	-1.76
Bahrain	2051	8.00	-4.31	Oman	2051	6.56	-2.98
Dubai	2029	4.40	-0.15	Qatar	2026	4.36	-0.39
Dubai	2050	5.71	-0.92	Qatar	2030	4.25	-0.88
Kuwait	2027	4.19	-0.18	Qatar	2050	5.10	-3.44

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.34	8.08	-0.25	-1.26
S&P MENA Bond and Sukuk Index	5.10	NA	-0.20	-1.20
Bloomberg Emerging Markets USD Index	7.26	6.80	-0.22	-1.45
Bloomberg Global Aggregate Index	3.65	7.42	-0.03	-1.38

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	08/01/2024	31/12/2023	08/01/2024	31/12/2023	08/01/2024	31/12/2023
KIBOR	4.31	4.31	4.50	4.25	4.75	4.56
SAIBOR	6.23	6.26	5.98	5.60	5.97	5.87
BHIBOR	6.52	6.51	6.45	6.27	6.46	6.55
QATAR	6.00	6.25	6.10	5.42	6.25	5.58
AEIBOR	5.28	5.42	5.03	4.94	5.08	5.04
EURIBOR	3.94	3.93	3.91	2.69	3.58	3.29
LIBOR	5.59	5.61	5.62	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	4.8402	-2.38	1.8	KWD	0.3090	0.0647	0.00	Crude Oil	77.82	1.01
2-Year	4.2161	-0.66	3.7	SAR	3.7504	0.0000	-0.01	Gold	2,041.30	-1.47
5-Year	3.7066	2.18	5.0	EUR	1.0936	-0.0640	-0.93	Silver	23.21	-3.64
7-Year	3.6562	3.06	5.1	GBP	1.2705	-0.1258	-0.21	Copper	381.15	-2.03
10-Year	3.6515	3.96	5.1	JPY	144.4700	0.1177	-2.37	Nat. Gas	2.87	14.12
30-Year	3.5020	4.14	5.6	CNH	7.1702	-0.1004	-0.62	Aluminum	2,231.75	-5.09

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.38	0.00	4.21	-0.07	3.22	-0.03
5-Year	4.01	0.00	3.75	-0.29	2.12	-0.15
10-Year	4.05	0.01	3.78	-0.45	2.10	-0.26
30-Year	4.20	0.02	4.39	-0.52	2.37	-0.52

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	08-Jan 2024	31-Dec 2023
Kuwait	37.93	35.96
KSA	54.75	50.21
Abu Dhabi	43.87	39.60
Dubai	59.51	60.36
Qatar	48.24	43.52
Bahrain	209.57	198.10
Oman	116.93	112.12
Iraq	458.74	411.62
Egypt	NA	NA
Morocco	110.82	109.36
Turkey	300.77	279.01
US	45.45	45.19
UK	34.38	33.74
China	64.77	59.80
Japan	23.49	22.74
Germany	14.30	15.61
France	22.42	22.94