

News Updates

The Bond Market Rally Is Overlooking a Soaring \$2 Trillion Debt Problem – As bond prices surged across the developed world day after day, sending yields tumbling and handing investors some much-needed profits, the angst about soaring budget deficits melted away. Over the next several weeks, governments from the US, UK and the Eurozone will start flooding the market with bonds at a clip rarely seen before. Saddled with the kind of bloated deficits that were once unthinkable, these countries — along with Japan — will sell a net \$2.1 trillion of new bonds to finance their 2024 spending plans, a 7% increase from last year, according to estimates from Bloomberg Intelligence. (*Source: Bloomberg*)

Rowing Demand for Convertible Bonds Likely to Survive Rate Cuts – Investment grade-rated companies and those with lower ratings that finally warmed to convertible bonds in 2023 after years of shunning them are set to keep the relationship going, even as investors grow increasingly convinced that central bank rate cuts are just around the corner. The Federal Reserve is likely to take away some of the attractiveness of issuing convertible bonds, whose equity-like properties allow companies to offer investors smaller coupons than in conventional debt instruments. With borrowing costs for non-convertibles highest in at least a decade, the instruments proved alluring last year to household names like Uber Technologies Inc., which raised \$1.7 billion at a 0.875% coupon. (*Source: Bloomberg*)

Oil Holds Decline on Signs of Further Build in Crude Stockpiles – Oil prices inched higher on Wednesday, extending the previous day's rally, after industry data showed U.S. crude stocks fell more than expected last week, though a bigger-than-anticipated build in products inventories capped gains. Brent crude futures rose 29 cents, or 0.4%, to \$77.88 a barrel, while U.S. West Texas Intermediate crude futures climbed 29 cents, or 0.4%, to \$72.53 a barrel. The benchmarks gained about 2% on Tuesday amid the Middle East crisis and a Libyan supply outage. (*Source: Reuters*)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.36	-0.62	KSA	2027	4.73	-0.99
Abu Dhabi	2031	4.35	-1.48	KSA	2032	4.86	-2.61
Abu Dhabi	2050	5.22	-4.20	KSA	2050	5.75	-5.12
Bahrain	2028	6.12	-1.64	Oman	2027	5.22	-0.74
Bahrain	2032	6.97	-2.76	Oman	2032	5.64	-2.05
Bahrain	2051	7.99	-4.22	Oman	2051	6.60	-3.41
Dubai	2029	4.53	-0.76	Qatar	2026	4.42	-0.44
Dubai	2050	5.78	-2.00	Qatar	2030	4.30	-1.16
Kuwait	2027	4.25	-0.35	Qatar	2050	5.18	-4.53

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.40	8.08	-0.14	-1.68
S&P MENA Bond and Sukuk Index	5.18	NA	-0.17	-1.78
Bloomberg Emerging Markets USD Index	7.27	6.80	-0.13	-1.63
Bloomberg Global Aggregate Index	3.64	7.42	-0.24	-1.46

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	10/01/2024	31/12/2023	10/01/2024	31/12/2023	10/01/2024	31/12/2023
KIBOR	4.31	4.00	4.50	4.25	4.75	4.56
SAIBOR	6.21	5.34	5.95	5.60	5.95	5.87
BHIBOR	6.52	6.14	6.45	6.27	6.46	6.55
QATAR	6.00	5.28	6.10	5.42	6.25	5.58
AEIBOR	5.21	4.31	5.06	4.94	5.06	5.04
EURIBOR	3.93	2.13	3.93	2.69	3.62	3.29
LIBOR	5.59	4.77	5.61	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	4.8257	-1.01	1.5	KWD	0.3073	0.5630	0.56	Crude Oil	77.90	1.12
2-Year	4.1972	-1.03	3.2	SAR	3.7504	0.0000	-0.01	Gold	2,034.40	-1.81
5-Year	3.6925	-0.17	4.6	EUR	1.0933	0.0183	-0.96	Silver	23.13	-3.99
7-Year	3.6448	0.16	4.8	GBP	1.2703	-0.0551	-0.22	Copper	377.20	-3.05
10-Year	3.6440	0.36	4.9	JPY	144.7600	-0.1865	-2.56	Nat. Gas	3.15	25.42
30-Year	3.5020	0.13	5.6	CNH	7.1846	-0.0028	-0.82	Aluminum	2,207.24	-6.13

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.35	0.02	4.19	0.00	3.25	-0.04
5-Year	3.97	0.01	3.72	0.01	2.14	-0.20
10-Year	4.02	-0.02	3.78	-0.08	2.12	-0.40
30-Year	4.19	-0.02	4.39	-0.07	2.41	-0.98

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	10-Jan 2024	31-Dec 2023
Kuwait	40.48	35.96
KSA	57.75	50.21
Abu Dhabi	44.46	39.60
Dubai	66.65	60.36
Qatar	50.40	43.52
Bahrain	214.86	198.10
Oman	119.17	112.12
Iraq	484.80	411.62
Egypt	NA	NA
Morocco	111.39	109.36
Turkey	309.05	279.01
US	45.12	45.19
UK	33.72	33.74
China	63.63	59.80
Japan	22.64	22.74
Germany	14.47	15.61
France	22.93	22.94