

## News Updates

**Saudi Arabia’s Oil Sector to Remain a Drag on Growth in 2024** – Saudi Arabia’s oil sector will remain a drag on growth this year with production cuts expected to continue until at least March 2024. An Emirates NBD Research update from Chief Economist and Head of Research Khatija Haque said the volume of oil sold by the kingdom will be 4% lower than 2023, weighing on budget revenue. Oil exports are expected to decline further on weaker global growth, and import demand is forecast to remain strong with ongoing domestic investment. Haque said the bank had “penciled in” non-oil GDP growth of 4% again in 2024, partially offset by the oil and gas GDP falling 4%, yielding headline GDP growth of 0.7% in 2024. *(Source: Zawya)*

**\$850 billion Sukuk Maturing in 2023** – Fitch Ratings revealed that the value of global sukuk due amounted to about \$ 850 billion in 2023, an increase of 10.3% over 2022, despite the volatility of global markets and geopolitical incentives for its issuance, pointing out that the sukuk is a major financing tool in the core markets of the Gulf countries, Malaysia, Indonesia, Turkey and Pakistan. Fitch said in its report that the share of sukuk issuances (in various local currencies) in the global debt issuance markets is about 29% in 2023, compared to 35% in 2022, and 40% in US dollars last year, compared to 41.6% in 2022. The global rating agency explained that the UAE began last year to issue sukuk in dirhams, noting also that the Philippines and Egypt issued sukuk in local currencies for the first time in 2023 and South Africa returned to the market. *(Source: Qabas)*

**A Global Outlook on Bonds in the Face of Geopolitical Uncertainty**– In recent months, financial markets have been focused on the rise in US government bond yields, particularly given the 10-year yield has reached 5%. This increase prompts questions about the trade-off between bonds and equities, the potential for further yield growth, and whether high yields could lead to significant consequences. Those supporting bonds argue that the current 5% yield factors in a prolonged pause by the Federal Reserve at existing rates and a substantial real yield of about 2.5%, nearing levels seen before 2008. On the other hand, sceptics argue that for the yield curve to normalize, the 10-year yield may need to surpass the Fed policy rate of 5.5%, especially in a scenario of a prolonged pause and a resilient US economy. This contrasts with typical late-cycle trends where the yield curve normalizes due to a sharp fall in short-maturity yields prompted by Fed rate cuts during an economic downturn. *(Source: The Peninsula)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.38	-0.55	KSA	2027	4.65	-0.88
Abu Dhabi	2031	4.35	-1.43	KSA	2032	4.84	-2.50
Abu Dhabi	2050	5.22	-3.97	KSA	2050	5.74	-4.99
Bahrain	2028	6.12	-1.54	Oman	2027	5.22	-0.66
Bahrain	2032	6.95	-2.58	Oman	2032	5.61	-1.87
Bahrain	2051	7.62	-3.54	Oman	2051	6.56	-2.98
Dubai	2029	4.53	-0.76	Qatar	2026	4.43	-0.44
Dubai	2050	5.81	-2.30	Qatar	2030	4.32	-1.19
Kuwait	2027	4.30	-0.46	Qatar	2050	5.18	-4.53

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.39	8.08	-0.09	-1.58
S&P MENA Bond and Sukuk Index	5.16	NA	-0.15	-1.63
Bloomberg Emerging Markets USD Index	7.24	6.80	0.24	-1.39
Bloomberg Global Aggregate Index	3.65	7.42	-0.05	-1.52

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	11/01/2024	31/12/2023	11/01/2024	31/12/2023	11/01/2024	31/12/2023
KIBOR	4.31	4.00	4.56	4.25	4.75	4.56
SAIBOR	6.21	5.34	5.95	5.60	5.94	5.87
BHIBOR	6.52	6.14	6.45	6.27	6.45	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	5.89	4.77	5.61	5.14		5.48

USD Swap Rates				Currencies			Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD
1-Year	4.82	-1.01	1.5	KWD	0.30720	0.5630	0.56	Crude Oil	77.90
2-Year	4.45	-1.03	3.2	SAR	3.7502	0.0000	-0.01	Gold	2,036.90
5-Year	3.94	-0.17	4.6	EUR	1.0979	0.0183	-0.96	Silver	23.21
7-Year	3.89	0.16	4.8	GBP	1.2765	-0.0551	-0.22	Copper	381.30
10-Year	3.88	0.36	4.9	JPY	145.51	-0.1865	-2.56	Nat. Gas	3.06
30-Year	3.76	0.13	5.6	CNH	7.1846	-0.0028	-0.82	Aluminum	2,190.73

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.36	0.02	4.21	0.00	3.28	-0.02
5-Year	3.97	0.01	3.72	0.04	2.14	-0.20
10-Year	4.02	-0.02	3.74	-0.10	2.12	-0.40
30-Year	4.19	-0.02	4.41	-0.40	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	11-Jan 2024	31-Dec 2023
Kuwait	40.48	35.96
KSA	56.27	50.21
Abu Dhabi	442.69	39.60
Dubai	66.43	60.36
Qatar	49.07	43.52
Bahrain	209.72	198.10
Oman	115.69	112.12
Iraq	463.38	411.62
Egypt	NA	NA
Morocco	108.11	109.36
Turkey	300.31	279.01
US	44.88	45.19
UK	33.31	33.74
China	62.24	59.80
Japan	22.65	22.74
Germany	13.18	15.61
France	21.84	22.94