

News Updates

Bond Bulls Betting on ECB Rate Cuts Face Trial by Lagarde – Investors betting on an early start to the European Central Bank’s interest-rate cutting cycle risk getting derailed by Christine Lagarde this week. Strategists and investors say European bonds have more room for losses than gains from Thursday, when the ECB delivers its final policy decision of the year. That’s because of the recent strong rally that has already sent benchmark German yields to the lowest levels since April at around 2.2%. Any dovish tone from President Lagarde would simply validate current market bets on as much as six quarter-point cuts throughout 2024, and allow bonds to hold recent gains. But a surprisingly hawkish tone could send German yields back above 2.4%, according to TwentyFour Asset Management. “The risk is for bunds and other European government bonds to sell off,” said Elliot Hentov, head of macro policy research at State Street. “There’s no way we’re going to get an ECB readout that is going to exceed market expectations. Frankly, the odds are that it will underwhelm.” (Source: Bloomberg)

Egypt's Headline inflation Dips to 34.6% in November – Egypt's annual urban consumer price inflation dropped to 34.6% in November from 35.8% in October, pulled down by a slowdown in the rate of food price increases, data from the statistics agency CAPMAS showed on Sunday. Annual inflation was slightly lower than predicted by analysts. The median forecast of 18 analysts polled had expected a reading of 34.8%. Month-on-month, prices rose by 1.3% in November, up from 1.0% in October. Food prices rose by 0.2% but surged 64.5% year on year. Annual inflation had been working its way upwards for two years, hitting a record high of 38.0% in September. The November figure was the lowest since May. (Source: Zawya)

Gold to Take Hit If US Has Soft Landing in 2024 – Gold prices are likely to take a hit if the US economy achieves a largely anticipated soft landing in 2024 and avoids a recession, despite rising inflation and interest rates this year, according to the World Gold Council. Gold had a strong 2023, defying expectations amid a high interest rate environment, and outperforming commodities, bonds and most stock markets. However, a combination of geopolitical tensions and continued central bank buying should see demand remain resilient next year, the WGC said. (Source: Zawya)

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.51	-1.04	KSA	2027	4.73	0.65
Abu Dhabi	2031	4.46	0.17	KSA	2032	4.82	-1.69
Abu Dhabi	2050	5.28	-6.15	KSA	2050	5.77	-5.62
Bahrain	2028	5.95	2.05	Oman	2027	5.26	2.07
Bahrain	2032	6.90	2.42	Oman	2032	5.61	2.83
Bahrain	2051	7.95	2.33	Oman	2051	6.70	6.41
Dubai	2029	4.46	0.02	Qatar	2026	4.40	0.00
Dubai	2050	5.87	1.32	Qatar	2030	4.45	-3.61
Kuwait	2027	4.48	-2.82	Qatar	2050	5.30	-5.14

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.54	8.08	-0.18	3.19
S&P MENA Bond and Sukuk Index	5.32	NA	-0.18	2.18
Bloomberg Emerging Markets USD Index	7.47	6.80	-0.22	5.88
Bloomberg Global Aggregate Index	3.84	7.42	-0.41	2.16

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	11/12/2023	31/12/2022	11/12/2023	31/12/2022	11/12/2023	31/12/2022
KIBOR	4.31	4.00	4.50	4.25	4.75	4.56
SAIBOR	6.35	5.34	6.20	5.60	6.15	5.87
BHIBOR	6.66	6.14	6.64	6.27	6.67	6.55
QATAR	6.00	5.28	6.10	5.42	6.25	5.58
AEIBOR	5.54	4.31	5.37	4.94	5.53	5.04
EURIBOR	3.95	2.13	3.94	2.69	3.73	3.29
LIBOR	5.63	4.77	5.72	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	5.1239	1.30	4.6	KWD	0.3090	0.0647	-0.87	Crude Oil	76.34	-5.43
2-Year	4.5401	1.71	2.1	SAR	3.7507	0.0000	0.21	Gold	2,013.20	4.81
5-Year	3.9636	2.01	5.8	EUR	1.0764	0.0093	0.55	Silver	23.25	-7.68
7-Year	3.8857	1.67	7.2	GBP	1.2538	-0.0956	3.76	Copper	381.00	0.16
10-Year	3.8570	1.21	8.4	JPY	145.6500	-0.4738	-9.97	Nat. Gas	2.43	-52.51
30-Year	3.6398	0.41	13.4	CNH	7.1975	-0.1403	-3.83	Aluminum	2,098.51	-14.61

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.74	-0.03	4.55	-0.12	3.29	-0.08
5-Year	4.26	-0.09	4.10	-0.34	2.26	-0.34
10-Year	4.24	-0.12	4.04	-0.54	2.22	-0.68
30-Year	4.31	-0.17	4.52	-0.99	2.46	-1.30

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-Dec 2023	31-Dec 2022
Kuwait	37.97	39.45
KSA	51.45	60.05
Abu Dhabi	41.27	43.90
Dubai	60.00	74.01
Qatar	42.50	46.55
Bahrain	213.57	224.63
Oman	123.86	185.75
Iraq	451.60	421.67
Egypt	NA	NA
Morocco	127.33	143.12
Turkey	331.18	506.65
US	46.00	22.82
UK	34.50	25.54
China	61.05	71.08
Japan	23.95	23.60
Germany	16.44	17.15
France	22.96	24.94