

News Updates

Fed Seen on Policy Hold Until May as Inflation Edges Up – The Federal Reserve is seen holding off on any interest-rate cuts until at least May of next year, after a government report on Tuesday showed consumer prices unexpectedly edged back up in November. Futures contracts tied to the Fed policy rate now reflect bets the U.S. central bank will lower the policy rate to a range of 5%-5.25% in May, with further cuts to come later in the year. Before the report, which showed the consumer price index rose 0.1% last month from October, traders had been more convinced that cooling inflation would allow the Fed to end its hold on the policy rate earlier. But after the report they slashed what had been a nearly 50% chance seen of a March rate cut to about 40%. *(Source: Reuters)*

Fitch Holds ‘Neutral’ Rating for Islamic Banks in UAE – Fitch Ratings has retained its “neutral” rating for the Islamic banks in four GCC countries – the UAE, Saudi Arabia, Qatar and Kuwait – for 2024, citing overall solid economic conditions. “The higher profit rates and high oil prices are supporting economic conditions and generally driving reasonable financing growth, sound profitability, stable asset quality and solid liquidity in Europe, the Middle East and Africa (EMEA) Islamic markets,” Redmond Ramsdale, Head of Middle East Bank Ratings and Islamic Banking, Fitch, said in its EMEA Islamic Banks outlook 2024 report. *(Source: Zawya)*

OPEC+ Needs to Control Oil Supplies for 5 more years – Washington-based Rapidan Energy Group stated that OPEC+ needs to carefully control oil supplies for another five years in order to avoid a “meltdown” in crude prices. In its report, the consulting company said that although global oil demand will not peak for at least another decade, supplies from outside OPEC — particularly the US — are growing much faster than previously anticipated. According to Rapidan Energy, the coming years necessitate effective, cautious, and unified supply management by OPEC+ to prevent a collapse in oil prices. However, the company is skeptical that improved fuel efficiency and the shift toward electric vehicles would be enough to reduce oil demand very soon. *(Source: Argaam)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.51	-1.05	KSA	2027	4.78	0.53
Abu Dhabi	2031	4.47	0.14	KSA	2032	4.83	-1.72
Abu Dhabi	2050	5.27	-6.04	KSA	2050	5.78	-5.76
Bahrain	2028	6.02	1.83	Oman	2027	5.30	1.95
Bahrain	2032	6.91	2.47	Oman	2032	5.61	2.73
Bahrain	2051	7.97	2.01	Oman	2051	6.68	6.76
Dubai	2029	4.45	0.09	Qatar	2026	4.62	-0.04
Dubai	2050	5.87	1.35	Qatar	2030	4.44	-3.62
Kuwait	2027	4.45	-2.73	Qatar	2050	5.27	-4.68

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.54	8.08	0.13	3.28
S&P MENA Bond and Sukuk Index	5.32	NA	0.10	2.23
Bloomberg Emerging Markets USD Index	7.47	6.80	0.13	5.97
Bloomberg Global Aggregate Index	3.83	7.42	0.35	2.24

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	13/12/2023	31/12/2022	13/12/2023	31/12/2022	13/12/2023	31/12/2022
KIBOR	4.31	4.00	4.56	4.25	4.75	4.56
SAIBOR	6.34	5.34	6.22	5.60	6.15	5.87
BHIBOR	6.66	6.14	6.65	6.27	6.68	6.55
QATAR	6.25	5.28	6.25	5.42	6.50	5.58
AEIBOR	5.49	4.31	5.50	4.94	5.58	5.04
EURIBOR	3.96	2.13	3.96	2.69	3.75	3.29
LIBOR	5.64	4.77	5.76	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	5.1102	-0.63	4.3	KWD	0.3090	0.0647	-0.87	Crude Oil	73.09	-9.45
2-Year	4.5270	-0.57	1.8	SAR	3.7512	0.0000	0.20	Gold	1,993.80	3.80
5-Year	3.9302	0.03	4.9	EUR	1.0790	-0.0371	0.79	Silver	22.96	-8.85
7-Year	3.8492	0.00	6.2	GBP	1.2555	-0.0637	3.91	Copper	377.75	-0.70
10-Year	3.8191	-0.08	7.4	JPY	145.5700	-0.0756	-9.92	Nat. Gas	2.27	-55.58
30-Year	3.6115	-0.83	12.6	CNH	7.1963	-0.0306	-3.81	Aluminum	2,079.50	-15.38

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.73	0.01	4.48	0.16	3.30	0.01
5-Year	4.22	0.01	4.03	0.42	2.24	0.07
10-Year	4.20	0.04	3.96	0.81	2.17	0.31
30-Year	4.30	0.16	4.47	1.10	2.40	1.11

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	13-Dec 2023	31-Dec 2022
Kuwait	37.92	39.45
KSA	52.58	60.05
Abu Dhabi	41.26	43.90
Dubai	59.97	74.01
Qatar	43.63	46.55
Bahrain	215.01	224.63
Oman	124.03	185.75
Iraq	436.69	421.67
Egypt	NA	NA
Morocco	127.31	143.12
Turkey	324.50	506.65
US	45.92	22.82
UK	34.75	25.54
China	60.25	71.08
Japan	23.98	23.60
Germany	15.92	17.15
France	22.63	24.94