

## News Updates

**Fed Prepares to Shift to Rate Cuts in 2024 as Inflation Eases** – The Federal Reserve pivoted toward reversing the steepest interest-rate hikes in a generation after containing an inflation surge so far without a recession or a significant cost to employment. While Chair Jerome Powell said Wednesday policymakers are prepared to resume rate increases should price pressures return, he and his colleagues issued forecasts showing that a series of cuts would be likely next year. Powell said the topic came up at their meeting, where the Fed decided to keep rates at a 22-year high for a third straight time. Moreover, Powell’s lack of pushback during his press conference against growing investor expectations for 2024 rate cuts helped spark a massive rally in Treasuries and sent the Dow Jones Industrial Average of stocks to a record high. Updated quarterly forecasts showed Fed officials expect to lower rates by 75 basis points next year, a sharper pace of cuts than indicated in September. While the median expectation for the federal funds rate at the end of 2024 was 4.60%, individuals’ expectations varied widely. *(Source: Bloomberg)*

**UAE Central Bank Maintains Base Rate at 5.40%** – The Central Bank of the UAE (CBUAE) has decided to maintain the Base Rate applicable to the Overnight Deposit Facility (ODF) without change at 5.40%. This decision was taken following the U.S. Federal Reserve’s announcement on 13th December to keep the Interest on Reserve Balances (IORB) unchanged. The CBUAE has also decided to maintain the interest rate applicable to borrowing short-term liquidity from the CBUAE at 50 basis points above the Base Rate for all standing credit facilities. *(Source: Zawya)*

**Oil Rises From Lowest Since June After US Stockpile Drawdown** – Oil advanced from a five-month low on positive demand signals including a drop in US inventories and signs the Federal Reserve is preparing to cut interest rates. West Texas Intermediate rose toward \$70 a barrel, after climbing 1.30% on Wednesday from its lowest since late June. Global benchmark Brent was near \$75. US crude stockpiles fell last week about twice as much as earlier forecast, according to the Energy Information Administration. Treasuries surged and an index of the dollar weakened to a four-month low, making commodities priced in the greenback more attractive for international buyers. Crude is still down by more than a quarter from a high in late September on a surge in exports from non-OPEC countries and fears the demand outlook is worsening. In addition, the market is skeptical whether deeper voluntary supply cuts by the Organization of Petroleum Exporting Countries and its allies will be fully adhered to. *(Source: Bloomberg)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.49	-0.97	KSA	2027	4.64	0.83
Abu Dhabi	2031	4.43	0.42	KSA	2032	4.76	-1.23
Abu Dhabi	2050	5.23	-5.44	KSA	2050	5.71	-4.87
Bahrain	2028	5.89	2.19	Oman	2027	5.32	1.98
Bahrain	2032	6.88	2.67	Oman	2032	5.63	2.61
Bahrain	2051	7.94	2.45	Oman	2051	6.67	7.02
Dubai	2029	4.44	0.12	Qatar	2026	4.39	0.43
Dubai	2050	5.85	1.66	Qatar	2030	4.34	-3.28
Kuwait	2027	4.37	-2.49	Qatar	2050	5.21	-3.97

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.52	8.08	0.20	3.49
S&P MENA Bond and Sukuk Index	5.29	NA	0.33	2.57
Bloomberg Emerging Markets USD Index	7.35	6.80	0.72	6.73
Bloomberg Global Aggregate Index	3.70	7.42	0.85	3.11

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	14/12/2023	31/12/2022	14/12/2023	31/12/2022	14/12/2023	31/12/2022
KIBOR	4.31	4.00	4.56	4.25	4.75	4.56
SAIBOR	6.32	5.34	6.20	5.60	6.11	5.87
BHIBOR	6.65	6.14	6.64	6.27	6.70	6.55
QATAR	6.00	5.28	6.10	5.42	6.25	5.58
AEIBOR	5.56	4.31	5.53	4.94	5.55	5.04
EURIBOR	3.93	2.13	3.96	2.69	3.75	3.29
LIBOR	5.65	4.77	5.77	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	4.85	-4.82	-1.08	KWD	0.3090	0.06	-0.87	Crude Oil	74.60	-7.58
2-Year	4.19	-5.81	-5.83	SAR	3.7513	0.00	0.20	Gold	2,045.80	6.50
5-Year	3.65	-5.12	-2.64	EUR	1.0899	0.22	1.80	Silver	24.11	-4.29
7-Year	3.60	-4.29	-0.63	GBP	1.2638	0.15	4.59	Copper	383.70	0.87
10-Year	3.61	-3.39	1.49	JPY	141.8200	0.76	-7.54	Nat. Gas	2.37	-53.67
30-Year	3.46	-3.24	7.89	CNH	7.1444	-0.08	-3.11	Aluminum	2,098.10	-14.62

US Treasuries			UK Gilts		German Bunds	
Yield %	1D Δ (%)		Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.37	0.11	4.35	0.25	3.24	0.05
5-Year	3.92	0.22	3.87	0.65	2.19	0.17
10-Year	3.99	0.24	3.82	1.01	2.12	0.39
30-Year	4.15	0.47	4.33	2.15	2.34	1.07

## 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	14-Dec 2023	31-Dec 2022
Kuwait	37.96	39.45
KSA	51.56	60.05
Abu Dhabi	41.15	43.90
Dubai	61.16	74.01
Qatar	43.46	46.55
Bahrain	213.73	224.63
Oman	122.66	185.75
Iraq	435.71	421.67
Egypt	NA	NA
Morocco	125.88	143.12
Turkey	315.42	506.65
US	45.26	22.82
UK	34.55	25.54
China	58.12	71.08
Japan	23.90	23.60
Germany	15.79	17.15
France	21.97	24.94