

## News Updates

**Analyzing Inflation Surge in Kuwait** – Kuwait’s consumer price index (inflation) on an annual basis grew by 3.79% last November, according to the Kuwait Central Statistical Bureau (KCSB). The hike on an annual basis was due to the increase of prices of all main groups that influence the movement of key indices, particularly food, education, and clothing. The record number of the first group (food and beverages) went up by 5.81% last November, compared to the same month in 2022, while the price index of the second group (cigarettes and tobacco) slightly rose by 0.22% on an annual basis. The consumer price index (inflation), excluding food and beverages, recorded a hike of 3.38% in November on an annual basis. *(Source: Arab Times)*

**For Much of the World, Inflation Will be Normal in 2024** – Inflation around the globe is slowing way faster than expected. Goldman Sachs economists’ estimate that core inflation, which includes food and energy, in a group of economies that experienced post-Covid inflation surge (the U.S., Europe and several emerging markets) ran at a 2.2% annualized pace over the three months ended November. By the end of 2024, average inflation among that group should be at or near the inflation targets of most major central banks. Michael Saunders, senior adviser at Oxford Economics, expects inflation to reach 1.3% in the fourth quarter of next year in the euro area, and 2.7% in the UK, while U.S. inflation will fall to 2.2% as measured by the Federal Reserve’s preferred personal consumption expenditures price index. The Fed, European Central Bank and the Bank of England all target inflation of 2.0%. *(Source: Wall Street Journal)*

**Bond Investors May Be Betting Too Aggressively on 2024 Rate Cuts, Says BlackRock** – A year-end rally in U.S. government bonds has potentially limited further gains in some Treasury maturities, said Rick Rieder, chief investment officer of global fixed income at BlackRock (BLK.N), the world’s largest asset manager. But market bets that the Fed will trim rates by 150 basis points starting as soon as March are overdone. The Fed’s economic projections, published earlier this month, projected 75 basis points of interest rate cuts next year. "To achieve what the market is pricing in, you'd have to have a pretty significant deterioration in some of the indicators like labor, and we don't we don't anticipate that," he said. "I think there's been this persistent skepticism about the U.S. economy, which I think is overdone." Rieder believes that Treasuries at the extreme short and long ends of the yield curve are unlikely to see more meaningful gains after their rapid appreciation of the last several months. *(Source: Reuters)*

## GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.15	0.12	KSA	2027	4.44	1.57
Abu Dhabi	2031	4.08	2.80	KSA	2032	4.51	0.58
Abu Dhabi	2050	4.96	-1.37	KSA	2050	5.43	-1.03
Bahrain	2028	5.74	2.87	Oman	2027	5.02	2.88
Bahrain	2032	6.64	4.27	Oman	2032	5.30	4.90
Bahrain	2051	7.71	5.19	Oman	2051	6.32	11.57
Dubai	2029	4.34	0.59	Qatar	2026	3.98	0.62
Dubai	2050	5.65	4.39	Qatar	2030	4.12	-2.16
Kuwait	2027	4.16	-1.82	Qatar	2050	4.91	0.56

## Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.22	8.08	0.00	5.74
S&P MENA Bond and Sukuk Index	4.99	NA	0.09	4.89
Bloomberg Emerging Markets USD Index	7.07	6.80	-0.01	8.70
Bloomberg Global Aggregate Index	3.54	7.42	0.01	5.20

## Interbank Rates (%)

	3 Months		6 Months		12 Months	
	25/12/2023	31/12/2022	25/12/2023	31/12/2022	25/12/2023	31/12/2022
KIBOR	4.31	4.00	4.50	4.25	4.75	4.56
SAIBOR	6.29	5.34	6.08	5.60	6.01	5.87
BHIBOR	6.50	6.14	6.49	6.27	6.53	6.55
QATAR	6.00	5.28	6.10	5.42	6.25	5.58
AEIBOR	5.48	4.31	5.39	4.94	5.29	5.04
EURIBOR	3.93	2.13	3.90	2.69	3.58	3.29
LIBOR	5.61	4.77	5.62	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	4.77	-3.32	-2.61	KWD	0.3090	0.06	-0.87	Crude Oil	79.07	-2.04
2-Year	4.10	-2.75	-7.70	SAR	3.7510	0.01	0.20	Gold	2,069.10	7.72
5-Year	3.57	0.00	-4.68	EUR	1.1013	-0.05	2.83	Silver	24.57	-2.46
7-Year	3.52	0.85	-3.02	GBP	1.2690	-0.11	5.00	Copper	390.50	2.66
10-Year	3.51	1.52	-1.31	JPY	142.2600	0.13	-7.81	Nat. Gas	2.61	-48.95
30-Year	3.36	2.86	4.60	CNH	7.1424	0.19	-3.06	Aluminum	2,298.00	-6.81

	US Treasuries		UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.32	0.00	4.00	0.03	3.09	0.02
5-Year	3.87	0.00	3.44	0.12	1.93	0.11
10-Year	3.89	0.01	3.50	0.17	1.92	-0.09
30-Year	4.05	0.02	4.06	0.27	2.20	-0.71

## 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	25-Dec 2023	31-Dec 2022
Kuwait	35.99	39.45
KSA	50.15	60.05
Abu Dhabi	39.65	43.90
Dubai	61.14	74.01
Qatar	43.28	46.55
Bahrain	198.28	224.63
Oman	112.68	185.75
Iraq	411.43	421.67
Egypt	NA	NA
Morocco	108.00	143.12
Turkey	279.95	506.65
US	45.35	22.82
UK	33.94	25.54
China	58.87	71.08
Japan	23.41	23.60
Germany	15.64	17.15
France	22.23	24.94