

News Updates

UAE: Loan, Credit Card Interest Rates Set to Drop – Analysts say interest rates charged on personal loans, mortgages, car financing and credit cards are set to decline next year as the US Federal Reserve and the Central Bank of the UAE (CBUAE) will cut rates amidst a drop in inflation in the world’s largest economy. The UAE has pegged its currency to the US dollar. As a result, the central bank tends to mirror the Fed’s stance on monetary policy. Therefore, whenever the Fed will cut rates next year, it’s expected the UAE will follow suit. Steven Rees, head of investments for the Middle East and North Africa at JP Morgan Private Bank, said the US policymakers are now penciling in more rate cuts than expected at 75bps in total next year, supported by a rosy picture of an economy that can avoid a recession. *(Source: Zawya)*

UAE Central Bank Raises 2024 Economy Growth Forecast to 5.7% – The Central Bank of the UAE (CBUAE) has revised the country's 2024 growth projection from 4.3% to 5.7% as OPEC+ announced significant increases in oil production next year, the apex bank said in its latest Quarterly Economic Review report. However, the CBUAE has revised its growth projections for 2023 from 3.3% to 3.1%, largely reflecting the extension of oil production cuts through the end of the year. In the first week of December, OPEC+ oil producers agreed to voluntary output cuts totaling about 2.2 million barrels per day (bpd) for the first quarter of 2024, led by Saudi Arabia rolling over its current voluntary cut. The UAE also agreed to lower output by 163,000 bpd next year, from January until the end of March. According to the CBUAE, oil GDP is expected to contract in 2023 by 3.4% in 2022, as production cuts are forecast to be in place until the end of 2023. The oil GDP growth will likely rebound to 8.1% in 2024, as production resumes in 2024 based on the latest OPEC+ agreement. *(Source: Zawya)*

Gold Gains on Prospects of Fed Cuts Next Year – Gold prices inched higher in holiday-thinned trade, helped by a weaker U.S. dollar and lower bond yields on rising prospects of interest rate cuts by the Federal Reserve as early as March next year. Spot gold was up 0.2% at \$2,056.80 per ounce and U.S. gold futures were steady at \$2,068.60 per ounce. Traders are now pricing in an 88% chance for a rate cut by the U.S. central bank in March, according to the CME FedWatch tool. *(Source: Zawya)*

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	5.71	2.96	Oman	2027	5.02	2.88
Bahrain	2032	6.65	4.32	Oman	2032	5.35	4.57
Bahrain	2051	7.71	5.19	Oman	2051	6.34	11.45
Dubai	2029	4.40	0.43	Qatar	2026	3.98	0.62
Dubai	2050	5.66	4.76	Qatar	2030	4.12	-2.16
Kuwait	2027	4.15	-1.79	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	0.00	8.70
Bloomberg Global Aggregate Index	3.54	7.42	0.01	5.22

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	26/12/2023	31/12/2022	26/12/2023	31/12/2022	26/12/2023	31/12/2022
KIBOR	4.31	4.00	4.50	4.25	4.75	4.56
SAIBOR	6.31	5.34	6.08	5.60	6.09	5.87
BHIBOR	6.51	6.14	6.47	6.27	6.49	6.55
QATAR	6.25	5.28	6.25	5.42	6.50	5.58
AEIBOR	5.49	4.31	5.38	4.94	5.30	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
1-Year	4.77	-0.01	-2.6	KWD	0.3090	0.06	-0.87	Crude Oil	79.17
2-Year	4.11	0.79	-7.5	SAR	3.7512	0.00	0.20	Gold	2,075.10
5-Year	3.57	-0.33	-4.8	EUR	1.1024	0.15	2.98	Silver	24.66
7-Year	3.51	-0.90	-3.3	GBP	1.2709	0.15	5.18	Copper	391.90
10-Year	3.50	-1.37	-1.7	JPY	142.2500	0.08	-7.82	Nat. Gas	2.50
30-Year	3.33	-2.45	3.8	CNH	7.1493	-0.03	-3.18	Aluminum	2,298.00

US Treasuries			UK Gilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
2-Year	4.34	-0.02	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	0.09	3.50	0.17	1.92	-0.09
30-Year	4.03	0.40	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	26-Dec 2023	31-Dec 2022
Kuwait	35.98	39.45
KSA	50.44	60.05
Abu Dhabi	39.65	43.90
Dubai	61.25	74.01
Qatar	43.82	46.55
Bahrain	198.28	224.63
Oman	112.68	185.75
Iraq	413.55	421.67
Egypt	NA	NA
Morocco	108.00	143.12
Turkey	280.06	506.65
US	45.16	22.82
UK	33.83	25.54
China	58.91	71.08
Japan	23.41	23.60
Germany	15.74	17.15
France	22.31	24.94