

News Updates

Biden, McCarthy Forge Debt-Limit Deal in Bid to Avert US Default

– White House and Republican negotiators reached a tentative deal late Saturday to raise the US debt ceiling and avert a default that threatened to send tremors through the global economy. President Joe Biden and House Speaker Kevin McCarthy must now shepherd the framework to final legislative passage over the objections of hardliners in both parties. McCarthy said he will talk with Biden again on Sunday and line the bill up for a vote on Wednesday. There’s little margin for error, with Treasury Secretary Janet Yellen warning that an extension must be finalized by June 5 to avoid a historic default that would send borrowing costs soaring. The deal includes a two-year appropriations agreement that keeps non-defense spending roughly flat with current levels, a person familiar with the deal said, speaking on condition of anonymity.

Oil ticks up amid OPEC+ supply cut uncertainty – Oil prices ticked up on Friday, as the market weighed conflicting messages on supply from Russia and Saudi Arabia ahead of the next OPEC+ policy meeting. Brent crude was up 54 cents at \$76.80 a barrel at 1159 GMT, while U.S. West Texas Intermediate rose 67 cents to \$72.50 a barrel. Benchmarks had settled more than \$2 per barrel lower on Thursday, after Russian Deputy Prime Minister Alexander Novak played down the prospect of further OPEC+ production cuts at its meeting in Vienna on June 4. Both prices were still poised to post a second week of gains. A deal to raise the U.S. debt ceiling, which appears in sight, would likely boost oil prices.

S&P Affirms Bahrain At 'B+/B'; Outlook Remains Positive – Bahrain's long-term foreign currency debt rating was affirmed by S&P at B+. Outlook remains positive. Moody's rates Bahrain’s foreign issuer rating at B2u with stable outlook while Fitch long-term foreign currency debt rating is at B+, outlook stable.

GCC Sovereign Yields

| Sovereigns | Maturity | Yield % | Price Δ (YTD %) | Sovereigns | Maturity | Yield % | Price Δ (YTD %) |
|------------|----------|---------|-----------------|------------|----------|---------|-----------------|
| Abu Dhabi | 2027 | 4.28 | -0.77 | KSA | 2027 | 4.41 | 0.73 |
| Abu Dhabi | 2031 | 4.20 | 0.71 | KSA | 2032 | 4.60 | -0.79 |
| Abu Dhabi | 2050 | 5.02 | -2.63 | KSA | 2050 | 5.57 | -3.12 |
| Bahrain | 2028 | 6.31 | -0.24 | Oman | 2027 | 5.79 | 0.32 |
| Bahrain | 2032 | 7.32 | -0.98 | Oman | 2032 | 6.03 | 0.25 |
| Bahrain | 2051 | 8.55 | -4.67 | Oman | 2051 | 7.24 | -0.22 |
| Dubai | 2029 | 4.22 | 1.53 | Qatar | 2026 | 4.28 | 0.23 |
| Dubai | 2050 | 5.95 | -1.34 | Qatar | 2030 | 4.21 | -0.60 |
| Kuwait | 2027 | 4.09 | -1.98 | Qatar | 2050 | 5.08 | -2.08 |

Bonds and Sukuk Indices

| Index Name | Yield % | Duration (yrs) | 1D Δ (%) | YTD Δ (%) |
|--------------------------------------|---------|----------------|----------|-----------|
| Bloomberg GCC FI Index | 5.34 | 8.08 | -0.21 | 1.42 |
| S&P MENA Bond and Sukuk Index | 5.08 | NA | -0.30 | 1.15 |
| Bloomberg Emerging Markets USD Index | 7.68 | 6.80 | 0.00 | 1.02 |
| Bloomberg Global Aggregate Index | 3.82 | 7.42 | -0.18 | 0.48 |

Interbank Rates (%)

| | 3 Months | | 6 Months | | 12 Months | |
|---------|------------|------------|------------|------------|------------|------------|
| | 28/05/2023 | 31/12/2022 | 28/05/2023 | 31/12/2022 | 28/05/2023 | 31/12/2022 |
| KIBOR | 4.2500 | 4.0000 | 4.4375 | 4.2500 | 4.6875 | 4.5625 |
| SAIBOR | 5.8798 | 5.3404 | 5.8270 | 5.5978 | 5.7743 | 5.8697 |
| BHIBOR | 6.5283 | 6.1417 | 6.5217 | 6.2675 | 6.4912 | 6.5529 |
| QATAR | 5.9250 | 5.2833 | 5.9500 | 5.4167 | 6.0000 | 5.5833 |
| AEIBOR | 5.1397 | 4.3095 | 5.3510 | 4.9399 | 5.1783 | 5.0421 |
| EURIBOR | 3.4620 | 2.1320 | 3.7600 | 2.6930 | 3.9550 | 3.2910 |
| LIBOR | 5.4757 | 4.7673 | 5.5810 | 5.1389 | 5.6603 | 5.4821 |

| USD Swap Rates | | | | Currencies | | | Commodities | | |
|----------------|---------|------------|-----------|------------|----------|------------|-------------|-----------|----------|
| | Yield % | 1D Δ (bps) | YTD Δ (%) | | USD | 1D Δ (bps) | YTD Δ (%) | | USD |
| 1-Year | 5.4300 | 0.65 | 6.1 | KWD | 0.3074 | -0.0651 | -0.34 | Crude Oil | 76.95 |
| 2-Year | 4.7554 | 1.61 | 1.0 | SAR | 3.7505 | -0.0053 | 0.21 | Gold | 1,963.10 |
| 5-Year | 4.0160 | 0.27 | -0.2 | EUR | 1.0735 | -0.0186 | 0.17 | Silver | 23.36 |
| 7-Year | 3.8903 | -0.70 | -0.3 | GBP | 1.2357 | 0.1867 | 2.16 | Copper | 368.20 |
| 10-Year | 3.8334 | -1.18 | -0.1 | JPY | 140.7200 | -0.3841 | -6.74 | Nat. Gas | 2.42 |
| 30-Year | 3.5490 | -3.13 | 1.7 | CNH | 7.0859 | 0.2545 | -2.15 | Aluminum | 2,223.00 |

| US Treasuries | | | UK Gilts | | German Bunds | |
|---------------|---------|----------|----------|----------|--------------|----------|
| | Yield % | 1D Δ (%) | Yield % | 1D Δ (%) | Yield % | 1D Δ (%) |
| 2-Year | 4.56 | -0.05 | 4.46 | 0.14 | 3.00 | -0.04 |
| 5-Year | 3.93 | -0.06 | 4.26 | 0.23 | 2.56 | -0.09 |
| 10-Year | 3.80 | 0.18 | 4.33 | 0.29 | 2.50 | -0.12 |
| 30-Year | 3.96 | 0.59 | 4.63 | 0.10 | 2.67 | -0.17 |

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 | Ba2 | BB | BB |
| Egypt | B3 | 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 | 28-May 2023 | 31-Dec 2022 |
|-------------|-------------|-------------|
| Kuwait | 35.46 | 39.45 |
| KSA | 63.12 | 60.05 |
| Abu Dhabi | 40.03 | 43.90 |
| Dubai | 77.38 | 74.01 |
| Qatar | 40.63 | 46.55 |
| Bahrain | 262.19 | 224.63 |
| Oman | 161.08 | 185.75 |
| Iraq | 371.14 | 421.67 |
| Egypt | NA | NA |
| Morocco | 138.05 | 143.12 |
| Turkey | 659.26 | 506.65 |
| US | 51.57 | 22.82 |
| UK | 24.42 | 25.54 |
| China | 67.31 | 71.08 |
| Japan | 19.44 | 23.60 |
| Germany | 12.43 | 17.15 |
| France | 24.93 | 24.94 |