

News Updates

Traders Add Bets That Fed Will Skip Interest-Rate Cuts This Year –

Traders in the US interest-rates market have started to put on wagers that the Federal Reserve will refrain from cutting borrowing costs this year. With the economy proving resilient and progress on inflation having stalled, policymakers of late have been signaling that they expect to keep rates higher for longer. That’s had ripple effects across hedging instruments. Ahead of the May 1 Fed decision, traders have built positions in options linked to the Secured Overnight Financing Rate — which closely tracks the central bank’s benchmark — targeting a scenario where officials keep rates steady past December’s policy meeting. Some of the more aggressive bets have also hedged the possibility that the central bank will even deliver another hike in 2024.

(Source: Bloomberg)

Goldman Sachs Expects Egypt to Lower Interest Rates by 200bps

– Goldman Sachs expects Egypt to lower interest rates by 200 basis points (bps) in May, Asharq Business reported, citing a recent report by the bank. The investment banking firm also forecasts the North African country’s inflation rate to drop to 20% by end-2024. Furthermore, it projects the country’s debt instrument issuances to decline to EGP 240 billion monthly in the second quarter (Q2) of this year, compared to a monthly average of EGP 604 billion in Q1. On March 6th, the Central Bank of Egypt’s (CBE) Monetary Policy Committee (MPC) increased the interest rates by 600 basis points (bps) at its special meeting. *(Source: Zawya)*

Oil Holds Gain with Stockpile Data and Iran Sanctions in Focus –

Oil held a gain as a report showed lower US crude stockpiles, and traders weighed the possible fallout from fresh sanctions on Iran. Brent was steady above \$88 a barrel after climbing 1.6% on Tuesday, while West Texas Intermediate was near \$83. The American Petroleum Institute reported nationwide crude inventories fell by 3.2 million barrels last week, according to people familiar with the data. If confirmed by official figures later Wednesday, that would be the first drop in five weeks. Crude has climbed this year, lifted by supply cutbacks from OPEC+, as well as geopolitical risks in the Middle East and Russia. Traders are also weighing the outlook for US monetary policy, with slower US business activity growth being interpreted as bullish as it feeds into expectations for lower interest rates. Data on the Federal Reserve’s preferred inflation gauge is due later this week. *(Source: Bloomberg)*

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.94	-2.10	KSA	2027	5.24	-1.67
Abu Dhabi	2029	4.95	-3.85	KSA	2029	5.15	-3.29
Abu Dhabi	2031	4.96	-4.52	KSA	2032	5.29	-4.91
Abu Dhabi	2050	5.58	-8.96	KSA	2050	5.99	-8.06
Bahrain	2028	6.31	-1.85	Oman	2027	5.84	-2.28
Bahrain	2031	6.82	-1.51	Oman	2031	5.97	-3.87
Bahrain	2051	7.94	-3.53	Oman	2051	6.73	-4.99
Dubai	2029	4.60	-1.17	Qatar	2028	4.85	-2.77
Dubai	2050	6.11	-6.44	Qatar	2030	4.81	-4.40
Kuwait	2027	5.02	-2.18	Qatar	2050	5.56	-9.58

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.75	6.39	0.15	-2.33
S&P MENA Bond and Sukuk Index	5.58	7.04	0.11	-2.78
Bloomberg Emerging Markets USD Index	7.36	5.86	0.20	0.13
Bloomberg Global Aggregate Index	3.98	6.52	0.23	-4.07

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	24/04/2024	31/12/2023	24/04/2024	31/12/2023	24/04/2024	31/12/2023
KIBOR	4.31	4.00	4.50	4.25	4.69	4.56
SAIBOR	6.23	5.34	6.02	5.60	5.92	5.87
BHIBOR	6.35	6.14	6.36	6.27	6.39	6.55
QATAR	6.00	5.28	6.10	5.42	6.25	5.58
AEIBOR	5.10	4.31	5.16	4.94	5.43	5.04
EURIBOR	3.89	2.13	3.85	2.69	3.73	3.29
LIBOR	5.58	4.77	5.73	5.14	6.04	5.48
SOFR	5.32	5.33	5.30	5.16	5.21	4.77

	USD Swap Rates				Currencies				Commodities		
	Yield %	1D Δ (bps)	YTD Δ (%)		USD	1D Δ (bps)	YTD Δ (%)		USD	YTD Δ (%)	
1-Year	5.20	1.38	9.3	KWD	0.3073	-0.0098	0.55	Crude Oil	88.50	15.47	
2-Year	4.86	2.11	19.5	SAR	3.7509	0.0053	-0.02	Gold	2,338.10	10.74	
5-Year	4.40	1.95	24.6	EUR	1.0704	0.0280	-3.03	Silver	27.66	12.67	
7-Year	4.30	1.80	23.7	GBP	1.2455	0.0482	-2.17	Copper	449.60	14.49	
10-Year	4.24	1.68	22.2	JPY	154.8800	-0.0258	-8.93	Nat. Gas	1.81	-23.73	
30-Year	3.97	1.02	19.8	CNH	7.2602	0.0055	-1.85	Aluminum	2,560.59	6.15	

	US Treasuries		UK Giltis		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
1-Year	5.12	-0.02	4.62	-0.02	NA	NA
2-Year	4.93	-0.03	4.34	-0.04	3.53	0.00
5-Year	4.65	-0.08	4.12	-0.16	2.59	0.00
10-Year	4.62	-0.12	4.24	-0.29	2.44	0.00
30-Year	4.74	-0.13	4.71	-0.52	2.64	0.00

	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	Aa2	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

	24-Apr 2024	31-Dec 2023
USD 5Yr CDS		
Kuwait	52.01	35.96
KSA	55.06	50.21
Abu Dhabi	44.11	39.60
Dubai	65.17	60.36
Qatar	44.81	43.52
Bahrain	187.68	198.10
Oman	101.16	112.12
Iraq	385.24	411.62
Egypt	NA	NA
Morocco	87.61	109.36
Turkey	305.75	279.01
US	38.35	45.19
UK	24.62	33.74
China	68.73	59.80
Japan	21.71	22.74
Germany	7.94	15.61
France	22.93	22.94