

News Update

Fitch revises Oman’s outlook to ‘positive’ as finances improve– Global credit ratings agency Fitch has revised its outlook on Oman to “positive” from “stable”, while affirming the issuer default rating (IDR) at “BB+”, citing improvement in finances. Oman has continued to post lower debt, accumulated net sovereign assets and demonstrated fiscal prudence, the agency said on Wednesday. Fitch expects the sultanate’s budget surplus to narrow to 0.7% of the gross domestic product (GDP) next year, followed by a 0.2% minor deficit a year after. The government debt-to-GDP ratio is poised to trend downwards to 34% by the end of the year and 33.3% by 2026, from 37.5% at end-2023 and 68% in 2020, while external debt is likely to shrink to \$26.6 billion (24% of GDP).

Gulf Central Banks Follow Fed’s Rate Cut to Maintain Dollar Pegs– Gulf central banks including Saudi Arabia and the United Arab Emirates followed the Federal Reserve’s final decision of the year, cutting interest rates by 25 basis points on Wednesday as they seek to maintain their currencies’ peg to the US dollar. Policymakers in the region usually have little room to maneuver due to the greenback-pegging policy and tend to move in lockstep with the US central bank decisions. Though, cost pressures in the Gulf have been relatively muted in comparison to the US. “With today’s action, we have lowered our policy rate by a full percentage point from its peak and our policy stance is now significantly less restrictive,” Fed Chair Jerome Powell told reporters in a press conference following the Fed’s decision. The UAE cut the Base Rate by 25 bps to 4.40%, Saudi Arabia cut Repurchase Agreement (Repo) rate by 25 bps to 5%, Qatar slashed the deposit rate by 30 bps to 4.60%, Bahrain cut the overnight deposit rate by 25 bps to 5%, Oman reduced Repo rate for local banks by 25 bps to 5%

Oil Falls as Dollar Surges on Fed Outlook for Fewer Rate Cuts– Oil fell as expectations for fewer interest-rate cuts by the Federal Reserve next year boosted the dollar. Brent crude fell to near \$73 a barrel while West Texas Intermediate traded around \$70. Fed officials lowered borrowing costs as expected on Wednesday, but reined in the number of reductions they expect to make in 2025. The dollar rallied to its strongest level in more than two years, making commodities more expensive for most buyers. Crude had risen on Wednesday after US nationwide inventories fell for a fourth week. Prices have been stuck in a fairly narrow range since the middle of October, with traders weighing a lackluster Chinese demand outlook and surging production from outside OPEC+ against geopolitical risks and the chance President-elect Donald Trump will move to restrict Iranian supply.

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A number of sources which include Bloomberg, Zawya, and daily newspapers were utilized in the creation of this report.

GCC Sovereign Yields

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	4.51	0.04	KSA	2027	4.56	1.27
Abu Dhabi	2029	4.60	-1.04	KSA	2029	4.82	-1.69
Abu Dhabi	2031	4.71	-1.37	KSA	2032	5.04	-2.24
Abu Dhabi	2050	5.43	-6.80	KSA	2050	5.86	-6.52
Bahrain	2028	6.00	0.18	Oman	2027	5.33	-1.20
Bahrain	2031	6.42	1.32	Oman	2031	5.42	-1.39
Bahrain	2051	7.52	1.50	Oman	2051	6.34	-0.29
Dubai	2029	4.50	-1.02	Qatar	2028	4.43	-1.44
Dubai	2050	4.77	4.82	Qatar	2030	4.51	-4.93
Kuwait	2027	5.50	-2.40	Qatar	2050	5.34	-6.62

Bonds and Sukuk Indices

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	5.36	6.51	-0.01	3.10
S&P MENA Bond and Sukuk Index	5.21	6.86	-0.09	2.21
Bloomberg Emerging Markets USD Index	6.64	5.98	-0.35	7.15
Bloomberg Global Aggregate Index	3.65	6.54	-0.43	-0.92

Interbank Rates (%)

	3 Months		6 Months		12 Months	
	19/12/2024	31/12/2023	19/12/2024	31/12/2023	19/12/2024	31/12/2023
KIBOR	4.00	4.00	4.19	4.25	4.38	4.56
SAIBOR	5.80	5.34	5.43	5.60	5.15	5.87
BHIBOR	5.81	6.14	5.65	6.27	5.53	6.55
QATAR	4.90	5.28	4.80	5.42	4.75	5.58
AEIBOR	4.38	4.31	4.34	4.94	4.31	5.04
EURIBOR	2.87	2.13	2.66	2.69	2.47	3.29
LIBOR	4.85	4.77	4.68	5.14	6.04	5.48
SOFR	4.35	5.33	4.28	5.16	4.19	4.77

	USD Swap Rates			Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)		
1-Year	4.26	-1.11	-10.4	KWD	0.3073	-0.0098	0.55	Crude Oil	72.98	-1.90
2-Year	4.18	-0.89	2.7	SAR	3.7575	0.0133	-0.19	Gold	2,618.30	20.37
5-Year	4.07	0.29	15.3	EUR	1.0381	0.2705	-5.96	Silver	29.86	18.13
7-Year	4.04	0.65	16.2	GBP	1.2588	0.1034	-1.13	Copper	408.30	3.18
10-Year	4.03	0.98	16.1	JPY	155.3100	-0.3220	-9.18	Nat. Gas	3.45	-9.34
30-Year	3.85	1.52	16.2	CNH	7.3125	0.1723	-2.55	Aluminum	2,502.62	-0.25

Yield Curves	US Treasuries		UK Guilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
1-Year	4.26	-0.03	4.64	0.01	NA	NA
2-Year	4.35	0.02	4.45	-0.02	2.02	0.00
5-Year	4.41	-0.01	4.39	-0.09	1.92	0.00
10-Year	4.52	-0.06	4.56	-0.26	2.11	0.00
30-Year	4.69	-0.19	5.06	-0.23	2.46	0.00

	Sovereign Ratings		
	Moody’s	S&P	Fitch
Kuwait	A1	A+	AA-
KSA	Aa3	Au	A+
UAE	Aa2	NR	AA-
Abu Dhabi	Aa2	AA	AA
Qatar	Aa2	AA	AA
Bahrain	B2	B+	B+
Oman	Ba1	BBB-	BB+
Egypt	Caa1	B-	B
Lebanon	C	SD	WD
Jordan	Ba3	BB-	BB-
Turkey	B1	BB-u	BB-
Tunisia	Caa2	NR	CCC+
Morocco	Ba1	BB+	BB+u
US	Aaa	AA+u	AA+u
UK	Aa3	AAu	AA-u
China	A1	A+	A+u

	19-Dec 2024	31-Dec 2023
USD 5Yr CDS		
Kuwait	55.06	35.96
KSA	60.96	50.21
Abu Dhabi	39.71	39.60
Dubai	57.38	60.36
Qatar	40.65	43.52
Bahrain	180.82	198.10
Oman	96.67	112.12
Iraq	253.08	411.62
Egypt	NA	NA
Morocco	91.24	109.36
Turkey	249.51	279.01
US	29.68	45.19
UK	19.61	33.74
China	63.80	59.80
Japan	19.05	22.74
Germany	12.02	15.61
France	36.26	22.94