

**News Update**

**Fed Must Decide if Quarter Pont Cut Will be Enough for Workers –**

The Federal Reserve is set to begin unwinding its tightening campaign this month as inflation cools and the labor market slows. The big question policymakers now face is whether a small interest-rate cut will be enough to keep the economy in expansion mode. The monthly jobs report Friday showed the pace of hiring in the US moderated over the last three months to the slowest since the onset of the pandemic in 2020. Even so, the numbers left investors skeptical as to whether Fed officials would opt for an outsize rate cut at their Sept. 17-18 meeting. The release sets the table for a heated debate between those like Fed Chair Jerome Powell, who is open to a larger cut to ensure the central bank doesn't fall behind the curve, and other officials who “are still waffling on a quarter point,” according to Diane Swonk, chief economist at KPMG. The stakes are high. Under Powell, the Fed made the mistake of moving too late to quash the worst bout of inflation since the early 1980s, undermining the buying power of American households. If they are too slow this time, they might drive up unemployment and tip the economy into recession.

**Traders See Fed Starting with 25 bps Cut in September –** Traders priced in a quarter-point Federal Reserve interest-rate cut this month, with a bigger move expected at its next meeting, after Fed Governor Christopher Waller said recent labor market data shows it is time to cut rates and said he could support a bigger rate cut if the data warrant it. Traders see a 70% chance of a quarter-point move this month based on rate-future prices and are pricing in a Fed policy rate range of 4.5%-4.75% by the Fed's November meeting. The policy rate has been in the 5.25%-5.50% range for more than a year.

**Citigroup Warns: Oil to \$60 a barrel in 2025 –**In light of the disappointing growth in Chinese demand for oil, along with growing supplies from countries outside the OPEC Plus alliance, the general sentiment in the markets turned negative towards oil prices, especially the decline in oil prices with the expectation that the alliance will start exiting its previous cuts and raising its production in early October. Citigroup predicted that the average price of oil will fall to \$60 a barrel in 2025 if the OPEC+ alliance does not cut production further, in light of weak demand and ample supplies from other countries. In a recent note, the U.S. lender said a rebound in oil prices is possible from a technical point of view, but the market could lose confidence in the coalition of petroleum exporting countries defending the \$70 a barrel price level if it does not pledge to extend current voluntary production cuts indefinitely.

**GCC Sovereign Yields**

Sovereigns	Maturity	Yield %	Price Δ (YTD %)	Sovereigns	Maturity	Yield %	Price Δ (YTD %)
Abu Dhabi	2027	3.84	1.54	KSA	2027	4.01	2.04
Abu Dhabi	2029	3.92	1.57	KSA	2029	4.27	0.50
Abu Dhabi	2031	4.03	2.01	KSA	2032	4.42	1.34
Abu Dhabi	2050	4.89	1.19	KSA	2050	5.34	0.37
Bahrain	2028	5.46	1.45	Oman	2027	4.79	0.22
Bahrain	2031	5.93	4.10	Oman	2031	4.96	1.21
Bahrain	2051	7.34	3.69	Oman	2051	6.07	3.22
Dubai	2029	4.18	0.62	Qatar	2028	3.92	0.37
Dubai	2050	5.45	3.48	Qatar	2030	3.94	-1.44
Kuwait	2027	4.07	0.60	Qatar	2050	4.86	0.34

**Bonds and Sukuk Indices**

Index Name	Yield %	Duration (yrs)	1D Δ (%)	YTD Δ (%)
Bloomberg GCC FI Index	4.92	6.75	0.33	4.84
S&P MENA Bond and Sukuk Index	4.72	7.20	0.38	4.58
Bloomberg Emerging Markets USD Index	6.43	6.16	0.12	6.85
Bloomberg Global Aggregate Index	3.34	6.64	0.41	3.12

**Interbank Rates (%)**

	3 Months		6 Months		12 Months	
	08/09/2024	31/12/2023	08/09/2024	31/12/2023	08/09/2024	31/12/2023
KIBOR	4.25	4.00	4.44	4.25	4.63	4.56
SAIBOR	5.99	5.34	5.81	5.60	5.55	5.87
BHIBOR	6.27	6.14	6.09	6.27	5.88	6.55
QATAR	6.00	5.28	6.10	5.42	6.25	5.58
AEIBOR	4.99	4.31	4.66	4.94	4.27	5.04
EURIBOR	3.47	2.13	3.35	2.69	3.03	3.29
LIBOR	5.20	4.77	5.02	5.14	6.04	5.48
SOFR	4.94	5.33	4.59	5.16	4.05	4.77

	USD Swap Rates			Currencies			Commodities			
	Yield %	1D Δ (bps)	YTD Δ (%)	USD	1D Δ (bps)	YTD Δ (%)	USD	YTD Δ (%)		
1-Year	3.98	-9.21	-16.4	KWD	0.3073	-0.0098	0.55	Crude Oil	71.06	-5.61
2-Year	3.44	-10.41	-15.4	SAR	3.7538	0.0027	-0.10	Gold	2,524.60	16.87
5-Year	3.18	-5.70	-9.9	EUR	1.1089	-0.2430	0.41	Silver	28.18	12.66
7-Year	3.19	-3.90	-8.2	GBP	1.3136	-0.3869	3.13	Copper	407.35	3.07
10-Year	3.25	-2.35	-6.6	JPY	142.4000	0.8082	-0.89	Nat. Gas	2.28	-17.03
30-Year	3.20	-0.14	-3.5	CNH	7.1005	-0.0691	0.44	Aluminum	2,324.04	-5.79

	US Treasuries		UK Guilts		German Bunds	
	Yield %	1D Δ (%)	Yield %	1D Δ (%)	Yield %	1D Δ (%)
1-Year	4.09	-0.10	4.30	0.05	NA	NA
2-Year	3.65	0.19	3.95	0.10	3.18	0.00
5-Year	3.49	0.24	3.77	0.15	2.02	0.17
10-Year	3.71	0.16	3.88	0.22	2.05	0.29
30-Year	4.02	0.05	4.43	0.18	2.43	0.36

	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	WD
Jordan	Ba3	BB-	BB-
Turkey	B1	B+u	BB-
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	08-Sep 2024	31-Dec 2023
Kuwait	58.04	35.96
KSA	54.13	50.21
Abu Dhabi	36.96	39.60
Dubai	56.17	60.36
Qatar	36.87	43.52
Bahrain	160.54	198.10
Oman	87.46	112.12
Iraq	376.00	411.62
Egypt	NA	NA
Morocco	78.14	109.36
Turkey	278.24	279.01
US	34.48	45.19
UK	20.10	33.74
China	59.38	59.80
Japan	19.21	22.74
Germany	8.00	15.61
France	27.76	22.94

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