MENA DAILY UPDATE

Market Developments

- MENA bond markets remained under pressure during yesterday's trading session, continuing to lose momentum amidst Coronavirus fears and the drop in oil prices. CDS spreads expanded across the region.
- In Abu Dhabi, prices of ADGB'24 and '29 fell by up to 3.38 pts, and ADNOC'29 traded down by 1.69 pt. On the other hand, Etisalat'24 and Taqa'26 closed up by 0.16 pt and 0.13 pt respectively. In the financial space, Al Hilal'23 and FGB'24 saw price rises of up to 0.18 pt. In Dubai, DUGB'29 closed down by 5.40 pts, and prices of Emaar'30 and Emirates Airline'28 decreased by up to 1.77 pt.
- In the Qatari credit space, prices of Qatar'24 and '29 dropped by up to 3.25 pts. Furthermore, Qtel'25 and Commercial Bank of Qatar'23 closed down by 0.19 pt and 0.29 pt respectively. In Saudi Arabia, prices of KSA'25 and '30 fell by up to 3.88 pts. SABIC'28 and SECO'24 traded down by 1.76 pt and 0.89 pt respectively. Elsewhere in the region, prices of Egypt'23 to '40 contracted by up to 9.50 pts.

New Issues/Ratings

- Standard & Poor's (S&P) downgraded Lebanon's foreign currency ratings to "selective default" and warned that talks on restructuring of the debt could be complicated and drawn out. Citing critically low foreign currency reserves, Lebanon said on Saturday it could not meet upcoming debt payments, setting the stage for a default on a Eurobond that was due on March 9. The rating agency said it would most likely remove the ratings from "selective default" once any debt exchange or restructuring agreement between Lebanon and its creditors became effective. The report noted that restructuring negotiations could be complicated because it did not expect funding from the IMF that could provide a policy anchor and encourage support from other international donors.
- Capital Intelligence (CI) affirmed the Long-Term Foreign Currency Rating (LT FCR) and Short-term Foreign Currency Rating (ST FCR) of Jordan Kuwait Bank (JKB) at "B+" and "B", respectively. At the same time, CI affirmed the bank's Standalone Rating (BSR) of "b+", and Core Financial Strength (CFS) rating of "bb+".

Data Release

- The value of exports through Abu Dhabi ports increased by 7.7% from AED 28.7 billion in Q4 2018 to AED 30.9 billion in the same period of 2019, according to figures released by the Statistics Centre - Abu Dhabi. The business sector's exports grew by AED 1.5 billion (5.4% year-on-year); the government sector by AED 427.3 million (72.2% year-on-year); and the individual sector by 47.0% year-on-year.
- Kuwait's public revenues decreased by 14.5% on an annual basis in the 11-month period (April-February) to stand at KWD 15.7 billion as compared to KWD 18.4 billion, representing 99.6% of the KWD 15.81 billion estimated income for the full year 2019/2020. Furthermore, Kuwait's expenditures and commitments surged by 8.2% on an annual basis to KWD 16.0 billion in the covered period from KWD 14.7 billion, accounting for 71.1% of the KWD 22.5 billion expected for the full year 2019/2020.
- According to Capital Intelligence, Egypt's consumer price inflation is expected to continue its decline, reaching an annual average of 10% in FY20 and 7% in FY21.

In the News

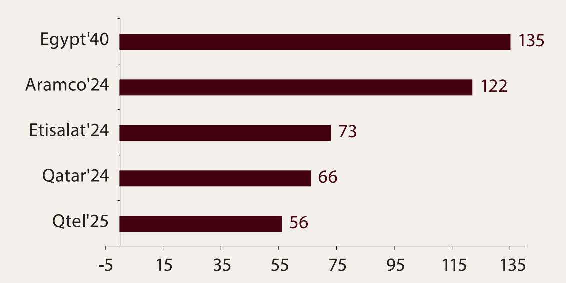
- Egypt's Central Bank is looking to cut interest rates in its upcoming meeting in April 2020 in attempt to resume the process of easing as fears of Coronavirus and the dropping inflation rate below target increase, according to Reuters.
- The Taweelah Independent Water Project, one of the largest desalination projects in the world and majority owned by the Abu Dhabi government, has obtained a sustainability linked loan certification with the loan valued at US$ 758 million with a 32.4 year tenor. The loan was closed in September of 2019.
- Saudi Arabia government has asked its State agencies to cut their budgets for 2020 in the range of 20% to 30%, and it is believed this comes as a result of the negative effects of the Coronavirus outbreak on the crude oil market, as per Reuters.
- The Crown Prince of Dubai announced an AED 1.5 billion (US$ 408 million) stimulus package aimed at supporting the retail, trade, tourism and energy sectors. The measures would cut costs for businesses and residents over the next three months.

MENA 5Y CDS SPREADS V/S INTERNATIONAL BENCHMARKS

in basis points	12-Mar-20	11-Mar-20	31-Dec-19	Daily Change	Year-to-date Change
Abu Dhabi	44	95	36	-51	8
Dubai	223	181	91	42	132
Kuwait	82	75	36	7	46
Qatar	138	110	37	28	101
Saudi Arabia	200	167	57	33	143
Bahrain	371	333	176	38	195
Morocco	135	130	92	5	43
Egypt	453	393	277	60	176
Lebanon	18,391	18,391	2,419	0	15,972
Iraq	743	782	387	-39	356
Middle East	2,078	2,066	361	12	1,717
Emerging Markets	241	241	148	0	93
Global	619	536	173	83	446

Sources: Bloomberg, Bank Audi's Group Research Department

REGIONAL BONDS YTD Z-SPREAD VARIATION (IN BPS)



Sources: Bloomberg, Bank Audi's Group Research Department

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