



Daily Credit Note

Wednesday 25th January 2012

News Headlines

- Saudi Arabian bank borrowing costs surged to the highest in almost three years on concern Europe's debt crisis may worsen, raising the cost of funding for businesses in the kingdom.
- France's efforts to sell the nation's first Islamic bonds and attract Shariah investors from the GCC are being hindered by Europe's debt crisis as borrowing costs rise.
- Crude traded below USD100 a barrel in New York as signs of rising U.S. stockpiles countered a report that showed gasoline demand rose last week in the country, the world's largest oil consumer.
- European Union foreign ministers agreed to ban oil imports from Iran starting July 1 as part of efforts to ratchet up pressure on the Gulf nation's nuclear program, the 27-nation bloc said in a statement.
- US Treasury yields were three basis points from a six-week high before Federal Reserve policy makers issue projections for borrowing costs for the first time.

Trading Colour

Good two-way flow was seen yesterday as some used the firmer levels to take profit whilst others can see this rally continuing. Higher yielding Kipco and Dar Al-Arkan have moved higher by about 25-50bps each, with bonds still difficult to come by. DIFC 12s and JAFZA 12s have both edged higher over the past few days, now trading with a 96 and 94 handle, respectively.

Dana Gas traded a couple of points lower as research suggested that it may restructure its Sukuk. The company reported on Jan 17th that they would meet all their debt obligations, however they have also appointed a financial advisor that will provide an update on 31st Jan, all moves on this name at the moment are purely speculative.

In the new issue space, Majid Al Futaim announced a Sukuk road show ahead of their expected USD 500mm issue, it should be completed by Monday 30 January 2012 and we would expect an issue immediately afterwards.

See our runs for daily indicative pricing.

Source: Bloomberg

Rates

5 Yr SWAP	1.225
3M LIBOR	0.559
6M LIBOR	0.712

Source: Bloomberg

Spot Forex - USD

JPY	77.935
EUR	1.3022
GBP	1.5606
CHF	0.9288
CAD	1.0111

Source: Bloomberg

CDS Levels

	Bid	Ask
Abu Dhabi	138.06	143.06
Dubai	435.84	450.84
Bahrain	399.00	441.00
Saudi Arabia	138.42	144.06
Qatar	138.00	143.36

Source: Bloomberg



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