



In the News

Pound slides to lowest since 2010 after downgrade

Feb 25. Credit rating agency Moody's Investor Services downgraded the UK's sovereign bond rating from Aaa to Aa1, citing weakness in the nation's growth outlook and challenges to the government's fiscal consolidation program. The British finance minister George Osborne who promised to retain the country's top credit rating was criticized for failing to deliver economic growth. Mr Osborne remains keen on his austerity plan but the country may change its policy to reduce its debt burden in view of slower future economic growth. The British pound fell to the lowest level since July 2010 against the US dollar. ([Bloomberg](#), [Moody's](#), [Reuters](#))

Malaysia tops Persian Gulf on Sukuk

Feb 22. Malaysia has surpassed the Persian Gulf in the global Islamic bond market having underwritten 78% of global Sukuk issuances so far this year. This was partly due to a surge in government-backed debt issuances as the incumbent administration seeks a re-election this year. Islamic bond sales in Malaysia have reached USD 4.3bn in 2013, compared with USD 1.2bn in the Gulf Cooperation Council. Malaysia's state-owned infrastructure and energy companies are seeking to raise funds from Shariah-compliant bonds to build railways and power plants as part of the country's 10-year Economic Transformation Programme; a government initiative to transform Malaysia into a high-income nation by 2020. ([Business Times](#))

Eurozone banks reluctant to cut ECB lifeline

Feb 22. European banks have repaid less than expected in emergency funding provided by the European Central Bank (ECB). Banks will use a repayment window opening on February 27 to repay their three year loans provided by the ECB a year ago. So far only 356 Euro zone banks have offered to repay their emergency loans worth EUR 61.1 bn. According to a market observer, the amount of repayments together with the amount of excess liquidity constitute the health of the banking system and leading indicators to the end of the ECB's crisis fighting policy. ([DW](#))

Axiata's full year 2012 results were in line with expectations

Feb 22. Credit rating agency Moody's Investor Services said that Malaysia-based Axiata Group Berhad's 2012 results were within analysts' expectations. The company's rating stays at Baa2 and the agency maintains a stable outlook on the firm. The leading telecommunications operator's revenues grew by 7.3% YoY, albeit earnings margins (EBITDA, earnings before interest, taxes, depreciation and amortization) decreased to 42.1% for fiscal year 2012. Axiata also reported an improved debt to EBITDA ratio of 1.7x for 2012 from 1.6x a year ago. The company holds MYR 7.9bn of cash on its balance sheet. ([Moody's](#))

Kingdom's banks see good opportunity in home financing

Feb 22. Saudi Arabia is changing the current banking practice of extending loans based on salary assignments, or banks' automatic deductions from borrowers' salaries to repay home loans. The new mortgage law will transform traditional home financing in Saudi Arabia to property-secured lending, which analysts think will also sustain the current lending momentum to retail customers. Additionally, Saudi authorities have also planned to create state loan providers resembling Fannie Mae and Freddie Mac in the US to provide liquidity and stability to the underdeveloped mortgage market. ([Arab News](#))

Spain, France to miss debt goals as euro zone stays in recession

Feb 22. France, Portugal and Spain have indicated that they would need to seek more time from Brussels to attain their target deficit goals. The European Commission forecasted last week that the eurozone economy will decline 0.3% in 2013 and not achieve growth until at least 2014. Under EU budget rules, eurozone countries are liable to sanctions if they fail to meet their deficit objectives. Countries like Spain have found it difficult to raise fiscal revenues in the face of low economic growth and record high level of unemployment. ([Reuters](#))

Regulators want end of money fund fixed price

Feb 20. Policy makers from across the eurozone and the United States have urged for the switch from fixed pricing to a floating net asset value for money market funds as pressure builds on regulatory agencies to reduce the systemic risk posed by money funds. Such a move may make money market funds less susceptible to a rush of withdrawals, which may be what precipitated the effects of panic at the height of the credit crisis. However, analysts warned the possibility of “significant outflows in an absence of a smooth transition”, as investors search for alternative proxies for cash, such as bank deposits or short-term government securities. ([FT](#))

China clarifies regional bad debt buy-up rules

Feb 18. China has expounded on debt disposal treatment rules for non-performing loans of local governments from the country’s four systemically important banks. Local governments had accumulated up to CNY 10.7tr of bad debts by the end of 2010, which pose a large systemic risk to the financial industry. According to the rules, local governments are allowed to set up provincial asset management firms to purchase their non-performing loans, while four designated large asset management companies will purchase the bad assets of the banks. ([Reuters](#))

Cairn launches first European post-crisis packaged loans deal ([FT](#))

Hungarian corporate credit conditions set to ease, survey shows ([Bloomberg](#))

Cyprus debt crisis endangers other euro zone states ([RT](#))

Credit Suisse faces U.S. probe into mortgage products ([Reuters](#))

Junk-bond volatility gains in split with stocks ([Bloomberg](#))

Citigroup targets Europe as lenders stoke CMBS revival ([Bloomberg](#))

Singapore central bank to limit auto loans ([Reuters](#))

Junk bond froth leaks into emerging market debt ([Bloomberg](#))

Qatar Holding to seek credit rating, didn’t have debt last year ([Bloomberg](#))

US issuers in residential mortgage bond rush ([FT](#))

Tunisian prime minister resigns sparking credit rating downgrade ([The Guardian](#))

Mexico’s 2013 lending may rise up to 15%, banking group says ([Bloomberg](#))

Credit swaps in US rise; JPMorgan sells USD 2.5bn of bonds ([Bloomberg](#))

Energy companies lead most Won debt in four months as costs fall ([Bloomberg](#))