

IFR GULF CAPITAL MARKETS BRIEFING

■ OCTOBER 14 2013

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IPOS BOOKRUNNERS TO DATE 2013

Managing bank or group	No. of issues	Total US\$(m)	Share (%)
1 ANB Invest	1	240.0	32.5
2 HSBC Holdings	1	118.0	16.0
=2 Goldman Sachs	1	118.0	16.0
=2 Deutsche Bank	1	118.0	16.0
5 Riyadh Bank	1	97.2	13.2
6 Al Jazira Capital	1	28.0	3.8
7 Banque Saudi Fransi	1	14.0	1.9
8 Oman Arab Bank	1	6.3	0.9
Total	6	739.3	

IPOS BOOKRUNNERS 2012

Managing bank or group	No. of issues	Total US\$(m)	Share (%)
1 Saudi Fransi Capital	2	580.9	29.3
2 Sambacapital	2	508.7	25.7
3 Riyadh Bank Ltd	1	252.3	12.7
4 Deutsche Bank	2	251.5	12.7
5 Oman Arab Bank SAO	1	159.0	8.0
6 Bank Muscat SAOG	1	106.0	5.4
7 Natl Comml Bank Saudi Arabia	1	62.4	3.2
8 UBS	1	45.0	2.3
9 Alinma Bank	1	16.0	0.8
Total	11	1,981.8	

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***There will be no Gulf briefing tomorrow, October 15, due to Eid al-Adha. Briefings will resume as normal on Wednesday, October 16 ***

Despite a recent spate of bond deals from the Gulf, the pipeline for Gulf-based debt activity is comparatively thin, DCM bankers said today. However, a rush of deals over the past two weeks prompted some to believe that the Gulf DCM market is well and truly open. But most bankers feel that the issuers that came to market over the past few weeks were either debutantes or rare debt issuers, the type of borrowers that wanted to diversify their source of funding rather than achieve the best price possible.

Other would-be issuers may be more difficult to please. "People [in the last month] were just taking advantage of a small window that was there, but I can't see a particularly big pipeline coming up," one Dubai-based DCM banker said.

"Perhaps there will be a few more deals to get done by the end of the year, but fewer than what we would have hope for from a good year," he said.

Despite a bright start to 2013, there was more bond issuance by volume at this time last year from a higher number of deals. So far this year, there has been US\$25.57bn of bond issuance in international markets from 43 deals, compared with US\$28.36bn from 48 deals over the same period in 2012, according to Thomson Reuters data. In fact, last year bond issuance kicked on from that point and finished the year at US\$36.63bn from 60 deals. However, there is no guarantee that this will happen again.

"The ones who will most likely come to market are the high-grade repeat issuers who will do drive-by deals if the market is right," a second DCM banker said.

Prime candidates for issuance are GREs such as International Petroleum Investment Corporation and Mubadala, though there is no suggestion at this stage that either of them will come to market. Qatari banks are also looking at all avenues to raise funds ahead of a planned boost in infrastructure spending by the sovereign.

But assuming markets remain choppy for the rest of the year, as they have been in the last six months or so, 2013 could fall short of 2012 in terms of bond issuance volumes.

SENEGAL is planning to establish a CFA Fr100bn (US\$200m) sukuk programme next year ahead of a planned debut in Islamic bonds, Reuters reports. The Senegalese government will sell the sukuk in co-operation with Saudi Arabia-based Islamic Corporation for the Development of the Private Sector, an affiliate of the Islamic Development Bank.

"This project is the beginning of an ambitious programme which could lead to the financing of innovative infrastructure and energy projects through sukuk issuances," said economy and finance minister Amadou Ba, according to Reuters.

Governments in countries including South Africa, Kenya, Nigeria and Senegal have been considering sukuk issues as a way to tap into cash-rich Islamic funds from the Gulf and South-East Asia.

Qatar's sovereign fund **QATAR HOLDING** is among those shortlisted to buy a minority stake in Italian fashion house Versace, with final offers expected to be reviewed at the end of November, Reuters reports. Seven bidders have been shortlisted by Versace's advisers Goldman Sachs and Banca IMI, for the purchase of a 20% stake in the Italian fashion house. Private equity funds and investment houses Blackstone, Permira, Clessidra, Ardian and FSI are the other candidates.

Another Gulf name, Bahrain's Investcorp, has missed out on the shortlist.

Versace will select one or two bidders for the stake at the end of November.

The average value assigned by the bidders for the 20% share is slightly above €1bn, according to Reuters.