



بنك الإمارات دبي الوطني  
Emirates NBD

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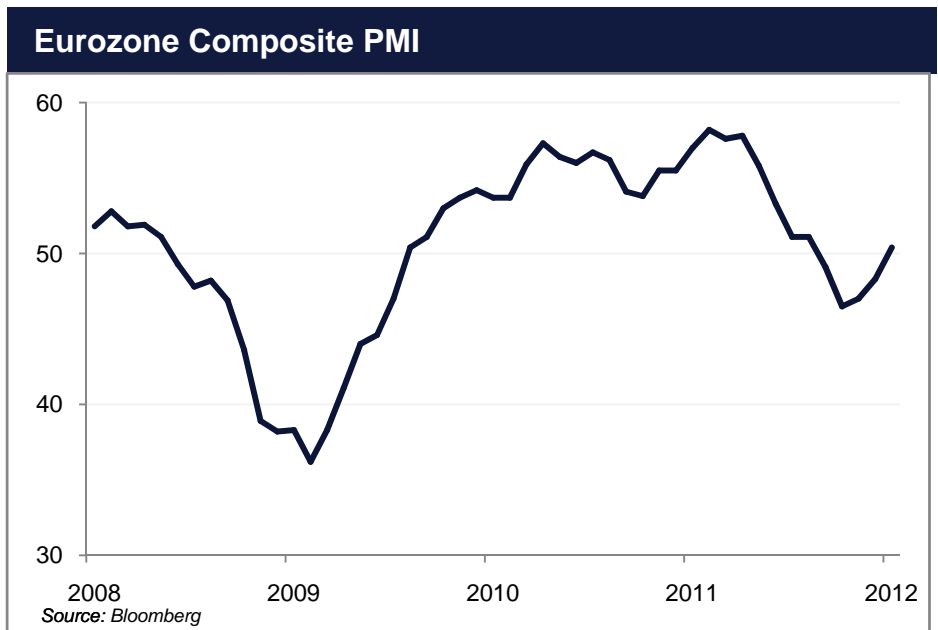
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# Daily Outlook

**Some of the dust has settled on the Eurozone bailout agreement announced yesterday.** The official bailout package was worth EUR130bn, and private sector bond holders will face 'haircuts' worth 53.5%, slightly more than was earlier envisaged. In net present value terms the losses will be closer to 75%, up from 70% before. The objective is to achieve a debt/GDP level of 120.5% by 2020 down from approximately 170% currently, but with so many moving parts to this drama (volatile growth, unstable politics, social unrest, implementation risks, legal hurdles) it is not surprising that there are already plenty of doubts about whether this is really likely to be achieved, and markets are already speculating that another bailout will eventually be needed.

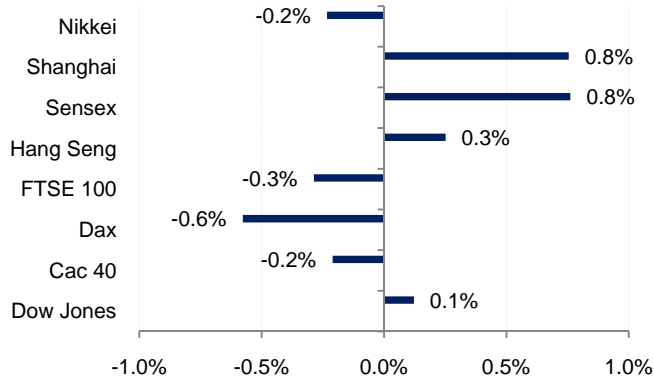
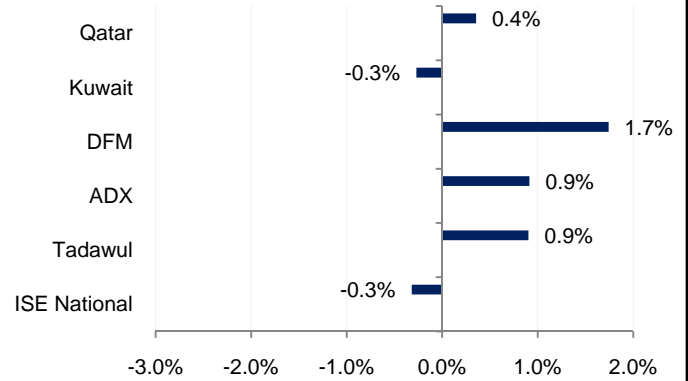
**Indeed a leaked IMF report in the FT described Greece as 'Accident Prone'** and suggested that one possible consequence of the policies being adopted ('internal devaluation through deeper recession') could be an even higher debt trajectory leaving Greece's debt potentially as high as 160% by 2020. Even if it is possible to reach 120% debt/GDP, there is also plenty of academic evidence that suggests that debt sustainability will still not be achieved at such a high level, with authoritative research suggesting that 90% is the borderline where debt levels become unsustainable, damaging future growth prospects.

**There is also the question of what happens beyond Greece,** with other countries quite likely to be attracted to the possibility of renegotiating their own aid packages. Markets may be reassured that Greece will now be able to meet its debt payments in March and will not (yet) be forced out of the EUR in a disorderly default, but experience tells us that such 'optimism' is likely to be short lived. The EUR in fact has hardly risen at all since the deal was announced, instead drifting lower, and we would not be surprised to see it fall back further in the coming days. Attention will turn back to economic data today with Eurozone activity indicators the main event risk (see below).



Day's Economic Data and Events					
	Time	Cons		Time	Cons
Eurozone Composite PMI	13.00	50.5	Eurozone Industrial Orders	14.00	0.5%
UK MPC minutes	13.30		US Existing home sales	19.00	1.1%

Source: Bloomberg

**Global Equity Indices**

**MENA Equity Indices**

**Currencies**

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.3234	-0.07	1.3268	USDTRY	1.7523	+0.57	EURAED	4.8615	-0.06
GBPUSD	1.5796	-0.32	1.5738	USDEGP	6.0369	-0.01	GBPAED	5.7956	-0.46
USDJPY	79.74	+0.14	79.2635	USDSAR	3.7503	+0.00	JPYAED	0.0461	--
USDCAD	0.9969	+0.34	1.0050	USDQAR	3.6413	--	CADAED	3.6846	-0.34
AUDUSD	1.0663	-0.86	1.0253	USDKWD	0.2778	-0.01	AUDAED	3.9165	-0.86
USDCHF	0.9124	+0.09	0.9058	USDBHD	0.3770	--	CHFAED	4.0255	-0.09
EURGBP	0.8388	+0.40	0.8442	USDOMR	0.3850	--	TRYAED	2.0961	-0.56
USDAED	3.6730	--	3.6733	USDINR	49.3069	+0.06	INRAED	0.0745	--

**Rates**

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	0.9750	1.5363	1.7138	1.9863	USD 2 yr	0.596	+1
USD LIBOR	0.2455	0.4926	0.7521	1.0661	USD 5 yr	1.187	+4
GBP LIBOR	0.7519	1.0693	1.3865	1.8889	USD 10 yr	2.133	+4
EURIBOR	0.6000	1.0260	1.3210	1.6520	EUR 2 yr	1.176	-0
JPY LIBOR	0.1443	0.1957	0.3357	0.5536	EUR 5 yr	1.622	-0
CHF LIBOR	0.0592	0.0858	0.1433	0.3628	EUR 10 yr	2.366	+2

**Commodities & Fixed Income**

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1759.13	+1.39	ADGB 5.5 14	1.14	-1	Abu Dhabi	138	+1
Silver	34.31	+2.17	DUGB 6.396 14	4.91	-4	Dubai	396	-5
Oil (WTI)	105.84	+2.52	QATAR 5.15 14	1.52	-3	Qatar	138	+1
Aluminium	2211.75	+3.58	US Tsy 2 yr	0.30	+1	Saudi Arabia	138	+1
Copper	8443.75	+2.59	US Tsy 10 yr	2.06	+6	Bahrain	394	-3

Source: Bloomberg, Emirates NBD Research

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