

Marmore First Take

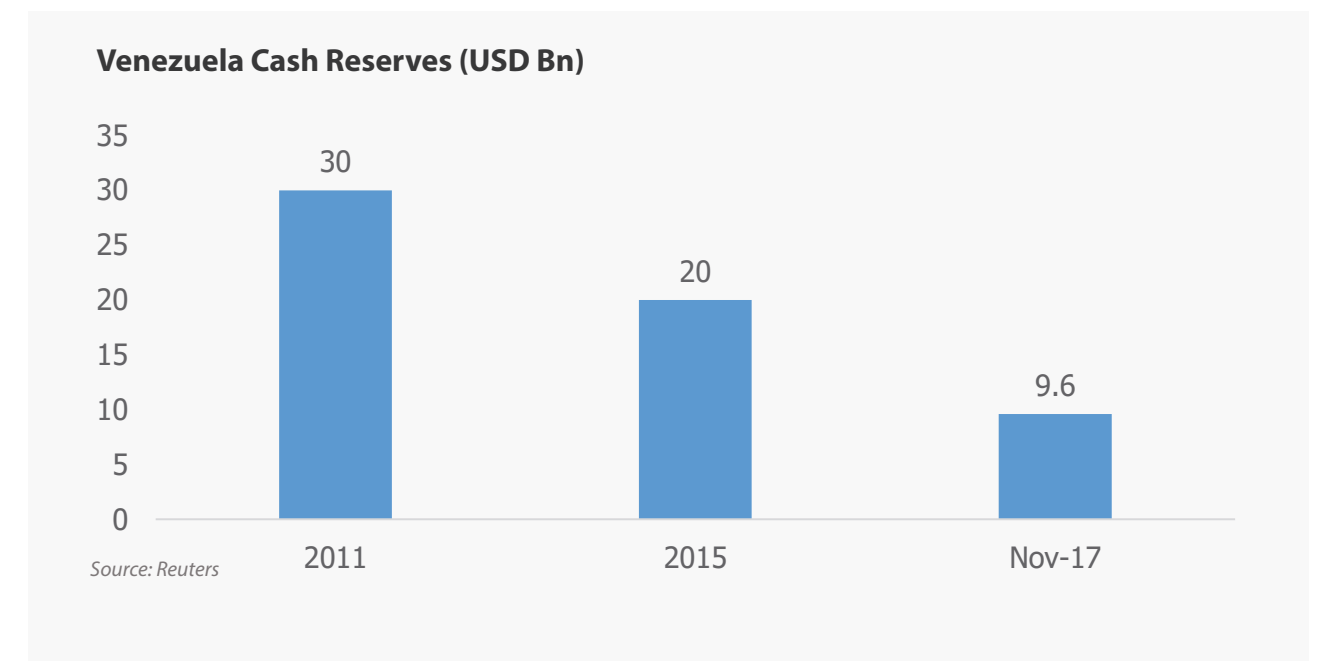
Venezuela Debt Default

November, 2017

Highlights

- On November 14, 2017, Venezuela was declared in default by S&P after missing bond payments. According to S&P, Venezuela had failed to make USD 200mn in coupon payments for bonds due 2019 and 2024 within the allowed 30-day grace period.
- The agency said the 30-day grace period had expired for a payment that was due in October. And S&P has stated that there is a 50% chance that Venezuela could default again within the next three months.
- Venezuela and its state-owned enterprises — including the oil company Petróleos de Venezuela, known as PDVSA — have missed roughly \$350 million in interest payments
- Venezuela has about \$60bn (£46bn) in outstanding bonds. That includes debt issued by the Venezuelan government as well as bonds issued by companies such as state oil company PDVSA.
- President Nicolás Maduro had during 1st week of November 2017, announced that the government would refinance and restructure \$63 billion in bonds, and had invited investors to meet with a government committee led by his vice president.
- However, it is uncertain how many investors will take part, since United States sanctions restrict any negotiation or purchases of new bonds by American-regulated financial institutions.
- The statement of the country's first bond default has come a few days before the government was supposed to initiate discussion with investors to refinance and restructure more than half of its \$120 billion in debt.
- Foreign reserves have fallen to a 15-year low of about \$10 billion, a disappointing level considering Venezuela and PDVSA are due to pay about \$13 billion in debt before the end of 2018.
- Oil exports account for 96% of the income and also imports most of its food.
- As oil prices are down Venezuela had to cut down on imports to save money for debt service.
- A default would permit Venezuela to spend the money on imports, which otherwise would be spent on debts repayment.

Appendix



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- Most Valuable Companies in GCC
- GCC High Margin Industries
- GCC Sovereign Debt Issuances
- Berkshire Hathaway (2015)
- Apple: 5 Questions (Bilingual) (2015)
- Kuwait's new Law on Preference Shares (2015)
- Mother of All IPOs: National Commercial Bank (Bilingual) (2015)
- Kuwait Investment Sector (2012)

Economic Research

- SME Startup Stories in GCC
- Bitcoin to Blockchain
- Financing Options in GCC
- Are GCC Businesses Leveraging Social Media
- The What of VAT
- FINTECH in GCC
- Kuwait Projects: KWD 10bn Awarded
- Kuwait Economic Themes
- Qatar Economic Themes
- Saudi Economic Themes
- UAE Economic Themes
- Emerging Markets (MSCI) – Threat of a Debt Crisis
- GCC Liquidity Fall
- Is China Stalling?
- Crowdfunding in the GCC: A New Source of Funding?
- Geopolitical and Macroeconomic Implications of the Iranian Nuclear Deal for GCC (Bilingual)
- Kuwait – Dealing with Construction Permits
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- Disruptive Technology: Bitcoins(2014)
- The Internet of Things ! Big Data (2014)
- Kuwait SME's (2014)
- FIFA World Cup 2022: Qatar (2013)

Industry Research

- Private Equity: GCC
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- Contracting: Saudi, UAE, Kuwait
- Education: GCC, Saudi, UAE
- Investment Banking: GCC, UAE
- Healthcare: UAE, GCC, Saudi
- Insurance: GCC, Saudi
- Petrochemicals: GCC, Kuwait Petrochemicals, Saudi
- Retail: Kuwait Luxury Retail, UAE Luxury Retail, GCC Luxury Retail, Saudi Retail, GCC Retail, GCC Online Retail
- Wealth Management: UAE Wealth Management, GCC Wealth Management
- Media: UAE Media, UAE Social Media, GCC Social Media, GCC Media
- Other Industries: GCC Institutional Investors SWF, Saudi Remittance Industry, Saudi Mortgage, GCC Family Business, Saudi Hospitality, GCC Islamic Finance, Offsets in the GCC, GCC Hospitality, GCC Islamic Finance, Metals and Mining, When GCC Women Invest

Infrastructure Research

- Power: Kuwait, UAE, Qatar, Egypt, Saudi
- Water: Saudi, Kuwait, Qatar
- Ports: Saudi, Kuwait, UAE, Qatar, Oman
- ICT: UAE, Qatar, Saudi, Kuwait
- Aviation: Qatar, Kuwait, GCC Aviation: Full Service Carriers (FSC), GCC Aviation: Low Cost Carriers, UAE, Saudi
- Roads and Railways: Saudi, Qatar
- Real Estate: Qatar Residential Real Estate, Saudi Residential Real Estate, UAE Residential Real Estate, GCC Office Real Estate, Saudi Office Real Estate, GCC Affordable Housing, Kuwait Real Estate (Bilingual) (2015)

Policy Research

- An Innovation driven Economic Diversification Strategy for Kuwait (KFAS)
- Kuwait – Starting Business
- Kuwait Reforms (series): Education (2015)
- Oil & Gas Markets and the Emergence of New Resources (2014)
- GCC Countries & Asia: Bolstering Energy Ties (2014)
- GCC Energy Strategies: The Way Forward (2014)
- Blueprint for Public Sector Good Governance in Kuwait (2013)
- Kuwait: Private Labor Market (2013)
- Kuwait: Alternatives for Power Generation (2013)
- Kuwait: Sustainable Power Strategy (2012)
- Tools to Strengthen & Support Kuwait's Private Sector (2012)

Regulatory Research

- Kuwait's BOT law (2014)
- Land Reforms in Kuwait (2014)
- Kuwait's PPP Law (Bilingual) (2013)
- Bankruptcy Law in the GCC (2013)

Company Reports

- KSA
 - Al Rajhi Bank
 - Almarai Group
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 - Jarir Marketing Co.
 - National Commercial Bank
 - Riyad Bank
 - SABIC
 - Samba Financial Group
 - Saudi Arabian Fertilizer Co.
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 - Saudi British Bank
 - Saudi Cement Company
- Saudi Electricity Co
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- Savola Group
- TASNEE National Industrialization Company
- The National Shipping Co. of Saudi Arabia (BAHRI)
- Qatar
 - Barwa Real Estate Co QSC
 - Commercial Bank of Qatar
 - Ooredoo
 - Qatar Electricity and Water Co
 - Qatar Insurance Co
 - Qatar National Bank

- UAE
 - Abu Dhabi Commercial Bank
 - Abu Dhabi National Hotels Co
 - Air Arabia
 - Aldar Properties PJSC
 - Arab National Bank
 - Arabtec Holding Company




Aramex
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Periodic Reports

- Daily Morning Brief
- Daily Fixed Income
- Kuwait Daily
- Monthly Market Review
- International Market Update
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