

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Oil Dips On Trade Fears – Bahrain Discovery Could Exceed Russia’s Crude Reserves.

Oil prices edged back from their recent highs yesterday due primarily to concerns over a potential trade war between China and the US that could in turn negatively affect global economic growth. Whilst such an outcome still seems unlikely, these fears gathered some momentum overnight after President Trump threatened to introduce a further US\$100 bio in tariffs on Beijing. In reaction the US National Retail Federation has warned the White House against such extreme action saying in a statement; “We urge the administration to change course and stop playing a game of chicken with the nation’s economy.” Meanwhile the Bahrain Oil Minister’s confirmation on Wednesday, that the recent oil and gas discovery off his country’s west coast could contain more than 80 billion barrels of tight crude (equal to Russia’s entire reserves) and 14 trillion cubic feet of gas, was certainly a major event for the Kingdom and global energy markets, although it still needs to be ascertained how much of this will be recoverable. The shale oil is reportedly lying at reasonably deep levels, and thus two appraisal wells are set to be dug soon in order to more accurately analyze the field’s actual and cost-effective yields.

Saudi Crown Prince Affirms His Country’s Commitment To Vision 2030.

Saudi Arabia’s Crown Prince, Mohammed Bin Salman, has been quoted on the Saudi Gazette’s website, confirming his government’s commitment to executing it’s national transformation plans; “We are now in the third Saudi Arabia which was established by King Abdul Aziz, also known as Ibn Saud, my grandfather. King Faisal came with a really great young team, and among his team were King Khaled, King Fahd, King Abdullah, King Salman, Prince Sultan, Prince Naif, and many other people. And they’ve transformed the country from mud houses to world standard modern cities. But for us as a young generation, we’ve not seen this, because we were born in that great modern city, we lived in an economy that is already among the top 20 economies of the world, and our eyes are focusing on what we are missing, what we can’t do, and we believe that Saudi Arabia until today used only 10% of its capacity, and we have 90% to go. We spend US\$230 billion a year outside Saudi Arabia, if we do nothing, it will go up in 2030 to between US\$300-400 billion. The plan is to spend half of it in Saudi Arabia and we have many programs to do this. We have

06 April 2018

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privatization, at the top of the pyramid we have the IPO of Aramco, pushing this money, pushing other government assets, pushing other assets, and other cash reserves into the Public Investment Fund, and pushing it to be the biggest fund in the whole world, above US\$2 trillion. Two years ago, the size of Public Investment Fund was US\$150 billion, today it's US\$300 billion. At the end of 2018 it will be around US\$400 billion, in 2020, it will be something between US\$600-700 billion, and in 2030 it will be above US\$2 trillion. We will invest half of this money to empower Saudi Arabia, and the other 50% we will invest abroad to be sure that we are part of the emerging sectors around the world," he reportedly stated during a wide-ranging Time magazine interview. You can read more on this story [here](#).

Buhari Explains Why Nigeria Has Not Signed EPA Agreement.

Nigeria's President Buhari believes that his country is not yet ready to sign the 'Economic Partnership Agreement' (which gradually lifts trade restrictions between ECOWAS countries and the EU), because its local businesses still needed protection. "We are not enthusiastic about signing the EPA because of our largely youthful population, we are still struggling to provide jobs for them, and we want our youths to be kept busy. Presently, our industries cannot compete with the more efficient and highly technology-driven industries in Europe, we have to protect our industries and our youths," he was quoted as saying by Nigeria's 'Punch' news outlet. Nigeria also recently declined to sign-up to the 'African Continental Free-Trade Area' accord, despite forty-four other nations agreeing to join AFCFTA last month, a plan which will hopefully lead to the establishment of the world's largest free-trade zone and significantly boost inter-African trade.

No Plans To Adjust USD/OMR Peg – CB Governor.

Oman has the tools and the will to maintain the local currency's peg to the US dollar, the country's Central Bank Governor, Tahir Al Amri, stated earlier this week. "We are strongly behind the peg, we will try and make sure that we have ways and means of defending our fixed exchange-rate policy," he was quoted as saying by 'Gulf News' adding that Oman's gross FX reserves currently covered over 9 months' worth of imports, and that the government will be able to source enough funding to cover its external financing needs for 2018/19.

Sudan To Conduct Its Debut US\$ Islamic Bond This Year.

Sudan is planning to issue its first international SUKUK in the latter half of this year according to the country's Finance Minister. "It will be late this year to finance the 2018 budget," Mohamed Othman Rukbaki was quoted as saying by Reuters yesterday. Further details on the issuance are yet to be clarified but the size is expected to be up to US\$1 bio.

France Pledges EUR550 Mio In Financial Support For Lebanon.

France has promised to provide Lebanon with EUR 500 mio worth of loans and grants in order to support that country's ailing economy. "France will announce a substantial effort of EUR 400 million in concessionary loans and EUR 150 million in donations to match its ambitions for Lebanon," the French Foreign Minister was quoted as saying by Reuters this morning.

US State Department Approves US\$1.3 bio Arms Sale To KSA.

The US State department has approved the sale of artillery and other related equipment , including self-propelled howitzers, to the Saudi military in a contract estimated to be worth around US\$1.3 bio. "This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of an important partner which has been and continues to be a leading contributor of political stability and economic progress in the Middle East," the Defense Security Cooperation Agency said in a statement yesterday.

Anton & Petrofac Win Iraq Contract.

China's Anton Oilfield Services and the UK based Petrofac have been awarded a 2-year contract to operate Iraq's southern Majnoon oil field.

ISDB Launches 'Innovation' Fund.

The Islamic Development Bank has launched a US\$500 mio technology-led innovation fund called 'Transform' which will focus on helping countries solve their development challenges, especially in the areas of food security, education and green energy. "The ISDB understands that people living in the developing world need more than just grant funding. They need sustainable solutions to help them build their own way out of poverty. Transform will ensure our members have access to a vital flow of facilities to help finance innovative ideas

linked to real development solutions," the President of the IDB was quoted as saying during the institution's annual general meeting yesterday.

Egyptian PMI Index Slips.

Emirates NBD's Egyptian purchasing managers index dipped to 49.2 last month from 49.7 in February. On a brighter note inflation in the North African country continues to ease with headline CPI falling to 14.40% in February this year compared to 32.95% y/y in July 2017.

FX/RATES & CRUDE MARKETS:

Indication Levels Only – Please Contact us on Reuters Dealing Code NBAD for any pricing or information.

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	-1/+2	2/5	4/9	5/15	15/30	30/45	90/140
USD/SAR**	3.7501/03	-4/-1	-5/Par	-6/-1	-5/+5	10/25	30/50	170/220
USD/QAR**	3.6550/6600	10/30	20/50	40/70	70/120	90/140	140/190	200/400
USD/KWD	0.30020/30	-15/-5	-20/-10	-25/-10	-35/-15	-40/-15	-50/-20	-50/+50
USD/OMR	0.38498/503	2/12	10/25	25/50	80/150	175/275	300/400	800/1100
USD/BHD	0.37705/10	5/15	15/35	25/50	50/100	100/200	150/250	550/850
USD/MAD	9.2050/2350	80/180	200/500	300/700	650/1650	1000/3000	1500/3500	3000/6000
USD/EGP NDF	17.67	17.80/17.87	17.90/17.97	18.02/18.12	18.40/18.50	18.80/18.90	19.10/19.20	-
USD/JOD	0.7090/7100	40/80	50/150	75/175	100/300	200/500	275/675	500/2000
USD/NGN NDF	360.00	361.00/366.00	363.00/368.00	364.00/369.00	370.00/375.00	376.00/381.00	382.00/387.00	(NAFEX)
USD/GHS NDF	4.4600	4.50/4.60	4.53/4.63	4.58/4.68	4.70/4.80	4.82/4.92	4.94/5.04	-
USD/TND	2.4050/4350	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
Crude Oil	Futures							
WTI	63.10							
Brent	67.90							

NOTE: ** (offshore levels) - Also please note we are now using the NAFEX fixing for NGN.

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+14/20	+24/30	+34/40	+43/49	+52/58	+61/67	+70/76	+93/101
SAR SPREAD	+14/20	+25/31	+36/42	+46/52	+55/61	+64/70	+72/78	+92/100

Note: We can quote options in the AED, SAR & KWD.

AND FINALLY...

Did you know the Arabian Gulf's first oil well was discovered in Bahrain and became operational in 1932?

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