

## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Crude Prices Close In On 2014 Highs – Venezuelan Output Hits 30 Year Low.**

Both Brent and WTI are edging closer to their 2014 highs as underlying demand and geopolitical tensions continue to boost prices. The demand equation was highlighted by this week's EIA report which showed that US oil inventories fell by 1.1 mio barrels last week and that petrol stocks declined by 3 mio barrels, exceeding earlier estimates by API. On the geopolitical front, and aside from the Iran issue which we have discussed in our previous commentaries, the situation in Venezuela looks to be worsening and is highlighted by the reported recent arrest there of two Chevron officials on corruption allegations. Opposition groups claim such charges could be politically motivated and may have been initiated in reaction to recent US sanctions. Whatever the reason, this news may further discourage foreign firms from doing business in Venezuela. According to the WorldOil website other oil giants such as Total and Repsol have already withdrawn their foreign workers from the country over safety concerns, and this consequent loss of key engineering skills has in turn affected overall crude production. Venezuelan output fell by 55,000bpd to 1.48 mio bpd last month a 30-year low. Meanwhile the Saudi Energy Minister, Khalid al Falih, said this morning that efforts to strengthen OPEC/NOPEC cooperation beyond the current agreement was critical to restoring market confidence. His comments were supported by his UAE counterpart, Suhail Mohamed Al Mazrouei, who warned too that investment in conventional production needed to be increased in order to keep up with building demand. "The oil sector needs billions of US dollars in investments, not the hundreds of millions we are seeing right now," he was reported as saying by Reuters.

#### **Russia Looks Set To Deploy Long-Range Air Defence Systems In Syria.**

Russia's Foreign Minister, Sergei Lavrov, claimed this morning that the recent US, British and French missile strikes on Syria meant that his government no longer had any moral obligation not to provide the Syrian military with Russia's state-of-the-art S-300 missile defence system. His comments follow those made by Russia's Deputy Chief of Staff, Sergei Rudskoi, who stated immediately after the coalition strikes that the possibility of supplying such advanced weaponry to Damascus was now on the table again. Moscow had been preparing to transfer the long-range SAM system to Syria 5 years ago but

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this was put on hold after diplomatic pressure from both Washington and Tel Aviv. The S-300 can reportedly fire missiles at six targets simultaneously, and have a range of up to 200km. This means a defensive SAM umbrella could even extend into Lebanon's airspace, which has previously been utilized by Israeli Air Force jets to hit targets in Syria.

### **Egypt-Ethiopian Dam Dispute Still Unresolved.**

Fresh talks between Egypt, Sudan and Ethiopia over the latter's giant Nile dam project were due to start today, but as of last night there had apparently been no response from either Addis Ababa or Khartoum to an invitation by Egypt for a resumption of such discussions. "Unfortunately, Ethiopia and Sudan have not responded to the invitation sent by Egypt to resume the negotiations over the Renaissance Dam and we lost another chance to reach a solution for the Dam's technical problem," Egypt's Minister of Foreign Affairs, Sameh Shoukry, was quoted as saying by the Egypt Today newspaper, adding that his country "will not accept having the will of one imposed on others," and that Egypt would continue to defend the interests of its people and their share of the Nile.

### **Angola Approves New Investment Law.**

The Angolan parliament this week approved an amendment to the country's investment law which removes a previous obligation for foreign companies to partner with local firms. The amendment also cancels the previous minimum investment level of US\$230 000, and the requirement that at least 35% of the capital must come from Angolan partners. "The law effectively eliminates the obligation on national citizens participating in private investment," Finance Minister Pedro Luis da Fonseca was quoted as saying by AFP. Angola's new administration led by President Lourenco, has been cracking down on corruption and trying to remove red tape in order to attract fresh investment into the country, which is Africa's second largest oil producer.

### **Noor Bank Issues US\$500 Mio SUKUK.**

UAE based Noor Bank conducted a five-year US\$500 mio Islamic bond issuance yesterday which was 2.1 times over-subscribed and priced at 165bp above mid-swaps.

### **Nigeria's FX Reserves Now Stand At US\$47 Bio.**

Nigeria's foreign exchange reserves continue to be buoyed by the firmer oil price environment hitting a 5 year high of US\$47.3 bio at the end of last week according to the latest CB data.

### **Chinese Firms Plan US\$1 Bio Investment In Abu Dhabi Free Zone.**

15 Chinese companies have now signed investment agreements worth a total of US\$ 1 bio with Abu Dhabi's Khalifa Port Free Trade Zone, according to the Arabian Business website. The Chinese firms investing in KPFTZ are focused on various sectors, including construction, metals, chemicals, trade and logistics, packaging, as well as food & beverage.

### **France Links Congo Aid Package To IMF Program.**

France's Finance Minister, Bruno Le Maire, has said that his government was still ready to disburse EUR 130 mio in financial assistance to the Republic of Congo if the government in Brazzaville finalizes an agreement with the IMF. The international lender is currently in talks with the Congolese government, but said in a statement this week that before such an agreement can be sealed; "The authorities will need to take bold and immediate governance reforms to put into effect the government's proclaimed intention to mark a break with past policies and practices."

### **EXXON Eyes Drilling Opportunities In Algeria.**

The head of Algeria's state owned energy firm, Sonatrach, was quoted as saying by Reuters this week that Exxon Mobil was considering investing in the North African country for the first time. "We have had three meetings with Exxon Mobil and we are expecting to conclude with them soon," Abdelmoumene Ould Kaddour stated. It's not clear yet what specific opportunities Exxon Mobil is looking at in Algeria but it's likely one possibility would be offshore drilling. Especially as Algeria has already identified potentially sizeable reserves lying off the coast of Oran and Bejaia.

### **Construction Of Hyperloop System In UAE To Begin Soon.**

Construction on the first phase of a high speed hyperloop transport system running between Abu Dhabi and Dubai is due to begin soon and should be operational by 2020. This news follows the signing of an agreement

between Hyperloop TT and Aldar properties earlier this week. "The agreement involves the development of 10km of the first commercial Hyperloop line in history. This project is in Al Ghadeer, but we want to extend this line to Yas Island and connect the airport. This is the first phase of a longer network we want to build in the region to connect the various Emirates," the chairman of Hyperloop TT, Bibop Gresta, was quoted as saying by the Khaleej Times newspaper.

## 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	3.6730/31	-1/+2	2/5	3/8	8/18	15/30	30/45	90/140
USD/SAR**	3.7502/04	-5/Par	-6/-1	-6/-1	-5/+5	8/23	25/45	150/180
USD/QAR**	3.6500/6600	Par/20	10/30	20/50	50/100	80/130	130/170	150/350
USD/KWD	0.29975/95	-30/-20	-55/-30	-70/-40	-100/-70	-130/-80	-160/-90	-150/-50
USD/OMR	0.38499/502	5/15	10/30	25/50	90/140	200/300	325/425	800/1100
USD/BHD	0.37704/09	7/17	15/35	30/50	60/90	100/200	150/250	650/850
USD/MAD	9.1400/1600	80/180	200/500	300/700	650/1650	1000/3000	1500/3500	3000/6000
USD/EGP NDF	17.70	17.76/17.82	17.84/17.90	17.94/18.00	18.24/18.30	18.63/18.69	19.01/19.07	-
USD/JOD	0.7088/7108	30/70	50/150	80/180	100/300	200/500	275/675	400/800
USD/NGN NDF	360.00	360.00/365.00	362.00/367.00	363.00/368.00	369.00/374.00	374.00/379.00	380.00/385.00	(NAFEX)
USD/GHS NDF	4.4400	4.48/4.58	4.52/4.62	4.56/4.66	4.69/4.79	4.82/4.92	4.95/5.10	-
USD/TND	2.4200/4600	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	68.15							
Brent	73.75							

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	+17/23	+22/28	+28/34	+34/40	+40/46	+48/54	+56/62	+77/85
SAR SPREAD	+12/18	+22/28	+32/38	+42/48	+52/58	+61/67	+70/76	+89/97

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

## AND FINALLY...

Did you know that eye make-up was invented in Egypt around 4000 B.C ?

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