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REGIONAL COMMENTARY

Iran Responds To Trump's Offer On Direct Talks.

The deputy speaker of the Iranian parliament, Ali Motahhari, was quoted by the country's official news agency yesterday dismissing the US President's recent offer of direct discussions between the two countries. "Talks with the US would have been right had the US not withdrawn from the JCPOA and imposed sanctions on Iran. Under 'appropriate' conditions negotiation can be helpful, but currently such talks would just bring humiliation to Iran," Motahhari stated. His views were supported by an Iranian Foreign Ministry spokesperson who said; "With current America and these policies, there will definitely not be the possibility of dialogue and engagement, and the United States has shown that it is totally unreliable." However a senior member of Iran's 'Expediency Council' Ali Akbar Nategh Nouri, suggested that such an offer should perhaps not be dismissed out of hand; "It should be discussed in the Supreme National Security Council, we have to contemplate the gesture," AFP reported him as saying, although he added that "We should not rejoice over this offer and not get excited, Trump may take advantage of this over-excitement, It could be a test for us." The US President had earlier suggested, following an official meeting with the Italian Prime Minister, that if the Iranians wanted to talk he was ready to do so, even without any preconditions; "I'll meet, I'm ready to meet any time they want to, speaking to other people, especially when you're talking about potentials of war and death and famine, you meet," Trump was quoted as saying. Meanwhile the US Secretary of State, Mike Pompeo, said on CNBC soon after Trump's statement above that; "We've said this before, the President wants to meet with folks to solve problems. If the Iranians demonstrate a commitment to make fundamental changes in how they treat their own people, reduce their malign behavior, can agree that it's worthwhile to enter into a nuclear agreement that actually prevents proliferation, then the President said he's prepared to sit down and have the conversation with them." This appeared to be slightly contradictory to his boss's earlier suggestion of 'no preconditions,' but a US State Department spokesperson was later quoted by Reuters overnight trying to provide more clarity on these somewhat mixed messages by saying that Washington would definitely like to see changes in Iran's behavior "but what is important is that we would be willing to sit down and have these conversations."

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South Africa's ANC To Support Bill On Land Expropriation.

South Africa's President Cyril Ramaphosa announced late last night that the ruling party's, National Executive Committee, had agreed to support an amendment to the country's constitution which would allow the expropriation of land without compensation. "There is a growing body of opinion, by a number of South Africans, that the constitution as it stands does not impede expropriation of land without compensation. The Iekgotla (leadership meeting) reaffirmed its position that a comprehensive land reform program that enables equitable access to land will unlock economic growth, by bringing more land in South Africa to full use, and enable the productive participation of millions more South Africans in the economy is needed," Ramaphosa was quoted as saying by the 'Business Day' newspaper. The yield on the country's benchmark 2026 bond rose by 13bp while the Rand weakened slightly following this announcement, and South African assets are likely to come under further pressure today. The issue of land has long been a highly emotive issue in South Africa, and while the ANC's decision to push forward with such a proposal does reflect the views of the broader public, it may also be a tactic to politically out maneuver the opposition EFF party which has been extremely vocal on the land question in recent years. However the news also comes as South Africa's unemployment rate rose by 0.50% during Q2 of this year to 27.20%, underlining the urgent need to boost economic growth and encourage more direct foreign investment. The question now is whether or not the government can implement this new land policy in a way that meets the demands of the dispossessed, but does not scare-off investors, disrupt the country's agricultural production or put the law of property ownership into question.

Zimbabwe's Ruling Party Looks Set To Win Parliamentary Elections.

Zimbabwe's official electoral commission declared earlier this morning that the ruling ZANU-PF party has won the majority of seats in the country's recent parliamentary poll. The ZEC said that ZANU-PF had 109 seats thus far compared to 41 for the opposition MDC party, although the results for a further 58 seats are yet to be finalized. The leader of the MDC, Nelson Chamisa, had claimed yesterday that his party looked to be on their way to a historic win, and complained of several irregularities during the voting process. Meanwhile the ZEC also said that it would not release any results concerning the Presidential race until all votes were counted. If no presidential candidate wins more than 50% of this separate poll, a runoff would be held on the 8th of September.

Nigeria's Senate President Crosses The Floor.

The head of Nigeria's Senate, Bukola Saraki, has reportedly resigned as a member of President Buhari's ruling APC party, and joined the opposition PDP. This is the highest profile political defection to date and follows similar moves by 14 Senators and 37 members of the lower house last week, most of whom also joined the PDP. It also comes ahead of party primaries scheduled to take place later this month and national elections in February 2019.

NASDAQ Dubai To Allow Futures Trading In Saudi Firms.

Nasdaq Dubai has announced that investors will be able to trade equity futures in up to 12 Saudi Arabian companies via its exchange from next month. The firms to be listed on the Nasdaq platform are: Saudi Basic Industries Corp, Al Rajhi Bank, Alinma Bank, Almarai Company, Dar Al Arkan Real Estate Development Co, Etihad Etisalat Company, Rabigh Refining and Petrochemical Co, Saudi Arabian Mining Company, Saudi Cement Company, Saudi Electricity Company, Saudi Kayan Petrochemical Company and the Altayyar Travel Group. Trading will be conducted in Saudi Riyals.

Kenya Cuts Benchmark Lending Rate Again.

Kenya's Central Bank lowered its key lending rate by 50bp to 9.00% yesterday. In a statement following the decision the bank's Governor, Patrick Njoroje said; "The MPC noted that inflation expectations were well anchored within the target range, and that economic growth prospects were improving. Furthermore, economic output was below its potential level, and there was some room for further accommodative monetary policy."

US Lifts Restriction On Military Aid To Egypt.

The US State Department announced late last week that it was releasing US\$195 mio in military aid to Egypt. This specific amount had previously been put on hold since August last year, over what Washington had claimed at the time were certain human rights concerns. In a statement a spokesperson for the State

Department said that the decision to release these funds was taken in recognition of the “Steps Egypt has taken over the last year in response to specific US concerns,” and in the “spirit” of strengthening bilateral relations. Egypt has received an estimated US\$80 bio in military and economic assistance from the US over the past 30 years according to a report on the ‘DefenseNews’ website.

MTN Suspends Fibre Optic Project In Iran.

The South African based telecommunication company MTN has reportedly suspended a US\$750 mio plan to build a new broadband connection network in Iran. The contract had first been mooted last year but the impending return of US sanctions on Iran has forced the firm to freeze the project, according to the ‘Business Day’ newspaper.

EIB Signs Financing Agreement With NBE.

The European Investment Bank has revealed that it has concluded a EUR 375 mio financing agreement with the National Bank of Egypt to help fund the development of the SME sector in the North African country.

CMEC Wins EPC Contract In Dubai.

The China Machinery and Engineering Corporation has been awarded an EPC contract on the ‘California Village’ project in Dubai.

SAIPEM Awarded E&C Contract In Iraq.

Italy’s SAIPEM has been awarded a ‘debottlenecking’ contract on the West Qurna oil field in Iraq.

FX/RATES & CRUDE MARKETS:

Indication Levels Only – Please Contact us on Reuters Dealing Codes FABA/FABU for any live pricing and/or information.

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6729/30	Par/+3	Par/+5	2/7	5/15	12/22	20/35	100/130
USD/SAR	3.7503/05	-3/Par	-3/Par	-3/Par	2/12	15/30	50/65	220/250
USD/QAR	3.6500/50	-5/+5	-5/+5	-5/+5	-5/+15	Par/+20	30/80	50/150
USD/KWD	0.30275/285	-30/-20	-55/-35	-70/-40	-150/-100	-200/-150	-250/-200	-325/-125
USD/OMR	0.38499/504	10/30	30/60	50/100	120/170	220/320	350/450	900/1050
USD/BHD	0.37790/825	10/20	20/40	35/65	80/110	110/160	190/240	625/725
USD/MAD	9.4325/4625	100/200	200/500	300/700	800/1300	1000/2000	1500/3000	2800/4800
USD/EGP NDF	17.89	17.96/18.04	18.09/18.19	18.23/18.33	18.65/18.75	19.10/19.20	19.60/19.70	-
USD/JOD	0.7090/7100	50/100	70/170	100/200	175/325	275/575	350/850	725/1725
USD/NGN NDF	361.60	363.00/364.00	364.00/366.00	366.00/368.00	370.00/375.00	376.00/381.00	382.00/387.00	(NAFEX)
USD/GHS NDF	4.7700	4.85/4.95	4.91/5.01	4.97/5.07	5.15/5.30	5.30/5.45	5.45/5.65	-
USD/TND	2.6700/7100	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
Crude Oil	Futures							
WTI	68.30							
Brent	73.80							

** (GCC FX indications above are offshore levels only)

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+22/27	+27/32	+32/37	+44/49	+54/59	+66/+69	+73/79	+94/102
SAR SPREAD	+31/36	+37/42	+44/49	+52/57	+61/66	+69/75	+77/83	+99/107

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

AND FINALLY...

‘A man’s worth depends on his two smallest organs - his heart and his tongue.’ (Arabic proverb)

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