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REGIONAL COMMENTARY

Turkish Assets Slammed Again As Crises Deepens.

The Turkish Lira and banking stocks were amongst the local asset casualties as investors continue to fret over Turkey’s worsening domestic economic picture and a growing diplomatic dispute with the US . Trading in Yapi Kredit Bank was automatically halted after it fell by 11.50% this morning and USD/TRY hit a record high of 7.2360 before the Central Bank announced some new measures to try and stabilize the situation. These steps included: Lowering the reserve requirements by 250 bp, raising the FX deposit limits for local commercial banks to EUR 20 bio and introducing new repo auctions of up to 91 days. This announcement helped the Lira regain back some of the ground it lost overnight, but with relations between Washington and Istanbul worsening over the weekend and no sign of either side backing down, combined with concerns over the direction of Turkey’s economic policies it’s hard to see investor confidence returning anytime soon. “Our institutions will take necessary action from Monday in order to relieve the markets,” the Finance Minister Berat Albayrak, stated yesterday, adding that his department’s plan would centre on supporting “our banks and the small and medium size enterprises” and that the authorities would implement “a necessary fiscal rule if circumstances require.” Meanwhile President Erdogan has accused the US of wanting to destabilize his country, and dismissed the Trump administration’s move to double its steel and aluminum tariffs on Turkey. “I have just authorized a doubling of Tariffs on Steel and Aluminum with respect to Turkey as their currency, the Turkish Lira, slides rapidly downward against our very strong Dollar! Aluminum will now be 20% and Steel 50%. Our relations with Turkey are not good at this time!” Trump tweeted last Friday following the failure of negotiations to release a US pastor currently detained in Turkey. In response Erdogan was quoted by the ‘Hurriyet’ Daily newspaper stating yesterday that, “We only bow down before God, It is wrong to try to chasten Turkey for a priest here, I am addressing the US once again: It’s a shame, you are changing a strategic NATO partner with a pastor, we will only do whatever justice requires,” and added that, “Unless the United States starts respecting Turkey’s sovereignty and proves that it understands the dangers that our nation faces, our partnership could be in jeopardy.”

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Oil Supplies Could Become “Challenging” – IEA.

The IEA warned in a new report published late last week that although crude prices had eased in recent weeks in line with an increase in overall output, impending oil-related sanctions on Iran by the US combined with other potential issues such as limited global spare capacity, could create a squeeze on the market in the months to come. "As oil sanctions against Iran take effect, perhaps in combination with production problems elsewhere, maintaining global supply might be very challenging and would come at the expense of maintaining an adequate spare capacity cushion. Thus, the market outlook could be far less calm at that point than it is today," the IEA report suggested.

Nigeria’s Energy Sector Must Lead Economic Diversification – SPE.

The chairman of Nigeria’s Society of Petroleum Engineers, Chikezie Nwosu, was quoted by the ‘Vanguard’ news website as suggesting yesterday that the country’s oil and gas sector must transform itself from a consumer driven industry into the key driver of economic diversification. “To remain competitive and relevant in the global economy, the position of the oil and gas industry as the bedrock of the Nigerian economy requires a paradigm shift from a consumer product to an enabler for diversifying the economy,” he stated adding that, “It would be better if government begins to develop other sectors that will boost the economy because the oil and gas sector is fast losing its relevance given the realities of today’s market place. An economy like Nigeria that depends largely on this sector is taking an uncalculated risk as the end might be catastrophic. Manufacturing, agro-allied, alternative and renewable energy, banking, ICT, public health, among others, can be facilitated to full maturity and self-sustainability ”

Morocco Instructs Banks To Halt Iran Transactions.

Morocco’s Ministry of Information has reportedly issued an order to the country’s local banks instructing them to suspend all Iran-linked bank transfers due to the re-implementation of US financial sanctions on Tehran. Morocco cut its diplomatic ties with Iran back in May this year, and has now also banned the import of certain Iranian goods and raw materials according to the Al Arabiya news outlet. Meanwhile an upcoming and scheduled official visit to Iran by the Iraqi Prime Minister, Haider Al Abadi, has been cancelled according to a BBC report. This cancellation appears to follow the Baghdad government’s announcement that it would abide by the terms of the fresh US sanctions program on Tehran. Iraq is Iran’s second biggest export market for non-oil related products.

AMF Involved In Bahrain Aid Package Discussions.

The Arab Monetary Fund is reportedly also involved in the ongoing discussions between Saudi Arabia, Kuwait and the UAE over a potential multi-year aid package for Bahrain, and progress on this subject is being made a Bloomberg article claimed late last week, suggesting too that the program would include spending cuts and plans to raise the Kingdom’s non-oil related revenues.

Kenya Eyes US\$ T-Bond Issuance.

Kenya’s National Treasury is looking to raise US\$400 mio via a 10Y T-bond auction which will take place on the 22nd of August 2018 and bidding for this commenced last Friday. The treasury has said that the funds raised will be used for “budgetary support.”

Egypt’s PMI Index Improves Further.

The Emirates NBD Purchasing Manager’s Index on Egypt rose to 50.3 last month from 49.4 in June, its highest level in eight months.

Oman’s Economy Is Recovering – CBO.

In its latest annual report, the Central Bank of Oman has said that the country’s economy was undergoing “a structural transformation with increased diversification leading to accelerated non-oil economic activities and reduced dependence on hydrocarbon sector over the last few years,” adding that the economic recovery was now pretty broad-based and thus the growth outlook remains positive. “The economic recovery was fairly broad-based with both hydrocarbon and non-hydrocarbon activities growing by 20.80% and 3.90%, respectively. All three non-oil sectors; industry, services, and agriculture and fishing witnessed positive growth during 2017. The non-oil external demand also surged and contributed to the growth, suggesting the diversification program gaining traction. The growth outlook for the Omani economy appears to be robust over the short-term. Nonetheless, some downside risks to the outlook over the medium-term may emanate

from tightening of global financial conditions and uncertainty about oil prices, especially on account of progress with regard to the alternative fuels and increase in supply by the countries outside the cartel of OPEC and non-OPEC oil producers.”

Tunisia's Tourism Revenues Rise.

Tunisia's tourism related revenues totaled US\$554 mio in the first seven months of this year, according to a Reuters report. This is a 42% jump on the same period last year while visitor numbers also increased by 23% to 4.4 mio during H1 2018.

Management Reshuffle At Sonatrach.

Abdelmoumen Ould Kaddour, the newly appointed head of Algeria's state owned energy firm Sonatrach, has announced the formation of a new leadership team and said that he wants to turn the company into one the world's top five state-run oil producers by 2030.

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	-1/+2	Par/+3	1/6	5/15	12/22	25/40	110/140
USD/SAR	3.7503/05	-6/-1	-6/-1	-6/-1	Par/+10	15/25	45/65	190/240
USD/QAR	3.6500/50	-5/+5	-5/+5	-7/+3	Par/+20	10/40	50/80	90/140
USD/KWD	0.30330/350	-30/-20	-45/-25	-75/-45	-140/-90	-200/-150	-250/-200	-320/-120
USD/OMR	0.38499/502	10/25	30/60	50/100	100/150	210/260	330/430	850/950
USD/BHD	0.37700/740	10/20	20/40	30/60	80/110	130/180	190/240	500/700
USD/MAD	9.5300/5500	125/225	200/500	300/600	900/1400	1000/2000	1500/3000	2800/4800
USD/EGP NDF	17.88	18.07/18.15	18.25/18.33	18.45/18.55	19.00/19.10	19.50/19.60	20.00/20.10	-
USD/JOD	0.7090/7100	50/100	70/170	100/200	175/325	275/575	350/850	725/1725
USD/NGN NDF	362.20	363.50/364.50	365.75/367.25	368.00/370.00	375.00/378.00	382.00/387.00	390.00/395.00	(NAFEX)
USD/GHS NDF	4.8050	4.84/4.89	4.91/4.96	4.96/5.06	5.15/5.25	5.30/5.50	5.42/5.62	-
USD/TND	2.7650/7950	300/500	600/1100	1000/1500	1500/3000	2000/4000	3000/5000	5000/9000
Crude Oil	Futures							
WTI	67.50							
Brent	72.70							

** (offshore levels only)

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+23/28	+27/32	+30/35	+41/46	+50/55	+61/66	+70/75	+91/99
SAR SPREAD	+30/35	+38/43	+45/50	+51/56	+59/64	+65/70	+73/79	+95/102

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

AND FINALLY...

Did you know that the local currency in Ghana is called the Cedi ? The word “cedi” means cowry shell in the ‘Fante’ language, and these shells were once used alongside gold coins as an exchange for goods and services during the 19th century.

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