

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Turkey Markets Stabilize But Outlook Remains Uncertain.

Turkish markets recovered some ground late yesterday and again this morning, following a number of steps taken by the Central Bank and a tiny hint that there may still be some openings left to ease the current diplomatic tension between Ankara and Washington. The latter case was highlighted in comments made earlier today by President Erdogan's spokesman, who claimed that his government was open to renewed discussions with the US over resolving their various disagreements if the Trump administration displayed a more "constructive stance." The Turkish government also released two Greek soldiers who had been detained on spying charges since March, although it's hard to say at this point if this specific decision was an attempt to improve relations with the EU and/or the US or just a coincidence. Meanwhile USD/TRY fell back briefly below 6.0000 this morning after the CB further reduced the amount of currency swap transactions local banks can partake in to 25% of the relevant institution's shareholder equity. However the overall financial and diplomatic situation remains worrisome, as the comments above did not stop Turkey from announcing a doubling of its tariffs on certain US imports (including electronics) in response to a similar move by Washington on steel and aluminum, nor do the steps taken by the CB this week magically solve pressing economic issues such as: Turkey's reliance on external funding, the private sector's hard currency liabilities and sharply rising inflation. A reining in of public spending and a tighter fiscal policy are urgently required in order to avoid a boom and bust scenario, however President Erdogan's negative view on higher interest rates is already well-known as his desire to continue to stimulate growth. Thus in this current uncertain environment investors will likely remain cautious.

Kuwait Denies Rumour It Provided Funds To Support The TRY.

Kuwait's Ministry of Finance has dismissed a rumour doing the rounds earlier this week, that it provided a US\$1.6 bio financial injection to help stem the recent slide of the Turkish Lira following a recent meeting between both country's Finance Ministers. A statement issued by Kuwait's MOF and published in the Kuwait Times newspaper said that such talk was "unfounded" and that the two ministers discussions "did not touch upon any possible support of the Turkish currency, nor did they make any financial or investment decisions."

Iran Attempts To Retain Foreign Buyers Of Its Crude.

Iran's state owned energy company, NIOC, has reportedly again lowered the price of its crude for its foreign clients (especially those in Asia) in an attempt to

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sustain its market share ahead of the return of US sanctions on its oil exports in November. (According to Reuters these latest cuts are between 50 and 90 US cents a barrel). Meanwhile India is allegedly planning to offer to reduce its crude imports from Iran by as much as 50% in an attempt to obtain a US sanctions waiver for such trade. A recent report published by Kallanish Energy suggests that India purchased 23% of NIOC's oil exports during the fiscal year March 2017/2018, making it NIOC's second biggest client after China (26%).

Libya's Oil Output Back To 1 Mio Bpd.

According to an S&P Global Platts report, Libya's oil output has recovered to just over 1 mio bpd this month from July's one year low of 670,000bpd, although this is still below the 1.65 mio bpd recorded back in 2010. The North African country's production levels continue to whipsaw due to local tribal disputes, strike action and militant attacks on its oil-related infrastructure. Meanwhile global crude prices dipped overnight on the back of a 3.7 mio rise in US crude stocks last week according to the latest API estimates, although we still await official confirmation of this by the EIA later today.

Kuwait Records C/A Surplus In Q1 2018.

The Central Bank of Kuwait said in a recent report that the Gulf state had recorded a current account surplus of KWD 1.7 bio during Q1 of this year compared to KWD 1.2 bio in Q4 2017 driven primarily by higher crude prices. The CB also stated that this more than offset a widening services deficit, lower investment income, and higher remittances.

Egypt Sells EUR 600 Mio In T-Bills.

Egypt's Central Bank sold EUR 610 mio via a 1-year T-Bill auction to onshore and offshore FI's according to Reuters. The official results of the auction will be released tomorrow.

Steady Profit Levels Ahead For UAE Banks – Moodys.

Moody's Investor Services said in report published today that higher net interest income and lower provisions helped boost profits at the UAE's four largest during Q2 of this year, and added that it expects such profitability levels to remain stable over the next year or so. "We expect core profitability for the large UAE banks to remain broadly stable over the next 12-18 months, as interest earnings hold steady at current levels, and as the decline in provisioning charges reverses due to softening business confidence," the report read.

Algeria Seals Gas Supply Contracts With Spain & Italy.

Algeria announced today that it has signed new gas supply contracts with two European countries. A nine year agreement to provide Spain with 9 billion cm of gas per annum and a similar contract to supply Italy with 3 billion cm per year.

Nigeria's Inflation Rate Dips.

The CPI rate in Nigeria dipped to 11.14% y/y last month from 11.23% y/y in June helped by a slight fall in food prices.

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	1/6	2/7	5/15	12/22	25/40	110/140
USD/SAR	3.75006/08	-5/Par	-5/Par	-6/-1	Par/+10	15/25	40/60	190/240
USD/QAR	3.6500/50	-10/Par	-10/Par	-10/Par	-20/Par	Par/+25	20/70	90/140
USD/KWD	0.30350/370	-30/-20	-50/-30	-70/-40	-130/-80	-190/-140	-230/-180	-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	9.55650/5850	125/225	200/500	300/600	900/1400	1000/2000	1500/3000	2800/4800
USD/EGP NDF	17.90	18.07/18.15	18.25/18.33	18.45/18.55	18.97/19.07	19.46/19.56	19.95/20.05	-
USD/JOD	0.7090/7100	50/100	70/170	100/200	175/325	275/575	350/850	725/1725
USD/NGN NDF	361.50	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	4.8306	4.93/4.97	5.02/5.12	5.10/5.20	5.33/5.43	5.50/5.65	5.65/5.85	-
USD/TND	2.7900/8300	300/500	600/1100	1000/1500	1500/3000	2000/4000	3000/5000	5000/9000
Crude Oil	Futures							
WTI	66.35							
Brent	71.90							

** (offshore levels only)

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+21/27	+25/31	+30/36	+40/46	+50/56	+60/66	+69/75	+91/99
SAR SPREAD	+30/36	+38/44	+45/51	+51/57	+58/64	+65/71	+72/78	+95/103

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

AND FINALLY...

Did you know that hippos are responsible for killing more people in Africa than any other large animal including lion and crocodiles ?

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