

MIDDLE EAST & AFRICAN MONITOR

- **Iran's Finance Minister Impeached By Parliament.**
- **Despite Media Hype Saudi Aramco's IPO Should Not Be Rushed.**
- **US Natural Gas Inventories At Record Low.**
- **Nigeria's Debt Profile Rises – Economic Growth Remains Subdued.**
- **Saudi Arabia's Deficit To Shrink Further – IMF.**
- **Kuwait's Civil Service Dismisses 3,000 Expats.**
- **Egypt's CB Rejects Proposal By Tax Authority.**
- **Bank Sohar Concludes US\$250 Mio Loan.**
- **Egypt Ranks As Top Destination For MENA Travelers.**

REGIONAL COMMENTARY

Iran's Finance Minister Impeached By Parliament.

As Iran's economic situation continues to deteriorate the country's parliament voted by a slim majority on Sunday to sack the Finance Minister, Masoud Karbasian, who was only appointed one year ago. "Over the last year since you became the minister, the dinner table of the people has shrunk to the point of invisibility. The purchasing power of the people has dropped down at least by 50%. You have made the people poorer every day," a conservative MP was quoted as saying during the vote by the LA Times newspaper. In response Karbasian defended the policies he implemented whilst in office and blamed the US for Iran's economic travails: "America is seeking to block the country's economic vessels to put people under pressure and stir dissatisfaction. They are after hitting the government and ruling system. You should believe that we are at an all-out economic war," he stated. In practical terms this move will probably not help to stabilize the economy but follows the removal of the Labour Minister, Ali Rabiei earlier this month and thus deals another political blow to President Rouhani's government. Meanwhile British Airways, Air France and KLM all announced last week that they would be suspending their direct flights to Tehran from September this year for "commercial" reasons.

Despite Media Hype Saudi Aramco's IPO Should Not Be Rushed.

Various media reports doing the rounds late last week claimed that plans for the much awaited IPO of Saudi Aramco have been scrapped. But in response to these rumours the Kingdom's Energy Minister and Chairman of Aramco, Khalid al Failih stated last Thursday that, "The Government remains committed to the IPO of Saudi Aramco at a time of its own choosing when conditions are optimum. This timing will depend on multiple factors, including favorable market conditions, and a downstream acquisition which the Company will pursue in the next few months." Whilst some commentators have begun describing this delay as a setback to Saudi Arabia's diversification program we have the opposite opinion. Firstly the country's economic situation is continuing to improve supported by a higher oil price environment, the Central Bank's reserves have stabilized and are now back above US\$500 bio, the budget deficit is moving lower despite an increase in spending, and the recent move by Aramco to purchase a major stake in SABIC from the PIC for as much as US\$70 bio not only gives Aramco an opportunity to develop its chemical business it also means, (along with other separate privatization efforts) that funding for the 'Vision 2030' project is still be available despite a potential delay of this mega IPO. It should also be borne in mind that with such a domestically sensitive and globally important public

27th August 2018

Glenn Wepener
 Executive Director & Geopolitical
 Analyst, Middle East & Africa

Please click [here](#) to view our recent publications on MENA and Global Markets

offering, the government will need market conditions to be as attractive as possible. Meanwhile we note that the PIC reportedly raised US\$11 bio via syndicated loan at LIBOR +75bp last week according to Reuters.

US Natural Gas Inventories At Record Low.

As winter season approaches for the northern hemisphere, gas prices may soon begin to experience volatility due to very low US inventories. This risk could worsen if it's an exceptionally cold one pressing prices higher. According to a recent report by S&P Platts US gas stocks are forecast to end the injection season at 3249 Tcf, their lowest level in over 15 years.

Nigeria's Debt Profile Rises – Economic Growth Remains Subdued.

According to a statement by Nigeria's Debt Management Office, the country's overall debt stood at NGN 22.38 trillion (US\$73.21 bio) by the end of June this year. External debt obligations total US\$22.08 bio which is more than a 135% increase from 2014 although this is equal to 5.90% of GDP and total debt is 19% of GDP which is still within manageable limits. However as a recent study published by the Business Day newspaper highlights, there are concerns that a significant portion of government borrowing has been allocated towards funding the country's oversized civil service and consumer subsidies instead of upgrading and widening key infrastructure networks. Meanwhile despite improved oil prices, Nigeria's economic growth remains weak (1.95% in Q1 2018) having just emerged from a recession last year.

Saudi Arabia's Deficit To Shrink Further – IMF.

In an updated review which was published last Friday, the IMF has said that it expects Saudi Arabia's fiscal deficit to fall to 4.60% of GDP this year from 9.30% last year as a result of an increase in oil exports, firmer energy prices and the growth in non-oil related revenues. "Reform momentum remains strong under Vision 2030. New reform initiatives are being rolled-out under the Vision Realization Programs. Oil prices have risen over the past year and are positively affecting fiscal and external balances. Higher oil prices provide both an opportunity and a risk to the fiscal reforms," the IMF statement read and you can access the entire review [here](#).

Kuwait's Civil Service Dismisses 3,000 Expats.

Kuwait has reportedly laid off 3,140 foreign employees within its public sector this year. "The expatriate workers have been laid off in line with the state's policy of 'Kuwaitising' jobs in the public sector as stipulated by CSC decision 11/2017, which exempted dismissals in the medical and health sectors," the Chairman of the country's Civil Service Commission was quoted as saying by the 'Kuwait News Agency' this past weekend. Despite these latest dismissal there are still more than 40,000 non-Kuwaitis employed by the government, although over 50% of these are primarily involved in the teaching and training sectors according to a 'Gulf News' report.

Egypt's CB Rejects Proposal By Tax Authority.

The Central Bank of Egypt announced yesterday that it would not accept a proposed amendment to the country's income tax act which would give the Finance Ministry access to company bank accounts. The Central Bank Governor, Tarek Amer, was quoted by the local 'Ahram' news site stating that the institution would continue to "preserve the confidentiality" of bank accounts, and called on the head of the tax agency, Emad Samy (who had earlier called for such access) not to exceed his authority.

Bank Sohar Concludes US\$250 Mio Loan.

Oman's Bank Sohar has concluded a US\$250 mio three-year syndicated loan agreement at an interest margin of 190bp above LIBOR according to Reuters.

Egypt Ranks As Top Destination For MENA Travelers.

According to the Singapore based travel site 'WEGO' Egypt was the number one destination for leisure and business travelers from within the MENA region during Q2 of this year. You can access the complete Wego destination leaderboard [here](#).

FX/RATES & CRUDE MARKETS:

Indication Levels Only – Please Contact us on Reuters Dealing Codes FAB/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	3/8	5/15	15/30	25/40	110/140
USD/SAR	3.7505/07	-4/-1	-4/-1	-3/+2	5/15	20/35	50/70	220/270
USD/QAR	3.6550/80	-10/Par	-10/Par	-15/+5	-20/+5	Par/+30	30/80	50/150
USD/KWD	0.30285/305	-25/-15	-45/-25	-70/-40	-130/-80	-180/-150	-240/-180	-320/-120
USD/OMR	0.38498/503	10/25	30/50	55/85	110/160	210/260	330/430	850/950
USD/BHD	0.37705/35	15/35	30/60	45/85	110/160	150/200	220/280	550/700
USD/MAD	9.3850/4050	175/275	300/600	400/800	900/1400	1200/2200	1800/3000	2800/4800
USD/EGP NDF	17.89	18.00/18.07	18.15/18.25	18.33/18.43	18.85/18.95	19.35/19.45	19.85/19.95	-
USD/JOD	0.7095/7105	50/100	70/170	100/200	175/325	275/575	350/850	725/1725
USD/NGN NDF	361.50	363.50/364.50	365.00/367.00	367.50/369.50	376.00/379.00	383.50/387.50	392.00/397.00	(NAFEX)
USD/GHS NDF	4.8100	4.89/4.94	4.95/5.05	5.05/5.15	5.25/5.35	5.42/5.57	5.62/5.77	-
USD/TND	2.7500/8000	250/450	500/1000	700/1200	1500/3000	2000/4000	3000/5000	5000/8000
Crude Oil	Futures							
WTI	68.45							
Brent	75.60							

** (offshore levels only)

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+23/29	+26/32	+31/37	+40/46	+50/56	+60/66	+69/75	+91/99
SAR SPREAD	+30/36	+38/44	+46/52	+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 Camel's milk contains 10-times more iron and 3-times more vitamin C than cow's milk ?

Glenn Wepener

Executive Director & Geopolitical Analyst

Middle East & Africa

Market Insight & Strategy

FAB Global Markets

Tel: +971-2-6110141

Mobile: +971-50-6415937

Email: GlennMaurice.Wepener@bankfab.com

Please click [here](#) to view our recent publications on MENA and Global Markets

Disclaimer: To the fullest extent allowed by applicable laws and regulations, First Abu Dhabi Bank (the "Bank") and any other affiliate or subsidiary of the Bank, expressly disclaim all warranties and representations in respect of this communication. The content is confidential and is provided for your information purposes only on an "as is" and "as available" basis and no liability is accepted for or representation is made by the Bank in respect of the quality, completeness or accuracy of the information and the Bank has undertaken no independent verification in relation thereto nor is it under any duty to do so whether prepared in part or in full by the Bank or any third party. Furthermore, the Bank shall be under no obligation to provide you with any change or update in relation to said content. It is not intended for distribution to private investors or private clients and is not intended to be relied upon as advice; whether financial, legal, tax or otherwise. To the extent that you deem necessary to obtain such advice, you should consult with your independent advisors. Any content has been prepared by personnel of the Global Markets division at the Bank and does not reflect the views of the Bank as a whole or other personnel of the Bank.