

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Iran Has Been “Put On Notice For Its Continued Mischief” – US Official.

The US Defence Secretary, James Mattis was quoted by the Independent newspaper yesterday, warning that the Iranian regime has been “put on notice” and that its “continued mischief” in the region will no longer be tolerated by Washington, adding that while he felt there was “less willingness to be confrontational” on Iran’s part, they were still “fundamentally” a destabilizing factor in the region. He also stated that “Our problem is not with Iran, it’s with the Iranian regime leadership, not the Iranian people.” Meanwhile the Iranian President, Hassan Rouhani was forced to try and defend his administration’s performance during a parliamentary Q&A session which was shown live on Iranian TV yesterday. Rouhani was grilled on five domestic issues: Unemployment, weak economic growth, the collapse of the local currency, cross-border smuggling, and the continued lack of access Iranian banks have to global financial services. In a vote held at the end of this session the majority of MPs indicated that they were “not convinced” by his responses, and they may now refer the matter to the justice department, if this happens it might open up the possible risk of impeachment.

India To Overtake China In Oil Demand Race.

According to a recent study by the US based energy consultancy Wood Mackenzie, India is expected to overtake China as the world’s largest buyer of oil within the next five years, but also warned that India’s refinery capacity may soon struggle to meet the burgeoning domestic demand for petrol . “Amidst global attention on peak oil demand, India appears to be bucking the trend. The country’s oil demand is expected to grow by 3.5 million barrels per day from 2017 to 2035, accounting for one-third of global oil demand growth. India’s demand is driven by rising income levels, an expanding middle class and a growing need for mobility. From a balanced position today, Indian public sector undertakings or refineries owned by national oil companies will become short on transport fuels at least until the 1.2 million bpd mega refinery, a proposed joint venture among Indian PSUs, Saudi Aramco and ADNOC, comes online,” the report claimed. You can read more on this topic in an article published on India’s Economic Times website [here](#).

Moody’s Downgrades 20 Financial Institutions In Turkey.

Moody’s Investors Service announced last night that it had downgraded eighteen banks and two finance companies in Turkey over future funding concerns. In a

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statement explaining its decision Moody's said, "There is a heightened risk of a downside funding scenario, where a deterioration in investor sentiment limits access to market funding. Moody's also recognizes the potential risk of a parallel deterioration in confidence in US dollar domestic deposits. Turkish banks are highly reliant on foreign currency funding and had market funds of around US\$186 bio denominated in foreign currency as of June 2018, equivalent to 75% of their total wholesale funds. This makes the banking system particularly sensitive to potential shifts in investor sentiment, as these foreign currency liabilities must be refinanced on an ongoing basis." The ratings agency has also put all of Turkey's Financial institutions on a "negative outlook," and undertaken separate rating reviews and actions on 13 Turkish companies. Meanwhile a German government official was quoted by Bloomberg yesterday stating that whilst Berlin was considering ways to help Turkey avoid an economic crises, it would not offer direct financial support.

Rival Libyan CB Governors Meet In Tunisia.

According to the Libyan Observer newspaper, the head of the Tripoli based Central Bank of Libya, Al Siddiq Al Kabeer and his counterpart at the parallel Central Bank based in Al Bayda, Ali Al Hibri, met for "working" talks at the UN's Libya Mission headquarters in Tunis earlier this week. No official statement or comments about the topics discussed have been released as yet, but a UN spokesperson said afterwards that the outcome had been "positive". Last month Libya's Government of National Accord had called on the UN to help form an "international technical committee" to review and audit the expenses, revenues and transactions of both of the country's Central Banks.

Moody's Raises Outlook On Egypt.

Moody's Investors Service yesterday amended its outlook on Egypt's long-term issuer B3 ratings from "stable" to "positive". The ratings agency said in a statement that this change in outlook reflects the fact that, "The substantial progress made by the government in implementing reforms agreed with the IMF has imparted a degree of financial stability not present earlier in the decade."

Abu Dhabi & Kuwait's Sovereign Assets Exceed 100% Of GDP.

According to a recent study by S&P only seven sovereign governments have liquid assets exceeding 100% of their respective GDPs, these include Abu Dhabi (232%), Kuwait and Norway. "In our opinion, when a stock of government assets is that large, a sufficient portion will very likely be available for use in combatting the effects of pronounced economic cycles, without materially impairing the sovereign's balance sheet," the ratings agency report highlighted, adding that it expected Abu Dhabi's liquid assets to rise to US\$686 bio over the next three years.

Saudi Inflation Rate Edges Higher.

The CPI rate in Saudi Arabia increased slightly to 2.20% y/y last month from 2.10% in June and was driven primarily by higher food prices. The rate is however still below this year's peak of 3%.

Bahrain To Build Metro Rail System.

According to a report in the Arabian Business magazine, Bahrain plans to issue an international tender for the construction of a 109km light-rail system next year. Transport infrastructure is one of the key pillars of the country's US\$32 bio investment plan, designed to upgrade the country's regional competitiveness.

Siemens & Petrofac Win Contracts In Iraq.

Germany based Siemens has been awarded a contract to supply five steam turbines to one of Iraq's largest gas fired power plants, while the UK's Petrofac has reportedly won a US\$370 mio EPC contract linked to the expansion of a central processing facility in southern Iraq's Majnoon oil field.

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	1/4	3/8	5/10	10/20	15/30	25/40	110/140
USD/SAR	3.7506/08	-4/-1	-4/-1	-3/+2	5/15	20/35	50/65	210/260
USD/QAR	3.6550/80	-10/Par	-15/-5	-17/-7	-20/-5	Par/+30	30/60	50/150
USD/KWD	0.30265/285	-25/-15	-45/-25	-70/-40	-130/-80	-180/-150	-240/-180	-320/-120
USD/OMR	0.38498/503	10/25	30/50	55/75	110/160	210/260	330/430	850/950
USD/BHD	0.37705/35	15/25	30/55	50/80	90/140	140/190	200/300	550/700
USD/MAD	9.3600/3800	175/275	300/600	400/800	900/1400	1200/2200	1800/3000	2800/4800
USD/EGP NDF	17.90	18.03/18.08	18.20/18.27	18.36/18.46	18.88/18.98	19.42/19.52	19.92/20.02	-
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	391.00/396.00	(NAFEX)
USD/GHS NDF	4.8200	4.90/4.95	4.98/5.08	5.06/5.16	5.27/5.37	5.45/5.60	5.63/5.80	-
USD/TND	2.7350/7750	250/450	500/1000	700/1200	1500/3000	2000/4000	3000/5000	5000/8000
Crude Oil	Futures							
WTI	68.40							
Brent	75.70							

** (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	+34/40	+41/47	+47/53	+52/58	+59/65	+66/72	+73/79	+96/104

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

AND FINALLY...

Did you know that both the Louvre Abu Dhabi and Warner Bros World Abu Dhabi are included in Time Magazine's list of the world's 100 greatest places to visit in 2018?

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