

## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Oil & Fuel Stocks Fall Further As Next Set Of US Sanctions On Iran Approach.**

According to a recent survey by Reuters, a 30 cargo surplus of West African crude which had been sitting in tankers looking for a home has now almost disappeared as demand from Asia continues to rise and the US prepares to re-implement oil sanctions on Iran. This growing Asian demand is led by India and the 'Teapot' refineries in China whose orders have reportedly jumped by 40% this month compared to July. It's also worth paying attention to the level fuel stocks in key distribution hubs such as the UAE's Fujairah, which saw a 10.70% drop in its inventories of light, middle and heavy distillates last week to 16.15 mio barrels (a five month low). Meanwhile Singapore's fuel oil inventories dropped by 7% in the week ending August 22nd 2018 to 14.23 mio barrels a nine year low.

#### **Turkish Assets Remain Under Pressure – Deputy CB Governor Resigns.**

Despite recent attempts by the Turkish authorities to stabilize the country's domestic financial markets and restore investor confidence, including the announcement this morning that the withholding tax on TRY deposits up to one year has been slashed from 12% to 3% and increased by 1% to 16% on hard currency deposits, the current crises is unlikely to ease significantly anytime soon. The local currency lost over 4% against the US dollar and the 5Y Turkey CDS jumped by 27bp yesterday, although these moves were also exacerbated by media reports that the Deputy CB Governor and MPC member, Erkan Kilimci, was preparing to step down from his post and join a private institution. USD/TRY hit 6.7800 during the thin Asian hours this morning but has since settled back to around 6.5700, whilst the 5Y CDS was sitting at 527.66 at the time of writing. As we have suggested previously Turkey needs to implement a series of key structural measures to avoid a further deterioration of this situation such as: cutting public spending, introducing fiscal reforms, reaffirming the CB's independence and attempting to ease diplomatic tensions with Washington. Meanwhile the FITCH ratings agency said in a statement yesterday that the weak Lira has increased the risks for Turkey's banking sector. "State-owned banks could face negative rating pressure if stress on Turkey's external finances weakens the government's ability to provide foreign-currency support, and support-driven ratings of foreign-owned banks are sensitive to further sovereign downgrades or a reduction in their parents' propensity to provide support," the statement read.

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### **US & Egypt Prepare To Conduct Joint Military Exercises.**

The Egyptian military is preparing to host 'war games' with the US armed forces next month for the second year in a row, after the "Bright Star" exercises were restarted in 2017 following an eight year hiatus. According to the 'Ahram' news site, these latest drills will take place at Egypt's newest and largest military base which lies west of Alexandria, although maritime exercises would be conducted in the Mediterranean Sea as well. Land, Naval and Air Forces from, Greece, Jordan, Britain, Saudi Arabia, the UAE, Italy and France are also set to participate, whilst officials from Lebanon, Rwanda, Iraq, Pakistan, India, Kenya, Tanzania, Uganda, DR Cong, Chad, South Africa, Senegal and Canada, have been invited to monitor the exercises.

### **MTN's Nigeria Listing Under Threat After Surprise CB Decision.**

Nigeria's Central Bank claimed via an official statement this week, that dividends totaling US\$8.1 bio and repatriated out of Nigeria by the South African based telecommunications operator MTN between 2007 and 2015, was done illegally because the CCI certificates were "improperly issued." It has thus reportedly fined and ordered the four banks allegedly involved in the remittances to arrange for the funds to be returned to the country. In response MTN Nigeria said in a statement that the company; "Strongly refutes these allegations and claims. No dividends have been declared or paid by MTN Nigeria other than pursuant to CCIs issued by our bankers and with the approval of the CBN as required by law." This news comes just three years on from imposition of a US\$5.2 bio fine on MTN by Nigeria's regulators for apparently failing to disconnect unregistered SIM cards, although this fine was later reduced to US\$1 bio. This new situation may also further complicate MTN's already delayed plan to list in Nigeria. You can read more on this story [here](#).

### **Tunisia's CB Keeps Interest Rates Steady – Energy Minister Sacked.**

Tunisia's Central Bank kept its benchmark interest rate unchanged at 6.75% following its MPC meeting yesterday as inflation showed signs of easing. Meanwhile the government and the IMF are currently still locked in talks ahead of the hoped for release of the next US\$250 mio tranche of a US\$2.8 bio loan program. However there are claims via some media sources that these discussions are proceeding slowly due to IMF concerns over the Tunisian government's slow implementation of economic reforms. In other breaking news this morning Tunisia's Prime Minister has reportedly sacked his Energy Minister over allegations of corruption.

### **Zambia's External Debt Load Jumps.**

Zambia's Ministry of Finance revealed yesterday that the country's external debt load had risen to US\$9.37 bio (34.20% of GDP) by the end of June this year from US\$8.7 bio at the end of 2017.

### **Angola Seeks US\$4.5 Bio IMF Loan.**

Angola will reportedly ask the IMF for a US\$4.5 bio loan package in talks which are due to begin this coming October. According to the state-run 'Angop News Agency', The government hopes that this funding will be made available in three tranches of US\$1.5 billion per year, with a view to implementing its 'Macroeconomic Stabilization Program' for the period 2018-2022.

### **Saudi Arabia's Foreign Assets Rise.**

Saudi Arabia's foreign reserve assets increased by 1.40% y/y last month to SAR 1.88 trillion according to data released by SAMA yesterday.

### **Kuwait May Lower Age Cap On Employment Of Expats.**

According to a recent 'Gulf News' article, the Kuwaiti government is considering a proposal to lower the cap on the hiring of foreign workers based on their age. If approved it would see a ban on the recruitment of any expatriate employee and/or the renewal of an existing employment contract for those aged 60 or older. This proposal is reportedly being opposed by Kuwait's business community on the grounds that it could upset market forces and eliminate the "critical experience factor." Meanwhile other measures aimed at reducing the overall number of expats in the country which are allegedly under consideration include, confining family visit visas to spouses and children only and limiting them to a 30 day period without the possibility of renewal.

## 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	100/130
USD/SAR	3.7506/09	-4/-1	-4/-1	-3/+2	5/15	20/35	50/65	210/260
USD/QAR	3.6560/90	-20/-10	-25/-10	-30/-10	-35/-15	-10/+20	Par/+30	25/125
USD/KWD	0.30255/275	-25/-15	-45/-25	-70/-40	-130/-80	-170/-140	-225/-175	-300/-100
USD/OMR	0.38498/503	10/25	30/50	55/75	110/160	210/260	330/430	850/950
USD/BHD	0.37690/720	15/25	30/55	50/80	75/175	120/220	140/240	500/650
USD/MAD	9.3350/3550	250/450	350/650	600/900	1100/1600	1800/2400	2000/3000	3000/5000
USD/EGP NDF	17.90	18.05/18.15	18.25/18.35	18.43/18.53	18.92/19.02	19.40/19.50	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	362.50	364.25/365.25	366.00/368.00	368.00/371.00	377.00/380.00	384.00/389.00	393.00/398.00	(NAFEX)
USD/GHS NDF	4.8900	4.95/5.00	5.03/5.13	5.07/5.17	5.25/5.35	5.40/5.55	5.62/5.77	-
USD/TND	2.7500/7900	250/450	500/1000	700/1200	1500/3000	2000/4000	3000/5000	5000/8000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	70.03							
Brent	77.25							

\*\* (offshore levels only)

## AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+25/31	+29/35	+34/40	+43/49	+52/58	+62/68	+73/79	+95/103
SAR SPREAD	+35/41	+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 Morocco is one of the largest importers of Chinese green tea in the world?*

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