

## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **US Calls On The EU To Implement New Sanctions On Iran.**

According to various media reports the US Special Representative on Iran, Brian Hook, has described Tehran's missile program as a "grave and escalating threat" and called on the European Union to impose fresh sanctions on the country. "We would like to see the European Union move sanctions that target Iran's missile program. The United States has imposed sanctions on a number of individuals and entities who are supporting Iran's missile program. We think those sanctions can be effective if more nations can also join us in that effort," he was quoted as saying by the VOA yesterday. His comments follow the news that Iran had conducted a medium range ballistic missile test last week which it claimed was for "defensive" purposes only. "How exactly is the world's leading sponsor of terrorism entitled to a claim of defense? In fact, Iran's security concerns are entirely self-generated. Was a plot to bomb Paris defensive? Was the assassination attempt in Denmark defensive? Is smuggling missiles to the Houthis in Yemen to attack Saudi Arabia and the Emirates defensive?" Hook added.

#### **Qatar Withdraws From OPEC.**

In somewhat of a surprise move, Qatar announced yesterday that it was planning to withdraw its membership of OPEC from January 1st 2019 in order to focus on its production of natural gas. This decision should not have any real impact on oil prices especially considering the fact that Qatar only produces around 600,000 bpd of crude which is less than 2% of OPEC's total output. Meanwhile another story which thus far appears to have escaped the mainstream media headlines but that may be particularly important to the LNG market in Asia, is Australia's recent emergence as one of the world's top gas exporters. Australia captured an estimated 18% share of total global gas exports last year, and its rise is outlined within the latest 'Resources & Energy Quarterly' published by the Australian Government's Chief Economist's office which you can read in full [here](#).

#### **Iraq's Oil Exports Dropped Sharply In November.**

According to S&P Global Platts, Iraqi oil exports fell again last month to 3.37 mio bpd their lowest level since April, and off the 3.58 mio bpd high reported in August. Lower exports in both October and November has been attributed to bad weather conditions around Iraq's southern terminals, however overall output is

4<sup>th</sup> December 2018

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expected to increase again in 2019 following the signing of an agreement between the central government and the semi-autonomous region of Kurdistan, which will see oil from Kirkuk transported to Turkey via a Kurdistan pipeline. In separate news Turkey's crude oil purchases from Iran dropped to zero last month according to a Reuters report which had quoted unnamed shipping sources. However these imports may restart again this month, since Turkey is one of the eight countries which recently received a temporary Iran sanctions waiver from Washington. During the first five months of this year Turkey sourced over 50% of its oil imports from Iran.

#### **Nigerian President Denies Body-Double Rumours.**

During an official visit to Poland this week, Nigeria's President Buhari has had to publically deny a bizarre rumour which has been doing the rounds on social media suggesting that he had died and been replaced by a Sudanese body-double called 'Jubril.' "One of the questions that came up today in my meeting with Nigerians in Poland was on the issue of whether I've been cloned or not. The ignorant rumors are not surprising, when I was away on medical vacation last year a lot of people hoped I was dead," he was quoted as saying by the ABC news outlet on Sunday. Nigeria is currently preparing to hold general elections in February next year.

#### **Saudi Arabia's Debt to GDP Ratio Will Be Capped Next Year.**

Saudi Arabia's Finance Minister, Mohammed Al Jarda, said yesterday during a Bloomberg interview, that while the Kingdom planned to implement an expansionary budget next year, its debt-to-GDP ratio would not exceed 21-22% in 2019. Public spending is expected to total SAR 1.1 trillion next year while revenues are forecast to increase to SAR 978 bio from SAR 882 bio this year.

#### **SAMA's FX Reserves Dip Slightly In November.**

Saudi Arabia's FX reserves held by the country's central bank dipped by US\$2.6 bio last month to US\$504 bio.

#### **Egypt To Conduct Two Eurobond Issues In Q1.**

Egypt's Finance Minister, Mohamed Maait, said yesterday that the government would probably conduct at least two foreign currency bond issuances during the first quarter of next year. "It can be two or more in the next quarter," Maait was quoted as saying by Reuters yesterday, although adding that the total amount the country is looking to raise may be larger or smaller than the previously suggested level of US\$5 bio. "It can go up, it can go down. It depends on the moment of decision making."

#### **UAE Property Prices Dip.**

Residential property prices reportedly fell by 7.40% y/y in Dubai and 6.10% in Abu Dhabi during the third quarter of this year according to the latest data released by the UAE's Central Bank and published by Reuters earlier today.

#### **US Approves Sale Of Missile Defence System to KSA.**

The Trump administration has reportedly approved a US\$15 bio missile defence system deal between Lockheed Martin and Saudi Arabia which has been in the works since 2016. According to Reuters the transaction covers the Kingdom's purchase of 44 Terminal High Altitude Area Defence launchers, missiles and related equipment.

#### **Kuwaiti Banks Should See Earnings Rise In 2019.**

According to a report by EFG-Hermes, average earnings by Kuwaiti banks are forecast to rise by 15% next year driven by an increase in lending and government spending.

#### **Zambia's Inflation Rate Eases.**

Zambia's CPI rate dipped to 7.80% y/y last month from 8.30% in October according to the country's official statistics agency.

Continued...

## 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	2/5	4/7	5/10	15/20	20/30	33/43	110/140
USD/SAR	3.7517/19	-2/+1	-1+2	-1/+2	5/15	32/42	70/85	280/310
USD/QAR	3.6515/35	Par/+5	Par/+10	Par/+10	Par/+15	10/30	15/45	50/100
USD/KWD	0.30405/415	-18/-13	-30/-20	-40/-25	-70/-50	-95/-65	-130/-100	-175/-125
USD/OMR	0.38501/504	7/17	20/40	35/55	110/140	185/235	300/350	750/850
USD/BHD	0.37697/702	25/35	45/65	70/90	110/140	170/220	230/280	500/600
USD/MAD	9.4450/4750	450/750	800/1200	1100/1700	1800/2800	2400/3400	3000/4500	4000/7000
USD/EGP NDF	17.91	18.03/18.08	18.19/18.24	18.36/18.41	18.94/18.99	19.46/19.51	19.98/20.03	-
USD/JOD	0.70957/105	40/90	45/145	100/200	150/350	250/500	350/750	750/1750
USD/NGN NDF	363.50	366.00/367.00	368.00/369.50	370.50/372.50	378.00/381.00	387.00/392.00	396.50/400.50	(NAFEX)
USD/GHS NDF	4.9000	5.00/5.05	5.08/5.11	5.14/5.24	5.33/5.43	5.52/5.67	5.70/5.85	-
USD/TND	3.0400/0900	350/550	700/1000	1000/1500	1500/2500	2000/3500	3000/4500	5000/8000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	53.60							
Brent	62.50							

\*\* (GCC FX indications above are offshore levels only)

## AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+19/+25	+25/31	+37/43	+49/55	+61/67	+73/79	+85/91	+114/122
SAR SPREAD	+22/28	+28/34	+34/44	+49/55	+60/66	+71/77	+82/88	+110/118

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

## AND FINALLY...

Did you know that the UAE passport is now ranked as the world's most powerful and allows the holder to have visa-free access to 167 countries?

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