

## MIDDLE EAST & AFRICAN MONITOR

- Oil Prices Stabilize After OPEC+ Seals Output Cut.
- GCC Summit Discussed Regional Challenges & Issues 7-Point Action Plan.
- US Sanctions Equals “Economic Terrorism” – Iranian President.
- Tunisia Ponders New Exchange Rate Law.
- IMF Approves US\$3.7 Bio Credit Line For Angola.
- ADGM Lists Senaat’s US\$300 Mio SUKUK.
- Moody’s Assigns A Stable Outlook To The UAE’s Banking Sector.
- ENI Sells Stake In Egypt Oil Concession To Mubadala.
- Nigeria Attracts Major Foreign Investor Into Its Mining Sector.
- Dubai International Airport Reports Rise In Passenger Traffic.
- Inflation Eases In Egypt.

### REGIONAL COMMENTARY

#### **Oil Prices Stabilize After OPEC+ Seals Output Cut.**

The major crude producers managed to seal a last minute deal following their OPEC+ meeting last week, agreeing to reduce production by 1.2 mio bpd from January 2019 for a six month period, although it should be noted that a review will be conducted in April. As they were in 2017, the skeptics have been surprised by the ability of OPEC/NOPEC to conclude such agreements and it underlines the likelihood that further cooperation is possible in order to keep market prices from rising and/or falling to sharply in the near term. This latest cut will also reduce an inventory surplus that had begun to accrue over the past few months, and all eyes will now turn to April when the US sanctions waiver on eight of Iran’s prime export markets will lapse.

#### **GCC Summit Discussed Regional Challenges & Issues 7-Point Action Plan.**

The 39th annual GCC Summit was held in Riyadh yesterday where the host, King Salman highlighted the importance of unifying and strengthening the GCC in order to successfully face ongoing challenges across the region. “In order to enhance the security, stability, development, prosperity and wellbeing of the citizens of member states, the GCC has become our fundamental asset,” the King stated during his welcome speech. Amongst other topics he also referred to the war in Yemen stating that the, “Arab coalition was keen to accept a request from the legitimate Yemeni government to rescue the country and its people from a group that turned on the government with the intent of tampering with the country’s security and stability.” Meanwhile Saudi Arabia’s Minister of Foreign Affairs, Adel Al Jubeir was quoted as saying by the ‘Arab News’ outlet, that all the GCC countries represent one family and any dispute amongst its members was normal. “It may occur within the same family. It remains a simple matter that will not be difficult to resolve, especially considering our friendly relations that are bound by our common blood and destiny,” he said adding that, “Truth is firm and durable, as long as the GCC countries share a common destiny and realize that their unity is a force that will always be influential if we effectively agreed on all regional and international economic, political and security issues.” At the conclusion of the gathering the member states adopted the ‘Riyadh Declaration’ which lists seven action points that you can read in full [here](#).

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### **US Sanctions Equals “Economic Terrorism” – Iranian President.**

Iran’s President, Hassan Rouhani has slammed the reimplementing of US sanctions against his country and claimed that if they caused his country’s economy to weaken further, his government would be less able to fight serious criminal activities such as drug trafficking. "America's unjust and illegal sanctions against the honorable nation of Iran have targeted our nation in a clear instance of terrorism. When they impose sanctions on Iran, they deprive all of us of the benefits of international trade, energy security, and sustainable development. And in fact, they impose sanctions on everyone, we are here to say that we don't intend to tolerate such insolence. I warn those who impose sanctions that if Iran's ability to fight drugs and terrorism are affected you will not be safe from a deluge of drugs, asylum seekers, bombs and terrorism," he was quoted as saying this past Saturday by the 'RTE' news outlet. Meanwhile the country’s Supreme Leader, Ayatollah Ali Khamenei, has reportedly instructed Iran’s Central Bank strengthen the local currency which has fallen sharply in value this year, especially since the return of US sanctions was first mooted. “The central bank and the banking system will use all of its managerial power and expertise to fulfill the Leader’s goals,” the CB Governor, Adolnaser Hemmati said, although he has not as yet outlined any new monetary policy steps in order to achieve this. The Rial has lost over 60% of its value against the US dollar this year alone.

### **Tunisia Ponders New Exchange Rate Law.**

Tunisia’s Prime Minister, Youssef Chahed stated last Friday that he expects the adoption of a new foreign exchange rate law soon, although he did not reveal any details on what this new law may involve. A Reuters article published last week quotes an unnamed official source as suggesting this could mean a more flexible FX regime, and the government has been facing calls by local importers for a more efficient and transparent FX allocation system. However the country’s net FX reserves remain at a very low level. (US\$3.90 bio in Sep 2018).

### **IMF Approves US\$3.7 Bio Credit Line For Angola.**

The IMF announced late last week that it has approved a three-year US\$3.7 bio credit facility for Angola, in order to support the southern African country’s economic reform program. Angola will receive an initial tranche of US\$990 mio soon.

### **ADGM Lists Senaat’s US\$300 Mio SUKUK.**

The Abu Dhabi’s General Holding Corporation (Senaat) listed a US\$300 mio SUKUK on Abu Dhabi Securities Exchange yesterday. According to a statement by Senaat’s CEO, Jamal Salem Al Daheri, and published by Gulf News the SUKUK was over-subscribed with strong demand seen from global investors. “Majority of these investors were banks, pension funds and insurance companies and so on,” he added. This 7-year Islamic bond was raised at a profit rate of 4.76% and will also be listed on the LSE. Since it was issued the bond has already performed well in the secondary market, with the profit rate now trading around 4.50% (indicative).

### **Moody’s Assigns A Stable Outlook To The UAE’s Banking Sector.**

In a recently published report, Moodys Investor Service said that its outlook for the UAE’s banking sector remains stable, underpinned by a strong capital base, increased government spending and solid funding. “A combination of rising oil production, government infrastructure spending in Dubai, as well as Abu Dhabi’s fiscal stimulus package will bolster economic growth. Strong capital levels provide a large, loss-absorbing buffer for the UAE's banks, Moody's expects strengthening profitability to support capital levels, with sector-wide tangible common equity at 14-15% of risk-weighted assets over the next 12 to 18 months,” the report read. You can read more on this topic [here](#).

### **ENI Sells Stake In Egypt Oil Concession To Mubadala.**

Italy’s ENI has announced that it has agreed to sell a 20% participating interest in the Nour offshore oil concession, (which is located in Egypt’s Northern Sinai region), to Mubadala Petroleum a subsidiary of the UAE based Mubadala Investment Company. ENI has also sold a separate 25% stake to BP according to an article published on the ‘worldoil.com’ website.

### **Nigeria Attracts Major Foreign Investor Into Its Mining Sector.**

Nigeria’s Finance Minister, Zainab Ahmed announced yesterday that the government had signed an agreement with African Natural Resources & Mines Ltd to invest up to US\$600 mio into an integrated iron ore and steel project in the country.

### Dubai International Airport Reports Rise In Passenger Traffic.

The total number of passengers handled by Dubai's International Airport in the year to October rose by 1.50% to 74.5 million according to a Reuters report published earlier today.

### Inflation Eases In Egypt.

Egypt's CPI number dipped to 15.70% last month from 17.70% in October according to data released by the country's official statistics office earlier today.

### 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	6/11	13/18	25/35	35/45	110/140
USD/SAR	3.7517/19	-2/+1	-1+2	Par/+5	10/20	32/42	65/80	290/320
USD/QAR	3.6510/30	-5/+5	Par/+10	Par/+10	05/15	10/30	10/60	50/150
USD/KWD	0.30387/97	-25/-15	-40/-30	-55/-45	-90/-70	-115/-85	-150/-120	-200/-150
USD/OMR	0.38501/504	7/17	20/40	35/55	100/130	180/230	300/350	750/850
USD/BHD	0.37699/704	20/30	40/60	65/85	110/140	170/220	230/280	500/600
USD/MAD	9.4350/4550	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	0.70977/107	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	3.0050/0450	350/550	700/1000	1000/1500	1500/2500	2000/3500	3000/4500	5000/8000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	52.15							
Brent	61.45							

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

### AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+23/29	+28/34	+38/44	+50/56	+62/68	+74/80	+86/92	+117/125
SAR SPREAD	+23/29	+31/37	+40/46	+51/57	+62/68	+73/79	+84/90	+112/120

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

### AND FINALLY...

Did you know that camels were first domesticated in the Africa and southern Arabia back around 3,000BC?

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