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REGIONAL COMMENTARY

Another Russian Oil Company Withdraws From Iran.

Russia’s largest oil company, Rosneft, has reportedly decided to withdraw from Iran according to an article published in the ‘Vedomosti’ newspaper late last week. This news which is still to be officially confirmed, comes just one year after Rosneft had signed a cooperation agreement with Iran’s state-run National Oil Company, which in turn had opened up the potential for up to US\$30 bio worth of investment into Iran’s energy sector. The ‘oilprice.com’ website claims that Rosneft’s decision was driven by a number of issues including, US sanctions, a greater focus on domestic production at home and a view that the increased risks of investing in Iran now outweighed the possible rewards. Rosneft is not the only Russian oil firm to reconsider its position on Iran, with Zarubezhneft pulling out of the country just before US sanctions were re-implemented last month.

“OPEC Is Growing Not Shrinking” – UAE Energy Minister.

The UAE’s Energy Minister, Suhail al Mazrouei, stated earlier today that the oil market was “correcting” and that he expected all the signatories to the latest OPEC+ oil production cut agreement to honour their respective reduction quotas. His latest comments follow those he made last week when he described the decision to reduce output again as the right one: “We are not targeting any price, the adjustment is to reach five year average. You don’t want to see having glut again, what is going to happen in the coming days will depend on a lot of things including sanctions, whether waivers will be extended or not. We have the capacity to balance the market and respond to any spike or under production that happens,” Al Mazrouei was quoted as saying by ‘Gulf News.’ He also suggested that OPEC as an organization was expanding: “OPEC is growing and not shrinking in terms of countries joining us. We have two countries joining, including Equatorial Guinea and Ghana. The group is attracting more non-OPEC countries, South Africa and other countries may join.”

Agriculture Can Help Nigeria Diversify Its Economy – Osunkeye.

The former chairman of Nestle Nigeria, Chief Olusegun Osunkeye, has called on the government to enact reforms that would boost the country’s agricultural sector and help it diversify away from its continued heavy reliance on oil revenues. “Most African countries are boosting their agricultural sector in order to

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Glenn Wepener

Executive Director & Geopolitical
Analyst, Middle East & Africa

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increase their benefits from 'African Growth and Opportunity Act' and Nigeria should not be an exception. Lack of a supportive environment for agriculture in Africa in terms of infrastructure and high quality tools accounts for the reason why the continent's agricultural products are not competitive," Osunkeye was quoted as saying by Nigeria's 'Vanguard' newspaper. Meanwhile President Buhari reportedly described the Nigerian economy as being in "bad shape" during a meeting with his state governors last Friday. "The President told us that the economy is in bad shape and that we have to come together, think and rethink on the way forward," Governor Abdulaziz Yari was quoted as saying by the 'Premium Times' media outlet. In response one of the President's main challengers in next year's election, Atiku Abubakar, has called on Buhari to resign over this alleged comment, which he claims is proof that the current administration does not know how to manage the economy.

Kuwait Amends Foreign Ownership Rules.

Kuwait issued a new decree on Saturday which allows foreign investors to own and trade shares in the Gulf state's domestic banks. According to a statement published by the state-run media outlet 'KUNA,' foreign investors will now be able to directly or indirectly purchase stakes worth up to 5% of a Kuwaiti bank's capital, although larger shares were possible if they were pre-approved by the Central Bank. "The latest move comes in accordance with Decree 694/2018, which notes that the non-Kuwaiti investor shall be allowed to own and trade in Kuwaiti banks' shares," the statement read. Kuwait's banking sector is expected to see average earnings expand by up to 15% next year, according to a recent report by EFG-Hermes. This move, along with other recently enacted capital market reforms, comes ahead of a decision by MSCI next year on whether or not to include Kuwait on its widely followed EM index. S&P has already agreed to classify Kuwait as an emerging market in 2019.

Moody's Amends Its Ratings Outlook On Lebanon To Negative.

Moody's Investor Services has maintained its current B3 credit rating on Lebanon but adjusted its outlook from 'stable' to 'negative.' The ratings agency said in a statement that the decision to lower its outlook was, "A consequence of domestic and geopolitical risks that have become more intractable," adding that "In the absence of fiscal consolidation measures that would allow the release of some international loans and partly reverse the widening in risk premia observed in recent months, Lebanon's fiscal metrics that have already been among the weakest of all the sovereigns rated by Moody's would weaken further, contributing to yet higher liquidity and financial stability risks."

Talks Between Chinese Developer & Egypt Collapse.

Various media outlets are suggesting that drawn-out negotiations between the Egyptian government and a Chinese construction firm CFLD, over a US\$20 bio proposed development within the North African country's new administrative capital have now collapsed. An article in the 'South China Morning Post' which also quoted an Egyptian official, claims that the discussions had ended due to a disagreement over how revenues from the project should be shared.

KSA To Provide US\$800 Mio In Financial Aid To Tunisia.

Tunisia's Prime Minister, Youssef Chahed, announced this past weekend that Saudi Arabia had agreed to provide his country with a further US\$830 mio in financial support. This latest loan would be used to help finance Tunisia's budget and various infrastructure projects.

Sharjah Government To Become Invest Bank's Main Shareholder.

Invest Bank announced late last Friday that the government of Sharjah would soon be taking a majority stake in the bank. "Invest Bank and the government of Sharjah consider that the latter's injection of capital is the best option to enable the bank to continue to grow and prosper," an official statement issued by the bank read. An article in the UAE's National newspaper suggests that Invest Bank had been hit by an increase of bad loans, partly due to its exposure to the real estate and construction market. While the Sharjah government works to formalize this strategic purchase, the UAE Central Bank has confirmed that it will provide Invest Bank with all the necessary liquidity facilities if and when they are required.

Oman's Central Bank Reserves Rise.

The level of foreign assets held by Oman's Central Bank rose to OMR 6.09 bio in October from OMR 5.38 bio the previous month. Meanwhile the total level of assets held by conventional banks in Oman expanded by 5.50% y/y in September to OMR 29.10 bio according to the latest official data.

Mozambique Cuts Primary Lending Rate Again.

The Central Bank of Mozambique lowered its benchmark lending rate by 75bp to 14.25% following its latest MPC meeting, marking its fifth reduction in a row. "Inflation is continuing to slow down, and in November, annual inflation was only 4.27% . The low inflation rate was basically due to food and fuel prices not rising by anywhere near as much as once feared," a statement released by the CB read.

Iraq's Trade Bank Eyes Potential Acquisition In Turkey.

The state-owned Trade Bank of Iraq has announced, that it has restarted a previously suspended plan to purchase a conventional lender in Turkey. "We had plans to look into acquiring a bank in Turkey which we put on hold for a while because of the instability of the Turkish lira. But now we are reconsidering that because of the improvement in the Turkish lira and its stability. The bank we are looking at now is a conventional bank, and I think it is within the same area of expertise we currently have," Trade Bank's Chairman, Faisal Al Haimus, was quoted as saying by the UAE's National newspaper yesterday.

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	3/6	6/9	12/17	20/30	35/45	110/140
USD/SAR	3.7509/12	Par/+3	1/4	3/8	15/25	35/45	65/80	310/340
USD/QAR	3.6520/40	-10/-5	-15/-5	-10/Par	Par/+15	05/25	10/40	45/95
USD/KWD	0.30430/440	-25/-15	-40/-30	-50/-40	-85/-65	-115/-85	-150/-120	-200/-100
USD/OMR	0.38500/503	7/17	20/40	35/55	100/130	180/230	300/350	750/850
USD/BHD	0.37700/05	20/30	40/60	60/80	110/140	170/220	230/280	500/600
USD/MAD	9.5500/5800	300/450	600/800	700/1200	1200/2200	1800/2800	3000/4000	4000/7000
USD/EGP NDF	17.91	18.03/18.08	18.23/18.28	18.40/18.45	18.92/18.97	19.43/48	19.94/19.99	-
USD/JOD	0.7097/7107	40/90	45/145	100/200	150/350	250/500	350/750	750/1750
USD/NGN NDF	364.45	365.60/366.60	368.00/370.00	371.00/374.00	378.50/381.50	386.00/391.00	395.00/400.00	(NAFEX)
USD/GHS NDF	4.9000	5.03/5.07	5.11/5.16	5.18/5.28	5.40/5.50	5.58/5.73	5.75/5.90	-
USD/TND	3.0150/0450	350/550	700/1000	1000/1500	1500/2500	2000/3500	3000/4500	5000/8000
Crude Oil	Futures							
WTI	51.20							
Brent	60.35							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+24/30	+30/36	+42/48	+55/61	+68/74	+80/86	+92/98	+123/131
SAR SPREAD	+23/29	+31/37	+42/48	+55/61	+67/73	+78/84	+89/95	+118/+126

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

AND FINALLY...

According to the 'Economist' magazine Africa is currently home to 21 of the world's 30 fastest growing urban areas.

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

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