

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Egypt Launches Major Operation Against Sinai Militants.

The Egyptian military announced yesterday that its forces had killed up to 16 militants and arrested 92 others during a wide-ranging operation against Islamist groups operating within the Sinai peninsula. The army has also reportedly seized or destroyed a series of weapon caches, as well as a media centre and 6 farms which were found to have been used by the militants to grow narcotics. “Operation Sinai 2018 was launched on Friday morning, involving land, naval and air forces, as well as the police and border guards, targeting, terrorist and criminal elements and organizations in Northern and Central Sinai, as well as parts of the Nile Delta and the Western Desert. The air force targeted and destroyed 66 targets used by terrorist elements to hide from air and artillery attacks, and to escape from their bases during raids,” an Egyptian military statement read, according to the Ahram media outlet. Meanwhile Israel has claimed that the Iranian drone intercepted over Israeli territory on Saturday was a ‘Saeqeh’ type UAV and appears to be a close copy of the US made RQ-170 drone, one of which was captured by the Iranians back in 2011. In retaliation the Israeli Air Force says its struck 12 sites in Syria, during which one of its F-16’s was shot down by anti-aircraft fire. “The Syrians are playing with fire when they allow the Iranians to attack Israel from their soil. We are willing, prepared, and capable to exact a heavy price on anyone that attacks us, however, we are not looking to escalate the situation,” an Israeli military spokesperson was quoted as saying by NPR yesterday.

Iranian President Proposes Referendum To Promote “Unity”.

Iran’s President Rouhani reportedly suggested, during a speech over the weekend, that referendums should be held in order to try and resolve growing public discontent. “When the revolution took place, we were all together and there were plenty of passengers on the train of the revolution; some of them wanted to get off the train themselves, and we got some of them off the train, whom we didn’t have to. Today, we need everyone, including principals, reformists, moderates and everyone who recognizes the constitution, for the country’s development and progress. The constitution should be our point of reference, If we disagree on some issues, we should refer to the article 59,” Rouhani was quoted as saying by the UK’s Guardian newspaper. (‘Article 59’

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refers to the holding of referendums). "We should trust the people, we must allow all inclinations to participate in elections," the President added in an apparent veiled criticism of the country's Guardian Council which is currently controlled by hardliners and that has often prevented some 'reformist' candidates from standing in national and presidential polls.

Tillerson Begins Middle East Tour.

The US Secretary Of State, Rex Tillerson, kicked off a multi-stop tour of the Middle East yesterday when he arrived in Cairo for a 2-day visit. Tillerson is also due to meet with senior government officials in Jordan, Kuwait, Lebanon and Turkey. During his trip to Kuwait he is set attend a conference on the reconstruction of Iraq which will be co-chaired by Kuwait, Iraq, the UN, EU and World Bank.

Egypt Wary Of Market Volatility Ahead Of Eurobond Issuance.

Egypt's Finance Minister, Amr Al Garhy, said over the weekend that his country was continuing to prepare for an imminent Eurobond issue, but wanted to see the current volatility within global markets stabilize before doing so. "We want to find the right time and we hope to do this in the next few days but we need to see more stability," Al Garhy was quoted as saying this past Saturday by Reuters, adding that the eventual size of the bond issue will be between US\$3-5 bio. Meanwhile Egypt's Central Bank reported yesterday that remittance inflows from Egyptian expatriates had increased by 29.30% y/y in December 2017 to US\$2.60 bio.

No Plans To Introduce Income Tax – UAE Finance Minister.

The UAE's Minister of State for Financial Affairs, Obaid Al Tayer, has said that the government was not preparing to increase the 5% VAT rate in the near term, nor was it considering the introduction of a personal income tax. "If you're referring to the next five years, we don't see anything about increasing the VAT rate of the excise tax. I also want to confirm that there aren't any subsidies or any legislation regarding introducing income tax," Al Tayer was quoted as saying by the Arabian Business magazine.

FITCH Affirms Kenya Ratings & Revises Outlook.

FITCH ratings agency has affirmed its long term foreign and local currency ratings on Kenya at B+ and adjusted its outlook from negative to stable. The agency said in a statement that this positive outlook revision, was driven by their view that the government will proceed with its fiscal consolidation program, which in turn will help stabilize the country's public debt level. FITCH expects Kenya's fiscal deficit to narrow to 7.50% of GDP this year compared to 8.90% in 2017. Meanwhile S&P has affirmed Angola's ratings at B-/B with a stable outlook.

Saudi PMI Decline Likely To Be Temporary.

The Emirates NBD PMI for Saudi Arabia slipped to 53.00 last month from 57.30 in December 2017. However most regional analysts including BMI agree that this dip is likely to be temporary and was directly related to the introduction of VAT in January which led to a rush of orders in the months ahead of its implementation. The UAE also recorded a slightly weaker PMI for the same period and reason. (56.80 in Jan from 57.70 in Dec).

Thomas Cook Resumes Flights To Tunisia.

Thomas Cook has announced that it will resume operations to Tunisia for the first time since it suspended such flights in 2015 following a number of terror attacks against foreign tourists in the North African country. The tourism sector is Tunisia's largest employer and foreign exchange generator.

France & UAE To Collaborate On Space Exploration.

The UAE's Space Agency and France's National Centre for Space Studies yesterday signed an agreement to cooperate together in the area of space exploration. Meanwhile over 3,000 Emirati citizens have reportedly applied for the 4 available training slots to become the UAE's first astronauts. The country hopes to launch a mission to Mars by 2021 and eventually establish a settlement on the red planet by 2117, according to an article in the Arabian Business magazine.

ADGM To Consider Regulatory Framework For Digital Currencies.

The regulatory department of Abu Dhabi Global Markets has said that it is considering the creation of an official framework to supervise the use of virtual currencies and their related exchanges. "The FSRA notes that virtual

currencies, although not legal tender, are gaining interest globally as a medium for exchange for goods and services. However, there are risks and concerns. Given the anonymous and cross-border nature of virtual currency transactions, they are particularly vulnerable to money laundering and terrorist finance risks, as well as other financial crimes," AGDM said in a statement issued yesterday and published by the National newspaper.

ONGC Awarded Oil Concession In UAE.

A consortium led by India's ONGC Videsh has been awarded a 10% stake in an offshore oil concession within the Emirate of Abu Dhabi, for a reported participation fee of AED 2.2 bio. The concession currently produces around 700,000bpd but this output is expected to be expanded to 1 mio bpd over the next 3 years.

FX/RATES & CRUDE MARKETS:

Indication Levels Only – Please Contact us on Reuters Dealing Code NBAD for any pricing or information.

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	Par/+3	1/6	3/8	10/20	15/30	30/50	90/140
USD/SAR**	3.7502/04	-2/+1	-2/+3	-2/+5	5/20	20/40	55/75	230/270
USD/QAR**	3.6500/6550	35/65	65/95	90/140	150/200	225/275	285/335	450/650
USD/KWD	0.30000/00020	-10/-3	-10/-3	-10/Par	Par/20	20/50	35/65	50/150
USD/OMR	0.38499/502	8/18	15/45	40/80	100/200	250/350	300/450	800/1100
USD/BHD	0.37699/704	10/20	20/35	30/60	70/170	100/200	150/250	450/750
USD/MAD	9.2200/2400	200/375	400/800	600/1000	1000/2000	2000/4000	2800/4800	4500/8500
USD/EGP NDF	17.67	17.82/17.92	17.95/18.05	18.05/18.15	18.45/18.55	18.77/18.87	19.07/19.17	-
USD/JOD	0.7095/7105	40/80	50/150	75/175	100/300	200/500	275/675	500/2000
USD/NGN NDF	360.00	362.00/367.00	363.00/368.00	365.00/370.00	371.00/376.00	375.00/380.00	380.00/390.00	(NAFEX)
USD/GHS NDF	4.4400	4.46/4.56	4.49/4.59	4.55/4.65	4.65/4.75	4.74/4.84	4.86/4.96	-
USD/TND	2.4100/4300	225/325	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
Crude Oil	Futures							
WTI	59.90							
Brent	63.45							

NOTE: ** (offshore levels) - Also please note we are now using the NAFEX fixing for NGN.

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+7/13	+12/18	+18/24	+28/34	+38/44	+47/53	+56/62	+76/84
SAR SPREAD	+11/17	+23/29	+34/40	+45/51	+54/60	+62/68	+69/75	+86/94

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

AND FINALLY...

Did you know that over 520 languages are spoken in Nigeria ?

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