

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Demand For Crude From Asia Remains Strong – Output Reduction Compliance At 127%.

Oil prices eased further off their recent highs this past week, driven in part by a new EIA report which suggested that rising shale production could see the US become a net energy exporter by 2022. However demand for crude remains strong particularly in Asia, and the latest monthly market survey by OPEC sees global demand for oil increasing to 98.6 mio barrels per day this year supported by the needs of the transportation sector. Diesel orders in particular underline an overall improvement in industrial activity with Indian refineries alone reporting a 5% increase in demand-led growth already this year. Meanwhile OPEC member compliance to the output reduction agreement was 127% last month and important signatories such as KSA and Russia continue to suggest that an extension to the accord into 2019 would be seriously considered if need be. "I am confident that our high degree of cooperation and coordination will continue and bring the desired results," Saudi Arabia’s Energy Minister, Khalid al Falih, was quoted as saying this morning.

Russian Funds Keen To Participate In Aramco IPO.

Russian based financial institutions and pension funds are interested in participating in Saudi Aramco’s much awaited IPO later this year according to a statement by the head of Russia’s Direct Investment Fund. "We see great interest in the Aramco IPO from Russian pension funds as well as from our Chinese partners," Kirill Dmitriev, was quoted as saying by Reuters yesterday, adding that similar interest in the listing had been expressed by Russian banks.

Tunisia’s PM Looks To Replace CB Governor.

Tunisia’s Prime Minister, Youssef Chahed, last week announced his intention to remove the Central Bank Governor Chedly Ayari, from his post. This process requires the approval of the country’s President and then ratification by parliament, both of which are expected to happen. Chahed’s announcement came just hours after the EU placed Tunisia on its money laundering blacklist,

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and data released by the CBT showing that Tunisia's FX reserves have fallen to their lowest level in almost 15 years (US\$4.9 bio). The PM's proposed replacement is Marouane El Abassi, who has a doctorate in economics and is currently serving as Tunisia's representative at the World Bank.

IMF Calls On Lebanon To Introduce Fiscal Reforms As Debt Levels Rise.

The IMF has warned Lebanon that its economic situation is "fragile" and unless it acts swiftly to implement reforms aimed at lowering the country's fiscal deficit, its debt-to-GDP deficit could reach 180% within the next 5 years. "Public debt is estimated above 150% of GDP at end-2017, and is expected to rise rapidly with a budget deficit above 10% over the forecast horizon. The current account deficit is expected to remain above 20%, and the funding environment has been affected by the political crisis of November 2017. Without a significant reduction in the economy's funding needs or an increase in deposit inflows, and given the global interest rate outlook, the Banque du Liban will need to increase interest rates or use its sizable gross reserves to meet the funding needs of the economy. The budget of 2018 and preparation for the upcoming Paris conference could provide key platforms to initiate much-needed economic reforms," the IMF said in its latest review. You can read the entire IMF statement [here](#).

Parliament Approves Amendments To Egypt's Capital Markets Law.

Egypt's parliament has approved the amendment of 45 articles contained within the country's Capital Markets Law no 92 and will result in; the introduction of futures trading, a commodity exchange, the protection of minority shareholder rights following acquisitions and the lowering of fees paid by SMEs for the registration of securities. The minister for Investment and International Cooperation was quoted by the 'AhramOnline' website as saying that these changes would boost the competitiveness of Egypt's economy and provide support to the non-banking financial sector.

Egypt Conducts Successful Eurobond Issuance.

Egypt issued US\$4 bio worth of Eurobonds yesterday attracting total bids of US\$12 bio for the paper. The bonds have tenors of 5, 10 and 30 years and were priced at a yield of 5.58%, 6.59% and 7.90% respectively according to a Finance Ministry statement. Meanwhile the country's Finance Minister, Amr El Garhy, was quoted by Reuters earlier this morning suggesting that a EUR denominated issuance could be conducted early next year. Meanwhile the market awaits the Central Bank of Egypt's next MPC meeting which is scheduled to take place tomorrow and where most analysts, including ourselves, expect the announcement of a 100-150 bp rate cut.

Uganda Cuts Interest Rates.

Uganda's Central Bank lowered its official benchmark lending rate by 50bp to 9.00% yesterday, its lowest level since 2011. "A cautious easing of monetary policy is warranted to further boost private sector credit growth and to strengthen the economic growth momentum," the CB governor, Emmanuel Tumusiime-Mutenile, was quoted as saying on Reuters.

Saudi Arabia To Expedite Outstanding Payments To Contractors.

Following the recent issuance of a Royal Decree on the matter, the Saudi Arabian government is forming a committee to streamline and speed-up the disbursement of any outstanding payments still due to private sector contractors and suppliers. According to various media reports, the committee will be chaired by the country's Trade and Investment Minister and will be responsible for categorizing delayed payments in order to ascertain the reasons for late disbursement, as well as uncovering any practices that do not conform with official payment procedures. It will also come up with solutions to resolve these delays within a short timeframe.

UK Export Agency To Accept Trade Payments In NGN.

The UK's Export Finance Agency has announced that it is preparing to include the Nigerian Naira on its list of pre-approved currencies for trade transactions. The agency will thus be able to provide loan guarantees through local banks in Naira to support Nigerian businesses procuring from the UK, however it added in a statement that any NGN denominated loans would have to be paid back using Naira again, and it's not clear yet what exchange rate reference window will be used. "This is a clear indication of how much value the UK places on its relationship with Nigeria. It will provide a firm foundation for a significant increase in trade and investment between both countries," The UK's High Commissioner to Nigeria was quoted as saying by the Vanguard newspaper.

Taxi Firm Signs On Female Drivers In Saudi Arabia.

The regional ride hailing service, Careem, claims that it has already signed up almost 1000 Saudi women for training ahead of the lifting of the Kingdom's long-standing ban on female drivers in June. "We are very excited about this June, it is a big milestone for the country. We have already started training female drivers and we hope to get up to 100,000 on board within a year," one of the founders of the company was quoted as saying by the UK's Independent newspaper yesterday. Currently up to 70% of Careem's clients in Saudi Arabia are women.

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** | 3.7503/05 | -2/+1 | -2/+3 | -2/+5 | 5/20 | 20/40 | 60/80 | 240/290 |
| USD/QAR** | 3.6500/6550 | 30/60 | 60/120 | 90/150 | 150/250 | 200/300 | 250/350 | 300/600 |
| USD/KWD | 0.29975/29995 | -10/-3 | -10/-3 | -10/Par | Par/20 | 10/40 | 30/60 | 50/150 |
| USD/OMR | 0.38499/502 | 8/18 | 15/45 | 40/80 | 100/200 | 250/350 | 300/450 | 800/1100 |
| USD/BHD | 0.37698/703 | 10/20 | 20/35 | 30/60 | 70/170 | 100/200 | 150/250 | 450/750 |
| USD/MAD | 9.1600/1900 | 150/300 | 250/650 | 500/900 | 800/1800 | 1500/3500 | 2000/4000 | 4000/8000 |
| USD/EGP NDF | 17.70 | 17.80/17.90 | 17.93/18.03 | 18.05/18.15 | 18.48/18.58 | 18.86/18.96 | 19.20/19.30 | - |
| USD/JOD | 0.7095/7105 | 40/80 | 50/150 | 75/175 | 100/300 | 200/500 | 275/675 | 500/2000 |
| USD/NGN NDF | 360.00 | 361.00/366.00 | 363.00/368.00 | 364.00/369.00 | 370.00/375.00 | 374.00/379.00 | 380.00/390.00 | (NAFEX) |
| USD/GHS NDF | 4.4800 | 4.50/4.60 | 4.53/4.63 | 4.59/4.69 | 4.70/4.80 | 4.80/4.95 | 4.90/5.05 | - |
| USD/TND | 2.3700/4000 | 225/325 | 400/600 | 500/800 | 1000/1500 | 1500/2500 | 2000/3000 | 4000/6000 |
| Crude Oil | Futures | | | | | | | |
| WTI | 59.10 | | | | | | | |
| Brent | 62.75 | | | | | | | |

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 | +19/25 | +30/36 | +41/47 | +52/58 | +63/69 | +80/88 |
| SAR SPREAD | +11/17 | +24/30 | +36/42 | +47/53 | +57/63 | +65/71 | +71/77 | +88/96 |

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

AND FINALLY...

Did you know that that unofficial national cookie of Iraq is called the 'Kleicha' and can be traced back to Babylonian times? Kleicha are often scented with cardamom, saffron or rose water, and the most popular ones are filled with dates.

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