

## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Libyan Oil Output Continues To Fall – Norwegian Rig Workers Begin Strike Action.**

Libyan oil production, which had recovered to around 1.1 mio bpd at the end of last year, has fallen sharply over the past few months due to various disruptions, including protests and various militant attacks on oil related facilities. A recent and more substantial drop was triggered last month after the country’s two largest oil terminals, Ras Lanuf and Es Sider, which are controlled by Khalifa Haftar’s Libyan National Army, were attacked leading to a general shutdown. The attackers were repelled by Haftar’s forces but operations at both ports remained suspended, and this has pushed overall production down to around 527,000 bpd as the storage facilities at the terminals are now full and will remain so until tanker loadings are resumed, according to a statement issued by the country’s National Oil Corporation yesterday. It should be noted however that there have been some as yet unconfirmed news reports doing the rounds this morning that such loadings may recommence today. Meanwhile according to a new Reuters study, India’s oil imports from Venezuela have fallen by over 20% to 280,000 bpd this year due to the ongoing economic/political crises faced by the Latin American producer, and these issues combined with the impending return of US oil sanctions on Iran, and a rig workers strike in Norway which has forced Shell to shut one of its fields there, continues to keep crude prices extremely buoyant , a situation we don’t see reversing substantially anytime soon.

#### **Saudi Arabia Protests To UN Over Iran’s Seaborne Activities.**

Saudi Arabia has filed an official complaint to the UN over what it says are the ongoing and repeated violation of the Kingdom’s territorial waters in the Arabian Gulf by Iranian vessels. In its submission Saudi Arabia accused Iranian registered ships and smaller boats of sailing into prohibited zones containing oil fields and platforms within Saudi territorial waters, adding that this was a clear violation of a long-standing maritime agreement signed between the two countries. According to the GDN newspaper the complaint was filed by Saudi Arabia’s ambassador to the UN, Abdullah bin Yahya Al Mouallimi, who also warned that his government would hold the Iranian government completely responsible for any harm that could result from such violations. Meanwhile the

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Kingdom's military announced that their air defence units successfully intercepted a missile launched towards the Jizan region of the country by Houthi rebels in Yemen yesterday.

### **Nigerian MPs Approve Probe Into State Oil Company's Remittance Flows.**

Nigeria's House of Representatives yesterday approved a motion for the setting up of a commission of enquiry into the financial affairs of the country's national oil company. This move follows last month's claims by the Finance Minister, Kemi Adeosun, in which she called the current NNPC's payments to the government "unacceptable" suggesting that they were much lower than would normally have been expected in the current higher crude price environment. The chairman of the House Committee on Ethics and Privileges, Nicolas Ossai, who also submitted the motion, stated that there was an urgent need "to investigate the NNPC's "under-remittances" to the so-called Federation Account, according to a Bloomberg report. The Federation Account receives revenues from the oil sector as well as other sources and is then responsible for allocating these funds to Nigeria's federal, state and local governments.

### **Angola's FX Reserves Slip - China Loans Weigh.**

Angola's net FX reserves dropped further last month to US\$12.98 bio from US\$14.39 bio in May, despite firmer oil prices. This worsening FX situation is most likely linked to the fact that the country uses a large portion of its crude production to repay outstanding Chinese loans. According to a report in the FT newspaper which was published last month, China has provided Angola with over US\$60 bio since 1983, and by the end of last year the African country's debt to Beijing stood at US\$21.5 bio accounting for almost 50% of its total outstanding external debt.

### **Iranian Rial Weakens Further.**

The Iranian Rial was reportedly trading at around IRR 80,000 per US dollar in the unofficial 'kerb' market yesterday according to Reuters, far below the official rate of IRR 43,000. Pressure on the local currency has continued on the back of looming US sanctions, despite efforts by the country's CB and regulators to stabilize the situation since the beginning of this year. This continued pressure forced the authorities to open a secondary market this week which will apparently be accessible to small importers and exporters and the rate set by daily demand and supply.

### **Saudi Arabia Issues Draft Law On PPP.**

The Kingdom's centre for 'Privatization and Public-Private Partnerships,' published a 50-page draft law on PPP participation this week, which includes potential exemptions for foreign investors seeking domestic real estate ownership. Feedback on the draft must be submitted to the centre before the end of this month. Meanwhile the country's Capital Markets Authority has reportedly issued a 'experimental permit' to the fintech firm Scopeer which wants to build a local equity crowdfunding platform.

### **Inflation In Egypt Edges Up.**

The sharp drop of inflation in Egypt over the past 11 months appears to have found a floor and recorded an uptick last month. The latest official data shows CPI rose to 14.40% in June from 11.40% in May, driven primarily by the cut in government fuel and electricity subsidies, but this is still far below the 33% seen a year ago.

### **ENI & EXXON To Develop LNG Fields In Mozambique.**

A joint-venture called Romvuma LNG and led by ExxonMobil and ENI has submitted a plan to the Mozambique government which if approved, would see the consortium eventually produce, liquefy and market gas from the Mamba offshore fields by 2024. Rovuma LNG is operated by Mozambique Rovuma Venture S.p.A., an incorporated JV owned by ExxonMobil, ENI and CNPC, which holds a 70% interest in the Area 4 concession alongside its partners Galp, KOGAS and Empresa Nacional de Hidrocarbonetos EP, each of which hold a 10% interest, according to a report on the worldoil.com website.

### **Saudia Ponders New Aircraft Orders.**

Saudi Arabian Airlines is reportedly in preliminary talks with the US based Boeing Corporation over a potential order for the aircraft manufacturer's 777X passenger jet, according to Reuters.

### BAE Opens Office In Kuwait.

BAE Systems has officially opened an office in Kuwait which is situated within the grounds of the British embassy. In 2016 Kuwait ordered 28 Eurofighter Typhoon jets from BAE systems, and the manufacture of these aircraft is reportedly close to being completed.

### 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/+2	Par/+3	1/4	Par/+10	10/20	20/35	90/120
USD/SAR	3.7503/05	-3/Par	-3/+2	-3/+2	2/12	15/30	40/60	180/210
USD/QAR	3.6550/6650	-40/-20	-40/-20	-45/-15	-45/+5	-45/+5	-40/+10	50/150
USD/KWD	0.29825/845	-30/-20	-60/-40	-80/-50	-160/-120	-220/-170	-280/-230	-350/-150
USD/OMR	0.38498/501	5/15	15/30	35/55	100/150	170/270	280/380	750/900
USD/BHD	0.37900/8000	-15/-5	-20/-5	-25/Par	-10/+30	40/90	120/170	550/650
USD/MAD	9.4250/4450	100/200	200/500	300/700	800/1300	1000/2000	1500/3000	2800/4800
USD/EGP NDF	17.89	18.02/18.12	18.20/18.30	18.39/18.49	18.89/18.99	19.39/19.49	19.87/19.97	-
USD/JOD	0.70977/102	40/90	50/150	100/200	150/300	275/575	300/800	500/1500
USD/NGN NDF	361.50	362.00/363.00	364.50	364.00/366.00	369.50/372.50	373.00/377.00	379.00/384.00	(NAFEX)
USD/GHS NDF	4.7533	4.85/4.95	4.94/5.04	5.00/5.10	5.20/5.35	5.40/5.55	5.60/5.75	-
USD/TND	2.6700/6900	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	73.75							
Brent	77.50							

\*\* (offshore levels only)

### AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+21/27	+26/32	+31/37	+38/44	+47/53	+55/61	+63/69	+85/93
SAR SPREAD	+28/33	+34/39	+41/46	+48/53	+57/62	+65/71	+73/79	+94/102

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

### AND FINALLY...

*Did you know that humans have lived in the area of what is now the Sultanate of Oman for at least 106,000 years and that the city of Dereaze is over 9,000 years old?*

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