

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Iran Offers Tanker Insurance To India - Rial Continues To Weaken.

As the first round of US financial sanctions on Iran are due to be restored on the 6th of August, the local currency remains under pressure falling to a new record low of IRR 112,000 per US dollar in the unofficial market yesterday according to Reuters. (The official USD/IRR exchange rate is 44,070). Meanwhile the 'Economic Times' newspaper has claimed in a recent article, that Iran had offered to insure its oil cargoes to India, in an effort to retain one of its key crude export buyers after major Indian and other international insurers began withdrawing such risk cover.

Zambia Looks To Refinance Its Debt With China.

Zambia's Finance Minister, Margaret Mwanakatwe, confirmed earlier today that her government is seeking to refinance a portion of its medium term outstanding debt owed to China as well as its Eurobonds, adding that a Zambian government team would travel to Beijing next month to begin such discussions. Last Friday, Moody's' Investor Services downgraded its long-term issuer ratings on Zambia from B3 to Caa1, albeit with a stable outlook. In a statement explaining its decision the ratings agency said; "Relatedly, and despite higher copper prices until recently, liquidity and external vulnerability risks are rising, reflecting larger gross funding needs than Moody's previously estimated, higher public external debt and lower foreign exchange reserves buffers, trends which Moody's does not expect to reverse. The outlook captures downside risks related to persistent fiscal and liquidity challenges, a high and rising debt burden, low foreign exchange reserves buffers and moderate domestic political risk. These challenges are balanced by strong growth potential derived from ample natural resources and a young population which point to potential upside risks in the medium term." Last month Zambia announced the suspension of all its currently planned borrowing for an indefinite period as it looks to reduce its debt servicing costs.

Nigeria's Central Bank Conducts First Yuan Auction.

Nigeria's Central Bank conducted its first ever Yuan auction last week, selling CNY 69 mio at an exchange rate between 49.00 to 51.00 per Naira. According to Reuters the delivery dates were set at same day and 15 days. This auction follows the signing of a CNY 15 bio bilateral currency swap agreement with China earlier this year, and is an attempt to encourage local importers to utilize an alternative trading currency.

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Glenn Wepener
 Executive Director & Geopolitical
 Analyst, Middle East & Africa

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SABIC Announces Big Jump In Profits.

The Saudi Basic Industries Corporation reported a net profit of SAR 6.70 bio for Q2 of this year, a more than 80% increase compared to the same period in 2017. The results come as talks continue between Saudi Aramco and PIF over the former's potential purchase of a majority stake in SABIC. Aramco is also reportedly considering tapping the international bond market to help fund this purchase.

Kuwait's Budget Deficit Shrinks.

Kuwait has reported a KWD 4.8 bio budget deficit for the 2017/18 financial year that ended on March 31st. This is a reduction of over 18% from the previous fiscal year and was supported by a sharp rise in oil revenues.

Saudi Arabia's CB Reserves Rise Again.

The total assets held by Saudi Arabia's Central Bank rose to US\$517.3 bio last month. According to a statement issued by SAMA and published by the 'Mubasher' website this latest increase has been attributed to a growth in both SAMA's deposits and its reserves of gold and foreign exchange.

Bank Dhofar & NBO To Discuss Potential Merger.

Bank Dhofar's board has reportedly agreed to begin merger discussions with the National Bank of Oman. This news follows the initiation of similar talks between Alizz Islamic Bank and Oman Arab Bank earlier this year. In 2016 Bank Dhofar and Bank Sohar failed to reach an agreement to merge their respective entities.

WB To Release 2nd Loan Tranche To Jordan.

The World Bank has said it will release the second US\$250 mio tranche of a US\$500 mio loan to Jordan next month. The funds are to be used to support job creation and economic diversification.

SNC-Lavalin Seals Kuwait Refinery Deal.

Canada's SNC-Lavalin has won a US\$180 mio services contract at Kuwait's Al Zour refinery.

Privately Held Wealth In Middle East Hits US\$3.8 Trillion.

According to the Boston Consulting Group's latest global report, personal wealth in the Middle East rose by 11% last year to reach US\$ 3.8 trillion, while such private wealth in Saudi Arabia is expected to increase to US\$ 1.1 trillion by 2022. You can read the full BCG report here

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/+1	Par/+3	1/4	Par/+10	10/20	20/35	100/130
USD/SAR	3.7503/05	-3/Par	-3/Par	-3/Par	2/12	15/30	50/65	195/225
USD/QAR	3.6525/75	-5/+5	-10/+5	-15/+5	-10/+20	Par/+30	40/90	50/150
USD/KWD	0.30260/280	-30/-20	-55/-35	-75/-45	-150/-100	-200/-150	-260/-210	-325/-125
USD/OMR	0.38499/504	10/30	30/60	50/100	120/170	220/320	350/450	900/1050
USD/BHD	0.37795/835	5/15	20/40	35/65	80/110	110/160	190/240	625/725
USD/MAD	9.4300/4600	100/200	200/500	300/700	800/1300	1000/2000	1500/3000	2800/4800
USD/EGP NDF	17.89	17.96/18.06	18.12/18.22	18.27/18.37	18.74/18.84	19.25/19.35	19.74/19.84	-
USD/JOD	0.7095/7105	50/100	70/170	100/200	175/325	275/575	350/850	725/1725
USD/NGN NDF	361.60	362.50/363.50	363.75/365.75	365.75/367.50	370.00/373.00	374.00/379.00	379.00/384.00	(NAFEX)
USD/GHS NDF	4.8075	4.83/4.93	4.89/4.99	4.95/5.05	5.10/5.25	5.30/5.45	5.45/5.65	-
USD/TND	2.6700/7100	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
Crude Oil	Futures							
WTI	69.90							
Brent	74.85							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+21/26	+26/31	+31/36	+42/47	+52/57	+62/68	+72/78	+93/101
SAR SPREAD	+31/36	+38/43	+45/50	+53/58	+62/67	+70/76	+78/84	+100/108

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

AND FINALLY...

Did you know that a thousand years before the Wright brothers took to the air, a man named Abbas Ibn Firnas made several attempts to construct a flying machine? In 852 he reportedly jumped from a tower in Cordoba wearing a silk and feather cloak stiffened with wooden struts, which he hoped would allow him to glide like a bird. He didn't but the device slowed his fall, creating what is thought to be the world's first parachute, leaving him with only minor back injuries. Firnas is also credited with designing a water clock called Al-Maqata and making 'reading stones' (corrective glasses).

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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