

## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Foreign Firms Begin Reconsidering Their Iran Plans.**

Russia's Lukoil said late last week that it has put its earlier plans to move forward with a series of crude related projects in Iran on hold. A senior official from the privately-owned firm was quoted by the 'oilprice.com' website as saying late last week that; "Considering the latest developments, I guess, it's too early to say what our plans about Iran will be, for the moment, basically, we have everything on hold." Lukoil's statement comes hot on the heels of comments by France's Total who warned recently that it would withdraw from a US\$4.9 bio Iranian gas field deal, which it only signed in July last year, unless it was granted a waiver by the US government, something which at this stage is unlikely to be forthcoming from the Trump White House. Meanwhile India's Reliance Industries has said that it will stop buying Iranian crude from the end of this year, the German insurance firm Allianz said it was winding down its business with Iran, and the global shipping giant AP Moller- Maersk has announced their withdrawal from any Iranian linked transactions with their chairman later explaining the decision and stating; "With the sanctions the Americans are to impose, you can't do business in Iran if you also have business in the US, and we have that on a large scale."

#### **Cabinet Reshuffle In Saudi Arabia Announced.**

Saudi Arabia's King Salman announced a series of Royal Decrees including a cabinet reshuffle this past Saturday. The orders see a respected local businessman, Ahmed bin Suleiman Al Rajhi, named as the Kingdom's new Labour and Social Development Minister, a move which has reportedly already been welcomed by the private sector. Sheikh Saleh bin Abdul Aziz bin Mohammed Al-Asheikh was named as Minister of State and member of the Council of Ministers and Council of Political and Security Affairs, while Abdullatif Al Sheikh, a former head of the religious police, has been appointed head of the Ministry for Islamic Affairs. Other changes include the formation of a new Ministry of Culture and a state body to protect the environment. You can read more details on these announcements [here](#).

#### **Turkish Dam Project Raises Concerns In Iraq.**

Iraq's parliament held an emergency session yesterday in order to discuss the country's ongoing water crises, as well as Turkey's planned filling of the newly completed 'Ilisu' dam on the Tigris river which could worsen an already severe

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water shortage in the southern and central provinces of Iraq. "The Council listened to a presentation by the Minister of Water Resources, which included a plan to address the expected water scarcity for this summer, the impact of climate change on the level of water reservoirs, and the impact of the measures taken in neighboring countries, particularly the immediate start of the filling of the Ilisu Dam in Turkey," a statement issued by Prime Minister Haider al Abadi's office after the meeting read. In February this year, a spokesperson for Iraq's Agriculture Ministry, was quoted by the state-owned news outlet, 'Al Sabaah', claiming that; "Iraq has made official requests to Turkey and Syria to release its share of Euphrates and Tigris rivers, which had witnessed a great decline. Such requests were made after those countries failed to commit to agreements and mechanisms determining each country's share for many reasons, including the construction of dams." Construction of the Ilisu Dam began in 2006 and it is just one of the 22 such reservoirs envisaged within Turkey's giant 'Southeastern Anatolia Project' which aims to expand that country's water storage and power generation capacity. The Turkish ambassador to Iraq, Fatih Yildiz, said this past Saturday that he would inform his government of Iraq's concerns, adding that an Iraqi technical delegation would be heading to Turkey to discuss the matter further. "I see the complaints from our Iraqi friends regarding water, I am receiving your messages. I will take all your complaints and messages to my capital not only as an ambassador, but also as your friend and as someone originally from Baghdad. Turkey, which considers Tigris and Euphrates waters as shared waters, will continue managing this water efficiently," Yildiz tweeted. Meanwhile according to an article on the 'Rudraw.net' website, Muqtada al Sadr, whose political alliance recently won the most seats in last month's parliamentary elections, has warned that decisive action to resolve this water crises must be taken urgently, as the Iraqi people would not accept the mismanagement of their country's important utilities.

#### **IMF Says Egypt's Economic Reforms Are Producing Results – External Debt Rises.**

The head of the IMF's mission in Egypt, Subir Lall, said on Saturday that the North African country has built up "strong" precautionary reserves which in turn help strengthen the economy's capability to face external shocks, and that the government's ongoing reform program was producing positive results. "Egypt's current economic reform program is continuing to maintain concrete results with respect to achieving macroeconomic stability, and further economic growth as well as bringing down unemployment rates," he was quoted as saying by the 'Egypt-Today' news site. Meanwhile Egypt's foreign debt load increased to US\$82.90 bio last year from US\$67.30 bio in 2016, according to a report published by the country's central bank last week. The CBE noted however that the country's external debt to GDP ratio was "still within safe limits according to international standards", and currently stands at 36.10%.

#### **Malawi, Mozambique & Zambia Sign MOU On Local Currencies.**

The Central Banks of Malawi, Zambia and Mozambique have signed an agreement to encourage the cross-border use of their three respective local currencies. "There is a lot of activity going on between Zambia and Mozambique, Zambia and Malawi, in fact, we have signed a Memorandum of Understanding between our two Central Banks, (Zambia and Malawi) to try and use the local currency across the border as well as Mozambique. We are in the process of doing the same with Angola but overall as SADC region, we have a platform now which we have established as Central Banks to use our national currencies to reduce the amount of pressure that we see of using the dollar, Euro and Pound," the governor of the BOZ was quoted as saying by the Lusaka Times newspaper last week.

#### **Revenue From Egypt's Suez Canal Rises.**

Egypt's Finance Minister, Amr El Garhy, said via the country's state media outlet yesterday that government revenues from the Suez Canal rose to US\$5.1 bio during the first 10 months of the 2017-18 financial year, and that he expected total FY income from this source to reach US\$5.6 bio, a 14% increase on the previous fiscal period.

#### **S&P Affirms Bahrain Ratings.**

S&P has affirmed its B+/B foreign and local currency ratings on Bahrain with a stable outlook. "Government access to international capital markets has proven crucial for replenishing reserves. Our ratings on Bahrain are supported by the country's net external asset position and modest level of economic wealth," S&P said in a statement, adding that it could raise its ratings if Bahrain's net external asset position improves, either due to a significant inflow of foreign currency, or the government undertaking additional steps to improve its public finance position in order to slow or reverse further increases in government debt.

### Saudi Bin Laden Group To Be Restructured.

The Kingdom's largest construction firm, the Saudi Bin Laden Group is reportedly set to be restructured and renamed according to a recent Reuters report. An unnamed source quoted in the report claimed that the 537 business units under the current company set-up would be either rationalized, sold-off or merged, and the remaining units placed under a new structure. The government took over managerial control of the company in January this year and appointed a five-member committee to run it. This committee will now reportedly also oversee the above-mentioned planned overhaul of the firm. Meanwhile Standard Chartered Bank's private equity arm is apparently seeking to sell its stake in 'Construction Products Holding' a unit of the Saudi Bin Laden Group.

### KFH Announces Partnership With Ripple.

According to the cryptocurrency website CCGN, Kuwait Finance House recently signed an agreement with Ripple to utilize the latter's 'Ripplenet' system, a SWIFT-replacement block-chain network for real-time clearing and settlement of international transactions.

### Work On Oman Refinery Project Set To Begin.

Construction work on Oman's Al Duqm refinery has been given the green light after contractors to the US\$7 bio project recently received an official 'notice to proceed.' The 230,000 bpd refinery is expected to be completed by 2022 and is a joint-venture between the Oman Oil Company and the Kuwait Petroleum Corporation.

### 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	-2/+2	-1/+4	Par/+10	5/15	15/30	90/120
USD/SAR**	3.7501/03	-4/-1	-5/Par	-5/Par	5/15	10/25	40/60	180/210
USD/QAR**	3.6425/6525	Par/+10	Par/+15	Par/+20	10/30	25/55	40/90	75/175
USD/KWD	0.30225/235	-30/-20	-70/-30	-80/-50	-130/-80	-170/-120	-210/-160	-300/-100
USD/OMR	0.38498/501	5/15	10/25	25/45	80/130	170/270	300/400	800/950
USD/BHD	0.37760/90	7/17	15/30	25/45	80/110	130/180	200/300	700/900
USD/MAD	9.4500/4800	80/180	200/500	300/700	650/1650	1000/3000	1500/3500	3000/6000
USD/EGP NDF	17.90	18.00/18.10	18.15/18.25	18.30/18.40	18.77/18.87	19.27/19.37	19.77/19.87	-
USD/JOD	0.70957/105	30/70	50/150	70/170	100/300	225/525	275/675	400/1400
USD/NGN NDF	361.50	361.50/363.50	363.00/365.00	364.00/367.00	368.00/371.00	374.00/377.00	380.00/383.00	(NAFEX)
USD/GHS NDF	4.6900	4.81/4.86	4.87/4.97	4.93/5.03	5.13/5.23	4.29/5.39	4.40/5.55	-
USD/TND	2.6100/6500	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	65.90							
Brent	76.90							

\*\* (offshore levels only)

### AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+21/27	+25/31	+30/36	+39/45	+49/55	+58/64	+66/72	+87/95
SAR SPREAD	+18/24	+25/31	+33/39	+42/48	+52/58	+61/67	+70/76	+91/99

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

### AND FINALLY...

Did you know that the first written references to Couscous were found in a 13th century North African cookbook? In 2011 Couscous was voted as the 3rd most popular dish in France.

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