

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Venezuela Will Fail To Make Certain Oil Deliveries In June – US Wants OPEC/Russia To Boost Production.

An article published on the Platts.com website this week quotes an unnamed PDVSA official claiming that Venezuela's state-owned oil company has notified eight foreign buyers of its crude that it will not be able to meet their respective orders this month. "PDVSA is committed to supply contracts with a volume of 1.271 mio b/d of Merey 16, but will only have 578,000 b/d available," the source reportedly stated, alleging that the clients affected are; Nynas, Tipco, Chevron, CNPC, Reliance, Conoco, Valero, and Lukoil. If confirmed this news again highlights the ongoing deterioration of Venezuela's oil sector. Meanwhile Russia's Energy Minister, Alexander Novak, said yesterday that overall demand for crude should determine when and how signatories to the OPEC/NOPEC output cut agreement adjust their production. "We have to look into the situation which has panned out on the market today, from the point of view of the volume cuts, inventories decline, shortages on the market, and to look into the possibility of the adjustment of the cuts by taking into account demand," Novak suggested. His comments follow reports that the US administration had recently sent a letter to OPEC and Russia asking them to increase their total oil output by 1 mio bpd in order to help cool a jump in petrol prices.

Iran Prepares To Increase Its Uranium Enrichment Capacity.

In a move likely to cast further doubt on the future of the JCPOA agreement, Iran has formally notified the IAEA that while it will keep to the terms of the deal for the time being it has begun rebuilding its overall capacity to enrich uranium. "If conditions allow, maybe tomorrow night at the Natanz plant, we can announce the opening of the center for production of new centrifuges. This "does not mean that we will start assembling the centrifuges, but If the JCPOA collapses and if we decide to assemble new centrifuges, we will assemble new-generation centrifuges. However, for the time being, we move within the framework of the JCPOA," the head of Iran's Atomic Energy board, Ali Akbar Salehi, was quoted as saying yesterday by one of his country's state media outlets.

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Protests In Jordan Force Prime Minister To Step Down.

Four days of anti-government protests in Jordan saw the Prime Minister, Hani al Mulki, tender his resignation to King Abdullah on Monday. The King has replaced him with the former Education Minister and respected economist, Omar Razzaz, and instructed him to form a new cabinet. The protestors were objecting to ongoing price hikes on basic goods and electricity, but also primarily to a proposal which would see income tax imposed on people earning just US\$11,000 per annum. In a statement the King said he recognized the current economic pressures his country's citizens were facing and was proud to see them express themselves in a "civilized" manner. "Citizens are absolutely right and I would not accept that they suffer. I have learnt from His late Majesty King Hussein to stand by my children and brothers the Jordanian citizens. What I have seen during the past few days has made me happy and proud to be Jordanian," the King was quoted as saying by the Jordan Times newspaper, adding that, "If we want to proceed ahead as Jordanians, we need to deal with challenges in a novel manner, away from the traditional style. Yet, we have to admit that there has been failure and slackness on the part of some officials regarding decision making. We have dealt with such situations and officials and governments have been sacked because of that. Recently, I had to do some of the work of the government. This is not my job; my role is to be the guarantor of the Constitution and to balance between the authorities, each of which has to be up to its responsibilities and officials in these authorities cannot aptly perform their duties should step down and allow others who can to take over". He also instructed the new cabinet to review the proposed changes to the tax system, to avoid "unjust taxes that do not achieve justice and balance between the incomes of the poor and the rich". Jordan suffers from relatively high levels of unemployment and poverty, it also has few natural resources and is still struggling to absorb over 1 mio Syrian for which it requires more international assistance. Kuwait announced this week that it plans to support Jordan via increased investment and the provision of concessional loans.

Saudi Arabia Begins Issuing Driving Licenses To Women.

For the first time in the Kingdom's history, women began receiving their driving licenses this week ahead of the official lifting of a ban on female drivers which is set to take place on the 24th of June 2018. The move forms a part of Crown Prince Mohamed bin Salman's ambitious 'Vision 2030' plan to diversify the domestic economy and the implement various social reforms, including providing women with easier access to the job market. A recent survey conducted by the TNS research house suggests that over 80% of Saudi women are thinking of learning to drive, and PwC expects the number of women drivers to hit 3 mio by 2020. This in turn should have a beneficial effect on car sales/rentals, insurance, driving school firms etc..

AED 50 Bio Stimulus Package For Abu Dhabi.

The Crown Prince of Abu Dhabi, Mohammad Bin Zayed Al Nahyan, has approved a AED 50 bio stimulus package for the Emirate and called on Abu Dhabi's Executive Council to develop an action plan on the allocation of these funds within the next 90 days. He also unveiled a number of initiatives aimed at developing new industries, further improving the investment climate, creating more jobs and boosting Abu Dhabi's tourism sector. These measures include the issuance of dual licenses for firms based in the free zones so that they can also participate in government tenders, the clearing of any outstanding payments to contractors and the provision of licenses for home businesses. "The new economic initiatives and incentives cover ease of doing business, supporting new sectors, developing SMEs, stimulating tourism, developing local economy and creating jobs, so as to build a unique investment environment that enhances Abu Dhabi's competitiveness," Sheikh Mohammed was quoted as saying by the UAE's Gulf News.

Egypt's Parliament Approves 2018/19 Budget – PMI Dips In May.

Egypt's House of Representatives yesterday approved the country's proposed 2018/19 budget which sees a deficit of 8.40% and includes a socio-economic development plan and a 15% pay/pensions increase for public sector employees. The new budget, which still needs to be signed off by President Sisi, targets EGP 989.2 bio in revenues, and EGP 1.42 trillion in expenditure for the upcoming fiscal year. The Finance Minister, Amr El Garhy, was quoted by the 'ahram' news outlet as saying, "While we would like to see 18% growth in expenditures, we are aiming for a rise of 18.50% in revenues to help bridge the budget deficit and cut general debts. Meanwhile the Emirates NBD PMI Index for Egypt's non-oil private sector slipped to 49.2 last month from 50.1 in April.

Ugandan T-Bill Yields Rise – Local Currency Weakens.

The yields on Uganda's 1Y T-Bills rose 79bp to 10.76% at today's auction. The Shilling also remains under pressure with strong demand for hard currency by importers pushing USDUGX to new highs of around 3800.00.

Thales Wins Radar Contract In KSA.

France based Thales SA has been awarded a contract to completely modernize Saudi Arabia's civil aviation surveillance network. Thales will replace the country's existing air traffic systems with Monopulse Secondary Surveillance Radars.

UAE Is Number One 'Digitally Friendly' Country In The Middle East.

According to a recent survey, the UAE was ranked as number one in the region and 24th globally on the Euler Hermes' Digitalization Index. The index measures 115 countries and illustrates each one's ability to provide the necessary environment for business to succeed in an increasingly digitalized global economy. The UAE's overall score measured 61.8, which was higher than many larger countries such as Spain, Italy, Malaysia, India and Russia.

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**	3.7500/02	-4/-1	-3/Par	-3/+2	5/15	20/35	45/65	200/230
USD/QAR**	3.6450/6550	Par/+10	Par/+15	Par/+20	10/30	25/55	40/90	75/175
USD/KWD	0.30195/215	-30/-20	-60/-40	-80/-50	-130/-80	-170/-120	-230/-180	-300/-100
USD/OMR	0.38498/501	5/15	10/25	25/45	80/130	170/270	300/400	800/950
USD/BHD	0.37750/80	7/17	15/30	25/45	80/110	130/180	200/300	700/900
USD/MAD	9.4300/4500	80/180	200/500	300/700	650/1650	1000/3000	1500/3500	3000/6000
USD/EGP NDF	17.89	17.98/18.08	18.13/18.23	18.27/18.37	18.67/18.77	19.17/19.27	19.67/19.77	-
USD/JOD	0.7080/7180	30/70	50/150	70/170	100/300	225/525	275/675	400/1400
USD/NGN NDF	361.17	326.00/363.00	363.00/365.00	365.00/368.00	370.00/373.00	376.00/379.00	381.00/384.00	(NAFEX)
USD/GHS NDF	4.7200	4.85/4.95	4.92/5.02	5.00/5.10	5.20/5.30	5.39/5.49	5.55/5.70	-
USD/TND	2.6100/6500	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
Crude Oil	Futures							
WTI	65.20							
Brent	75.25							

** (offshore levels only)

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+21/27	+26/32	+32/38	+40/46	+50/56	+59/65	+67/73	+88/96
SAR SPREAD	+19/24	+26/31	+33/38	+41/46	+50/55	+59/65	+68/74	+89/97

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

AND FINALLY...

Did you know that that national biscuit 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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