

## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Trump Says He Will Not Be 'Flexible' On Iran Nuclear Accord.**

An article published earlier today on the 'Axios' news website, has claimed that Trump told Netanyahu during their meeting at the White House early last week that the US administration would show zero flexibility in its negotiations with the EU over amendments to the Iran nuclear agreement, and that the initial proposals made by three EU states were allegedly described as 'cosmetic' and unsatisfactory by President Trump. The administration's apparent firm stance on this subject was already underlined in a speech the Vice President, Mike Pence gave last Tuesday in which he stated; "President Trump has called on the Congress and our European allies to enact real and lasting restraints on Iran's nuclear and ballistic missile ambitions. Earlier this year, the President waived sanctions to give our lawmakers and our allies time to act, but make no mistake about it, this is their last chance. Unless the Iran nuclear deal is fixed in the coming months, the United States of America will withdraw from the Iran nuclear deal immediately." The next 3-monthly US sanctions waiver review of the agreement falls due on the 12th of May 2018, which ironically could be the same month that President Trump meets with North Korea's Kim Jong-Un about the DPRK's own controversial nuclear program.

#### **Lebanon Prepares To Hold Parliamentary Elections.**

Lebanon is preparing to conduct parliamentary elections on the 6th of May this year when a record 976 candidates will compete for the 128 available seats in the first such poll to take place since 2009. This vote will be the first test of the country's new proportional electoral law, which was finally ratified in 2017 after years of political haggling, and sees the previous 'winner takes all' system replaced with proportional representation and the number of electoral districts reduced to 15. Lebanon watchers may also be interested to see how much (if any) this legal change will affect the performance of members within the country's two main political alliances, formerly known as 'March 8' and 'March 14,' (the latter winning a majority in 2009), and if certain non-aligned parties could come to the fore. Conventional wisdom however suggests both 'March' blocs will retain their current levels of representation and influence.

#### **Tunisia's CB Says "Cannot Defend The Dinar."**

Tunisia's newly appointed Central Bank Governor, warned late last week that due to the country's low level of reserves it would not be in a position to adequately protect the local currency. "We cannot defend the Dinar with foreign reserves less than 80 days of imports," Marouane El Abassi was quoted by Reuters as saying, adding that as such the country should rather focus on narrowing its trade deficit and combatting inflation. Tunisia's FX reserves stood at US\$4.6 bio at the beginning of this month.

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### Inflation Continues To Contract In Egypt.

Egypt's core inflation rate dropped to 11.88% y/y last month from 14.35% in January, and 31.70% at the beginning of last year, according to the latest data released by the country's official statistics agency. This sharper than expected contraction has boosted hopes for an interest rate cut at the Central Bank's next MPC meeting which is scheduled to take place on the 29th of March 2018. We agree with this view and look for a 50-100 bp reduction of the benchmark rate.

### Nigeria's FX Reserves Rise.

Nigeria's foreign exchange reserves have risen to US\$46 bio as at March 9th 2018 from US\$39.3 bio at the beginning of the year, according to a Central Bank statement published yesterday.

### QNB Seeks To Raise Foreign Ownership Limit.

According to a statement issued today by Qatar National Bank, the group will seek approval to raise its foreign ownership limit from 25% to 49% at an extraordinary general assembly meeting to be convened soon.

### UAE & KSA To Be Linked By Rail Within 3 Years.

The UAE and Saudi Arabia will be connected via rail-links by the end of 2021 according to a statement by the Director General of the UAE's Federal Authority for Land & Marine Transport. "By the end of December 2021 we will have a connection between us and the Saudis," Abdullah Salem Al Kathiri was quoted as saying by Reuters earlier this morning. The value of the overall GCC rail projects both in the pipeline and currently underway are estimated at around US\$240 bio.

### Mubadala Takes 10% Stake In Egyptian Gas Concession.

Mubadala Petroleum announced this morning that it had purchased a 10% stake in Egypt's 'Shorouk' gas concession from Italy's ENI. "This is an important and attractive investment for Mubadala, adding a world-class asset to our portfolio with long-term cash flows. We are joining a strong partnership with Eni as operator, who have delivered the project in record time with the full support of the Egyptian authorities. This is an investment in Egypt in a project that will help meet the country's growing energy demand while it is reshaping the energy sector and opening new opportunities across the full energy value chain," the chairman of Mubadala Petroleum, Musabbeh Al Kaabi, was quoted as saying by the UAE's National newspaper.

### UK & Saudi Arabia Close To Sealing Major Defence Contract.

Late last week the UK government signed an MOU with Saudi Arabia concerning the Royal Saudi Air Force's potential purchase of 48 BAE manufactured Eurofighter Typhoon jet fighters. A press statement issued later by BAE Systems read; "This is a positive step towards agreeing a contract for our valued partner," adding that BAE was committed to supporting Saudi Arabia with its Vision 2030 diversification plan, which aims to localize at least 50% of its defence procurement by 2030. Each Typhoon aircraft is valued at around US\$180 mio before discounts.

### 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	3.6729/31	-1/+2	1/6	4/9	5/15	15/30	30/45	90/140
USD/SAR**	3.7503/05	-6/-1	-7/Par	-7/Par	-5/+5	5/20	30/45	150/200
USD/QAR**	3.6600/6700	10/30	20/50	35/65	70/110	90/140	105/155	125/325
USD/KWD	0.30010/040	-10/-5	-15/-5	-15/-5	-15/+10	-15/+10	-20/+10	25/125
USD/OMR	0.38500/505	8/18	15/35	40/70	80/180	220/320	350/450	800/1100
USD/BHD	0.37702/07	5/15	20/40	20/50	45/95	100/200	150/250	450/750
USD/MAD	9.1700/2000	100/250	250/650	500/900	800/1800	1500/3500	2000/4000	4000/8000
USD/EGP NDF	17.62	17.72/17.78	17.84/17.90	17.94/18.00	18.28/18.38	18.62/18.72	18.96/19.06	-
USD/JOD	0.70957/105	40/80	50/150	75/175	100/300	200/500	275/675	500/2000
USD/NGN NDF	360.00	362.00/367.00	364.00/369.00	366.00/371.00	373.00/378.00	380.00/385.00	386.00/391.00	(NAFEX)
USD/GHS NDF	4.4600	4.50/4.60	4.53/4.63	4.58/4.68	4.70/4.80	4.82/4.92	4.90/5.05	-
USD/TND	2.4000/4300	225/325	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	61.75							
Brent	65.15							

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	+4/10	+10/16	+18/24	+28/34	+39/45	+48/54	+56/62	+77/85
SAR SPREAD	+8/14	+18/24	+27/33	+35/41	+43/49	+51/57	+58/64	+74/82

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

**AND FINALLY...**

*Did you know that Saudi Arabia is now reportedly home to the world's straightest road ? Highway 10 has a 256km straight stretch that cuts through the Rub Al-Khali desert and is thus 110.4 km longer than the previous record holder, the Eyre Highway in Australia.*

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