

MIDDLE EAST & AFRICAN MONITOR

- **Departure Of Tillerson Suggests A More Hawkish US Administration.**
- **Nigerian President Orders Investigation Into Amnesty Program.**
- **Iraqi Government lifts Flight Ban On Kurdish Region.**
- **IMF Extends Standby Agreement With Kenya.**
- **Moody's Sees Improved Profitability For Saudi Banking Sector in 2018.**
- **Qatar Sells Stake In Veolia – CB Holds Bond Auction.**
- **GCC To Establish Central Payments System.**
- **ADCB Prepares To Conduct US\$ Bond Issue.**
- **Bahrain Launches Major Fintech Hub.**

REGIONAL COMMENTARY

Departure Of Tillerson Suggests A More Hawkish US Administration.

Although such a possibility had been rumoured for months, yesterday's abrupt removal of Rex Tillerson as US Secretary of State did come as somewhat of a surprise, especially the way it was conducted. One can have a lengthy debate over Tillerson's performance during his relatively short tenure, but what is clear is that the man replacing him, Mike Pompeo, will definitely be more hawkish in his global outlook, and also more likely to be in step with the President's own foreign policy views. This does not bode well for the Iran nuclear accord, which as mentioned in my previous commentary comes up for its next 90-day waiver by the US in May. During a speech back in November 2016 when Pompeo had accepted the role as CIA Director, he claimed that the P5+1 agreement with Iran was "disastrous" and that he was looking forward to "rolling it back." President Trump has already indicated that the Iran question was one of the major issues he and his now former Secretary of State disagreed upon, saying yesterday; "If you look at the Iran deal I think it's terrible and I guess he thought it was OK, we weren't really thinking the same."

Nigerian President Orders Investigation Into Amnesty Program.

Nigeria's President Buhari has called on his national security chief to investigate allegations of corruption surrounding the government's Niger Delta amnesty program, he also replaced the program's head, Brigadier-General Paul Boroh with Professor Charles Dokubo. A statement issued by the President's office and published on the 'Punch NG' website yesterday read: "The President directs the National Security Adviser to carry out a full investigation into the activities of the Amnesty Program from 2015 to date, especially allegations of financial impropriety and other acts that are allegedly detrimental to the objectives of the Presidential Amnesty Program." The program was first initiated in 2009 in an attempt to stabilize the restive Niger Delta region and prevent attacks on oil facilities there by offering members of militant groups in the area, a monthly stipend and job training if they handed in their weapons and signed an agreement to halt such activities.

Iraqi Government lifts Flight Ban On Kurdish Region.

Iraq's Prime Minister, Haider al Abadi, announced yesterday that his administration was preparing to lift an international flight ban on the country's Kurdistan region within the next few days, indicating a potential improvement

14 March 2018

Glenn Wepener

Executive Director & Geopolitical
Analyst, Middle East & Africa

Please click [here](#) to view our recent
publications on MENA and Global Markets

in relations between Erbil and Baghdad. The central government imposed the ban following a controversial independence referendum undertaken by the region in September last year. In reaction the Kurdish Prime Minister, Nechirvan Barzani, was quoted as saying by Reuters that; "The opening of Kurdish airports to international flights is an important step, we hope more significant steps will be taken."

IMF Extends Standby Agreement With Kenya.

The IMF says that it has approved a request by Kenya to extend its US\$1.5 bio standby facility, (which was due to expire at the end of this month), for a further six months. The international lender warned however that the facility was still subject to the completion of a full review. "The Executive Board of the International Monetary Fund approved Kenyan authorities' request for a 6-month extension of the country's Stand-By Arrangement to allow additional time to complete the outstanding reviews. The reviews are expected to be completed by September 2018. Completion of the reviews will enable the Kenyan authorities to have access to funds available under the precautionary SBA. In support of this request, the authorities have committed to policies that will enable them to achieve the program objectives, including reducing the fiscal deficit and substantially modifying interest controls," an official statement issued by the IMF read.

Moody's Sees Improved Profitability For Saudi Banking Sector in 2018.

Moodys Investor Service has said that it expects banks in Saudi Arabia to outperform their regional peers this year as the domestic economy picks up and higher rates help boost margins. "Saudi banks' profitability improved in 2017 despite a challenging environment and a decline in lending. We expect their profitability to remain broadly stable at this level in the next 12-18 months thanks to higher interest rates, a gradual pick-up in credit growth and fee-based income. We also expect Saudi banking system's profitability to remain above GCC peers," a senior Moodys analyst was quoted as saying by the UAE's National newspaper yesterday.

Qatar Sells Stake In Veolia – CB Holds Bond Auction.

Bloomberg has reported that the Qatar Diar Real Estate Investment Company, (the property arm of the country's sovereign wealth fund), has completed the sale of its entire stake in France's Veolia Environnement for EUR 506.80 mio. Meanwhile Qatar's Central Bank this week raised QAR 2 bio via both a Sukuk and conventional bond issue, its first such action this year. The yield on both papers was 3.95% according to Reuters.

GCC To Establish Central Payments System.

Kuwait's Central Bank Governor, Mohammad Al Hashel, has announced that the GCC is preparing to establish an entity which would facilitate direct money transfers amongst the six GCC member states. The entity will be called the 'Gulf Payments Company' and its objective is to create a "safe and rapid means for financial transfers" whilst allowing each country to transfer these funds "without reliance on international currencies", Al Hashel was quoted as saying by the Kuwait Times and the UAE's National newspaper this week. Each member state will contribute towards the company's operating capital and the six Central Bank governors will sit on the board. GPC will be headquartered in Riyadh and another office is to be situated in the UAE.

ADCB Prepares To Conduct US\$ Bond Issue.

The UAE's Abu Dhabi Commercial Bank is set to begin an investor roadshow this week ahead of an expected 5Y fixed-rate US\$ bond issue.

Bahrain Launches Major Fintech Hub.

Bahrain officially unveiled its new Fintech hub this month which is situated within the Bahrain Bay development in Manama. The 10,000 sq feet facility will focus on blockchain as well relevant insurance and regulatory technologies. The Singapore-based fintech incubator Fintech Consortium, via its subsidiary FinTech Consortium Bahrain, will be responsible for managing the hub, as well as integrating it into its numerous Fintech platforms, according to the GDN media outlet.

Continued...

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	3.67295/305	-1/+2	1/6	4/9	7/17	15/30	30/45	90/140
USD/SAR**	3.7503/05	-5/Par	-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	0.29980/00	-10/-5	-15/-5	-15/-5	-15/+10	-15/+10	-20/+10	25/125
USD/OMR	0.38500/505	5/15	15/35	40/70	80/180	220/320	350/450	800/1100
USD/BHD	0.37701/06	5/15	18/38	20/45	40/90	100/200	150/250	450/750
USD/MAD	9.1700/2000	80/180	200/500	300/700	650/1650	1000/3000	1500/3500	3000/6000
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	363.00/368.00	365.00/370.00	372.00/377.00	378.00/383.00	384.00/389.00	(NAFEX)
USD/GHS NDF	4.4200	4.46/4.56	4.49/4.59	4.54/4.64	4.66/4.76	4.78/4.88	4.90/5.05	-
USD/TND	2.4000/4300	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
Crude Oil	Futures							
WTI	60.75							
Brent	64.55							

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	+5/11	+12/18	+19/25	+30/36	+41/47	+50/56	+58/64	+79/87
SAR SPREAD	+9/15	+16/22	+23/29	+32/38	+40/46	+48/54	+55/61	+71/79

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

AND FINALLY...

Did you know that the world's oldest and still functioning oil refinery is located in Digboi, India? This small facility first began operating in 1901.

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

Please click [here](#) to view our recent publications on MENA and Global Markets

Disclaimer: To the fullest extent allowed by applicable laws and regulations, First Abu Dhabi Bank (the "Bank") and any other affiliate or subsidiary of the Bank, expressly disclaim all warranties and representations in respect of this communication. The content is confidential and is provided for your information purposes only on an "as is" and "as available" basis and no liability is accepted for or representation is made by the Bank in respect of the quality, completeness or accuracy of the information and the Bank has undertaken no independent verification in relation thereto nor is it under any duty to do so whether prepared in part or in full by the Bank or any third party. Furthermore, the Bank shall be under no obligation to provide you with any change or update in relation to said content. It is not intended for distribution to private investors or private clients and is not intended to be relied upon as advice; whether financial, legal, tax or otherwise. To the extent that you deem necessary to obtain such advice, you should consult with your independent advisors. Any content has been prepared by personnel of the Global Markets division at the Bank and does not reflect the views of the Bank as a whole or other personnel of the Bank.