

MIDDLE EAST & AFRICAN MONITOR

- **US Accuses Iran Of Spending Billions In Support Of Regional Proxies.**
- **KSA To Keep Crude Exports Below 7 mio bpd.**
- **IMF Supports Morocco's Gradual Pace Of Currency Reform.**
- **Kuwait's Stock Exchange Looks To Boost Liquidity.**
- **Moodys Lowers Credit Ratings On Tunisia.**
- **SAMA Raises Benchmark Interest Rates.**
- **Yemen's CB To Receive US\$2 Bio Deposit.**
- **Inflation In Sudan Continues To Rise.**
- **FITCH Downgrades NBB.**
- **Acciona & Besix Win UAE Desalination Contract..**

REGIONAL COMMENTARY

US Accuses Iran Of Spending Billions In Support Of Regional Proxies.

President Trump's National Security Advisor, HR Mc Master, has accused Iran of spending billions of dollars over the past 6 years in support of the Syrian regime and other proxy groups within the region. "Iran has provided over US\$16 billion to the Assad regime and to other proxies in Syria Iraq and Yemen. Iran's goal is to secure a permanent military foothold in Syria which would threaten Israel, undermine US interests and strengthen its proxy forces that it uses to weaken Arab states and foment violence," Mc Master was quoted as saying by the UAE's National newspaper yesterday. He also claimed that Iran had been transporting foreign militants and weapons to Syria via civilian aircraft. Meanwhile Saudi Arabia's Crown Prince, Mohammed Bin Salman, has warned that if Iran developed a nuclear weapon then his country would be forced to follow; "Saudi Arabia does not want to acquire any nuclear bomb, but without a doubt if Iran developed a nuclear bomb, we will follow suit as soon as possible," the Crown Prince was reported to have said during a CBS interview this week.

KSA To Keep Crude Exports Below 7 mio bpd.

A statement issued by Saudi Arabia's Energy Ministry and published by MEED, has said that the Kingdom plans to keep its crude exports below 7 mio bpd next month and its production below 10 mio bpd. "Despite nominations coming in at 100,000 b/d, higher than the previous month, allocations will be maintained on par with their March levels," the statement read. Meanwhile a ministry official was also reported by Reuters as suggesting that the signatories to the OPEC/NOPEC output reduction agreement; "remain committed to pursuing the common objective of restoring inventories back to their normal levels," adding that Saudi Arabia was "happy with the excellent overall conformity levels and look forward to all participating countries maintaining or exceeding full conformity with their commitments as agreed."

IMF Supports Morocco's Gradual Pace Of Currency Reform.

The head of the IMF's mission in Morocco has said that his institution supports the country's plan to adjust its FX regime on a slow step-by-step basis. Such a transition should be "orderly and gradual," Nicolas Blancher was quoted by Bloomberg as saying. "You want some gradual deepening of FX markets in Morocco on the Dirham, and development of various segments like derivatives

16 March 2018

Glenn Wepener

Executive Director & Geopolitical
Analyst, Middle East & Africa

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

or other hedging instruments.” In January this year Morocco’s Central Bank widened the band in which the local currency can fluctuate from 0.60% to 2.50% either side of the central rate. In its latest review the IMF expressed optimism in its outlook for Morocco and expects economic growth to expand by 4.50% over the medium term.

Kuwait’s Stock Exchange Looks To Boost Liquidity.

Kuwait’s Stock Exchange is preparing to create three separate market segments in an attempt to boost liquidity ahead of the bourse’s inclusion into the FTSE’s secondary index later this year. According to Reuters, an official at the country’s Capital Markets Authority has said that the exchange’s current market would be split into three areas namely, a ‘premier’, ‘main’ and ‘auction’ market. The bourse, (which is the is one of the region’s oldest) is also planning to conduct an IPO by the first quarter of next year.

Moodys Lowers Credit Ratings On Tunisia.

Moodys Investors Service this week lowered its long-term issuer rating on Tunisia from B1 to B2 and amended its outlook on the country to stable. “The key drivers for the downgrade are Moody’s expectations that the further erosion in fiscal strength and foreign exchange reserve buffers will not reverse significantly in the next few years,” a statement by the agency read, adding that Tunisia’s heavy debt burden made it “vulnerable to shifts in foreign creditors willingness to finance its borrowing needs.”

SAMA Raises Benchmark Interest Rates.

Saudi Arabia’s Monetary Authority yesterday raised its benchmark rates by 25bp in an apparent preemptive move ahead of a similar expected hike by the US Federal Reserve next week. (SAMA increased both its Repo rate and its Reverse Repo to 2.25% and 1.75% respectively). As the SAR is pegged to the US\$ at a fixed rate and has been for decades, such action is to be expected, however SAMA usually waits for the FED to move before it acts, and this is the first time the Repo rate has been raised since 2009. The CB issued a statement late yesterday saying that the hike was; "consistent with monetary stability in the evolving domestic and international monetary conditions". Meanwhile Oman’s Central Bank announced yesterday that it was increasing its capital deposit rate by 50bp to 1.50%, adding that the move would be retroactive to the 1st of January 2018 according to a Reuters report.

Yemen’s CB To Receive US\$2 Bio Deposit.

Saudi Arabia has agreed to place a US\$2 bio deposit at Yemen’s Central Bank according to a statement issued by the Saudi Press Agency yesterday. The move is understood to be an attempt to help provide stability to the Yemeni Rial.

Inflation In Sudan Continues To Rise.

Sudan’s annual inflation rate expanded to 54.34% last month from 52.37% in January according to the latest official data, driven primarily by a weakening currency.

FITCH Downgrades NBB.

FITCH announced yesterday that it has lowered its long-term-issuer default rating on the National Bank of Bahrain from BB+ to BB- with a stable outlook. The agency noted however that NBB has a “solid domestic franchise” adding that its move follows the downgrade of Bahrain’s sovereign rating to BB- earlier this month.

Acciona & Besix Win UAE Desalination Contract.

A JV between Spain’s Acciona Agua and Belhasa Six Construct have been awarded a US\$237 mio contract to build a desalination plant in Jebel Ali.

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** | 3.7500/02 | -5/+3 | -5/+3 | -5/+3 | Par/10 | 10/25 | 50/70 | 210/260 |
| USD/QAR** | 3.6550/6650 | 10/30 | 20/50 | 35/65 | 70/110 | 90/140 | 105/155 | 125/325 |
| USD/KWD | 0.29990/30010 | -10/-5 | -15/-5 | -15/-5 | -20/Par | -20/Par | -25/Par | Par/100 |
| USD/OMR | 0.38500/505 | 5/15 | 15/35 | 30/60 | 80/180 | 200/300 | 350/450 | 800/1200 |
| USD/BHD | 0.37700/05 | 5/15 | 18/38 | 20/45 | 40/90 | 100/200 | 150/250 | 450/750 |
| USD/MAD | 9.1600/1800 | 80/180 | 200/500 | 300/700 | 650/1650 | 1000/3000 | 1500/3500 | 3000/6000 |
| USD/EGP NDF | 17.62 | 17.75/17.81 | 17.86/17.92 | 17.98/18.04 | 18.31/18.37 | 18.65/18.71 | 19.02/19.08 | - |
| USD/JOD | 0.70957/105 | 40/80 | 50/150 | 75/175 | 100/300 | 200/500 | 275/675 | 500/2000 |
| USD/NGN NDF | 360.00 | 361.00/366.00 | 363.00/368.00 | 364.00/369.00 | 370.00/375.00 | 376.00/381.00 | 382.00/387.00 | (NAFEX) |
| USD/GHS NDF | 4.4150 | 4.45/4.55 | 4.48/4.58 | 4.53/4.63 | 4.65/4.75 | 4.77/4.87 | 4.90/5.05 | - |
| USD/TND | 2.4300/4600 | 200/300 | 400/600 | 500/800 | 1000/1500 | 1500/2500 | 2000/3000 | 4000/6000 |
| Crude Oil | Futures | | | | | | | |
| WTI | 61.25 | | | | | | | |
| Brent | 65.17 | | | | | | | |

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 | +7/13 | +14/20 | +22/28 | +33/39 | +44/50 | +52/58 | +59/65 | +80/88 |
| SAR SPREAD | +11/17 | +21/27 | +31/37 | +40/46 | +49/55 | +57/63 | +64/70 | +80/88 |

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

AND FINALLY...

Did you know that name of Sudan's capital, 'Khartoum', means elephant trunk in Arabic? It refers to the large bend the Nile River makes as it flows north from the city

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.