

## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Supply Drawdown & Iran Tensions Continue To Support Crude Prices.**

Oil prices have continued to edge higher over the past few days supported by various factors including; The 2.6 mio drawdown of US inventories last week, growing uncertainty over the future of P5+1 nuclear accord with Iran and an ongoing drop in output by Venezuela, as discussed in our previous commentaries. Both WTI and Brent are now up over 5% so far this week and further supportive news came from an OPEC report published yesterday, which suggested that compliance by signatories to the output cut agreement had reached 149% last month. Conversely it's worth noting too that US oil output hit a record high of 10.40 mio bpd last week.

#### **African States Push Ahead With Free-Trade Agreement.**

A declaration, which once implemented should create the world's largest free-trade area, was signed by 40 African countries at a conference in Rwanda's capital yesterday. The AFCFTA accord commits its signatories to lifting tariffs on almost 90% of goods, although it still requires final ratification by the individual governments of each country. "The promise of free trade and free movement is prosperity for all Africans, because we are prioritizing the production of value-added goods and services that are 'Made in Africa'. The advantages we gain by creating one African market will also benefit our trading partners around the world," Rwanda's President Paul Kagame was quoted as saying by Bloomberg following the signing ceremony yesterday. One of the continents' major economies, Nigeria, is yet to sign the declaration with its President, Muhammadu Buhari, saying that his government needed more time to review the project with its domestic business sector. However President Cyril Ramaphosa, the recently appointed head of Africa's the largest economy, South Africa, was one of the 40 leaders to sign.

#### **Saudi Arabia Plans Revamp Of School Curriculum.**

According to an article in the Saudi Gazette, the Kingdom's Education Minister, Dr Ahmed Al Issa, has outlined a plan by his ministry to review the country's school and universities curricula. The department is working to "combat extremist ideologies by reviewing school curricula and books to ensure they do not reflect the banned Muslim Brotherhood's agenda," Al-Issa was quoted as

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saying, adding that the Education Ministry would “ban such books from schools and universities and remove those who sympathize with the group or its ideology from their posts.”

### **Investors Reject Debt Restructuring Proposal By Mozambique.**

At the beginning of this week the Mozambican government submitted a proposal to restructure a US\$727 mio Eurobond and US\$1.3 bio in state guaranteed loans. According to a Bloomberg article the options laid out in the proposal included; 1). No haircut, a 16 year maturity and a coupon of 2% for first five years, stepping up to 6%. 2) A 10% haircut with a 12-year maturity, a coupon of 1.5% for first 5 years, 5% thereafter, or 3) A 20% haircut with an 8-year maturity, and coupon of 2.8% throughout. A group of major creditors initially rejected the proposals but agreed to meet again with the government to try and reach a “more fair and equitable solution.”

### **Bahrain Prepares For US\$ Islamic Bond Issuance.**

Bahrain is set to begin an international investor roadshow tomorrow ahead of an upcoming SUKUK and conventional US\$ bond issuance with 7, 12 and possibly 30 year tenors. The country is currently rated at BB- (FITCH) and B+ (S&P).

### **GCC Central Banks Follow FED Rate Hike.**

As expected the relevant GCC monetary authorities adjusted their domestic benchmark interest rates in line with the 25bp FED move last night. Kuwait raised its discount rate to 3%, the UAE increased its Repo and CD rates by 25bp to 2.00%, while Bahrain hiked its O/N and 1 week deposit rates to 1.75% and 2% respectively. SAMA had already moved preemptively last week and Qatar’s central bank increased its O/N deposit rate by 25bp to 1.75%. Oman is also expected to adjust its benchmark rate soon.

### **ADIC & Mubadala To Join Forces.**

Abu Dhabi Investment Council is set to combine with Mubadala Investment Company in a tie-up that will create the world’s 11th largest sovereign wealth fund, with a portfolio worth almost US\$250 bio. “ADIC becoming part of the Mubadala Group is yet another step in Abu Dhabi’s efforts to accelerate the diversification of the UAE’s economy. With an investment vehicle of significant scale, world-class talent and wide geographical reach, we enhance the country’s competitive position,” Abu Dhabi’s Crown Prince, Sheikh Mohammad bin Zayed Al Nahyan was quoted as saying by Forbes Middle East yesterday.

### **Egypt May Suspend Uber & Careem Licenses.**

An administrative court in Egypt issued a ruling on Tuesday that could see both Uber and Careem forced to halt their activities in the North African country. The ruling stated that it was against current Egyptian law for private vehicles to be used as taxis. The court’s decision comes after local taxi drivers filed a lawsuit against both ride-hailing firms two years ago, according to the Quartz news website. Uber has since said it will appeal the ruling.

### **Bank Sohar Seals US\$300 Mio Syndicated Loan.**

Oman’s Bank Sohar SAOG recently closed a 3-year US\$300 mio syndicated loan facility which will be used for general funding purposes according to a statement issued by the bank. The facility closed on 1st March 2018 and was reportedly oversubscribed with a total of 14 banks participating from within and outside the region according to the CPI-Financial website.

### **Zambia Stuns Canadian Mining Firm With Multi-Billion Dollar Tax Bill.**

Earlier this week, Zambia’s tax authority reportedly accused First Quantum Minerals of misclassifying a number of items which the company had imported into the central African country over the past 5 years, and as such had not paid the full import duties due. As a consequence the department announced that it was issuing the firm with a US\$7.9 bio tax bill which includes interest and penalties. In response First Quantum has strongly refuted the tax agency’s assessment, and said it was working with the authorities to resolve the issue. According to an article on the mining.com website, First Quantum operates the Kansanshi and Kalumbila mines in Zambia accounting for over 50% of the country’s copper output, and is the largest individual taxpayer there. In turn copper mining accounts for over 80% of the company’s revenues.

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	2/5	4/9	7/17	15/30	30/45	90/140
USD/SAR**	3.7499/7502	-1/+2	Par/5	2/7	8/18	20/35	50/65	220/270
USD/QAR**	3.6550/6650	35/55	50/80	70/100	110/160	150/200	175/225	200/400
USD/KWD	0.29955/85	-20/-10	-25/-15	-30/-20	-40/-20	-50/-30	-55/-35	-50/+50
USD/OMR	0.38498/503	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	45/85	100/200	150/250	500/800
USD/MAD	9.1300/1500	80/180	200/500	300/700	650/1650	1000/3000	1500/3500	3000/6000
USD/EGP NDF	17.64	17.76/17.82	17.86/17.92	17.97/18.03	18.34/18.40	18.69/19.75	19.03/19.09	-
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	4.4100	4.45/4.55	4.48/4.58	4.53/4.63	4.65/4.75	4.77/4.87	4.88/5.03	-
USD/TND	2.4150/4450	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	65.15							
Brent	69.35							

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	+8/14	+13/19	+19/25	+29/35	+38/44	+47/53	+56/62	+77/85
SAR SPREAD	+16/22	+29/35	+38/44	+45/51	+52/58	+59/65	+66/72	+82/90

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

## AND FINALLY...

*Did you know that Lake Malawi is home to more species of fish than any other similar body of fresh water in the world?*

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