

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

US President To Announce Iran Decision Today.

The US President will later today, announce his administration's decision over whether or not it will certify another rollover of the quarterly US sanctions waiver on Iran. The deadline for this rollover will expire on the 12th of May, and as outlined in our previous commentaries on the subject Trump, as well as a number of senior Republicans, have been vocally critical of the JCPOA agreement for some time and called for the US to withdraw from the deal unless certain amendments are made, a proposal Tehran has already flatly rejected. Given this background, Trump's unique style of diplomacy and calls by other signatories such as Russia, France and the UK for America to stay in the deal it's hard to predict exactly what decision has now been reached. However the two most likely outcomes are: 1) The US will announce another 120-day rollover of the sanctions waiver but under the condition that its proposed amendments to the agreement are finalized within that period, otherwise it will withdraw. Or 2) It will not certify the sanctions waiver but allow for a short 'transition period' during which the proposed amendments must be discussed and implemented if possible, before US sanctions are re-imposed. Of course President Trump could also announce the withdrawal of the US from the agreement and immediate sanctions snap-back although we think this third option is less likely.

Lebanon Holds 1st Election In Almost A Decade.

Lebanon has conducted its first parliamentary election in 9 years and preliminary results suggest that the main political parties still maintain a reasonable presence in the house, although 'Hezbollah' and its allies look to have made significant gains as did their political rival the 'Lebanese Forces' who increased their number of seats from 8 to 14. It should be noted however that under Lebanon's power-sharing system Prime Minister Saad al Hariri will probably keep his post, (despite his party's seats declining from 33 to 21) and the next cabinet is expected to be represented by all the major parties. Both these factors suggest that government policies are unlikely to change dramatically at least in the near-term. "I extend my hand to all those keen on stability and on projects needed for the development of the country. Today we are in a new phase, and we have many challenges, as head of the Future Party, I will continue to battle these challenges on all levels," Hariri was quoted as saying by the UAE based National newspaper.

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Saudi Arabia Agrees To Supply Oil To Sudan.

Sudan's Oil Minister, Abdul Rahman Osman, announced yesterday that Saudi Arabia has agreed to supply his country with around 1.8 mio tons of fuel annually for the next 5 years. Sudan is currently experiencing a major petrol shortage due primarily to a chronic shortage of foreign exchange and maintenance issues at one of its largest refineries. The supply deal will be financed by the Saudi Development Bank according to an article on the Arabian Business website.

Morocco Cuts Ties With Iran.

A spokesperson for the Arab League has said that the organization supports a recent decision by the Moroccan government to sever its diplomatic relations with Tehran. Rabat announced last week that it was cutting its diplomatic ties with Iran over the latter's alleged supply of weapons to the Western Sahara separatist group the Polisario Front.

Nigeria Seals RMB 15 Bio Currency Swap Agreement.

Nigeria and China finalized a 3-year RMB 15 bio currency swap agreement at the end of last month in a deal which both sides hope will boost bilateral trade. However aside from the potential trade benefits and a possible minor dip in the domestic demand for US dollars, the deal also suggests that as it was calculated using the official interbank USD/NGN exchange rate of 305.00, a unification of Nigeria's various exchange rate windows is unlikely to take place in the near term as some had anticipated. Admittedly this does not really affect foreign investors as most utilize the NAFEX window (which is currently around 360.00) anyway. Meanwhile President Buhari announced via his Twitter account yesterday that he would be travelling to the UK this week on a 4-day visit to consult with his doctors.

Expat Departures Pressure Kuwait's Property Market.

A study undertaken by the Kuwait Real Estate Union and published by Gulf News has warned that thousands of apartments are currently standing empty in Kuwait City, a situation driven in part by the departure of a rising number of expatriates from the country. Monthly rents also declined by an average of 13.20% last year according to the report. A recent increase in medical and municipal fees etc.. has pushed many expatriates to send their families back home due to the consequent financial pressure. Added to this a drive by parliament to lower the number of expats in the country by redirecting jobs towards Kuwaiti citizens, has also resulted in an increase in the number of foreigners departing Kuwait after their contracts were not renewed.

Global SUKUK Market Continues To Expand.

An improving economic climate is expected to help the world's Islamic bond market to continue to grow by 15-20% this year according to the CIO of Franklin Templeton Investments (MENA). "We think the growth is consistent with previous years and will likely come from the core markets of GCC countries and others like Malaysia, though we also hope that we will see Sukuk issuances from other countries as well," Mohieddine Kronfol was quoted as saying recently by the Malaysian Reserve newspaper adding, "Given that global Sukuk has a lower correlation to other assets, attractive yields, favourable risk- adjusted returns, a stable Islamic investor base, and growing demand from conventional investors, we see Sukuk as well-positioned in the global fixed income arena."

Algeria To Introduce Farming Concessions.

According to a Reuters report, Algeria is planning to offer foreign investors concessions on farming land for the first time, although any such investor would need to partner with the government or a local firm. If confirmed the move is probably driven by the need to diversify the economy away from its heavy reliance on the gas and oil sector and utilize agricultural land more effectively. Algeria is one of the world's largest importers of grain.

KAMCO To Buy Stake In GIH.

Kuwait's KAMCO has reportedly signed an initial agreement to purchase a 69.52% stake in Global Investment House.

Angola's FX Reserves Dip.

Angola's foreign exchange reserves slipped to US\$12.73 bio last month from US\$13.08 bio in March according to the latest available official data.

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	-2/+1	-1/+2	2/5	7/17	15/30	25/40	90/140
USD/SAR**	3.7503/05	-6/-3	-8/-3	-10/-5	-5/+5	7/17	20/40	150/180
USD/QAR**	3.6500/6600	Par/20	10/30	20/50	50/100	80/130	130/170	150/350
USD/KWD	0.30150/160	-20/-10	-50/-20	-70/-40	-100/-70	-130/-80	-150/-100	-200/-50
USD/OMR	0.38499/502	5/15	10/30	25/50	90/140	200/300	300/400	800/1100
USD/BHD	0.37704/09	5/15	15/30	25/45	60/90	100/200	150/250	650/850
USD/MAD	9.3600/3900	50/150	100/300	150/450	400/900	600/1600	1000/3000	2000/5000
USD/EGP NDF	17.70	17.92/18.00	18.11/18.19	18.24/18.32	18.63/18.73	19.05/19.15	19.40/19.50	-
USD/JOD	0.7088/7098	30/70	50/150	80/180	100/300	200/500	275/675	400/800
USD/NGN NDF	360.00	363.00/368.00	365.00/370.00	366.00/371.00	371.00/376.00	376.00/381.00	382.00/387.00	(NAFEX)
USD/GHS NDF	4.5100	4.55/4.62	4.59/4.66	4.62/4.69	4.74/4.84	4.86/4.96	4.97/5.07	-
USD/TND	2.5600/5900	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
Crude Oil	Futures							
WTI	70.05							
Brent	75.55							

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	+17/23	+23/29	+30/36	+38/44	+45/51	+52/58	+60/66	+80/88
SAR SPREAD	+15/21	+24/30	+33/39	+43/49	+53/59	+63/69	+72/78	+94/102

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

AND FINALLY...

Did you know that there are still a number of theories on how Africa got its name? One is that the word has its roots via two different languages – (“Aprica”) meaning ‘Sunny’ in Latin and (“Aphrike”) meaning ‘Without cold’ in Greek.

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