

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

OPEC Says Global Crude Inventories Nearing Five-Year Average.

In a statement issued earlier today, OPEC said that the large global oil inventory overhang continues to shrink, and that OECD stocks now stand just 9 mio barrels above the 5-year average. The organization also saw global daily consumption averaging 98.85 mio bpd in 2018, a 1.65 mio barrel rise on 2017, noting however that output was also rising especially by shale producers in the US. Meanwhile with regards to a potential drop in exports by Iran due to the re-implementation of US sanctions the current President of OPEC, Suhail Al Mazrouei, was quoted by Bloomberg as saying; “Don’t worry about supply, I don’t think there will be issues as a result of sanctions,” adding that OPEC has an adequate “buffer” of potential output if required.

US Congressman Calls For Closer Ties With Saudi Arabia.

A former house GOP leader, Eric Cantor, has called for closer cooperation between the US and Saudi Arabia especially within the areas of commerce and defence. "I think there's a lot of commitment and respect mutually in terms of the US and the Saudi Arabian government, and the trust factor is there. Saudi Arabia is an extremely important and strategic ally of the US, and for us to want to see that country become a full participant in the global economy and the geopolitical arena is something that I think is in the interest of all Americans and certainly of our government and our strategic interests," Cantor was quoted as saying by CNBC yesterday. A US military analyst and former intelligence officer, Lieutenant-Colonel Tony Schaffer, is also in favour of closer US/KSA ties, and was quoted by Al Arabiya suggesting recently that the US administration should consider granting the Kingdom non-NATO ally status. “The idea of the US giving Saudi Arabia a non-NATO status is to form special bilateral relations, and that means enhanced intelligence, information sharing, and operational coordination, very similar to relations between NATO members,” Schaffer stated.

Corruption Trial Over Nigerian Oil Deal Begins.

Senior executives from both Royal Dutch Shell and Eni are facing corruption allegations related to a 2011 rights purchase of a large oil block lying off the coast of Nigeria, in a high profile trial which began today in Italy. According to an online article published by the ‘Nigerian Tribune’, the public prosecutor in Milan has alleged that US\$520million was converted into cash and intended to

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be paid to the then Nigerian President Goodluck Jonathan, members of the government and other Nigerian government officials. The prosecutor further claims that money was also purportedly channeled to certain Eni and Shell executives. The two oil giants as well as those individuals standing trial have denied all such charges.

“Bahrain Will Maintain US\$ Peg” – CB Governor.

The head of Bahrain’s Central Bank, Rasheed Al Maraj, was quoted by Bloomberg late last week stating that his country had enough reserves to maintain the local currency’s peg to the US dollar; “At this level we have adequate reserves to maintain the peg,” Al Maraj said adding that on top of planned spending cuts and a reduction in subsidies, Bahrain will impose VAT next year in order to help generate revenues. The current USD/BHD peg has been in place since 1980.

S&P Raises Egypt Ratings – Affirms Oman’s.

Standard & Poors has raised its sovereign credit rating on Egypt from B- to B as the North African country’s economy continues to pick-up speed. The ratings agency also affirmed its current BB/B foreign and local currency ratings on Oman together with a stable outlook, due to firmer crude prices and expansion within the country’s non-oil related sectors. “This outlook balances our expectation that Oman’s fiscal and external deficits will narrow over the next 6-12 months against the risk that its still-significant external buffers will deteriorate further,” S&P said in a statement.

DANA Gas Reaches Restructuring Deal With Bondholders.

Dana Gas PJSC confirmed yesterday that it had reached a restructuring agreement with key holders of its Islamic bonds. According to an article in Forbes Middle East magazine the company said that it had reached a deal with a committee of Sukuk holders for the restructuring and refinancing of its Sukuk Al-Mudarabah with two options: The first one is to give the shareholders who are wishing to exit their principal, an opportunity to tender their claims at 90.5¢ per US\$1 of the face value of their holdings, which includes an early participation fee of 2.5¢ (if elections are received within 7 days from the date of launch of the Tender Offer). Meanwhile the holders electing to receive a partial pay down and exchange into a new Wakala-Sukuk instrument, which has a 4% profit rate and 3-year tenor, have a full recovery including a significant repurchase obligation at par with respect to the new certificates. You can read the entire Forbes article [here](#).

Remittances By Egyptian Expatriates Continue To Rise.

Remittances to Egypt from its citizens abroad rose by 24% y/y to a record US\$17.3 bio between July 2017 and February this year according to the latest Central Bank data. Meanwhile the bank’s governor, Tarek Amer, was quoted by Reuters this morning stating that foreign inflows have exceeded US\$120 bio since the country floated its currency at the end of 2016. He also announced that the government would soon make an outstanding payment of US\$850 mio to certain foreign oil companies.

Total Signs US\$1.5 Bio Contract In Algeria.

France’s Total announced late last week that it had signed a US\$1.5 bio FEED contract to build a polypropylene plant in Algeria. According to a statement Total said it would own a 49% stake in the facility while the state-owned Sonatrach would hold a 51% stake.

ADNOC Unveils Major Expansion Plans.

Abu Dhabi National Oil Company announced yesterday that it, together with its relevant partners, planned to invest up to US\$45 bio in order to expand its refining and petrochemical capabilities over the next 5 years, including the construction of the world’s largest integrated refining and production facility near the town of Ruwais in the UAE.

Moroccan Banks Eyes Further Opportunities In West Africa.

CFG bank is reportedly considering the West African country as a potential entry point for its asset management operations in the region. CFG would join other Moroccan financial institutions such as Attijariwafa and BMCE who have already developed a strong presence in West Africa. Morocco is currently the 3rd largest investor in the Ivory Coast after France and Mauritius according to the Ivory Coast Investment centre.

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	-3/Par	-2/+3	-1/+4	5/15	15/30	20/35	80/130
USD/SAR**	3.7502/04	-6/-3	-8/-5	-10/-5	-5/+5	10/20	30/45	170/200
USD/QAR**	3.6450/6650	Par/+10	5/20	10/30	15/55	50/100	75/125	125/225
USD/KWD	0.30140/150	-20/-10	-40/-10	-60/-30	-100/-70	-130/-80	-160/-110	-150/-50
USD/OMR	0.38500/503	5/15	10/30	25/45	90/140	180/280	300/400	800/1000
USD/BHD	0.37715/25	5/15	20/40	30/50	65/95	125/225	150/250	700/900
USD/MAD	9.3300/3600	80/180	200/500	300/700	650/1650	1000/3000	1500/3500	3000/6000
USD/EGP NDF	17.82	17.97/18.07	18.12/18.22	18.27/18.37	18.77/18.87	19.27/19.37	19.74/19.84	-
USD/JOD	0.70957/105	30/70	50/150	80/180	100/300	200/500	275/675	400/800
USD/NGN NDF	360.00	362.50/367.50	364.00/369.00	365.00/370.00	371.00/376.00	377.00/387.00	383.00/393.00	(NAFEX)
USD/GHS NDF	4.5300	4.57/4.67	4.61/4.71	4.64/4.74	4.76/4.86	4.88/4.98	4.99/5.09	-
USD/TND	2.5500/5900	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
Crude Oil	Futures							
WTI	70.85							
Brent	77.40							

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	+15/21	+21/27	+28/34	+37/43	+47/53	+56/62	+63/69	+83/91
SAR SPREAD	+16/22	+24/30	+33/39	+43/49	+53/59	+63/69	+72/78	+92/100

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

AND FINALLY...

Did you know that humans have been living in the area of what is now the Sultanate of Oman for at least 106,000 years and that the city of Dereaze is almost 9,000 years old?

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