

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

New US Sanctions On Iran Target Its Central Bank.

The US administration has listed the head of Iran's Central Bank, Valiollah Seif, and one of his colleagues working in the bank's international division, Ali Tarzali, as "specially designated global terrorists." The US Treasury accuses both men of secretly funneling millions of dollars to Hezbollah on behalf of Iran's Revolutionary Guard via an Iraqi based bank, and included a separate secondary sanction that would ban any person or entity doing business with them from accessing the US financial system. "The United States will not permit Iran's increasingly brazen abuse of the international financial system. The global community must remain vigilant against Iran's deceptive efforts to provide financial support to its terrorist proxies," the US Treasury Secretary was quoted as saying by Time magazine soon after the announcement. You can read the US treasury's full statement here: [New US Sanctions](#). Meanwhile Saudi Arabia's air defence units reportedly intercepted a ballistic missile fired by Houthi militants in Yemen towards the Kingdom's Jarzan province yesterday.

Demand For Crude From China Rises.

China became the world's largest importer of crude in 2017 overtaking the US whose own demand is being met in part by its domestic shale production. China imported 8.4 mio bpd last year, but that rose to 9.09 mio bpd during Q1 of this year. Admittedly however there are some concerns that this strong demand for oil may not continue at the same pace for the rest of this year, especially after China reported weaker economic numbers in April with fixed asset investment growing at its slowest rate in almost 20 years, real estate sales slipping and retail sales hitting a 4-month low.

Turkish Lira Hits New Record Low As President Seeks Control Of Monetary Policy.

The Turkish Lira hit fresh new lows and bond yields reached their highest level since 2010 yesterday, directly following fresh comments by President Erdogan during a Bloomberg interview on his country's economy in which he said that he wanted to assume responsibility for monetary policy after next month's elections; "I will take the responsibility as the indisputable head of the executive in respect of the steps to be taken and decisions on these issues. Of course,

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our central bank is independent, but the central bank can't take this independence and set aside the signals given by the President, who's the head of the executive. This may make some uncomfortable, but we have to do it because it's those who rule the state who are accountable to the citizens." Earlier this month the President had repeated his claim that high interest rates were behind rising inflation in Turkey. "My belief is that interest rates are the mother of all evils. Interest rates are the cause of inflation, inflation is a result, not a cause, we need to push down interest rates. If my people say 'continue on this path' in the election, I say I will emerge victorious in the fight against this curse of interest rates, we must bring down the interest rates," Erdogan was quoted as saying by Hurriyet last Friday. Meanwhile a representative of Moodys Investor Services has warned that political interference in setting the country's interest rates could impact Turkey's creditworthiness. "What is a worry to us is that some of the anchors of Turkey's creditworthiness have been eroded over time. The centralization of power and interference in monetary policy is a concern to us, this could provide for a more toxic mix than in the past," Matt Robinson, an associate managing director at Moody's, was quoted as saying by Arab News on Tuesday. His comments follow a recent report by the ratings agency which predicts a difficult environment ahead for the Turkish banking sector. "The operating environment for Turkish banks will remain challenging due to a combination of factors including slowing economic growth, ineffective monetary policy, currency depreciation and high unemployment. These factors will suppress loan demand and pressure borrowers' capacity to repay debt," the report read.

UAE Should Achieve A Budget Surplus In 2018/19 – IMF.

A senior regional representative of the IMF, Natalia Tamirisa, was quoted by the National newspaper yesterday saying that her institution expects the UAE to record a fiscal surplus of 0.50% of GDP this year and 1% of GDP in 2019, helped by higher crude prices and despite increased public spending which in turn should boost the non-oil sectors.

Kuwait Postpones Introduction Of VAT Until 2021.

A statement published by the Kuwaiti parliament's budget committee and posted on its website yesterday announced that, although an excise tax would be implemented soon, the introduction of VAT will be delayed until 2021. "The committee said implementation of value-added tax in Kuwait will be postponed until 2021, and that the finance ministry saw the need to expedite measures for excise tax on select products such as tobacco, energy drinks and carbonated drinks," the statement read.

Jebel Ali Is Region's Number One Trading Hub.

The UAE's Jebel Ali Free Zone retained its title as the region's primary commercial and logistics hub last year with overall trade volume of 29.4 mio metric tonnes and an value of US\$83.1 bio, according to a JAFZA statement published by Xinhua this morning. Meanwhile China was the zone's largest trading partner followed by KSA, USA, Vietnam and India.

Inflation In Nigeria Eases.

Nigeria's headline inflation rate eased to 12.48% y/y last month compared to 13.34% in March according to the country's statistics agency.

Tunisia's GDP Growth Expands.

Tunisia's economy expanded by 2.50% during Q1 of this year compared to 1.90% over the same period in 2017 according to the country's investment minister, Zied Laadhari. "This growth rate is important and it is the start of recovery of Tunisian economy after the 2015 terrorist attacks", the minister was quoted as saying by Reuters yesterday.

CCECC Wins Major Rail Contract In Nigeria.

The China Civil Engineering Construction Corporation has won a US\$6.68 bio contract on the Lagos-Kano railway project according to the Xinhua media outlet.

UAE Trade With Angola Up By Almost 40%.

Non-oil related trade between the UAE and Angola rose by 38% last year to US\$1.6 bio according to a statement issued by the UAE's Economy Ministry. The data release comes as senior officials from both countries met recently to discuss widening their bilateral commercial ties.

FX/RATES & CRUDE MARKETS:

Indication Levels Only – Please Contact us on Reuters Dealing Codes FABA/FABU for any live pricing and/or information.

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	-3/Par	-2/+3	-1/+4	Par/+10	10/25	15/30	50/100
USD/SAR**	3.7503/05	-6/-3	-8/-5	-10/-5	-5/+5	10/20	25/45	130/180
USD/QAR**	3.6500/6600	Par/+10	5/20	10/30	15/55	50/100	75/125	125/225
USD/KWD	0.30185/195	-25/-15	-55/-25	-70/-40	-110/-80	-130/-80	-170/-120	-225/-75
USD/OMR	0.38499/502	5/15	10/30	25/45	90/140	180/280	300/400	800/1000
USD/BHD	0.37712/22	7/17	20/40	30/45	65/95	125/225	150/250	700/900
USD/MAD	9.3800/4100	80/180	200/500	300/700	650/1650	1000/3000	1500/3500	3000/6000
USD/EGP NDF	17.83	18.12/18.22	18.33/18.43	18.53/18.63	19.02/19.12	19.52/19.62	20.02/20.12	-
USD/JOD	0.70907/100	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	2.5600/5900	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
Crude Oil	Futures							
WTI	71.05							
Brent	78.25							

** (offshore levels only)

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	+17/23	+24/30	+32/38	+41/47	+51/57	+60/66	+68/74	+89/97

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

AND FINALLY...

Did you know that Mozambique and Rwanda are the only members of the Commonwealth never to have been part of the British Empire?

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