

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

US & Gulf States Sanction Hezbollah Leadership – Total Says May Withdraw From Gas Project In Iran.

In a joint move the US & the GCC states last night implemented new sanctions against the Lebanese militant group Hezbollah which specifically target the organization’s leadership and other entities connected to it. "Today, the seven member nations of the ‘Terrorist Financing and Targeting Center’ took significant actions to disrupt an Iranian-backed terrorist group by designating the senior leadership of Lebanese Hezbollah," a statement by the US Treasury Department read. Following this announcement the US Treasury secretary, Steven Mnuchin, was quoted by ‘The Hill’ website as saying; “The TFTC again demonstrated its great value to international security by disrupting Iran and Hezbollah’s destabilizing influence in the region. By targeting Hezbollah’s Shura Council, our nations collectively rejected the false distinction between a so-called ‘Political Wing’ and Hezbollah’s global terrorist plotting.” Meanwhile France’s Total has said that it would probably pull out of a US\$ 2 bio gas project in Iran if it is unable to obtain an exemption from the US administration. Total signed up to develop a phase within Iran’s Pars gas field last year but issued a statement yesterday which read; “Total will not continue the SP11 (South Pars 11) project and will have to unwind all related operations before 4 November 2018, unless Total is granted a specific project waiver by US authorities with the support of the French and European authorities.” The EU has called for a meeting to discuss the future of the Iran nuclear accord next week, a request that has received Russian support.

NNPC Reports NGN 82 Bio Loss In 2017 – Presidential Candidate Wants To Float Naira.

Despite higher oil prices Nigeria’s state-owned oil company, NNPC, reportedly made a NGN 82 bio operating loss last year, and has had a tough start to 2018 with a NGN 1.6 bio operating loss in January this year according to its most recent monthly financial statement which you can access in full [here](#). Most of these losses appear to stem from the firm’s retail and refinery businesses, as well as a US\$400 mio loss incurred by its corporate unit and outlined in a recent Bloomberg report. There was some brighter news however, namely the

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recently reported US\$1.7 bio reduction in debt owed to certain international oil companies. Meanwhile as the country looks towards Presidential elections next year, a candidate and former Vice President, Atiku Abubakar, claimed in an interview recently that if he became Nigeria's next leader he would privatize parts of the NNPC and allow the Naira to float. "I am a strong believer in very, very small government and also the private sector, I am also going to expand it to include the oil and gas sector which have not been touched at all and other major sectors of the economy like mining, solid minerals. I will also allow the naira to float because I believe that is one of the ways foreign direct investment can be encouraged to come in," Abubakar was quoted as saying by the 'Daily Post' newspaper earlier this week.

Petrol Smuggling Undermining Libya's Economic & Political Recovery.

The head of Libya's National Oil Company, Mustafa Sanalla, recently asked the EU for urgent assistance in helping his country combat rampant fuel smuggling by international criminal gangs and local militia groups which was severely undermining efforts to stabilize and rebuild his country. "The fuel smugglers and thieves have permeated not only the militias which control much of Libya, but also the fuel distribution companies which are supposed to bring cheap fuel to Libyan citizens," Sanalla was quoted by AFP as saying at conference in Geneva, adding that such smuggling was costing Libya over US\$770 mio per annum and these huge sums of money were "destroying the fabric of the country." This long-standing but growing problem was also highlighted by the US Treasury in February this year when it warned that that the smuggling of illicit fuel was a serious threat to peace and security in Libya.

S&P DJ May Upgrade Saudi Arabia To EM Status.

The stock index compiler, S&P Dow Jones has announced that it is considering raising Saudi Arabia to emerging markets status. If approved such a decision would come hot on the heels of FTSE Russel who decided on a similar move in March, while MSCI is also expected to do the same next month.

A Weaker Currency & EM Noise Suggests Egypt Will Keep Benchmark Rate Unchanged.

Despite previous expectations for a 50-100 bp rate cut in Egypt, the ongoing volatility in emerging market currencies and a sharp rise in USD/EGP yesterday suggests that the Central Bank may well keep its benchmark rates unchanged at its scheduled MPC meeting today in order to avoid further pressure on the local currency. Spot USD/EGP closed around 17.92 yesterday compared to 17.83 on Wednesday. Meanwhile Zambia's CB kept its key lending rate unchanged at 9.75% yesterday.

HSBC To Expand Presence In KSA With US\$5 Bio Merger.

HSBC's affiliate in Saudi Arabia, Saudi British Bank, is set to acquire Alawwal Bank in a US\$5 bio share deal announced yesterday. RBS currently has a 40% stake in Alawwal Bank and the preliminary agreement would see Alawwal shareholders receive 0.485 SABB shares, which values each Alawwal share at 16.3 Saudi Riyals according to statement issued by the Kingdom's stock exchange.

Angola Ponders Privatization Of State-Owned Firms.

According to a recent Reuters article, the Angolan government is reportedly considering privatizing over 70 state-owned firms including the national airline, BCI Bank and ENSA the insurance company.

Mammoet Wins Airport Contract In Kuwait.

Turkey's Mammoet has been awarded a contract covering the transport and installation works at the US\$4.3 bio terminal construction project at Kuwait's international airport.

Dubai Leads The Hotel Construction Race.

Across the Middle East region Dubai has the most number of hotel rooms currently under construction according to the latest STR report published in the Khaleej Times yesterday. The city reportedly has 41,846 new rooms underway (41% of existing supply) and STR adds that there are 53 five-star hotels with opening dates before 2020 now in planning or construction stage. Meanwhile Mecca lies in second place with an estimated 25,619 rooms currently under construction.

ZTT To Establish Cable Plant In Morocco.

China's ZTT has begun the construction of an electric and fiber optic cable manufacturing plant near Tangier in Morocco.

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	80/130
USD/SAR**	3.7502/04	-6/-3	-8/-5	-7/-3	-5/+5	8/18	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	Par/+10	10/25	20/40	80/130	180/280	300/400	800/1000
USD/BHD	0.37720/50	7/17	20/40	30/45	65/95	125/225	170/270	650/850
USD/MAD	9.3950/4150	80/180	200/500	300/700	650/1650	1000/3000	1500/3500	3000/6000
USD/EGP NDF	17.92	18.15/18.25	18.35/18.45	18.55/18.65	19.15/19.25	19.65/19.75	20.15/20.25	-
USD/JOD	0.7090/7100	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	372.00/377.00	378.00/383.00	384.00/389.00	(NAFEX)
USD/GHS NDF	4.5900	4.63/4.73	4.67/4.77	4.70/4.80	4.82/4.92	4.94/5.04	5.05/5.15	-
USD/TND	2.5700/6100	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
Crude Oil	Futures							
WTI	71.75							
Brent	79.55							

** (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 Bahrain's Gulf Air is one of the oldest airlines in the Middle East and was first established in 1950?

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