

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Saudi Crown Prince & Russia's President Set To Meet In Argentina.

According to a Bloomberg article published earlier today, Russia's President Vladimir Putin is planning to meet privately with the Crown Prince of Saudi Arabia during the G20 summit in Argentina which begins on Friday. There has been no official confirmation of this bi-lateral meeting as yet or what the topics may be, but potential oil production cuts could well be on the agenda. Meanwhile Ecuador's Energy Minister stated earlier this week that his country would support a crude output cut by OPEC next month.

Iraq Looks To Expand Its Crude Exports To Asia.

Iraq's Oil Ministry yesterday unveiled the proposed allocation of its crude exports for next year with 67% going to Asia, 20% to Europe and 13% to North America. "The economic and marketing basis and mechanisms, and strategic vision, adopted by (state oil marketer) SOMO in allocating the available quantities for exports are based upon the importance of each market with regards to demand and revenue generated from selling one barrel," a ministry spokesperson was quoted as saying by Reuters.

Canada's Oil Sector In Trouble.

Severe pipeline bottlenecks in Canada, which have been further exacerbated by a series of legal and political hurdles that prevented the construction of the much needed new infrastructure to get Alberta's 'oil sands' crude to market has forced the price of Canadian oil down to almost US\$13 per barrel, according to a recent report published on the 'oilprice.com' website. This big price differential is now costing Alberta an estimated US\$100 mio per day and is putting a significant dent in the federal government's revenue stream. Earlier this month the Prime Minister of Alberta, Rachel Notley, admitted that the low price of Canadian crude had become a serious problem: "The price differential is obviously a very, very serious problem for the energy industry here in Alberta and, quite frankly, for the economy across this country. We don't want oil racing out of the ground at US\$10 a barrel, so what we need to do is we need to find a way to get at that differential and, as I've said, there are a suite of options that are in front of us right now," she stated, however intergovernmental discussions over a possible mandatory production cut have not as yet been successful.

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Sonatrach Withdraws From Libya.

According to the 'Libyan Observer' newspaper, Algeria's state-owned oil and gas company has reportedly halted its drilling operations in Libya and announced that it was temporarily withdrawing from the country due to what it claims is the ongoing unstable security situation there. This announcement comes just months after Sonatrach and Libya's National Oil Company had signed a joint-exploration agreement.

Egypt Will Not Seek Further IMF Funding – Finance Minister.

Egypt's Finance Minister, Mohamed Maait has said that his country does not plan to request further funding from the IMF after the current US\$12 bio program expires next year, although he suggested that the government would continue to work closely with the fund. "We are now in a position that we don't think we will need further funding from the IMF, that is number one. There could be some sort of cooperation but let me say again and stress again that this does not mean we're going to ask for further financing," Maait stated via Bloomberg.

ICAEW Commends UAE & KSA's Economic Reforms.

The Institute of Chartered Accounts for England & Wales recently complimented both the UAE and Saudi Arabia for their progress thus far in working to diversify their economies and find new revenue sources. "GCC governments, especially in the UAE and Saudi Arabia, were very progressive and quick in implementing the needed economic reforms," Michael Armstrong the ICAEW's regional director for the Middle East, was quoted as saying by the 'Arabian Business' magazine, although he added that, "A tremendous job has been done in a short term. However, the most important period is now, as oil prices are rising. It's very important for GCC governments not to be complacent but to maintain the path of fiscal reforms and fiscal adjustment that they have started in order to achieve sustainable economic growth."

Abu Dhabi To Exempt New Businesses From License Fees.

Abu Dhabi has announced that it will exempt new business licenses from all local fees for a period of two years. The Emirate's Executive Council has also approved reducing the fees on 98 basic services provided by the Abu Dhabi council to the private sector. Both changes will come into effect from December 1st this year according to a report on the 'Gulf News' website.

Government Greenlights Expansion Of The UAE's Rail Network.

The UAE government has agreed to finance the second phase of Etihad Rail's expansion project which had originally been put on hold back in 2016. Once this next phase is complete it will result in a 605km expansion of the country's current rail network, and will increase the size of Etihad Rail's freight capacity from 7 mio to over 50 mio tonnes a year.

Bahrain Inaugurates New Oil Pipeline.

Bahrain's ruler, King Hamad bin Isa Al Khalifa officially opened a new 350,000 bpd oil pipeline between his country and Saudi Arabia this week. The new line will replace an existing 73 year old network which carried 230,000 bpd.

Inflation In Saudi Arabia Rises.

The Kingdom's annual inflation rate rose to 2.40% last month from a previous 2.10%. According to the country's official statistics agency higher food prices were the main driver behind this increase.

ZAIN Sells Tower Infrastructure To IHS.

ZAIN Saudi Arabia has reportedly sealed a sale and 15-year leaseback agreement on its mobile tower infrastructure in the Kingdom for SAR 2.43 bio with IHS Holdings. According to a Reuters article ZAIN Saudi has stated that the proceeds from the deal would be used to reduce its Murabaha loan facility which in turn will result in lower debt servicing costs, as well as allowing ZAIN to focus on its core business.

Continued...

FX/RATES & CRUDE MARKETS:

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

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6729/30	1/3	3/6	5/10	12/17	20/30	33/43	100/130
USD/SAR	3.7518/20	-2/+1	-2+1	-2/+1	5/15	25/35	70/85	270/300
USD/QAR	3.6520/50	3/8	5/15	10/20	10/30	20/45	35/65	50/150
USD/KWD	0.30440/450	-15/-10	-28/-18	-40/-25	-70/-50	-95/-65	-130/-100	-180/-130
USD/OMR	0.38501/504	5/15	20/40	35/55	100/130	180/230	290/340	650/750
USD/BHD	0.37695/700	25/35	40/60	65/85	110/140	170/220	230/280	450/550
USD/MAD	9.4950/5250	600/900	800/1200	1100/1700	1800/2800	2400/3400	3000/4500	4000/7000
USD/EGP NDF	17.92	18.04/18.09	18.20/18.25	18.39/18.44	18.93/18.98	19.43/19.48	19.97/20.02	-
USD/JOD	0.7095/7105	40/90	45/145	100/200	150/350	250/500	350/750	750/1750
USD/NGN NDF	363.50	364.50/365.50	366.50/368.00	368.50/370.00	375.50/378.50	383.50/387.50	392.00/395.00	(NAFEX)
USD/GHS NDF	4.8600	4.92/4.97	4.96/4.99	5.00/5.10	5.17/5.27	5.34/5.48	5.50/5.65	-
USD/TND	3.0500/0900	350/550	700/1000	1000/1500	1500/2500	2000/3500	3000/4500	5000/8000
Crude Oil	Futures							
WTI	52.40							
Brent	61.10							

** (GCC FX indications above are offshore levels only)

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+25/31	28/34	+38/44	+49/55	+61/67	+73/79	+85/91	+114/122
SAR SPREAD	+25/31	+31/37	+41/47	+51/57	+62/68	+74/80	+86/92	+113/121

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

AND FINALLY...

“Stretch your legs as far as your blanket extends” – An Egyptian proverb meaning “don’t live beyond your means”.

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