

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

France Accuses Iranian Intelligence Of Bomb Plot.

The French government has accused Iran’s intelligence service of being behind a foiled bomb attack on an Iranian opposition event, which was held in Paris earlier this year, and announced that it had frozen assets belonging to the internal security section of Iran’s spy agency, as well as those of two suspected senior Iranian intelligence operatives who French officials claim were directly linked to the plot. One of the men was an Iranian diplomat who was detained in Germany last month. The June rally in Paris was arranged by Iranian dissidents and where the attendees apparently included the US Senator Newt Gingrich, and the former mayor of New York, Rudi Giuliani according to the BBC. Meanwhile French police raided a religious centre with close ties to Iran near Dunkirk yesterday, where they apparently seized some firearms and arrested eleven people. " An attempted attack in Villepinte was foiled on June 30th. An incident of such gravity on our national territory could not go unpunished. In taking this decision, France underlines its determination to fight against terrorism in all its forms, particularly on its own territory," France's Interior, Foreign and Economy ministers said in a joint statement. In response a spokesperson for Iran’s Foreign Ministry denied the accusations and called for talks to resolve the issue. "If there is a misunderstanding about a thing that does not exist, be it a conspiracy by others or a mistake, we can sit down and talk about it," Bahram Ghasemi, was quoted as saying by AFP.

“Oil Prices Could Rise Further” – Russian Energy Minister.

Russia’s Energy Minister, Alexander Novak, said earlier today that although the global crude market appears to have stabilized, a number of ongoing uncertainties could see prices push higher again, including the impending US sanctions on Iran. "Now there is potential due to uncertainty, everything will depend on the trends at the beginning of November," Novak was quoted as saying by the TASS news agency, adding however that his country still has room to raise its crude production despite output achieving record levels recently. Meanwhile Iran’s crude exports reportedly dropped to 1.72 mio bpd last month, its lowest level since early 2016, although a Bloomberg report suggests this may not just be due to fewer buyers of Iranian crude, but also because the state-owned oil company has been placing more of its oil in storage tankers moored out at sea.

3rd October 2018

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Iraq Appoints New President.

Iraq's parliament have elected the moderate Kurdish politician Barham Salih as the country's new president. He in turn has nominated Adel Abdul Mahdi as Prime Minister designate and ordered him to form a cabinet. Hopefully this news will finally break a political deadlock that has been ongoing since elections were held in May. Mahdi, who is a Shiite and former oil minister, has 30 days to form an administration which will then need to be approved by parliament.

KPC Describes Reports Stating Its Exports To The US Have Stopped Are "Inaccurate."

According to data released by the EIA and published recently by Bloomberg, Kuwait has not shipped any crude to the US for over a month, a situation that has not occurred for over 25 years. Analysts have suggested that this has likely happened because the Asian market is currently paying a higher premium for the commodity than US buyers. However in response the Kuwait National Petroleum Company has said that such news reports are, "Inaccurate and do not explain reasons behind impacts of decline of exports between the two countries," adding that its US market remains "strategically important."

Tunisia's Economy Is Recovering But Risks Remain – IMF.

Following its latest review of Tunisia and the disbursement of a US\$245 mio loan tranche, the IMF has said that while Tunisia's economic recovery appears to be strengthening, risks continue to weigh on the general outlook and the government must continue to pursue a policy of reducing public debt and curbing inflation. "The Tunisian authorities' efforts to reduce macroeconomic imbalances are bearing fruit. Growth accelerated in the first half of 2018, but unemployment and inflation remain high. High oil prices continue to weigh on the external and fiscal balances, investment is weak, and international reserves cover less than three months of imports. Policy and reform implementation has improved further since the Third Review. The Tunisian authorities remain committed to the socially-balanced approach to macroeconomic adjustment supported by the four-year EFF arrangement. Strong efforts are required to achieve the agreed fiscal targets. Policy priorities include stronger revenue collection, regular energy price adjustments, strict wage bill management, and reforms to ensure the financial viability of pensions. Further monetary tightening is warranted to reduce inflation. The CBT demonstrated its commitment to price stability by policy rate hikes, but key interest rates remain negative in real terms. Thus, policy rate should increase further to avoid further erosion of the purchasing power of the local currency and anchor inflationary expectations," the IMF statement read and you can access it in full here.

SABIC Conducts Successful US\$ Bond Issue.

Saudi Basic Industries concluded a US\$2 bio bond issue in the 5Y and 10Y tenors this week. Pricing came in at 115bp and 155bp above UST and demand was reportedly strong at around US\$9 bio. The bonds will be listed on the Irish Stock Exchange.

Kenya & Saudi Arabia's PMI Indexes Fall.

The 'Markit Stanbic Bank' Kenya PMI index slipped to 52.70 last month from 54.60 in August, this slowdown has been attributed to rising costs including a new VAT on petroleum products. Meanwhile Saudi Arabia's 'ENBD' PMI index also dipped to 53.4 in September from 55.1 in August due in part to softer output and inventory growth.

Uganda Hikes Benchmark Rate.

Uganda's Central Bank raised its official lending rate by 100bp to 10.00% this morning following its regular MPC meeting. Explaining the decision to hike, the CB Governor, Emmanuel Tumusiime-Mutebile was quoted by Reuters as saying, "Inflation is on an upward trajectory and core inflation is projected to rise above the target of 5 percent within the next 12 months."

KSA's Online Visa System For Tourists Goes Live.

In a first step towards welcoming foreign tourists to Saudi Arabia, a new digital platform called 'Sharek' reportedly went live this week. The platform will offer an electronic visa service for international visitors planning to attend sporting and other entertainment events in the Kingdom, such as the inaugural 'Saudia Ad Diriyah' Formula E Grand Prix which is due to be held in December this year. The system will allow people to buy tickets for the race and will simultaneously issue a 14-day visa for an all-in price of SAR 640.00 according to the Gulf News media outlet.

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	3.6729/30	Par/+3	2/5	4/9	10/15	15/25	25/35	90/120
USD/SAR	3.7501/03	-5/-2	-5/-2	-5/Par	-4/+1	4/9	20/35	90/120
USD/QAR	3.6575/95	-50/-30	-60/-40	-75/-55	-115/-90	-125/-95	-130/-100	-175/-50
USD/KWD	0.30355/365	-30/-20	-52/-37	-75/-55	-135/-115	-185/-155	-250/-200	-350/-150
USD/OMR	0.38497/500	10/25	25/45	55/75	100/150	180/230	280/350	600/700
USD/BHD	0.37697/705	12/22	25/40	40/60	70/120	100/200	125/225	400/525
USD/MAD	9.3900/4300	400/700	700/1200	1100/1700	1800/2800	2400/3400	3000/4500	3500/6500
USD/EGP NDF	17.91	18.04/18.10	18.20/18.27	18.38/18.444	18.88/18.94	19.38/19.44	19.87/19.93	-
USD/JOD	0.70957/105	40/90	50/150	100/200	150/350	250/500	350/750	750/1750
USD/NGN NDF	363.00	364.25/365.25	365.00/367.00	367.00/369.00	373.50/376.50	382.00/387.00	390.00/395.00	(NAFEX)
USD/GHS NDF	4.8800	4.92/4.97	4.98/5.03	5.02/5.12	5.22/5.32	5.40/5.55	5.60/5.75	-
USD/TND	2.8400/8700	250/450	600/900	700/1200	1500/2500	2000/3500	3000/4500	5000/8000
Crude Oil	Futures							
WTI	75.50							
Brent	85.25							

** (offshore levels only)

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+28/33	+31/36	+38/43	+47/53	+58/63	+70/75	+81/86	+103/111
SAR SPREAD	+32/38	+36/42	+40/46	+45/51	+51/57	+58/64	+65/71	+88/96

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

AND FINALLY...

Did you know that Zimbabwe's Lake Kariba, which was built in 1958, is the world's largest manmade lake and reservoir by volume ?

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