

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Iran To Offer Oil To Private Buyers Via ‘Energy Exchange.’

As Iran’s oil exports begin to drop and US sanctions approach, the government’s ‘Supreme Economic Coordination Council’ has now approved a plan to allow the private sector to buy barrels of crude via the country’s stock exchange and export it themselves. How useful or efficient a strategy this will be remains to be seen, especially as US sanctions target Iranian crude in general no matter its distribution source but as a recent ‘Foreign Policy’ magazine article suggests, this will most likely further encourage the development of the black market, which in turn could result in actual crude revenues never flowing back into the legitimate Iranian economy. Prior to the signing of the JCPOA in 2015, Iran’s own anti-smuggling agency estimated that 125,000 bpd per day had been smuggled out of the country during the previous year. Meanwhile President Trump’s National Security Advisor, John Bolton, was quoted as saying late yesterday that there would be “no waivers” for buyers of Iranian crude, and accused Tehran of being, “the world’s central banker for terrorism since 1979.”

Saudi Arabia May Expand Crude Production Capacity.

Saudi Arabia’s Energy Minister, Khalid al Falih, said this week that his country plans to spend around US\$ 20 bio on maintaining and potentially expanding its spare oil production capacity over the next few years. “This spare capacity is not just a natural reservoir that we have, this is very expensive investments for the Kingdom, and some of our partners within OPEC and OPEC+ have elected to invest to maintain oil capacity to have the readiness on a short notice. The next 1 million bpd of Saudi capacity is going to cost us over US\$20bn. It costs us US\$2bn a year of operation expenses to staff and maintain these

Regional Support Package For Bahrain Is Finally Sealed.

According to a Bahraini government statement yesterday, the UAE, Kuwait and Saudi Arabia have agreed to provide Bahrain with US\$10 bio in order to support the country’s funding requirements as it works to eliminate its budget deficit. The government also unveiled a reform package which includes a series of measures such as; lowering public expenditure, a voluntary retirement package for government employees, the elimination of waste and the ‘redirection’ of state subsidies. The government expects these reforms to deliver BHD 800 mio in annual savings and reduce the country’s budget deficit to zero by 2022. You can read more on this topic [here](#). The US\$10 bio financial support program will reportedly be provided to Bahrain gradually via long-term interest free loans.

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World Bank Lowers Its Growth Outlook On Nigeria – MTN Subsidiary Faces New Problems.

The World Bank this week lowered its growth expectations for Nigeria to 1.90% from a previous forecast of 2.10%. "In Nigeria, declining oil production and contraction in the agriculture sector partially offset a rebound in the services sector and dampened non-oil growth, all of which affected economic recovery. Nigeria's recovery faltered in the first half of the year. Oil production fell, partly due to pipeline closures and the agriculture sector contracted, as conflict over land between farmers and herders disrupted crop production," a statement by the WB and published by 'The Cable' news site read. Meanwhile the Central Bank of Nigeria has reportedly called on the country's Federal Court not to grant an injunction to South Africa's MTN Group which would halt the transfer over a disputed US\$8.1 bio back to Nigeria. The CB also wants MTN to pay 15% annualized interest on the funds in question until the court makes its decision according to an article published by the 'Punch' website today.

Zambia's Miners Call On Government To Abandon Tax Hike Plan.

The President of Zambia's Chamber of Mines, Nathan Chishimba, has warned that a 2019 budget proposal to raise the tax on mining would severely disrupt the sector. "More tax regime instability, massive increases, and novel taxes not seen anywhere else in the world, will hurt the mining industry and all those who rely on its success. As industry production shrinks through the impact, there will be less jobs, less taxes and as a result, there will be less in the government's bank account for many years to come," Chishimba was quoted as saying by Reuters yesterday. Zambia's Finance Minister, Margaret Mwanakatwe, unveiled a plan late last week to increase mining royalties by 1.50% and introduce an additional surcharge on metal exports and imports.

Algeria & Morocco Agree To Talks On Future Gas Supplies.

The governments of Algeria and Morocco have agreed to begin talks over the future transit of Algerian gas supply to and via Morocco according to the S&P Platts website. The talks were allegedly promoted by concerns that Morocco, (which has recently discovered sizable gas reserves in the east of the country) may decide not to renew its current gas contract with Algeria after it expires in 2021. You can access the full story [here](#).

SAMI May Purchase Stake in South African Defence Manufacturer.

The CEO of Saudi Arabian Military Industries, Andreas Schwer, was quoted by Reuters saying yesterday, that his group was in talks with Pretoria over a potential equity stake purchase in South Africa's state-owned aerospace and military technology company Denel. "We are in discussions with the South African government in order to identify opportunities to set up strategic partnerships which could include an equity investment from our side into Denel. It's not decided yet, but it's one option," Schwer stated. Denel is one of the world's top 100 defence manufacturers.

Alizz Islamic Bank and OAB Agree To Merge.

Oman Arab Bank and Alizz Islamic Bank have agreed to merge following recent talks and the signing of an MOU. "The MOU, among other things, contains a broad framework of the merger. It has also been agreed that Alizz Islamic Bank will continue to operate as a dedicated Islamic banking franchise of the merged entity and will maintain management autonomy ensuring that there will be no negative impact on existing customers or stakeholders. Financial and legal advisors have been appointed to conduct a due diligence review of both entities paving the way for the proposed merger," a statement issued by Alizz Islamic Bank and published by the 'Times of Oman' read.

BCP Acquires 100% Of BCI Congo.

Morocco based Banque Centrale Populaire SA, has reportedly agreed to take a 100% stake in Congo's Banque Commerciale Internationale from France's Groupe BPCE, according to Reuters.

Rise In Number Of Chinese Tourists Visiting The UAE.

The number of Chinese tourists visiting the UAE rose above the 1 million mark for the first time last year, and a similar figure is expected this year. Meanwhile 3.5 million Chinese travelers transited through the UAE in 2017 according to a recent report by 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	9/14	17/27	25/35	90/120
USD/SAR	3.7504/06	-4/-2	-4/-2	-5/Par	-5/Par	3/8	20/30	85/105
USD/QAR	3.6575/95	-37/-27	-52/-42	-60/-50	-95/-75	-125/-100	-130/-100	-175/-25
USD/KWD	0.30365/375	-30/-20	-50/-40	-75/-60	-135/-115	-185/-155	-240/-190	-375/-175
USD/OMR	0.38497/500	10/25	25/45	50/70	110/140	180/210	280/320	550/700
USD/BHD	0.37697/705	12/22	25/40	40/60	70/100	100/150	120/170	375/475
USD/MAD	9.4300/4600	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	18.40/18.47	18.90/18.97	19.40/19.47	19.90/19.97	-
USD/JOD	0.7095/7105	40/90	50/150	100/200	150/350	250/500	350/750	750/1750
USD/NGN NDF	363.50	364.50/365.50	365.50/367.00	366.50/368.50	373.00/376.00	381.50/385.50	389.50/394.50	(NAFEX)
USD/GHS NDF	4.8900	4.93/4.98	4.97/5.02	5.03/5.13	5.20/5.30	5.40/5.55	5.60/5.75	-
USD/TND	2.8600/8900	250/450	600/900	700/1200	1500/2500	2000/3500	3000/4500	5000/8000
Crude Oil	Futures							
WTI	74.50							
Brent	84.40							

** (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	+80/85	+101/109
SAR SPREAD	+31/37	+35/41	+41/47	+47/53	+53/59	+60/66	+68/74	+91/99

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

AND FINALLY...

“When the crocodile jumps around he ends up receiving the spear” – Tanzanian Proverb

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