

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Hurricane Hampers Gulf Of Mexico Oil Production – API Reports Jump In Reserves.

Crude prices dipped overnight driven in part by global trade jitters and an increase in US inventories, despite the approach of Hurricane Michael which triggered the evacuation of 75 oil platforms in the Gulf Of Mexico earlier this week and resulted in an output drop of over 670,000 bpd according to the US Bureau of Safety & Environmental Enforcement. Meanwhile the latest API report suggests that US crude inventories rose by 9.75 mio barrels last week against expectations of 2.6 mio barrels, although we await confirmation of such a rise via the release of EIA data later today.

Saudi Arabia To Increase Its Oil Exports To India.

According to a Reuters article published late yesterday, Saudi Arabia plans to provide India with an extra 4 mio barrels of crude next month in order to make-up for any potential shortfall the Asian buyer may experience following the re-imposition of US sanctions on Iran. The major Indian refineries; Reliance Industries Ltd, Hindustan Petroleum Corp, Bharat Petroleum Corp and Mangalore Refinery Petrochemicals Ltd are allegedly seeking an additional 1 mio barrels each in November from the Kingdom, unnamed sources quoted by Reuters claim.

Nigeria Aims To Build World's Largest Refinery.

An ambitious refinery project led by the Dangote Group is beginning to take shape within a free trade zone close to Lagos. Once complete the US\$12 bio refinery could transform the country's petroleum sector and sharply reduce Nigeria's ongoing reliance on the import of petrol and other refined products, as well as easing pressure on precious foreign exchange reserves. This new refinery is expected to become operational sometime between 2020-2022 and will be able to process 650,000 barrels of crude per day. The project will also see the construction of a petrochemical plant and a fertilizer factory. Nigeria currently spends an estimated US\$10 bio a year on importing finished petroleum products.

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Turkey Will Boost Water Supplies To Iraq After Iran Switches Off Taps.

The Turkish government has promised to increase its volume of water supplies to Iraq via a dam in southeastern Turkey after Iran announced that it would sharply reduce its export of this vital liquid to its northern neighbour. "An approximate 7 billion cubic metres will be cut towards the western and northern borders of Iraq on the order of the Supreme Leader, and the allocation of US\$8 billion to ministries of energy and agriculture to control the water movement," a spokesperson for Iran's agricultural ministry was quoted as saying by the UAE's 'National Newspaper'.

Algeria's Central Bank Provides Loans To Public & Private Sector.

In an attempt to help kick-start the economy the Algeria Central Bank increased its allocation of loans to the country's public and private sectors by around 6% during H1 of this year the CB announced in a report issued earlier this week. Loans assigned to the public sector rose by 7.60% to over US\$39 bio compared to the same period last year, whilst the amount allocated to the private sector rose by 4.30% to an estimated US\$40 bio. Meanwhile the government is expected to continue to follow an increased level of spending into 2019, despite a wider deficit number this year, as higher oil and gas prices appears to have given officials some modicum of comfort and elections approach. According to an article published on the 'Arab Weekly' website the government has released a draft budget of DZD 8.5 trio for 2019, which would also finance free housing programs, agricultural and water development projects, infrastructure and subsidies on consumer goods. It would also reportedly result in a deficit of 9.2% of GDP.

GCC Financial Package Will Ease Fiscal Pressures On Bahrain – FITCH.

The recently unveiled financial aid package by Kuwait, Saudi Arabia and The UAE for Bahrain "will help restore external market access while the Bahraini government works to stabilize its public finances," FITCH ratings agency said in a statement yesterday, adding however that although the "accompanying fiscal program is Bahrain's clearest medium-term plan in recent years, achieving the government's fiscal targets will be tough." You can read the full FITCH statement [here](#).

Inflation Rate In Egypt Rebounds – Moodys Raises Outlook On Banks.

Egypt's annual inflation rate rose to 15.40% y/y last month compared to 12.80% in August driven primarily by a jump in food prices according to the country's official statistics agency. This development suggests that the CB will keep its benchmark interest rate on hold at its next MPC meeting. Meanwhile Moody's Investor Service has raised its outlook on Egypt's banking sector from 'stable' to 'positive', stating that this adjustment was due to "an accelerating economy and strong loan demand," and adding that it expected "the formation of non-performing loans to remain steady, and the NPL ratio to remain broadly unchanged from current levels of around 4.5% of total loans as of March 2018, as the improvement in asset quality from legacy exposures dwindles."

ADIB Raises AED 1 Bio Via Rights Issue.

Abu Dhabi Islamic Bank raised AED 1 bio via a rights issue this week and this follows the US\$750 mio raised by a perpetual Sukuk issue last month. The latter issuance was priced at a profit rate of 7.125% and both instruments were reportedly oversubscribed. "This capital raise viewed in conjunction with the recent raising of US\$750 million in Additional Tier 1 securities has resulted in the bank improving its capital structure and has positioned the bank to pursue growth opportunities in line with the expected improvements in the economic environment. Shareholders have clearly acknowledged their support for the bank's growth potential as demonstrated by the strong demand for new shares," the bank's CEO, Khamis Buharoon, was quoted as saying by Reuters-Zawya.

Angola's FX Reserves Decline.

Angola's net foreign exchange reserves fell to US\$11.95 bio last month from US\$12.56 bio in August according to the latest Central Bank data. The CB terminated its direct sales of FX via an auction system at the beginning of this month and allowed local banks to resume their provision of hard currency to clients for authorized transactions. Meanwhile the government has reportedly managed to secure a US\$2 bio credit line from the China Development Bank, this financing facility will be used to fund key infrastructure projects.

KSA Accounts For 32% Of Interior Design Market Spend In The GCC.

A recent 'Ventures' report has estimated that Saudi Arabia accounts for around 32% (SAR 11.25 bio) of the total interior design market within the GCC region according to an article in today's edition of the Saudi Gazette. You can read more on this story here.

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	8/13	15/25	25/35	60/90
USD/SAR	3.7511/14	-3/Par	-3/Par	-3/Par	Par/+5	12/22	40/50	120/170
USD/QAR	3.6570/90	-25/-15	-40/-30	-55/-45	-95/-75	-115/-90	-130/-100	-175/-25
USD/KWD	0.30340/350	-25/-15	-45/-30	-70/-50	-130/-100	-180/-150	-240/-190	-350/-150
USD/OMR	0.38498/501	15/25	30/50	50/70	110/140	190/240	300/350	600/700
USD/BHD	0.37698/03	12/22	20/35	30/45	60/90	80/130	120/170	350/450
USD/MAD	9.4100/4400	400/700	700/1200	1100/1700	1800/2800	2400/3400	3000/4500	3500/6500
USD/EGP NDF	17.91	18.05/18.11	18.23/18.29	18.42/18.48	18.95/19.01	19.45/19.51	19.95/20.01	-
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	4.8800	4.92/4.97	4.96/5.01	5.02/5.12	5.19/5.29	5.40/5.55	5.60/5.75	-
USD/TND	2.8650/9050	275/475	600/900	700/1200	1500/2500	2000/3500	3000/4500	5000/8000
Crude Oil	Futures							
WTI	72.35							
Brent	82.15							

** (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	+103/111
SAR SPREAD	+33/39	+36/42	+41/47	+47/53	+53/59	+60/66	+68/74	+91/99

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

AND FINALLY...

"The greatest poverty is the lack of intelligence" – Arabic Proverb.

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