

MIDDLE EAST & AFRICAN MONITOR

- **Oil Prices Slip As Concerns Over Global Economy Rise.**
- **Fleet Of Iranian Tankers Head To Asia Ahead Of US Sanctions.**
- **Russia & Egypt To Expand Bilateral Relations.**
- **Iraq's New Cabinet Awaits Confirmation.**
- **Nigerian Govt Looks To Cut Its 2019 Budget – Eurobond Issuance Approved.**
- **Egypt Puts Three Petroleum Company Executives On Trial.**
- **Saudi Aramco To Invest In New Petrochemical Facility In China.**
- **Careem Looks To Raise US\$500 Mio To Fund Its Expansion Plans.**
- **Petronas To Buy Stake In Oman Gas Field.**
- **IMF Lowers Its 2018 Growth Forecast On Ghana.**
- **A Quarter Of The World's Top 500 Firms Have Their Regional Base In The UAE.**

REGIONAL COMMENTARY

Oil Prices Slip As Concerns Over Global Economy Rise.

Fresh concerns over the level of domestic debt in China and no end in sight as yet of Trump's ongoing trade dispute with Beijing, triggered a sell-off in crude this week with Brent now back below US\$80 a barrel. The IMF claimed in a report published last Friday that Chinese growth could fall to 6.20% next year compared to an estimated 6.60% this year, it also warned that if the US implemented tariffs on virtually all Chinese imports then that could push latter's economic expansion to below 6.00%. The IMF's Director in Asia, Changyong Rhee, was quoted as saying by CNBC last week that this trade conflict is creating added "headwinds" to the global economy. "I don't know what will be the end, I think the lessons we have taken is how much the global financial markets and real economy are well integrated, no one can be free from such shocks. In the end, there will be no winner from the global trade war," he stated. Meanwhile an article in the 'South China Morning Post' newspaper on Tuesday quoted a new S&P study which claimed that China's local governments may have accumulated to as much as CNY 40 trillion yuan worth of "hidden debts" that are not reflected in official figures. S&P called this a potential "a debt iceberg with titanic credit risks." You can read the full SCMP article [here](#).

Fleet Of Iranian Tankers Head To Asia Ahead Of US Sanctions.

An "unprecedented" volume of Iranian crude oil is set to arrive at one of China's northern port during October and early November before the next round of US sanctions on Iran come into effect, a recent Reuters report claimed. "As our leaders have said it will be impossible to stop Iran from selling its oil. We have various ways of selling our oil and when the tankers reach Dalian, we will decide whether to sell it to other buyers or to China," an unnamed Iranian official was quoted as saying by the news agency, and Reuters analysts estimate that this mega-shipment, which is being carried by a fleet of VLCCs, totals more than 20 mio barrels.

Russia & Egypt To Expand Bilateral Relations.

Russia's Deputy Prime Minister, Anton Siluanov, said yesterday that Russia may use some of the funds available in its 'National Wealth Fund' to help finance the construction of a nuclear power plant in Egypt. His comments follow the signing

19th October 2018

Glenn Wepener
 Executive Director & Geopolitical
 Analyst, Middle East & Africa

Please click [here](#) to view our recent publications on MENA and Global Markets

of a 'Strategic Cooperation Treaty' by the Presidents of both countries on Wednesday. Vladimir Putin was quoted by Russia's state-owned media outlet as saying that trade between Egypt and Russia had jumped by 62% this year to US\$6.7 bio and that his administration was keen to continue to expand bilateral ties, including the possible conclusion of a free-trade agreement between Egypt and the 'Eurasian Economic Union.' He also suggested that Russian companies would participate in the construction of a new industrial and logistics zone within the Suez Canal area. "We plan to attract investments in this zone, about seven billion dollars, to create over 35,000 new jobs. It is assumed that the products manufactured in this zone will go not only to the market of Egypt, but also to markets of the Middle East and African countries," Putin stated.

Iraq's New Cabinet Awaits Confirmation.

Iraq's designated Prime Minister, Adel Abdel Mahdi has until early November to submit his list of proposed cabinet appointees to the country's parliament for approval, and there has been some talk that this could take place next week. However according to an article in the UAE's National newspaper there are still some ongoing disputes between the various political parties especially over who will get the powerful defence and oil ministries. "The Prime Minister-designate is carrying out the necessary communications with the head of parliament and the blocs to set a day, to present the cabinet," a statement from Mahdi's office read yesterday.

Nigerian Govt Looks To Cut Its 2019 Budget – Eurobond Issuance Approved.

Nigeria's Budget Minister, Udoma Udo Udoma, announced yesterday that the government was planning to reduce its 2019 budget by 5.15% compared to 2018 in an effort to lower its debt burden. "Rather than looking at NGN 9.1 trillion in 2018, we are looking at NGN 8.6 trillion budget in 2019, so we are bringing down the size of the budget," Udoma was quoted as saying by 'The Nation' newspaper yesterday adding, "Part of the reason is that we also want to reduce the level of borrowing, we want to reduce the deficit, so we are coming down in terms of the budget size, however, there are certain things which we decided is important that even with a smaller budget must be addressed, many of them have to deal with human capacity, human development, health, education and pension. We are not going to compromise in terms of our responsibility of the state to the Nigerian people." His announcement comes a day after Nigerian MPs approved plans for a US\$2.78 bio Eurobond issue on condition that the government worked to reduce its foreign borrowing and focus instead on boosting revenues.

Egypt Puts Three Petroleum Company Executives On Trial.

Egypt's public prosecutor has referred three senior executives from a private petroleum company to stand trial over their alleged involvement in the embezzlement and laundering of US\$1 bio from the 'Tri Ocean Oil' firm. The defendants include the deputy head of the company's board of directors and its finance director according to Egypt's Ahram newspaper.

Saudi Aramco To Invest In New Petrochemical Facility In China.

Saudi Aramco and China's Zhejiang province yesterday signed an MOU which will see the Kingdom's giant oil firm invest in a refinery and petrochemical project within the province. It will also cooperate with the local government there in the area of oil supply and storage according to a Reuters report. The investment forms a part of Aramco's strategy to expand its global downstream operations.

Careem Looks To Raise US\$500 Mio To Fund Its Expansion Plans.

The Middle East ride-hailing firm Careem, has reportedly already received a US\$200 mio tranche from a group of investors co-led by Saudi Arabia's Kingdom Holdings during its latest round of funding. The company says it aims to raise a total of US\$500 mio which will be put towards financing its expansion plans which includes a focus on mass transportation and deliveries. "Internet-enabled services are having a profound and positive impact on our region, where the consumer internet opportunity is huge and untapped. As a platform with 30 million users and presence in 120+ cities, Careem is uniquely positioned to tap into this opportunity by expanding into new verticals," the CEO, Mudassir Sheikha, was quoted as saying by Reuters.

Petronas To Buy Stake In Oman Gas Field.

Malaysia's state-owned oil firm, Petronas, has reportedly agreed to purchase a 10% stake in Oman's 'Khazzan' gas field from the Oman Oil Company, according to an article in the Wall Street Journal yesterday. BP currently has a 60% share of the field while OOC has 40%. Khazzan produces 1 bio cubic feet of gas per day although this is expected to increase to 1.5 bio by 2021.

IMF Lowers Its 2018 Growth Forecast On Ghana.

The IMF this month lowered its 2018 GDP growth forecast on Ghana from 6.80% to 6.30% but expects this to rebound to 7.60% next year. Meanwhile the country's CPI rate eased by 0.10% to 9.80% y/y last month according to data released by Ghana's official statistics agency.

A Quarter Of The World's Top 500 Firms Have Their Regional Base In The UAE.

According to a report on the Emirates24/7 website over 25% of the world's top 500 companies have established their regional bases in the UAE. The report also quotes UNCTAD as saying that FDI inflows into the UAE increased by AED 71 bio to AED 473 bio during the 2016/17 FY. You can access the full article [here](#).

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	Par/+3	3/6	5/10	12/17	20/30	30/40	90/120
USD/SAR	3.7522/27	-3/Par	-3/Par	-2/+3	12/22	50/60	100/120	300/350
USD/QAR	3.6585/6615	-15/-5	-20/-10	-25/-15	-40/-20	-70/-50	-100/-70	-150/-50
USD/KWD	0.30335/345	-10/Par	-15/-5	-25/-5	-50/-20	-110/-80	-150/-100	-200/-100
USD/OMR	0.38499/502	15/25	30/50	55/75	110/140	190/240	300/350	650/750
USD/BHD	0.37703/08	15/25	30/50	40/60	75/95	100/150	160/210	370/470
USD/MAD	9.4600/4800	550/850	800/1200	1100/1700	1800/2800	2400/3400	3000/4500	3500/6500
USD/EGP NDF	17.91	18.03/18.09	18.17/18.23	18.36/18.42	18.85/18.91	19.35/19.41	19.85/19.91	-
USD/JOD	0.7095/7105	40/90	50/150	100/200	150/350	250/500	350/750	750/1750
USD/NGN NDF	363.50	364.00/365.00	365.25/366.75	366.50/368.50	372.00/375.00	379.50/383.50	387.50/392.50	(NAFEX)
USD/GHS NDF	4.8400	4.86/4.91	4.88/4.91	4.94/5.04	5.11/5.21	5.29/5.43	5.48/5.63	-
USD/TND	2.8850/9250	350/550	700/1000	1000/1500	1500/2500	2000/3500	3000/4500	5000/8000
Crude Oil	Futures							
WTI	68.85							
Brent	79.55							

** (offshore levels only)

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+27/33	+32/38	+42/48	+53/59	+64/70	+75/81	+87/93	+114/122
SAR SPREAD	+34/40	+38/44	+44/50	+52/58	+60/66	+68/74	+76/82	+99/107

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

AND FINALLY...

Did you know that that national biscuit of Iraq is called the 'Kleicha' and can be traced back to Babylonian times? Kleicha are often scented with cardamom, saffron or rose water, and the most popular ones are filled with dates.

Glenn Wepener
Executive Director & Geopolitical Analyst
Middle East & Africa
Market Insight & Strategy
FAB Global Markets
Tel: +971-2-6110141
Mobile: +971-50-6415937
Email: GlennMaurice.Wepener@bankfab.com

Please click [here](#) to view our recent publications on MENA and Global Markets

Disclaimer: To the fullest extent allowed by applicable laws and regulations, First Abu Dhabi Bank (the "Bank") and any other affiliate or subsidiary of the Bank, expressly disclaim all warranties and representations in respect of this communication. The content is confidential and is provided for your information purposes only on an "as is" and "as available" basis and no liability is accepted for or representation is made by the Bank in respect of the quality, completeness or accuracy of the information and the Bank has undertaken no independent verification in relation thereto nor is it under any duty to do so whether prepared in part or in full by the Bank or any third party. Furthermore, the Bank shall be under no obligation to provide you with any change or update in relation to said content. It is not intended for distribution to private investors or private clients and is not intended to be relied upon as advice; whether financial, legal, tax or otherwise. To the extent that you deem necessary to obtain such advice, you should consult with your independent advisors. Any content has been prepared by personnel of the Global Markets division at the Bank and does not reflect the views of the Bank as a whole or other personnel of the Bank.