

## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Senior Iranian Officials Replaced As Next Round Of US Sanctions Approach.**

President Rouhani has reportedly replaced a number of senior officials at Iran’s Ministry of Commerce as his administration looks to find new ways to reverse a sliding economy, and to try and limit the effect of US sanctions. This latest reshuffle comes as the IMF revised its GDP growth outlook on the country from a previous 4% expansion this year to a 1.50% contraction. The International lender also foresees a deeper slump in 2019 of -3.60%. Meanwhile South Korea’s Hyundai is the latest foreign firm to cancel a previously agreed commercial contract with Iran. In a regulatory statement that was filed yesterday and published on the ‘VOA’ website, Hyundai Engineering & Construction said that it had withdrawn from a US\$520 mio contract to build a petrochemical complex in Iran because; “Financing is not complete, which was a prerequisite for the validity of the contract, as external factors worsened, such as economic sanctions against Iran.”

#### **Lebanon Closer To Unity Government But Economic Pressures Build.**

Lebanon’s Prime Minister, Saad al Hariri, appears closer to forming a ‘unity’ government after the ‘Lebanese Forces’ party reportedly agreed to participate despite a protracted dispute over the number of cabinet seats it had initially been offered. Lebanon has been without a new government since the country’s parliamentary elections in May this year. However once the political machinations are over the new administration will then have to deal quickly with Lebanon’s fragile economic situation, which is probably most prominently highlighted by the current low level of growth (estimated to be 1% in 2018) and a debt-to-GDP ratio which the World Bank suggests could cross 150 % of GDP by the end of this year. However the chairman of Blom Bank, Saad Azhari, stated recently that he did not believe Lebanon was heading for an economic crises. “It is clear that the economic situation is not good but Lebanon is not risking bankruptcy, in fact, the country has all the resources to kick-start its economy. The main problem in Lebanon is bad management of public finances. Lebanon

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has a lot of assets, it has properties, it owns all its public facilities and should expect big incomes estimated at more than US\$300 billion from oil and gas. In other words, the state is rich, it should have a capacity to improve its finances without increasing taxes," Azhari was quoted as saying by 'Al Bawaba' last week, adding that, "There is a clear international support for Lebanon and its economy. The funding in the form of grants and soft loans will be mostly dedicated to infrastructure projects that Lebanon badly needs, this will kick-start economic growth by creating job opportunities benefiting the whole population. All that is expected from Lebanon is to introduce the necessary reforms."

### **Nigeria Must Shift Away From Its Heavy Reliance on Crude Revenues – PETAN.**

The Chairman of the 'Petroleum Technology Association of Nigeria,' Bank-Anthony Okoroafor, was quoted by the 'Vanguard' website as saying yesterday that his country needed to urgently move away from its reliance on oil revenues towards other resources. "We should shift from using oil as just a revenue earner to an enabler for economic growth. Instead of just selling crude, we should be selling refined products and using gas to electrify and industrialize our entire region. An economy powered by adequate electricity and petroleum products. Today, about 620 million people in Africa does not have access to electricity. Imagine the economic activity that can be unleashed if we use our gas as enabler for economic transformation instead of as rent seekers. We should put more emphasis on weaning our country from over dependence on crude oil sales. Nigeria's growth potential lies beyond oil revenue but on economic activities enabled with oil; the impact of low oil prices on key economic indicators can be devastating," he stated.

### **"High Oil Prices Are Hurting Consumers" – IEA Chief.**

The Executive Director of the International Energy Agency, Fatih Birol, warned this morning that major oil importers, especially emerging economies, have been hard hit this year due to the rise in crude prices. "Many countries' current account deficits have been affected by high oil prices. There are two downward pressures on global oil demand growth. One is high oil prices, and in many countries they're directly related to consumer prices. The second one is global economic growth momentum slowing down," Birol was quoted as saying by Reuters yesterday, however he also added that despite the move towards renewable energy the IEA believes that the global demand for crude will continue to expand in the medium to longer term, driven primarily by the petrochemical and aviation industries.

### **Kurdistan Will Enter Into "Serious Talks" With The New Iraqi Government.**

Iraq's autonomous Kurdistan region has said that it plans to enter into negotiations with the government in Baghdad once it is fully formed. "The government will be entering into serious negotiations with the federal government to resolve all the issues which both governments currently have, especially the new government headed by the new Prime Minister. When the full cabinet is in place, serious dialogue and negotiations will start between our government, the Kurdistan Regional Government, and the Federal government," an official from the 'Kurdistan Democratic Party's' public relations office was quoted as saying by the 'Sputnik' media outlet yesterday, adding that the KDP had supported the appointment of Abdul Mahdi as Iraq's new Prime Minister. "We have supported him and we will be supporting him, we will be monitoring his performance and achievements, especially where relations between Baghdad and Erbil are concerned. We hope the new Prime Minister who is a good politician, who is a friend of the Kurds, will be able to learn from the mistakes of the past, especially the mistakes the previous Prime Minister committed against the Kurdistan Region. We are positive."

### **Kenya Plans Another Eurobond Sale.**

A Kenyan treasury official was quoted as suggesting yesterday that the government aims to raise up to US\$2.8 bio via a Eurobond issue and KES 37 bio via a syndicated loan during the country's current fiscal year. This news comes just a week after the IMF had warned the government that it faced a major refinancing risk due to some sizeable debt obligations which will mature within the next 8 months. "The higher level of debt, together with rising reliance on non-concessional borrowing, have raised fiscal vulnerabilities and increased interest payments on public debt to nearly one-fifth of revenue, placing Kenya in the top quartile among its peers. Kenya's risk of external debt distress has increased from low to moderate. This reflects the breach of three external debt indicators; external debt service-to-export ratio, external debt service-to-revenue ratio, and the present value of external debt to export ratio, for an extended period of time under the most extreme shock," the IMF stated according to an article in Kenya's 'Standard' newspaper.

### Saudi Arabia Raises SAR 3.25 Bio Via Domestic SUKUK Issuances.

Saudi Arabia raised a total of SAR 3.25 bio via a 5, 7 and 10 year local currency Islamic bond issuance yesterday.

### Abu Dhabi's CPI Rate At 4.00%.

Abu Dhabi's consumer prices came in at 4.00% y/y in September due primarily to a rise in transportation and clothing costs according to data released by the Emirate's official statistics centre and published by the "National" newspaper. The UAE's overall CPI rate peaked at 4.70% in January this year following the introduction of VAT, and the Central Bank expects inflation to average 3.50% for the country as a whole this year, before dipping to 2.50% in 2019.

### ENI To Buy Stake In Three Oil Concessions In Algeria.

Italy's ENI Spa announced yesterday that it has signed an initial agreement with Algeria's Sonatrach to purchase a 49% stake in three oil concessions situation within the North African country's 'Berkiné' basin.

### RAK Gas Signs Production Deal With Zanzibar.

RAK Gas, which is owned by the government of Ras Al Khaimah, announced yesterday that it had signed an oil and gas production sharing agreement with Zanzibar. The deal covers the semi-autonomous archipelago's first ever energy exploration block, and which is called 'Pemba Zanzibar'

### Dubai's Resident Population Rises Above 3 Million.

Dubai's statistics centre has reported that the number of Dubai residents increased by 232,400 to reach 3,146,400 by the end of the third quarter of this year, a rise of 7.70% compared to the same period last year. "The rise in population reflects Dubai's growth as a dynamic economic and tourism hub. The population of non-resident workers and temporary residents in Dubai is currently 1,155,000, while the total active daytime population of the emirate is 4,291,400. As much as 37% of Dubai's active daytime population comes from outside the Emirate," the Executive Director of the DSC was quoted as saying by the 'Khaleej Times' newspaper.

### 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	3.67295/305	1/4	3/6	5/10	12/17	22/32	33/43	90/120
USD/SAR	3.7509/11	-3/Par	-3/Par	-3/Par	2/12	18/33	35/50	180/210
USD/QAR	3.6580/6600	-15/-5	-22/-12	-30/-15	-50/-30	-70/-50	-85/-55	-100/-20
USD/KWD	0.30375/385	-10/-5	-20/-10	-30/-15	-65/-35	-110/-70	-150/-100	-170/-120
USD/OMR	0.38499/502	15/25	20/40	55/75	100/130	190/240	290/330	620/720
USD/BHD	0.37687/697	20/30	35/55	50/70	100/130	135/165	190/240	400/500
USD/MAD	9.4800/5000	600/900	800/120	1100/1700	1800/2800	2400/3400	3000/4500	3500/6500
USD/EGP NDF	17.92	18.03/18.09	18.18/18.24	18.34/18.40	18.79/18.85	19.27/19.33	19.75/19.91	-
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	365.00/367.00	367.00/369.00	372.75/375.75	380.00/385.00	389.00/394.00	(NAFEX)
USD/GHS NDF	4.8300	4.86/4.91	4.90/4.95	4.94/5.04	5.07/5.17	5.21/5.36	5.40/5.55	-
USD/TND	2.9100/9400	350/550	700/1000	1000/1500	1500/2500	2000/3500	3000/4500	5000/8000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	67.20							
Brent	77.25							

\*\* (offshore levels only)

### AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+23/29	+28/34	+40/46	+52/58	+63/69	+74/80	+86/92	+113/121
SAR SPREAD	+31/37	33/39	+39/45	+47/53	+55/61	+63/69	+72/78	+95/103

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

### AND FINALLY...

Did you know that a 5,655 carat emerald which weighs over one kilogram and has been nicknamed "the lion" was discovered in an open-pit mine in Eastern Zambia earlier this month?

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