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REGIONAL COMMENTARY

BP Frets Over US-China Trade War.

As the price of Brent hit another fresh four year high overnight, a senior executive at BP has warned that the current strong demand for crude does face the risk of a global economic slowdown should the ongoing trade dispute between the US & China worsen next year. "We're moving into the tightest part of 2018 , the re-imposition of Iran sanctions is the main factor as the market will tighten substantially from now to year-end. Going into 2019, I worry about the impact of the U.S.-China trade war, manifesting itself slowly. The trade war impact has not really shown up in the data anywhere, but it will show up gradually over time. So the supply shock is very sharp and prompt, while the impact from trade war is boiling over slowly," Janet Kong was quoted as saying by Reuters earlier this week. Meanwhile US President Donald Trump again called on OPEC and other producers to increase overall their output during his address to the UN on Tuesday, however following a recent meeting in Algeria a number of OPEC members indicated that they believed the market was currently in balance. "Whatever takes place between now and the end of the year in terms of supply changes will be addressed. The market is reasonably steady, and we should just be dynamic and responsive and responsible," Saudi Arabia's Energy Minister Khalid al Falih, was quoted as saying by UPI following the OPEC/NOPEC gathering.

US Warns Foreign Firms Against Doing Business With Iran.

President Trump's National Security advisor, John Bolton, was quoted by CNN late yesterday warning foreign companies not to do business with Iran or they will face heavy penalties by the US. "We do not intend to allow our sanctions to be evaded by Europe or anybody else," Bolton stated, adding that there will be "terrible consequences" for any firms that do so after the 4th of November this year when the next round of US sanctions are implemented. His comments follow the news that the remaining signatories to the JCPOA including Germany, France and the UK, were working on a plan to protect businesses under their jurisdiction from US sanctions should they conduct commercial transactions with Tehran. In a separate response the US Secretary of State, Mike Pompeo, said Washington was "disturbed" by this proposal and claimed that, "This is one of the most counterproductive measures imaginable for regional and global peace and security. By sustaining revenues to the regime, you are solidifying Iran's ranking as the No. 1 state sponsor of terror."

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Nigeria's Economy Remains Fragile – CBN.

A statement issued by the Nigerian Central Bank's monetary policy committee and read out by the CB Governor Godwin Emefiele, yesterday, warned that the country's weak economic fundamentals could send it back into recession. "The committee was concerned that the exit from recession may be under threat as the economy slid to 1.95% and 1.50% during the first and the second quarters of 2018, respectively. The committee noted that the slowdown emanated from the oil sector with strong linkages to employment and growth," Emefiele stated, adding that the MPC had also suggested that "Underlying pressures have started rebuilding and capital flows reversals have intensified as shown by the bearish trend in the equity market even though the exchange rate remains very stable." Other risks to Nigeria's economic growth which were highlighted by the governor and published by the NAIJ.com media outlet were; the late implementation of the government's 2018 budget, weakening demand and consumer spending, rising contractor debts, and low minimum wages. Meanwhile the MPC kept its benchmark interest rate at 14% due to expanding inflationary pressure.

Former Head Of Angola's Sovereign Wealth Fund Arrested.

The former chief of Angola's US\$5 bio sovereign wealth fund, Jose Filomeno dos Santos, who is also the son of the country's last President has reportedly been detained along with a Swiss national on allegations of fraud and money laundering. "The evidence gathered resulted in sufficient indications that the defendants have been involved in practices of various crimes including criminal associations, receipt of undue advantage, corruption, participation in unlawful business, money laundering, embezzlement, fraud among others," a statement by the office of the state prosecutor read. His detention follows the arrest last week of a former Transport minister, Augusto da Silva Tomas on allegations of embezzlement.

Turkish Markets Stabilize But Concerns Remain.

The long-awaited hefty rate hike by the Turkish CB and the announcement of a three-year economic plan by the government last week (which includes public spending cuts), combined with fresh hopes this week that the pastor at the centre of a dispute between Washington and Ankara may be released following his upcoming court appearance, has managed to stabilize the Lira and other domestic markets for now. However concerns remain, especially as exact details around the government's latest economic plan remain sketchy. The OECD has lowered its growth forecast on Turkey for 2018 from 5.10% to 3.20% and from 4.90% to 0.50% next year. It's also not clear yet how a proposed debt restructuring support program for local firms will work or if it will also cover smaller businesses. Meanwhile Turkey's construction and real estate sectors have been acutely affected by the slowdown, with the head of Turkey's 'Building Contractors Confederation' quoted by the ['cemnet'](#) website earlier this month suggesting that "70% of all private construction work has stopped or slowed down." This situation was also highlighted in recent data released by the country's statistical agency which reported that its construction confidence index had fallen by 16.70% to 57.3 in September. On top of this a weak currency and rising oil and gas prices will continue to put pressure on inflation as the country imports nearly 75% of its overall energy needs.

Bahrain's FX Reserves & FDI Flows Improve.

The net foreign assets held by Bahrain's Central Bank rose to US\$1.95 bio last month from US\$1.33 bio in July according to official data. Meanwhile the Kingdom's Economic Development Board has said that fresh FDI flows into the country have reached US\$810 mio during the first 9 months of this year, a five-fold increase compared to 2015. The EDB also reported that most of this new investment was centered around the manufacturing and logistic sectors.

MSCI To Consider Upgrading Kuwait To EM Status.

Following Kuwait's recent upgrade to Emerging Markets status by FTSE Russell, the world's other major index provider MSCI has said it will undertake a review of the Gulf state for potential reclassification to EM status next year.

Oman's Renaissance Services May Conduct US\$1.5 Bio IPO.

Oman's Renaissance Services SAOG is reportedly considering a IPO for its UAE based Topaz Energy & Marine unit according to certain media outlets. However whilst such an offering could be valued at US\$1.5 bio no final decision has apparently yet been made, and the location and timing of the IPO is still to be discussed according to unnamed sources quoted by Bloomberg yesterday.

Consortium Wins US\$ 870 Mio Contract in UAE.

A consortium which includes Spain's Tecnicas Reunidas and a subsidiary of Arabtec, Target Engineering & Construction Company, has been awarded a AED 3.2 bio gas development contract by ADNOC according to the 'Arabian Business' website.

Abu Dhabi Is Fastest Growing City In Region For Visitor Arrivals.

According to MasterCard's Global Destination Cities Index 2018, Abu Dhabi has been named the fastest growing city in the Middle East and Africa for international visitors. Meanwhile Dubai retained its ranking as the 4th most visited city in the world for the 4th year in a row. You can read more on this topic [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	1/4	2/7	3/8	8/13	15/25	28/38	90/120
USD/SAR	3.7502/04	-5/-2	-5/Par	-5/Par	-4/+1	4/9	20/35	130/160
USD/QAR	3.6575/95	-45/-25	-55/-35	-65/-35	-75/-55	-85/-65	-90/-70	-120/Par
USD/KWD	0.30265/275	-30/-20	-48/-38	-70/-50	-120/-90	-180/-130	-230/-180	-350/-150
USD/OMR	0.38499/502	10/25	25/45	55/75	110/160	180/230	280/380	700/800
USD/BHD	0.37697/707	15/25	25/40	45/65	75/125	100/200	150/250	400/550
USD/MAD	9.3150/3350	400/700	700/1200	1100/1700	1800/2800	2400/3400	3000/4500	3500/6500
USD/EGP NDF	17.91	18.02/18.08	18.16/18.22	18.33/18.43	18.83/18.93	19.32/19.42	19.84/19.94	-
USD/JOD	0.7095/7105	50/100	70/170	100/200	175/325	275/575	350/850	725/1725
USD/NGN NDF	362.50	364.00/365.00	365.50/367.00	366.75/368.75	374.00/377.00	382.75/386.75	391.00/397.00	(NAFEX)
USD/GHS NDF	4.9600	4.95/5.00	5.03/5.13	5.10/5.20	5.30/5.40	5.50/5.65	5.70/5.85	-
USD/TND	2.8000/8300	250/450	600/900	700/1200	1500/2500	2000/3500	3000/4500	5000/8000
Crude Oil	Futures							
WTI	72.30							
Brent	82.10							

** (GCC FX indications above are offshore levels only)

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+27/33	+30/36	+36/42	+46/52	+56/62	+67/73	+78/84	+100/108
SAR SPREAD	+35/41	+38/44	+42/48	+47/53	+53/59	+60/66	+68/74	+91/99

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

AND FINALLY...

Did you know that tourists spend more in Dubai than any other city in the world ? (see chart below)

Top Cities by Dollars Spent	2017 International Overnight Visitor Spend (US\$ billion)	Growth Forecast for 2018	Average Spend by Day (US\$)
1 Dubai	29.70	7.80%	537
2 Makkah	18.45	7.40%	135
3 London	17.45	13.70%	153
4 Singapore	17.02	7.40%	286
5 Bangkok	16.36	13.80%	173
6 New York	16.10	4.10%	147
7 Paris	13.05	16.00%	301
8 Palma deMallorca	11.96	16.20%	220
9 Tokyo	11.91	7.80%	154
10 Phuket	10.46	12.60%	239

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