

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Brent Breaks US\$70 As Fighting In Libya Threatens Output.

Libya’s National Army, led by Field Marshall Khalifa Haftar, launched an offensive against GNA-aligned militia groups in Tripoli last week and fighting around the capital is continuing. “Today we are responding to the call of our people in our precious capital, as we promised them. Today, we will shake the earth beneath the feet of the oppressors,” Haftar was quoted as saying by the ‘Defense Post’ website, adding that, “Those who lay down their weapons are safe, those who remain in their homes are safe, those who raise the white flag are safe.” Meanwhile an LNA video published last Wednesday stated, “In fulfilment of Field Marshal Haftar’s orders, several military units moved to the western region to purge the remaining terrorist groups in their last hideouts.” Concerns that this development may lead to a disruption in Libya’s crude output has pushed oil prices higher again with Brent now back above the US\$70 a barrel mark.

Oil Market Is “On Its Way” To Balancing – Saudi Energy Minister.

Saudi Arabia’s Energy Minister, Khalid Al Falih, said today that global crude inventories are stabilizing and, although they needed to fall further, the market as a whole was “on its way towards a balance.” He added too that there was now probably no need for Saudi Arabia to continue reducing its oil output and that the OPEC+ meeting in May would decide if the group should extend its current output cut agreement past June or not. On the impending debut bond issue by Saudi Aramco, the minister said that he expected investor demand to be “north of US\$ 30 bio.”

No Plans To Abandon The Dollar As The Primary Oil Trading Currency – UAE/KSA Energy Ministers.

The UAE’s Energy Minister, Suhail Mazrouei, said earlier today that media suggestions the US dollar could be abandoned as the primary oil trading currency overnight are not valid. “Trading with the US dollar is

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something you don't change overnight, let's not jump into some of those ideas. OPEC did not say that, OPEC did not claim that they will change the currency in the trading and I have no views on the do-ability of that," Mazrouei was quoted as saying by Reuters. His comments were echoed by his Saudi counterpart, Khalid Al Falih, who stated that there was currently no change to the Kingdom's long-standing policy of trading oil in US dollars.

Shell Plans To Invest US\$15 Bio Into Nigeria's Oil Sector.

Shell's Petroleum Development Company has announced that it plans to spend up to US\$15 bio on a series of oil and gas projects in Nigeria over the next five years. You can read more details on Shell's Nigerian investment plan here. Meanwhile the CEO of Dangote has claimed that a giant refinery, currently under construction by his firm in Lagos state, will transform the country's economy and eliminate a chronic fuel shortage once it becomes operational. "The refinery, located in Lekki, Lagos State, is expected to produce 65.40 mio litres of petrol, diesel, aviation jet fuel and kerosene daily, in huge volumes. The petroleum products are planned to meet most of the needs of Nigeria, and the African continent, thus making life much easier for the people," he was quoted as saying by the 'Daily Trust' newspaper.

US May Brand The IRGC A "Terrorist" Group.

The Trump administration is reportedly close to placing Iran's Revolutionary Guards Corps on its list of terror groups according to a recent article published in the Washington Post newspaper. In response Iranian MPs have threatened to take "reciprocal" action if the US should take such a decision. In 2007, the US Treasury designated the IRGC's Quds Force, describing it as Iran's "primary arm for executing its policy of supporting terrorist and insurgent groups."

Tunisia's President Will Not Seek Reelection.

President Beji Caid Essebsi, who is 92 years old, has announced that he does not plan to stand for reelection this year as he believes that it was time to "open the door to the youth." The country's next Presidential elections are due to be held on the 17th of November.

Morocco Plans Eurobond Issuance.

Morocco is reportedly preparing to conduct an international bond issue this year its first since 2014, according to the country's Finance Minister, Mohamed Benchaaboun this past weekend. The sale will take place "as soon as conditions permit it this year," Benchaaboun was quoted as saying by the UAE's National newspaper. Although further details are still awaited it's expected that the bond sale would be in the region of US\$ 1 bio.

Egypt Will Remove Fuel Subsidies Soon.

The Egyptian government will remove subsidies on most energy related products including, petrol, diesel and kerosene by June 15th this year according to a statement issued by the IMF this past Saturday, which added that Egypt's economic reform program remained on track.

Aramco To Offer Contracts To SMEs.

Saudi Aramco has promised to offer 140 service contracts, worth a total of SAR 60 bio, to small and medium sized businesses in the Kingdom this year in an effort to boost opportunities within this specific sector. "The MoU aims to enhance cooperation with the Authority in empowering small and medium enterprises in the Kingdom by improving the investment environment and providing appropriate investment opportunities for this sector, which are related to oil and gas," a spokesperson for Aramco was quoted as saying by Reuters yesterday.

Small Rise In Saudi Arabia's PMI Index.

ENBD's PMI index on Saudi Arabia rose slightly to 56.80 last month from 56.60 in February, but conversely there was a small decline in the employment sub-index to 49.80.

SCOMI Seals Two Drilling Services Contracts In Kuwait.

Malaysia's Scomi Energy Services Company has sealed two contracts worth a total of US\$150 mio to provide MUD products and MUD engineering services to the Kuwait Oil Company for its deep drilling and development drilling operations, according to the 'upstream online' website.

ABB Wins Power Contract In UAE.

Swiss based ABB Industries has been awarded a contract to build a new 132/11 kv power substation within Dubai Investments Park. The substation for the Dubai Electricity and Water Authority will be the seventh such facility installed across the park.

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	3.67285/295	Par/+2	2/5	4/9	10/15	17/27	30/40	85/105
USD/SAR	3.7504/07	-1/+2	-1/+2	Par/+5	5/15	23/33	45/55	160/190
USD/QAR	3.6580/6600	-5/Par	-5/Par	-7/Par	-7/Par	-8/-1	-10/+5	-25/+45
USD/KWD	0.30410/440	Par/+5	Par/+5	Par/+10	Par/+15	05/20	05/20	-20/+40
USD/OMR	0.38499/502	15/25	30/50	40/70	110/140	170/220	270/320	700/800
USD/BHD	0.37699/704	2/12	15/30	20/40	45/75	75/105	100/150	250/350
USD/MAD	9.6380/6580	50/150	150/350	300/700	900/1400	1600/2600	2000/2500	4000/7000
USD/EGP NDF	17.3200	17.42/17.47	17.56/17.61	17.69/17.74	18.12/18.17	18.61/18.66	19.10/19.15	-
USD/IOD	0.7080/90	40/90	60/160	125/225	200/400	250/550	375/675	500/1500
USD/NGN NDF	360.49	361.00/362.00	362.25/363.75	364.00/365.50	369.50/372.00	376.25/378.25	383.75/386.75	(NAFEX)
USD/GHS NDF	5.4300	5.47/5.52	5.54/5.59	5.59/5.64	5.64/5.74	5.95/6.05	6.15/6.25	-
USD/TND	3.0250/0550	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil		Futures						
WTI	63.42							
Brent	70.70							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+16/22	+19/25	+30/36	+41/47	+53/59	+63/69	+75/81	+104/110
SAR SPREAD	+29/35	+34/40	+42/48	+49/55	+58/64	+67/73	+76/82	+102/108

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

AND FINALLY...

Did you know that at the latest car license plate auction held by Dubai's Road Transport Authority the plate numbered W12 sold for AED 4 mio?

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