

# Market Insights & Strategy

Global Markets

10<sup>th</sup> April 2019

## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Saudi Aramco Seals Record Bond Issuance.**

Saudi Aramco raised US\$12 bio via its debt bond issuance yesterday and attracted over US\$100 bio in offers from eager investors. The latter is the highest value of orders ever recorded for an EM bond since the US\$69 bio seen during Argentina's sovereign issuance 3 years ago. We discuss this issuance in more detail in our recent research piece titled 'THIS is Big'.

#### **Big Draw Seen In US Petrol Stocks.**

Last week saw a significant 7.1 mio barrel draw of US fuel inventories according to the latest API report. This was higher than expectations of a 2 mio barrel drop and represents the largest fall of such stocks since late 2017. However we await confirmation of this number by the EIA later today. Meanwhile the UAE's Energy Minister, Suhail bin Mohammed al Mazroui, said today that he expects the global crude market to enter into a full balance by the end of 2019, adding that Russia has agreed not to raise its production level unless it was in coordination with other OPEC members. "Russia will not increase its output unless in coordination with the rest of OPEC and OPEC+ countries. I believe in the wisdom of Russia, and I believe that Russia has benefited from this agreement, I don't see any reason for Russia not to continue with us," al Mazroui was quoted as saying by Reuters.

#### **Algeria Approves 10 New Political Parties.**

Algeria's Ministry of the Interior has reportedly approved license applications from ten new political parties. This announcement comes a day after students marched through Algiers in protest against the appointment of the parliamentary speaker, Abdelkader Bensalah, as the country's interim President. In his acceptance speech yesterday Bensalah stated that elections would be held within 90 days. Meanwhile the head of the Algerian Army said today that the military will support the transition period, and that a crackdown on high level corruption would continue.

**Glenn Wepener**

Executive Director & Geopolitical Analyst,  
Middle East & Africa

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### **Iran Sanctions Could See Economy Shrink Further – IMF & WB.**

Both the IMF and the World Bank have just revised downwards their outlook for the Iranian economy, due to tighter US sanctions and the ongoing decline in Iran's crude exports. The IMF now expects the economy to shrink by 6% in 2019, whilst the World Bank anticipates a 3.80% contraction.

### **Nigeria Ponders Luxury Tax Hike.**

Nigeria's Senate Finance Committee have reportedly sent the federal government a recommendation that it raises the tax rate on luxury goods in order to boost public revenues. Such items are currently taxed at 5% and there have been suggestions in the past to increase this to 15 or 20%. However the main hurdle in all this, even if such a hike was approved, is the difficulty faced around its efficient collection.

### **Turkey Unveils Plan To Recapitalize Local Banking Sector.**

Turkey's Finance Minister, Berat Albayrak, announced a series of measures this morning aimed at supporting the local banking sector. These steps include a cap on dividend and bonus payments, the transfer of TRY 28 bio worth of government securities to public banks, the prioritization of loans to strategic sectors of the economy, various tax reforms and the creation of entities which will receive and manage some of the banks' bad assets. "Before the elections we never gave up on our fiscal policies and after the elections our stance will be the same," Albayrak was quoted as saying by the FT.

### **GCC Should Look To Ease Immigration Rules – Investment Advisory Firm.**

A partner of Leyden Ventures, a UAE based advisory firm, has been quoted by Reuters suggesting that the GCC should conduct a major review of its current immigration regulations in order to attract more talent to the region, especially the rules surrounding residency visas. "Immigration is a key challenge for the venture capital industry in the region. In the GCC, we're under-populated for the capital that we have at our disposal and for the ambitions that we have," Gary Sheynkman stated, adding "I think offering permanent residencies would make a huge difference as it makes it easier for kids of expatriates to stay. It would be easier to attract families and for people to retire here. It'll also be materially cheaper for companies to bring talent."

### **Reports Of Potential DIB-Noor Bank Tie-Up.**

Dubai Islamic Bank has declined to comment on a recent Bloomberg article which claimed, that DIB has conducted some preliminary discussions with the shareholders of Noor Bank over a possible merger. "With reference to market rumour about the possible acquisition of Noor Bank by Dubai Islamic Bank. Dubai Islamic Bank has clarified it does not comment on market speculations and rumours," a statement by DIB and published in the UAE's National newspaper read. If such a tie up should take place it would create an entity with an estimated AED 275 bio in assets.

### **IDB Prepares For SUKUK Issuance.**

The Islamic Development Bank has appointed a number of regional and international banks to arrange an investor roadshow next week, according to a Reuters article this morning. The IDB is reportedly considering issuing a 5 year Islamic bond worth at least US\$500 mio.

### **Egypt's Inflation Rate Edges Lower.**

Urban inflation in Egypt dipped slightly last month to 14.20% y/y from 14.40% in February according to the country's official statistics agency.

### **Penspen JV Wins Power Contract In Kuwait.**

UK based engineering firm Penspen and Kuwait's Jassim Qabazard Engineering, have been awarded a supervision services contract covering five power stations in the Gulf country according to the 'Construction week' website..

## 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	3.6730/31	Par/+2	2/5	4/9	11/16	17/27	30/40	85/105
USD/SAR	3.7503/05	-1/+1	-1/+2	Par/+5	8/13	20/30	45/55	150/180
USD/QAR	3.6580/6600	-5/Par	-5/Par	-7/Par	-7/Par	-10/Par	-10/Par	-25/+45
USD/KWD	0.30415/425	Par/+5	Par/+5	Par/+5	2/12	02/17	05/20	-20/+40
USD/OMR	0.38497/500	15/25	30/50	45/65	110/140	170/220	270/320	700/800
USD/BHD	0.37702/705	5/15	10/25	15/35	45/75	75/105	100/150	250/350
USD/MAD	9.5950/6150	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	17.70/17.75	18.06/18.11	18.64/18.69	19.17/19.22	-
USD/IOD	0.7080/90	40/90	60/160	125/225	200/400	250/550	375/675	500/1500
USD/NGN NDF	360.42	361.00/362.00	362.00/363.50	363.90/365.40	369.00/371.50	375.50/377.50	383.00/386.00	(NAFEX)
USD/GHS NDF	5.1300	5.20/5.25	5.25/5.30	5.32/5.37	5.50/5.60	5.68/5.78	5.89/5.99	-
USD/TND	3.0250/0550	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil		Futures						
WTI		64.40						
Brent		70.90						

\*\* (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	+64/70	+75/81	+104/110
SAR SPREAD	+29/35	+32/38	+38/44	+45/51	+53/59	+62/68	+71/77	+99/105

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

## AND FINALLY...

Did you know that the CAT scan (computer axial tomography) was originally invented by a South African born physicist called Allan Cormack who consequently went on to win the Nobel prize for medicine in 1979?

**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](mailto:GlennMaurice.Wepener@bankfab.com)

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