

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

'The Oil Market Is Tightening' – IEA Report.

"The huge increase in oil production we saw in the second half of 2018 has reversed following the implementation of the new Vienna Agreement and the increasing effectiveness of sanctions against Iran and Venezuela. This turnaround in supply has contributed to a dramatic increase in prices, with Brent crude rising from US\$50 a barrel at the end of December to more than US\$70 a barrel today," the IEA said in its latest report, although adding that continued uncertainty over the actual health of the global economy made it extremely difficult to accurately forecast where crude prices are headed next. "In a world where we saw Brent at US\$86 a barrel in October, US\$50 a barrel in December and now back to over \$70, I think it is a very brave person that attempts to forecast what the price will be at the end of the year," the head of the IEA's oil sector division was quoted as saying by CNBC yesterday. The IEA however did reaffirm its estimate for global oil demand growth in 2019 at 1.4 mio bpd.

Fighting Could 'Disrupt' Libya's Oil Production – NOC Chairman.

The chairman of Libya's National Oil Company, Mustafa Sanalla, has warned that his country's oil and gas output could be adversely affected if the current fighting around Tripoli spreads. "I am afraid the situation could be much worse than 2011 because of the size of forces now involved, and unless the problem is solved very quickly, I am afraid this will affect our operations, and soon we will not be able to produce oil or gas," Sanalla was reported as saying by the Financial Times newspaper yesterday, adding that "If we lost 1.20 mio barrels a day of production at this time you cannot imagine what the global price would do."

Sudanese President Detained As Military Takes Control.

Sudan's Defence Minister, Lt General Awad Mohamed Ahmed Inb Auf, announced yesterday that the country's President, Omar al Bashir, had been detained, parliament dissolved, the 2005 constitution annulled, and that the army would now run the country for a two-year 'transition' period.

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The Defence Minister also proclaimed a 3 month state of emergency, the release of all political prisoners and introduction of a 10pm curfew. It remains to be seen if this will restore order on the streets where thousands of Sudanese have been demanding Bashir's removal, and for a civilian administration to manage any transition. A major worsening of the situation could impact South Sudan's 170,000 bpd oil exports which still rely on the 1,600 km Greater Nile pipeline via Khartoum to Sudan's main port on the Red Sea. Al Bahsir had ruled Sudan since 1989.

IMF Urges Review Of Nigeria's Exchange Rate & Tax Regimes.

The IMF said, in its latest review of the country, that Nigeria should implement structural reforms as soon as possible in order to diversify the economy away from its continued heavy reliance on the oil sector. "Under current policies, the outlook remains muted. Over the medium term, absent strong reforms, growth would hover around 2.50%, implying no per-capita growth as the economy faces limited increases in oil production and insufficient adjustment four years after the oil-price shock," the IMF stated. Suggested reforms include widening the tax base, easing FX restrictions and restructuring state-owned firms to make them more efficient.

'Egypt Has Delivered On Its Commitments' – IMF Chief.

The head of the IMF, Christine Lagarde, issued a statement commending Egypt's commitment to the IMF reform program following her meeting with President Sisi earlier this week. "President El Sisi and I discussed progress under Egypt's economic reform program supported by the IMF's US\$12 billion Extended Fund Facility. The program has progressed well and the final review is planned for the coming months. The economy continues to grow robustly, unemployment is at its lowest level since 2011, foreign exchange reserves are at comfortable levels, and public debt is on a downward trajectory supported by growth-friendly consolidation efforts," her statement read, adding "We agreed on the importance of continuing with the authorities' structural reform agenda, which aims to support inclusive growth and address constraints to private sector development. These reforms will help achieve more sustainable, inclusive, and private-sector led growth, which will create jobs for Egypt's young population. It is also important to ensure that adequate resources are available for social protection. I reiterated the Fund's commitment to support Egypt and its people."

FITCH Affirms Its Kuwait Ratings.

FITCH has affirmed its long-term foreign currency issuer rating on Kuwait at AA with a stable outlook. "Kuwait's key credit strengths are its exceptionally strong fiscal and external metrics and, at around US\$60/bbl, one of the lowest fiscal breakeven Brent oil prices among Fitch-rated oil exporters. These strengths are tempered by Kuwait's heavily oil-dependent economy, geopolitical risk, and weak indicators of governance and the business environment. A generous welfare state and the large economic role of the public sector present increasing challenges to public finances, given the robust growth of the Kuwaiti population. We estimate that the foreign assets of the Kuwait Investment Authority reached US\$561 bio or 394% of GDP in 2018, accounting for the bulk of Kuwait's sovereign net foreign asset position of 479% of GDP (the highest of any Fitch-rated sovereign)," A statement by the ratings agency read.

Etihad Airways May Increase Stake In Struggling Indian Airline.

The UAE's Etihad Airways has reportedly issued its intent to join five other bidders for a greater stake in Jet Airways according to a report in India's Business Today newspaper. Although this story is yet to be officially confirmed, Etihad currently owns 24% of Jet and can increase that to a maximum of 49% according to India's foreign ownership laws. You can read the full article [here](#).

KSA To Become Key Wind & Solar Power Market In The Region.

Saudi Arabia is expected to add 6.2GW of additional power capacity via wind projects over the next 10 years according to a Wood Mackenzie study. However solar power appears to be the government's preferred renewable source and is thus targeting 40GW from the latter source by 2030 compared to 16 GW from wind.

Dubai Moves Up The Global Maritime Rankings Ladder.

Dubai has moved up to 9th place in the global maritime hub index according to Menon Economics and DNV GL who publish the benchmark. Singapore retained the number one spot in 2019, but a number of analysts expect Dubai to rise to 5th position within the next few years.

Ghana's Oil Sector To Drive Growth This Year.

Both the World Bank and the IMF have raised their economic growth predictions on Ghana to 7.60% and 8.80% respectively this year, the highest in Africa. According to a World Bank official their raised forecast was due to an expected rise in Ghana's oil and gas production as well a greater contribution from the agricultural sector.

Arkad Engineering JV Wins US\$1.2 Bio Pipeline Contract.

A consortium led by Saudi Arabia's Arkad Engineering and the Swiss based ABB have been awarded a US\$1.2 bio contract to build a 474km gas pipeline across Bulgaria 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	3.67295/305	Par/+2	2/5	4/9	11/16	17/27	30/40	85/105
USD/SAR	3.7502/04	Par/+3	1/4	1/6	9/14	22/32	47/57	160/190
USD/QAR	3.6585/05	-5/Par	-7/Par	-10/-3	-15/-5	-20/-10	-25/-15	-50/Par
USD/KWD	0.30405/435	Par/+5	2/7	5/15	10/20	15/30	15/45	-10/+40
USD/OMR	0.38497/500	18/28	30/50	50/70	110/140	170/220	270/320	700/800
USD/BHD	0.37702/707	-5/+5	Par/+10	05/25	20/50	50/80	85/115	220/320
USD/MAD	9.5750/5950	50/150	150/350	300/700	900/1400	1600/2600	2000/2500	4000/7000
USD/EGP NDF	17.3200	17.45/17.50	17.58/17.63	17.73/17.78	18.22/18.27	18.70/18.75	19.22/19.27	-
USD/JOD	0.7078/88	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	3.0200/0600	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil	Futures							
WTI	64.30							
Brent	71.45							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+19/25	+22/28	+32/38	+43/49	+55/61	+66/72	+77/83	+106/112
SAR SPREAD	+29/35	+34/40	+40/46	+46/52	+55/61	+64/70	+72/78	+102/108

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

AND FINALLY...

Did you know that Sudan was the largest country in Africa prior to the secession of South Sudan in 2011? It is now the third largest, after Algeria and the DRC.

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