

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **'IMO Environmental Regulations Come Into Force In 2020.**

The long planned change in regulations governing the total permissible sulphur content in marine fuels comes into force in January next year. This will force vessel owners to only use fuel that has a maximum sulphur content of 0.50% compared to the current limit of 3.50%. This change by the International Maritime Organization could also provide further support for crude prices in the medium term. To avoid penalties shippers will either have to switch to the 'very-low' sulfur fuels or install 'scrubbers' which reduce the sulfur content within the widely used 'bunker' fuel. Both options are more costly, and 'green' energy powered boats still make up only a tiny fraction of total vessels. According to the EIA, the most likely scenario, at least for now, will probably be a move by refiners to divert a greater share of their low sulphur distillate output (used for land and air transport fuels) to the maritime market, this in turn could put more pressure on the already tight supplies of global distillates and consequently crude prices. Over 4 million barrels of marine oil are currently consumed on a daily basis.

#### **'No Prohibition On Uranium Enrichment' – Iranian FM.**

Iran's Foreign Minister, Javid Zarif, claimed via a Tweet yesterday that the JCPOA accord does not stop Iran from enriching uranium. *"Reminder to our E3 partners in #JCPOA: There is NO prohibition on the enrichment of uranium by Iran under #NPT, JCPOA or UNSCR 2231. Neither now, nor in 2025 or beyond,"* his message read. His comments came in response to an earlier suggestion by the French Ambassador to the US, Gerard Araud, who reportedly stated on Saturday that *"It's false to say that at the expiration of the JCPOA, Iran will be allowed to enrich uranium."* Meanwhile the US recent decision to designate Iran's Revolutionary Guard as a terrorist organization, officially came into force yesterday. This move will probably make it even more difficult for foreign companies and individuals to do business with Iran, especially as the IRGC is estimated to be directly involved in over 20% of the country's economy, and knowing exactly who is behind every local company is often difficult to ascertain.

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### **Egypt's Parliament To Debate Constitutional Amendments.**

Egyptian MPs are set to vote today on the final draft amendments to the country's 2014 constitution. These proposals include reducing the number of elected MP's in the lower house to 450 from 596, that a President's term in office be extended from 4 to 6 years and that each judicial authority should be responsible for their own affairs. You can read the details on these proposals and others [here](#).

### **'No Plan To Lift Fuel Subsidies Yet' – Nigeria's MOF.**

Nigeria's Minister of Finance, Zainab Ahmed, said this past weekend that the government had no plans to remove or reduce its current fuel subsidies. Her comments came after there were some reports of petrol hoarding, following an IMF report which called on Nigeria to do away with such subsidies. *"In principle, It's a good suggestion. But in Nigeria, we don't have any plans to remove fuel subsidy at this time because we have not yet designed buffers that will enable us to remove the subsidy and provide cushions for our people. So there is no plan to remove fuel subsidy. We will be working with various groups to find an alternative if we have to remove it. We are not yet at the point of removing fuel subsidy yet,"* the minister was quoted as saying by the 'Premium Times' newspaper.

### **Saudi Arabia's ACC Plans US\$1 Bio IPO.**

The Saudi based 'Arabian Centres Company', which is the Kingdom's largest shopping mall owner/operator, announced earlier today that it will offer up to 20% of the firm via an IPO during the second quarter of this year. The funds raised would be used to reduce debt and for *"general corporate purposes"* the company said in a statement according to Reuters.

### **Lebanon Ponders Fresh Eurobond Issuance.**

An official in Lebanon's Ministry of Finance has reportedly suggested that the government is considering conducting a 10 year US\$2 bio bond issuance before the end of June this year. *"We're waiting now for some good news coming out of budget that has austerity measures; we believe this will improve yields even further,"* the official was quoted as saying by Bloomberg this past weekend.

### **Aramco Buys Stake In South Korean Refiner.**

Saudi Aramco's overseas arm has reportedly agreed to purchase a 17% stake in South Korea's 'Hyundai Oilbank' for around US\$1.2 bio. *"This acquisition demonstrates our investment in the highly complex refining sector in Asia, and continuous commitment to the region's energy security and development. The investment supports Saudi Aramco's broader downstream growth strategy, as well as providing long-term crude oil placement supply options and product offtakes as part of our trading business,"* A spokesperson for Aramco was quoted as saying by the 'Kallanish Energy' website.

### **Abu Dhabi Residential Sale Prices Dipped Further In Q1.**

According to a new report by 'ValuStrat', residential real estate prices in Abu Dhabi dipped by 3.20% during Q1 of this year compared to the last quarter of 2018. On an annual basis many areas recorded an average 12% drop in values. You can access the full 'ValuStrat' report [here](#).

### **Nigeria's CPI Rate Dips Slightly.**

Consumer price inflation in Nigeria slipped slightly to 11.25 % y/y last month from 11.31% in February according to the country's official stats department.

### **Telstar Wins Telecom License In Angola.**

Local start-up 'Telstar Telecomunicacoes' will become the fourth mobile telecoms provider in Angola after winning a public tender for an operating license this week.

### **Kaishan To Build Renewable Energy Plant In Kenya.**

China's 'Kaishan Renewable Energy Development Company' has been awarded the EPC contract to build a geo-thermal power plant in Kenya's Rift Valley.

## 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	3/8	6/11	12/17	22/32	30/40	90/110
USD/SAR	3.7501/03	Par/+3	1/4	1/6	9/14	22/32	45/55	150/180
USD/QAR	3.6585/00	-5/Par	-7/Par	-10/-3	-15/-5	-17/-7	-25/-5	-50/Par
USD/KWD	0.30405/435	Par/+5	3/8	5/15	10/20	12/27	10/40	-30/+20
USD/OMR	0.38496/499	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	210/310
USD/MAD	9.5700/5900	50/150	150/350	300/700	900/1400	1600/2600	2000/2500	4000/7000
USD/EGP NDF	17.3200	17.40/17.45	17.51/17.56	17.65/17.70	18.11/18.16	18.60/18.65	19.11/19.16	-
USD/IOD	0.7080/7090	40/90	60/160	125/225	200/400	250/550	375/675	500/1500
USD/NGN NDF	360.18	361.00/362.00	362.00/363.50	363.70/365.20	369.00/371.50	375.50/377.50	383.00/386.00	(NAFEX)
USD/GHS NDF	5.1131	5.15/5.20	5.20/5.25	5.25/5.30	5.45/5.55	5.62/5.72	5.82/5.92	-
USD/TND	2.900/3.0300	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil	Futures							
WTI	63.50							
Brent	71.20							

\*\* (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	+30/36	+36/42	+43/49	+50/56	+57/63	+61/65	+74/80	+104/110

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

## AND FINALLY...

Did you know that the famous archaeologist and anthropologist, Louis Leakey, was born in Kenya?

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