

Market Insights & Strategy

Global Markets

22nd April 2019

MIDDLE EAST & AFRICAN MONITOR

- **US Prepares To End Iran Sanctions Waiver Program.**
- **Shale Oil Infrastructure Issues Continue.**
- **Terror Attack Foiled In Saudi Arabia.**
- **UAE & KSA To Provide US\$3 Bio Aid Package To Sudan.**
- **Kuwait Plans To Introduce VAT in 2021/22.**
- **S&P Affirms Oman Ratings With Negative Outlook.**
- **Shell Sells Refinery Stake To Aramco.**
- **Oman LNG Settles Its Debt Early.**
- **Tunisia Sees Tourist Numbers Rise.**
- **Rhode & Schwarz Win Transmission Contract In Egypt.**
- **Marie Tecnimont SPA Seals Refinery Contract In Nigeria.**

REGIONAL COMMENTARY

US Prepares To End Iran Sanctions Waiver Program.

The US administration will soon announce the termination of its remaining sanctions waivers for a number of key buyers of Iranian crude from May 2nd according to a WSJ report. As we have mentioned before, such a decision should come as a surprise especially as tightening the economic screws on Tehran has been a key pillar of Trump's Middle East policy since he took office. Last week the US assistant Secretary of State, Frank Fannon was quoted by CNBC as saying; "Our goal is to get to zero Iranian exports as quickly as possible." Meanwhile Iraq's Oil Ministry said in a statement issued earlier today that any decision to increase or lower crude production would only be taken collectively by the signatories to the output reduction agreement, adding that this latest Iran development would also be discussed at the next OPEC+ meeting which is due to take place in KSA on May 19th.

Shale Oil Infrastructure Issues Continue.

Although output from the key Permian basin is now at record levels and global prices remain firm, getting all that light crude to market is reportedly still an ongoing problem because US refineries are now close to their processing limits due to being designed originally to process heavier types of oil. Meanwhile a slowdown in other US shale basins is hitting the bottom line of service providers to the sector. A case in point is Schlumberger, which announced last week that its Q1 profits were down by 20% y/y due primarily to a general slowing of drilling and hydraulic fracturing activity in North America. This situation has been highlighted in our previous commentaries and caused in large part by the relatively poor financial performance by many shale firms over the past few years.

Terror Attack Foiled In Saudi Arabia.

Saudi Arabia's security forces reportedly foiled an attack by four 'daesh' militants on an Interior Ministry building outside of Riyadh yesterday. "The security authorities in the Presidency managed to thwart the terrorist act targeting the center of investigations and dealt with them as required by the situation," an official was quoted as saying by SPA the

Glenn Wepener

Executive Director & Geopolitical Analyst,
Middle East & Africa

Please click [here](#) to view our recent publications on MENA and Global Markets

the state-run media outlet. All four attackers who were armed with automatic weapons and explosives were killed.

UAE & KSA To Provide US\$3 Bio Aid Package To Sudan.

Saudi Arabia and the UAE have agreed to provide a US\$3 bio aid package to Sudan with US\$500 mio of this amount due to be placed on deposit at the African country's central bank in order to stabilize the local currency. The balance will be used to help supply Sudan with food, medicine and petroleum products according to a 'Gulf News' report.

Kuwait Plans To Introduce VAT in 2021/22.

An economic report published recently by Kuwait's Ministry of Finance has apparently suggested that VAT will be implemented by the Gulf state at the start of the 2021/22 fiscal year according to an article on the 'Arab Times Online' website. Although it adds that a duty on tobacco and soft drinks could be initiated a year earlier.

S&P Affirms Oman Ratings With Negative Outlook.

S&P has affirmed its BB/B long and short-term ratings on Oman but revised its outlook from stable to negative. "The negative outlook reflects our expectation that we could lower our ratings on Oman over the next 12 months if we view the government as unable to moderate external debt accumulation related to still-sizable fiscal deficits, which we expect will continue to increase through 2022", a statement issued by the ratings agency read.

Shell Sells Refinery Stake To Aramco.

Royal Dutch Shell has agreed to sell its 50% stake in SASREF, one of the world's largest refineries, to its JV partner in the facility, Saudi Aramco, for over US\$600 mio according to a recent Reuters report. SASREF, which is situated in the Kingdom's Jubail City complex, currently processes around 300,000 bpd.

Oman LNG Settles Its Debt Early.

Oman Liquefied Natural Gas announced yesterday that it has settled its entire US\$ 2 bio of debt obligation in advance of the maturity date. "The early repayment of the loan by Oman LNG demonstrates the financial robustness of the company and confidence in the oil and gas industry and Omani economy at large. The oil and gas industry provides a great investment opportunity like other sectors of the Omani economy," the company's chairman, Dr Mohammed al Rumhy, was quoted as saying by the 'Times of Oman' newspaper.

Tunisia Sees Tourist Numbers Rise.

The number of foreign tourists visiting Tunisia rose by 17% y/y to 592,000 during the first quarter of this year according to the latest data released by the country's Ministry of Tourism. This important sector is a key employer and contributes over 8% towards Tunisia's GDP.

Rhode & Schwarz Win Transmission Contract In Egypt.

Germany's Rhodes & Schwarz has been awarded a contract by Egypt's National Media Authority, to install THU9 transmitters and link them to the country's DVB-T2 network.

Marie Tecnimont SPA Seals Refinery Contract In Nigeria.

Tecnimont SPA has won an engineering services contract linked to a refinery rehabilitation project at the Port Harcourt refining complex in Nigeria.

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	1/3	4/7	6/11	13/18	22/32	30/40	90/110
USD/SAR	3.7500/02	Par/+3	3/8	4/9	10/15	22/32	45/55	150/180
USD/QAR	3.6590/6605	-6/-1	-8/-2	-10/-3	-15/-5	-18/-8	-20/-10	-50/Par
USD/KWD	0.30415/425	1/6	5/10	7/17	12/22	20/35	25/40	20/50
USD/OMR	0.38499/502	15/25	30/50	50/70	110/140	175/225	270/320	650/750
USD/BHD	0.37706/12	-5/+5	-5/+5	Par/+15	05/35	30/60	50/100	175/275
USD/MAD	9.6100/6300	50/150	150/350	300/700	900/1400	1600/2600	2000/2500	4000/7000
USD/EGP NDF	17.20	17.26/17.31	17.37/17.42	17.48/17.53	17.85/17.90	18.30/18.35	18.80/18.85	-
USD/IOD	0.7078/88	40/90	60/160	125/225	200/400	250/550	375/675	500/1500
USD/NGN NDF	360.34	361.30/362.30	362.75/364.25	364.50/366.00	370.00/372.50	376.75/378.75	384.50/387.50	(NAFEX)
USD/GHS NDF	5.1300	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	3.0000/3.0600	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil		Futures						
WTI	65.50							
Brent	74.00							

** (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	+24/30	+34/40	+45/51	+57/63	+68/74	+80/86	+109/115
SAR SPREAD	+30/36	+36/42	+42/48	+49/55	+56/62	+65/71	+74/80	+105/111

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

AND FINALLY...

"Peace is costly but is worth the expense" - Kenyan proverb

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

Please click [here](#) to view our recent publications on MENA and Global Markets

Disclaimer: To the fullest extent allowed by applicable laws and regulations, First Abu Dhabi Bank (the "Bank") and any other affiliate or subsidiary of the Bank, expressly disclaim all warranties and representations in respect of this communication. The content is confidential and is provided for your information purposes only on an "as is" and "as available" basis and no liability is accepted for or representation is made by the Bank in respect of the quality, completeness or accuracy of the information and the Bank has undertaken no independent verification in relation thereto nor is it under any duty to do so whether prepared in part or in full by the Bank or any third party. Furthermore, the Bank shall be under no obligation to provide you with any change or update in relation to said content. It is not intended for distribution to private investors or private clients and is not intended to be relied upon as advice; whether financial, legal, tax or otherwise. To the extent that you deem necessary to obtain such advice, you should consult with your independent advisors. Any content has been prepared by personnel of the Global Markets division at the Bank and does not reflect the views of the Bank as a whole or other personnel of the Bank.

The Bank processes your personal data to provide you with information or promotional and advertising communications on products, services, other events and campaigns. If you wish not to receive email from the Market Insights team at the Bank, please [click](#) here to send us your request to unsubscribe, and you shall no longer receive such information.

You are entitled according to the applicable laws to exercise your rights to access, to rectification, to erasure and to portability of your personal data, to restrict the use of and to object to the processing of your personal data. You may exercise your aforesaid rights by sending your request to FAB at the following address: privacy@bankfab.com.