

Market Insights & Strategy

Global Markets

26th April 2019

MIDDLE EAST & AFRICAN MONITOR

- **Venezuela's Oil Output Declines Further.**
- **Wall Street Is 'Looking For Opportunities' In KSA – Fin Min.**
- **UAE Vice President's Visit To China Highlights Growing Ties.**
- **Iraq Likely To Become A Major Energy Producer Again.**
- **Head Of Algeria's State Oil Company Replaced.**
- **Egypt Extends State Of Emergency For 3 Months.**
- **KSA Conducts First 30Y Islamic Bond Issuance In SAR.**
- **Saudi Arabia May Ease Foreign Ownership Laws.**
- **Morocco's FX Reserves Dip.**
- **New Fund Sets Up At ADGM.**
- **McDermott Wins Petrochemical Contract In Kuwait.**

REGIONAL COMMENTARY

Venezuela's Oil Output Declines Further.

Venezuela's crude production has crashed below 1 mio bpd over the past few months with only 732,000 bpd pumped in March. The LATAM country's ongoing social and economic meltdown, especially the rising number of chronic blackouts, is devastating the domestic oil industry. This situation, along with the Libyan conflict and the termination of US sanctions waivers on eight of Iran's key export destinations continues to give oxygen to crude prices, although Brent appears to be struggling somewhat to make further gains past US\$75 at the moment due to growing suggestions that key members of the OPEC+ grouping, such as Saudi Arabia and Russia, will start to increase their output levels again should prices test US\$80.

Wall Street Is 'Looking For Opportunities' In KSA – Fin Min.

Saudi Arabia's Finance Minister, Mohammed al Jadaan, stated yesterday that a large number of foreign investors were preparing to commit billions of dollars towards opportunities in the Kingdom. "Money is looking for opportunities. We have mega projects being built around the kingdom, infrastructure is being built, health care demand is increasing, and hospitality is significantly increasing. We have heard from top international investors and they are committing billions. We are not talking about a little money in the years to come," the minister was quoted as saying by CNBC. His comments follow the success of an international finance conference held in Riyadh this week and which was attended by the CEOs of many global investment houses including, JP Morgan, Morgan Stanley, HSBC and Blackrock. Meanwhile Saudi Arabia has reported a SAR27.80 bio budget surplus for the first quarter of this year for the first time in 5 years, driven in part by an increase in revenues generated by the non-oil sector, VAT and a reduction in subsidies.

UAE Vice President's Visit To China Highlights Growing Ties.

The Vice President of the UAE and Ruler of Dubai, Mohammad bin Rashid al Maktoum, is leading a high level delegation currently conducting an official visit to China this week. "China is a great country

Glenn Wepener

Executive Director & Geopolitical Analyst,
Middle East & Africa

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

with one of the world's oldest civilizations. It has been our main commercial partner over the last five years, and we aim to increase the value of commercial exchange between the two countries to US\$70 billion by 2020. Our partnership supports the development efforts of both countries, and creates new growth opportunities. The strong mutual will to expand collaboration provides a strong basis for the realization of our future joint strategic objectives," Sheikh Mohammad was quoted as saying by 'Gulf News' yesterday, adding that "We have many areas of political and economic agreement and a solid base of projects in the energy, technology sectors," and that there was "a strong political will to start a greater phase of cooperation and integration." Around 60% of Chinese exports to the MENA region enter via the UAE, while China is now the UAE's second largest trading partner.

Iraq Likely To Become A Major Energy Producer Again.

Iraq's Oil Minister, Thamer Ghadhban, claimed yesterday that his country now had the capacity to raise its crude oil output to 6 mio bpd if required, although adding that any increase would only be done in coordination with the other signatories to the OPEC+ output agreement. "We have a huge capacity to increase our oil production, but it is important to keep the market stable and remove the surplus of oil in the market," he was quoted as saying by the 'Xinhua' media outlet. He also announced that senior officials from Baghdad were preparing to meet with their counterparts in the country's semi-autonomous Kurdistan region soon, in order to discuss the federal budget, oil related exports and the possibility of increasing production capacity at the Kirkuk oil fields. Meanwhile gas is another area of potential economic opportunity for Iraq, and this was highlighted within a recent Rystad Energy study which suggested that the number of new gas developments in the country could overtake oil projects by next year, boosting Iraq's gas output to 3 billion cfd by 2022 from around 1 billion cfd last year.

Head Of Algeria's State Oil Company Replaced.

Algeria's caretaker President, Abdelkader Bensalah, has reportedly replaced the CEO of Sonatrach with the current head of the company's production and exploration division, Rachid Hachichi. Oil and gas accounts for over 90% of the North African country's exports and as such any changes at Sonatrach are closely watched, especially during this time of domestic political flux. "Sonatrach is the locomotive of the national economy. One of our objectives is to boost production and exports," Hachichi was quoted as saying by Reuters soon after his promotion. His predecessor, Abdelmoumene Ould Kaddour, had been the firm's CEO since 2017 and was allegedly close to the ex- President Abdelaziz Bouteflika.

Egypt Extends State Of Emergency For 3 Months.

Egypt's nationwide state of emergency was extended by three months yesterday. The current decree was first enacted by President Sisi in 2017 following the bombing of two churches in the north of the country. "This decision allows security forces to take measures necessary to confront the dangers and funding of terrorism and safeguard security in all parts of the country," the order, which was published in the government's official gazette read. The announcement also follows the recent terror attacks in Sri Lanka.

KSA Conducts First 30Y Islamic Bond Issuance In SAR.

Saudi Arabia's Finance Ministry issued a total of SAR 11.61 bio via its monthly domestic SUKUK issuance yesterday. The amount was spread between 5Y, 10Y and 15Y bonds but also included SAR 9.24 bio in 30Y, the first time such a long tenor was offered. In a statement published by the state-run press agency SPA, the ministry said that the new tenor was aimed at supporting long-term financing pricing in the Kingdom and is "expected to be a reference point to price mortgage and savings products by having it as a risk-free point on which price models are based on."

Saudi Arabia May Ease Foreign Ownership Laws.

Saudi Arabia is considering lifting its 49% ownership cap on foreign strategic investors, according to the head of the country's Capital Markets Authority, Mohammed al Kuwaiz, the 'Saudi Gazette' newspaper reported yesterday. Meanwhile the CEO of the Saudi Stock Exchange, Khalid al Hussan, said that he expected the volume of foreign participation in local equities to triple within the next 3 years. "Since we opened up the market, we wanted to make sure we have enough companies, diversified sectors and industries. We are ready for the Aramco IPO, but as they change their plans, it gives more time for the exchange to develop," Hussan was quoted as saying by Bloomberg on Wednesday. Foreigners have reportedly been net buyers of around US\$4.3 bio worth of Saudi listed stocks thus far this year.

Morocco's FX Reserves Dip.

Morocco's international reserves fell by 1.80 % y/y to US\$23.40 bio this month, according to the latest data released by the Central Bank.

New Fund Sets Up At ADGM.

'Abu Dhabi Catalyst Partners' a newly established fund with an initial US\$1 bio under management, has set up home within the Abu Dhabi Global Markets financial centre. The new fund is backed by Mubadala Investment Company and will look for opportunities both regionally and overseas according to the 'Gulf Today' website.

McDermott Wins Petrochemical Contract In Kuwait.

US based McDermott International has been awarded a contract to provide the basic engineering, technology license and catalyst for an integrated low pressure recovery and olefins conversion technology unit at Kuwait Petroleum's petrochemical refinery integration project in Al Zour.

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	1/3	4/7	6/11	10/15	20/30	30/40	90/110
USD/SAR	3.7500/02	Par/+3	3/8	4/9	10/15	20/30	38/48	140/170
USD/QAR	3.6590/6600	-14/-7	-17/-10	-20/-10	-25/-15	-30/-20	-40/-25	-70/-20
USD/KWD	0.30440/450	6/11	8/18	10/20	20/35	25/40	30/60	40/70
USD/OMR	0.38499/502	15/25	30/45	50/70	110/140	170/220	260/310	650/750
USD/BHD	0.37698/703	2/7	Par/+10	Par/+15	05/35	30/60	60/90	150/250
USD/MAD	9.6520/6720	60/160	150/350	300/700	900/1400	1600/2600	2000/3000	3500/6500
USD/EGP NDF	17.23	17.30/17.36	17.45/17.51	17.60/17.66	18.04/18.10	18.50/18.56	18.99/19.05	-
USD/IOD	0.7080/85	45/95	80/180	160/260	300/500	350/650	425/725	500/1500
USD/NGN NDF	360.33	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	5.18/5.23	5.24/5.29	5.39/5.49	5.59/5.69	5.79/5.89	-
USD/TND	2.9800/3.0200	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil		Futures						
WTI	64.10							
Brent	73.50							

** (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	+23/29	+33/39	+44/50	+56/62	+67/73	+78/84	+108/114
SAR SPREAD	+29/35	+34/40	+39/45	+44/50	+49/55	+57/63	+66/72	+94/100

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

AND FINALLY...

Did you know that Abu Dhabi means 'Father of the Gazelle' in English ?

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.