

Market Insights & Strategy

Global Markets

16th August 2019

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Iran Calls On Foreign Forces To 'Leave The Region' – Tanker Crew Face US Visa Ban.

In an apparent response to recent US moves aimed at organizing an international maritime coalition, which would be responsible for protecting vessels sailing through the strategically important Strait of Hormuz, the head of Iran's Navy, Rear Admiral Hossein Khanzadi, warned yesterday that foreign forces, including the US and the UK, should rather leave the Gulf immediately. *"Enemies of the region should know that the era of plundering the region's wealth is over. The looters should thus leave the region as soon as possible, otherwise a humiliating withdrawal awaits them,"* Khanzadi was quoted as saying by the 'Sputnik' media outlet yesterday. His comments follow those made by President Rouhani who claimed earlier this week that; *"There is no need to attract foreign forces in order to maintain security in the Gulf."* Meanwhile the US State Department is reportedly planning to institute a visa ban on the crew members of an Iranian Supertanker, the Grace I, which had been detained by the Gibraltar authorities for attempting to breach EU sanctions on Syria. *"The United States assesses that the M/T Grace I was assisting the Islamic Revolutionary Guard Corps by transporting oil from Iran to Syria. This could result in serious consequences for any individuals associated with the Grace I. The IRGC has been designated a Foreign Terrorist Organization by the United States. Crewmembers of vessels assisting the IRGC by transporting oil from Iran may be ineligible for visas or admission to the United States under the terrorism-related inadmissibility grounds in Section 212(a)(3)(B) of the Immigration and Nationality Act. The maritime community should be aware that the U.S. government intends to revoke visas held by members of such crews. In the case of the M/T Grace I, we will continue to act consistent with our existing policies concerning those who provide material support to the IRGC,"* a State Department press statement read and which you can access in full [here](#). The tanker was given permission to leave by a Gibraltar court yesterday on condition that it did not try to reach Syria again, however it has not yet been officially confirmed if the vessel (which has also apparently been renamed the 'Adrian Darya') has left the port.

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Completion Of Major Oil Refinery In Nigeria Is Delayed.

The completion date for Africa's largest oil refinery (which is currently being constructed by Dangote in Lagos), has been pushed forward to the end of next year according to recent statement by the company. Dangote officials were quoted by Reuters blaming the delay on problems surrounding the importation of equipment and key building materials such as steel. Despite being Africa's primary oil producer Nigeria still has to import almost all of its refined product needs like petrol, but once operational the new refinery will be able to process up to 650,000bpd of crude and thus significantly reduce the country's fuel import bill.

Egypt's Gas Production Jumps.

Egypt's Al Zohr gas field, which is the largest in the Mediterranean and was only discovered in 2015, produced 11.30 bio cubic meters of gas during the first half of this year according to a recent report by Rosneft which holds a 30% stake in the field. This is a more than three-fold increase in Al Zohr's output compared to the same period of 2018, and is expected to rise further over the next 6 months. The other stakeholders in the field are, ENI (50%), Mubadala Petroleum (10%) and BP (10%). Al Zohr and other gas discoveries have completely transformed Egypt's energy situation in just a few short years and the country is now in a position to become a key regional gas exporter and trading hub.

Tunisia Prepares For Presidential Election.

Tunisia's electoral commission has approved a list of 26 candidates to stand in next month's presidential election. The list includes the Prime Minister and leader of the 'Tahya Tounes' party, Youssef Chahed, the Defence Minister, Abdelkarim Zbidi, former Tourism Minister, Salma Loumi and the deputy-head of the 'Ennahda party', Abdel Fattah Mourou. Over 100 people had initially applied to stand in the poll which will be conducted on the 15th of September 2019.

Lebanon's CDS Continues To Rise.

The five-year CDS on Lebanon pushed above 1000 bps this week and currently sits around 1075, according to the latest reference level published on Bloomberg this morning. Its recent rise was driven in part by President Aoun's comments late last week which appeared to suggest, that the government may be forced to go to the IMF if its reform effort fails. *"Interim sacrifice is needed on part of all the Lebanese with no exception in order for the rescue process to succeed. If we do not all make a sacrifice today and accept to waive some of our benefits, we are running the risk of losing them all, when our country comes to the table of international lending institutions, with all the tough economic and financial schemes that they may impose on us,"* Aoun was quoted as saying by Reuters.

21 Fund Managers In Ghana Under Scrutiny.

Twenty-one investment firms and fund managers have reportedly been banned from accepting any new money by the country's regulator as it conducts a forensic audit of these institutions, according to a Bloomberg report published earlier today. The country's Securities & Exchange Commission is apparently investigating allegations that some of these funds may have violated market rules by placing their clients cash into illiquid assets. The Bloomberg article also claims that investors who sought to withdraw funds from the firms have found their money is unavailable, tied up in unlisted bonds, direct private equity stakes and other deals with SMEs.

Bahrain Set To Purchase Patriot Air Defence System.

Bahrain has reportedly signed a letter of offer and acceptance agreement with the US Defence Department for the potential purchase of the latest Patriot Integrated Air & Missile Defense System which is manufactured by Raytheon. This system *"will ensure the Kingdom of Bahrain is well equipped to defend against ballistic missiles, cruise missiles, and manned and unmanned aircraft,"* the President of Raytheon, Ralph Acaba, was quoted as saying by the 'Defense News' website. If the contract is concluded then Bahrain would become the 17th country to have such a platform.

Oman's First Wind Farm Nears Completion.

Oman's first wind farm, which is situated in Dhofar and was financed by the Abu Dhabi Fund for Development (ADFD), has been connected to the national grid and all 13 turbines are expected to have been installed by the end of next month. A project consortium led by Masdar, and assisted by GE Renewable Energy and TSK, have been responsible for building the facility which will be able to generate up to 50MW of

electricity. “ADFD recognized early on the importance of funding renewable energy projects in driving the objectives of the United Nations’ Sustainable Development Goals. To advance sustainable energy solutions worldwide, ADFD has, since its inception, partnered with regional and international stakeholders, contributing to the production of about 2,584MW of renewable energy in different countries,” the Director General of the ADFD, Mohammed Saif Al Suwaidi, was quoted as saying by the ‘Middle East Business Chief’ website.

Hyundai Wins Bridge Contract In Kuwait.

South Korea’s Hyundai has been awarded a five-year US\$160 mio contract to operate and maintain the ‘Jaber Al Ahmed bridge’ which was inaugurated in May this year and stretches over 48km across Kuwait Bay.

India Amends Visa Regime For UAE Nationals.

India has begun issuing five-year multiple entry business and tourist visas for UAE citizens, according to the Indian ambassador to the Emirates. “The new biometric system for visa applicants and the introduction of five years’ multiple entry tourist and business visas for the UAE citizens are aimed at further strengthening trade and investment and people-to-people links between the two countries,” the ambassador was quoted as saying yesterday by the ‘Gulf News’ website.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	3/6	8/13	14/19	28/38	42/52	60/70	130/160
USD/SAR	3.7509/12	-5/Par	-5/Par	-3/+2	5/15	22/32	55/65	225/255
USD/KWD	0.30420/440	12/22	15/30	25/40	38/53	48/68	70/90	100/150
USD/OMR	0.38497/502	15/25	30/50	55/70	120/150	200/250	300/350	700/800
USD/BHD	0.37700/703	5/10	5/15	12/27	30/50	52/72	80/110	250/350
USD/MAD	9.6200/6300	60/160	150/350	300/700	900/1400	1600/2600	2000/3000	3500/6500
USD/EGP NDF	16.59	16.84/89	17.03/17.08	17.21/17.26	17.67/17.72	18.15/18.20	18.61/18.66	-
USD/JOD	0.7078/83	35/85	50/150	100/200	225/425	300/500	450/700	700/1700
USD/NGN NDF	362.78	364.50/365.50	366.20/367.20	369.20/370.70	377.00/380.00	386.00/389.00	394.00/399.00	(NAFEX)
USD/GHS NDF	5.4260	5.45/5.49	5.51/5.56	5.59/5.64	5.79/5.89	5.99/6.09	6.18/6.33	-
USD/TND	2.8400/8600	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil		Futures						
WTI	55.15							
Brent	58.90							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+29/35	+32/38	+44/50	+56/62	+69/75	+81/87	+91/97	+119/125
SAR SPREAD	+35/41	+43/49	+49/55	+55/61	+63/69	+72/78	+81/87	+113/119

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

EQUITY MARKETS

				Equity Price Moves				ATM Implied Vols		
Market	Underlying	BBG ticker	Spot	1day %	wtd %	mtd %	ytd %	3 mth	6 mth	1 Yr
Dubai	Index	DFMGI	2,795.76	(1.27)	(1.49)	(4.20)	10.52	19.7%	20.1%	20.4%
Abu Dhabi	Index	ADSMI	5,054.66	0.02	(0.83)	(4.95)	2.84	18.7%	19.0%	19.0%
KSA	Index	M1SAP	1,265.21	(0.01)	0.00	(2.06)	11.67	22.8%	21.3%	20.2%
Dubai	Equity	EMAAR	5.17	(1.90)	(2.45)	(6.51)	25.18	30.6%	31.0%	31.2%
Dubai	Equity	EMIRATES	11.60	(0.85)	(0.85)	(2.52)	30.48	26.4%	27.1%	28.0%
Abu Dhabi	Equity	ADCB	8.31	(1.66)	(1.42)	(7.67)	1.84	27.9%	28.5%	29.4%
Abu Dhabi	Equity	ETISALAT	16.10	0.00	(1.11)	(6.61)	(5.18)	17.4%	17.5%	18.2%
KSA	Equity	SABIC	104.00	(0.38)	0.00	(3.17)	(10.50)	21.5%	21.7%	22.7%
KSA	Equity	RJHI	67.20	0.30	0.00	(2.33)	18.15	22.0%	22.3%	23.0%

AND FINALLY...

Did you know that coffee was originally chewed not drank? According to historians, the first African tribes to consume coffee did so by grinding the berries together, adding in some animal fat, and rolling it all into tiny edible balls.

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