

## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **India's Oil Imports From Iran Drop Sharply In January.**

Iranian crude exports to India fell by 45% y/y to 270,500 bpd last month according to the latest data published by Refinitiv. Under renewed US sanctions, and in terms of the temporary waiver agreement, India is limited to purchasing a maximum of 1.25 mio tonnes of Iranian oil per month. Meanwhile the Indian Oil Corporation has reportedly signed an agreement to buy up to 3 million tonnes of oil from the US during the fiscal year beginning 1st of April 2019.

#### **Saudi Arabia Is A "Powerful Ally" – Chinese Ambassador.**

China's ambassador to Saudi Arabia has described the relationship between his country and the Kingdom as "friendly" and "strategic" especially when it comes to Beijing's 'belt & road' project. "Saudi Arabia is a very important country that has a big impact, whether in the region or world. We consider the Kingdom to be a powerful ally in building China's Belt and Road initiative and linking it with the Saudi Vision 2030, while preserving the stability and development of the region and the world," Ambassador Li Huaxin was quoted as saying by the Arab News media outlet yesterday. Crown Prince Mohammed bin Salman, accompanied by a retinue of Saudi officials and business leaders, arrived in Beijing yesterday on the final leg of his Asian tour. Commenting on the Crown Prince's visit, China's state-owned 'Global Times' newspaper said in an editorial published this morning that, "A main target of Saudi Vision 2030 is to make the country less reliant on oil exports. The target can be coordinated with China's BRI. Countries in the Middle East welcome the BRI as it benefits the region's long-term economic and social development. China won't be a geopolitical player in the Middle East, it has no enemies and can cooperate with all countries in the region. China's increasing influence in the Middle East comes from pure friendly cooperation and such a partnership will be welcomed by more countries in the Middle East." You can read the full GT article [here](#).

#### **US To Retain Some Troop Presence In Syria.**

The US administration announced today that it had decided to leave around two hundred military personnel in Syria following the completion of its planned pullout of troops from the north of the country this year. US Senator Lindsey Graham, who is a member of the Senate's powerful Armed Services Committee, has welcomed the news saying; "With this decision, President Trump has decided...

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**Glenn Wepener**  
 Executive Director & Geopolitical  
 Analyst, Middle East & Africa

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to follow sound military advice. This decision will ensure that we will not repeat the mistakes of Iraq in Syria. For a small fraction of the forces we have had in Syria, we can accomplish our national security objectives." Just last week the German Chancellor, Angela Merkel, had publically criticized the White House's original withdrawal plan stating, "Is it a good thing to immediately remove American troops from Syria, or will it not strengthen Russia and Iran's hand?".

#### **Kenya's Debt Load Is Approaching "Unsustainable" Levels – Budget Controller.**

An official from Kenya's Budget Controller's Office has warned that the country's debt repayments for the 2019/20 financial year would eat up over 60% of overall tax revenues. "With KES 1.1 trillion going into servicing debt, it will leave Treasury with less than KES 700 billion for expenditure which is unsustainable. Senate should ask the Exchequer to rethink its fiscal policy to avert a crisis," Joshua Musimi was quoted as saying by the 'Business Daily Africa' website, adding that "We feel that the debt is getting into unsustainable levels. However, any time we challenge Treasury about the debt burden they give us indicators to show that we are safe. Our debt situation has hit the roof, meaning, for every KES 100 the government will collect next year, 60% will go towards debt payments."

#### **Nigeria Seeks US\$20 Bio In Back Taxes From Oil Firms.**

The Nigerian government is reportedly looking to claw back around US\$20 bio in outstanding taxes allegedly owed by various international oil companies operating in the West African country. According to a recent Reuters article, letters demanding payment of between US\$2.5 – 5.0 bio were sent to a number of firms including Equinor, Shell, Chevron and ENI. "Several operators have received similar claims in a case between the authorities in Nigeria and local authorities in parts of the country," a spokesperson for Equinor was quoted as saying, although adding that the Norwegian company saw "no merit to the case."

#### **Oman To Slash Its Offshore Borrowing Requirements.**

Demand for Omani paper jumped and yields fell this week after the government unveiled a plan to markedly reduce its borrowing via international bond sales and focus rather on bridging its funding gap via asset sales, a World Bank facility and some local borrowing. Oman is currently rated at Baa3 (Moody's), BB (S&P) and BB+ by FITCH.

#### **ADNOC Is One Of World's Highest Rated Oil Companies.**

FITCH ratings agency this week assigned an AA+ standalone credit rating on Abu Dhabi National Oil Company citing the UAE based firm's "high upstream output coupled with low production costs, significant reserves, downstream integration and a conservative financial profile." ADNOC's rating compares very favourably with major international rivals such as Royal Dutch Shell and Total which are both currently rated at AA- by FITCH.

#### **Aramco Seals US\$10 Bio Chinese Refinery Deal.**

Saudi Aramco has signed a joint-venture agreement with Norinco to establish a US\$10 bio refinery and petrochemical facility in Panjin China. Aramco will supply the bulk of crude feedstock for the complex, which is expected to begin operating in 2024 according to a Reuters report.

#### **Tunisia's CA Deficit Reaches 11.20% Of GDP.**

Tunisia's Central Bank Governor revealed earlier this week that Tunisia's current account deficit hit a record 11.20% of GDP last year.

#### **Wood Group Wins FEED Contract In UAE.**

The UK based Wood Group has been awarded a pre-FEED contract on ADNOC's new 600,000 bpd refinery at Ruwais.

## FX/RATES & CRUDE MARKETS:

Indication Levels Only – Please Contact us on Reuters Dealing Codes FAB/FABU for any live pricing and/or information.

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6730/31	1/3	3/5	5/8	10/20	15/25	32/42	90/120
USD/SAR	3.7503/05	1/4	2/7	3/8	13/23	35/45	60/75	180/230
USD/QAR	3.6540/60	-7/-2	-10/Par	-12/-2	-15/-5	-15/-5	-15/-5	-50/+50
USD/KWD	0.30365/375	2/7	4/14	5/15	15/30	20/40	35/55	Par/+100
USD/OMR	0.38497/500	5/15	20/40	45/65	110/160	200/250	310/360	775/875
USD/BHD	0.37699/704	10/20	20/40	30/50	70/100	110/160	150/200	380/480
USD/MAD	9.5400/5600	50/150	150/350	300/700	900/1400	1600/2600	2000/2500	4000/7000
USD/EGP NDF	17.5300	17.60/17.65	17.73/17.78	17.86/17.92	18.30/18.35	18.80/18.85	19.30/19.35	-
USD/JOD	0.7088/7098	40/90	50/150	100/200	175/375	250/550	350/650	500/1500
USD/NGN NDF	361.50	364.00/365.50	366.25/367.75	369.50/370.50	377.50/380.50	386.00/391.00	395.00/400.00	(NAFEX)
USD/GHS NDF	5.4800	5.45/5.50	5.54/5.59	5.60/5.65	5.83/5.93	5.98/6.08	6.21/6.31	-
USD/TND	3.0600/0900	500/1000	1000/2000	1300/2300	2500/4000	3000/4500	3500/5500	5000/7500
Crude Oil	Futures							
WTI	57.50							
Brent	67.60							

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

## AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+18/24	+24/30	+35/41	+46/52	+56/62	+66/72	+75/81	+106/112
SAR SPREAD	+31/37	+42/48	+52/58	+61/67	+70/76	+81/87	+92/98	+123/129

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

## AND FINALLY...

Did you know that one of the most popular cold drinks consumed in Egypt is sugarcane juice? The sugar cane plant was first introduced to the country in 710AD

**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](mailto:GlennMaurice.Wepener@bankfab.com)

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