

Market Insights & Strategy

Global Markets

10th July 2019



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REGIONAL COMMENTARY

API Report Suggests Large Oil Inventory Draw.

The latest API report suggests an oil inventory draw in the US of 8.12 mio barrels last week compared to predictions of around 3 mio. This has given a small fillip to the crude price today but we await the EIA's number out later today to confirm this estimate. Meanwhile a major blackout hit Venezuela's largest refineries on Sunday forcing the Paraguana facility to temporarily halt its operations. *"Access to both refineries has been closed and they have been taken over by the National Guard and officials of the SEBIN intelligence service, whilst some workers have been detained,"* a government official was quoted as saying by the 'ChanelNewsAsia' media outlet. Paraguana used to refine over 900,000bpd but in recent years such output has dropped to an estimated 80,000bpd due to the country's ongoing economic crises.

Iraq Seeks New Transit Routes For Its Crude Exports.

Iraq's Prime Minister, Adel Abdul Mahdi, said this morning that any disruption to the transit of vessels through the Strait of Hormuz would be a *"major obstacle"* to his country's crude exports. *"Iraq has too few export outlets. Right now, most of the Iraqi oil exports are being done through southern terminals, we need to diversify our export outlets,"* he was quoted as saying by the 'Al Arabiya' network. His country is currently doing a feasibility study on the construction of an oil pipeline from its southern oilfields to the Aqaba port in Jordan.

US Gas Exports To China Slump In Q2 As Trade War Drags On.

US LNG exports to China fell to zero during April-June 2019, according to the 'Hellenic Shipping' news site, as the ongoing trade dispute and a hike in Chinese tariffs on such imports from the USA saw the world's second largest buyer of such gas (Japan is number one) switch to other suppliers such as Australia. Asia as a whole accounts for 75% of global LNG imports.

US Puts Two Lebanese MPs On Sanctions List.

The US Treasury Department has blacklisted two Lebanese MPs who are also members of Hezbollah. *"Hezbollah uses its operatives in*

Lebanon's parliament to manipulate institutions in support of the terrorist group's financial and security interests, and to bolster Iran's malign activities. Hezbollah threatens the economic stability and security of Lebanon and the wider region, all at a cost to the Lebanese people. The United States will continue to support efforts of the Lebanese government to protect its institutions from exploitation by Iran and its terrorist proxies, and to secure a more peaceful and prosperous future for Lebanon," a statement by the Under Secretary for Terrorism and Financial Intelligence at the US Treasury read. You can access the full official statement [here](#).

Power Sharing Deal Reached In Sudan.

A preliminary power sharing deal (brokered by the African Union) was struck between Sudan's military led administration and opposition leaders last Friday. The details of the agreement, which is due to be finalized this week, are as follows: An interim 'council' will be set up and consist of five military representatives and six civilians. This new council will be chaired by a military leader for the first 21 months, and then a civilian head would take over for a further 18 month period. After that a national election will be held. The deal has been cautiously welcomed by the international community but it remains fragile and the transitional administration will face an enormous challenge in rebooting the country's extremely weak economy.

Morocco Revises Its Economic Growth Forecast.

The Moroccan government has cut its GDP growth forecast for this year to 2.70% from its initial expectations of 2.90% due to a deterioration in agricultural output linked to a severe drought. The agricultural sector employs 40% of the country's workforce and contributes up to 15% of GDP.

Egypt's CPI Rate Dips Below 10%.

Urban consumer price inflation in Egypt fell to 9.40% y/y last month from 14.10% in May according to the country's national statistics agency. This was a much sharper dip than expected although the impact of July's rise in fuel prices is obviously still to be felt.

BBK Raises US\$500 Mio Via Bond Issuance.

The Bank of Bahrain and Kuwait recently conducted a successful US\$500 mio five-year bond issuance which had a 5.50% coupon.

Saudi Aramco Awards US\$18 Bio In New Oil & Gas Contracts.

Saudi Aramco announced 34 contracts worth a combined total of US\$18 bio and are aimed at expanding its oil and gas capacity at two offshore fields. The 16 winners of these contracts are made up of local and international firms and involve the engineering, procurement and construction of new facilities at the Majran and Berri offshore fields in order to expand their current crude oil production by 550,000 bpd and their gas output by 2.5 bio cubic feet per day. *"These two programs will significantly enhance Saudi Aramco's oil production and gas processing capabilities, both strengthening our position as the leading integrated energy supplier and meeting growing long-term demand for petroleum,"* Aramco's CEO, Amin Nasser was quoted as saying yesterday by the 'Arab News' media outlet, adding that, *"These investments will support our continued focus on employing best-in-class technologies, well completion, and reservoir management practices. It will enable Saudi Aramco to further reduce the carbon intensity of our crude oils, supporting our strategy of reducing emissions while providing energy to those who need it."*

ADGM To Host Digital Banks.

Abu Dhabi's financial free-zone, ADGM, announced today that it will begin accepting applications by local and international financial institutions who are seeking to establish a digital banking presence in MENA region. The zone's regulator (FRSA) will require each potential digital entity to have a minimum capital requirement of US\$10 mio, robust governance structures, compliance and risk management policies, IT security measures and mandatory senior management appointments. *"Firms looking to deploy innovative solutions in the payment space, such as e-wallets, tokens, and stored value card, can consider other form of licences that will attract a lower regulatory and capital burden than a full digital banking licence,"* the FRSA was quoted as saying by the UAE's 'National' newspaper.

ADIA To Acquire 30% Stake In D&G.

The UK based Domestic & General Group Limited announced earlier today that the Abu Dhabi Investment Authority will purchase a 30% stake in the insurance company from CVC Capital Partners according to a Bloomberg report.

Hyundai Seals US\$2.7 Bio KSA Contract.

South Korea's Hyundai Engineering and Construction company has won a US\$2.7 bio contract to build a new oil and gas plant in Saudi Arabia.

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	2/5	5/10	10/15	20/30	40/50	50/65	110/140
USD/SAR	3.7504/07	-4/+1	-2/+3	Par/+7	10/20	30/45	55/70	200/250
USD/QAR	3.6580/90	-25/-20	-45/-35	-55/-40	-70/-55	-80/-60	-90/-70	-110/-60
USD/KWD	0.30445/455	-1/+2	2/7	8/13	15/30	25/45	35/65	50/150
USD/OMR	0.3849/502	15/25	30/50	60/80	135/165	230/280	350/400	780/880
USD/BHD	0.37699/702	3/8	7/17	15/30	40/60	60/90	90/120	300/400
USD/MAD	9.5600/5900	60/160	150/350	300/700	900/1400	1600/2600	2000/3000	3500/6500
USD/EGP NDF	16.61	16.74/16.79	16.87/16.92	17.06/17.11	17.47/17.52	17.95/18.00	18.40/18.45	-
USD/IOD	0.7086/91	30/80	50/150	80/180	200/400	300/500	400/600	700/1700
USD/NGN NDF	360.49	361.00/362.00	362.00/363.50	363.75./365.25	369.00/371.50	375.75/377.75	383.75/386.75	(NAFEX)
USD/GHS NDF	5.3925	5.48/5.53	5.52/5.57	5.57/5.62	5.71/5.81	5.89/5.99	6.10/6.20	-
USD/TND	2.8550/8950	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil	Futures							
WTI	58.80							
Brent	64.90							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+24/30	+29/35	+38/44	+48/54	+60/66	+71/77	+81/87	+108/114
SAR SPREAD	+39/45	+45/51	+52/58	+60/66	+69/75	+80/86	+91/97	+125/131

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

EQUITY MARKETS

Market	Underlying	BBG ticker	Spot	Equity Price Moves				ATM Implied Vols		
				1day %	wtd %	mtd %	ytd %	3 month	6 month	1 year
Dubai	Index	DFMGI	2,682.01	0.97	0.81	0.88	6.02	20.1%	20.7%	21.3%
Abu Dhabi	Index	ADSMI	5,023.37	0.02	0.48	0.87	2.20	19.9%	20.4%	21.2%
KSA	Index	MISAP	1,308.71	0.30	- 0.22	0.16	15.51	23.6%	22.0%	21.9%
Dubai	Equity	EMAAR	4.72	2.39	5.36	5.59	14.29	30.9%	31.1%	31.5%
Dubai	Equity	EMIRATES	11.10	0.45	- 2.20	- 2.20	24.86	27.5%	27.6%	29.3%
Abu Dhabi	Equity	ADCB	8.55	0.00	2.40	2.15	4.78	27.4%	27.8%	28.3%
Abu Dhabi	Equity	ETISALAT	16.74	0.00	- 0.24	0.36	- 1.41	18.3%	18.6%	18.8%
KSA	Equity	SABIC	113.80	- 0.52	- 1.04	- 0.70	- 2.07	26.9%	27.1%	28.2%
KSA	Equity	RIHI	70.40	0.00	0.28	1.00	23.78	27.5%	27.8%	28.2%

AND FINALLY...

Bahrain experienced its hottest June since 1902 this year with an average temperature of 36.30C (3.90 degrees above the norm) and a high of 45.30C , according to official data.

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