

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **US Skeptical Over Iranian Call For Talks.**

The US administration appears to have dismissed a recent offer by the Iranian government to enter into direct negotiations with Washington if sanctions are lifted. *"We have always believed in talks, if they lift sanctions, end the imposed economic pressure and return to the deal, we are ready to hold talks with America today, right now and anywhere,"* Iran's President Rouhani was quoted as saying by Reuters yesterday. In response the US Secretary of State, Mike Pompeo, described Rouhani's suggestion as nothing new and was *"the same offer that he offered to John Kerry and Barack Obama. President Trump will obviously make the final decision. But this is a path that the previous administration had gone down and it led to the nuclear deal which this administration, President Trump and I both believe was a disaster."* Meanwhile the US granted Iran's Foreign Minister, Mohammad Zarif, a travel visa so that he can attend a UN conference in New York this week, but it also imposed restrictions on his movements whilst there. *"US diplomats don't roam around Tehran, so we don't see any reason for Iranian diplomats to roam freely around New York City, either,"* Pompeo stated according to the Washington Post newspaper. Following this trip Zarif is reportedly due to visit Venezuela, Nicaragua and Bolivia.

#### **Zambia's Finance Minister Replaced.**

Zambia's Finance Minister, Margaret Mwanakatwe, has been removed from her post and replaced by the current deputy-head of the country's central bank Dr Bwalya Ng'andu, with immediate effect according to a statement issued by the President's office yesterday. Dr Ng'andu previously served as MD of Zambia's Development Bank, is a former Rhodes Scholar and a Fellow of the UK's Chartered Institute of Bankers. Zambia is currently struggling to deal with a growing external debt load and low levels of hard currency.

#### **OPEC's Oil Production Hit Five Year Low In June.**

Overall crude production by the 14 OPEC member states totaled 29.60 mio bpd last month the lowest monthly output figure since 2014, according to the grouping's latest report. This fall was due primarily to

**Glenn Wepener**

Executive Director & Geopolitical Analyst,  
Middle East & Africa

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the ongoing collapse in Iranian exports and production as US sanctions continued to bite, but also by a output declines in Angola, Libya and Venezuela.

### **Mozambique Delays Fund Raising Plans For Gas Project.**

Mozambique's state-run oil company, Empresa Nacional de Hidrocarbonetos has temporarily halted its original plans to raise US\$2.3 bio via the debt market to help fund a large LNG project, but its CEO, Omar Mitha, expects the issuance to still take place later this year market conditions permitting. *"We'll go back to the market to seek funding when conditions become more attractive,"* Mitha was quoted as saying by South Africa's 'Business Day' newspaper last week.

### **Saudi Arabia Hikes Domestic Fuel Prices.**

Saudi Aramco raised its domestic fuel prices yesterday. Grade 95 petrol for the 3rd quarter of 2019 now costs SAR2.18 from SR 2.10 and grade 91 is SAR1.53 from SAR1.44 per liter. Aramco has been adjusting the local petrol price on a quarterly basis for a while now as a part of the country's economic reform program.

### **Non-Oil Sector Boosts Bahrain's GDP Growth.**

Bahrain's economy grew by 2.73% y/y during the first quarter of this year supported both by the non-oil sector (+1.50% y/y) and FDI inflows which were up by 6%, according to the Kingdom's Ministry of Finance. The hospitality sector reportedly experienced the sharpest rate of growth, expanding by 8%.

### **IMF Lowers Its Economic Growth Forecast On Oman.**

In its latest review of the country, the IMF has reduced its economic growth forecast for Oman from 1.10% to just 0.30% in 2019 and called on the government to implement further measures to reduce spending and introduce VAT as soon as possible. The international lender added however that Oman's current US-dollar peg remained "appropriate" and the Sultanate's financial sector was sound. *"Given the challenging external environment and regional uncertainty, Directors thus called for a deeper fiscal adjustment to maintain confidence and ensure fiscal and external sustainability, coupled with continued structural reforms to diversify the economy, improve productivity and enhance private sector led growth,"* the IMF said. You can access their official statement in full [here](#).

### **Real Estate Firm Sees Reason For Optimism In AD's Property Market.**

A recent study by Chestertons suggests that the average sale price for apartments and villas in Abu Dhabi slipped by 5% and 3% respectively during the second quarter of this year, whilst rents were also lower at between 3-6%. However the regional MD for the real estate firm, Nick Witty, claimed that recent government initiatives meant there was now room for optimism. *"Downward price corrections in this quarter are expected to continue throughout the rest of this year as over 11,000 units are scheduled to be delivered, which is creating a highly competitive market in favour of both tenants and home-buyers, to the detriment of property prices and rents. There is, however, reason to be optimistic. The recently announced freehold law is expected to generate a marked improvement in the capital's real estate sector. The UAE ministry has also recently cut work permit fees by between 50% and 94%, while the 10-year residency visa should enable people to put down roots in the country and encourage them to invest in property for the long-term,"* Witty was quoted as saying by the 'Arabian Business' website.

### **Morocco Plans 108 MW Hydroelectric Dam.**

A joint-venture between China's CFHEC and a local firm, Platinum Power, have been awarded the contract to build a 108 MW hydroelectric scheme in Morocco. The project forms a part of the government's plan to increase the amount of 'green' energy generated within the North African country to meet over 52% of its overall power needs by 2030.

### **Kuwait To Issue Virtual Telecom License.**

Kuwait will reportedly issue its first-ever 'virtual' telecom operator license early next year, according to the country's state-run news agency. Instead of building their own infrastructure, virtual operators rent capacity from the existing conventional players and pay them a percentage of their revenues and/or fees.

## AECOM Wins Management Contract In Saudi Arabia.

The US based infrastructure firm Aecom has won a contract to provide project management, contract administration, technical and environmental support services as well as site supervision over the design and construction for Phase One of the Neom Bay project which is situated along the Red Sea coast of the Kingdom, according to the 'Global Construction Review' website.

## 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	3.7506/09	-4/+1	4/+1	Par/+5	7/17	25/35	40/60	190/240
USD/QAR	3.6580/90	-25/-20	-45/-35	-55/-40	-70/-55	-80/-60	-90/-70	-110/-60
USD/KWD	0.30425/445	-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	0.37700/703	3/8	7/17	15/30	40/60	60/90	90/120	300/400
USD/MAD	9.5700/5800	60/160	150/350	300/700	900/1400	1600/2600	2000/3000	3500/6500
USD/EGP NDF	16.61	16.71/16.76	16.81/16.86	16.94/16.99	17.35/17.40	17.75/17.80	18.20/18.30	-
USD/IOD	0.7086/91	30/80	50/150	80/180	200/400	300/500	400/600	700/1700
USD/NGN NDF	360.74	361.25/361.75	362.00/363.50	363.75/364.75	369.00/370.50	375.50/377.00	383.00/385.00	(NAFEX)
USD/GHS NDF	5.4300	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
<b>Crude Oil</b>	<b>Futures</b>							
WTI	60.20							
Brent	66.85							

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

## AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+26/31	+29/35	+38/44	+48/54	+60/66	+71/77	+81/87	+108/114
SAR SPREAD	+39/45	+45/51	+51/57	+59/65	+67/73	+80/86	+87/93	+121/128

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

## AND FINALLY...

Did you know that Zambia is home to the world's largest edible mushroom ? These type of mushrooms, whose actual scientific name is "Termitomyces Titanicus" can grow to a diameter of up to 3 feet.

**Glenn Wepener**

**Executive Director & Geopolitical Analyst**

**Middle East & Africa**

**Market Insight & Strategy**

**FAB Global Markets**

Tel: +971-2-6110150

Email: [GlennMaurice.Wepener@bankfab.com](mailto:GlennMaurice.Wepener@bankfab.com)

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