

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

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- UAE Reportedly Eyeing New Crude Benchmark.
- Saudi Arabia Gives Green Light For Businesses To Operate 24/7.
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### REGIONAL COMMENTARY

#### **Oil Prices Dip As Iran Tensions Appear To Ease.**

Geopolitical tensions with Iran appear to have cooled somewhat overnight following separate comments made by both the Iranian Foreign Minister and senior US administration officials. In an interview with NBC television, Javad Zarif said that the US "*is always welcome to return to the bargaining table*" and that his country's recent decision to stockpile and increase its enrichment of uranium "*can be reversed within hours.*" Meanwhile the US Secretary of State, Mike Pompeo claimed that Tehran was now ready to negotiate on its missile program and President Trump stated that the US was not seeking regime change, "*They'd like to talk, and we'll see what happens,*" Trump said, although adding that; "*We want to help them, we'll be good to them, we'll help them in any way we can, but they can't have a nuclear weapon and we want them out of Yemen.*" Oil prices dipped overnight in reaction to this news, however despite these softer political words risks continue to remain high, especially after Iran's Mission to the UN issued a statement following Zarif's interview which read, "*Iran's missiles and its missiles are absolutely and under no condition negotiable with anyone or any country, period.*"

#### **UAE Reportedly Eyeing New Crude Benchmark.**

The Abu Dhabi National Oil Company is reportedly considering establishing its 'Murban' grade as a regional/international oil benchmark this year, according to a Reuters article published on the 'Arab News' and 'MEED' websites this morning. Although this proposal has not yet been officially confirmed, such a move would involve allowing Murban to trade openly on the market. You can access the full article [here](#).

#### **Saudi Arabia Gives Green Light For Businesses To Operate 24/7.**

Saudi Arabia's cabinet has approved a new law which will give shops and restaurants in the Kingdom the option to operate 24 hours a day, subject to a small municipal fee. "*24-hour trading can have a positive effect on the macro economy of a country by increasing demand for goods and services, stimulating consumer spending and attracting*

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*capital investment,” the Minister for Commerce & Investment, Dr Majid al Qassabi, was quoted as saying by ‘Arab News’, adding that “it can help boost sectors such as leisure, tourism, transport and communications and create new job opportunities.”*

### **KSA/Iraq Border Crossing To Reopen This Year.**

The ‘Arar’ land border crossing between Saudi Arabia and Iraq is set to officially reopen in October this year, according to a statement issued by the Kingdom’s ambassador to Iraq. *“The outlet will be officially opened on October 15. It will mark a qualitative leap in enhancing Saudi-Iraqi relations and raise the level of trade exchange between the two countries,”* the ambassador, Abdul Aziz al Shammari, was quoted as saying yesterday by the ‘Al Arabiya’ news network. The crossing point has been closed since 1990.

### **Lebanese Bonds Rise After Former PMs Comments.**

Three former Lebanese Prime Ministers announced yesterday that Saudi Arabia had promised to “*extend a hand of support*” to their country as it tries to overcome an ongoing economic crises. *“Riyadh showed a desire to support Lebanon in this phase through agreements which the two sides would soon ratify,”* Tamman Salam was quoted as saying by the Gulf News media outlet. The three former premiers met with King Salman on Monday, and the country’s US\$ denominated bonds recovered a little ground on the back of these comments yesterday. Meanwhile Lebanon’s current PM, Saad al Hariri, has expressed his strong reservations over some of the IMF’s economic reform proposals which include switching the current US\$ pegged FX regime to a float. *“I call on MPs to talk responsibly about financial stability and if the LF (Lebanese Front Party) wants to abide by the International Monetary Fund’s recommendations, would it accept liberating the Lebanese pound’s exchange rate, slapping an LBP 5,000 tax on gasoline and hiking the VAT tax to 15%? We cannot endorse all of the IMF’s recommendations and the interest of Lebanon and the Lebanese currency comes first,”* Hariri was quoted as saying in parliament yesterday by the ‘Naharnet’ website.

### **World Bank Expects Egypt’s Economy To Continue To Expand.**

In its latest review on Egypt, the World Bank suggests that the North African’s country’s structural reform program pursued since 2016 had stabilized the economy, and the bank expects GDP to expand by 6.00% in 2021 compared to 5.40% this year. *“The Government of Egypt is implementing bold reforms to address the deep-seated issues needed for achieving the World Bank Group’s twin goals of eliminating extreme poverty and promoting shared prosperity. The reforms, supported under the Country Partnership Framework, have helped to stabilize the economy. The economic reform program makes investments and exports the essential engines for economic growth instead of consumption. So, Egypt’s economy has grown by 5.30% in FY 2017/18 compared to 4.20% in 2016/17, with an average growth rate of 3.50% from 2013 to 2016,”* the international lender states on its [website](#). Earlier this month the WB approved the disbursement of a three-year USD\$500 mio facility aimed at supporting Egypt’s social support program.

### **Angolan Kwanza Remains Under Pressure.**

Angola’s local currency hit a fresh low of AOA 500 against this US dollar in the ‘kerb’ market this week according to the local ‘Kinguila Today’ currency site. The official USD/AOA rate is around 340.00. The Kwanza remains under pressure due to an acute shortage of foreign exchange which has seen the CB’s reserves fall to US\$10.30 bio in May this year compared to US\$34 bio in 2013.

### **Algeria To Build Nuclear Power Plant.**

Algeria’s Energy Minister, Mohamed Arkab, announced earlier this week that his country was planning to build its first nuclear power plant in order to utilize its reserves of uranium. *“Algeria’s uranium reserves are around 26,000 tons. The government mulls developing the level of its capacity ahead of building the first power-generating nuclear plant,”* Arkab was quoted as saying by the ‘Xinhua’ media outlet.

### **ENBD To Complete Purchase Of Denizbank Soon.**

The UAE based Emirates NBD said in a statement this morning that progress has been made on its planned purchase of the Turkish financial institution Denizbank and that the deal should be completed during the third quarter of this year. ENBD also said that it had received official approval to open more branches in Saudi Arabia.

## AFESD Approves US\$295 Mio Loan For Oman.

The Kuwait based Arab Fund for Economic & Social Development has reportedly approved the disbursement of a US\$295 mio loan to Oman which will be used for road infrastructure and provide support to the Sultanate's Housing Bank.

## Jacobs Wins Shipyard Contract in KSA.

US based Jacobs has been awarded an engineering services contract for packages 4, 5 and 6 of the King Salman International Complex for Maritime Industries and Services project at Ras Al Khair in Saudi Arabia, according to the 'Arabian Business' 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	4/7	8/13	12/17	25/35	40/50	50/65	110/140
USD/SAR	3.7506/09	-4/+1	-3/+2	-2/+3	6/16	20/30	45/55	180/230
USD/KWD	0.30455/465	-1/+2	2/7	4/14	10/25	20/40	30/50	50/120
USD/OMR	0.38497/502	15/25	30/50	60/80	130/150	210/260	300/400	700/800
USD/BHD	0.37700/703	1/6	7/17	15/30	40/60	60/90	85/115	250/350
USD/MAD	9.5550/5850	60/160	150/350	300/700	900/1400	1600/2600	2000/3000	3500/6500
USD/EGP NDF	16.61	16.72/16.77	16.84/16.89	16.99/17.05	17.42/17.47	17.83/17.88	18.23/18.28	-
USD/JOD	0.7081/87	30/80	50/150	80/180	200/400	300/500	400/600	700/1700
USD/NGN NDF	361.04	361.80/362.30	362.50/363.50	364.30/365.30	369.50/371.00	376.00/377.50	383.50/385.50	(NAFEX)
USD/GHS NDF	5.3517	5.40/5.45	5.42/5.47	5.47/5.52	5.61/5.71	5.78/5.88	5.92/6.02	-
USD/TND	2.8350/8750	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
<b>Crude Oil Futures</b>								
WTI	57.80							
Brent	64.65							

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

## AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+26/32	+30/36	+38/44	+48/54	+60/66	+71/77	+81/87	+107/113
SAR SPREAD	+39/45	+43/49	+49/55	+56/62	+65/71	+76/82	+87/93	+121/127

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	2,723.24	0.03	1.40	2.43	7.65	19.8%	20.2%	20.4%
Abu Dhabi	Index	ADSMI	5,061.24	(0.31)	0.17	1.63	2.97	19.0%	19.2%	19.2%
KSA	Index	M15AP	1,346.50	0.35	1.44	3.05	18.85	22.8%	21.3%	20.2%
Dubai	Equity	EMAAR	4.83	(0.62)	1.68	8.05	16.95	30.7%	31.0%	31.3%
Dubai	Equity	EMIRATES	11.40	0.88	2.24	0.44	28.23	27.2%	27.9%	28.5%
Abu Dhabi	Equity	ADCB	8.57	0.00	0.12	2.39	5.02	27.9%	28.5%	29.4%
Abu Dhabi	Equity	ETISALAT	16.76	(0.36)	(0.24)	0.48	(1.30)	17.6%	17.6%	18.4%
KSA	Equity	SABIC	114.40	0.00	0.53	(0.17)	(1.55)	21.5%	21.7%	22.7%
KSA	Equity	RJHI	72.00	0.00	0.42	3.30	26.59	22.0%	22.3%	23.0%

## AND FINALLY...

Did you know that Nigeria derived its name from the river Niger, which is the largest and longest in West Africa?

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