

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Iranian Crude Exports To China Drop Sharply.

According to the latest official figures provided by China's customs department and published by Refinitiv, the Asian country's imports of Iranian crude dropped by 20% m/m in June and by 30% y/y during the first half of this year. Meanwhile Saudi Arabia became China's top oil supplier last month shipping the equivalent of around 1.88 mio bpd a rise of over 80% y/y. Russia was next in line at 1.74 mio bpd, whilst the ongoing US/China trade dispute has apparently caused imports of US crude to fall by more than 70% to the equivalent of 515,000 bpd during H1 2019.

A Decline In Angola's Oil Output Expected To Continue.

Angola's oil production is expected to continue to decline according to a recent study by the Economist's Intelligence Unit. This steady fall is due primarily to the lack of fresh investment into new fields and falling reserves as the existing ones mature the EIU suggested. Last year the South-West African country's crude output dropped by almost 10% to an average 539,813 bpd the state-owned energy firm Sonangol stated in its 2018 Management report.

Tunisia Brings Presidential Election Forward.

Following last week's sudden passing of the Tunisian President, Beji Caid Essebsi, the government declared 7 days of mourning and the country's Electoral commission announced shortly after, that an already scheduled Presidential poll to select his successor in November would now be brought forward to the 15th of September 2019. During this interim period the Speaker of the House, Mohamed Ennaceur, has assumed the position of caretaker President. The unveiling of a quick succession plan will hopefully help to embed the country's still fledgling constitution and in turn support future political stability.

Former Kenyan Finance Minister Faces Graft Charges.

Kenya's Finance Minister, Henry Rotich, along with 27 other people including a senior treasury official, are reportedly facing corruption charges linked to a US\$450 mio dam project in the country. "They broke

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the law on public finance management under the guise of carrying out legitimate commercial transactions, colossal amounts were unjustifiably and illegally paid out through a well-choreographed scheme by government officers in collusion with private individuals and institutions,” the Director of Kenya’s Public prosecutions agency was quoted as saying by Reuters last Monday. Rotich who pleaded not guilty in a court hearing last week has since been removed from his post by President Kenyatta and replaced by the Economist Ukur Yatani, who had been serving as Labour Minister until now.

Saudi Arabia Lifts Restrictions On Stock Ownership.

Saudi Arabia’s Capital Market Authority has lifted its previous restrictions on the ownership of domestically listed companies by foreign strategic investors this month. This means there is no longer a maximum (previously 49%) or minimum purchase limit but such investors will be required to retain their shares for at least 24 months before they can sell, and in certain cases internal company rules could still apply. *“With the decision in June to scrap the restrictions, the regulator is opening up the capital market and the Saudi economy to the outside world,”* the CMA’s chairman, Mohammed bin Abdullah al Kuwaiz, was quoted as saying by the ‘Global Finance’ website. The move could also eventually see KSA earn a larger weighting on the MSCI and FTSE EM indexes.

Kuwait’s Budget Deficit Shrinks.

Supported by better than forecast crude prices during the 2018/19 fiscal year, Kuwait’s budget deficit shrank by over 30% to KWD 3.35 bio according to a Finance Ministry statement issued yesterday. *“For the second year in a row, the State of Kuwait’s Non-oil revenues continued to grow by 24% y/y, capital expenditure remains a healthy proportion of the total expenses at 14%, and we estimate capex will reach 17% during the current fiscal year to stimulate economic growth and to serve Kuwait’s 2035 vision, New Kuwait,”* the Gulf state’s Finance Minister, Dr Nayef Al Hajraf, was quoted as saying by the ‘Arab Times’ newspaper.

FITCH Affirms Oman Ratings.

The FITCH ratings agency last week affirmed its BB+ rating and stable outlook on Oman. FITCH acknowledged the Sultanate’s *“undiversified economy, high fiscal and external deficits and debt ratios against relatively high GDP-per-capita and other strong structural features relative to ‘BB’ category peers,”* but added too that *“Oman’s sovereign external asset position remains for now stronger than other ‘BB’ category sovereigns, supporting the government’s financing flexibility.”*

Bahrain CB’s FX Reserves Slip.

The Bahrain Central Bank’s net foreign reserves slipped to US\$3.40 bio last month from US\$3.84 bio in May according to Reuters.

Dana Gas May Offload Its Egyptian Assets.

According to a statement issued by Dana Gas and published by Bloomberg this morning, the UAE based energy firm is undertaking a strategic review of its oil and gas assets in Egypt and has appointed some financial advisory firms to look into their possible disposal. The company’s Egyptian assets are estimated to be worth more than US\$500 mio according to various local media reports.

Petrofac JV Wins FEED Contract In UAE.

Petrofac, together with its JV partner the National Petroleum Construction Company have been awarded a front-end engineering and design service contract by ADNOC for its Belbazem Block Development Project in Abu Dhabi. *“ADNOC and its Group of Companies are strategic partners and valued clients to NPCC, and we have together achieved a number of milestones including the recent load-out of the world’s largest offshore oil platforms to mark the completion of phase two of Umm Lulu’s super complex development. We are committed to supporting ADNOC’s expansion plans to increase their production capacity from 4 mio bpd by the end of 2020 to 5 mio bpd by 2030, and we look forward to executing more onshore and offshore projects in Abu Dhabi and the UAE,”* the CEO for NPCC, Ahmed Al Dhaheri was quoted as saying by the ‘Rigzone’ website this week.

Abu Dhabi To Introduce Road Tolls.

Abu Dhabi plans to launch an electronic road-toll system from October 15th this year according to a statement issued by the Emirate’s Department of Transport last week. The acting Executive Director at Abu

Dhabi's DOT, Ibrahim Sarhan al Hamoudi, was quoted as saying by the 'National' newspaper late last week, that the toll should help to ease traffic congestion around the city and raise around AED 400 mio per annum. Dubai has been using a similar system since 2007.

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	3.67285/295	4/7	8/13	12/1	28/38	45/55	55/65	130/160
USD/SAR	3.7504/07	-2/+3	-2/+3	-1/+4	7/17	20/30	53/68	200/230
USD/KWD	0.30445/455	2/7	5/10	8/18	25/40	30/50	40/60	50/100
USD/OMR	0.38498/501	15/25	30/50	60/80	130/150	210/260	300/370	700/800
USD/BHD	0.37697/700	4/9	7/17	15/30	35/55	60/80	85/115	250/350
USD/MAD	9.5900/6100	60/160	150/350	300/700	900/1400	1600/2600	2000/3000	3500/6500
USD/EGP NDF	16.61	16.68/16.73	16.79/16.84	16.93/16.98	17.42/17.47	17.85/17.90	18.27/18.33	-
USD/IOD	0.7075/85	30/80	50/150	80/180	200/400	300/500	400/600	700/1700
USD/NGN NDF	361.63	362.75/363.25	363.75/364.75	365.25/366.25	370.25/371.50	376.25/377.75	384.50/386.50	(NAFEX)
USD/GHS NDF	5.4000	5.44/5.77	5.46/5.51	5.50/5.55	5.65/5.75	5.81/5.91	6.00/6.10	-
USD/TND	2.8300/8700	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil		Futures						
WTI	57.25							
Brent	64.10							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+30/36	+34/40	+42/48	+54/60	+67/73	+79/85	+90/96	+120/126
SAR SPREAD	+39/45	+45/51	+51/57	+58/64	+67/73	+77/83	+87/93	+119/125

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 mth	6 mth	1 Yr
Dubai	Index	DFMGI	2,880.61	0.21	1.26	8.58	14.11	19.7%	20.1%	20.4%
Abu Dhabi	Index	ADSMI	5,362.83	(0.22)	(0.68)	7.45	8.87	18.7%	19.0%	19.0%
KSA	Index	M15AP	1,308.75	(1.29)	(1.29)	(1.13)	14.02	22.8%	21.3%	20.2%
Dubai	Equity	EMAAR	5.36	0.75	3.25	20.81	30.75	30.6%	31.0%	31.2%
Dubai	Equity	EMIRATES	11.60	0.00	(0.85)	2.20	30.48	26.4%	27.1%	28.0%
Abu Dhabi	Equity	ADCB	9.00	(0.11)	(1.10)	7.41	10.17	27.9%	28.5%	29.4%
Abu Dhabi	Equity	ETISALAT	17.76	(0.34)	(0.56)	6.12	4.24	17.4%	17.5%	18.2%
KSA	Equity	SABIC	108.20	(0.18)	(2.52)	(5.58)	(6.88)	21.5%	21.7%	22.7%
KSA	Equity	RJHI	68.20	1.03	(1.01)	(1.43)	20.79	22.0%	22.3%	23.0%

AND FINALLY...

"A fundamental concern for others in our individual and community lives would go a long way in making the world the better place we so passionately dream of." (Nelson Mandela : 1918-2013).

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