

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Venezuela's Economic Crises Deepens.

As another widespread power blackout hit Venezuela this week, concerns have risen further over the ability of the Latin American country's decaying oil sector to continue to produce crude. Many of PDVSA's facilities are in dire need of repair due to underinvestment, mismanagement and theft. This is highlighted by recent reports that only one out of the country's four refineries is currently operational, whilst production dropped by 142,000 barrels in February and overall output is now expected to fall below 1 mio bpd within the next couple of months compared to 3 mio bpd in 2000. Meanwhile according to the EIA, the US imported no oil from Venezuela last week for the first time since such imports began being recorded by the agency in 2010. These imports have been replaced by producers in the Gulf of Mexico. The Trump administration also implemented fresh sanctions against Caracas last week which were aimed at the state-owned 'Banco de Desarrollo Economico y Social de Venezuela' and four related institutions. "The willingness of Maduro's inner-circle to exploit Venezuela's institutions knows no bounds. Regime insiders have transformed BANDES and its subsidiaries into vehicles to move funds abroad in an attempt to prop up Maduro. Maduro and his enablers have distorted the original purpose of the bank, which was founded to help the economic and social well-being of the Venezuelan people, as part of a desperate attempt to hold onto power," the US Treasury Secretary, Steven Mnuchin said in a statement.

Algeria's Army Chief Calls For President To Be Declared 'Unfit.'

The Chief of Staff for Algeria's armed forces, General Ahmed Gaid Salah, suggested during a television broadcast yesterday that if the President's health did not allow him to carry out his duties then an article within the constitution, which allows for such action, should be enacted. "To resolve the crisis right now, the implementation of article 102 is necessary and is the only guarantee to maintain a peaceful political situation. The solution that must be adopted to end the crisis and answer

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the legitimate demands of the Algerian people, is the solution that guarantees the sovereignty of the constitution and the continuity of the state. This solution achieves consensus and must be accepted by all," Salah, (who is also the country's Deputy Defence Minister), was quoted as saying. A French version of Algeria's constitution including article 102 can be accessed [here](#).

Oil Workers Demand Pay Rise At Key Libyan Field.

Workers at three of Libya's key oil fields including Sharara are demanding a 67% pay increase according to a Reuters report. Their call is supported by the National Oil Company, but thus far there has been no comment by the government and such an increase was not incorporated in the 2019 budget. Sharara is Libya's largest and has only just become fully operational again after a series of disruptions to its output due to militant activity.

Aramco Is Building "An Energy Bridge" Between KSA & China – CEO.

The CEO of Saudi Aramco, Amin Nasser, was quoted by CNBC yesterday stating that his company was committed to developing a global gas business and converting more of its crude production into chemicals. "We need to help our stakeholders, including China and the wider Asia region, realize that oil and gas will remain vital to world energy for decades to come. We need to reassure them with our own long-term investments that the safety belt we have always provided is one they can continue to rely on," Nasser said, adding that Aramco was building "an energy bridge" between Saudi Arabia and China to meet the latter's growing demand for oil and gas as well as chemicals.

France Issues Flight Ban On Iranian Airline.

The French government announced earlier this week that it has banned Marhan Air from flying in or out of France and accused the Iranian airline of carrying arms and equipment to Syria and other regional war zones. "Mahan Air can no longer serve French territory as of April 1st," a Foreign Ministry official was quoted as saying. Paris's decision follows a similar move by Germany at the beginning of this year, while the US sanctioned the airline back in 2011.

Nigeria Cuts Benchmark Interest Rate.

In somewhat of a surprise move, especially with inflation still in double digits, the Central Bank of Nigeria cut its benchmark rate by 50bp to 13.50% yesterday. The CB Governor, Godwin Emefiele, said that the decision was taken in an attempt to stimulate economic growth. "The committee felt that given the relative stability in key macroeconomic variables there is a need to signal a new direction, in which case we are talking about being pro-growth. This rate cut is meant to signal that there is a need for us to move course a little further. To do so we need to begin to look at money supply, liquidity to push growth," Emefiele was quoted as saying by Reuters. Nigeria's inflation rate was reported at 11.31% y/y last month.

KSA Extends Its Domestic Debt Curve.

On Monday Saudi Arabia sold SAR 6.075 bio of local currency debt via its regular monthly SUKUK issuance split between 10 year (SAR2.395 bio) and 15 year (SAR 3.680 bio) tranches, the longest tenors ever issued domestically for the Kingdom's public debt. "The 15-year issuance represents a new benchmark for potential government and private sector issuers to enable them to price off the government's extended yield curve," the Saudi Debt Management Office was quoted as saying by Reuters.

Moody's Affirms Abu Dhabi's Credit Ratings.

Moody's Investors Service has affirmed its Aa2 rating on Abu Dhabi and maintained a stable outlook. "The affirmation of Abu Dhabi's Aa2 ratings is supported by Moody's expectations that the sovereign's fiscal strength will remain very high, with very low government debt and vast sovereign assets. Prospects for a medium-term increase in economic activity and revenue from the hydrocarbon sectors and reforms aimed at developing the non-oil sector also support the ratings," the ratings agency said in a statement.

UAE Posts Budget Surplus For 2018.

The UAE posted a budget surplus of AED67.50 bio in 2018 according to the latest data published by the Ministry of Finance. This has been partially attributed to higher than expected oil revenues during the last two quarters of 2018.

Shuaa Capital Enters Merger Talks With ADFG.

The UAE based investment firm Shuaa Capital announced earlier this week that it has formed a working group to manage discussions with Abu Dhabi Financial Group over a possible merger, whilst UBS and JP Morgan have been mandated as advisors. ADFG already holds a 48.36% stake in Shuaa Capital and currently manages over US\$20 bio in assets.

UBER Agrees To Buy Careem For US\$3.1 Bio.

Uber has agreed to buy its MENA ride-hailing rival Careem for US\$3.1 bio although the purchase still requires regulatory approval in each of the 15 countries where Careem operates. According to a Bloomberg report Uber will pay US\$1.4 bio in cash and the balance via convertible notes.

Morocco Places Order For 25 Fighter Jets.

The US State Department has approved the potential sale of 25 F-16 Fighter aircraft and their related equipment for an estimated US\$3.7 bio to Morocco's Air Force.

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	1/3	2/5	4/9	8/13	15/25	28/33	90/120
USD/SAR	3.7502/04	-1/+2	1/4	2/5	8/13	20/30	45/55	180/210
USD/QAR	3.6555/75	Par/+7	Par/+7	2/12	5/15	05/20	05/25	10/70
USD/KWD	0.30380/390	Par/+5	Par/+10	Par/+10	Par/+15	Par/+15	5/20	-20/+30
USD/OMR	0.38498/501	20/30	40/55	65/85	140/180	225/275	350/400	800/900
USD/BHD	0.37697/500	10/20	15/35	25/45	60/90	80/130	110/160	260/360
USD/MAD	9.6200/6400	50/150	150/350	300/700	900/1400	1600/2600	2000/2500	4000/7000
USD/EGP NDF	17.3000	17.50/17.55	17.68/17.73	17.85/17.90	18.32/18/37	18.81/18.86	19.31/19.36	-
USD/IOD	0.7080/90	40/90	50/150	100/200	175/375	250/550	350/650	500/1500
USD/NGN NDF	360.16	361.50/362.50	363.50/365.00	365.50/367.00	372.00/374.50	379.50/381.50	388.50/391.50	(NAFEX)
USD/GHS NDF	5.2000	5.21/5.26	5.26/5.36	5.29/5.39	5.35/5.45	5.62/5.72	5.81/5.91	-
USD/TND	3.0250/0650	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil	Futures							
WTI	60.00							
Brent	68.20							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+16/22	+19/25	+30/36	+41/47	+52/58	+62/68	+72/78	+102/108
SAR SPREAD	+30/36	+39/45	+47/53	+55/61	+64/70	+72/78	+80/86	+108/114

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

AND FINALLY...

Did you know that the words "Crossword Puzzle" in Swahili, which is a language spoken mainly by people in eastern and central Africa is "chemshebongo" which, roughly translated, means to "boil brains".

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