

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

Questions Raised Over Quality Of US Crude.

At the start of this year two refineries in South Korea allegedly cancelled their Jan and Feb orders of crude from the Eagle Ford basin due to concerns over its quality, a Bloomberg report claimed this week. According to the article some US shale oil is getting contaminated as it is transported from the fields to ports on the Gulf coast via a series of pipelines. "As various types of crude pass through the supply chain from inland shale fields spanning Texas to North Dakota, they risk picking up impurities before reaching Asia, the world's biggest oil-consuming region. Specifically, refiners are worried about the presence of problematic metals as well as a class of chemical compounds known as oxygenates, which can affect the quality and type of fuel they produce," the report claims. South Korea is currently the largest buyer of US crude exports.

Trump Uses Twitter To Call For Lower Oil Prices Again.

The US President took aim at OPEC again yesterday calling for the organization to stop prices from rising. "Very important that OPEC increase the flow of Oil. World Markets are fragile, price of Oil getting too high. Thank you!" he tweeted. Trump's call comes as US sanction waivers on eight of Iran's top crude export destinations are soon due to expire.

Nigeria Ponders US\$10 Bio 'Infrastructure' Bond.

Nigeria's Minister of Public Works & Housing, Babatunde Fashola, has called for parliamentary support for a US\$ 10 bio bond issuance, in order to fund the upgrade of much needed infrastructure in the country over the next 10 years, especially transportation. "I wish to see Nigeria launch a US\$10 billion infrastructure bond. If such is created, we can draw from it without resorting to the annual budget, but of course it has to be done with legislative backing to solve our problems once and for all. If we have such consensus it can be applied to rails, road, airports and other infrastructure," he was quoted as saying this week by the 'This Day' newspaper.

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Aramco Prepares For Debut Bond Issue.

Saudi Aramco will tap the bond market for the very first time and within the next two weeks, according to local media reports. Details of the potential issue size have not yet been released but will probably be at least US\$10 bio. This will be used to fund Aramco's recent US\$69 bio purchase of a 70% stake in SABIC, whilst investor interest in the bond is expected to be high.

Egypt Keeps Key Interest Rates Unchanged.

Egypt's Central Bank kept its benchmark o/n deposit and lending rates unchanged at 15.75% and 16.75% respectively, following its scheduled MPC meeting yesterday. In a statement the CB said that the decision was "consistent" with meeting its inflation target of 9% by the end of next year.

Kenya Is 'Not Desperate' For A Fresh IMF Loan – CB Governor.

Kenya's Central Bank Governor, Patrick Njoroge, said this week that his country was currently holding talks with the IMF over a new standby facility, but was not desperately seeking an agreement. "It's not that we are on the ropes, that the economy is on the ropes and we need the IMF to come and sort us out. The point here is, maybe the sense of desperation, wasn't there, which maybe some people thought we were definitely desperate. So I think people need to chill," Njoroge was quoted as saying by Reuters.

Exports From Abu Dhabi Up 36% In Q4 2018.

The total value of exports through Abu Dhabi's ports rose by 36.60% to US\$4.7 bio during the last quarter of 2018 compared to the same period in 2017, according to data released by the official statistics agency and published by WAM this week. Exports from businesses were primarily vehicles, aircraft and associated transport equipment, base metals and plastics, all of which contributed 62 % towards the total export number for this sector.

Angola's Economy Expected To Contract Further – EIU.

Angola's economy is expected to shrink by an average of 1.90% between 2019 and 2020 before rebounding again in 2021 according to a report issued by the EIU. Meanwhile Africa's second largest oil producer is currently facing a severe petrol shortage, and rationing has resulted in jump in prices in the unofficial 'kerb' market. The state-owned oil company has said that the shortage was due to "some delays in unloading fuel" at the country's ports but declined to give any further details according to the AFP media outlet.

Morocco Seals US\$700 Mio Loan From World Bank.

The Moroccan government signed a US\$700 mio loan agreement with the World Bank this month. The funds will be used to help boost the North African country's digital economy. "Digital entrepreneurship is central to the current program," a World Bank spokesperson was quoted as saying by the 'Morocco World News' website. Less than 30% of Moroccans currently have access to a bank account and closing this gap forms a part of the government's five year digital transformation plan.

ACWA To Invest US\$3 Bio In Egyptian Power Projects.

Saudi Arabia based ACWA Power is to build a 2.3MW power plant in Luxor, together with the local Hassan Allam Holding Company. ACWA will also invest in a solar park project near Aswan. Both developments will cost around US\$3 bio according to the 'Utilities-Middle East' website.

MC Dermott Wins EPC Contract In KSA.

The regional subsidiary of US based Mc Dermott International has been awarded a major EPC contract for a new oil services facility in Saudi Arabia. The facility will be located in the King Salman International Complex for Maritime Industries in Ras Al-Khair, and cover about 1.15 mio sqm.

Continued...

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	3.6726/28	1/3	2/5	4/9	8/13	15/25	28/33	85/105
USD/SAR	3.7503/05	Par/+3	1/4	3/6	10/15	25/35	45/65	180/210
USD/QAR	3.6580/6600	-3/+2	-3/+4	-5/+5	-5/+10	-5/+15	-10/+15	-25/+45
USD/KWD	0.30410/425	Par/+5	Par/+10	Par/+10	Par/+15	05/25	7/27	-10/+40
USD/OMR	0.38498/501	20/30	40/55	65/85	140/180	225/275	350/400	800/900
USD/BHD	0.37698/503	10/20	15/35	25/45	60/90	80/130	110/160	260/360
USD/MAD	9.6400/6600	50/150	150/350	300/700	900/1400	1600/2600	2000/2500	4000/7000
USD/EGP NDF	17.3200	17.49/17.55	17.69/17.75	17.83/17.89	18.36/18.42	18.89/18.95	19.42/19.48	-
USD/IOD	0.7080/90	40/90	60/160	125/225	200/400	250/550	375/675	500/1500
USD/NGN NDF	360.38	361.70/367.70	363.30/364.80	365.00/366.50	371.00/373.50	377.50/379.50	386.00/389.00	(NAFEX)
USD/GHS NDF	5.3800	5.42/5.47	5.49/5.54	5.54/5.59	5.59/5.69	5.90/6.00	6.10/6.20	-
USD/TND	3.0250/0650	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil		Futures						
WTI	59.70							
Brent	68.15							

** (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 city of Shibam in Yemen is one of the oldest examples of urban planning based on the principle of vertical construction? Its impressive 500-year old tower-like structures are built of mud bricks and have given the rise of the nickname 'the Manhattan of the desert'. Shibam has been a UNESCO world heritage site since 1982.

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