

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Trump Tweet On China Tariffs Pushes Oil Prices Down.

The US President warned via a tweet over the weekend, that his administration would raise import tariffs on US\$200 bio worth of Chinese goods to 25% this coming Friday and may even extend this onto a further US\$350 bio worth of other goods from China. His statement sent global stock markets, some EM currencies and oil prices sharply lower as fears rose of a possible collapse in the ongoing China/US trade talks. As we already know, diplomacy is not Trump's most used tactic and thus his latest comments are most likely a 'business negotiating tactic' to try and force a deal. However it's far from clear that Beijing will respond positively to such a threat. Admittedly Trump's tweet came as somewhat of a surprise, especially following recent comments by other US officials that the talks had been going well and that a deal was expected to be reached by the end of this month.

The US Deploys Task Force To The Middle East.

The US National Security advisor, John Bolton, announced yesterday that the USS Abraham Lincoln aircraft carrier strike group together with a bomber task force have been ordered to deploy to the Middle East in order to "send a clear and unmistakable message" to Tehran. This deployment he said was "In response to a number of troubling and escalatory indications and warnings," coming from Iran, although adding that the "United States is not seeking war with the Iranian regime, but we are fully prepared to respond to any attack, whether by proxy, the Islamic Revolutionary Guard Corps or regular Iranian forces." Meanwhile Iran's Deputy Oil Minister, Amir Hossein Zamaninia, has claimed that his country continues to export its crude via the 'grey market.', although he did not disclose the daily amount of such sales.

Iranian Oil Tanker In Distress Rescued Off Saudi Coast.

An Iranian oil tanker carrying over 1.2 million barrels of crude and 26 crew members reportedly ran into engine difficulties whilst sailing towards the Suez Canal on Thursday last week and had to be rescued by the Saudi Coast Guard. The ship named 'Happiness 1' was "found 70 km

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southwest of Jeddah Islamic Port and the captain had requested a tow due to engine failure and loss of control. The Kingdom received an official request for help, through its permanent delegation to the United Nations in New York, from the Iranian charge d'affaires in the Iranian delegation. All necessary precautions were taken for the safety of the crew and to ensure there is no environmental damage and to provide assistance," a statement issued by the Saudi Press Agency read.

Public Sector Workers In Lebanon Go On Strike.

Large numbers of Lebanese civil service employees went out on a three-day strike last week, in protest over potential pay cuts after the government promised to push forward with necessary but painful reforms in order to reduce its ballooning budget deficit. "These reforms are in the interest of Lebanese citizens and the youth who can't find jobs. There is a need to tighten the belt because our financial situation is worn out, so either we all sink or we put an end to the economic decline for everyone's sake," Prime Minister Saad Hariri was quoted as saying by the Arab News network last Thursday. Meanwhile the Beirut Stock Exchange was forced to suspend trading today due to strike action by employees at the country's Central Bank. For more details on Lebanon's economic situation you can access our recent analysis piece on the country [here](#).

Tesla Predicts EV Related Mineral Shortage.

Tesla's chief supply manager allegedly told a group of US regulators, legislators and mining executives that the company was concerned about the rising possibility of a severe global shortage of key minerals used in the manufacture of batteries for electric vehicles, due to a purported continued lack of investment into the mining of such resources. These include key minerals such as cobalt, nickel, lithium and copper. Electric cars use twice as much copper as internal combustion engines, whilst growing demand for smart-home systems like Amazon's 'Alexa' will consume around 1.5 mio tons of copper by 2030, compared to just 38,000 tons today, according to a recent Reuters report.

Oman To Allow 100% Property Ownership By Foreigners.

According to Omani government sources quoted in a recent Al Bawaba article, a committee linked to the country's 'National Program for Enhancing Economic Diversification' (Tanfeedh), is currently considering plans to allow foreigners to hold a 100% ownership title on residential property in the Gulf state. "When it comes to property, this is for individuals, this is for residences. This is the ownership of residences by foreigners. Currently, expats can only own properties in certain designated areas," the head of 'Tanfeedh Labour Labs' was quoted as saying by Al Bawaba.

Egypt's FX Reserves Edge Up.

The Egyptian Central Bank said yesterday that the country's net foreign exchange reserves edged up to US\$44.21 bio last month from US\$44.11 bio in March.

Kenyan PMI Falls.

Kenya's private sector contracted for the first time in almost two years last month highlighted by the 'Markit Stanbic Bank Kenya' Purchasing Manager's Index which came in at 49.30 last month from 51.0 in March. This contraction has been attributed to the drought and tighter cash flow. "Various panelists continue to lament a lack of 'money circulation' which is creating cash flow issues. Clearly, the government isn't adequately addressing the arrears issue owed to the private sector," a Stanbic economist was quoted as saying by Reuters.

NBG Sells Egyptian Assets To Bank Audi.

The National Bank of Greece announced last Friday that it had concluded an agreement to sell its banking operations in Egypt to the local subsidiary of Lebanon's Bank Audi. NBG had 17 branches in the North African country but had already revealed last year that it had decided to withdraw from there as part of its overall restructuring project which includes a reduced overseas network.

Number Of Expatriates In Kuwait Declines.

The total number of expatriates living in Kuwait fell by 30,000 to 3.333 million during the first week of May according to an article published in the Kuwait Times newspaper today.

Dubai Welcomes 4.75 Mio Overnight Visitors In Q1.

According to the Dubai Tourism department the Emirate recorded the arrival of 4.75 mio overnight visitors during the first quarter of this year, a 2% increase on the same period last year.

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	3/6	5/10	12/17	20/30	30/40	95/115
USD/SAR	3.7502/05	Par/+3	2/7	5/10	12/17	20/30	45/55	150/180
USD/QAR	3.6590/6600	-40/-30	-60/-40	-70/-50	-100/-70	-100/-70	-95/-65	-200/-50
USD/KWD	0.30415/425	3/8	5/15	10/20	15/30	10/40	25/45	30/60
USD/OMR	0.38499/502	15/25	30/45	50/70	110/140	170/220	200/300	700/800
USD/BHD	0.37696/701	5/10	7/17	15/25	30/50	50/75	80/110	185/285
USD/MAD	9.6300/6500	60/160	150/350	300/700	900/1400	1600/2600	2000/3000	3500/6500
USD/EGP NDF	17.15	17.27/17.32	17.41/17.46	17.57/17.62	18.05/18.10	18.51/18.56	18.98/19.03	-
USD/IOD	0.7080/85	45/95	80/180	160/260	300/500	350/650	425/725	500/1500
USD/NGN NDF	360.65	362.00/363.000	364.00/365.50	366.25/367.75	373.00/375.50	380.00/382.00	388.00/391.00	(NAFEX)
USD/GHS NDF	5.1500	5.16/5.21	5.19/5.24	5.24/5.29	5.37/5.47	5.55/5.65	5.72/5.82	-
USD/TND	2.9700/3100	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil	Futures							
WTI	61.30							
Brent	70.30							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+21/27	+23/29	+35/41	+47/53	+58/64	+70/76	+82/88	+110/116
SAR SPREAD	+29/35	+33/39	+38/44	+43/49	+49/55	+58/64	+66/72	+95/101

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

AND FINALLY...

Did you know that in the UAE alone more than 200 Ramadan tents are set up every year to distribute free meals to the needy? Many of these tents will serve up more than 1500 meals per day.

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