

# Market Insights & Strategy

Global Markets

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### REGIONAL COMMENTARY

#### **Two Saudi Tankers ‘Sabotaged’ Near Strait Of Hormuz.**

Crude prices opened higher this morning after four commercial vessels, including two Saudi registered oil tankers, were targeted in an apparent sabotage attempt off the coast of Fujairah early yesterday, according to the Kingdom’s state owned media outlet. “One of the two vessels was on its way to be loaded with Saudi crude oil from the port of Ras Tanura, to be delivered to Saudi Aramco’s customers in the United States. Fortunately, the attack didn’t lead to any casualties or oil spill. However, it caused significant damage to the structures of the two vessels,” Saudi Arabia’s Energy Minister, Khalid al Falih was quoted as saying by SPA, adding that, “The international community has a joint responsibility to protect the safety of maritime navigation and the security of oil tankers, to mitigate against the adverse consequences of such incidents on energy markets and the danger they pose to the global economy.” This attack, which apparently also partially affected two other ships, was condemned by the GCC’s Secretary-General, Rashid al Zayani, who warned that; “Such irresponsible acts will increase tension and conflicts in the region and expose its peoples to great danger.” The UAE’s Fujairah port is the world’s second largest bunker fuel hub after Singapore, and lies close to the strategic Strait of Hormuz.

#### **Iraq Close To Sealing Major Energy Agreement With Exxon & PetroChina.**

Iraq’s Prime Minister, Abdel Mahdi, revealed last week that his administration was close to finalizing a 30-year energy agreement with Exxon and PetroChina which is directly linked to a US\$53 bio project underway in the south of the country. The project focuses on boosting oil production at the Artawi and Nahr bin Umar fields from a current combined level of 125,000 bpd to 500,000 bpd, but also includes the development of their natural gas output. “This is an enormous project and will produce tens of thousands of jobs. The government projects Iraq will capture US\$400 billion in revenues over the life of the investment,” Mahdi was quoted as saying by the AP media outlet. Iraq is currently OPEC’s second largest oil exporter after Saudi Arabia.

### **Sonangol Undergoes Major Management Shakeup.**

Angola's President reportedly replaced the chairman and dismissed various other senior executives at the country's state-owned oil company Sonangol last Thursday. His decision came a day after government and oil industry officials met to discuss the ongoing domestic petrol crises. Angola continues to face a severe fuel shortage while its crude production has slipped to around 1.43 mio bpd from last year's average of 1.51 mio bpd.

### **Anti-Austerity Protests Continue In Lebanon.**

A series of demonstrations took place across Lebanon this past weekend as the government continues to discuss the implementation of its austerity program including potentially cutting public sector salaries and pensions by as much as 50%. Last week the Finance Ministry raised the tax on bank deposits by 300bp to 10%. Meanwhile the Central Bank announced this morning that it was operating normally despite reports of protestors blocking its entrances.

### **Oman Reopens Embassy In Baghdad.**

Oman's Foreign Ministry has announced the re-opening of its embassy in Baghdad for the first time since 1990. "Undoubtedly, the reopening of the Omani Embassy in Baghdad will contribute to the development of relations between the two countries and the two brotherly peoples in various fields," a statement by the ministry read.

### **Kenya Conducts International Bond Roadshow.**

Kenya reportedly launched an investor roadshow last Thursday ahead of a new US\$2.50 bio dual tranche Eurobond according to local media reports. The bond will apparently be sold with 12 and 31 year tenors and listed on both the London and Dublin bourses.

### **S&P Affirms Egypt's Credit Ratings.**

S&P has affirmed its 'B' rating on Egypt with a stable outlook. "The stable outlook balances S&P Global Ratings' expectation that Egypt's current account deficits will remain as a smaller percentage of GDP and that growth prospects will remain strong, against risks of fiscal slippages and an increase in the already-large stock of relatively short-dated government debt issued at high interest rates," the agency said in a statement.

### **Nigeria's FX Reserves Rise.**

Nigeria's foreign reserves edged up to US\$44.84 bio as at the end of last week from US\$44.79 bio in April, according to the latest Central Bank data. The latest rise has again been partially attributed to continued interest in Nigerian T-bills by foreign portfolio investors.

### **Dubai Ponders Three-Year Rent Freeze.**

Dubai's Land Department is reportedly considering the potential implementation of a three-year rent freeze on new tenancy contracts. "The Dispute Resolution Committee is studying such a proposal, but no decision has been taken on if and when' to roll it out. Right now, all rental decisions are based on the Dubai Rent Index, and it will continue to be so until the three-year no-hike proposal is cleared," an unnamed official was quoted as saying last week by the Arabian Business website.

### **KSA Plans To Restore Its Historical Buildings.**

Saudi Arabia's Crown Prince, Mohammed bin Salman, has ordered the restoration of historically important buildings in the Kingdom starting with those situated in the port city of Jeddah. Some of the structures listed are houses which are over 500 years old according to an article on the Arab News website. "Saudi Arabia's historical buildings will receive special attention from the Ministry of Culture to ensure that they remain in excellent condition and remain as solid proof of the cultural depth of the Kingdom," the Minister of Culture, Prince Badr bin Abdullah bin Farhan, was quoted as saying.

### **BATELCO Sells Stake In QualityNet To VIVA.**

Bahrain's main telecommunications company, BATELCO, has reportedly sold its 90% stake in its Kuwaiti subsidiary, QualityNet, to the Kuwait Telecommunications Company.

## 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	3.6730/31	Par/+2	2/5	4/9	10/15	20/27	30/37	95/115
USD/SAR	3.7502/04	2/5	5/8	7/10	15/20	30/40	50/60	190/220
USD/QAR	3.6600/10	-45/-30	-60/-45	-75/-50	-90/-70	-105/-80	-110/-80	-150/-75
USD/KWD	0.30415/425	-2/+3	3/8	5/15	7/17	10/25	12/32	20/50
USD/OMR	0.38499/502	15/25	30/45	50/65	110/140	170/220	250/350	700/800
USD/BHD	0.37697/702	5/10	7/17	15/30	40/60	65/85	90/120	200/300
USD/MAD	9.6175/6375	60/160	150/350	300/700	900/1400	1600/2600	2000/3000	3500/6500
USD/EGP NDF	17.12	17.23/28	17.36/17.41	17.52/17.57	17.98/18.03	18.44/18.49	18.92/18.97	-
USD/IOD	0.7080/85	50/100	90/190	160/260	300/500	350/650	425/725	500/1500
USD/NGN NDF	360.64	361.50/362.50	363.75/365.25	365.50/367.00	372.0/374.50	379.00/381.00	387.00/390.00	(NAFEX)
USD/GHS NDF	5.1500	5.19/5.24	5.24/5.29	5.30/5.35	5.47/5.57	5.65/5.75	5.82/5.92	-
USD/TND	2.9600/3.0000	450/950	700/1700	1300/2300	2000/3500	2500/4500	3000/5000	5000/7500
Crude Oil	Futures							
WTI	62.55							
Brent	71.85							

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

## AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+22/28	+24/30	+35/41	+47/53	+59/65	+71/77	+84/90	+111/117
SAR SPREAD	+30/36	+37/43	+43/49	+48/54	+54/60	+63/69	+72/78	+102/108

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

## AND FINALLY...

Did you know that Mount Kilimanjaro is the highest mountain in Africa? It rises over 19,300 feet, which is so tall that glaciers can be found at its summit even though the mountain itself lies close to the equator.

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