

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Oil Prices Dip As Hopes Of A Breakthrough In China/US Trade Talks Are Dashed.

Last week's raised hopes for a potential breakthrough in the ongoing trade war between the US and China were dashed this past weekend after both sides imposed new tariffs on each-others goods. The US initiated a 15% tariff on a variety of Chinese imports, including shoes, smart watches and flat-screen televisions, whilst China imposed a 5% level on its remaining US oil imports, the first time this commodity has been specifically targeted. In response to this development oil prices eased back with Brent slipping below the US\$60 level again.

Bahrain Urges Citizens To Leave Lebanon 'Immediately.'

As tensions between Israel and Hezbollah continue to rise, the Bahrain government has issued a call to any of its citizens still in Lebanon to leave the country immediately due to *"the latest security developments in the area, which require taking all the necessary measures to ensure safety."* The Kingdom's Ministry of Foreign Affairs had issued an earlier advisory warning against travel to Lebanon *"in order to protect citizens from all dangers and ensure their safety."* This latest announcement came after Hezbollah fired three anti-tank missiles at an Israeli army base on Sunday, which in turn saw Israeli forces retaliate by firing almost 100 artillery shells into southern Lebanon. This is the first direct exchange of fire between the two sides along the Lebanese/Israeli border since 2006. Meanwhile Lebanon's Prime Minister, Saad Hariri, reportedly called the US Secretary of State, Mike Pompeo and the French President's Foreign policy advisor, Emmanuel Bonne, to ask both governments to intervene in order to prevent the situation from worsening.

US Blacklists Iranian Tanker & Its Captain.

The Trump administration has taken further measures against an Iranian tanker it wants seized for attempting to break an oil embargo on Syria

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supporting Iran's Revolutionary Guard. The 'Adrian Daraya 1' (formerly Grace 1) has been drifting haphazardly around the Mediterranean since it was released by the Gibraltar authorities in August, and last week its owner Iran's National Oil Company, had reportedly found another buyer for its cargo of oil, but the latest ship tracking data suggests that the vessel was around 45 nautical miles off the coast of Lebanon and just 68 nautical miles from the Syrian port of Tartus yesterday. *"We have reliable information that the tanker is underway and headed to Tartus, Syria,"* the US Secretary of State was quoted as saying this past weekend. His statement followed a new directive issued by the US Treasury which read: *"The US Department of the Treasury's Office of Foreign Assets Control took action today against Adrian Darya 1, an oil tanker transporting 2.1 million barrels of Iranian crude oil ultimately benefitting Iran's Islamic Revolutionary Guard Corps-Qods Force. The Adrian Darya 1 is being identified as blocked property pursuant to Executive Order (E.O.) 13224, which targets terrorists and those providing support to terrorism or acts of terrorism. As part of today's action, the Adrian Darya 1's captain, Akhilesh Kumar, is also designated pursuant to E.O. 13224,"* adding that, *"anyone providing support to the Adrian Darya 1 risks being sanctioned."* You can access the full version of this directive [here](#).

Saudi Arabia's King Issues Royal Decrees – New Ministry Established.

Saudi Arabia has created a new ministry for Industry & Mineral resources, effectively separating this particular sector from the Energy Ministry's umbrella. A respected private sector industrialist, Bandar Alkhorayef, has been chosen to take charge of this new department according to a series of Royal Decrees issued last Friday. Whilst Khalid Al Falih retains control of the Energy Ministry and his chairmanship position at Saudi Aramco, other changes see Fahd bin Mohammed al Essa move from his current post at the Defence Ministry to become head of the Royal Court, and a former Information Minister, Awwad al Awwad, has been named as the head of the Kingdom's Human Rights Commission. You can read more details on these and some of the other official changes [here](#).

Comparing African Wildfires To Brazil's Is Misleading.

There have been a series of reports by various media outlets and social media platforms in recent days, suggesting that there are more wildfires currently underway in certain African countries than in Brazil. However while this simple headline fact is true, many scientists believe that it is also misleading when you are trying to study climate change and the potential long-term impact the huge fires in the Amazon rain forest could have on global carbon dioxide levels. One media report in particular stated that the number of fires detected last month in Brazil (2127) were far less than the more than 6,000 in Angola, however fires in sub-Saharan Africa's savannah regions are common, and most are linked to a naturally occurring phenomena that encourages speedy plant regrowth which in turn absorbs the co2 again. These are thus very different to the industrial scale 'slash & burn' deforestation issues facing the Amazon region which sadly will have a much greater environmental impact. The 'Quartz Africa' website has published a brief but useful commentary on this particular subject [here](#).

Emirates NBD Looks To Raise Foreign Ownership Limit Further.

The Dubai based bank, Emirates NBD, announced this morning that it has raised its foreign ownership cap from 5% to 20% and will seek both shareholder and regulatory approval in order to increase this cap further to the 40% level. The increase in FOL *"will strengthen the UAE's proposition as one of the most attractive economies for foreign direct investment and contribute to increased liquidity and depth in the UAE's capital markets,"* the bank's Chairman, Sheikh Ahmed Bin Saeed Al Maktoum, was quoted as saying by the 'Arabian Business' website earlier today.

Egypt's Fuel Subsidy Bill Falls – Gas Output Rises.

The Egyptian's government's fuel subsidy bill dropped to EGP 85 bio during the 2018/19 fiscal year from EGP120.80 bio the previous year. The government removed the remaining subsidies on most petroleum related products entirely in July this year and introduced a quarterly price-indexation system instead. Meanwhile the North African country's gas production rose to 7 bio cubic feet per day in July 2019 from 6.80 bcf in June according to the latest data released by the Petroleum Ministry.

Committee Formed To Oversee Dubai's Real Estate Market.

The Emirate of Dubai is in the process of setting up a 'Higher Real Estate Planning Committee' which will be tasked with overseeing Dubai's real estate sector and work to try and balance overall supply and demand. According to a 'Gulf News' article the committee has been set three key objectives : 1. Reduce the risk of oversupply, 2. Give private developers more space to build their credentials, and 3. Be realistic about the projects the city will need over the next ten years. The committee will be chaired by the Deputy Ruler of Dubai, Sheikh Maktoum Mohammad Bin Rashid Al Maktoum, and its other members will have proven real estate sector backgrounds. You can access more on this story [here](#).

Kuwait Airlines To Spend US\$2.5 Bio On New Aircraft.

Kuwait's national carrier says it will spend up to US\$2.5 bio on 28 new passenger aircraft which should all be delivered by 2026. The planes will be financed with bank debt, the airline's own capital and through the sale and re-leasing of the carrier's planes, the airline's chairman Yousef Alsaqer was quoted as saying by Reuters this past weekend. Kuwait Airways received its first Airbus A320-Neo jet last week.

Maroc Telecom Seals US1 Bio Infrastructure Deal.

Maroc Telcom has signed a MAD 10 bio agreement with the Moroccan government which will see the firm develop the country's telecommunication infrastructure, including higher speed broadband connections, over the next three years.

Amplus Wins Angolan Oilfields Contract.

The UK based Amplus Energy firm has been awarded a six-month contract to re-evaluate the development of marginal oil fields in Angola, according to the 'worldoil' website.

South Africa Impounds Tanzanian Airliner.

An Air Tanzania Airbus A220-300 is reportedly still being held by South African authorities at Johannesburg's International Airport after it was impounded late last month following a court order. According to an article published on the 'enca' news site, the case is related to a retired Namibian farmer's claim that the Tanzanian government owes him US\$33 million in compensation after his farm in Tanzania was expropriated in the 1980s. The farmer had been awarded compensation following an arbitration tribunal.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6729/30	2/5	6/11	10/15	25/30	35/45	52/62	120/170
USD/SAR	3.7507/10	-3/Par	-4/Par	-4/Par	3/8	15/25	35/50	170/200
USD/KWD	0.30415/425	12/22	25/45	35/55	70/90	90/120	100/150	160/260
USD/OMR	0.38499/502	8/13	22/32	40/60	100/130	170/200	270/320	650/750
USD/BHD	0.37701/704	-2/+3	2/7	5/15	25/40	40/60	60/90	230/330
USD/MAD	9.6450/6650	20/120	50/300	75/375	250/650	500/1500	1100/2100	2000/5000
USD/EGP NDF	16.56	16.66/16.71	16.80/16.85	16.95/17.00	17.40/17.45	17.86/17.91	18.35/18.40	-
USD/JOD	0.7077/82	35/85	50/150	100/200	225/425	300/500	450/700	700/1700
USD/NGN NDF	362.51	363.25/365.25	365.00/367.00	367.25/369.25	374.75/377.75	383.00/388.00	392.00/397.00	(NAFEX)
USD/GHS NDF	5.4450	5.51/5.56	5.58/5.63	5.66/5.71	5.87/5.97	6.11/6.26	6.30/6.50	-
USD/TND	2.8700/8900	150/350	300/600	400/900	1000/2000	1500/2500	2000/3500	4000/7000
Crude Oil	Futures							
WTI	55.05							
Brent	59.00							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+29/35	+35/41	+41/47	+47/53	+53/59	+61/67	+71/77	+103/109
SAR SPREAD	+29/35	+32/38	+42/48	+53/59	+67/73	+78/84	+87/93	+113/119

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

EQUITY MARKETS

				Equity Price Moves				ATM Implied Vols		
Market	Underlying	BBG ticker	Spot	1day %	wtd %	mtd %	ytd %	3 mth	6 mth	1 Yr
Dubai	Index	DFMGI	2,889.81	4.77	4.76	4.76	14.23	19.7%	20.1%	20.4%
Abu Dhabi	Index	ADSMI	5,156.01	0.68	(0.19)	(0.19)	4.90	18.7%	19.0%	19.0%
KSA	Index	M1SAP	1,183.11	(0.01)	0.00	0.00	4.43	22.8%	21.3%	20.2%
Dubai	Equity	EMAAR	5.17	3.40	4.44	4.44	25.18	30.6%	31.0%	31.2%
Dubai	Equity	EMIRATES	13.15	14.85	13.85	13.85	47.92	26.4%	27.1%	28.0%
Abu Dhabi	Equity	ADCB	8.97	4.30	3.22	3.22	9.93	27.9%	28.5%	29.4%
Abu Dhabi	Equity	ETISALAT	17.12	1.90	1.30	1.30	0.82	17.4%	17.5%	18.2%
KSA	Equity	SABIC	103.40	(0.19)	(0.77)	(3.91)	(11.19)	21.5%	21.7%	22.7%
KSA	Equity	RJHI	67.30	(1.04)	(0.74)	(3.05)	17.27	22.0%	22.3%	23.0%

AND FINALLY...

Did you know that South African Airlines is Africa's oldest homegrown commercial carrier? It was first founded under the name 'Union Airways' and began operations on the 26th of August 1929 with five de Havilland DH 60 Gipsy Moth bi-planes.

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