

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Saudi Aramco Restores Its Oil Capacity – Prepares For IPO.**

Production at Saudi Aramco's damaged Abqaiq and Khurais facilities has been restored at a much faster rate than most analysts had predicted and the Kingdom's total capacity is now reported to be around 11.30 mio bpd, which is slightly more than it was prior to the 14<sup>th</sup> September attack. The country's Energy Minister stated yesterday that gas output at the same facilities was also almost back to normal with ethane production at 900 mio cubic feet per day and natural liquid gas at 880,000 bpd. Meanwhile the company's long-awaited IPO appears to be still on track with various media reports now suggesting an official announcement will come next month and a listing may take place as soon as November. There is also talk that this eventual float could involve as much as 10% of the company rather than the initially anticipated 5%. OPEC's Secretary-General, Mohammed Barkindo, said this morning that Saudi Arabia's rapid output recovery was crucial in curbing excessive oil price volatility.

#### **Crude Prices See-saw As Trump Sends Mixed Messages.**

The crude market dipped again slightly yesterday following the successful restoration of production by Aramco but also after the US President criticized China over its alleged commercial practices on Tuesday. Then last night Trump appeared to suggest a trade deal with Beijing was still in reach, *"They want to make a deal very badly, it could happen sooner than you think. You know why they want to make a deal? Because they're losing their jobs, because their supply chain is going to hell and companies are moving out of China and they're moving to lots of other places, including the United States. China is starting to buy our agricultural product again. They're starting to go with the beef and all of the different things, pork, very big on pork. You know they want to make a deal and they should want to make a deal. The question is, do we want to make a deal?"* Trump was quoted as saying by Reuters.

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### **US Implements Sanctions On Foreign Shippers Assisting Venezuela.**

The US Treasury has sanctioned four marine transport firms based in Panama and Cyprus for allegedly transporting Venezuelan oil to Cuba. *"The United States continues to take strong action against the former illegitimate Maduro regime and the malign foreign actors who support it. Maduro's Cuban benefactors provide a lifeline to the regime and enable its repressive security and intelligence apparatus,"* The US Treasury Secretary, Steven Mnuchin said in an OFAC statement which you can access in full [here](#). Meanwhile the Latin American country's crude production has reportedly fallen again in recent months to around 700,000 bpd.

### **Iraqi Prime Minister In KSA For Security Talks.**

Iraq's Prime Minister, Adel Abdul Mahdi, arrived in Saudi Arabia yesterday, his second official visit to the Kingdom in less than a year. Mhadi met with King Salman and the Crown Prince to discuss closer bilateral relations and the recent jump in regional tensions following the drone/missile attack on Aramco's facilities. Saudi Arabia reopened its consulate in Baghdad earlier this year and has pledged more than US\$1.5 bio in financial assistance to its neighbor. Meanwhile the 'Arar' border crossing between the two countries is set to officially reopen next month for the first time since 1991.

### **Bahrain Raises US\$2 Bio Via Bond Issuance.**

Bahrain successfully raised US\$2 bio via its latest two-tranche bond issuance yesterday. The sale was split equally between a Sukuk (maturing 2027) at 4.50% and a conventional bond (maturing in 2031) at 5.625% compared to Initial Price Thoughts of 4.875-5.00% and 5.875-6.00%

### **'No Rate Cut Until Inflation Is Below 10%' - Nigeria's CB Governor.**

Nigeria's Central Bank Governor, Godwin Emefiele, said yesterday that the bank would not consider lowering its benchmark interest rate until inflation was back in single digits. *"How soon do I see interest rates coming down? I'm not seeing that coming this year. During the course of 2020 we may be able to see that, but I can't see that until we begin to see the numbers showing inflation is trending downward. Unfortunately it's been sticky coming downwards as soon as it hit about 11%. The Monetary Policy Committee would love to see it at about 9 per cent before beginning to aggressively thinking about easing,"* Emefiele was quoted as saying by Bloomberg this week. Nigeria's inflation rate hit a 4-year low of 11.02% y/y last month after peaking at 18.70% in January 2018.

### **Kenyan MPs Reject Call To Scrap Lending Rate Cap.**

Kenya's parliament has rejected a request by the country's Finance Ministry to scrap a commercial lending rate cap. Since 2016 local banks have been prevented from charging their customers more than 4% above the central bank's benchmark. The Finance Ministry and the Central Bank claim the cap has slashed private sector credit growth due to the fact that banks are now far more cautious when lending to small businesses. This in turn has impacted general economic growth.

### **SNC-Lavalin Wins Petroleum Contract In Abu Dhabi.**

Canada based SNC-Lavalin has been awarded a three-year engineering, project management, and technical support services contract from Al Yasat Petroleum in Abu Dhabi.

### **SPIG Seals Cooling Tower Deal In Bahrain.**

SPIG SpA. has won the contract to supply a sea water cooling tower to the Al Dur Phase II Independent Water and Power Project in Bahrain.

### **UAE Celebrates Its First Man In Space.**

The UAE and indeed the Arab world's first astronaut, Major Hazza Al Mansouri, safely boarded the International Space Station last night. His mission will entail conducting 16 scientific experiments in cooperation with other international agencies. The UAE established its own space agency in 2014.

*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	3.67295/305	3/6	8/13	13/18	27/37	40/50	52/62	140/170
USD/SAR	3.7515/18	-6/-3	-7/-4	-7/-2	-3/+2	7/17	25/40	160/190
USD/KWD	0.30410/420	18/28	40/50	65/75	130/160	190/220	250/280	400/500
USD/OMR	0.38499/502	5/15	12/27	30/50	80/110	160/190	250/300	625/725
USD/BHD	0.37698/701	5/15	10/25	20/35	30/55	50/80	70/100	250/350
USD/MAD	9.7150/7350	20/120	50/300	75/375	250/650	500/1500	1100/2100	2000/5000
USD/EGP NDF	16.32	16.50/16.55	16.70/16.75	16.90/16.96	17.40/17.45	17.88/17.93	18.37/18.42	-
USD/JOD	0.7085/90	35/85	50/150	100/200	225/425	300/500	450/700	700/1700
USD/NGN NDF	361.92	362.75/364.75	364.00/366.00	366.00/368.00	371.75/374.75	379.00/383.00	387.00/392.00	(NAFEX)
USD/GHS NDF	5.4883	5.52/5.57	5.59/5.64	5.66/5.71	5.88/5.98	6.10/6.25	6.30/6.45	-
USD/TND	2.8400/8800	150/350	300/600	400/900	1000/2000	1500/2500	2000/3500	4000/7000
Crude Oil	Futures							
WTI	56.35							
Brent	62.30							

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

## AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+27/33	+31/37	+40/46	+51/57	+64/40	+76/82	+87/93	+112/118
SAR SPREAD	+27/33	+34/40	+41/47	+49/55	+57/63	+67/73	+77/83	+108/114

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	2,797.46	(0.17)	(0.79)	1.41	10.58	19.7%	20.1%	20.4%
Abu Dhabi	Index	ADSMI	5,079.26	(0.18)	(0.89)	(1.67)	3.34	18.7%	19.0%	19.0%
KSA	Index	MISAP	1,181.45	(0.62)	0.96	(0.14)	4.28	22.8%	21.3%	20.2%
Dubai	Equity	EMAAR	4.68	(1.27)	(3.51)	(5.45)	13.32	30.6%	31.0%	31.2%
Dubai	Equity	EMIRATES	13.00	0.00	(0.76)	12.55	46.23	26.4%	27.1%	28.0%
Abu Dhabi	Equity	ADCB	8.06	(0.12)	(0.37)	(7.25)	(1.23)	27.9%	28.5%	29.4%
Abu Dhabi	Equity	ETISALAT	16.42	(0.48)	(2.15)	(2.84)	(3.30)	17.4%	17.5%	18.2%
KSA	Equity	SABIC	92.50	(0.32)	0.76	(7.41)	(20.40)	21.5%	21.7%	22.7%
KSA	Equity	RJHI	62.70	0.00	0.64	3.64	10.24	22.0%	22.3%	23.0%

## AND FINALLY...

Did you know that the 'Hope Mars Mission', is a space exploration probe mission to Mars? It is funded by the United Arab Emirates and the probe is currently being built at the Mohammed bin Rashid Space Centre. It is due to launch in 2020.

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