

Market Insights & Strategy

Global Markets

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Glenn Wepener

Executive Director & Geopolitical Analyst,
Middle East & Africa

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REGIONAL COMMENTARY

Oil Prices Ease Back After Recent Spike.

Crude prices began easing back off an 8-month high late yesterday following the initial spike triggered by last week's killing of Qassem Soleimani. Of course concerns remain high over the potential for a further escalation of this crisis, but at this stage anyway the general assumption is that any retaliation on the US by Iran is more likely going to be 'asymmetric' via proxy forces, rather than a direct confrontation and therefore may not necessarily have a significant impact on world oil supplies. However the issue will continue to be closely watched, and so any retracement in prices will probably be limited for the time being with technical support now seen for Brent at the US\$65.00 area and resistance at US\$73.00.

US Shale Sector Heading For Further Consolidation

According to a new report published by the energy research firm Enverus, the US shale sector should no longer be considered a growth industry and as such will likely experience further consolidation in the years ahead as it tries to transform into one that begins rewarding investors. *"Investors who funded the shale revolution over the last decade have become vocal in advocating for payouts and cut back on providing new capital,"* a senior Enverus analyst was quoted as saying by the 'Journal of Petroleum' website yesterday. Meanwhile the Dallas Federal Reserve's business activity index on the energy sector for the 4th quarter of 2019 came in at -4.2, and follows on from the -7.4 recorded in Q3. The oilfield services segment again displayed a significantly sharp contraction with a reading of -22.1. The Dallas Fed has also published some of the responses it had received on questions sent to various E&P companies on their current business mood, which make for interesting reading. You can view these specific comments [here](#).

US Military Sends More Assets To The Gulf.

The US has begun deploying additional assets to the Gulf region, although it should be noted that some of these movements actually began towards the end of December 2019 following an attempted storming of the US embassy in Baghdad. The most recent deployment involved more than 3,000 members of the 173rd Airborne Brigade who

will join a similar number of their comrades from the 82nd Brigade. (Both units are considered to be 'quick reaction' forces). Meanwhile an amphibious assault vessel the USS Bataan with 2200 marines onboard, which had been scheduled to conduct a training exercise in Morocco, is also now heading to the region according to the 'military.com' website. Once these forces are in place it will mean an estimated 20,000 additional US personnel have been deployed in the Middle East since May 2019. On top of this, CNN claimed yesterday that the USAF has apparently sent six of its B52 'Stratofortress' bombers to its base on Diego Garcia, but admittedly such aircraft are regularly deployed to the Indian Ocean island on a normal rotational basis, a standard routine which has been taking place since at least 2001.

LNA Forces Seize Key City In Libya.

The Libyan National Army led by General Haftar, announced yesterday that its forces had managed to take control of the strategically important city of Sirte which is close to the country's all-important oil crescent, was the former hometown of Muammar Gaddafi and lies just 370km from Tripoli. *"Sirte has been totally liberated, the operation was quick and lasted only three hours,"* a LNA official, Ahmed al Mosmari was quoted as saying by the 'Deutsche Welle' news outlet.

Tax Hike May Lower FDI In Nigeria's Oil Sector – Platts.

The decision by President Buahari's administration late last year to raise taxes on firms operating in Nigeria's offshore oil fields may have increased revenue generation for the government, but could backfire by also deterring international oil companies from investing in the country, and thus potentially lower its future overall crude output, an S&P Platts article suggested recently. *"A 10% royalty hike marginally reduces Nigeria's competitive advantage, in a country where investors must also weigh persistent security risks,"* Paul Sheldon, an S&P Platts analyst stated. You can access the full article [here](#).

Iranian Riyal Under Pressure Again.

Iran's local currency reportedly dropped by over 4% to IRR 140,000 versus the US dollar in the unofficial 'kerb' market yesterday, (its lowest level in 6 months). The country's stock market also experienced a sell-off with the benchmark TSE index touching its lowest point in 4 years.

Egypt Sells US\$800 Mio Of One-Year T-Bills.

Egypt sold US\$865 mio worth of 1-year T-Bills yesterday at an average yield of 3.54%, according to a statement issued by the country's central bank.

UAE To Launch New 5-Year Tourism Visa.

The UAE cabinet has approved plans to launch a 5-year multi-entry tourist visa scheme within the 1st quarter of this year. *"Today we approved the change of the tourist visa system in the country, so that the duration of the tourist visa is five years and multi-entry for all nationalities. We receive more than 21 million tourists annually and our aim is to establish the country as a major global tourist destination,"* the Vice President of the UAE and ruler of Dubai, Sheikh Mohammed bin Rashid al Maktoum stated via his Twitter account yesterday. Under the current system the UAE issues single or multiple entry tourist visas with a maximum validity of 30-90 days. The announcement comes ahead of Expo 2020 which is scheduled to open in Dubai on the 20th of October 2020.

Saudi Arabia Reports Jump In Venture Funding.

Saudi Arabia recorded the fastest y/y growth in venture funding deals within the MENA region last year, according to the Dubai based investment data platform MAGNiTT. *"Saudi Arabia benefits from being one of the largest populations and economies in the MENA region, with high mobile and internet penetration. This offers an ideal testing ground for entrepreneurs to locally start ventures, as well as a key market for international companies to scale into. At the same time, the government has recently launched initiatives to boost and drive entrepreneurship in the Kingdom. These include the likes of capital availability through the newly established US\$1.07 billion Fund of Funds launched by the PIF, as well as licensing opportunities for start-ups and VCs by the Saudi Arabian General Investment Authority and funding initiatives through Monsha'at, the SME authority, to support this growth,"* the CEO of MAGNiTT was quoted as saying by the 'Zawya' news outlet.

IHG Wins Hospital Contracts In Oman.

The UK based International Hospitals Group has been awarded the contract to design and construct three new hospitals in Oman. Funding for these projects will come via a loan granted by the UK's Export Finance agency.

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	3/7	8/13	13/18	27/37	48/58	60/70	170/200
USD/SAR	3.7514/19	-8/-3	-8/-3	-8/-3	Par/+10	18/28	47/57	200/250
USD/KWD	0.30300/330	10/20	27/37	40/55	80/100	120/170	155/185	250/350
USD/OMR	0.38501/07	12/22	30/45	55/70	130/160	240/270	380/430	800/950
USD/BHD	0.37700/10	1/6	4/9	8/18	20/40	45/65	80/110	200/300
USD/MAD	9.5700/5900	100/300	200/500	400/900	700/1300	850/1650	1000/2000	2000/5000
USD/EGP NDF	16.0500	16.15/16.20	16.27/16.32	16.38/16.43	16.74/16.79	17.12/17.17	17.49/17.54	-
USD/JOD	0.7095/7105	40/90	50/150	100/200	225/425	300/500	450/700	700/1700
USD/NGN NDF	364.21	365.00/367.00	366.00/368.00	367.50/369.50	374.50/377.50	383.00/388.00	392.00/397.00	(NAFEX)
USD/GHS NDF	5.7000	5.73/5.77	5.79/5.84	5.86/5.91	6.12/6.22	6.39/6.51	6.65/6.80	-
USD/TND	2.7750/8050	150/350	300/600	400/900	1000/2000	1500/2500	2000/3500	3500/6500
Crude Oil		Futures						
WTI		62.85						
Brent		68.45						

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+25/31	+28/34	+340/40	+42/48	+52/58	+62/68	+72/78	+100/106
SAR SPREAD	+35/41	+42/48	+50/56	+58/64	+68/74	+78/88	+88/94	+118/124

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	2,693.17	1.41	(1.37)	(1.22)	(1.22)	21.0%	21.2%	21.9%
Abu Dhabi	Index	ADSMI	5,007.68	0.71	(1.11)	(0.64)	(0.64)	19.6%	19.9%	20.4%
KSA	Index	MISAP	1,188.16	(2.13)	(2.13)	(2.20)	(2.20)	23.7%	21.9%	21.6%
Dubai	Equity	EMAAR	3.91	2.30	(1.23)	(0.50)	(0.50)	32.1%	32.4%	32.8%
Dubai	Equity	EMIRATES	12.65	1.98	(0.77)	(0.77)	(0.77)	29.3%	29.8%	30.8%
Abu Dhabi	Equity	ADCB	7.68	1.04	(1.65)	(2.02)	(2.02)	29.5%	29.7%	30.8%
Abu Dhabi	Equity	ETISALAT	16.30	0.49	(0.73)	0.12	0.12	18.6%	19.2%	19.5%
KSA	Equity	SABIC	91.60	0.54	(1.07)	(1.60)	(1.60)	22.7%	22.9%	22.9%
KSA	Equity	RJHI	64.50	1.24	(0.76)	(0.15)	(0.15)	22.9%	23.2%	23.8%

AND FINALLY...

Did you know that South Africa's Table Mountain is around 600 million years old and thus one of the world's oldest? It is also a UNESCO heritage site (South Africa has 9 of these).

Glenn Wepener
Executive Director

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FAB Global Markets

Email: Marketinsights&strategy@bankfab.com

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