

# Market Insights & Strategy

Global Markets

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**Glenn Wepener**

Executive Director & Senior Geopolitical  
 Analyst, Middle East & Africa

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### REGIONAL COMMENTARY

#### **Europe & UK Put Iran On Notice.**

The UK, France and Germany have triggered the JCPOA accord's dispute mechanism in an apparent 'last-ditch' attempt to get Tehran back to the table and reverse their recent decision to stop abiding by various limitations laid out within the agreement, such as their uranium enrichment program. *"Our goal is clear: We want to preserve the accord and come to a diplomatic solution within the agreement. We will tackle this together with all partners in the agreement. We call on Iran to participate constructively in the negotiation process that is now beginning,"* the German Foreign Minister, Heiko Maas, was quoted as saying by the 'AP News' agency. Iran's partial withdrawal from the JCPOA has raised concerns it will restart its drive towards building an atomic weapon as highlighted in comments made this week by the UK's Foreign Secretary, Dominic Raab, who warned that; *"Each of these actions were individually serious. Together, they now raise acute concerns about Iran's nuclear ambitions,"* and adding that; *"The regime can take the steps to de-escalate tensions and adhere to the basic rules of international law. Or sink deeper and deeper into political and economic isolation. We urge Iran to work with us to save the deal."* If Iran does not revert back to full compliance of the original JCPOA or open up negotiations into a new deal (as Trump and Johnson are calling for), then the EU are likely to re-impose sanctions. The response from the Iranians thus far has been mixed, on the one hand their Foreign Ministry heavily criticized this European decision and warned of a *"serious and strong response"* whilst on the other a senior government official was quoted by Iran's state-run news service as saying that the country was; *"fully ready to answer any good will and constructive effort."*

#### **New Talks Over Libyan Crisis Mooted.**

A fresh conference on finding a solution to the ongoing Libyan conflict is due to be held in Berlin this Sunday, according to the German Foreign Ministry. The announcement comes after a recent round of peace talks in Moscow collapsed. *"With the aim of supporting the work of UN Secretary-General Antonio Guterres and the UN special envoy, Ghassan Salame, towards a sovereign Libya and a reconciliation process, Chancellor Merkel is extending invitations for a Libya conference in*

*Berlin on Sunday*," a spokesperson for the German Foreign Ministry tweeted yesterday. Representatives from the two rival administrations in Libya as well as envoys from the US, Russia, China, France, Italy, UN and UK are due to attend.

### **Protests Erupt In Lebanon Again.**

Demonstrators returned to the streets of Beirut yesterday as frustration grows over the ongoing political stasis, and a worsening economic situation. A number of highways were blocked with burning tyres, and some clashes with the riot police were reported during protests outside the Central Bank building. In response President Aoun called for more patience; *"What is needed is a government with a specific speedy program to address the pressing economic and financial crisis. The formation of this government demands choosing competent individuals who deserve the trust of the people and parliament, which takes time,"* Aoun was quoted as saying by the 'Gulf News' media outlet on Tuesday.

### **Profile Of Bahrain's New Foreign Minister.**

Sheikh Khalid bin Ahmed Al Khalifa, Bahrain's long-serving Foreign Minister is set to become the King's diplomatic advisor when his current term ends in March this year. He will be succeeded by Abdul Lateef Rashid Al Zayani the current GCC Secretary-General, the Bahraini government announced earlier this month. Al Zayani graduated from the Sandhurst Military Academy in the UK, holds a PhD in Operations Research from the Naval Postgraduate School in California and a Master's Degree in Logistics Management from the Air Force Institute of Technology in Ohio. During his career he has also served as Bahrain's ambassador to the UK, Ireland, Netherlands, Norway and Sweden as well as holding several high level positions within the BDF and the Interior Ministry.

### **Kenya's President Announces Cabinet Reshuffle.**

Kenya's President Kenyatta announced both a cabinet reshuffle and some economic policy changes yesterday. The wide-ranging reshuffle saw the Agricultural Secretary, Mwangi Kiunjuri dismissed from cabinet and replaced by Peter Munya, whilst the head of the National Treasury, Henry Rotich, was replaced by Ukur Yattani. Other changes included Raychelle Omamo switching from Defence to Foreign Affairs, Sicily Kariuki from Health to Water, Monica Juma from Foreign Affairs to Defence and Simon Chelugui from Water to Labour. Meanwhile the President also unveiled some new economic measures including a KES 3 bio fund to protect small coffee growers from any cash flow delays, KES 500 mio to help fund the establishment of two milk processing plants, a 16% tax on dairy products imported from outside the East African Customs Area and an investigation into certain areas of weak governance.

### **Egyptian Yield Play Continues To Attract Investors.**

As the new year begins to get properly into gear and US/China trade tensions ease, Egyptian assets remains a prime choice for short-term investors seeking yield. As such demand for Egyptian T-Bills has rocketed again this month boosting the local currency to its strongest level against the US dollar in almost 3 years. This jump in inflows is also probably driven by the view that the Central Bank will be looking to lower its benchmark interest rate again soon. According to our own calculations we currently estimate that the amount of bills currently held by foreign investors is between the US\$23-25 bio mark.

### **JP Morgan Sets A Positive Rating On Aramco Shares.**

JP Morgan has begun its coverage of Saudi Aramco's stock with an 'overweight' rating and a price target of SAR 37.00 per share. *"Our bullish view is predicated on its dividend growth outlook, with scope to increase the US\$75 billion baseline as production scales up,"* JP Morgan said.

### **Nigeria Needs To Enact Reforms To Boost Growth – World Bank.**

The World Bank expects the Nigerian economy to grow by 2.10% this year and the next, according to the international lenders' latest Global Economic outlook. However this is still far below its peers in the region, and the levels needed to meet the demands of an ever expanding population which already totals close to 200 million people. *"Nigeria's population is expected to grow by as much as 35 million in the next decade and unless the pace of growth and job creation accelerates, the country will account for a quarter of all*

people living in extreme poverty worldwide. Creating new opportunities for this rapidly increasing labour force will require a new economic model based on productivity growth. Without robust productivity growth, living standards will continue to deteriorate, and the number of people living in poverty will continue to rise, increasing by more than 30 million by 2030," a senior economist at the World Bank stated.

### Hyundai Wins US\$700 Mio Contract In Algeria.

South Korea's Hyundai Engineering & Construction Company has been awarded the US\$730 mio contract to build a 1300MW power plant in Algeria.

### Ethiad Airways Targets Zero Emissions By 2050.

The UAE based Etihad Airways has committed to halving its current net carbon emissions by 2035 and to zero by 2050 according to company press release that was published earlier today. "The global focus on the environment and the urgency of reducing carbon emissions has never been greater. Etihad Aviation Group, together with its partners, is taking an active role in reducing the impact of aviation on the environment through initiatives ranging from optimized fuel management to sustainable financing practices," Etihad Aviation Groups' CEO, Tony Douglas, was quoted as commenting on this topic by the 'Reuters' news 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	3.67285/295	2/5	4/9	7/12	17/27	27/37	37/47	100/130
USD/SAR	3.7517/22	-20/-15	-25/-15	-27/-17	-25/-15	-20/-10	-12/-2	80/110
USD/KWD	0.30325/345	20/30	30/45	45/60	85/115	115/145	145/175	230/330
USD/OMR	0.38500/505	5/15	15/25	30/50	90/120	170/200	270/370	700/800
USD/BHD	0.37699/704	2/12	4/14	08/23	20/40	35/55	60/90	200/300
USD/MAD	9.500/5800	100/300	200/500	400/900	700/1300	850/1650	1000/2000	2000/4500
USD/EGP NDF	15.85	15.90/15.95	15.98/16.03	16.08/16.13	16.38/16.43	16.70/16.75	17.03/17.08	-
USD/JOD	0.7090/7100	40/90	50/150	100/200	225/425	300/500	450/700	700/1700
USD/NGN NDF	362.22	362.50/364.50	363.50/365.50	365.00/367.00	371.00/374.00	379.00/383.00	387.50/391.50	(NAFEX)
USD/GHS NDF	5.6400	5.67/5.72	5.71/5.76	5.78/5.88	6.01/6.11	6.25/6.40	6.50/6.65	-
USD/TND	2.7900/8300	150/350	300/600	400/900	1000/2000	1500/2500	2000/3500	3500/6500
<b>Crude Oil</b>	<b>Futures</b>							
WTI	58.10							
Brent	64.35							

\*\* (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	+24/32	+28/34	+34/40	+41/47	+49/55	+56/62	+82/88
SAR SPREAD	+32/38	+36/42	+42/48	+48/54	+56/62	+64/70	+73/79	+102/108

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

EQUITY MARKETS				Equity Price Moves				ATM Implied Vols		
Market	Underlying	BBG ticker	Spot	1day %	wtd %	mtd %	ytd %	3 month	6 month	1 year
Dubai	Index	DFMGI	2,817.99	0.54	0.98	1.92	1.92	15.1%	15.2%	15.4%
Abu Dhabi	Index	ADSMI	5,174.05	0.11	1.63	1.94	1.94	18.7%	18.5%	18.2%
KSA	Index	MISAP	1,220.75	0.36	1.16	0.48	0.48	18.9%	18.5%	18.2%
Dubai	Equity	EMAAR	4.23	0.71	0.22	5.22	5.22	30.7%	30.7%	30.8%
Dubai	Equity	EMIRATES	13.35	0.75	(1.32)	2.69	2.69	28.8%	28.8%	28.9%
Abu Dhabi	Equity	ADCB	8.10	0.50	4.82	2.27	2.27	25.2%	25.3%	25.5%
Abu Dhabi	Equity	ETISALAT	16.58	0.48	2.58	1.34	1.34	17.2%	17.2%	17.1%
KSA	Equity	SABIC	92.50	(0.75)	0.65	(1.49)	(1.49)	19.4%	19.4%	19.5%
KSA	Equity	RJHI	66.20	(0.30)	(1.14)	1.22	1.22	20.9%	20.9%	21.0%

**Indication Levels Only – Please contact our trading desk for any live pricing and/or information.**

### AND FINALLY

*Did you know that Dubai International is the world's busiest airport for international passengers?*

**Glenn Wepener**

**Executive Director**

**Market Insights & Strategy**

**FAB Global Markets**

Email: [Marketinsights&strategy@bankfab.com](mailto:Marketinsights&strategy@bankfab.com)

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