

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Saudi Arabia May Send Troops To Syria.

According to the Arab News media outlet the Saudi Foreign Minister, Adel Al Jubeir, said that his country would be prepared to deploy troops to Syria in support of any US-led effort to stabilize the situation there. “We are in discussions with the US, and have been since the beginning of the Syrian crisis, about sending forces into Syria. There are discussions regarding, what kind of force needs to remain in eastern Syria and where that force would come from, and those discussions are ongoing,” Al Jubeir was quoted as saying yesterday, adding however that this offer of assistance was nothing new. “We made a proposal to the Obama administration that if the US were to send forces, then Saudi Arabia would consider along with other countries sending forces as part of this contingent.” Meanwhile a Saudi military spokesperson announced yesterday that the Kingdom’s air defence units successfully intercepted a ballistic missile launched by Houthi militants in Yemen towards the city of Najran yesterday, according to the Saudi Press Agency.

US Crude Inventories Fall – Egypt To Auction Oil & Gas Concessions.

According to the latest API report, US crude inventories fell by 1.047 mio barrels last week to 428 mio, but the big surprise came from petrol stocks which declined by 2.5 mio barrels against expectations of a much smaller draw. The market now awaits the EIA’s weekly report which is due out later today to confirm this data. Meanwhile Egypt’s energy minister, Tarek El Molla, said yesterday that the government planned to auction up to eleven oil and gas exploration blocks along its Mediterranean coastline this year, as well as increasing production at other newly activated fields in order to meet Egypt’s target of becoming self-sufficient in natural gas by 2019.

Nigeria’s Economy To Expand By 2.10% In 2018 – IMF.

In its latest country review, the IMF said that it expects Nigeria’s economy to grow by 2.10% in 2018 compared to 0.80% last year reflecting the recovery in oil prices. However the fund sees growth easing back to 1.90% in 2019, expressed some concerns over the rise in non-performing loans, and continued to call on the government to speed-up its diversification efforts. “Some low-income countries like Mozambique and Nigeria have experienced financial stress or deteriorating loan quality in recent years as growth has moderated

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and corporate balance sheets have weakened. Further deterioration in loan quality would impair credit intermediation and ability of the banking sector to support growth, which would raise the risk of cost recapitalization and severely burden the already strained public finances,' the report read.

Kenya May Scrap Interest Rate-Cap Law.

Kenya's President, Uhuru Kenyatta, was quoted by the Daily Nation newspaper yesterday indicating, that his government was preparing to review a law which currently caps the commercial lending rate banks can charge to a maximum of 400bp above the Central Bank's benchmark rate. This cap was introduced in 2016 in an attempt to support the SME sector's access to credit, but a recent study conducted by the country's Central Bank suggests that since the law was enacted there has been a marked fall in the total number of loans issued. "It is clear to all that this was going to be the way to make capital available to SMEs at a much more affordable rates, It is now obvious that actually this has not transpired and that is why we need to re-look that law," Kenyatta stated

Iran's Rial Continues To Feel The Heat.

Despite the recent implementation of additional FX control measures by the Iranian authorities in its ongoing effort to significantly reverse the fall in the value of the local currency, USD/IRR appears to be on the rise again in the unofficial market. According to the Forbes business website, USD/IRR dipped back to 55,000 when these latest measures were introduced last week after earlier touching a record high of 61,000, but the pair was reportedly back above 56,000 yesterday. (The official USD/IRR rate is currently fixed at 42,000). The Rial has lost almost 30% of its value against the US dollar since the beginning of this year, with the fall driven primarily by concerns over the possible resumption of US sanctions on Iran's oil sector should Washington pull out of the JCPOA agreement.

Morocco's Trade Deficit Widens.

Morocco's trade deficit expanded by 10.60% to MAD 48.7 bio during Q1 of this year compared to the same period last year. According to the Central Bank this increase was driven in part by an increase in the import of consumer goods and equipment. Meanwhile the country's FX reserves slipped to US\$23.1 bio last month from US\$25.40 bio in February.

OMANTEL & TAQA Conduct Dual-Tranche Bond Issuances.

Abu Dhabi based TAQA raised US\$1.75 bio via its dual-tranche bond issuance this week which was also oversubscribed. The bond coupons paid 4.375% (7Y) and 4.875% (12Y). Meanwhile Omantel raised US\$1.5 bio via its 5.5 year and 10 year dual-issuance at yields of 5.625% and 6.625% respectively.

ENI Eyes Further Opportunities In Algeria.

Italy's ENI has said it plans to sharply increase its investment into Algeria's gas sector over the next few years and has agreed to extend its partnership agreement with the state-owned energy firm Sonatrach. "The renewed collaboration between our companies, enshrined in today's agreements, allows ENI to make a further important step forward in a key country like Algeria and to consolidate further our strategic partnership with Sonatrach. We need to invest more because Algeria still has a lot of gas," ENI's CEO was quoted as saying by the 'Rigzone' website yesterday, adding that "Offshore is very interesting in Algeria, we are working on it, but we did not get blocks yet."

An ALDAR-EMAAR Merger Not Currently Being Discussed.

The chairman of Aldar Properties, Mohamed Khalifa Al Mubarak, has said that a merger between his company and Emaar was not currently under discussion and that the focus right now was on developing the two firms recently announced strategic alliance. "We want to first cement this JV, we want to finish these developments, at the highest quality we can, at the timeframe we announced, and share it with the people, and then we can discuss what the future can hold for both these entities," Al Mubarak was quoted as saying by the Arabian Business website yesterday.

Modelez Opens Production Plant In Bahrain.

The US based confectionary firm, Mondelez International opened a US\$90 mio manufacturing facility in Bahrain this week. The plant will produce various confectionaries including Oreo biscuits and serve as the company's export hub for the GCC region.

Warner Bros Theme Park Set To Open In Abu Dhabi.

Abu Dhabi continues its drive to attract more tourists to the Emirate with the next major entertainment facility, Warner Bros theme park, due to open on Yas Island in July this year. Abu Dhabi welcomed 4.875 mio tourists last year a 9.80% increase on 2016.

FX/RATES & CRUDE MARKETS:

Indication Levels Only – Please Contact us on Reuters Dealing Code NBAD for any pricing or information.

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6730/31	-1/+2	2/5	3/8	8/18	15/30	30/45	90/140
USD/SAR**	3.7501/03	-5/Par	-6/-1	-6/-1	-5/+5	8/23	25/45	180/230
USD/QAR**	3.6500/6600	Par/20	10/30	20/50	50/100	80/130	130/170	150/350
USD/KWD	0.29985/95	-30/-20	-55/-30	-70/-40	-100/-70	-130/-80	-160/-90	-150/-50
USD/OMR	0.38499/502	5/15	15/30	25/50	90/140	200/300	325/425	800/1100
USD/BHD	0.37704/09	5/15	15/35	30/50	60/90	100/200	150/250	650/850
USD/MAD	9.1400/1600	80/180	200/500	300/700	650/1650	1000/3000	1500/3500	3000/6000
USD/EGP NDF	17.69	17.76/17.82	17.87/17.93	17.98/18.04	18.34/18.40	18.73/18.83	19.11/19.17	-
USD/JOD	0.7090/7110	30/70	50/150	80/180	100/300	200/500	275/675	400/800
USD/NGN NDF	360.00	361.00/366.00	363.00/368.00	365.00/370.00	370.00/375.00	376.00/381.00	383.00/388.00	(NAFEX)
USD/GHS NDF	4.4400	4.47/4.57	4.51/4.61	4.55/4.65	4.67/4.77	4.80/4.90	4.92/5.02	-
USD/TND	2.4150/4550	200/300	400/600	500/800	1000/1500	1500/2500	2000/3000	4000/6000
Crude Oil	Futures							
WTI	67.00							
Brent	72.00							

NOTE: ** (offshore levels) - Also please note we are now using the NAFEX fixing for NGN.

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+17/23	+24/30	+31/37	+38/44	+46/52	+55/61	+64/70	+88/96
SAR SPREAD	+12/18	+24/30	+36/42	+47/53	+57/63	+67/73	+76/82	+95/103

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

AND FINALLY...

Saudi Arabia's first cinema in over 35 years is set to open in Riyadh today and will be screening the Hollywood blockbuster 'Black Panther.'

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