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REGIONAL COMMENTARY

Oil Prices Keep Firm Tone As Russia Hints At Speeding Up Its Production Cut Program.

The Russian Energy Minister, Alexander Novak, was quoted as saying yesterday that his country’s crude production this month will be lower than January, and that they hoped to move faster towards meeting their commitment for a tiered reduction in Russian output to 300,000bpd than had initially been envisaged. "We will be aiming to cut faster, depending on companies' capabilities," Novak stated.

Senior US General Calls For Resumption Of Military Exercises With Egypt.

The man in charge of US Central Command, General Joseph Votel, has said that his country wants to resume its bi-annual military exercises with Egypt as soon as possible. "It is my goal to get that exercise back on track and try to re-establish that as another key part of our military relationship," Votel was quoted by the NY Times as saying. The exercises which are known as 'Bright Star' were first initiated as far back as 1980 but were suspended in 2013 by the Obama administration. Congressional approval for the war-games to restart will be required and this may receive push-back from certain senators, while the Pentagon will also need to apply for additional funding. However looking at today’s news reports that Trump plans to increase the overall US military budget by US\$54 bio could mean that the latter issue at least may not be too much of a problem.

Delayed Reforms & US Sanctions Limit Economic Growth In Iran - IMF

The IMF published its latest assessment on the health of Iran’s economy yesterday saying that despite the country’s strong economic performance in 2016, which was driven primarily by the increase in oil production, hopes for continued expansion in the near term remain hampered by the lack of progress on important structural reforms and from ongoing anxiety by potential offshore investors and financial institutions over the new US administration’s policies towards Tehran. According to the report a number of Iran’s banks still need to be restructured and recapitalized, while the Central Bank requires independence in order to better manage inflation and the country’s exchange rate regime. Other reforms required include; improving corporate transparency, allowing for more flexibility in the country’s labour market, and introducing foreign investor friendly programs. Action on these matters could spur growth in the medium term, but the IMF warned that both domestic and international politics remain a significant hurdle in achieving these goals and that if the nuclear accord with Iran was disrupted and/or new sanctions imposed, this could push the economy back into recession. You can read the entire IMF report here: <http://www.imf.org/en/Publications/CR/Issues/2017/02/27/Islamic-Republic-of-Iran-2016-Article-IV-Consultation-Press-Release-Staff-Report-and-44707>

Naira Strengthens On CB Action – Arik Air Debt Load Revealed.

The Naira has strengthened from 520.00 to 450.00 against the US Dollar in the unofficial parallel market since the CB’s decision to provide some fresh liquidity to the local banks, and to lift some of the hard currency allocation restrictions. However in our view as outlined in our recent special report on Nigeria, these latest actions will likely only provide some temporary relief to the local currency market, it will not solve structural problems and nor will it

trigger an increase in much needed foreign inflows. If you have not yet read our commentary on this subject you can access it here along with all of our other research pieces: <https://www.nbad.com/en-ns/insight-and-features.html> Meanwhile the Asset Management Corporation of Nigeria, which recently took over the running of the heavily indebted domestic airline Arik Air, has reportedly discovered that aside from the carrier's NGN 300 bio debt due to AMCON, it apparently also owes around US\$78 mio in unpaid service charges to the IATA. These claims were made by AMCON's media consultant, Simon Tumba, and published on Nigeria's 'Premium Times' website. AMCON has enlisted KPMG to undertake a forensic audit of Arik Air's finances and hopes to eventually turn the airline around. "Arik Air, under the former management, was owing everywhere they operated, and apart from the over NGN 300 billion owed to AMCON, the airline also owes about NGN 50 billion to Nigerian banks and another US\$78 million to IATA. The airline was also in indebted to its fuel suppliers and was not able to pay staff salaries for months," Tumba was quoted as saying yesterday, adding that; "AMCON is not interested in liquidating Arik Air. We believe that the airline, which has one of the youngest fleets in Africa, can be turned around through good corporate governance and financial discipline. The current management is looking at the backlog of salaries owed to staff because they should be motivated to get the airline running properly, we have also resolved the issue of fuel supply, which has improved Arik Air's flight operations since the takeover."

ARAMCO To Invest US\$7 Bio In Malaysian Petrochemical Development.

Malaysia's Prime Minister, Najib Razak, announced yesterday that Saudi Aramco had agreed to invest up to US\$7 bio in a new 300,000bpd refinery and petrochemical complex in Malaysia's Johor state. The deal would reportedly see Aramco receive a 50% stake in the Petronas linked development.

Raytheon Wins US\$1 Bio Qatar Contract.

US based Raytheon has been awarded a US\$1.1 bio contract to supply and install an early warning radar system in Qatar.

Oman's Bond Roadshow Ends Today.

A roadshow conducted by Oman ahead of its estimated US\$2.5-3.0 bio bond issue is due to conclude today in Hong Kong and Boston. This upcoming conventional issuance will have 5, 10 and 30 year maturities and could be followed swiftly by a US dollar SUKUK. The government stated last month that it planned to borrow up to US\$5.5 bio this year. Oman is currently rated at BBB- by S&P.

SASOL Bullish On Mozambican Oil Discoveries.

South African energy firm SASOL is reportedly hoping to commence oil production from its Inhassoro and Temane fields in Mozambique within the next few years according to a recent statement by the company's CEO, Stephen Cornell. "This will be the first oil wells in Mozambique that go to full development, probably in two, maximum three years. We have drilled four wells, two of them gas, two of them oil, all showing positive results. In one of the areas where we expected mostly gas we found gas and oil," Cornell was quoted as saying by Reuters.

FX 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**	3.6724/26	6/9	12/17	20/30	35/50	50/70	70/100	230/280
USD/SAR**	3.7500/02	-2/+3	Par/+5	3/13	25/45	50/80	125/155	530/580
USD/QAR	3.6410/15	8/13	15/25	30/45	60/90	110/140	170/220	275/375
USD/KWD	0.30520/540	-5/Par	-5/Par	-5/+5	Par/+20	10/30	30/60	120/220
USD/OMR	0.38498/501	15/25	30/60	70/120	200/300	375/475	650/750	1800/2300
USD/BHD	0.37698/701	3/13	10/20	20/35	45/75	70/170	100/200	250/750
USD/MAD	10.0820/0920	250/350	600/750	800/1100	1800/2300	3000/3700	4000/5000	8000/10000
USD/EGP	15.85/16.05	16.15/16.45	16.45/16.75	16.60/16.90	17.15/17.45	17.65/17.95	18.15/18.45	*NDF
USD/JOD	0.7090/7110	35/75	40/140	50/150	100/300	150/550	250/650	500/2000
USD/NGN	315.00	330.00/335.00	340.00/350.00	353.00/363.00	380.00/390.00	400.00/420.00	415.00/435.00	*NDF
USD/GHS	4.6200	4.67/4.77	4.74/4.84	4.83/4.93	5.05/5.15	5.20/5.50	5.30/5.60	*NDF
USD/TND	2.2975/3075	150/300	325/625	400/900	750/1650	1100/2500	1450/3250	3000/6500

NOTE: ** (offshore levels)

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+37/43	+49/55	+65/71	+82/88	+100/106	+118/126	+130/140	+170/180
SAR SPREAD	+71/77	+85/91	+100/106	+115/121	+130/136	+140/148	+150/160	+167/177

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

AND FINALLY...

Did you know that Camel's milk contains 10-times more iron and 3-times more vitamin C than cow's milk?

Glenn Wepener

Executive Director & Geopolitical Analyst

Middle East & Africa

Market Insight & Strategy

NBAD Global Markets

Tel: +971-2-6110141

Mobile: +971-50-6415937

Email: GlennMaurice.Wepener@nbad.com

Website: www.nbad.com

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