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REGIONAL COMMENTARY

Saudi Arabia reduces its oil output further

Brent crude was back above US\$56 a barrel this morning following yesterday's announcement by Saudi Arabia's Energy Minister that the Kingdom had lowered its daily production levels to below 10 mio bpd, which is a deeper cut than it was obliged to do by the recent OPEC/non-OPEC agreement. "Oil production now is below 10 million so far, so, we're going the extra mile to lead our colleagues within and outside of OPEC to make sure that the market sees that there's serious action in place," Khalid al Falih stated yesterday adding, "I am confident that the combination of capping production by 25 countries and growth of demand will continue to balance and prices will respond accordingly." Meanwhile Iraq's Oil Minister, Jabbar Al Luabibi, has confirmed his country's commitment to meet its agreed production cut quota and was optimistic that crude prices will eventually rise above US\$65 a barrel.

Taiwan eased aside as Nigeria turns to China

Just one day after it was announced that China plans to invest up to US\$40 bio in Nigeria, an official note was reportedly sent to Taiwan's Foreign Ministry asking it to move their country's representative office from the capital Abuja to Lagos. This move follows comments by the Nigerian Foreign Minister, Geoffrey Onyeama, who was quoted by local media outlets as saying on Wednesday that, "Taiwan will not have any diplomatic representation in Nigeria and also they will be moving to Lagos, to the extent that they function as a trade mission with a skeletal staff." At the same time China's Foreign Ministry published a statement on its website claiming that Nigeria had agreed to observe Beijing's 'One-China' policy which considers Taiwan a 'renegade' province. In response Taiwan's government said that it seriously "condemns the unreasonable, rude, and outrageous act of political hype carried out by the Nigerian government in complying with mainland China's political goals," and that it would sending an envoy to the West African country in an attempt to resolve the issue. The office of President Buhari later stated that it "dismisses incorrect media reports to the effect that Nigeria has cut ties with Taiwan. The correct position is that the official relationship between Nigeria and Taiwan has been at the level of trade representation and this has not changed from what it used to be." However while it's true that Taiwan's has only ever had a trade office in Nigeria which it established back in 1991, the office in Abuja also handled consular affairs and supported various Taiwanese projects and factories across the country. A move to Lagos will likely see these services downgraded and Taiwan's visibility substantially reduced.

Israel accused of missile strike on Syrian air base

The Syrian army has accused Israel of carrying out a series of missile strikes on the large Mezzah military air base close to Damascus and just 5km from President Assad's residence late last night. "The Syrian army command and armed forces warn the Israeli enemy of the repercussions of this blatant attack and stresses it will continue its war on terrorism," an army statement read. Israel has refused to confirm or deny the claim, but this latest strike follows a number of previous attacks on Hezbollah positions and arms caches in Syria over the past few years which the government in Damascus also blamed on Israel. Earlier this month Israel's Institute for National Security Studies

released a report it which it suggested that Hezbollah rather than Iran was the “most serious conventional threat” the country faces this year.

Turkey’s CB attempts to halt Lira’s freefall – Erdogan accuses speculators of “Terrorism”

The Turkish Lira regained a little ground yesterday after the Central Bank raised its lending rate to banks via the o/n late liquidity window to 10% and declined to offer any funding in its regular one week repo auction. USD/TRY consequently retreated to 3.7550 yesterday after touching 3.9400 earlier this week, but this may only be a temporary respite as this latest CB action is unlikely to be enough to stem the tide, however all eyes will now be on the bank’s next MPC meeting scheduled for Jan 24th to see if it will also hike its benchmark rates despite alleged political pressure against such a move last year. Meanwhile President Erdogan was quoted by Reuters yesterday accusing his country’s enemies and speculators of being behind the collapse in the value of the Lira. “There is no difference in terms of goals between the terrorist with a gun in his hand and a terrorist with Dollars and Euros in his hands. The goal is to topple Turkey, to make it kneel and stray from its goals. They are using the foreign exchange rate as a weapon. Of course, we have some problems, but none of these explain the exchange rate in our country,” Erdogan stated adding, “It’s clear that the speculation on the forex rate has no depth. Our Central Bank and other banks must thwart these games, the Central Bank has the necessary tools and ability to take measures on this. Banks should not be involved in other calculations when the survival of the entire nation is on the line, I am also calling to the business world, it is time to invest and create jobs.”

Mubadala CEO says more mergers in Abu Dhabi are likely

The Group Chief Executive Officer of Mubadala, Khaldoon Khalifa al Mubarak, was quoted by Reuters as saying yesterday that further mergers between institutions in Abu Dhabi are likely. “There’s an appetite for more mergers. I expect to see mergers continue in a positive way in Abu Dhabi,” he said adding that the current integration of Mubadala and IPIC is proceeding well and was now in its final stages. He also suggested that the new fund would be “more interested in the upstream production side than the exploration side of oil,” and that oil prices are likely to range between US\$50 and US\$60 a barrel this year.

KSA may cancel a number of infrastructure projects

The FT published an article earlier this week in which it claimed that Saudi Arabia had hired the services of PwC to identify between US\$13-20 bio worth of savings with a focus on certain infrastructure projects.

SNC-Lavalin wins engineering contract extension in Saudi Arabia

SNC-Lavalin Fayeze Engineering has been awarded a 5-year extension to its existing FEED and project management contract with Saudi Aramco.

AFC awarded AED725 mio contract in Dubai

Al Futtaim Carrillion has won the AED 725 mio third phase contract on the One Central development in Dubai.

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**	3.6729/30	5/10	8/18	20/30	35/55	70/90	90/140	370/420
USD/SAR**	3.7505/08	4/9	10/20	20/35	80/110	180/230	300/350	950/1050
USD/QAR	3.6405/10	15/25	30/50	50/70	110/140	170/200	210/260	350/550
USD/KWD	0.30565/585	-12/-2	-15/-5	-20/-5	-10/+10	15/45	50/100	100/250
USD/OMR	0.38497/502	22/32	50/80	100/150	350/450	550/650	900/1000	2300/2800
USD/BHD	0.37700/05	5/15	15/30	25/45	60/110	100/200	150/250	600/1100
USD/MAD	10.0500/0600	250/350	625/775	950/1250	2000/2600	2900/3500	3800/4600	7000/9000
USD/EGP	18.65	18.65/18.95	18.75/19.05	18.85/19.15	19.35/19.65	19.80/20.30	20.30/20.80	*NDF
USD/JOD	0.7090/7100	35/75	40/140	50/150	100/300	150/550	250/650	500/2000
USD/NGN	315.00	318.00/323.00	325.00/330.00	333.00/343.00	360.00/370.00	388.00/398.00	415.00/425.00	*NDF
USD/GHS	4.2500	4.30/4.40	4.35/4.45	4.40/4.50	4.55/4.65	4.70/4.80	4.90/5.00	*NDF
USD/TND	2.3200/3300	125/275	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	+51/57	+64/70	+81/87	+101/107	+119/125	+134/142	+146/154	+185/195
SAR SPREAD	+98/104	+103/109	+114/120	+127/133	+142/148	+151/157	+161/168	+178/188

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

AND FINALLY...

A Ugandan engineer, Brian Turyabagye, has designed a biomedical smart-jacket than can accurately diagnose pneumonia in a patient 3-times faster than a doctor. This invention has been shortlisted for the 2017 Royal Academy of Engineering Africa Prize.

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