

MIDDLE EAST & AFRICAN MONITOR**May 12, 2015**

- ***Saudi Arabia Deploys “Strike Force” Near Border With Yemen.***
- ***Iranian Airline Sidesteps Sanctions To Acquire New Planes.***
- ***Turkish Ship Attacked Off Libyan Coast.***
- ***ARAMCO Plans US\$80 Bio Spending Spree.***
- ***Kenyan Shilling Under Pressure.***
- ***GCC Moves Towards Introduction Of Value-Added Tax.***

Regional Commentary***Saudi Arabia Deploys “Strike Force” Near Border With Yemen.***

The Saudi-owned Al Arabiya Hadath news channel reported last night that a column of tanks and other armoured vehicles had been sent to the Kingdom's border with Yemen after the army continued to exchange heavy fire with Houthi rebels near the border towns of Jizan and Najran, ahead of a 5-day ceasefire which is due to begin today. Officials have not as yet commented on the strength of this deployment, but the IB Times quotes unnamed sources as claiming that these reinforcements will include troops capable of fighting in the region's rugged and mountainous terrain.

Iranian Airline Sidesteps Sanctions To Acquire New Planes.

The Financial Times newspaper claims in an article published yesterday that Iran's Marhan Air has managed to defy international sanctions and acquire nine used Airbus aircraft via a complex network of arrangements including the use of one small Iraqi carrier as a front company. The US Treasury placed Marhan Air on its sanctions list in October 2011 and has accused it of assisting Iran's Revolutionary Guards by transporting military advisors and weapons overseas to such trouble spots as Syria and Yemen, while the FT reports that one of the company's planes was recently intercepted by Saudi Arabian Air Force jets enroute to Yemen and encouraged to turn back. A member of the board of Kerman Molal-Movahedin Non-Profit Institute, which owns Marhan, confirmed the purchase of the Airbus aircraft but denied accusations that the firm may be involved in the ferrying of weapons. "It is really baseless to say Mahan buys modern planes to carry weapons as if there is shortage of planes in Iran for such purposes," Hossein Marashi was quoted as saying, while Ali Reza Jahangirian, head of Iran's aviation association said Iran needs to buy up to 500 passenger planes in the next 10 years in order to renovate its aging fleet. However this latest news could further complicate the ongoing P5+1 talks which are seeking to finalize a permanent agreement on Iran's nuclear program, with a number conservative US congressmen already trying to block any atomic deal they deem to be weak, and regularly warning that Tehran was openly flouting US sanctions.

Turkish Ship Attacked Off Libyan Coast.

The Libyan military says its forces were behind the Sunday evening attack on a Turkish cargo ship and accused the vessel's captain of ignoring official maritime inquiries about its cargo and destination whilst sailing off the coast of Tobruk. The ship's alleged radio silence reportedly led Libyan authorities to believe that it was carrying weapons into Derna, an area of Libya which is currently controlled by militants linked to ISIS. "The vessel was suspected of carrying weapons to Derna. Why else would they cruise along that path and not respond to the Navy or Air Force when we contacted them?" a Libyan naval officer was reported as saying by the Wall Street Journal. The illegal inflow of arms is a major concern in Libya where two rival governments, one in Tobruk (which is internationally recognized) and the other in Tripoli, are struggling to expand their sphere of influence. Meanwhile the attack on the ship has been slammed by the Turkish Foreign Ministry which issued a statement saying, "We condemn strongly this contemptible attack which targeted a civilian ship in international waters and curse those who carried it out." In February this year the Libyan Prime Minister, Abdullah al-Thinni, said that his Tobruk based government would stop dealing with Turkey because they believed it was sending weapons to a rival group in Tripoli so that "the Libyan people kill each other".

ARAMCO Plans US\$80 Bio Spending Spree.

The Saudi Arabian Oil company is reportedly planning to invest up to US\$80 bio overseas during the next 5 years. An article in Bloomberg yesterday suggested that the bulk of this investment will be concentrated in Asia, especially China and South Korea. Last week the government announced a management shake-up and that Aramco would be separated from the oil ministry as part of a major restructuring program, although the company would remain state-owned.

Kenyan Shilling Under Pressure.

USD/KES touched 96.40 yesterday its highest level in over 3 years as the local currency continued to struggle against declining hard currency inflows. The tourism sector, a key foreign exchange earner, has in recent months recorded a sharp drop in the number of foreign visitors to the country due to security fears following a series of attacks by Islamic militants linked to the

ongoing civil strife in Kenya's neighbor Somalia. Further weakness of the KES is expected although the CB will continue to intervene in an attempt to slow the fall.

GCC Moves Towards Introduction Of Value-Added Tax.

The GCC's Financial & Economic Cooperation Committee agreed at a meeting this past weekend to adopt a draft agreement on VAT and this will now be forwarded to each country's respective governments for their review and endorsement. However Kuwait's Minister of Finance, Anas Al Saleh, said that no specific time frame for its introduction has yet been set and each country would be responsible for issuing their own VAT laws in line with the principles of the draft agreement.

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	3.67295/305	-3/-1	-3/-1	-4/-1	-4/-1	-5/Par	-4/+2	35/75
USD/SAR	3.7501/02	-0.75/+0.25	-1/Par	-3/Par	-1/+3	2/12	12/22	100/140
USD/QAR	3.6400/05	8/13	19/24	28/38	45/55	60/80	75/95	190/240
USD/KWD	0.30188/198	22/27	45/55	65/75	140/160	210/240	285/325	430/630
USD/OMR	0.38482/492	17/27	25/55	35/75	110/180	180/280	250/350	450/850
USD/BHD	0.37703/07	4/9	8/18	18/28	38/58	57/77	85/105	150/250
USD/MAD	9.6930/7030	360/450	670/870	990/1250	1930/2430	2800/3550	3550/4550	6700/9700
USD/EGP	7.5300	7.57/7.63	7.64/7.70	7.70/7.80	7.90/8.05	8.15/8.35	8.40/8.60	*NDF
USD/JOD	0.7080/90	35/85	60/160	85/185	150/350	200/600	250/700	
USD/NGN	199.10	200.00/201.50	202.50/204.50	208.00/211.00	218.00/221.00	225.00/230.00	232.00/242.00	*NDF
USD/GHS	3.8838	3.95/4.03	4.05/4.15	4.13/4.23	4.35/4.45	4.52/4.72	4.65/4.85	*NDF
USD/TND	1.9160/9210	60/95	105/155	160/260	330/530	525/825	760/1160	1180/2180

NOTE : We also provide pricing in KES, ZMK, MUR and DZD on a request basis and are active in the CNH, HKD, INR, KRW, MYR, SGD & THB markets.

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+41/45	+48/52	+57/61	+66/70	+76/80	+89/95	+101/109	+137/143
SAR SPREAD	+36/40	+36/40	+36/40	+37/41	+37/42	+43/49	+53/58	+82/92

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

AND FINALLY...

Did you know that remains of the largest ever known crocodile were discovered in Kenya ? The 27-foot-long predator named "Crocodylus Thorbjarnarsoni" likely swallowed early humans whole, and lurked in deep pools near the present-day Lake Turkana between two and four million years ago.

Best regards,

Glenn Wepener

Executive Director - Global Client Group

Financial Markets

Tel: +971-2-6110141

Mobile: +971-50-6415937

Email: GlennMaurice.Wepener@nbad.com

Website: www.nbad.com

Disclaimer: To the fullest extent allowed by applicable laws and regulations, National Bank of Abu Dhabi PJSC (the "Bank") and any other affiliate or subsidiary of the Bank, expressly disclaim all warranties and representations in respect of this communication. The content is confidential and is provided for your information purposes only on an "as is" and "as available" basis and no liability is accepted for or representation is made by the Bank in respect of the quality, completeness or accuracy of the information and the Bank has undertaken no independent verification in relation thereto nor is it under any duty to do so whether prepared in part or in full by the Bank or any third party. Furthermore, the Bank shall be under no obligation to provide you with any change or update in relation to said content. It is not intended for distribution to private investors or private clients and is not intended to be relied upon as advice; whether financial, legal, tax or otherwise. To the extent that you deem necessary to obtain such advice, you should consult with your independent advisors. Any content has been prepared by personnel of the Financial Markets Division at the Bank and does not reflect the views of the Bank as a whole or other personnel of the Bank.

Confidential

Document uncontrolled when printed