

# Market Insights & Strategy

Global Markets

1<sup>st</sup> April 2020

## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### **Some US Crude Benchmarks Hit Single Digits.**

US oil benchmark prices fell again yesterday with some blends even trading in single digits. Oklahoma Sweet drifted below US\$16 per barrel, Louisiana Light was US\$5.85 and Wyoming hit US\$1.25. As we outlined in our oil market outlook published earlier this month, despite diplomatic pressure from the US, including a recent telephonic discussion on the topic between Trump and Putin, both KSA and Russia appear unlikely to return to output cut talks in the near term, unless however the US also commits to entering a fresh reduction agreement, a move that would mark an unprecedented reversal in the US energy sector's long held opposition to any sort of quota system. Meanwhile according to Reuters, the US is now planning to lease the current storage space available at its Strategic Petroleum Reserve facilities to domestic energy companies, after an earlier administrative plan to purchase millions of barrels of crude for the reserves was cancelled due to a lack of funding.

#### **Saudi Arabia Begins Raising Oil Production & Export Levels.**

Saudi Aramco has begun to follow through on its announced plan to increase its crude exports by a further 600,000 bpd this month and raise its overall output to 12.30 mio bpd. Bloomberg data shows that the Kingdom increased its shipments from around 7 mio bpd at the beginning of last month to 9.70 mio bpd by the end of March. Meanwhile oil tanker prices have exploded, with the rate for VLCC vessels commuting between the Middle East to China route jumping to almost US\$180,000 per day from US\$125,000 per day last Friday, according to Reuters.

#### **US Deploys Air-Defence Systems In Iraq.**

The US military has deployed a number of Patriot air-defence batteries at the remaining coalition bases in Iraq, in an attempt to protect them from any future potential ballistic missile and/or rocket attacks by Iran or its proxy militia groups in the region, according to the 'AFP' news outlet.

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### **Angola Reviews Budget Due To Lower Oil Price.**

The Angolan government has declared a nationwide state-of-emergency, and plans to review its annual budget in light of the global economic slowdown and lower crude prices. The new budget will reportedly be calculated on an average Brent crude price of US\$35 per barrel from its original estimate of US\$55. Capital expenditure for this year will be suspended during the budgetary review and the government will freeze 30% of the goods and services allocation, according to a statement by the country's Finance Minister, who also expects the economy to shrink by 1.20% this year.

### **Kuwait Unveils Stimulus Measures.**

Kuwait announced a stimulus package this morning, it includes asking banks to provide soft-loans and postponing loan repayments for three months for those companies most affected by the economic slowdown. It also instructed GREs to settle all outstanding payments due to private sector immediately. You can read the full details of these and other measures [here](#).

### **Iranian Rial Hits Fresh Lows.**

The Iranian Rial has reportedly lost further ground to the US dollar in recent days, touching IRR 160,000 per US\$ in the open market late last week. The USD/IRR was trading at IRR130,000 in January and IRR 40,000 two years ago.

### **AFDB Conducts Landmark Bond Issue.**

The African Development Bank has raised US\$3 bio via a three-year social bond which is the largest US dollar denominated social bond ever issued and attracted over US\$4.6 bio in bids, according to a statement issued by the bank. The funds will be used to try and alleviate the economic and social impact of COVID-19 on African states. The bond paid a rate of 0.75%.

### **Lebanese Banks Suspend US Dollar Withdrawals.**

According to a report on the 'Asharq Al Awsat' website, Lebanese banks have suspended US dollar withdrawals pending the reopening of the country's main airport, due to an apparent shortage of banknotes. Meanwhile the same article quotes the head of Lebanon's Banking Association as saying that there is to be an immediate easing of restrictions around the transfer of funds to Lebanese students living abroad.

### **Dubai Government Will Provide Support To Emirates Airlines.**

The world's largest long-haul air carrier, Emirates Airlines, will receive a capital injection from the Dubai government in order to support the company during the global economic slump triggered by COVID-19. *"Dubai is fully committed to supporting Emirates airlines in the current critical period. As a shareholder of Emirates airlines, the Government of Dubai will inject equity into the company, considering its strategic importance to the Dubai and UAE economy and the airline's key role in positioning Dubai as a major international aviation hub,"* Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of The Executive Council of Dubai, was quoted as saying by Dubai's state media office. Further details of this planned support will be announced soon.

### **Lockheed Martin Wins New Military Contract In KSA.**

Lockheed Martin has been awarded a multi-million dollar contract to supply intermediate-range interceptor missiles to Saudi Arabia according to the 'Zawya' media outlet.

Continued...

## 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	3.6728/30	4/9	9/14	15/20	25/45	45/65	60/90	195/295
USD/SAR	3.7630/80	-45/-25	-55/-25	-50/-20	-40/-10	-15/+15	Par/+50	230/330
USD/KWD	0.30915/31415	5/15	10/30	25/55	50/100	100/150	160/240	300/500
USD/OMR	0.38495/525	100/200	240/340	400/500	800/1200	1300/1700	1800/2300	3000/4000
USD/BHD	0.37850/900	-45/-15	-45/-15	-45/-15	-40/-5	-35/+25	-40/+60	200/600
USD/MAD	10.1550/3050	100/300	200/500	400/900	800/1500	900/1900	1200/2500	2000/4500
USD/EGP NDF	15.7600	16.00/16.15	16.27/16.42	16.47/16.62	17.15/17.30	17.65/17.85	18.15/18.30	-
USD/JOD	0.7090/7110	40/90	70/170	110/210	225/425	300/500	450/700	700/1700
USD/NGN NDF	386.50	405.00/415.00	420.00/430.00	432.00/442.00	461.00/471.00	186.00/496.00	500.00/515.00	(NAFEX)
USD/GHS NDF	5.7480	5.85/5.95	9.94/6.04	6.02/6.17	6.33/6.47	6.63/6.83	6.90/7.10	-
USD/TND	2.8500/9000	150/350	300/600	400/900	1000/2000	1500/2500	2000/3500	3500/6500
<b>Crude Oil</b>	<b>Futures</b>							
WTI	20.30							
Brent	25.15							

**\*\* (GCC FX indications above are offshore levels only)**

## AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+40/50	+42/52	+48/58	+57/67	+69/79	+76/86	+81/91	+101/111
SAR SPREAD	+52/58	+71/77	+91/97	+110/116	+128/134	+140/148	+149/159	+175/185

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

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

## AND FINALLY...

*Did you know that Libya has the largest proven oil reserves in Africa?*

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