

# Market Insights & Strategy

Global Markets

14<sup>th</sup> April 2020

## MIDDLE EAST & AFRICAN MONITOR

- **Oil Prices Steady Following OPEC+ Decision But Further Gains Unlikely.**
- **Rig Numbers In Canada Reach A Record Low.**
- **Moodys Issues Gloomy Outlook On Lebanon.**
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### REGIONAL COMMENTARY

#### **Oil Prices Steady Following OPEC+ Decision But Further Gains Unlikely.**

The fresh OPEC+ output cut agreement, which was sealed late on Sunday and was outlined in our 'oil market flash note' yesterday, has provided somewhat of a floor for crude prices, at least for the time being. Brent opened this morning at around US\$32 a barrel, which was slightly higher compared to yesterday's close, but further significant gains from these current levels appear unlikely for now as the focus returns to the negative impact on demand by COVID-19, and how long the global lockdowns will last. Eyes will also be on the outcome of a meeting later today of the Texas Energy Regulator where a potential mandatory production cut for the state's oil firms will be discussed, the rumour mill suggests a cut of 20% will be on the table. Meanwhile the EIA said in its latest report that it expects US shale oil production to drop by almost 200,000 bpd this month to 8.70 mio bpd.

#### **Rig Numbers In Canada Reach A Record Low.**

The number of active oil and gas rigs in Canada dropped to a record low of just 35 last week, underlining the severe impact of low prices on the energy sector there.

#### **Moodys Issues Gloomy Outlook On Lebanon.**

In a report published late last week Moody's Investor Services has amended its outlook on Lebanon's banking sector to negative, following the government's decision to default on foreign debt payments last month and the additional impact of the global slowdown on the Mediterranean country's already fragile economy. In its report the ratings agency said; *"We expect banks to face large losses in light of their heavy exposure to the Lebanese sovereign, which amounted to US\$143 bio, or 68% of total assets as of February, including exposure to the central bank,"* adding that *"the spread of the coronavirus is a further burden for the country at a time when the state has few resources to provide support for vulnerable businesses and individuals."* You can access the full Moodys report [here](#).

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### Oman's FM Orders Government Departments To Cut Spending.

Oman's Finance Ministry has instructed all government agencies to reduce their operating budgets by at least 10% this year, according to a statement issued by the Ministry and published by Reuters. The cut forms a part of efforts "to deal with the financial and economic conditions affecting the Sultanate as a result of the sharp drop in oil prices," the ministry's statement read.

### Kuwait's Bourse Delays Listing Debut.

Kuwait's Stock Exchange has announced that it will delay the planned listing of its shares "due to exceptional circumstances that are imposed by the spread of the coronavirus pandemic." The bourse was initially preparing to list its shares on the 19<sup>th</sup> of April, and consequently become the second exchange in the Arabian Gulf to do so. An IPO of 50% of the KSE was conducted last year and was 8.5 times oversubscribed.

### Tunisia Seals Emergency IMF Loan.

The IMF's board has approved a US\$745 mio emergency assistance loan for Tunisia, in order to help the government there counter the economic impact of COVID-19. The North African country's economy is expected to shrink by 4.30% this year according to the latest IMF forecasts.

### SGP Signs US\$1.9 Bio Agreement With Mawani.

The Saudi Ports Authority (Mawani) announced yesterday that it had approved a US\$1.9 bio agreement, which will see Saudi Global Ports build and operate new container terminals at the King Abdul Aziz Port in Dammam. The development is expected to create 4,000 jobs according to 'construction week' magazine.

### Arabtec Wins Two Contracts In Abu Dhabi.

A subsidiary of Arabtec Holdings, has been awarded an AED 84 mio replacement works contract on an offshore oil facility belonging to ADNOC, as well as a separate AED 126 mio contract to build a new 19-story commercial building in Abu Dhabi according to the 'National' newspaper.

### Egyptian Navy Takes Delivery Of New Submarine.

The Egyptian Navy has officially received its third high-speed attack submarine from Germany. The vessel is a type 209/1400 able to carry both torpedoes and missiles, and has a range of 20,000km. Egypt will eventually have four of these submarines in its fleet.

### Chad Will Settle US\$100 Mio Debt With Livestock.

Angola has agreed to accept 75,000 head of cattle from Chad in lieu of the US\$100 mio the Angolan government lent to the Central African country in 2017.

### 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     | 3.67295/305     | 4/9           | 12/17         | 20/30         | 30/50         | 55/75         | 85/105        | 200/300   |
| USD/SAR     | 3.7600/50       | Par/+5        | Par/+7        | Par/+10       | 5/15          | 25/45         | 45/65         | 200/300   |
| USD/KWD     | 0.30930/31230   | 17/27         | 30/50         | 50/75         | 95/125        | 150/180       | 190/240       | 350/450   |
| USD/OMR     | 0.38490/510     | 75/125        | 200/300       | 300/400       | 750/950       | 1200/1500     | 1550/1850     | 3000/4000 |
| USD/BHD     | 0.37700/800     | -10/+10       | -10/+10       | -10/+10       | -10/+20       | -5/+35        | 10/60         | 200/600   |
| USD/MAD     | 10.0500/10.2000 | 100/300       | 200/500       | 400/900       | 800/1500      | 900/1900      | 1200/2500     | 2000/4500 |
| USD/EGP NDF | 15.7500         | 15.85/15.95   | 16.02/16.12   | 16.22/16.32   | 16.82/16.92   | 17.43/17.53   | 18.03/18.13   | -         |
| USD/JOD     | 0.7090/7110     | 40/90         | 70/170        | 110/210       | 225/425       | 300/500       | 450/700       | 700/1700  |
| USD/NGN NDF | 387.13          | 395.00/405.00 | 405.00/415.00 | 416.00/426.00 | 446.00/456.00 | 471.00/481.00 | 490.00/500.00 | (NAFEX)   |
| USD/GHS NDF | 5.7933          | 5.84/5.94     | 5.93/6.03     | 6.02/6.15     | 6.30/6.45     | 6.60/6.75     | 6.85/7.05     | -         |
| USD/TND     | 2.8700/9200     | 150/350       | 300/600       | 400/900       | 1000/2000     | 1500/2500     | 2000/3500     | 3500/6500 |

| Crude Oil | Futures |
|-----------|---------|
| WTI       | 22.55   |
| Brent     | 32.15   |

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

## AED AND SAR IRS SPREADS

| Currency   | 1Y     | 2Y     | 3Y      | 4Y       | 5Y       | 6Y       | 7Y       | 10Y      |
|------------|--------|--------|---------|----------|----------|----------|----------|----------|
| AED SPREAD | +43/53 | +48/58 | +56/66  | +65/75   | +75/85   | +82/92   | +86/6    | +102/112 |
| SAR SPREAD | +52/62 | +74/84 | +95/105 | +112/122 | +128/138 | +142/152 | +153/163 | +181/191 |

**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 the country now known as Chad has been inhabited since 500 BC?*

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