

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

UAE & Israel Agree To Establish Diplomatic Relations.

In a ground-breaking agreement announced late yesterday, Israel will halt all annexation of the Palestinian territories in exchange for establishing formal ties with the UAE. This deal, which has been named the 'Abraham Accord' according to a joint-statement by the parties involved, does not specify a detailed timeline for the opening of diplomatic offices, but it will also allow travel, trade and co-operation in areas such as food security, climate change and energy, between the two countries. "*The United Arab Emirates has secured Israel's commitment to halting the annexation of Palestinian territories in order to sustain efforts to achieve a two-state solution,*" the UAE's Minister of State for Foreign Affairs, Dr Anwar Gargash, was quoted as saying by the 'National' newspaper, adding that, "*This decisive freeze on the annexation of Palestinian territories is a significant diplomatic achievement and comes in furtherance of the UAE's belief that establishing normal relations with Israel will enable it to play a direct and constructive role in enhancing the region's security and stability. The UAE seeks to build upon previous regional and international efforts aimed at reaching a solution to this conflict in reflection of the UAE's multilateral approach to sensitive regional issues. The United States played a key role in this pragmatic step by the UAE, affirming its continued commitment to the Arab Peace Initiative and the rights of the Palestinian people to establish a Palestinian state with East Jerusalem as its capital.*" He also called for a return to direct negotiations between the Israelis and Palestinians, describing them "*as the sole parties capable of reaching a permanent and sustainable solution to this conflict*".

IEA Expects Global Oil Demand To Be Down By 8.10 Mio bpd In 2020.

In its latest monthly report, the IEA has lowered its forecast for global oil demand this year to 91.90 mio bpd due to ongoing concerns over COVID-19 and, continued weak consumption data from the aviation

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sector. *“Global oil demand is expected to be 91.90 mio bpd in 2020, down 8.10 mio bpd y/y. In this report, we reduce our 2020 forecast by 140,000 bpd the first downgrade in several months, reflecting the stalling of mobility as the number of Covid-19 cases remains high, and weakness in the aviation sector,”* the IEA said, adding that, *“Global refinery intake is recovering, but the pace will lag behind the demand rebound as product inventory levels are very high.”* You can access their August report [here](#).

Indian Oil Firms To Stop Using Chinese Tankers?.

China-flagged vessels have reportedly been barred from bidding on tenders for chartering tankers to import crude into India, or export refined products such as diesel out of the country, according to a Bloomberg article published yesterday. The report also quotes unnamed sources alleging that, India's state-controlled oil majors plan to ask their suppliers and oil traders not to deliver crude to them via the chartering of Chinese tankers. If officially confirmed, this move would highlight still tense relations between New Delhi and Beijing, following a recent violent confrontation on the Himalayan border.

US Authorities Seize Iranian Fuel Cargos.

Four tankers carrying Iranian fuel cargoes originally destined to be delivered to Venezuela and which were covered by a US warrant for seizure, are now sailing towards the US Port of Houston after talks between US authorities and the ship owners, a Reuters report claimed last night. A US official confirmed the seizure of the four tankers, Bering, Bella, Luna and Pandi, in a statement to the Wall Street Journal yesterday, and said that the vessels were seized without the use of military force. Meanwhile the fifteen members of the UN Security Council began voting on a US draft resolution to extend an arms embargo on Iran last night. The result of this vote is expected to be announced later today, but both China and Russia have already expressed their opposition towards any extension of the embargo.

Lebanese Military Given Sweeping Emergency Powers.

Lebanon's parliament yesterday approved a state of emergency bill, formally giving the country's military sweeping powers following last week's port blast in Beirut. These powers allow the army to close down assembly points and prohibit gatherings deemed threats to national security, it also expands the jurisdiction of military courts over civilians.

Kuwait Records US\$18 Bio Budget Deficit.

Kuwait's Finance Ministry reported yesterday that the country had posted a deficit of KWD 5.64 bio for the 2019-2020 fiscal year, which is a 69% increase y/y. This deficit has been attributed to the *“sharp decline in oil prices and the shutdown of government operations as a result of the Covid-19 crisis”*, the country's Finance Minister, Barak Al-Sheetan, was quoted as saying by Bloomberg, adding that the budget gap will be financed by withdrawals from the state's treasury *“in the absence of a law governing the issuance of sovereign bonds”*.

Egypt's CB Keeps Interest Rates Unchanged.

The Egyptian Central Bank kept its benchmark interest rates unchanged as expected following its regular MPC meeting yesterday. *“With the ongoing high level of global uncertainty, and given the pre-emptive measures taken by the Central Bank of Egypt, including the reduction of 300 basis points during the unscheduled MPC meeting on March 16, 2020, the MPC decided to keep key policy rates unchanged,”* a statement issued by the MPC read.

Siemens AG To Help Upgrade Nigeria's Electricity Grid.

Siemens AG has reportedly signed an agreement with the Nigerian government, which will see the German firm assist with the upgrading of 105 power substations, the construction of 70 new ones, and the manufacture of 35 new power transformers in the West African country. Siemens will also select the engineering, procurement and construction partners for the sake of transparency, according to the 'Power transformer news' website.

Bechtel Wins Major Infrastructure Contract In Saudi Arabia.

The US based engineering company, Bechtel, has been awarded a contract to design, build and project manage the construction of key transport, power and water infrastructure for Neom city in Saudi Arabia. *“Neom is one of the most complex projects in living memory and we are proud to be part of it. The vision for*

a futuristic, innovative and sustainable ecosystem is unique and bold, and we believe Neom will change the way new cities are developed by future generations,” the chairman of Bechtel, was quoted as saying by the ‘Global construction review.’

Serba Dinamik Seals Data Centre Project In UAE.

Malaysia's Serba Dinamik Holdings, has secured a US\$350 mio contract to build a data centre and its related facilities in Abu Dhabi. According to ‘the Star’ media outlet, this project, which is expected to begin next month, will be built at Mussafah and is the master plan for a total information technology data centre which once operational, will host mission critical systems and provide co-location services, business continuity and managed services facilities to both local and international organizations.

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	3.6729/30	Par/+3	2/7	4/9	10/20	20/35	40/60	135/185
USD/SAR	3.7501/04	8/13	15/25	25/40	45/65	70/90	95/115	220/270
USD/KWD	0.30575/595	20/30	35/45	45/60	90/110	130/160	170/200	200/400
USD/OMR	0.38498/503	25/40	70/90	110/140	240/270	380/430	520/620	1000/1400
USD/BHD	0.37695/700	15/20	25/40	35/55	70/100	100/130	135/165	300/600
USD/MAD	9.2050/2350	50/150	100/300	200/500	350/850	800/1800	1300/2700	3000/6000
USD/EGP NDF	15.96	16.05/16.10	16.13/16.18	16.27/16.32	16.67/16.72	17.04/17.09	17.45/17.50	-
USD/JOD	0.7090/7100	65/115	80/180	130/280	250/450	325/525	425/725	1000/1800
USD/NGN NDF	385.58	392.25/395.25	396.50/399.50	403.50/409.50	420.50/426.50	439.50/449.50	456.50/466.50	(NAFEX)
USD/GHS NDF	5.7600	5.79/5.84	5.94/5.91	5.90/5.99	6.09/6.21	6.31/6.43	6.55/6.69	-
USD/TND	2.7125/7325	150/350	300/600	500/1000	1000/2000	1700/2700	2500/4000	4500/8500
Crude Oil	Futures							
WTI	42.40							
Brent	45.15							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+37/43	+51/57	+62/68	+72/78	+80/86	+86/92	+92/98	+114/120
SAR SPREAD	+65/71	+81/87	+94/100	+106/112	+118/124	+127/133	+136/142	+161/167

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

AND FINALLY...

Did you know that the world's first human-to-human heart transplant was carried out by Dr Chris Barnard in South Africa in 1967?

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