

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

New Coronavirus Strain & US Inventory Build Weighs On Crude Prices.

Oil prices opened slightly lower again this morning due to the jump of COVID-19 infections in the UK, which has been linked to a new mutation of the virus and led to over 40 countries temporarily closing their borders to travelers from Britain. On top of this President Trump has threatened to veto the latest US stimulus bill, whilst API has reported a 2.70 mio barrel build in US crude inventories last week against expectations of a draw. However this figure still needs to be confirmed by the EIA.

ExxonMobil Declares 'Force Majeure' On Its Export Terminal In Nigeria.

ExxonMobil has reportedly declared a 'force majeure' at its Qua Iboe crude oil export terminal in Nigeria, following a fire that broke out last week according to 'Reuters'. It is not clear yet when operations at this important facility will resume, but suggestions are that it may only be in early January. This news, comes just over a month after ENI had to temporarily halt its operations at Brass River after two pipelines were damaged by sabotage.

New Oil Discovery In Norway.

ConocoPhillips has announced the discovery of 75-200 mio barrels of recoverable oil below the Norwegian Sea. This new find comes just a month after the company had made a significant gas condensate discovery at the offshore Warka well in Norway.

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Israel Prepares For Fresh Elections.

Israelis will be heading back to the polls in three months' time in order to cast their vote in the country's fourth election in just two years. This follows a failure by the two main political parties in Israel's unity government to meet last night's deadline on approving the 2020 state budget, with each side blaming the other for the deadlock. Pollsters currently suggest that Netanyahu's Likud party will probably still emerge as the largest party within the Knesset, albeit again needing to form an alliance with some its rivals in order to form a new government. However, a Likud defector Gideon Saar who recently formed a new party called 'New Hope', could drain a fair number of Likud supporters away come March.

Iraqi Dinar Devalued.

Late last week, Iraq's Central Bank adjusted its USD/IQD offer price to local banks and currency exchanges to 1460.00 from a previous level of 1182.00. The bank said the devaluation was necessary in order to try and compensate for lower crude revenues that in turn have been affected by a weak oil price. *"The financial crisis which Iraq suffered due to the coronavirus pandemic caused a decline in oil prices that caused decreasing oil revenues, altogether have caused a large deficit in the federal budget,"* the CB said in a statement published by 'Reuters', adding that the decision was also a preemptive move to prevent *"draining Iraq's foreign reserves"* and to help the central government secure public servants' salaries. The country's last currency devaluation took place in 2015.

Lebanon's Airline Says It Will Only Accept 'Fresh Dollars'.

Lebanon's national airline, MEA, has announced that from now on it will only accept payment in *"Fresh Dollars."* This expression refers to US dollars recently transferred to new Lebanese accounts in recent months. Any US dollars held in domestic accounts before this have been subject to strict withdrawal restrictions since late 2019. *"We have no other choice but to charge in fresh dollars once the Central Bank ends its subsidy program or else we will be forced to close down. We are already losing lot of money because we are charging at a dollar rate of LBP 3,900 and this proved to be very bad for our business. Nearly all the international airlines that have offices in Lebanon are charging in fresh dollars and won't accept bankers' checks or Lebanese pound and this did not affect the volume of business,"* the chairman of MEA, Mohamad El Hout, was quoted as saying by the 'Zawya' media outlet, adding that *"If I continue, I will have all of these 'local' dollars in our bank, and I'm not able to use them or to transfer them outside. This is not bread. This is travel, you pay for your hotel in fresh dollars."*

Number Of Foreign Investor Licenses Issued By KSA Rises Sharply.

Saudi Arabia's Ministry of Investment announced yesterday that 306 international companies were granted investor licenses during the third quarter of this year, which is a 96% rise q/q. Over the first three quarters of 2020, the ministry issued over 800 licenses which is an increase of 60% compared with the same period in 2018. *"These latest figures demonstrate that Saudi Arabia retains the long-term confidence of the global investor community into the second half of this year and is achieving steady and positive economic recovery, despite the ongoing impact of the Covid-19 pandemic on the global economy. Resilience against a backdrop of global uncertainty is a clear sign that the Saudi opportunity has not changed. We look forward to continuing our support of foreign investors as they access and enjoy the benefits of the Kingdom's emerging opportunities,"* the Investment Minister, Khalid Al Falih, was quoted as saying by the 'Arabian Business' website. You can access more details on this subject [here](#).

DP World To Develop Senegalese Port.

The UAE's DP World has signed an agreement to develop the Ndayane deep-water port in Senegal, and is aiming to turn this facility into a key logistics hub for both north and north-western Africa. *"This will be DP World's biggest port investment in Africa to date, and is a testament to our commitment to Senegal and belief in its potential for further economic growth. The new port will create jobs, attract new foreign direct investment to the country and enable new trading opportunities that bring about economic diversification,"* DP World's chairman, Sultan bin Sulayem, was quoted as saying by the 'National' newspaper.

UAE Approves Second Coronavirus Vaccine.

The UAE's Ministry of Health has announced that it has approved the emergency registration of Pfizer-BioNTech's COVID -19 vaccine. It thus becomes the second vaccine approved for use in the country after Sinopharm. These vaccines are being offered to both citizens and residents of the UAE free-of-charge.

Aldar Sells Cooling Units To Tabreed.

The Abu Dhabi based National Central Cooling Company, (Tabreed), has reportedly agreed to buy two district cooling units on Saadiyat Island from Aldar Properties for AED 963 mio. *"This divestment crystalizes significant value for Aldar shareholders and is a clear example of our strategy for value creation in action. Aldar is pursuing attractive acquisitions, implementing an active approach to asset management and continuously recycling capital to invest in future growth,"* Aldar's CEO, Talal Al Dhiyebi, chief stated according to the 'National' newspaper.

Acciona Wins Desalination Plant Contract In KSA.

The Spanish infrastructure company Acciona and its partner RTCC, have been awarded a US\$384 mio contract to design and construct the Shuqaiq 1 desalination plant on Saudi Arabia's Red Sea coast.

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	2/5	3/6	4/9	10/15	16/26	25/35	90/120
USD/SAR	3.7522/32	-13/-8	-14/-9	-10/-5	-6/-1	1/11	6/16	100/150
USD/KWD	0.30500/530	10/20	20/35	38/53	80/110	130/180	180/230	280/380
USD/OMR	0.38498/503	05/20	15/30	30/55	95/125	200/250	350/400	875/1075
USD/BHD	0.37699/704	15/25	30/45	40/55	70/100	105/135	140/170	300/600
USD/MAD	9.0900/1100	150/300	300/500	500/700	900/1300	1300/2300	1800/2800	3000/6000
USD/EGP NDF	15.69	15.83/15.88	15.92/15.97	16.03/16.08	16.37/16.42	16.75/16.80	17.11/17.16	-
USD/JOD	0.7080/7090	70/120	80/180	130/280	250/450	400/700	600/1200	1000/1800
USD/NGN NDF	385.67	395.00/398.00	401.00/404.00	404.50/408.50	418.00/423.00	433.00/438.00	447.50/457.00	(NAFEX)
USD/GHS NDF	5.8325	5.90/5.95	5.96/6.03	6.05/6.12	6.30/6.40	6.58/6.68	6.83/6.97	-
USD/TND	2.7200/7400	80/220	150/350	300/500	600/1600	1000/3000	1500/2500	4000/8000
Crude Oil	Futures							
WTI	46.80							
Brent	49.70							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+24/30	+33/39	+43/49	+52/58	+61/67	+69/75	+74/80	+93/99
SAR SPREAD	+68/74	+79/85	+91/97	+105/111	+119/125	+131/137	+142/148	+172/178

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

AND FINALLY...

Did you know that Senegal has seven UNESCO world heritage sites?

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