

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

Libya's NOC Announces Another Force Majeure.

Less than a week after announcing that crude shipments were about to restart, Libya's National Oil Corporation said yesterday that it was re-imposing a 'force majeure' due to a renewed blockade on the country's oil exports. *"The renewed blockade demonstrates the urgent need for moves to improve financial transparency to be accompanied by reform of security at oil installations,"* the chairman of the state-owned oil company was quoted as saying by the 'National' newspaper. On Sunday, Forces allied to Field Marshall Khalifa Haftar released a statement which laid out the conditions required in order for oil exports to begin again, including the equitable distribution of oil revenue across the country.

US Oil Production Has 'Peaked' – Parsley Energy.

According to the head of one of the largest independent shale oil producers in North America, US crude oil production has already peaked. *"I don't think I'll see 13 mio bpd again in my lifetime,"* the CEO for Parsley Energy, Matt Gallagher, was quoted as saying by the 'Financial Times' newspaper, adding that the latest oil price crash was the worst in recent history, and that the shale sector has *"not been gifted with discipline"* and often has been led by management teams who *"put up very little personal risk and had very lopsided upside reward based on growth."*

OPEC+ Meeting Eyed As Rising COVID Infections May Slow Demand.

All eyes will be on the 'Joint Ministerial Monitoring Meeting' of signatories to the OPEC+ accord tomorrow, as concerns build that the recent spike of new coronavirus infections in the US and elsewhere, may put the

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brakes on the still fragile recovery in global demand for crude and its associated by-products, should strict lockdowns be introduced. OPEC+ producers are due to allow for an increase in output from August 1st as the overall cut is reduced from 9.60 mio bpd to 7.70 mio bpd until year end. There is a fair chance however, that due to the afore mentioned concerns, the group will decide to extend the current level of output restrictions past August, although we understand that Russian firms are already preparing to pump more crude from the beginning of next month.

Asian Refineries Develop A Taste For Heavier Crude.

There has been an increase in demand for heavier forms of crude recently, particularly by Asian refineries which are built to process such oil, as it yields more diesel and jet fuel than lighter grades. *"Deep OPEC+ cuts and demand recovery have tightened balances and this has been reflected in improvements in physical differentials. But the recovery has not been even, with medium-sour crudes faring better than light-sweet crudes,"* the director of the Oxford Institute for Energy Studies was quoted as saying by the 'Live Mint' website last week. This development has seen heavier crudes trading at a slight premium to lighter versions. Interestingly Saudi Aramco is reportedly preparing to reduce its August-loading shipments of medium and heavy crude grades to at least six Asian buyers, although they were apparently given the option to switch to supplies of lighter crude grades according to an article in India's 'Economic Times' newspaper yesterday. There has been no official confirmation of this story as yet.

US Court Says Tehran Must Pay Compensation For 1996 Khobar Complex Bombing.

A US Federal court has ordered the Iranian government to pay a total of US\$879 mio to the families of American citizens who were killed or injured in the 1996 bombing of Khobar Towers in Saudi Arabia. According to various media reports, the court in Washington DC ruled that the Iranian government *"had directed and provided material support"* to members of Hezbollah who detonated a massive truck bomb at the eight-story residential complex in Dhahran. Meanwhile despite crippling sanctions and a sharp decline in crude exports, Iran's Oil Minister announced this past weekend, that the country's state-owned oil company had signed a US\$294 mio agreement with a local energy firm for the latter to develop the Yaran oilfield which lies close to Iran's border with Iraq.

Saudi Arabia Intercepts Missiles Fired From Yemen.

Saudi Arabia's Air Defence units reportedly intercepted two ballistic missiles and a number of drones launched towards the Kingdom by Houthi militia groups in Yemen on Sunday evening. *"The joint coalition forces managed to intercept and destroy two ballistic missiles launched by the Houthi terrorist toward the Kingdom with an aim to target civilians and civilian facilities. The forces were also able to intercept and destroy six explosive-laden drones fired by the Iranian-backed terrorist Houthi militia from Sanaa toward Saudi Arabia, deliberately targeting civilians and civilian facilities,"* a statement issued by a spokesperson for the Arab coalition, Colonel Turki Al Maliki and published in the Saudi Gazette," read.

Saudi Arabia Announces New Initiative To Support Private Sector.

Saudi Arabia has launched a SAR 670 mio initiative to help those local businesses who signed up to the 'Corporate Sustainability Support Program' defer their loan installments until the end of this year. This move follows a raft of earlier measures worth a total of US\$61 bio to try and ease the impact of COVID-19, including: Exemptions and postponements of certain government dues, a package to support both the banking and SME sectors, and a wage subsidy for Saudi nationals working within the private sector. You can read more on this latest initiative [here](#).

Russia, Jordan & Egypt Closer To Establishing A Free-Trade Zone.

Russia's Deputy Foreign Minister, Mikhail Bogdanov, said yesterday that work towards establishing a free-trade zone between his country, Jordan and Egypt was making progress. *"This is a very promising area and not merely the Russian business and our economic interests are connected with implementation of these projects but also the wider EAEU format. We will continue working in this area. There was a small delay because of changes in the EAEU administration and the Egyptian government but everyone understands importance and prospects of our cooperation,"* Bogdanov was quoted as saying by the 'TASS' media outlet, adding that, *"The multilateral coordination required by such format makes the activity a bit more challenging. Nevertheless, our leaders and the EAEU administration fully understand that Egypt and Jordan are of strong interest. Egypt can be the platform for approaching other countries of the African continent."*

FITCH Affirms Credit Ratings On Mozambique.

FITCH has affirmed its Long-Term Foreign-Currency Issuer Default Rating on Mozambique at CCC. This rating “reflects continuing high fiscal and external financing needs, exacerbated by the coronavirus shock and the two cyclones that hit Mozambique in 2019. Financing pressures are compounded by high general government debt and ongoing unresolved public-sector debt liabilities.” You can access the full FITCH statement [here](#).

Bahrain Expands Its Budget For 2020.

Bahrain plans to raise its 2020 state budget by BHD 177 mio in emergency expenditures linked to combatting the new coronavirus pandemic, the Kingdom's state news agency reported yesterday, citing a royal decree. The bulk of these new funds will be taken from the 'Future Generations Fund', as a one-off deduction, and there will be a temporary halt in the allocation of oil revenues to the fund until the end of this year.

NEOM Approves US\$5 Bio Green Energy Project.

The board of NEOM has signed a JV-agreement with ACWA Power and the US based chemical firm Air Products, for the development of a US\$5 bio hydrogen based ammonia production facility in Saudi Arabia's NEOM Economic Zone. “As the world's largest renewable hydrogen project, NEOM's board of directors, headed by HRH Crown Prince Mohammed bin Salman, and the company's executive team are delighted to announce this significant milestone for NEOM in becoming a global leader in green hydrogen production and green fuels. We are also excited that two world-class organizations, Air Products and ACWA Power, have joined us in developing this major project, the first of many developments at this scale that will put NEOM at the heart of a new future society,” NEOM's CEO Nadhmi Al Nasr, was quoted as saying by the 'Chemicals Technology' website. The project will be powered with renewable energy and produce hydrogen by electrolysis using Thyssenkrupp technology, while nitrogen will be delivered by air separation. You can read more on this project [here](#).

Kuwait Cancels Major Solar Project.

The Kuwaiti government has reportedly canceled plans to build the Al-Dabdaba solar power plant due to the COVID-19 pandemic. Had the project gone ahead it would have provided 15% of the domestic oil sector's power needs. “The cabinet decided to cancel the decisions on the project due to the spread of coronavirus and its impacts on the global oil and financial markets,” a government statement read according to 'Reuters.'

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	Par/+3	3/6	8/13	20/30	35/45	55/70	135/185
USD/SAR	3.7505/15	18/23	28/38	35/45	60/75	90/105	125/145	250/300
USD/KWD	0.30765/795	12/17	20/30	30/45	68/88	100/130	130/180	200/350
USD/OMR	0.38495/503	40/60	75/105	110/160	250/300	380/480	525/625	1100/1600
USD/BHD	0.37700/707	8/18	15/30	25/40	50/65	70/90	90/110	300/550
USD/MAD	9.6300/6500	50/150	100/300	200/500	350/850	800/1800	1300/2700	3000/6000
USD/EGP NDF	15.95	16.00/16.06	16.11/16.17	16.23/16.29	16.61/16.67	17.01/17.07	17.40/17.46	-
USD/JOD	0.7090/7100	65/115	80/180	130/280	250/450	325/525	425/725	1000/1800
USD/NGN NDF	388.25	391.00/396.00	397.00/403.00	402.00/408.00	420.00/430.00	437.00/447.00	454.00/464.00	(NAFEX)
USD/GHS NDF	5.7800	5.81/5.91	5.86/5.96	5.91/6.01	6.14/6.24	6.38/6.50	6.65/6.80	-
USD/TND	2.8350/8550	150/350	300/600	500/1000	1000/2000	1700/2700	2500/4000	4500/8500
Crude Oil	Futures							
WTI	39.30							
Brent	42.00							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+33/39	+47/53	+59/65	+67/73	+75/81	+79/85	+83/89	+101/107
SAR SPREAD	+64/70	+74/80	+85/91	+97/103	+109/115	+118/124	+127/133	+151/157

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

AND FINALLY...

Did you know that Ismail al-Jazari, was an Islamic scholar, inventor, mechanical engineer, artisan, artist and mathematician who lived in Jazira in Mesopotamia? He is best known for writing 'The Book of Knowledge of Ingenious Mechanical Devices' in 1206 CE, in which he described how to build 100 devices including the famous and highly sophisticated elephant clock.

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