

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

Crude Prices Rise Again As OPEC+ Agrees To Extend Cuts.

Both Brent and WTI are back above US\$40 a barrel this morning after news broke late on Saturday, that the OPEC+ group will extend the current level of output reduction until the end of July. This follows pressure from some of the key producers like Saudi Arabia, for members to agree to such an extension in order to help the market rebalance. *“Demand is returning as big oil-consuming economies emerge from pandemic lockdown. But we are not out of the woods yet and challenges ahead remain,”* Saudi Arabia’s Energy Minister, Prince Abdulaziz bin Salman, warned signatories to the output accord during the video-conference. This announcement was a welcome development, especially after concerns had been raised early last week, that Moscow may not support another extension due to some non-compliance to the previously agreed quotas by certain participants, including Iraq. This topic was addressed in comments made on Saturday by Iran’s Oil Minister, Bijan Zanganeh, who was quoted as saying by Reuters after the meeting that; *“The agreements went ahead as planned. The main issue was a lack of compliance of members like Iraq with production cut quota, and it was decided that they compensate for that in coming months.”*

Renewable Energy Production Overtakes Coal In US.

According to a recent EIA report, US power generation from renewable sources overtook coal in 2019 for the first time in 135 years. *“US annual energy consumption from renewable sources exceeded coal consumption for the first time since before 1885. This outcome mainly reflects the continued decline in the amount of coal used for electricity generation over the past decade as well as growth in renewable energy, mostly from wind and solar. Compared with 2018, coal consumption in the United States decreased nearly 15%, and total renewable energy consumption grew by 1%,”* the report read. This news comes despite President Trump’s attempts to boost the coal industry since he took office, including the rollback of over 100 environmental protection laws

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put in place by the Obama administration. However it's also worth noting that petroleum remains North America's primary energy source, followed by natural gas. This was highlighted in a study undertaken by 'Forbes Magazine' which looked at recent official data, and showed that the US consumed 36.7 quadrillion BTUs of petroleum and 32.10 quads of natural gas, compared to 11.30 quadrillion BTUs of coal and 11.50 quads of renewables last year.

Angolan Oil Exports To China Fall.

Angola has reportedly reduced its crude exports to China as it seeks further debt relief. Until now the bulk of such exports were aimed at repaying debts the African country owed to Chinese state-owned firms. Last week the Angolan government announced that it was holding rescheduling talks with various creditors, including some of its oil buyers. It is also seeking a suspension on the servicing of its bilateral debt under the G20 Debt Service Suspension Initiative.

Turkish Plans To Drill In Med Raises Tensions With Greece.

The Greek government, has submitted a diplomatic protest against plans by a state-owned Turkish oil firm to drill for oil and gas in certain areas of the Eastern Mediterranean after it was granted licenses to do so by Libya. Last month, Ankara published an outline of the Turkish Petroleum's energy exploration plans in areas of the Aegean that Greece claims would violate its sovereign rights. This news follows the establishment of a maritime boundary agreement concluded last year between Turkey and the GNA administration in Tripoli, an accord which is still strongly opposed by Greece, Cyprus and Egypt. *"Greece stands ready to deal with this provocation should Turkey decide to implement this decision,"* the Greek Foreign Minister Nikos Dendias was quoted as saying by 'ABC News' last week.

Iran Continues To Increase Its Uranium Stockpiles – IAEA.

In its latest report on Iran which was published last Friday, the IAEA claimed that Tehran was continuing to increase its stockpiles of enriched uranium beyond the limits laid out in the JCPOA agreement. The agency also said that it had *"serious concerns"* over Iran's ongoing refusal to let international inspectors investigate possible past nuclear activities at two separate locations. As of May 20th this year, Iran's overall stockpile of low-enriched uranium amounted to 1,571.60 kg, nearly eight times more than the limit agreed to in 2015, the IAEA stated. May's number is also 550.70 kg higher than the figure reported in March, and 1,356.50 kg of it has been reportedly enriched to a purity level of 4.50%. Under the accord, Iran is only allowed to keep a stockpile of 202.80 kilograms of uranium enriched to a maximum of 3.67%. Iranian officials announced a few months ago, that the country no longer felt completely bound by the agreement, due to Washington's withdrawal from the JCPOA and the consequent reimplementation of US sanctions.

Fresh Anti-Government Protests In Lebanon.

Thousands of people attended a protest in Beirut's 'Martyrs Square' this past Saturday, the first such large sized demonstration to take place since the COVID-19 lockdown was implemented in March. This latest protest was generally peaceful, although some shopfronts were reportedly damaged and 48 people were injured during a clash between some of the demonstrators and pro-Hezbollah supporters. The fighting was apparently triggered by certain religious insults being chanted, which in turn has led to concerns over growing sectarian divisions in the country. Meanwhile a new report by the International Crises Group has warned that Lebanon is facing the worst economic situation in its history, and thus significant reforms were urgently needed as was external aid. *"The economic crisis is without precedent. Lebanon will need emergency external assistance to ward off the worst social consequences of this crisis,"* the report read, adding that the government must implement deep reforms soon in order *"to put the country's fiscal and economic system back on a sound footing. Such structural change will have to put an end to the political model in which corrupt and self-serving cliques appropriate and redistribute state resources and public goods."*

Kuwait Needs To Sharply Reduce Its Expat Population – PM.

Kuwait's Prime Minister, Sheikh Sabah Al Khalid Al Sabah, said last week that his country needs to radically reduce its expatriate population. *"The ideal population structure is to have Kuwaitis being 70% and non-*

Kuwaitis 30%, so we have a big challenge in the future, which is to address the discrepancy in the population," the Prime Minister was quoted as saying by 'KUNA' last Thursday, adding however that the adjustment would need to be done in phases over time. His comments follow an ongoing debate in the country's parliament on ways to lower the number of foreign workers currently employed within all sectors of the economy. Indians make up the largest expatriate community in Kuwait, with an estimated population of just under 1 million who also remit around US\$4.80 bio of their earnings back to India annually. You can read more on the PM's statement [here](#).

IMF Approves US\$5.20 Bio RFI Loan Arrangement With Egypt.

The IMF announced last Friday that it has agreed upon a 12-month, SDR linked standby-loan facility for Egypt which is equivalent to US\$5.20 bio. *"I am pleased to announce that the Egyptian authorities and the IMF team have reached staff-level agreement on economic policies that could be supported by a 12-month Stand-By Arrangement. The SBA, with requested access of SDR 3.8 billion, supports the authorities' efforts to maintain macroeconomic stability amid the COVID-19 shock while continuing to advance key structural reforms. This will safeguard the gains achieved by Egypt over the past three years and put the country on strong footing for sustained recovery as well as higher and more inclusive growth and job creation over the medium term. The SBA will also aim to support health and social spending, improve fiscal transparency, and advance further reforms to spur private-sector-led growth and job creation. The arrangement is also expected to catalyze additional bilateral and multilateral financial support,"* the IMF's Mission Head, Uma Ramakrishnan, was quoted as saying by the 'Egypt Today' newspaper. *This news helped boost Egyptian stocks with the blue chip index ending Sunday's session up 4.60%.*

Mubadala Takes Stake In JIO Platforms.

Abu Dhabi's Mubadala has reportedly taken a stake in JIO Platforms, the digital arm of India's largest telecoms firm Reliance JIO, for US\$1.20 bio. *"I am delighted that Mubadala, one of the most astute and transformational global growth investors has decided to partner us in our journey to propel India's digital growth towards becoming a leading digital nation in the world. Through my longstanding ties with Abu Dhabi, I have personally seen the impact of Mubadala's work in diversifying and globally connecting the UAE's knowledge-based economy",* Mukesh Ambani, chairman and MD of Reliance Industries, was quoted as saying by the 'CommsMEA' website.

Oman Invites Bids For Satellite Contract.

Oman has begun inviting qualified consultancy firms, to bid on a contract to provide financial and technical advisory services linked to the Gulf country's satellite program. This initiative is being led by state-owned Space Communications Technology LLC, which aims to launch Oman's first satellite within the next 3-4 years, according to the 'BroadcastPro' website.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	3/6	8/13	12/17	30/40	45/60	70/85	180/240
USD/SAR	3.7530/50	2/7	6/11	10/20	20/35	40/55	60/75	160/230
USD/KWD	0.30780/830	25/35	47/63	68/83	130/160	190/240	225/275	350/500
USD/OMR	0.38495/505	30/70	70/130	100/200	270/370	430/580	600/800	1200/2200
USD/BHD	0.37700/720	5/10	11/21	15/30	30/50	50/75	70/100	300/550
USD/MAD	9.6300/7100	50/200	100/400	200/700	700/1200	1300/2300	1800/2800	3000/6000
USD/EGP NDF	16.22	16.42/16.50	16.61/16.69	16.73/16.81	17.22/17.30	17.70/17.78	18.24/18.32	-
USD/JOD	0.7095/7115	50/100	80/180	100/250	225/375	325/475	400/700	1000/2000
USD/NGN NDF	386.50	390.00/395.00	394.00/400.00	399.00/409.00	415.00/425.00	432.00/442.00	448.00/458.00	(NAFEX)
USD/GHS NDF	5.7800	5.82/5.92	5.89/5.99	5.95/6.05	6.16/6.26	6.40/6.55	6.65/6.80	-
USD/TND	2.8250/8750	200/500	300/600	600/1100	1200/1800	2000/3000	2500/5000	4500/8500
Crude Oil	Futures							
WTI	40.05							
Brent	43.00							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+53/60	+60/66	+66/72	+72/78	+80/86	+85/91	+90/96	+107/113
SAR SPREAD	+62/68	+70/76	+79/85	+91/97	+105/111	+115/121	+122/128	+147/153

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

AND FINALLY...

Did you know that Nigeria is the 7th most populous country in the world?

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