

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

US Oil Rig Numbers Continue To Fall.

As expected the number of oil and gas rigs in the United States has continued to fall in recent weeks, with the latest data published by Baker Hughes showing that the overall total of active oil rigs slipped to 189 last week compared to 789 during the same period last year. This of course has put further downward pressure on US crude output which is now around 10.50 mio bpd, a 2.60mio bpd decline from February, according to the EIA. Oil prices meanwhile have held onto last week’s gains with Brent opening at US\$42 and WTI at US\$39 this morning. This rebound was driven primarily by a statement from OPEC’s Joint Ministerial Monitoring Committee late last week, which showed that compliance by signatories to the current production cut agreement stood at 87% and that those members who were behind had committed to making up the difference over the next two months. You can access the full JMMC statement [here](#).

Egyptian President Issues Warning Over Libya.

During a recent visit to an airbase and a border guard barracks close to Egypt’s western frontier with Libya. President Sisi stated that that his country was prepared to intervene militarily in Libya in order to stabilize the situation, and to combat the ongoing threat posed to his country by militant groups operating there. *"Any direct intervention by Egypt in Libya has become legitimate in line with UNSC resolutions, and upon the call of the legitimate authority in Libya,"* Sisi was quoted as saying on Saturday by the ‘Egypt Today’ news site, adding that *"If Egypt had illegitimate goals in Libya, we would have intervened years ago. If some people think that they can cross the Sirte-Jufra frontline, this is a red line for us. Our goals will be to protect our western borders, and support the restoration of security and stability in Libya, as it is part of Egyptian national security. The current line must be maintained. The party who would not respect it, would attain neither the west nor the east."* These comments have been seen as a direct warning to fighters loyal to the

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GNA administration in Tripoli, and their supporters, not to try and advance into Sirte or Jufrah, both of which are currently controlled by the Libyan National Army led by General Haftar. He also called again for the GNA to re-enter into UN sponsored ceasefire talks.

US Places Fresh Sanctions On Syria – SYP Devalued.

The US Treasury last week unveiled a fresh round of stringent sanctions on Syria, targeting 39 individuals and entities including President Assad and his wife. These sanctions are in line with the 'Caesar Act' which was passed last December and which gave the US President the power to impose sanctions on any foreign person who: 1) Provided significant financial, material, or technological support to the Syrian government or to a foreign person operating in a military capacity inside Syria on behalf of the governments of Syria, Russia, or Iran. 2) Sold or provided goods, services, technology or information that facilitates the Syrian government's production of oil and gas, its purchases or maintenance of military aircraft, and its construction and engineering projects, or 3) Entered into contracts related to reconstruction in areas of Syria controlled by the Syrian government and its allies. *"More than six years ago, the brave photographer known as Caesar shocked the world by smuggling out of Syria the photographic proof that the Assad regime was torturing and executing many thousands of Syrians in the regime's prisons. This act of bravery is the inspiration behind the Caesar Syria Civilian Protection Act (the Caesar Act), signed into law by President Trump 180 days ago, under which the US Congress authorized severe economic sanctions to promote accountability for brutal acts against the Syrian people by the Assad regime and its foreign enablers. As of today, the sanctions provisions of the Caesar Act are fully in effect. Anyone doing business with the Assad regime, no matter where in the world they are, is potentially exposed to travel restrictions and financial sanctions,"* the US Secretary of State, Mike Pompeo, was quoted as saying in the Treasury's official statement which you can access in full [here](#). These new sanctions have triggered a further scramble for hard currency in Syria as the SYP continues to plummet in the 'kerb' market, forcing the country's Central Bank to devalue its official exchange rate last week from SYP 704.00 to SYP 1256.00 per US Dollar.

IAEA Presses Iran For Access to 'Suspect' Nuclear Sites.

Late last week, the IAEA's Board of Governors approved a resolution which calls on Iran to fully cooperate with the IAEA in implementing its 'NPT Safeguards Agreement' and satisfying the nuclear watchdog's recent requests without further delay, including access to certain nuclear facilities which Iran has until now prevented IAEA inspectors from accessing. The resolution was submitted by France, Germany and the UK, and was adopted by a vote of 25 to 2 with 7 abstentions. The two objections were made by China and Russia. You can access the IAEA's resolution in full [here](#).

Iraq Moves To Develop Its Gas Reserves.

Iraq's Deputy Oil Minister, Hamed Younis, announced last week that his country would move ahead with plans to develop its associated and non-associated gas resources in the next two to three years. Iraq is looking at projects to utilize 1.2 bio standard cubic feet of associated gas per day out of 2.7 billion scf/d that is produced, the minister stated according to the S&P Global Platts website, adding that; *"When these projects are done, we would have developed all of the gas associated with oil production."* There are also plans to develop the large gas fields of Akkas and Mansouriya in western Iraq. His comments come as Baghdad continues to be pressured by the US to reduce its current reliance on Iranian gas and electricity, to cover its current energy supply/demand deficit.

Kuwait May Suspend Revenue Transfers to Wealth Fund.

Each year Kuwait transfers 10% of its annual oil revenues to the 'Future generations Fund' which is managed by the KIA. However a report published by Reuters yesterday, claims that the government is now reviewing this process. According to an unnamed official quoted in the article and via a local newspaper 'Al Qabas', the government is planning to submit legislation which if passed, would suspend this specific annual transfer until the country was running a budget surplus again. According to a FITCH report the 'Future Generations Fund' currently has around US\$489 bio under management.

Moody's Revises Outlook On Eight UAE Banks.

Moody's Investor Services announced last Friday that it has amended its outlook on eight UAE based banks from stable to negative. These banks are: Emirates NBD, Abu Dhabi Commercial Bank, Dubai Islamic Bank, Mashreq Bank, HSBC Bank Middle East, Abu Dhabi Islamic Bank, the National Bank of Ras al-Khaimah and the National Bank of Fujairah. You can read more on this topic [here](#).

Saudi Arabia Establishes US\$4 Bio Tourism Fund.

Saudi Arabia has injected SAR 15 bio into a newly established development fund which is targeted towards the Kingdom's tourism industry. According to a report published in the 'National' newspaper, the fund will provide a range of equity and debt investment vehicles aimed at supporting tourism related businesses, and has signed agreements with a number of local lenders in order to fund new projects and attract further investment into this key sector.

Oman Amends Its Foreign Capital Investment Law.

Oman has reportedly made some executive amendments to its 'Foreign Capital Investment Law' in order to simplify the processes involved in getting various approvals, licenses etc. and to make the country a more attractive investment destination. You can read more details concerning these amendments [here](#).

UAE Achieves Top 20 Ranking On Global FDI Confidence Index.

The UAE has climbed to 19th spot in the 2020 'Kearney Foreign Direct Investment Confidence Index'. "The UAE's commitment to good governance, innovation, infrastructure and the business environment is now paying clear dividends in its foreign investment attractiveness. Investors clearly anticipate that these fundamentals combined with an extremely effective response to the crisis will enable the country to emerge strongly from the Covid-19 crisis. The UAE is also expected to benefit from the entry into force of the Africa Continental Free Trade Area through new trade opportunities with African countries, though Covid-19 has delayed the timeline for the agreement. The shift of the Dubai Expo 2021 is also expected to fuel growth and stimulate foreign investment as the world emerges from the crisis," a partner at Kearney Middle East was quoted as saying by the 'Trade Arabia' website.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6729/30	3/6	8/13	13/18	30/40	45/60	70/85	175/225
USD/SAR	3.7515/25	15/20	22/27	25/35	45/55	70/85	90/120	250/300
USD/KWD	0.30780/810	15/25	30/45	50/65	100/130	145/175	195/225	300/500
USD/OMR	0.38495/515	30/65	70/130	100/200	240/340	375/475	550/700	1100/1800
USD/BHD	0.37700/720	7/14	15/25	20/35	35/65	55/85	75/105	300/500
USD/MAD	9.6500/7300	50/200	100/400	200/700	700/1200	1300/2300	1800/2800	3000/6000
USD/EGP NDF	16.18	16.25/16.23	16.36/16.44	16.51/16.59	16.90/16.98	17.30/17.38	17.73/17.81	-
USD/JOD	0.7085/7105	60/110	80/180	120/270	250/450	300/500	400/700	1000/1800
USD/NGN NDF	387.80	390.00/395.00	396.50/402.50	402.50/408.50	421.00/431.00	439.00/449.00	458.00/468.00	(NAFEX)
USD/GHS NDF	5.7600	5.79/5.89	5.85/5.95	5.91/6.01	6.12/6.22	6.36/6.48	6.60/6.75	-
USD/TND	2.8400/2.8900	200/500	300/600	600/1100	1200/1800	2000/3000	2500/5000	4500/8500
Crude Oil	Futures							
WTI	39.50							
Brent	42.05							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+43/49	+50/56	+58/64	+65/71	+73/79	+78/84	+83/89	+102/108
SAR SPREAD	+63/69	+72/78	+82/88	+92/98	+102/108	+112/118	+121/127	+145/151

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

AND FINALLY...

Did you know that Libya has the largest proven oil reserves in Africa?

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