

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

UAE Reaffirms Its Support For OPEC+ Accord.

The UAE publically reaffirmed its support for the OPEC+ output reduction accord yesterday, "*The UAE has always been a committed member to OPEC and we have demonstrated this commitment through our compliance to the current OPEC+ agreement,*" the UAE Energy Minister, Suhail Al Mazrouei, was quoted as saying by the 'National' newspaper yesterday, adding that, "*As a reliable and long-standing member of OPEC, we have always been open and transparent in all our decisions and strategies in support of OPEC.*" Meanwhile, the country's Energy Ministry said in a statement that that since the current OPEC+ output cuts were implemented in May 2020, the UAE's compliance rate has been 101%. The UAE is OPEC's third largest oil producer.

Conservationist Group Attempts To Block Drilling In Alaska.

A group of conservationists, indigenous tribes and a number of investment firms, have called on global insurance companies to suspend their support for oil and gas projects in the US Arctic Wildlife Reserve, in reaction to a fresh push by the Trump administration to auction off development rights in pristine areas of Alaska before President-elect Joe Biden takes office. "*The Trump administration's plan to auction off our sacred lands in the Arctic refuge for oil drilling disrespects our human rights, ignores public opinion and denies the crisis of climate change. The banking industry already sent a loud, clear message to oil companies. Now it's up to insurers to say 'no' to drilling,*" a spokesperson for the anti-drilling group was quoted as saying by Bloomberg.

Venezuela's Oil Sector Remains In Crisis.

Venezuela's oil exports have fallen to a new low of 359,000 bpd, according to 'Reuters' as US sanctions continue to bite and PDVSA's infrastructure deteriorated further. The Latin American producer's sharp

Glenn Wepener

Executive Director & Geopolitical Analyst,
Middle East & Africa

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drop in exports is also reflected in its growing level of crude inventories which have risen by more than 80% to 11.80 mio barrels in the last few months. With only an estimated 3 mio barrels of storage space left, this situation means that PDVSA will probably have to shut down its already sharply reduced output soon. Meanwhile, a chronic shortage of refined products continues, and there are reports of ordinary Venezuelans stealing oil from pipelines and attempting to refine it into petrol with homemade machinery. On the geopolitical front, despite rumours that the new incoming US administration may take a softer path on its dealings with Venezuela, we believe this to be unlikely. Biden has already made it clear that he shares Trump's view on the Maduro regime.

US Unveils Yet More Sanctions On Iran.

Earlier this week, the US Treasury announced that it had implemented sanctions on 10 individuals and 50 subsidiaries of an Iranian organization that was originally founded by Ayatollah Ali Khamenei. *"The US Department of the Treasury's Office of Foreign Assets Control took action today against a key patronage network for the Supreme Leader of Iran, the Islamic Revolution Mostazafan Foundation (Bonyad Mostazafan, or the Foundation), an immense conglomerate of some 160 holdings in key sectors of Iran's economy, including finance, energy, construction, and mining. While Bonyad Mostazafan is ostensibly a charitable organization charged with providing benefits to the poor and oppressed, its holdings are expropriated from the Iranian people and are used by the Supreme Leader Ali Khamenei to enrich his office, reward his political allies, and persecute the regime's enemies,"* a press statement issued by the US Treasury read. You can access it in full [here](#).

Russia Plans To Build Naval Base In Sudan.

According to various media outlets including 'Reuters', the Russian and Sudanese governments recently signed an MOU which could see a logistics hub established in Sudan for the Russian Navy. The draft agreement apparently states that once built, up to 300 crew and four warships may stay at this naval logistics base, including ships with nuclear-propulsion systems, according to an article published on the 'Defense News' website. If this project proceeds it would be Russia's first major military base in Africa since the fall of the Soviet Union.

Saudi Aramco Conducts Jumbo Bond Issuance.

Saudi Aramco raised US\$8 bio via a multi-tranche bond issuance this week. These tranches were spread across maturing in 3, 5, 10, 30 and 50 years. Aramco is rated at A1 by Moody's.

Bahrain's Foreign Minister Travels To Israel.

Bahrain and Israel have agreed to begin operating direct commercial flights between the two countries, open mutual embassies and finalize a joint visa system. These agreements were announced during the Bahraini Foreign Minister's first official visit to Tel Aviv earlier this week. *"The joint talks will contribute to developing cooperation between the Kingdom of Bahrain and the State of Israel in the areas of trade and investment, emerging projects, the banking sector, health, education, communication, technology and innovation,"* Dr Abdullatif bin Rashid Alzayani, was quoted as saying by the 'Gulf Business' media outlet.

Kenyan Official Calls On African Airlines To Merge.

Africa's largest airlines, such as Kenya Airways, Ethiopian Airlines, Egypt Air and South African Airways should consider merging in order to boost free trade and promote tourism within the continent, Kenya's tourism secretary reportedly suggested this week. *"We need to move away from bilateral agreements to general agreements so that whoever wants to invest in the aviation sector can do so. Supporting private sector to invest in aviation will create seamless travel and ease visa regimes,"* Najib Balala, was quoted as saying by 'Bloomberg'.

PIF Increases Stake In ACWA.

Saudi Arabia's sovereign wealth fund announced yesterday, that it has increased its stake in ACWA Power International from 33.60% to 50%. *"PIF's increased stake is an endorsement of ACWA Power's ambition and progress. PIF is a long-term investor and is committed to actively enable the development of key economic sectors, such as Renewables, in Saudi Arabia. We believe that ACWA Power will play a significant role in both driving and diversifying economic growth in the future, while also providing enduring commercial return*

for the people of the Kingdom. We are proud to be part of this Company's long-term development," the fund said in a statement published on its website which you can access in full [here](#).

Toray Wins Supply Contracts In UAE & Bahrain.

Japan's Toray Industries subsidiary in the Middle East, has won the contracts to supply reverse osmosis membranes and provide technical support services to the Al Dur 2 Desalination Plant in Bahrain and the Umm Al Quwain Desalination Plant in the UAE, according to the 'Construction Week' website.

Dubai & Abu Dhabi Move Up In Global Cities Report.

Dubai has been ranked as the 27th most competitive city in the world in the Global Cities Index (GCI) and at 18th place in the Global Cities Outlook (GCO), whilst Abu Dhabi jumped 13 places to enter the top ten rankings on the GCO list. The GCI index considers how cities are performing in terms of business activity, human capital, information exchange, cultural experience and political engagement, while in the GCO rankings, cities are rated on four criteria: personal well-being, economics, innovation and governance. The Global Cities report is published annually by the management consulting firm Kearney.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	Par/+3	1/4	2/5	5/10	12/22	20/30	80/130
USD/SAR	3.7502/04	2/5	3/8	6/11	12/22	20/30	25/35	120/170
USD/KWD	0.30565/585	17/27	35/50	60/75	115/135	170/200	230/260	380/480
USD/OMR	0.38497/502	05/20	20/40	40/70	125/175	240/270	400/450	800/1300
USD/BHD	0.37700/05	10/15	20/30	25/45	55/85	80/130	120/170	275/475
USD/MAD	9.1125/1325	150/300	300/500	500/700	900/1300	1300/2300	1800/2800	3000/6000
USD/EGP NDF	15.64	15.69/15.74	15.82/15.87	15.94/15.99	16.31/16.36	16.70/16.75	17.14/17.19	-
USD/JOD	0.7080/7090	65/115	80/180	130/280	250/450	325/525	425/725	1000/1800
USD/NGN NDF	385.70	387.00/389.00	389.50/392.50	393.00/398.00	405.00/410.00	419.00/424.00	435.50/442.50	(NAFEX)
USD/GHS NDF	5.8325	5.87/5.92	5.95/6.05	6.05/6.15	6.30/6.50	6.59/6.69	6.87/7.00	-
USD/TND	2.7300/7600	80/220	150/350	300/500	600/1600	1000/3000	1500/2500	4000/8000
Crude Oil	Futures							
WTI	41.60							
Brent	44.10							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+25/31	+34/40	+44/50	+55/61	+65/71	+72/78	+76/82	+96/102
SAR SPREAD	+60/66	+70/76	+80/86	+94/100	+107/113	+120/126	+131/137	+161/167

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

AND FINALLY...

Did you know that Kinshasa, the capital of the Democratic Republic of Congo, is the second largest French-speaking city in the world?

Glenn Wepener
Executive Director

Market Insights & Strategy

FAB Global Markets

Email: Marketinsights&strategy@bankfab.com

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