

Market Insights & Strategy

Global Markets

24th November 2020



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REGIONAL COMMENTARY

China To Overtake US In Oil Refining Within Two Years.

Although refiners everywhere have had an extremely tough year, China's is pushing forward with plans to expand its oil refining capacity further over the next few years. In the US which is still the world's largest refiner, the opposite appears to be true, with some key facilities planning to shut down operations including; Shell's vast Covenant refinery in Louisiana which first opened for business in 1967. Meanwhile, Marathon Petroleum, the largest US refiner by volume, reportedly plans to halt processing at its refineries in Martinez, California, and Gallup, New Mexico permanently, according to Reuters. *"China is going to put another million barrels a day or more on the table in the next few years and will overtake the US probably in the next year or two,"* the director of refining at Facts Global Energy, was quoted as saying by Bloomberg this week. Meanwhile, the main crude benchmarks have managed to solidify their recent gains made on the back of positive vaccine news, with WTI ending yesterday's session at its highest level for a front-month contract since August and Brent recording its strongest finish since March.

Number Of Active US Oil Rigs Declines.

In its latest rig count, Baker Hughes reported that the number of active oil rigs in the US fell to 231 last week which is 440 units lower compared to this time last year. Meanwhile, overall US shale production which peaked at 9.20 mio bpd in November 2019, is expected to fall to 7.50 mio bpd next month, according to recent EIA forecasts.

ADNOC's CAPEX Plan Approved.

Earlier this week, Abu Dhabi's Supreme Petroleum Council approved ADNOC's capital expenditure plan of AED 448 bio for 2021-2025. As a part of this plan, ADNOC aims to drive more than AED 160 bio back into the UAE's economy over the next five years. *"The inflow to the local*

economy will be enabled by ADNOC's In-Country Value program which is aimed at nurturing new local and international partnerships and business opportunities for the private sector, fostering socio-economic growth and creating job opportunities," a statement published by the 'WAM' media outlet read. This followed the council's announcement that ADNOC had discovered a further 2 bio barrels of conventional and 22 bio barrels of unconventional oil reserves within the Abu Dhabi Emirate. The discovery boosts the UAE's conventional crude reserves to 107 bio barrels, the sixth largest in the world.

Houthi Missile Targeted Fuel Distribution Facility In KSA.

Saudi Arabia's Energy Ministry said yesterday that a fuel tank fire, which broke out at a petroleum products distribution station in Jeddah early on Monday morning, was triggered by a projectile fired at the facility by the Houthi militia group in Yemen. *"The terrorist, Iran-backed Houthi militia has been positively identified as the culprits of this cowardly terrorist assault,"* Brigadier General, Turki Al-Maliki, was quoted as saying by the Arab News website, adding that this *"was not just an attack on the Kingdom's assets, but on the core of the global economy and its supply routes, as well as the security of global energy."* There were no injuries reported and fuel supplies have not been affected. You can read more on this story [here](#).

Tanzania & Mozambique To Cooperate In Fight Against Militant Insurgency.

Mozambican and Tanzanian forces have reportedly agreed to launch joint operations in an effort to expel an Islamist insurgent group, who have been operating in Mozambique's gas rich province of Cabo Delgado. Thousands of people in the province have become displaced over the past three years due to the activities of this extremist group which calls itself 'Ahlu Sunnah Wa-Jama' and who has pledged allegiance to 'Daesh'. Current estimates have put the value of the primarily offshore natural-gas fields in Northern Mozambique at around US\$60 bio.

IMF Set To Release US\$1.60 Bio For Egypt.

The IMF says it has reached a staff level agreement with Egypt on the first review of that country's economic reform program performance. Once this agreement has been approved by the IMF board, Egypt will become eligible to receive US\$1.60 bio in special drawing rights from the international lender. *"The Egyptian economy has performed better than expected despite the pandemic. Containment measures, supported by the authorities' effective crisis management, and strong implementation of their policy program helped mitigate the effects of the crisis. After recording a growth rate of 3.60% in FY2019/20, growth is projected to reach 2.80% in FY2020/21, with a modest recovery in all sectors except tourism, as the pandemic continues to disrupt international travel. The authorities' commitment and strong performance helped meet all program targets for end-September 2020. Net international reserve accumulation and the primary balance exceeded the program targets. Subdued inflation in September (3.70%) primarily reflecting lower food prices--triggered the monetary policy consultation clause. The updated financial information of state-owned enterprises (SOEs) and Economic Authorities was published in September. Additionally, the customs law to streamline the customs procedures was passed ahead of schedule,"* an IMF statement read.

Nigeria's Economy Is At A 'Critical Juncture' – World Bank.

During an economic summit held in Abuja yesterday, the World Bank's Country Director for Nigeria, Shubham Chaudhuri, warned that the West African nation faced a series of major challenges. *"Crisis like this is often what it takes to bring a nation together to have that consensus within the political, business, government, military, civil society to say, 'We have to do something that departs from business as usual. For Nigeria', this is a critical juncture. With the contraction in GDP that could happen this year, Nigeria's per capita income could be around what it was in 1980 – four decades ago,"* Chaudhuri, was quoted as saying by the Vanguard website, although adding that, he was still *"hopeful that given what the government has done, that this crisis will also provide an opportunity for that national consensus."* Nigeria's economy contracted by -3.62% y/y in Q3 2020, the second consecutive decline following the -6.10% recorded during Q2, according to the country's national statistics agency. Meanwhile, the all-important oil sector contracted by -13.89% y/y in Q3.

Forensic Audit of Lebanon's CB Grinds To A Halt.

According a recent Reuters report, the US based restructuring consultancy Alvarez & Marsal, withdrew from a forensic audit of Lebanon's Central Bank last week, because it had not received all the information required in

order to carry out the audit. In response, an official spokesperson for the Central Bank, was quoted by Reuters stating that the bank had provided all its accounts for the audit, although adding that it “*cannot provide the accounts of its clients, by law not by choice.*” Meanwhile, Lebanon’s President, Michel Aoun, has since promised to do everything he can to get the audit restarted. “*If we want statehood, then we must fight corruption and this begins by imposing the forensic financial audit,*” the President was quoted as saying by the Arab News website this past weekend.

UAE Amends Foreign Ownership Law For Commercial Companies.

The UAE government has made a series of amendments to the country’s law governing commercial firms. These changes include; the abolition of a requirement for onshore companies to have a major UAE shareholder and, the annulment of a provision that until now had made it mandatory for a UAE national or a UAE owned company to be included as an agent. “*This is a fantastic move. For companies that do have sponsors it will reduce their operating costs and create a more competitive environment, it will boost the number of onshore companies opening up,*” the MD of the Ritz Banc Group was quoted as saying in response to this announcement, by the UAE’s National newspaper. You can find more details on these and other amendments [here](#).

Western Union Buys Stake In STC Subsidiary.

The world’s largest money transfer company, Western Union, has purchased a 15% stake in STC Pay (the digital payment unit of Saudi Arabia’s STC Group) for US\$200 mio. STC Pay was the first fintech company to be licensed by SAMA, already has more than four million customers and is building a strong regional brand in the fast-growing digital wallet market.

Mitsubishi & Orascom Win Metro Contract In Egypt.

Japan’s Mitsubishi Corporation has announced, that its consortium with Egypt’s Orascom Construction has sealed the contract to deliver the railway systems, track and depot works package for Phase 1 of Cairo’s Metro Line Four.

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	1/4	2/5	5/10	12/22	20/30	80/130
USD/SAR	3.7503/05	2/5	3/8	5/10	14/24	20/30	27/37	120/170
USD/KWD	0.30580/600	17/27	35/50	60/75	115/135	170/200	235/265	380/480
USD/OMR	0.38498/503	05/20	20/40	40/70	125/175	240/270	400/450	800/1300
USD/BHD	0.37701/06	10/15	20/30	25/45	55/85	80/130	120/170	275/475
USD/MAD	9.0900/1100	150/300	300/500	500/700	900/1300	1300/2300	1800/2800	3000/6000
USD/EGP NDF	15.63	15.74/15.79	15.85/15.90	15.96/16.01	16.33/16.38	16.74/16.79	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	385.67	387.00/389.00	389.50/392.50	393.00/398.00	404.50/409.50	419.50/424.50	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	2.7200/7400	80/220	150/350	300/500	600/1600	1000/3000	1500/2500	4000/8000
Crude Oil		Futures						
WTI	43.40							
Brent	46.30							

** (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	+62/68	+71/77	+82/88	+94/100	+107/113	+120/126	+132/138	+160/166

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

AND FINALLY...

Did you know that Rwanda and Mozambique are the only countries in the Commonwealth never to have been part of the British Empire?

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