

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Another Shale Producer Files For Bankruptcy.

The Texas based shale oil company, Lonestar Resources, has reportedly filed for bankruptcy. According to Reuters, the firm produced around 14,000 bpd and had a total debt load of US\$546.30 mio. As at the end of August, 36 oil and gas producers with around US\$51 bio in debt have filed for bankruptcy this year, the law firm Haynes & Boone outlined in its most recent bankruptcy monitor, stating that; *"Without any near term horizon hope for improving economic conditions for US producers, it is reasonable to expect that a substantial number of producers will continue to seek protection from creditors in bankruptcy before this year is over."* Meanwhile US taxpayers could be left with a bill as high as US\$280 bio to seal and clean up thousands of oil wells abandoned by financially strapped firms according to a recent study undertaken by the 'Carbon Tracker Initiative'. You can access this latter report in full [here](#).

US Stimulus Package Delay & Trump News Weighs On Oil Prices.

Oil prices dipped again overnight on the back of various issues, including concerns over the ongoing delay in getting the next US stimulus package approved, an increase in oil exports by some producers during the month of September and the return of 300,000bpd of Libyan crude to the market. The US House of Representatives narrowly approved a US\$2.20 trillion stimulus package last night, but a bipartisan agreement appears to be still out of reach and thus this version of the bill will probably be voted down by the Republican controlled Senate. Further downward pressure was seen this morning as global financial markets reacted to the news that the US President has tested positive for COVID-19.

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Total CEO Issues Warning Over Insurgency In Mozambique.

Islamic State linked groups have become active in Northern Mozambique this year, killing some 1900 people and displacing more than 250,000 thus far, according to a recent statement by the European Union's parliament. These groups not only pose a threat to the overall stability of Mozambique, but also to the government's hopes of developing the country's sizable gas reserves. The insurgents have already taken control of a town which lies just 60km from the area where Total plans to invest as much as US\$20 bio into an offshore LNG project. *"Western powers are realizing that a Daesh enclave is settling within Mozambique, which is "a major problem for East Africa's stability. It would be good if the situation is brought back under control, not just for Total's project, but for the stability of the region,"* Total's CEO, Patrick Pouyanne, was quoted as saying by Bloomberg yesterday

Iranian Rial Falls To Another Record Low.

The Iranian Rial was reported to have hit a new low of IRR 300,000 per one US dollar in the unofficial 'kerb' market yesterday. This latest fall comes as Iranians continue to stockpile hard currency as tensions between Tehran and Washington increase and domestic inflation rises. The Iranian economy is expected to contract by 10-12% this year, while inflation is now sitting around 35% y/y.

Zambia's Creditors Reject Request To Delay Repayments.

A committee representing 14 financial institutions in the US and Europe which hold around 40% of Zambia's outstanding Eurobonds, has rejected the government's request to delay interest payments on the debt due to *"a lack of clarity."* In a statement, the committee said that before it could even consider such a move it would first need *"transparency on how the authorities intend to deal with other creditors"* in order to ensure equitable treatment.

Nigerian Government Finalizes 2021 Budget.

Nigeria's Minister of Finance, Zainab Ahmed, said on Wednesday that the Federal Executive Council had approved a NGN 13.08 trillion budget for the upcoming fiscal year, a NGN 3.0 trillion increase on the previous one. This proposal is based on a USD/NGN exchange rate of 379.00, an average oil price of US\$40 and production of 1.86 mio bpd. The draft budget will now head to the country's National Assembly for ratification. The minister added that her department has projected a fiscal deficit of NGN 4.49 trillion, which is equivalent to 3.64% of GDP.

Arabtec Confirms It Is To File For Liquidation.

The UAE based construction firm Arabtec, confirmed late yesterday that it was going into liquidation. *"In recent years, limited liquidity in the construction sector impacted the progress of Arabtec's projects and this has been exacerbated by the effects of COVID-19. Despite efforts to pursue legal and commercial entitlements and a restructuring of the company's finances and operations, the situation in which Arabtec finds itself today is untenable,"* the company's Chairman, Waleed Al Mokarrab Al Muhairi, was quoted as saying by the 'Gulf News' media outlet. Arabtec was established in 1975 and has been involved in many of the UAE's well-known engineering projects including the Burj Khalifa building in Dubai and Abu Dhabi's Louvre museum. You can read more on yesterday's announcement [here](#).

Saudi Arabia Exempts Property Transactions From VAT.

Saudi Arabia announced this morning that it will exempt property purchases from a 15% VAT charge, and instead only impose a 5% tax on such transactions. This decision, which was made by a Royal Decree, also stated that the government would bear the cost of this new tax up to a maximum of SAR 1 mio, for those citizens purchasing their first home.

World Bank Approves US\$200 Mio For 'Green Initiative' In Egypt.

The World Bank has approved US\$200 mio in funding for a 'green' program in Egypt that aims to reduce air pollution and address the impact of climate change. The six-year program will focus primarily on projects to reduce vehicle emissions and better manage the disposal of solid waste.

IPEC Wins Power Contract In KSA.

The UK based engineering firm IPEC Ltd has secured a contract to deliver monitoring systems for Saudi Arabia's high voltage network.

Mubadala Acquires Stake In Reliance Retail.

The Abu Dhabi-based sovereign wealth fund Mubadala, has taken a 1.40 % stake in Reliance Retail Ventures (a subsidiary of Reliance Industries Limited) for INR 62.48 bio, according to a Bloomberg report published yesterday.

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	3.6729/30	1/4	3/6	5/10	13/18	20/30	30/45	140/190
USD/SAR	3.7508/11	1/4	4/9	7/17	20/30	35/45	60/75	180/230
USD/KWD	0.30615/635	20/30	40/55	65/80	130/160	185/215	245/285	400/500
USD/OMR	0.38497/500	27/42	67/87	110/140	235/265	380/430	570/620	1200/1500
USD/BHD	0.37712/17	7/17	15/30	25/40	55/75	85/115	125/175	350/550
USD/MAD	9.2250/2450	50/150	100/300	200/500	350/850	800/1800	1300/2700	3000/6000
USD/EGP NDF	15.75	15.85/15.90	15.96/16.01	16.10/16.15	16.49/16.54	16.92/16.97	17.39/17.44	-
USD/JOD	0.7085/95	65/115	80/180	130/280	250/450	325/525	425/725	1000/1800
USD/NGN NDF	385.80	388.50/391.50	392.50/395.50	397.00/402.00	413.00/419.00	431.00/437.00	451.50/459.50	(NAFEX)
USD/GHS NDF	5.7900	5.85/5.90	5.92/5.99	6.02/6.11	6.30/6.42	6.60/6.72	6.91/7.05	-
USD/TND	2.7480/7680	100/300	200/500	400/700	700/1700	1000/2000	1700/3200	4000/8000
Crude Oil	Futures							
WTI	37.80							
Brent	39.95							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+32/38	+45/51	+60/66	+71/77	+80/86	+89/95	+93/99	+114/120
SAR SPREAD	+66/72	+80/86	+100/106	+116/122	+129/135	+140/146	+149/155	+175/181

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

AND FINALLY...

Did you know that the first attempt at fracking for oil took place in 1947?

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