

Market Insights & Strategy

Global Markets

12th October 2020

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Crude Demand Remains Uncertain But Inventories Easing.

Crude and its related inventories are edging lower, but the pace of decline has slowed in recent weeks due to the ongoing concern over the rising number of COVID-19 cases around the world. US crude stocks are now just 12% above the five-year average and down from the +19% recorded in July, whilst gasoline inventories are finally below the five-year average for the first time since March. Jet fuel stores of course are still very high as air travel related activity remains around 40-50% of its usual level. Meanwhile rigs in the Gulf of Mexico have begun re-opening after last week's storms and thus crude prices gave back some of their recent gains this morning.

Libya Lifts 'Force Majeure' On Major Oilfield.

Libya's National Oil Company lifted its 'force majeure' on the country's largest oil field yesterday. Once fully operational the Al Shahara field produces around 315,000 bpd. Meanwhile, UN mediated talks between members of Libya's 'House of Representatives' in Tobruk and those from the Tripoli-based 'High Council of State' began in Cairo yesterday. These discussions are aimed at finding constitutional settlement mechanisms, which both Libya's main internal protagonists can agree on and hopefully bring an eventual end to the civil war. *"It is time to fulfil the aspirations of the Libyan people for stability through pushing forward the political path so that Libya can have a constitution that defines authorities and responsibilities until reaching Presidential and parliamentary elections,"* Abbas Kamel, the Director of Egypt's General Intelligence Service, was quoted as saying by the 'Daiji World' news site.

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US Targets Iran's Banking Sector – Coronavirus Deaths Hit Record High.

As expected, the US announced at the end of last week that it has sanctioned 18 Iranian banks, which will make it even tougher for such institutions to access the global financial system. *"Today's action to identify the financial sector and sanction eighteen major Iranian banks reflects our commitment to stop illicit access to US dollars. Our sanctions programs will continue until Iran stops its support of terrorist activities and ends its nuclear programs. Today's actions will continue to allow for humanitarian transactions to support the Iranian people,"* the US Treasury Secretary Steven Mnuchin, was quoted as saying in an official statement last Thursday. These fresh sanctions also impact any foreign companies still doing business with Iranian banks, giving them just 45 days to cease such activities. You can access more details on these latest OFAC measures [here](#). Meanwhile the Iranian Rial hit a new low of IRR 312,000 against the US dollar in the unofficial 'kerb' market yesterday, on the back of these sanctions and a significant worsening of the COVID-19 pandemic in the country. Yesterday Iran reported another record daily high in the number of deaths due to the virus. On Sunday, the Health Ministry confirmed that 251 people had died in the past 24 hours due to the disease, bringing the total number of such deaths in Iran to 28,544.

Former Lebanese PM Suggests New Path To Break Political Deadlock.

The former Lebanese Prime Minister, Saad Hariri, claimed in a television interview late last week that he was *"a natural candidate"* to take on this position again and was therefore consulting with all the country's political parties in an attempt to form a new cabinet led by technocrats, who would be prepared to implement the reforms proposed by France and the IMF. *"If all agree, I won't close the door,"* he stated, adding that all of Lebanon's political leaders should *"think carefully not to miss this opportunity."*

Nigeria Is Not Planning To Issue New Eurobonds – Vice President.

Nigeria's Vice President, Yemi Osinbajo, has said that the government was not looking at issuing any more Eurobonds for the time being due to the current unfavourable market conditions for such. *"We are not likely going to explore again the Eurobond market because we are trying to avoid commercial borrowing,"* Osinbajo was quoted as saying by 'Reuters' last Friday, adding that the authorities would rather approach the World Bank for assistance. However, the international lender has previously expressed its unhappiness over Nigeria's multi-tiered exchange rate system and this issue led the WB to delay a US\$1.5 bio facility in August this year.

NCB & Samba Agree To Merge.

Saudi Arabia's largest lender, the National Commercial Bank, has agreed to merge with the Samba Financial Group, which once completed will create a combined entity with assets of US\$223 bio. The Kingdom's sovereign wealth fund, PIF is a major investor in both banks, with current stakes of 44.29% in NCB and 22.91% in Samba. According to 'Reuters', NCB has agreed to pay SAR 28.45 for each Samba share, valuing it at approximately SAR 55.7 bio. Once the deal has been completed the new entity will be the third largest lender in the GCC region.

Oman's Revenues Down 12% In H1 2020.

Low oil prices and the impact of COVID-19 resulted in a 12.40% drop in Omani government revenues to OMR 4.83 bio during the first half of this year, whilst spending was down by just over 8%, according to the 'Oman News Agency.' The IMF predicts that Oman's budget gap will rise to almost 17% of GDP this year.

Abu Dhabi Plans New Solar Power Platform.

The Abu Dhabi based 'green' energy company Masdar, has announced that it, together with the real estate developer Miral, plan to install the Emirate's largest rooftop solar photovoltaic platform in the Warner Bros World complex on Yas Island. *"We are proud to be supporting Abu Dhabi's 2030 energy efficiency strategy to reduce overall electricity consumption by 22% and we look forward to leveraging our energy services experience to support Miral's efforts of implementing energy efficient solutions across its destinations and attractions,"* Masdar's CEO, Mohamed Jameel Al Ramahi, was quoted as saying by the 'National' newspaper.

UAE Consortium Ponders Wind Power Project In Egypt.

According to Egypt's Ministry of Electricity and Renewable Energy, a UAE based consortium is currently undertaking a feasibility study on building a US\$500 mio wind farm in the North African country. Egypt aims to increase its total production of renewable energy to about 20% of the total power generated by 2022. You can read more on this topic [here](#).

Value of New Construction Contracts In KSA Falls During H1 2020.

The total value of awarded construction contracts across Saudi Arabia, during the first half of this year slipped to US\$11 bio compared to US\$26.40 bio in H1 2019. This was due primarily to the impact of COVID-19 according to a report published by the US Saudi Business Council, although the situation is expected to have improved during the second half of 2020. The bulk of awarded contracts this year so far were related to the water, real estate, healthcare and energy sectors.

SAIC Wins New Services Contract In Saudi Arabia.

The Science Applications International Corporation, has successfully renewed a contract to provide support services to the Royal Saudi Naval Forces for their command, control, communications, computers, intelligence, surveillance, and reconnaissance platforms.

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 | Par/+3 | 1/4 | 2/7 | 8/13 | 15/25 | 27/37 | 125/175 |
| USD/SAR | 3.7510/13 | 1/4 | 2/5 | 3/8 | 5/15 | 15/25 | 30/40 | 150/200 |
| USD/KWD | 0.30590/610 | 20/30 | 40/55 | 65/80 | 120/150 | 180/210 | 245/275 | 400/500 |
| USD/OMR | 0.38497/500 | 30/45 | 70/90 | 110/140 | 235/265 | 380/430 | 550/600 | 1100/1600 |
| USD/BHD | 0.37707/710 | 7/17 | 18/33 | 25/40 | 55/75 | 85/115 | 110/160 | 300/500 |
| USD/MAD | 9.1950/2050 | 150/300 | 300/500 | 500/700 | 900/1300 | 1300/2300 | 1800/2800 | 3000/6000 |
| USD/EGP NDF | 15.69 | 15.75/15.80 | 15.86/15.91 | 15.97/16.02 | 16.35/16.40 | 16.76/16.81 | 17.22/17.27 | - |
| USD/JOD | 0.7085/90 | 65/115 | 80/180 | 130/280 | 250/450 | 325/525 | 425/725 | 1000/1800 |
| USD/NGN NDF | 385.75 | 386.50/389.50 | 389.00/392.00 | 392.50/396.50 | 406.50/411.50 | 424.50/429.50 | 446.50/453.50 | (NAFEX) |
| USD/GHS NDF | 5.8000 | 5.87/5.92 | 5.95/6.02 | 6.05/6.14 | 6.30/6.42 | 6.63/6.75 | 6.92/7.06 | - |
| USD/TND | 2.7400/7600 | 80/220 | 150/350 | 300/500 | 600/1600 | 1000/3000 | 1500/2500 | 4000/8000 |
| Crude Oil | Futures | | | | | | | |
| WTI | 40.00 | | | | | | | |
| Brent | 42.40 | | | | | | | |

** (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 | +43/49 | +56/62 | +66/72 | +75/81 | +82/88 | +86/92 | +107/113 |
| SAR SPREAD | +65/71 | +76/82 | +94/100 | +111/117 | +127/133 | +137/143 | +146/152 | +172/178 |

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

AND FINALLY...

Did you know that Warner Bros World in Abu Dhabi spans an area of 1.65 million square feet and is the largest indoor theme park ever built?

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