

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

'US Oil Production Has Peaked' – Occidental CEO.

The CEO of Occidental Petroleum, Vicki Hollub, has suggested that US crude production will never return to the record output level of 13.2 mio bpd last seen in February 2020. *"It's just going to be too difficult to replace the 2 million barrels a day of production that we've lost, and then to further grow beyond that. Over the next three to four years there's going to be moderate restoration of production, but not at high growth,"* Hollub was quoted as saying by 'Bloomberg.' Occidental is one of the largest operators within the US shale sector. Meanwhile a new report by Deloitte, which was published two weeks ago, said that more than 70% of the jobs lost within the US oil, gas and chemical sector this year will probably not return by the end of 2021 even in a 'business as usual' environment. *"The OG&C industry is in a 'great compression' where companies' room to maneuver is restricted by multi-decade long low prices, unforeseen demand destruction, and changes in end-use consumption due to mass telecommuting, mounting debt loads, and a renewed focus on health from COVID-19. The gravity of this compression is reflected in the shrinking valuation of the energy sector, which is now the second-smallest segment in the S&P 500, with a share of only 2.5% as of August 31, 2020,"* the report, which you can access [here](#), states.

OPEC+ Will Do 'Whatever Is Necessary' To Ensure Price Stability – Saudi Energy Minister.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, stated yesterday that OPEC+ *"still had work to do"* to ensure that there was 100% compliance to the output cut accord by all its signatories. But added, that the grouping would *"do what's necessary"* to ensure price stability. *"Nobody in the market should be in any doubt as to our commitment and our intent,"* Prince Abdulaziz said during the OPEC+ Joint Ministerial Monitoring meeting yesterday.

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Iran Eyes Ballistic Missile Systems From North Korea.

A UN ban on conventional weapons sales to Iran expired this past Sunday, although the Trump administration has repeated its warning that any country attempting to supply Tehran with armaments, would face fresh US measures. *"No nation that desires a peaceful Middle East should contemplate arms sales with Iran. We are prepared to use domestic authorities to sanction individuals or entities contributing to these arms sales,"* the US Secretary of State, tweeted on Sunday. Meanwhile, according to the 'oilprice.com' website, Iran may soon receive long-range missile systems from North Korea (in exchange for oil) including the Hwasong-12 mobile ballistic missile platform, which currently has a range of 4,500 km and the Hwasong-14 which can travel up to 10,000 km. *"Iran is clearly doing everything it can to keep in existence a virtual turnkey capability to get back into the weaponization business at a moment's notice should it choose to do so,"* a US official was quoted as saying by 'Reuters' late last month, adding that, *"Iran and North Korea have resumed cooperation on a long-range missile project, including the transfer of critical parts."*

Egypt Calls For A Legal Agreement On Ethiopia's GERD.

Egypt's Prime Minister, Mostafa Madbouly, has again highlighted the need for a binding legal agreement over the filling and operating of Ethiopia's Grand Renaissance Dam, stating yesterday that the Egyptian government was still willing to continue negotiations on the subject, and warned against any unilateral decisions that could negatively affect stability in the region. The last official talks between Egypt, Sudan and Ethiopia on the latter's controversial dam project were held in August but ended without any agreement being reached.

Kuwait To Hold Parliamentary Elections In December.

Kuwait's cabinet office announced yesterday, that they had approved a draft decree calling for elections of the National Assembly to take place on December 5th 2020. Meanwhile, according to a 'Gulf News' article, the Kuwaiti Civil Service Commission has confirmed that any governmental request to appoint expatriates in public institutions will be rejected. Two weeks ago, local MPs had reportedly called on the Ministry of Trade to replace expats with Kuwaiti citizens.

Tunisian CB May Buy Government Bonds.

The Tunisian Finance Minister, Ali Kooli, has said that his government may have to ask the country's Central Bank to buy bonds in order to fund the country's budget deficit. *"We do not have many options to finance the budget gap, we will not raise taxes, we will not sell the state's stakes in public companies,"* the minister was quoted by Reuters as saying yesterday, adding that, *"One of the remaining options that the Central Bank has to contribute to financing the Tunisian economy is by buying bonds, and we are talking with the Central Bank."* The government recently raised its budget deficit forecast from 7% percent to 14%.

Zambia's Creditors Meet Today.

Zambia's private creditors are meeting today to discuss the country's request for a six-month payment standstill however, it seems unlikely that this request for a delay will be accepted, especially as a group that holds about 40% of Zambia's US\$3 bio in outstanding Eurobonds has already said it won't support the proposal. Last week the government missed a US\$42.50 mio interest payment, saying that this was because it did not have the funds available. It now has less than 30 days to make the payment or it will be declared a default. Three weeks ago, the FITCH ratings agency warned that several sovereigns in SSA including Zambia, face acute liquidity pressures and very high debt levels.

Iraq Signs New MOUs With France.

The governments of France and Iraq have signed three MOUs following the Iraqi Prime Minister's recent visit to Paris. According to the 'MENAFN' news site, these agreements relate to the construction of a suspension railway in Baghdad; strengthening the institutional capacities of the Iraqi Ministry of Agriculture; and increasing the number of Iraqi students in French universities.

ADQ To Support Lulu's Expansion Plans In Egypt.

The Abu Dhabi based investment company ADQ has announced, that it has signed a non-binding agreement with Lulu International Holdings. Under the terms of the agreement, ADQ and LIHL will work to develop 30

hypermarkets and 100 express minimarket stores as well as state-of-the-art logistics hubs, distribution, and fulfillment centers to strengthen Lulu's e-commerce business across Egypt. "Our agreement with Lulu International Holdings reflects our wider commitment to investing in Egypt, following the announcement of our joint investment platform with the Sovereign Fund of Egypt late last year. The phased roll-out of multiple retail stores would provide significant socio-economic benefits to local communities across the country, as well as bolster the quality and range of products available to Egyptian consumers. We are pleased to be able to give further support to the co-operation that already exists between the UAE and Egypt," the CEO of ADQ, Mohamed Hassan Al Suwaidi, was quoted as saying by the 'Gulf Today' website.

Launch Of Another New Residential Development In KSA.

Saudi Arabia's Ministry of Housing recently announced the launch of Park View, a 280,000 sqm residential community featuring 484 homes which are being built under the Sakani program. During 2020, the program aims to provide more than 300,000 families various affordable housing solutions, and forms a key part of the government's drive to increase residential ownership amongst its citizens to 70% by 2030.

China Geological Survey Wins Contract In Saudi Arabia.

The state-run China Geological Survey Group, has been awarded a multi-million dollar contract to undertake a 540,000 sq km geochemical survey in the western region of Saudi Arabia, according to the 'South China Morning Post.'

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	120/170
USD/SAR	3.7505/07	2/5	5/8	7/12	15/25	25/35	35/45	160/210
USD/KWD	0.30580/590	20/30	40/55	65/80	120/150	180/210	245/275	400/500
USD/OMR	0.38499/502	20/40	40/70	80/110	190/240	330/380	490/540	900/1400
USD/BHD	0.37703/706	10/20	18/33	30/50	65/85	90/120	120/170	300/500
USD/MAD	9.1675/1875	150/300	300/500	500/700	900/1300	1300/2300	1800/2800	3000/6000
USD/EGP NDF	15.68	15.77/15.82	15.89/15.94	16.03/16.08	16.40/16.45	16.83/16.88	17.25/17.30	-
USD/JOD	0.7080/90	65/115	80/180	130/280	250/450	325/525	425/725	1000/1800
USD/NGN NDF	385.79	386.50/389.50	389.00/392.00	392.00/396.00	405.00/410.00	420.50/425.50	438.50/445.50	(NAFEX)
USD/GHS NDF	5.8200	5.85/5.90	5.91/6.01	6.00/6.10	6.25/6.40	6.54/6.67	6.83/6.98	-
USD/TND	2.7375/7675	80/220	150/350	300/500	600/1600	1000/3000	1500/2500	4000/8000
Crude Oil		Futures						
WTI	40.70							
Brent	42.45							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+29/35	+39/45	+51/57	+61/67	+71/77	+76/82	+82/88	+102/108
SAR SPREAD	+64/70	+73/79	+87/93	+102/108	+116/122	+129/135	+137/143	+164/170

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

AND FINALLY...

Did you know Senegal's most popular sport is wrestling not soccer?

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