

Market Insights & Strategy

Global Markets

2nd April 2021

MIDDLE EAST & AFRICAN MONITOR

- **OPEC+ Agrees To Cautiously Increase Crude Production.**
- **IEA Official Does Not Anticipate An Oil Supply Crunch.**
- **Iran Rejects Call To Reverse Its Uranium Enrichment Program.**
- **Egyptian President Issues Public Warning Over Ongoing Nile Dam Dispute.**
- **Saudi Arabia & Iraq To Establish Joint Development Fund.**
- **Kuwait Plans US\$2 Bio In Bonus Payments For Frontline Workers.**
- **UAE To Build World's Largest Waste-to-Energy Facility.**
- **Ooredoo Sells Telecommunication Towers In Indonesia.**
- **Odebrecht Wins Refinery Contract In Angola.**

REGIONAL COMMENTARY

OPEC+ Agrees To Cautiously Increase Crude Production.

Signatories to the OPEC+ accord agreed yesterday, to begin slowly increasing their crude output over the next three months, whilst Saudi Arabia will reportedly also start to reduce its separate voluntary 1 mio bpd cut over the same period until its completely eliminated by the end of July. Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman was quoted as saying that supply would be brought back "*gradually*" and "*mindful of how the market may react,*" adding that, "*I wouldn't call it your full feet but we're testing our toe in the water and see how things may turn out to be.*" The OPEC+ grouping decided to raise their output by 350,000 bpd in May, another 350,000 bpd in June and 450,000 barrels per day in July. Despite this news, oil prices rose overnight after stronger than expected manufacturing activity out of Europe, expectations of a boost in the demand for oil related commodities such as asphalt on the back of Biden's infrastructure plan, and concerns over renewed tensions between Moscow and Kyiv following reports that the Russian military had begun deploying a large number of troops on the border with Ukraine.

IEA Official Does Not Anticipate An Oil Supply Crunch.

According to the head of the IEA's oil market division, Toril Bosoni, the crude market is still well-positioned to avoid a supply crunch in the near to medium term. "*Not only do we have relatively healthy inventories, although they have drawn down and continue to be drawn down, but on top of that inventory cushion, we estimate OPEC+ countries are sitting on spare capacity of around 9 mio bpd and that is excluding Iran, so that capacity can be brought to market relatively quickly. further ahead, that capacity cushion should go a long way to keeping the market in balance in the medium term,*" Bosoni was quoted as saying earlier this week by 'S&P Global Platts', although warning too that in the absence of fresh upstream investment, this spare capacity cushion could erode in the coming years.

Glenn Wepener

Executive Director & Geopolitical Analyst,
Middle East & Africa

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Iran Rejects Call To Reverse Its Uranium Enrichment Program.

Iran has rejected a proposal that if it halted its uranium enrichment program and returned to the negotiating table, the US would lift some of its sanctions. Tehran's response was made clear by a senior Iranian official, who was quoted by the country's 'Press TV' media outlet stating on Wednesday, that his government would only stop its 20% uranium enrichment drive if the Biden administration lifted all its sanctions on Iran first, and claimed that Washington was "*rapidly running out of time*" to resuscitate the JCPOA agreement. Meanwhile officials from Iran, China, Russia, France, Germany and UK are due to meet virtually later today to discuss ways to draw the US back into the JCPOA. "*Participants will discuss the prospect of a possible return of the United States to the JCPOA and how to ensure the full and effective implementation of the agreement by all sides,*" an EU statement read. However, the EU is also reportedly preparing to issue sanctions on a number of Iranian officials and certain government entities there for alleged human rights violations, according to a recent 'Reuters' report.

Egyptian President Issues Public Warning Over Ongoing Nile Dam Dispute.

The Egyptian President, Abdel Fattah El Sisi, has warned, that his country would not accept Ethiopia's 'Grand Renaissance Dam' being filled and becoming operational, without a binding agreement over usage of the Nile waters by all affected parties being signed first. No agreement would create regional "*instability that no one can imagine*" Sisi was quoted as saying by 'AP News' earlier this week, adding that, "*No one can take a single drop of water from Egypt, and whoever wants to try it, let him try. No one imagines that it will be far from our capabilities.*" However, he also underlined his government's desire to find a diplomatic solution over this long-standing issue, stating that "*Our battle is a battle of negotiations. We are serious about achieving a win-win deal for everyone, no one is going to get everything alone.*" The Chairman of the African Union, DRC's President Félix Tshisekedi, is scheduled to host a first round of fresh dialogue between Cairo, Khartoum and Addis Ababa on this topic next week.

Saudi Arabia & Iraq To Establish Joint Development Fund.

OPEC's top two oil producers have agreed to establish a development fund, in order to promote investment into Iraq's economy and boost both countries private sectors. This announcement followed a meeting between Saudi Arabia's Crown Prince, Mohammed bin Salman and the Iraqi Prime Minister Mustafa al-Kadhimi, in Riyadh. The meeting also resulted in the signing of three separate MOUs including one concerning an electricity interconnection project, the enhancement of bilateral coordination within the framework of multilateral diplomacy and the broadening of investment opportunities for Saudi Arabian firms in Iraq.

Kuwait Plans US\$2 Bio In Bonus Payments For Frontline Workers.

Kuwait's new cabinet has agreed to the payment of special bonuses as a thank-you to those frontline staff who have been combating Covid-19 in the country. According to various media reports, this bonus package will total KWD 600 mio and the draft-law will soon be sent to the Emir for his approval pending its passage through parliament. You can read more on this story [here](#).

UAE To Build World's Largest Waste-to-Energy Facility.

The Dubai Waste Management Company, has reportedly secured US\$927 mio in funding in order to finance the construction of the world's largest waste-to-energy plant in the Warsan landfill site outside the city. Once operational the facility will be able to convert around 1.90 mio tonnes of waste into 200MW of thermal power per annum, according to the 'ME Construction News' site.

Ooredoo Sells Telecommunication Towers In Indonesia.

PT Indosat, the Indonesian subsidiary of Qatar based Ooredoo, has signed a US\$750 mio sale and leaseback agreement covering 4,200 telecommunications towers in Indonesia, with PT EPID Menara Asset Company (Edge Point Indonesia). "*This will help us unlock significant capital and enable us to focus on our core mission of delivering outstanding digital and enterprise services to our customer base,*" Ooredoo's Managing Director, Aziz Aluthman Fakhroo, was quoted as saying by 'Arab News'.

Odebrecht Wins Refinery Contract In Angola.

Brazil's Odebrecht has been awarded a US\$920 mio contract to build a oil refinery complex in the Cabinda province of Angola, according to the 'Africa Oil & Power' website. The project is scheduled to begin this month and will be completed before the end of 2022.

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	-0.5/+1.5	Par/+3	1/4	4/7	8/13	13/18	60/80
USD/SAR	3.7503/05	-1/+1	-1/+2	Par/+3	4/9	8/13	17/27	85/115
USD/KWD	0.30200/220	20/30	47/57	60/85	125/155	190/220	260/290	425/525
USD/OMR	0.38499/503	6/11	12/22	25/40	50/80	120/150	180/230	450/550
USD/BHD	0.37699/702	10/15	20/25	26/36	55/70	75/105	100/130	175/275
USD/MAD	9.0100/0300	50/150	100/250	150/350	300/650	500/1000	700/1700	1800/3800
USD/EGP NDF	15.71	15.81/15.86	15.94/15.99	16.07/16.12	16.51/16.56	16.93/16.98	17.34/17.39	-
USD/JOD	0.7087/92	70/120	170/270	250/350	475/675	600/1000	850/1350	1000/2500
USD/NGN NDF	408.00	413.50/417.50	420.00/425.00	425.00/430.00	439.00/444.00	453.50/458.50	466.00/473.00	(NAFEX)
USD/GHS NDF	5.7600	5.82/5.87	5.91/5.97	5.98/6.04	6.20/6.30	6.45/6.55	6.67/6.80	-
USD/TND	2.7850/8050	80/180	150/350	300/500	600/1600	1000/2000	1500/2500	4000/7000
Crude Oil	Futures							
WTI	61.45							
Brent	64.85							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+17/23	+22/28	+27/33	+32/38	+37/43	+41/47	+44/50	+63/69
SAR SPREAD	+59/65	+66/72	+74/80	+80/86	+86/92	+92/98	+98/104	+118/124

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

AND FINALLY...

Did you know that Nigeria is the 7th most populous in the world with an estimated 206 million people?

Glenn Wepener

Executive Director

Market Insights & Strategy

FAB Global Markets

Email: Marketinsights&strategy@bankfab.com

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