

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Oil Market In A 'Wait & See' Mode.

Brent crude looks set to remain range-bound between the US\$60 – US\$70 a barrel levels for the time being, as the bullish outlook on demand and a weaker US dollar continues to be tempered by the rapid rise in new COVID-19 infections and variants across various regions of the world including India. This latter situation was highlighted in a statement made by the WHO late last week, suggesting that the world “*was approaching the highest rate of infections*” since the start of the pandemic. Meanwhile the US State Department has announced plans to expand its ‘Level 4 - Do Not Travel’ guidance to about 80% of countries worldwide, citing the “*unprecedented risk to travelers*” from COVID-19. In addition to this, traders are also keeping an eye on the indirect talks between Iran and the US which are reported to have made some progress last week.

Some Progress Made During Iran Talks.

Last week’s discussions by representatives from Germany, China, Russia, France and the UK with their counterparts in Iran, about the latter’s possible return to the JCPOA accord together with the US, apparently made some progress last week although all sides are still some way off from reaching an agreement. A spokeswoman for the German Foreign Ministry was quoted by the ‘AP’ media outlet stating that there was “*progress and the will to move forward*” but added that “*there are still many, many open questions.*” Her comments were echoed by the Iranian Foreign Minister, Abbas Araghchi, who claimed that, “*We think that the talks have reached a stage where parties are able to begin to work on a joint draft. It seems that a new understanding is taking shape, and now there is agreement over final goals. The path is better known, but it will not be easy path and it does not mean that differences of views have come to the end.*” Meanwhile the US National Security adviser, Jake Sullivan, said during an interview with ‘Fox News’ that while the talks had been “*constructive,*” so far, he warned that, “*the United States is not going to lift sanctions unless we have clarity and confidence that Iran will fully return to compliance with its obligations under the deal.*”

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Funding Dispute Hits Libyan Crude Output.

An apparent budgetary dispute between Libya's National Oil Company and the Central Bank, has reportedly slowed the African producer's oil exports and output. According to 'Bloomberg' the NOC has declared a 'force majeure' and suspended exports from the eastern port of Hariga, because of what it claims is the central bank's "refusal" to release money to the energy sector which in turn has forced local producers to pump less.

Talks To Resolve Nile Dam Dispute Reaches Another Impasse.

Renewed talks between Sudan, Egypt and Ethiopia over the latter's controversial new dam on the Nile river, have reportedly again failed to reach an agreement. This ongoing impasse appears set to continue as Ethiopia prepares to conduct a second filling of its 'Grand Renaissance Dam' this summer. Egypt's Ministry of Irrigation has warned that its country and Sudan will be left to "suffer" from reduced and erratic water supplies if this second filling proceeds. *"Why a second filling when the dam is not ready to generate electricity? It is a continuation of a policy that aims to impose a fait accompli through unilateral actions that harm the two downstream nations because of the absence of a clear co-ordination mechanism framed through a legally binding and fair agreement,"* the ministry was quoted as saying by the 'National' newspaper.

More Airlines 'Will Go Under' – Qatar Airways CEO.

The CEO of Qatar Airways, Akbar Al-Baker, has warned that more airlines could go out of business before the COVID-19 pandemic has ended. *"By the time this pandemic is over, there will only be few airlines that are strong and will continue operating. A lot of other airlines will go under and this will continue to happen, because we have not seen the worst of it over yet,"* Al-Baker was quoted as saying by the 'Arab News' website yesterday. You can read more on his comments [here](#). According to CAPA data, 34 airlines declared bankruptcy in 2020.

Saudi Arabia Completes Privatization of Flour Mills.

According to a 'Gulf News' report, all four of the state-owned flour mills in Saudi Arabia have now been sold to private entities, with their privatization raising SAR 5.77 bio for the government's coffers. You can access more details on this report [here](#).

UAEs Hotel Occupancy Rate Rises.

According to the hospitality research specialist STR, hotels in the UAE recorded a jump in their occupancy rates to 62% last month, compared to the 59.50% reported in February this year. *"The UAE has proved that it is, once again, one of the strongest performance markets in the world; therefore, we expect the region to continue showing occupancy increases as confidence is growing in global vaccine campaigns and a more significant return in travel demand,"* STR's director for the Middle East and Africa, Philip Wooller, was quoted as saying by the 'National' newspaper earlier today.

Samsung Secures EPC Contract In KSA.

South Korea's Samsung Engineering has been awarded the contract to develop a US\$653 mio propane dehydration and utilities/offsites project at Jubail in Saudi Arabia, according to the 'construction week' website.

Sinopec Wins Major Gas Contract In Iraq.

China's Sinopec has won a contract to develop the 4.50 tcf Mansuriyah gas field in Iraq's eastern province of Diyala, according to a report published by S&P Platts yesterday. Iraq is hoping to develop its own gas resources as it seeks to reduce its reliance on energy imports from Iran.

Larsen & Toubro Seals Substation Contract In Dubai.

India's Larsen & Toubro, has secured the turnkey contract to design and construct two 132/11kV substations in Dubai, according to the 'ME Construction News' website.

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	-1/Par	-1/Par	-2/Par	-2/Par	1/4	5/10	50/70
USD/SAR	3.7501/03	2/5	5/8	6/9	9/14	15/20	20/30	80/110
USD/KWD	0.30105/125	20/30	42/57	65/80	130/160	200/230	270/300	420/520
USD/OMR	0.38500/505	4/14	10/20	20/35	50/70	100/130	160/190	400/500
USD/BHD	0.37695/700	14/19	25/35	33/48	67/82	90/120	120/150	200/350
USD/MAD	8.9025/9225	50/150	100/250	150/350	300/600	400/900	600/1500	1800/3800
USD/EGP NDF	15.68	15.78/15.83	15.91/15.96	16.02/16.07	16.41/16.46	16.81/16.86	17.21/17.26	-
USD/JOD	0.7087/7097	70/120	170/270	250/350	475/675	600/1000	850/1350	1000/2500
USD/NGN NDF	410.21	411.00/415.00	415.00/420.00	419.00/424.00	431.50/436.50	445.00/450.00	457.00/467.00	(NAFEX)
USD/GHS NDF	5.7800	5.79/5.84	5.83/5.89	5.90/5.97	6.06/6.16	6.29/6.39	6.50/6.62	-
USD/TND	2.7510/7710	80/180	150/350	300/500	600/1600	1000/2000	1500/2500	4000/6000
Crude Oil	Futures							
WTI	61.95							
Brent	65.90							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+16/22	+21/27	+26/32	+30/36	+34/40	+36/42	+37/43	+50/56
SAR SPREAD	+59/65	+64/70	+69/75	+74/80	+79/85	+84/90	+97/93	+101/108

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

AND FINALLY...

Did you know that the origin of the word 'Iraq' stems from the Arabic word 'araqa' which roughly translated means 'deeply-rooted and well-watered,'?

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