

Market Insights & Strategy

Global Markets

3rd August 2021

MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Crude Prices Edge Lower As COVID-19 Cases Surge.

Brent and WTI both reversed last Friday's gains, falling by more than 2% yesterday and opening softer again this morning. As mentioned in our previous commentary, traders remain concerned over the resurgence in COVID-19 cases across the world which are mostly linked to the Delta variant, with California alone registering a 50% jump in the number of active coronavirus infections and hospitalizations in the past week, while Nigeria's most populous state has warned of a "worrying trend" which has seen the number of COVID-19 deaths there jump sharply in the past seven days. The delta variant is also spreading across China, including within the large city of Chongqing which has a population of more than 16 mio people. Meanwhile China also recorded its weakest manufacturing sector expansion in 15 months.

Major US Shale Firm Declares Derivative Trading Losses.

One the largest independent US shale producers, Pioneer Natural Resources, revealed in a recent regulatory filing that it faces US\$1.523 bio in total net losses on derivatives for H1 2021, the majority of which were oil contracts, according to 'Reuters'. Meanwhile, the energy consulting firm Enverus, estimates that US oil firms were expected to have generated an aggregate of US\$7 bio in hedging losses during Q1 of this year. You can access more on this topic [here](#).

Gulf Tanker Attack Raises Tensions.

The US Secretary of State, Anthony Blinken, has said that there will be a coordinated response to the recent drone attack on the oil tanker 'MV Mercer Street' off the coast of Oman last week, which killed a British and a Romanian citizen on board. This attack has been blamed on Iran, with Blinken reportedly stating that, "We have seen a series of actions taken by Iran over many months, including against shipping, so I am not sure this particular action is anything new. What it does say is that Iran continues to act with tremendous irresponsibility when it comes to, in this instance, threats to navigation, to commerce, to innocent sailors who are simply engaged in commercial transit in

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international waters,” adding that “We are in very close contact, in co-ordination with the United Kingdom, Israel, Romania and other countries, there will be a collective response.” This response is most likely set to involve new targeted sanctions, although Blinken was also quoted as saying by the ‘Arab News’ media outlet, that Israel was “free to make the decisions it deemed appropriate.” The company that owns the tanker reportedly belongs to an Israeli businessman Eyal Ofer. Meanwhile, the Iranian government has denied any involvement in the attack and a spokesperson from its Foreign Ministry said yesterday that “Iran has no hesitation in protecting its security and national interests and will respond promptly and strongly to any possible adventure,” according to the ‘VOA’ network.

Iran’s New President Assumes Office.

Ebrahim Raisi was officially confirmed as the country’s new President by Ayatollah Khamenei today, and will present his proposed cabinet before the end of this week. Raisi, a former cleric and justice minister, is viewed as a hardliner and his victory in the Presidential election highlights the ongoing consolidation of power in Iran by ultraconservatives, who now also control almost three-quarters of the 290 seats in Iran’s parliament.

Nigerian Doctors Go Out On Strike.

A large number of public sector doctors in Nigeria have begun an indefinite strike over what they claim is a non-payment of salaries and are demanding ‘hazard allowances’ as the number of coronavirus infections in the West African country rose to their highest level since March. The Nigerian Association of Resident Doctors (NARD) had called on its members to undertake an “*indefinite and total strike*” this week, in order to pressure the government to meet a longstanding demand for better packages including life insurance. According to the union’s President, NARD represents 16,000 resident doctors in Nigeria.

Egypt Sees Continued Rise In Expat Remittances.

Egyptian expatriates are expected to remit US\$30 bio to their homeland during the 2021/22 fiscal year, according to the latest economic and social development plan produced by the government. Remittances during the first ten months of the 2020/21 fiscal year rose by 10.50% to US\$25.80 bio according to the Central Bank. Egypt is the world’s fifth highest recipient of remittances, and whose inflows make up 10% of GDP.

Egypt’s PMI Index Dips But Jobs Rise.

The IHS Markit Purchasing Manager’s Index for Egypt dipped to 49.1 last month from 49.9 in June. However the measure for employment rose to 50.3 from 48.7 supported by an increase in hiring within the private sector. “*The Egyptian jobs market moved into expansion mode in July, as latest PMI survey data indicated a rise in employment for the first time since October 2019. Firms highlighted efforts to boost business capacity after a renewed increase in new orders during June. However, demand receded over the latest period as some customers remained reluctant to spend amid the continued impact of the pandemic. Meanwhile, the influence of rising raw material prices, fuel costs and employee wages on cost pressures lessened in July, as the rate of input price inflation eased to a four-month low,*” an IHS Markit statement read. You can view it in full [here](#).

Oman Adjusts Power Tariffs.

Oman’s public services regulator has announced that electricity bills from May 2021 are to be recalculated using a new pricing system, in order to ease the burden on consumers. Under this new system, consumers paying a tariff of 12 baisas per kilowatt/hour will now be able to get up to 4,000 kw/h of electricity, up from

a previous cap of 2,000 kw/h. Whilst those paying a tariff of 16 baisas per kw/h will now be able to get up to 6,000 kw/h, compared to 4,000 kw/h previously. In addition, power distribution companies will suspend the disconnection of electricity to those customers unable to settle their summer bills, according to the 'Times of Oman' website.

Hyundai Wins Train Contract In Tanzania.

South Korea's Hyundai Rotem, has been awarded a US\$296 mio contract to supply 80 electric multiple units and 17 electric locomotives to the Tanzania Railway Corporation, according to 'The Citizen' newspaper

Mercedes Benz To Establish Logistics Park In Egypt.

Mercedes Benz has signed an initial contract with Egypt's Suez Canal Economic Zone to establish a logistics park at the canal's Ain Sokhna industrial zone, according to the 'Ahram Online' news site.

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/+0.5	-0.5/+1	Par/+2	Par/+3	2/7	5/10	40/60
USD/SAR	3.7500/02	15/20	22/27	27/32	49/54	63/73	70/80	155/185
USD/KWD	0.30025/45	18/23	40/45	60/70	120/140	180/210	250/280	370/450
USD/OMR	0.38497/502	8/18	20/30	30/50	70/95	115/145	170/200	350/450
USD/BHD	0.37697/702	22/37	45/65	65/90	140/170	185/235	250/300	425/575
USD/MAD	8.8850/9050	50/100	100/200	150/300	350/750	400/800	600/1500	1800/3800
USD/EGP NDF	15.7046	15.78/15.83	15.90/15.95	16.02/16.07	16.46/16.51	16.89/16.94	17.32/17.37	-
USD/JOD	0.7081/86	30/80	40/140	70/170	150/400	250/550	400/800	700/1700
USD/NGN NDF	411.24	415.00/419.00	418.50/423.50	423.00/428.00	437.00/442.00	450.00/455.00	462.00/472.00	(NAFEX)
USD/GHS NDF	5.9200	5.96/6.00	6.00/6.05	6.05/6.10	6.24/6.34	6.43/6.53	6.60/6.75	-
USD/TND	2.7700/8000	150/350	300/700	500/1000	600/1600	1200/2200	1700/3000	4000/6000
Crude Oil		Futures						
WTI	71.15							
Brent	72.70							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+18/24	+23/29	+27/33	+30/36	+32/38	+34/40	+36/42	+45/51
SAR SPREAD	+70/74	+79/85	+89/95	+98/104	+105/111	+109/115	+118/124	+133/139

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

AND FINALLY...

Did you know that there are only two species of camel? Almost 90% of the world's camels are dromedary camels, also known as the Arabian camel.

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