

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Oil Prices Rebound As Mexican Outage Persists.

Crude prices continued to regain some of their recent losses yesterday, supported by the US FDA's full approval of Pfizer's COVID-19 vaccine which it is hoped will now encourage more people to get inoculated, a 3 mio barrel draw of US oil inventories last week according to the EIA and a fire on Tuesday at an offshore platform in Mexico, which although now extinguished continues to disrupt around 420,000 bpd of the country crude output. Mexico's state-owned oil company said that it hopes to get production restored to its normal level by August 30th. Meanwhile, the news earlier this week that China had managed to successfully combat a recent coronavirus spread via targeted lockdowns has also boosted prices, although the country's National Health Commission confirmed three new domestically spread cases in Yunnan Province yesterday as well as 23 new imported cases, including 9 in Guangdong, 7 in Yunnan, 3 in Shanghai, and one each in Tianjin, Liaoning, Zhejiang and Fujian.

China Announces New Shale Oil Discovery.

China has announced the discovery of a major shale oil deposit in the northeastern province of Heilongjiang, where a basin holds an estimated 1.27 billion tons of retrievable reserves. According to the country's local media outlets, this latest find could eventually see the area produce up to 1 million tons annually. Domestic crude production in China is currently around 3.4 mio bpd, while it imports a further 9.5-10.5 mio bpd.

Iran's Energy Sector Requires Fresh Investment.

According to the 'Iran International' news site, the country's energy sector requires a large amount of investment in order to rejuvenate declining fields and related infrastructure. The article highlights comments made by an Iranian oil expert, Seyed Mehdi Hosseini, who reportedly told the Iranian Labour News Agency this past weekend, that the country will require US\$30-35 bio to revive its aging oil fields and a further \$30-35 bio to explore

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and activate new fields. This situation also underlines Iran's need for US sanctions to be lifted and why, despite the recent appointment of a new more conservative administration in Tehran, a restoration of the JCPOA agreement may still be possible.

Shell Loses Nigerian Oil License.

Royal Dutch Shell has said that it plans to submit an appeal at Nigeria's Supreme Court over last week's decision by an appellate court in Abuja to overturn the initial renewal of Shell's license back in 2019, and grant the rights over the OML-11 field back to the state-owned Nigerian National Petroleum Corporation (NNPC). *"This is a huge victory for the government and people of Nigeria as we now have the impetus to responsibly unlock the oil and gas reserves the block offers for the benefit of all Nigerians,"* the Managing Director of NNPC, Mele Kyari, was quoted as saying by 'Bloomberg'. Meanwhile, a Nigerian tax tribunal has reportedly ordered the domestic subsidiary of South Africa's pay-TV broadcaster MultiChoice, to pay 50% of a disputed NGN 1.8 trillion tax bill, according to the 'Moneyweb' news site. You can read more details on this separate story [here](#).

Algeria Cuts Diplomatic Relations With Morocco.

Algeria's Foreign Minister announced on Tuesday that his country had severed its diplomatic relations with Morocco, citing what he described as *"hostile actions"* by Rabat. The border between these two North African countries has been closed since 1994, but diplomatic relations have not been broken since they were last restored in 1988 following a previous dispute. The Algerian government accuses Morocco of using spyware against its officials, involvement in the recent deadly wildfires and not adhering to their bilateral commitments. This action follows Algeria's July recall of its ambassador after a Moroccan diplomat called for the Kabylie people to have the right of self-determination. In response the Moroccan Foreign Ministry said in a statement that it regrets the *"completely unjustified"* decision by Algeria to break off diplomatic relations, adding that Morocco would remain a *"credible and loyal partner"* to the Algerian people.

Mubadala Acquires Stake In Korean Medical Company.

A CBC led consortium, including the Abu Dhabi based Mubadala Investment Company, have announced their acquisition of a 46.90% stake in South Korea's largest medical aesthetics company, Hugel Inc from Bain Capital. *"This opportunity cements Mubadala Life Sciences' entry into Asia alongside our colleagues from the Mubadala's China Investment Program team, who already have an established presence in China and a long-standing relationship with CBC. We will work closely with our consortium partners and leverage our network to support Hugel's vision of becoming a leading global medical aesthetics company,"* the head of Life Sciences at Mubadala, Camilla Macapili Languille, was quoted as saying by the 'Khaleej Times' newspaper.

Saudi Arabia Unveils More Initiatives To Boost Tech Sector.

Saudi Arabia yesterday unveiled a number of fresh initiatives worth over US\$1.20 bio and aimed at helping to improve the technology skills of 100,000 young Saudis by 2030. These initiatives include: collaboration with international firms such as Amazon, Google, Cisco, Oracle and Microsoft to establish digital capability centres and innovation hubs in the Kingdom. Loan guarantees for start-ups, as well as a number of sponsored development programs and events focusing on cybersecurity, programming, artificial intelligence, and the electronic games sector. You can read more on these plans [here](#). Last month, Saudi Arabia's Deputy Minister of Communications & Information announced a public-private partnership in a US\$15 bio technology fund aimed at advancing the development of digital infrastructure in the country.

Etihad & IAI Sign Aircraft Conversion Agreement.

Etihad Airways' engineering unit has signed an agreement with Israel Aerospace Industries to establish a facility in Abu Dhabi, which will be able to convert Boeing 777-300ER aircraft from passenger to freight carriers. *"The Boeing 777-300ERSF is not only extremely attractive to customers but a technological breakthrough, given that it is the first in its size category to offer extensive cargo solutions. Not only do we see the demand but we view it as a greener, more profitable, highly innovative solution for our airline customers, and an excellent way to drive value for our business,"* , the Group Chief Executive of Etihad Aviation Group, Tony Douglas, was quoted as saying by 'The National' newspaper.

Kimmco-Isover Wins Supply Contract In Abu Dhabi.

Kuwait based Kimmco-Isover, a manufacturer of glass mineral wool insulation solutions, has been awarded the contract to supply insulation to the massive SeaWorld Abu Dhabi project on Yas Island. Once completed

this marine facility will become the first 'SeaWorld Park' to open outside of North America in 30 years, according to the 'TradeArabia' website.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	Par/+1	Par/+1.5	Par/+2	2/5	3/8	8/13	40/60
USD/SAR	3.7505/08	5/8	8/13	14/19	32/42	50/60	58/68	130/160
USD/KWD	0.30090/110	20/25	40/50	65/75	130/150	200/230	265/295	420/520
USD/OMR	0.38499/504	Par/+10	5/15	15/30	50/65	90/120	150/180	400/500
USD/BHD	0.37699/704	19/24	30/45	50/65	100/130	150/180	200/250	375/525
USD/MAD	8.8400/8700	50/100	100/200	150/300	350/750	400/800	600/1500	1800/3800
USD/EGP NDF	15.6994	15.79/15.84	15.90/15.95	16.02/16.07	16.38/16.43	16.78/16.83	17.17/17.22	-
USD/JOD	0.7078/83	30/80	40/140	70/170	150/400	250/550	400/800	700/1700
USD/NGN NDF	411.36	413.00/416.00	416.00/419.00	419.50/424.50	430.50/436.50	442.00/452.00	455.00/465.00	(NAFEX)
USD/GHS NDF	6.0050	6.06/6.12	6.10/6.17	6.15/6.25	6.35/6.45	6.55/6.70	6.80/6.95	-
USD/TND	2.7850/8000	150/350	300/700	500/1000	600/1600	1200/2200	1700/3000	4000/6000
Crude Oil	Futures							
WTI	67.85							
Brent	71.75							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+19/25	+24/30	+28/34	+31/37	+33/39	+37/43	+41/47	+48/54
SAR SPREAD	+68/74	+72/78	+78/84	+88/94	+98/104	+102/108	+113/119	+129/135

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

AND FINALLY...

Did you know that the Dubai Expo logo, was inspired by an ancient ring found in Saruq Al Hadid, an archaeological site in the UAE?

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