

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

OPEC+ May 'Reconsider' Output Hikes – Kuwaiti Minister.

Kuwait's Oil Minister, Mohammad Abdulatif al-Fares, has suggested that last month's decision by signatories to the OPEC+ output accord to raise production may have to be reviewed. Under the current agreement, output restrictions have begun to be reduced by 400,000 bpd per month until September next year by which time the outstanding balance will reach zero. *"The markets are slowing. Since COVID-19 has begun its fourth wave in some areas, we must be careful and reconsider this increase. There may be a halt to the 400,000 bpd increase. Economies of East Asian countries and China remain affected by COVID-19 and caution must be exercised. There are meetings with OPEC countries, especially the Gulf Cooperation Council countries, and so far there are different views on how to handle this issue,"* the minister was quoted as saying by 'Reuters'. All eyes will now be on the next OPEC+ technical and ministerial committee meeting which is due to take place this coming Wednesday, although our opinion is that there will probably be no adjustment at this stage.

Libyan Oil Firm Halts Production – Hurricane Ida Concerns Ease.

A Benghazi based subsidiary of the state-owned Libyan National Oil Company has reportedly suspended production due to a lack of funds. According to the 'Arab News' website, the Arabian Gulf Oil Company (AGOCO) posted this announcement on its Facebook page claiming that it had not yet received its share of the unity government's budget allocations. AGOCO's fields can produce up to 300,000 bpd but this is the second time this year that the company has been forced to suspend its crude oil output, which in turn will likely push Libya's overall production below 1 mio bpd again. Meanwhile most of the Gulf of Mexico's crude output and refining activities went temporarily offline this past weekend ahead of the arrival of hurricane 'Ida', although concerns that it could cause a major disruption has since eased as the hurricane weakened from a category-4 to a category-1 overnight.

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Iran Appoints New Head Of Its Atomic Energy Agency.

Iran's President has selected Mohammad Eslami to become the new head of the country's atomic energy agency. Eslami, is a qualified engineer and previously served as transport minister, director of Iran's Aircraft Manufacturing Industrial Company and deputy head of the Aerospace Industries Organization. Meanwhile, Ayatollah Ali Khamenei accused the Biden administration of being the same as Trump's with regards to the nuclear issue. *"America's current administration is no different from the previous one, because what it demands from Iran on the nuclear issue is different in words, but the same thing that Trump demanded. The Americans truly have no shame on the nuclear issue, and even though they withdrew from the JCPOA they now talk in a way and make demands as it was Iran that withdrew,"* Khamenei was quoted as saying by 'France-24' this past weekend. His comments come as Russia's Foreign Minister called for talks on reviving the JCPOA agreement to be restarted as soon as possible.

Nine Countries Attend Regional Summit In Iraq.

Iraq hosted a one-day summit in Baghdad this past weekend which was attended by various leaders and senior officials from Egypt, Jordan, Kuwait, Qatar, Saudi Arabia, the UAE, Turkey, Iran and France. The event was titled the 'Baghdad Conference for Co-operation' and was aimed at boosting security and economic cooperation in the region as well as attracting new investment into Iraq. *"We hope that the Baghdad conference will be a new station to achieve aspirations of the Iraqi people and the people of the region, and we seek to activate projects and restore life in all cities of Iraq,"* the Iraqi Prime Minister Mustafa al-Kadhimi stated during his opening address, adding that terrorism was *"a common danger for all, and eliminating it requires confronting the conditions that allow its growth"*. Attendees also conducted a number of bilateral discussions during the gathering, with the UAE's Vice-President and Prime Minister of the UAE and Ruler of Dubai, Sheikh Mohammed bin Rashid Al Maktoum, meeting with the Emir of Qatar, Sheikh Tamim bin Hamad Al Thani.

Lebanon's New PM Still Struggling To Form Cabinet.

A month into the job and Lebanon's latest Prime Minister designate, Najib Mikati, admitted recently that he was still running into major obstacles in forming a government. Meanwhile one of the country's most senior Muslim clerics, Grand Mufti Sheikh Abdul Latif Derian, has warned that Lebanon was approaching a complete collapse unless action to reverse the ongoing economic crises was taken soon. *"We fear that the patience of Lebanese will run out and that we will all fall into the furnace of complete chaos, manifestations of which we have started to see in all fields. The matter requires serious and immediate treatment otherwise we are truly going to what is worse and to complete collapse,"* Sheikh Derian was quoted as saying by 'Reuters' last Friday.

Zambia Prioritizes IMF Support.

Zambia's Finance Minister, Situmbeko Musokotwane, said yesterday that the country's newly elected government recognized the importance of bringing public spending under control and reaching an agreement with the IMF over an economic support program as soon as possible. *"Unless we do something to the budget, then the budget will be mainly for paying salaries and also servicing debt with nothing left over to invest in developing the country,"* the minister was quoted as saying by 'Reuters', adding that *"the answer is to talk to the people we owe money so that we can pay at a slower pace stretched over a longer period."* Musokotwane, has previously served as deputy central bank governor and held positions at both the IMF and World Bank.

Saudi Arabia's CB Adjusts Investment Portfolio.

The Saudi Arabian Monetary Authority increased its investments in foreign securities by SAR 4.50 bio to SAR 1.130 trio during the month of July, an 11% rise y/y, according to data published within its latest monthly report. SAMA also lowered the amount it holds as deposits with overseas banks by SAR 21 bio to SAR 244 bio last month. Meanwhile the bank's total assets rose by SAR 6.40 bio to SAR 1.848 trio in July. You can access more details on this subject [here](#).

Another South African Firm Exits Nigeria.

The South Africa based beverage & food conglomerate, Tiger Brands, has reportedly agreed to sell its 49% shareholding in Nigeria's UAC Foods Limited to UAC Nigeria Plc. This announcement follows a similar decision by Africa's largest food retailer Shoprite, to offload its retail operations in Nigeria to a local firm two months ago, joining a number of other South African companies such as Mr Price, Woolworths and Truworths who have all also withdrawn from the west African country over the past few years.

Tecnicas Reunidas Wins EPC Contract In Qatar.

Spain's Technicas Reunidas has reportedly been awarded a major engineering, procurement, and construction contract at Qatar Petroleum's North Field Expansion Project, according to the 'LNG Industry' 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 | Par/+1 | Par/+1.5 | Par/+2 | 2/5 | 3/8 | 8/13 | 40/60 |
| USD/SAR | 3.7508/11 | 6/9 | 8/13 | 15/20 | 32/42 | 50/60 | 58/68 | 130/160 |
| USD/KWD | 0.30070/90 | 19/24 | 38/48 | 65/75 | 130/150 | 200/230 | 265/295 | 400/500 |
| USD/OMR | 0.38498/503 | Par/+10 | 5/15 | 15/30 | 50/65 | 90/120 | 150/180 | 420/520 |
| USD/BHD | 0.37698/703 | 19/24 | 30/45 | 50/65 | 100/130 | 150/180 | 200/250 | 375/525 |
| USD/MAD | 8.7800/8.8300 | 50/100 | 100/200 | 150/300 | 350/750 | 400/800 | 600/1500 | 1800/3800 |
| USD/EGP NDF | 15.7007 | 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 | 411.23 | 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 | 6.0400 | 6.07/6.13 | 6.13/6.19 | 6.19/6.27 | 6.37/6.47 | 6.55/6.70 | 6.77/6.92 | - |
| USD/TND | 2.7800/8000 | 150/350 | 300/700 | 500/1000 | 600/1600 | 1200/2200 | 1700/3000 | 4000/6000 |
| Crude Oil | Futures | | | | | | | |
| WTI | 67.70 | | | | | | | |
| Brent | 72.05 | | | | | | | |

** (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.

AND FINALLY...

Did you know that liquefied natural gas (LNG) is made when natural gas is cooled to a temperature of minus 162 Celsius? When it becomes liquid its volume is reduced 615 times.

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