

# Market Insights & Strategy

Global Markets

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## MIDDLE EAST & AFRICAN MONITOR

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### REGIONAL COMMENTARY

#### ***WTI Breaks Above US\$55.00 – US Output Slips.***

The price of WTI broke above the US\$55 a barrel mark for the first time in over a year yesterday as fundamentals continue to provide support. The latest bullish news came from API who suggested that there was another strong drawdown in US inventories last week, although we await a confirmation on this from the EIA later today. Meanwhile, despite the firmer price outlook for crude and a slight increase in shale rigs, overall US oil production has fallen by 100,000 bpd to 10.90 mio bpd according to the EIA. In separate news, ExxonMobil reported a loss of US\$22.4 bio for 2020, its first annual loss since the merged firm was created in 1999.

#### ***Oil Exports From West Africa Fall Sharply.***

Overall crude oil exports from West African producers, primarily Nigeria and Angola, fell to 3.41 mio bpd last month its lowest level in three years. This decline has been attributed to infrastructure issues and important maintenance work, according to Bloomberg.

#### ***Egypt Plans To Increase Its Gas Exports.***

Egypt is moving forward with plans to restart operations at its Damietta gas processing facility, which had been idle since 2012. The plant will be operated by ENI who suggested recently, that it should become fully operational during Q1 2021 and will produce 4.50 – 5.0 mio tonnes of LNG per annum. This move will support the North African country’s plans to become an important gas supplier to Europe.

#### ***Iran Speeds Up Its Uranium Enrichment Program.***

Iran has again increased its production of enriched uranium, after new centrifuges were installed at its nuclear plant at Natanz. “Thanks to our diligent nuclear scientists, two cascades of 348 IR2m centrifuges with

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*almost four times the capacity of IR1 are now running successfully in Natanz. Installation of two cascades of IR6 centrifuges has also been started in Fordow. There's more to come soon,"* Iran's envoy to the IAEA, Kazem Gharibabadi, was quoted as saying by the 'Arab News' channel yesterday. Meanwhile, Iran's Foreign Minister suggested yesterday that the EU may coordinate steps for both Tehran and Washington to return to the JCPOA agreement. In response, a spokesperson for the State Department repeated an earlier statement made by the Secretary of State, Anthony Blinken, that the US will not consider negotiations on a refreshed JCPOA or lift sanctions, until Tehran returns to full compliance with the original terms. "*There are many steps in that process before we're reaching the point where we are going to engage directly with the Iranians and willing to entertain any sort of proposal,*" Ned Price stated, according to 'the National' newspaper.

#### **Arab League Calls For Agreement On Nile Waters Dispute.**

The Secretary-General of the Arab League, Ahmed Aboul Gheit, has called on Ethiopia to "*deal rationally*" in its negotiations over its Grand Renaissance Dam project with Egypt and Sudan. "*We hope that these negotiations will lead to their desired goal, which is to reach a legal, binding and fair agreement that takes into account the interests of all parties and organizes the process of filling and operating the dam, preserving the water rights of Egypt and Sudan,*" he was quoted as saying by the 'Arab News' media outlet, adding that "*Ethiopia must deal rationally to ensure the rights of Sudan and Egypt in the waters of the Nile.*"

#### **Nigerian Naira Weakens In The Parallel Market.**

The USD/NGN offer rate rose to 480.00 in the unofficial FX market yesterday, according to the 'AbokiFX' website. This is 20% above the official spot rate set by the CB, and is driven by an ongoing shortage of hard currency. Earlier this month the CBN announced that it would bar exporters from banking services if they failed to remit their US dollar proceeds back home.

#### **Bilateral Trade Between Dubai & Israel Hits AED 1 Bio.**

Bilateral trade conducted between Dubai and Israel reached AED 1 bio over the past five months according to official statistics, and this figure is predicted to rise to AED 15 bio over the next few years. "*The expansion of trade and investment between the two sides will benefit not only the business communities in the UAE and Israel, but also other stakeholders and business communities in the Middle East. This growth supports the vision of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, to forge closer cooperation and cross border partnerships with markets around the world,*" the Group Chairman of DP world, Sultan bin Sulayem, was quoted as saying recently by the 'Construction Business News' website.

#### **Oman's SWF Adjusts Investment Focus.**

The Oman Investment Authority which manages more than US\$17 bio in assets, announced recently that it plans to transfer a shareholding company, a tourism development project and resorts to the Omran Tourism Development Company. This move aims to "*drive growth for Omran Group and strengthen its role in supporting economic diversification,*" the OIA statement, which was published on Bloomberg, read.

#### **Cisco To Manage Dubai Expo's IT Network.**

Cisco has reportedly signed an agreement to manage, operate and maintain Expo Dubai's entire IT network. In its capacity as network operator, Cisco will assume the responsibility of managing the Expo's entire IP networking infrastructure according to the 'Telecom paper' website.

#### **Energoprojekt Wins Road Contract in Uganda.**

The Serbia based civil engineering company, Energoprojekt, has won a major road overhaul contract in Uganda, according to 'See News'.

Continued...

## FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	Par/+3	2/5	3/6	7/12	12/17	20/30	80/110
USD/SAR	3.7511/14	1/4	2/5	3/8	6/11	10/20	18/28	70/100
USD/KWD	0.30285/305	5/15	18/28	37/47	85/105	140/170	210/240	290/390
USD/OMR	0.38498/501	14/24	30/45	55/70	120/150	200/230	300/350	725/1025
USD/BHD	0.37700/703	10/20	15/30	30/45	55/85	80/110	110/140	300/500
USD/MAD	8.9670/9970	150/300	300/500	500/700	900/1300	1300/2300	1800/2800	3000/6000
USD/EGP NDF	15.73	15.79/15.84	15.91/15.96	16.02/16.08	16.39/16.44	16.75/16.80	17.13/17.18	-
USD/IOD	0.7080/7090	70/120	80/180	130/280	250/450	400/700	700/1300	1000/2000
USD/NGN NDF	393.55	406.00/409.00	415.00/420.00	421.00/426.00	439.00/444.00	454.00/459.00	464.00/474.00	(NAFEX)
USD/GHS NDF	5.8200	5.83/5.88	5.88/5.95	5.94/6.04	6.14/6.24	6.37/6.47	6.60/6.75	-
USD/TND	2.7100/7300	80/220	150/350	300/500	600/1600	1000/3000	1500/2500	4000/8000
<b>Crude Oil</b>	<b>Futures</b>							
WTI	55.15							
Brent	57.95							

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

## AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+23/29	+30/36	+41/47	+52/58	+62/68	+70/76	+75/81	+93/99
SAR SPREAD	+60/66	+70/76	+81/87	+92/98	+103/109	+114/120	+120/126	+146/152

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

## AND FINALLY...

*Did you know that Uganda is home to 12% of the world's bird species?*

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