

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

US To Review Trump Era Proposal That Banks Cannot Refuse Loans To Oil & Gas Firms.

The newly appointed head of the OCC in the US, has announced the suspension and review of a proposed new banking law, that was unveiled just days before the end of the Trump administration and which contained a rule, that all American banks with assets of over US\$100 bio could not refuse loans to firms in the oil and gas sector. The Bank Policy Institute had already criticized the proposed law saying it *"would also appear to prohibit banks from using subjective judgment and qualitative considerations, including reputational risk, in deciding whether to provide a financial service, which is entirely inconsistent with how the OCC has historically expected banks to make risk management decisions."* The law has also been slammed by climate protection advocates and ESG investors, with CNBC quoting the head of the 'Ceres Accelerator for Sustainable Capital Markets' claiming that; *"This rule says banks should not be in the business of assessing risk. That is what banks do every day. The ones that do well make healthy loans, and we are seeing clearly a trend for more awareness and engagement with ESG. You couldn't just say it is not a line of business you want to be in. It is an outrageous last ditch attempt. The broader issue of how we measure risk, quantify climate risk, is an important one, but this particular rule is a distraction."* You can read more details on this topic [here](#).

Britain's Overall Oil Output Drops.

Overall crude production in the UK dropped by 15% y/y to 931,000 bpd in the three months to November 2020, according to data published yesterday by the Department for Business, Energy and Industry Strategy.

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An article published on the 'Hellenic Shipping News' website also suggested, that deferred maintenance operations look set to continue, which in turn will weigh further on the UK's oil output in the coming months. In April 2020 the UK's upstream crude production was around 1.1 mio bpd.

US Will Not Return To JCPOA Until Iran 'Is in Full Compliance'.

The newly appointed US Secretary of State, Anthony Blinken, stated during his first public news conference that Iran must first *"come back into full compliance with obligations under the JCPOA"* before his country would consider returning to the 2015 accord and lifting sanctions. *"Iran is out of compliance on a number of fronts. And it would take some time, should it make the decision to do so, for it to come back into compliance and time for us then to assess whether it was meeting its obligations. We're not there yet, to say the least,"* Blinken was quoted as saying by the 'Al Arabiya' media outlet. Meanwhile a spokesperson for the European Union warned earlier this week that; Tehran's decision to begin increasing its uranium enrichment levels to 20% was a *"considerable departure"* from the terms of the JCPOA agreement. Iran's Parliamentary speaker, Mohammad-Baqer Qalibaf, claimed on Iranian state-owned Press TV yesterday, that his country was *"ahead of schedule"* on its uranium enrichment program, and that it was installing additional centrifuges within its nuclear testing sites.

Iraq Applies For IMF Support.

According to an IMF statement issued earlier this week, the Iraqi government has approached the international lender for up to US\$6 bio in emergency funding, in order to help the country fund its large budget deficit and support an economic reform program. *"The Iraqi authorities have requested emergency assistance from the IMF under the Rapid Financing Instrument, and indicated their intention to also request a longer-term arrangement with the Fund in support of planned economic reforms. Discussions of the authorities' request for emergency assistance are ongoing,"* an IMF official was quoted as saying by 'Arab News'.

UAE Airlines Suspend Flights To UK.

Flights between the UAE and the UK have been temporarily suspended, following the UK government's decision last night to add the UAE to its COVID-19 travel 'red list'. *"As directed by the UK government, Emirates will be suspending passenger services between Dubai and all our UK points; Birmingham, Glasgow, London, Manchester, effective 1300hrs GMT on 29 January 2021 until further notice,"* a statement published by Emirates Airlines on their website read. You can access more on this developing story [here](#).

Lebanon's CB Governor Accused Of Committing 'Breach of Trust'.

The governor of Lebanon's Central Bank, Riad Salameh, has apparently been charged with a 'dereliction of duty and breach of trust', according to various media reports. *"The Mount Lebanon General Prosecutor Ghada Aoun, has referred to judicial investigation Central Bank chief Riad Salameh and head of the Central Bank's Banking Control Commission, Maya Dabbagh, on charges of professional negligence and breach of public trust,"* an unnamed source was quoted as saying by the 'Naharnet' news site overnight.

Saudi Aramco May Conduct Second IPO.

Speaking during the Kingdom's Future Initiative Conference in Riyadh yesterday Saudi Arabia's Crown Prince, Mohammed bin Salman, reportedly suggested that Saudi Aramco could sell some more of its shares in the years to come. *"A lot of people are asking how we are going to increase assets of the PIF from US\$400 bio. It will partly be through future Aramco IPOs in coming years and this cash will be transferred to the PIF and reinjected inside and outside of Saudi Arabia,"* the Crown Prince was quoted as saying by the UAE's 'National' newspaper. Earlier this week, the Governor of PIF, Yasir al Rumayyan, acknowledged that a second offering may occur if the company's valuation was satisfactory and market conditions were right at the time. Meanwhile, the Kingdom's Energy Minister, Prince Abdulaziz bin Salman, said on Wednesday that his country aimed to become a leader in renewable energy and pioneer the production of green and blue hydrogen. *"We will be another Germany when it comes to renewables, we will be pioneering,"* the minister was quoted as saying by 'Bloomberg.'

Bahrain's Shura Council Approves Change To Employment Law.

Bahrain's legislative assembly has approved a draft law which once implemented, would extend the notice period for terminating an employment contract in the country's private sector to four months, instead of the

current period of 30 days. The draft law now goes to the government who will have six months to finalize and implement the amendment. You can access more details on this topic [here](#).

Oman Unveils New Fee Structure For Hiring Expats.

According to the 'Times of Oman' newspaper, the Sultanate's Ministry of Labour has raised the cost of fees linked to employing an expatriate. This new fee structure means that the recruitment of a non-national will cost a firm over OMR 2,000 for senior positions, OMR 1,000 for mid-level appointments, and around OMR 600 for technical staff. You can read more on this announcement [here](#).

Doosan Heavy Wins US\$700 Mio Desalination Contract In KSA.

A consortium, led by South Korea's Doosan Heavy Industries & Construction Company, have been awarded the US\$700 mio contract to build a seawater desalination plant in Saudi Arabia. Other members of the consortium include the French energy company Engie SA and two Saudi Arabian based firms Mowah and Nesma, according to the 'Yonhap News Agency'.

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	8/13	12/17	20/30	90/120
USD/SAR	3.7507/10	5/8	7/10	8/13	12/17	17/27	22/32	85/115
USD/KWD	0.30255/285	5/15	20/30	37/47	85/105	140/170	210/240	290/390
USD/OMR	0.38498/501	14/24	35/50	55/70	120/150	205/235	300/350	725/1025
USD/BHD	0.37697/700	17/27	30/45	38/53	70/100	100/130	130/180	350/550
USD/MAD	8.9425/9625	150/300	300/500	500/700	900/1300	1300/2300	1800/2800	3000/6000
USD/EGP NDF	15.73	15.85/15.90	15.99/16.04	16.10/16.15	16.47/16.52	16.85/16.90	17.22/17.27	-
USD/JOD	0.7080/7090	70/120	80/180	130/280	250/450	400/700	700/1300	1000/2000
USD/NGN NDF	393.65	400.50/403.50	408.00/412.00	414.00/419.00	431.00/436.00	446.00/451.00	461.00/471.00	(NAFEX)
USD/GHS NDF	5.8250	5.84/5.89	5.89/5.99	5.95/6.05	6.15/6.25	6.38/6.48	6.60/6.75	-
USD/TND	2.6950/7150	80/220	150/350	300/500	600/1600	1000/3000	1500/2500	4000/8000
Crude Oil	Futures							
WTI	52.75							
Brent	55.60							

**** (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	+61/67	+69/75	+73/79	+94/100
SAR SPREAD	+63/69	+73/79	+84/90	+95/101	+108/114	+120/126	+127/133	+155/161

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

AND FINALLY...

Did you know that the first recorded pandemic caused by a flu virus is believed to have taken place in 1510?

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